



Friends of the Dallas Public Library, Inc.

**Financial Statements
June 30, 2021 and 2020**

Friends of the Dallas Public Library, Inc.
Contents

Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	6
Statements of Cash Flows	8
Notes to Financial Statements	9



Independent Auditors' Report

To the Board of Directors of
Friends of the Dallas Public Library, Inc.

We have audited the accompanying financial statements of Friends of the Dallas Public Library, Inc., a nonprofit organization, which comprise the statements of financial position as of June 30, 2021 and 2020, the related statements of activities, functional expenses 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 U.S. generally accepted accounting principles; 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits 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 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 Dallas Public Library, Inc. as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

A handwritten signature in cursive script that reads "Sutton Frost Cary".

Limited Liability Partnership

Arlington, Texas
October 28, 2021

Friends of the Dallas Public Library, Inc.
Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	\$ 606,638	\$ 443,189
Prepaid expenses	3,410	930
Investments	1,646,453	1,577,114
Endowment investments	3,049,109	2,464,784
Total assets	\$ 5,305,610	\$ 4,486,017
Liabilities and Net Assets		
Liabilities:		
Accounts payable and other liabilities	\$ 79,756	\$ 9,457
Net assets:		
Without donor restrictions	2,892,849	2,783,228
With donor restrictions	2,333,005	1,693,332
Total net assets	5,225,854	4,476,560
Total liabilities and net assets	\$ 5,305,610	\$ 4,486,017

See notes to financial statements.

Friends of the Dallas Public Library, Inc.
Statement of Activities
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support:			
Membership dues	\$ 66,663	\$ -	\$ 66,663
Investment income, net	456,045	334,898	790,943
Contributions	2,595	532,169	534,764
Book sales	33,947	-	33,947
In-kind contributions	16,525	-	16,525
Other income	19,223	-	19,223
Net assets released from restrictions	227,394	(227,394)	-
Total revenue and other support	822,392	639,673	1,462,065
Expenses:			
Program services	508,191	-	508,191
General and administrative	165,525	-	165,525
Fundraising	39,055	-	39,055
Total expenses	712,771	-	712,771
Change in net assets	109,621	639,673	749,294
Net assets, beginning of the year	2,783,228	1,693,332	4,476,560
Net assets, end of the year	\$ 2,892,849	\$ 2,333,005	\$ 5,225,854

See notes to financial statements.

Friends of the Dallas Public Library, Inc.
Statement of Activities
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support:			
Membership dues	\$ 41,162	\$ -	\$ 41,162
Investment income (loss), net	(15,959)	6,163	(9,796)
Contributions	308,690	299,972	608,662
Special events, net of direct costs of \$64,375	85,190	-	85,190
Book sales	40,428	-	40,428
Government grants	24,730	-	24,730
In-kind contributions	16,525	-	16,525
Other income	18,600	-	18,600
Net assets released from restrictions	429,212	(429,212)	-
Total revenue and other support	948,578	(123,077)	825,501
Expenses:			
Program services	402,311	-	402,311
General and administrative	154,444	-	154,444
Fundraising	24,796	-	24,796
Total expenses	581,551	-	581,551
Change in net assets	367,027	(123,077)	243,950
Net assets, beginning of the year	2,416,201	1,816,409	4,232,610
Net assets, end of the year	\$ 2,783,228	\$ 1,693,332	\$ 4,476,560

See notes to financial statements.

Friends of the Dallas Public Library, Inc.
Statement of Functional Expenses
Year Ended June 30, 2021

	Program services	General and administrative	Fundraising	Total
Bank and credit card fees	\$ -	\$ 3,155	\$ -	\$ 3,155
Contract services	-	11,050	-	11,050
IT and communications	-	3,571	3,510	7,081
Grants to the Dallas Public Library	422,550	-	-	422,550
Occupancy	-	16,625	-	16,625
Other	-	250	4,446	4,696
Public relations and advertising	-	-	10,647	10,647
Postage and shipping	-	4,577	2,143	6,720
Payroll and related expenses	61,020	114,938	18,309	194,267
Staff development	24,621	6,376	-	30,997
Supplies	-	4,983	-	4,983
Total expenses included in the expense section on the statements of activities	<u>\$ 508,191</u>	<u>\$ 165,525</u>	<u>\$ 39,055</u>	<u>\$ 712,771</u>

See notes to financial statements.

