

THE FREE LIBRARY OF NEW HOPE AND SOLEBURY

FINANCIAL STATEMENTS

**YEAR ENDED DECEMBER 31, 2020
and DECEMBER 31, 2019**

(See Independent Accountants' Review Report)

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
The Free Library of New Hope and Solebury
New Hope, Pennsylvania

We have reviewed the accompanying financial statements of The Free Library of New Hope and Solebury (a not-for-profit organization) which comprise the statement of financial position as of December 31, 2020 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to plan and perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, except for the issue noted in the Known Departure from Accounting Principles Generally Accepted in the United States of America paragraph, we are not aware of any material modifications that should be made to the accompanying financial statements for them to be in accordance with accounting principles generally accepted in the United States of America.

Known Departure from Accounting Principles Generally Accepted in the United States of America

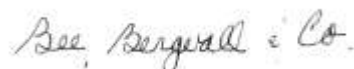
As disclosed in Note 1 to the financial statements, accounting principles generally accepted in the United States of America require that revenue received without an exchange of assets or services be recorded as revenue. Management recorded \$13,298 as deferred revenue that did not involve an exchange of assets. If accounting principles generally accepted in the United States had been followed, the change in revenue and net assets with donor restrictions would be \$13,298 higher than reported on the originally issued financial statement on April 5, 2021.

Emphasis of Matter Regarding Reissued Financial Statements

We previously issued The Free Library of New Hope and Solebury's 2020 financial statements and in our conclusion dated April 5, 2021, we stated that based on our review, we were not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. Subsequent to issuance, management decided that the \$13,298 previously recognized as revenue should be reclassified to deferred revenue which is explained above in the Known Departure from Accounting Principles Generally Accepted in the United States of America.

Report on Summarized Comparative Information

We previously reviewed The Free Library of New Hope and Solebury's 2019 financial statements and in our conclusion dated April 9, 2020, stated that based on our review, we were not aware of any material modifications that should be made to the 2019 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended December 31, 2019, for them to be consistent with the reviewed financial statements from which they have been derived.



Bee, Bergvall and Company, P.C.
Certified Public Accountants

Warrington, PA
July 7, 2021

THE FREE LIBRARY OF NEW HOPE AND SOLEBURY

STATEMENTS OF FINANCIAL POSITION

December 31, 2020 and December 31, 2019

ASSETS

	<u>2020</u>	<u>2019</u>
Current Assets		
Cash and Cash Equivalents	\$ 170,455	\$ 133,717
Accounts Receivable	12,890	6,000
Investments - Operating	<u>1,281,595</u>	<u>1,122,269</u>
Total Current Assets	<u>1,464,940</u>	<u>1,261,986</u>
Property and Equipment (net of accumulated depreciation)	<u>799,239</u>	<u>798,781</u>
Other Assets		
Investments - Restricted	<u>129,641</u>	<u>118,766</u>
 TOTAL ASSETS	 <u>\$ 2,393,820</u>	 <u>\$ 2,179,533</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts Payable	\$ 40,595	\$ 4,925
Deferred Revenue	<u>13,298</u>	<u>-</u>
Total Liabilities	<u>53,893</u>	<u>4,925</u>
Net Assets		
Without Donor Restrictions		
Undesignated	2,134,743	1,969,014
Designated By the Board	<u>24,943</u>	<u>24,943</u>
	2,159,686	1,993,957
With Donor Restrictions		
Perpetual In Nature	64,250	51,798
Purpose Restrictions	<u>115,991</u>	<u>128,853</u>
	<u>180,241</u>	<u>180,651</u>
Total Net Assets	<u>2,339,927</u>	<u>2,174,608</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 2,393,820</u>	 <u>\$ 2,179,533</u>

