



January 16, 2023

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

We have audited the financial statements of Friends of the Dallas Public Library, Inc. (Organization) for the year ended June 30, 2022 and have issued our report thereon dated January 16, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 28, 2022. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Findings**

#### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note 2 to the financial statements. As described in Note 2, the Organization changed accounting policies related to gifts in-kind by adopting the Financial Accounting Standards Board (FASB) Accounting Standards Update 2020-07 in 2022. Accordingly, the accounting change has been retrospectively applied to prior periods presented as if the policy had always been used. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimates of the value of in-kind rent which is based on market comparables.

- Management’s allocation of the cost of providing various programs and supporting services on a functional basis which is based on direct and allocated costs.
- Management’s estimate of the fair values of investments, which are based on various observable and unobservable inputs.

We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatement detected as a result of audit procedures and correct by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

### ***Disagreements with Management***

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors’ report. We are pleased to report that no such disagreements arose during the course of our audit.

### ***Management Representation***

We have requested certain representations from management that are included in the management representation letter dated January 16, 2023.

### ***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Organization’s financial statements or a determination of the type of auditors’ opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to

determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

***Other Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of the Organization and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

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

A Limited Liability Partnership



**Friends of the Dallas Public Library, Inc.**

**Financial Statements**  
**June 30, 2022 and 2021**

**Friends of the Dallas Public Library, Inc.**  
**Contents**

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## **Independent Auditors' Report**

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

### ***Opinion***

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, 2022 and 2021, the related statements of activities, functional expenses and cash flows for the years 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 Friends of the Dallas Public Library, Inc. as of June 30, 2022 and 2021, 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 (GAAP).

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Friends of the Dallas Public Library, Inc. 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 GAAP, 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 Friends of the Dallas Public Library, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## ***Auditors' 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 auditors' 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 accounting standards generally accepted in the United States of America (GAAS) will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 Friends of the Dallas Public Library, Inc.'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 Friends of the Dallas Public Library, Inc.'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.



Limited Liability Partnership

Arlington, Texas  
January 16, 2023

**Friends of the Dallas Public Library, Inc.**  
**Statements of Financial Position**  
**June 30, 2022 and 2021**

	2022	2021
<b>Assets</b>		
Cash and cash equivalents	\$ 287,163	\$ 606,638
Accounts receivable	6,000	-
Prepaid expenses	10,703	3,410
Investments	2,024,770	1,646,453
Endowment investments	2,639,482	3,049,109
<b>Total assets</b>	<b>\$ 4,968,118</b>	<b>\$ 5,305,610</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Accounts payable and other liabilities	\$ 55,923	\$ 79,756
<b>Net assets:</b>		
Without donor restrictions	2,757,268	2,892,849
With donor restrictions	2,154,927	2,333,005
<b>Total net assets</b>	<b>4,912,195</b>	<b>5,225,854</b>
<b>Total liabilities and net assets</b>	<b>\$ 4,968,118</b>	<b>\$ 5,305,610</b>

See notes to financial statements.

**Friends of the Dallas Public Library, Inc.**  
**Statement of Activities**  
**Year Ended June 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and other support:</b>			
Membership dues	\$ 78,728	\$ -	\$ 78,728
Investment loss, net	(339,495)	(210,548)	(550,043)
Contributions	598,805	227,977	826,782
Book sales	43,700	-	43,700
In-kind contributions	72,900	-	72,900
Other income	18,000	-	18,000
Net assets released from restrictions	195,507	(195,507)	-
<b>Total revenue and other support</b>	<b>668,145</b>	<b>(178,078)</b>	<b>490,067</b>
<b>Expenses:</b>			
Program services	514,690	-	514,690
General and administrative	156,075	-	156,075
Fundraising	132,961	-	132,961
<b>Total expenses</b>	<b>803,726</b>	<b>-</b>	<b>803,726</b>
<b>Change in net assets</b>	<b>(135,581)</b>	<b>(178,078)</b>	<b>(313,659)</b>
<b>Net assets, beginning of the year</b>	<b>2,892,849</b>	<b>2,333,005</b>	<b>5,225,854</b>
<b>Net assets, end of the year</b>	<b>\$ 2,757,268</b>	<b>\$ 2,154,927</b>	<b>\$ 4,912,195</b>

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
<b>Revenue and other support:</b>			
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)	-
<b>Total revenue and other support</b>	<b>822,392</b>	<b>639,673</b>	<b>1,462,065</b>
<b>Expenses:</b>			
Program services	508,191	-	508,191
General and administrative	165,525	-	165,525
Fundraising	39,055	-	39,055
<b>Total expenses</b>	<b>712,771</b>	<b>-</b>	<b>712,771</b>
<b>Change in net assets</b>	<b>109,621</b>	<b>639,673</b>	<b>749,294</b>
<b>Net assets, beginning of the year</b>	<b>2,783,228</b>	<b>1,693,332</b>	<b>4,476,560</b>
<b>Net assets, end of the year</b>	<b>\$ 2,892,849</b>	<b>\$ 2,333,005</b>	<b>\$ 5,225,854</b>

See notes to financial statements.

**Friends of the Dallas Public Library, Inc.**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2022**

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	Program services	General and administrative	Fundraising	Total
Bank and credit card fees	\$ -	\$ 2,859	\$ -	\$ 2,859
Contract services	-	42,750	-	42,750
IT and communications	-	2,451	3,460	5,911
Grants to the Dallas Public Library	427,812	-	-	427,812
Occupancy	-	16,525	-	16,525
Other	-	1,497	5,895	7,392
Public relations and advertising	-	-	16,370	16,370
Postage and shipping	-	2,099	3,123	5,222
Payroll and related expenses	54,419	71,336	104,113	229,868
Staff development	32,459	11,946	-	44,405
Supplies	-	4,612	-	4,612
	<b>Total expenses included in the expense</b>	<b>section on the statements of activities</b>		
	<b>\$ 514,690</b>	<b>\$ 156,075</b>	<b>\$ 132,961</b>	<b>\$ 803,726</b>

See notes to financial statements.