Friends of the Dallas Public Library, Inc.
Statement of Functional Expenses
Year Ended June 30, 2020

	Program services	General and administrative	Fundraising	Total
Bank and credit card fees	\$ -	\$ 4,470	\$ -	\$ 4,470
Contract services	-	10,750	-	10,750
IT and communications	-	3,254	2,653	5,907
Grants to the Dallas Public Library	312,424	-	-	312,424
Occupancy	-	16,625	-	16,625
Other	-	1,404	490	1,894
Public relations and advertising	-	-	9,053	9,053
Postage and shipping	-	3,544	-	3,544
Payroll and related expenses	58,800	108,490	12,600	179,890
Special event expenses	-	-	64,375	64,375
Staff development	31,087	3,202	-	34,289
Supplies	-	2,705	-	2,705
	402,311	154,444	89,171	645,926
Less expenses included with revenues on the statements of activities				
Direct costs of special events	-	-	(64,375)	(64,375)
Total expenses included in the expense section on the statements of activities	<u>\$ 402,311</u>	<u>\$ 154,444</u>	<u>\$ 24,796</u>	<u>\$ 581,551</u>

See notes to financial statements.

Friends of the Dallas Public Library, Inc.
Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 749,294	\$ 243,950
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized (gains) losses on investments	(450,501)	72,231
Unrealized gains on investments	(314,468)	(913)
Changes in assets and liabilities:		
Prepaid expenses	(2,480)	4,619
Accounts payable and other liabilities	70,299	(6,515)
Net cash provided by operating activities	52,144	313,372
Cash flows from investing activities:		
Purchases of investments	(88,953)	(154,848)
Proceeds from sales of investments	200,258	78,847
Net cash provided (used) by investing activities	111,305	(76,001)
Change in cash and cash equivalents	163,449	237,371
Cash and cash equivalents, at beginning of year	443,189	205,818
Cash and cash equivalents, at end of year	\$ 606,638	\$ 443,189

See notes to financial statements.

Friends of the Dallas Public Library, Inc.

Notes to Financial Statements

1. Organization

Friends of the Dallas Public Library, Inc. (Organization) is a nonprofit 501(c)(3) organization whose purpose is to support the mission of the Dallas Public Library system to achieve excellence in its delivery of resources, services and information to the Dallas community. The Organization is primarily supported by membership dues and contributions from individuals and other organizations.

2. Summary of Significant Accounting Policies

Basis of Accounting

The Organization prepares its financial statements on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP).

Financial Statement Presentation

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

Net assets without donor restrictions - Net assets not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors.

Net assets with donor restrictions - Net assets subject to donor stipulations that will be met by actions of the Organization and/or the passage of time.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a board of directors approved spending policy.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Friends of the Dallas Public Library, Inc.

Notes to Financial Statements

Financial Instruments and Credit and Market Risk Concentrations

Financial instruments which are potentially subject to concentrations of credit risk consist principally of cash and cash equivalents and investments in marketable securities. Cash and cash equivalents are placed with high credit quality financial institutions to minimize risk. Marketable securities are subject to various risks, such as interest rate, credit and overall market volatility risks.

In the normal course of business, the Organization maintains balances in financial institutions in excess of federally insured amounts. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2021, the Organization's uninsured bank balances totaled \$388,971.

The Organization operates mainly in the Dallas, Texas area. Therefore, results of operations are subject to economic conditions of the area.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and highly liquid investments with a maturity of three months or less when purchased. Cash and cash equivalents designated for long-term purposes or received with donor-imposed restrictions limiting their use to long-term purposes are not considered cash and cash equivalents.

Investments

At June 30, 2021 and 2020, the Organization's investments in marketable securities consist of money market funds, mutual funds, bond funds and specialty funds and are stated at fair value in the statements of financial position.

Property and Equipment

Property and equipment purchased by the Organization are recorded at cost or if acquired by gift, fair market value at the date of the gift. The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$1,000; the fair value of donated fixed assets is similarly capitalized. Depreciation is calculated using the straight-line method based upon the estimated useful lives of the assets.

Maintenance, repairs and replacements which do not improve or extend the lives of the respective assets are charged to operations when incurred. All renovations and acquisitions paid for by the Organization related to the Dallas Public Library's property and collections are expensed when incurred as these assets are owned by the Dallas Public Library.

Friends of the Dallas Public Library, Inc.

Notes to Financial Statements

Revenue Recognition

Membership dues are recognized as revenue when received, as no material benefit is given in exchange for the membership.

The Organization recognizes contributions when cash, securities or other assets or an unconditional promise to give is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

Donated rent is reflected as a contribution at the estimated fair value. The Organization recognizes contribution revenue for certain services received at the fair value of those services, provided those services create or enhance non-financial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Special event revenue is recognized at the time of the event.