See accompanying notes and independent accountants' review report

THE FREE LIBRARY OF NEW HOPE AND SOLEBURY

STATEMENTS OF ACTIVITIES

For the Year Ended December 31, 2020

With Summarized Comparative Totals for the Year Ended December 31, 2019

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Public Support and Revenue				
Grants				
State Aid	\$ 31,920	\$ -	\$ 31,920	\$ 29,232
New Hope Borough	33,948	-	33,948	42,985
Solebury Township	120,000	-	120,000	120,000
Technology Grant	-	10,000	10,000	-
PA Cares Grant	-	4,500	4,500	3,000
Contributions	9,519	2,000	11,519	30,549
Summer Reading	-	3,518	3,518	5,550
Other	4,346	-	4,346	10,320
Fund Drive Contributions	58,484	-	58,484	51,712
Special Events, Net of Direct Benefit to Donors	6,531	-	6,531	28,447
Investment Income	21,062	3,367	24,429	29,495
Change in Value of Investments	133,485	12,452	145,937	169,238
Satisfaction of Program Restrictions	36,247	(36,247)	-	-
Total Public Support and Revenue	<u>455,542</u>	<u>(410)</u>	<u>455,132</u>	<u>520,528</u>
Expenses				
Library Services	187,605	-	187,605	200,182
Management and General	70,336	-	70,336	69,100
Fundraising	31,872	-	31,872	28,141
Total Expenses	<u>289,813</u>	<u>-</u>	<u>289,813</u>	<u>297,423</u>
Change in Net Assets	165,729	(410)	165,319	223,105
Net Assets, Beginning of Year	<u>1,993,957</u>	<u>180,651</u>	<u>2,174,608</u>	<u>1,951,503</u>
Net Assets, Ending of Year	<u>\$ 2,159,686</u>	<u>\$ 180,241</u>	<u>\$ 2,339,927</u>	<u>\$ 2,174,608</u>

See accompanying notes and independent accountants' review report

THE FREE LIBRARY OF NEW HOPE AND SOLEBURY

Statements of Functional Expenses

For the Year Ended December 31, 2020

With Summarized Comparative Totals for the Year Ended December 31, 2019

	2020						2019
	Program Services		Support Services		2020	2019	
	Library Services	Program Services Total	Management and General	Fundraising	Total Expenses	Total	
Payroll & Related Expenses							
Salaries	\$ 108,695	\$ 108,695	\$ 32,768	\$ 18,382	\$ 159,845	\$ 154,103	
Payroll Taxes & Benefits	9,924	9,924	2,992	1,678	14,594	14,464	
Total Payroll & Related Expenses	<u>118,619</u>	<u>118,619</u>	<u>35,760</u>	<u>20,060</u>	<u>174,439</u>	<u>168,567</u>	
Other Expenses							
Books/Reference Materials	26,286	26,286	-	-	26,286	38,237	
DVD/Audio Materials	3,576	3,576	-	-	3,576	5,420	
Lectures & Workshops	4,069	4,069	-	-	4,069	5,299	
Periodical Subscriptions	2,990	2,990	-	-	2,990	4,323	
Liability Insurance	3,868	3,868	725	242	4,835	4,620	
Postage	-	-	165	1,050	1,215	845	
Supplies	28	28	5,976	-	6,004	5,514	
Printing and Advertising	132	132	17	7,443	7,592	5,742	
Telecommunications and Telephone	-	-	2,839	-	2,839	2,420	
Utilities	2,752	2,752	470	134	3,356	3,998	
Depreciation	16,311	16,311	4,078	-	20,389	18,305	
Building Maintenance	8,674	8,674	2,169	-	10,843	11,228	
Website/Computer/Database Mgt	300	300	365	2,943	3,608	3,212	
Professional and Consulting Fees	-	-	15,235	-	15,235	17,150	
Dues and Membership	-	-	325	-	325	325	
Staff Development/Travel Expense	-	-	-	-	-	274	
Bank/CCD Service Fees	-	-	1,642	-	1,642	1,362	
Miscellaneous	-	-	570	-	570	582	
Total Other Expenses	<u>68,986</u>	<u>68,986</u>	<u>34,576</u>	<u>11,812</u>	<u>115,374</u>	<u>128,856</u>	
Total Functional Expenses	<u>\$ 187,605</u>	<u>\$ 187,605</u>	<u>\$ 70,336</u>	<u>\$ 31,872</u>	<u>\$ 289,813</u>	<u>\$ 297,423</u>	