Revenue from donated book sales is recognized at the point of sale.

Federal Income Tax

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code (IRC) and has not been classified as a private foundation as defined in the IRC. Income generated from activities unrelated to the Organization's exempt purposes is subject to tax under IRC Section 511. The Organization had no unrelated business income for the years ended June 30, 2021 and 2020. Accordingly, no provision has been made for federal income tax in the accompanying financial statements.

GAAP requires the evaluation of tax positions taken in the course of preparing the Organization's tax return and recognition of a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Organization, and has concluded that as of June 30, 2021 and 2020, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

Friends of the Dallas Public Library, Inc.

Notes to Financial Statements

Allocation of Functional Expenses

The cost of providing the various program services and supporting activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs directly identifiable to only one function are charged 100% to that function. Expenses not directly chargeable to one functional category are allocated based upon estimated percentages of time and effort. The Organization has allocated the executive director's salary as follows: 70% to program, 15% to general and administrative, and 15% to fundraising.

Estimates and Assumptions

The preparation of the financial statements in conformity with GAAP 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 during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications were made to the June 30, 2020 financial statements to conform to the June 30, 2021 presentation.

3. Investments

Under the fair value measurements and disclosures topic of the codification, ASC 820, disclosures are required about how fair value is determined for assets and liabilities and a hierarchy for which these assets and liabilities must be grouped is established, based on significant levels of inputs as follows:

- | | |
|---------|---|
| Level 1 | Inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date; |
| Level 2 | Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies; |
| Level 3 | Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates or assumptions related to the pricing of the asset or liability including assumptions regarding risk. |

Friends of the Dallas Public Library, Inc.

Notes to Financial Statements

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following is a description of the valuation methodologies used for instruments measured at fair value.

Mutual Funds, Bond Funds and Specialty Funds

These investments are proprietary investment vehicles of Westwood Trust (Westwood) valued using the net asset value (NAV) provided by Westwood. The NAV is based on the value of the underlying asset owned by the fund, less its liabilities, and then divided by the number of shares outstanding. Westwood's proprietary mutual funds invest in publicly traded investment vehicles.

Money Market Funds

These funds are valued using \$1 for the NAV.

The methods described above may produce fair value estimates that may not be indicative of net realized value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth, within the fair value hierarchy by level, the Organization's investments at estimated fair value as of June 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 880,011	\$ -	\$ -	\$ 880,011
Mutual funds:				
Domestic equity	-	1,396,605	-	1,396,605
International equity	-	754,005	-	754,005
Bond funds:				
Domestic bonds	-	784,458	-	784,458
Specialty funds:				
Tactical allocation	-	880,483	-	880,483
	<u>\$ 880,011</u>	<u>\$ 3,815,551</u>	<u>\$ -</u>	<u>\$ 4,695,562</u>

Friends of the Dallas Public Library, Inc.
Notes to Financial Statements

The following table sets forth, within the fair value hierarchy by level, the Organization's investments at estimated fair value as of June 30, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 953,946	\$ -	\$ -	\$ 953,946
Mutual funds:				
Domestic equity	-	1,128,069	-	1,128,069
International equity	-	560,061	-	560,061
Bond funds:				
Domestic bonds	-	762,594	-	762,594
Specialty funds:				
Tactical allocation	-	637,228	-	637,228
	<u>\$ 953,946</u>	<u>\$ 3,087,952</u>	<u>\$ -</u>	<u>\$ 4,041,898</u>

The following table presents securities which represent 10% or more of total investments as of June 30:

	<u>2021</u>	<u>2020</u>
Equity based:		
Westwood AllCap Equity	\$ -	\$ 541,802
Westwood LargeCap Equity	553,094	-
Specialty:		
Westwood Income Opportunity	880,483	637,228

Net investment income is as follows for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 58,326	\$ 97,447
Realized gains (losses)	450,501	(72,231)
Unrealized gains	314,468	913
Investment fees	<u>(32,352)</u>	<u>(35,925)</u>
Investment income (loss), net	<u>\$ 790,943</u>	<u>\$ (9,796)</u>

Friends of the Dallas Public Library, Inc.
Notes to Financial Statements

4. Net Assets With Donor Restrictions

Net assets with donor restrictions were restricted for the following programs or activities as of June 30:

	2021	2020
Subject to expenditure from endowment earnings:		
Charlotte Geary Book Memorial Fund	\$ 13,222	\$ 8,025
Giles Lecture Fund	53,160	31,000
Hamon Oil & Gas Resource Center	327,614	208,131
Laurie Evans Scholarship Fund	6,649	3,976
Library Legacies Fund	9,363	5,884
Rare Book Fund	102,496	62,404
McDermott Flowers and Plants Central Fund	123,044	73,714
Pollock Fine Arts Fund	124,383	80,513
Sparkman Rare Book Fund	46,644	29,227
Harold B. Krom Fund	(51)	-
	806,524	502,874
Subject to expenditure for specified purpose:		
Library Renovation	44,572	44,572
Children's Center	40,684	29,975
Crow Technology	10,661	4,263
Forest Green Blumenthal Memorial	63,172	-
Branches	77,736	51,256
Mayor's Summer Reading	55,092	2,736
Poetry	48,282	31,048
Texas Dallas Oral History	29,648	29,648
Other	60,503	50,779
Andy Hanson Collection	3,812	3,812
Literacy Center/ESL	108,486	68,226
Storytellers Without Borders	4,497	4,497
8th Floor Genealogy	120,370	38,857
Warren Culbertson Collection	22,936	22,936
GED Programs	30,197	25,077
Dallas Public Library History Digitalization	85	85
Vickery Meadow Branch Child/Teen Center	125,000	125,000
Books for Babies	-	1,943
	845,733	534,710

Friends of the Dallas Public Library, Inc.
Notes to Financial Statements

	2021	2020
Subject to restriction in perpetuity:		
Charlotte Geary Book Memorial Fund	\$ 10,617	\$ 10,617
Giles Lecture Fund	47,672	47,672
Hamon Oil & Gas Resource Center	295,549	295,549
Laurie Evans Scholarship Fund	5,535	5,535
Library Legacies Fund	6,550	6,550
Rare Book Fund	80,190	80,190
McDermott Flowers and Plants Central Fund	101,517	101,517
Pollock Fine Arts Fund	75,500	75,500
Sparkman Rare Book Fund	32,618	32,618
Harold B. Krom Fund	25,000	-
	<u>680,748</u>	<u>655,748</u>
	<u>\$ 2,333,005</u>	<u>\$ 1,693,332</u>

5. In-Kind Donations

The Organization received an in-kind donation of rent totaling \$16,525, for each the years ended June 30, 2021 and 2020. Donated rent relates to office space provided to the Organization free of charge by the Dallas Public Library.

Many individuals volunteer from time-to-time to perform a variety of tasks that assist the Organization in its operations. These amounts are not reflected in the financial statements since these contributed services do not meet the criteria for recognition.

6. Endowment Funds

The Organization's endowment fund consists of 18 funds established for various purposes including both donor-restricted endowment funds and funds designated by the Organization's board of directors to function as endowments. Net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The board of directors has interpreted the Texas Uniform Prudent Management of Institutional Funds Act (TUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanent endowment

Friends of the Dallas Public Library, Inc.

Notes to Financial Statements

(a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (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. The earnings from the original gift are classified as net asset with donor restrictions until those amounts are appropriated for expenditure by Equest in a manner consistent with the standard of prudence prescribed by TUPMIFA. In accordance with TUPMIFA, the Organization, in making a determination to appropriate or accumulate donor-restricted endowment funds acts in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and considers if relevant, the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration of preservation of the funds
- The purposes of the Organization and the endowment funds
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The Organization's investment policy

Endowment funds are categorized in the following net asset classes as of June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 1,487,272	\$ 1,487,272
Board-designated endowment funds	1,561,837	-	1,561,837
Total endowment net assets	<u>\$ 1,561,837</u>	<u>\$ 1,487,272</u>	<u>\$ 3,049,109</u>

Endowment funds are categorized in the following net asset classes as of June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 1,158,622	\$ 1,158,622
Board-designated endowment funds	1,306,161	-	1,306,161
Total endowment net assets	<u>\$ 1,306,161</u>	<u>\$ 1,158,622</u>	<u>\$ 2,464,783</u>

Friends of the Dallas Public Library, Inc. Notes to Financial Statements

Changes in endowment funds net assets for the year ended June 30, 2021 are as follows:

	Accumulated gains and other	Restricted in perpetuity	Total with donor restrictions	Without donor restrictions	Total
Endowment net assets, beginning of year	\$ 502,874	\$ 655,748	\$ 1,158,622	\$ 1,306,162	\$ 2,464,784
Interest and dividend income	20,475	-	20,475	22,940	43,415
Contributions	-	25,000	25,000	-	25,000
Unrealized and realized losses on investments	308,076	-	308,076	242,364	550,440
Management fees	(2,096)	-	(2,096)	(2,310)	(4,406)
Appropriation of assets for expenditure	(22,805)	-	(22,805)	(7,319)	(30,124)
Endowment net assets, end of year	<u>\$ 806,524</u>	<u>\$ 680,748</u>	<u>\$1,487,272</u>	<u>\$1,561,837</u>	<u>\$3,049,109</u>