See accompanying notes and independent accountants' review report

THE FREE LIBRARY OF NEW HOPE AND SOLEBURY

STATEMENTS OF CASH FLOWS

December 31, 2020 and December 31, 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 165,319	\$ 223,105
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	20,389	18,305
Realized and unrealized (gain) loss on operating investments	(132,357)	(152,061)
Endowment net investment (return) loss	(13,580)	(17,178)
Changes in Operating Assets and Liabilities		
(Increase)/Decrease in accounts receivable	(6,890)	6,268
Increase/(Decrease) in accounts payable	35,670	(2,597)
Increase in deferred income	13,298	-
Net Cash Provided by Operating Activities	<u>81,849</u>	<u>75,842</u>
Cash Flows from Investing Activities		
Purchase of fixed assets	(20,847)	-
Purchase of operating investments	(106,969)	(79,046)
Proceeds from sales of operating investments	80,000	40,000
Purchase of endowments investments	(2,239)	(2,881)
Proceeds from sales of endowments investments	4,944	9,344
Net Cash Provided by (Used in) Investing Activities	<u>(45,111)</u>	<u>(32,583)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	36,738	43,259
Cash and Cash Equivalents - Beginning of the Year	<u>133,717</u>	<u>90,458</u>
Cash and Cash Equivalents - End of the Year	<u>\$ 170,455</u>	<u>\$ 133,717</u>

See accompanying notes and independent accountants' review report

THE FREE LIBRARY OF NEW HOPE AND SOLEBURY

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 1. Summary of Significant Accounting Policies

Nature of Operations: The Library provides a library collection and library services to the residences and businesses of New Hope, Solebury and its surrounding communities. Major sources of revenue include state and municipal funding, investment income and donor contributions.

Basis of Presentation: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets of the Library 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. The governing board has designated, from net assets without donor restrictions a board-designated endowment, to be used for purposes of the board's discretion.

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, they are released when the stipulated time has lapsed or when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Income generated from the endowment fund can be used for purchase of British and American Literature, classics and educational material.

Tax Status: The Library is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Additionally, the Library has been classified as an organization that is not a private foundation under Section 509(a)(2).

Dependency: The primary source of funding for this Library is contributions from the state of Pennsylvania and its local governments, namely Solebury Township and New Hope Borough. During 2020, total contributions from Library Tax Revenues was \$185,868. These contributions, in total, represent approximately 41% of the Library's operating revenues.

THE FREE LIBRARY OF NEW HOPE AND SOLEBURY

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 1. Summary of Significant Accounting Policies (Continued)

Cash Equivalents: The Library considers all highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition. The carrying amounts of the Library's cash and cash equivalents approximate their fair values.

Budget: The Library adopts and maintains a yearly budget. The budget is subject to correction and changes during the year at the discretion of the Board of Directors.

Capitalization: The Library expenses the costs of all books, materials and periodicals in its inventory.

Property and Equipment: Property and equipment as well as additions are carried on the books at cost if purchased or fair value if donated. Included in property and equipment is a historically certified building with a historical cost of \$267,000. In accordance with generally accepted accounting principles in the United States of America, depreciation is not required to be provided for historically certified buildings.

Property and equipment are depreciated using the straight line method over the assets estimated useful lives. All capital expenditures in excess of \$2,000 are capitalized to property and equipment.

Revenue Recognition: Revenues are recorded on the accrual basis. The Library records special event revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place. The Organization records grant awards accounted for as exchange transactions as deferred income until related services are performed or goods exchanged, at which time they are recognized as revenue. In 2020, there were no costs of direct benefits to donors, due to the nature of a virtual event held because of COVID-19. Contributions are recognized when the donor makes a promise to give to the Library that is, in substance, an unconditional promise to give. The Library recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and right of return - are not recognized until the conditions on which they depend have been met. Contributions that are restricted by the donor are reported as net assets without restrictions if the restrictions expire in the fiscal year in which the contribution is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

THE FREE LIBRARY OF NEW HOPE AND SOLEBURY

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 1. Summary of Significant Accounting Policies (Continued)

Receivables: Receivables for the year ended December 31, 2020 were \$12,890. Receivables are determined to be readily collectible; therefore, an allowance for bad debts is not warranted.

Investments: Investments are recorded at fair value based upon quoted market prices. Net realized and unrealized gains and losses on investments are reflected in the statement of activity and changes in net assets. Investment income includes interest, dividends, and realized gains and losses. In general, investments are exposed to market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statements of financial position.

Comparative 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 policies generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended, from which the summarized information was derived.

Donated Materials and Services: No amounts have been reflected in the statements for donated services in as much as no objective basis is available to measure the value of such services.

Use of 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

THE FREE LIBRARY OF NEW HOPE AND SOLEBURY

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 1. Summary of Significant Accounting Policies (Continued)

Subsequent Events: The Library has evaluated events and transactions for potential recognition or disclosure in the financial statements through the date of this report which is the date the statements were available for release. The Library received a PPP Loan (under the CARES Act) in the amount of \$36,875 during 2020. Even though the PPP proceeds have been forgiven as of March 31, 2021, and the Library expended all of the proceeds for payroll expenses incurred during 2020, the Library has chosen to report the PPP proceeds as a liability for 2020. As such, the full amount of loan proceeds have been recorded as part of Accounts Payable on the Statements of Financial Position. No other subsequent events have been recognized or disclosed.

Functional Allocation of Expenses: The costs of program and supporting services activities have been summarized on a functional basis in the Statement of Activities. The Statements of Functional Expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 2. Deferred Revenue

The Library receives funding from the Commonwealth of Pennsylvania and Bucks County. This revenue is received without a reciprocal exchange of goods or performance of services. Accounting principles generally accepted in the United States, requires that funding to be recorded as revenue. Funding designated for subsequent years should be recorded as Net Assets with Donor Restrictions. The Library recorded the funds as deferred revenue which in not compliant with Accounting principles generally accepted in the United States. The effect of this departure is Change in Net Assets and Net Assets with Donor Restrictions were understated by \$13,298.

NOTE 3. Concentration of Credit Risk

The Library maintains cash balances at a financial institution. These balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 on interest bearing accounts. There is no limit on FDIC insurance for non-interest bearing accounts. At times, such investments may be in excess of the FDIC insurance limits. At December 31, 2020 there were no amounts in excess of FDIC limits. In addition, \$1,411,236 of investments is held at one brokerage house. They are covered by SIPC insurance coverage which is limited to \$500,000 and includes a \$250,000 limit for cash, per customer.

THE FREE LIBRARY OF NEW HOPE AND SOLEBURY

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 4. Liquidity and Availability

Financial assets of The Free Library of New Hope and Solebury available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<u>2020</u>
Cash and Cash Equivalents	\$ 170,455
Accounts Receivable	12,890
Operating Investments	<u>1,281,595</u>
	<u>\$ 1,464,940</u>

The Library has certain board designated and donor restricted assets limited to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the information above. Board-designated assets of \$24,943 are included in Cash & Cash Equivalents. Although the Library does not intend to spend from this amount (other than amounts appropriated for general expenditure as part of the annual budget approval and appropriation), the money is available if necessary. In addition, the Library has \$50,600 of funds for ongoing library programs. As these programs are considered part of the ongoing library services, they are considered part of the financial assets available for use in the next 12 months.

As part of our liquidity management plan, the Library invests cash in excess of three month's operating expenses into short term investments and money market funds.

NOTE 5. Fair Value of Financial Instruments

The Library follows Fair Value Measurements as required by the FASB Standards Codification, which applies to reported balances that are required or permitted to be measured at fair value under an existing accounting pronouncement. The Codification emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumption that market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

THE FREE LIBRARY OF NEW HOPE AND SOLEBURY

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 5. Fair Value of Financial Instruments (Continued)

Level 1 - Inputs that utilized quoted prices (unadjusted) in active markets for identical assets or liabilities that the Library has the ability to access.

Level 2 - Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 - Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The primary uses of fair value measures in the Organization's financial statements are: recurring measurement of short term investments. The following table represents the Library's fair value hierarchy for those investments, excluding money market funds, that are measured at fair value on a recurring basis as of December 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Vanguard Mutual Funds	\$ 1,281,595	\$ -	\$ -	\$ 1,281,595
Vanguard Mutual Fund - Richard G. Augenblick (Fund)	<u>129,641</u>	<u>-</u>	<u>-</u>	<u>129,641</u>
	<u>\$ 1,411,236</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,411,236</u>

The first investment held by the Library does not contain donor imposed restrictions and are available for use at the Board of Trustees discretion. The Richard G. Augenblick Fund is donor restricted: however, the investment income of this fund is available to purchase books and periodicals related to British and American literature, classics and educational materials. Changes in the value of donor restricted investments are reported as increases or decreases in donor restricted net assets.