Changes in endowment funds net assets for the year ended June 30, 2020 are as follows:

	Accumulated gains and other	Restricted in perpetuity	Total with donor restrictions	Without donor restrictions	Total
Endowment net assets, beginning of year	\$ 521,914	\$ 655,748	\$ 1,177,662	\$ 1,308,034	\$ 2,485,696
Interest and dividend income	30,747	-	30,747	33,917	64,664
Unrealized and realized gain on investments	(24,507)	-	(24,507)	(24,486)	\$ (48,993)
Appropriation of assets for expenditure	(25,280)	-	(25,280)	(11,303)	(36,583)
Endowment net assets, end of year	<u>\$ 502,874</u>	<u>\$ 655,748</u>	<u>\$1,158,622</u>	<u>\$1,306,162</u>	<u>\$2,464,784</u>

Return Objectives and Risk Parameters

The Organization has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds, while also maintaining the purchasing power of those endowment assets over the long-term.

Strategies Employed for Achieving Objectives

The Organization has a policy of appropriating the net interest and dividends of its endowment funds. In establishing this policy, the Organization considers the long-term expected return on its endowment. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional growth through new gifts.

Friends of the Dallas Public Library, Inc. Notes to Financial Statements

Spending Policy and How the Investment Objectives Relate to the Spending Policy

Distribution from the investment accounts for spending is limited to 5% of the lesser of the average end-of-quarter market value of the endowment for the previous twelve quarters to be determined at the end of the year for the ensuing year or the market value of the endowment at the end of the prior year. If the investment has fallen below historical cost (original contributions), spending will be limited to 3%.

7. Defined Contribution Retirement Plan

The Organization maintains a defined contribution retirement plan provided for employees meeting certain minimum eligibility requirements. Employees may contribute a portion of their earning to this plan with the Organization making matching contribution to the plan. During the years ended June 30, 2021 and 2020, the Organization contributed an amount equal to 100% of the first 3% of the participating employee's pretax contribution. Retirement plan expense for the years ended June 30, 2021 and 2020 totaled \$4,768 and \$4,764, respectively.

8. Uncertainties

In March 2020, the World Health Organization recognized the novel strain of coronavirus, COVID-19, as a pandemic. The coronavirus outbreak has severely restricted the level of economic activity worldwide. In April 2020, the Organization secured a forgivable loan totaling \$24,730 under the Paycheck Protection Program. This loan has been shown as government grant revenue in the statement of activities for the year ended June 30, 2020, as the Organization had met all requirements for forgiveness. Due to the pandemic, the Organization experienced losses in its investment portfolio, none of which were determined to be other than temporary. Additionally, the Organization cancelled their fall 2020 gala which resulted in estimated lost revenue of approximately \$75,000. Given the uncertainty of the spread of the coronavirus, the related financial impact to the Organization, if any, cannot be determined at this time.

Friends of the Dallas Public Library, Inc.
Notes to Financial Statements

9. Liquidity and Availability of Resources

The Organization's financial assets available to meet cash needs for general expenditures within one year of the statement of financial position date of June 30 are as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 606,638	\$ 443,189
Investments	1,646,453	1,577,114
Endowment investments	<u>3,049,109</u>	<u>2,464,784</u>
Total financial assets	5,302,200	4,485,087
Less amounts unavailable for general expenditures within one year due to:		
Restricted by donors for specific uses	(845,733)	(534,710)
Accumulated endowment earning subject to spending policy	(806,524)	(502,874)
Endowment investments to be held in perpetuity	(680,748)	(655,748)
Endowment investments designated by the board of directors	<u>(1,561,837)</u>	<u>(1,306,162)</u>
Financial assets not available for general expenditures	<u>(3,894,842)</u>	<u>(2,999,494)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,407,358</u>	<u>\$ 1,485,593</u>

The Organization manages its financial assets available to meet general expenditures by operating with financial soundness and stability, maintaining adequate liquid assets, and maintaining sufficient reserves to cover long-term commitments to ensure the sustainability of the Organization.

10. Subsequent Events

The Organization has evaluated subsequent events after the statement of financial position date through the date the financial statements were available to be issued and concluded that no additional disclosures are required.