THE FREE LIBRARY OF NEW HOPE AND SOLEBURY

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 6. Net Assets with Donor Restrictions

Net Assets with donor restrictions were restricted for the following purposes for the year ended December 31, 2020:

Subject to Expenditure for Specified Purpose:	<u>2020</u>
Children's Programs	\$ 2,000
Teen and Tween Programs	5,604
Read-a-Thon	31,933
Summer Reading Club	1,954
Technology Grant	7,074
Community Programs	<u>2,035</u>
	<u>50,600</u>
Endowments:	
Restricted by donors for British American Literature:	
Perpetual in Nature	64,250
Purpose Restrictions	<u>65,391</u>
	<u>129,641</u>
Total	<u>\$ 180,241</u>

Donor restricted net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows:

	<u>2020</u>
Summer Reading Club	\$ 3,355
Children's Programs	20,847
British/American Literature	4,944
Technology	2,926
Community/Miscellaneous	<u>4,175</u>
Total	<u>\$ 36,247</u>

THE FREE LIBRARY OF NEW HOPE AND SOLEBURY

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 7. Endowments

The Organization's endowments consist of an individual fund established for the purpose of purchasing books and periodicals related to British and American literature, classics and educational material. The endowments consist of temporarily restricted and permanently restricted investments. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor imposed restrictions.

Interpretation of Relevant Law: The Board of Directors of the Library have interpreted the law as requiring any donor-restricted contributions as being classified as unrestricted, temporarily restricted, or permanently restricted depending on the nature of the restriction. The Library considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund.
- (2) The purpose of the Library and the donor-restricted endowment fund.
- (3) General economic conditions.
- (4) The possible effect of inflation and deflation.
- (5) The expected total return from income and the appreciation of investments.
- (6) Other resources of the Library.
- (7) The investment policies of the Library.

Endowment Net Asset Composition by Type of Fund for the year ended December 31, 2020.

	<u>Perpetual in Nature</u>	<u>Purpose Restrictions</u>	<u>With Donor Restrictions</u>
Endowment net assets, beginning of year	\$ 51,798	\$ 66,968	\$ 118,766
Investment return:			
Interest and dividends		2,239	2,239
Net appreciation (realized and unrealized)	<u>12,452</u>	<u>1,128</u>	<u>13,580</u>
Total investment return	<u>12,452</u>	<u>3,367</u>	<u>15,819</u>
Appropriation for books	<u>-</u>	<u>(4,944)</u>	<u>(4,944)</u>
Total Appropriated Funds	<u>-</u>	<u>(4,944)</u>	<u>(4,944)</u>
Endowment net assets, end of year	<u>\$ 64,250</u>	<u>\$ 65,391</u>	<u>\$ 129,641</u>

THE FREE LIBRARY OF NEW HOPE AND SOLEBURY

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 7. Endowments (Continued)

Return Objectives and Risk Parameters: The Library has adopted investment and spending policies for endowment assets that attempt to provide growth of the fund through the ownership of securities that have growth potential. The Library expects its endowment funds, over time, to provide an acceptable long-term return at a level of risk which the Library has determined to be suitable; however, actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives: To satisfy its long-term rate-of-return objectives, the Library 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 Library targets a conservative asset allocation that places a greater emphasis on high quality bond investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy: Investment policy and spending policy are recommended to the Board for approval by the Finance Committee.

NOTE 8. Property and Equipment

Property and Equipment consists of the following:

Building-Historically Certified	\$ 267,000
Building Improvements	632,898
Furniture and Fixtures	44,636
Less: Accumulated Depreciation	<u>(145,295)</u>
Total	<u>\$ 799,239</u>

For the year ended December 31, 2020, depreciation expense totaled \$20,389.

THE FREE LIBRARY OF NEW HOPE AND SOLEBURY

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 9. Reissued Financial Statements

A December 31, 2020 financial statements was issued on April 5, 2021. In that report, \$13,298 reported as Revenue with Donor Restrictions has subsequently been reclassified to deferred revenue at the request of management. Our conclusion was modified to note a Known Departure from Accounting Principles Generally Accepted in the United States of America for this transaction. Additionally, proceeds from the Paycheck Protection Program received of \$36,875 that was originally reported as revenue was subsequently reclassified to liabilities on this financial statement. Management presented various accruals to be adjusted, as well. The net effect of these changes resulted in a decrease of Revenue and a decrease in Net Assets of approximately \$43,000.