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

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	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
	<b>Total expenses included in the expense</b>	<b>section on the statements of activities</b>		
	<b>\$ 508,191</b>	<b>\$ 165,525</b>	<b>\$ 39,055</b>	<b>\$ 712,771</b>

See notes to financial statements.

**Friends of the Dallas Public Library, Inc.**  
**Statements of Cash Flows**  
**Years Ended June 30, 2022 and 2021**

	2022	2021
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (313,659)	\$ 749,294
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized (gains) losses on investments	(150,759)	(450,501)
Unrealized gains on investments	750,255	(314,468)
Changes in assets and liabilities:		
Accounts receivable	(6,000)	
Prepaid expenses	(7,293)	(2,480)
Accounts payable and other liabilities	(23,833)	70,299
<b>Net cash provided by operating activities</b>	<b>248,711</b>	<b>52,144</b>
<b>Cash flows from investing activities:</b>		
Purchases of investments	(794,688)	(88,953)
Proceeds from sales of investments	226,502	200,258
<b>Net cash provided (used) by investing activities</b>	<b>(568,186)</b>	<b>111,305</b>
<b>Change in cash and cash equivalents</b>	<b>(319,475)</b>	<b>163,449</b>
<b>Cash and cash equivalents, at beginning of year</b>	<b>606,638</b>	<b>443,189</b>
<b>Cash and cash equivalents, at end of year</b>	<b>\$ 287,163</b>	<b>\$ 606,638</b>

See notes to financial statements.

# Friends of the Dallas Public Library, Inc.

## Notes to Financial Statements

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### 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**

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#### ***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, 2022, the Organization's uninsured bank balances totaled \$57,577.

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, 2022 and 2021, 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**

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#### ***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.

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, 2022 and 2021. 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, 2022 and 2021, 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**

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#### ***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, 2021 financial statements to conform to the June 30, 2022 presentation.

#### ***Accounting Pronouncements Adopted***

The Organization adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (ASU 2020-07). ASU 2020-07 increases transparency of contributed nonfinancial assets for not-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in ASU 2020-07 address stakeholders' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in an NFP's programs and other activities. ASU 2020-07 requires NFPs to present contributed nonfinancial assets (gifts-in-kind) as a separate line item in the statement of activities. The Organization has adopted this ASU on the retrospective basis as of and for the year ended June 30, 2022.

Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes gifts-in-kind, and therefore, no changes were required to net assets as of July 1, 2020. The presentation and disclosures of gifts-in-kind have been enhanced in accordance with the standard.

## Friends of the Dallas Public Library, Inc.

### Notes to Financial Statements

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### 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. |

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.

**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, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 1,058,596	\$ -	\$ -	\$ 1,058,596
Mutual funds:				
Domestic equity	-	1,276,258	-	1,276,258
International equity	-	361,884	-	361,884
Bond funds:				
Domestic bonds	-	1,033,703	-	1,033,703
Specialty funds:				
Tactical allocation	-	933,811	-	933,811
	<u>\$ 1,058,596</u>	<u>\$ 3,605,656</u>	<u>\$ -</u>	<u>\$ 4,664,252</u>

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>

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

	<u>2022</u>	<u>2021</u>
Equity based:		
Westwood LargeCap Equity	\$ 493,076	\$ 553,094
Specialty:		
Westwood Income Opportunity	933,811	880,483

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

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

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 77,968	\$ 58,326
Realized gains	150,759	450,501
Unrealized gains (losses)	(750,255)	314,468
Investment fees	<u>(28,515)</u>	<u>(32,352)</u>
Investment income (loss), net	<u>\$ (550,043)</u>	<u>\$ 790,943</u>

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

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**4. Net Assets With Donor Restrictions**

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

	2022	2021
Subject to expenditure from endowment earnings:		
Charlotte Geary Book Memorial Fund	\$ 9,833	\$ 13,222
Giles Lecture Fund	38,719	53,160
Hamon Oil & Gas Resource Center	223,072	327,614
Laurie Evans Scholarship Fund	4,917	6,649
Library Legacies Fund	7,096	9,363
Rare Book Fund	76,346	102,496
McDermott Flowers and Plants Central Fund	90,917	123,044
Pollock Fine Arts Fund	95,731	124,383
Sparkman Rare Book Fund	35,314	46,644
Harold B. Krom Fund	(249)	(51)
	581,696	806,524
Subject to expenditure for specified purpose:		
Library Renovation	44,572	44,572
Children's Center	67,230	40,684
Crow Technology	6,525	10,661
Forest Green Blumenthal Memorial	54,905	63,172
Branches	106,086	77,736
Mayor's Summer Reading	56,635	55,092
Poetry	48,386	48,282
Texas Dallas Oral History	29,648	29,648
Other	55,931	60,503
Andy Hanson Collection	3,812	3,812
Literacy Center/ESL	110,413	108,486
Storytellers Without Borders	4,497	4,497
8th Floor Geneology	132,137	120,370
Warren Culbertson Collection	22,936	22,936
GED Programs	23,685	30,197
Dallas Public Library History Digitalization	85	85
Vickery Meadow Branch Child/Teen Center	125,000	125,000
	892,483	845,733

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

	2022	2021
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	25,000
	680,748	680,748
	\$ 2,154,927	\$ 2,333,005

**5. Contributions of Nonfinancial Assets**

The Organization received the following contributions of nonfinancial assets during the year ended June 30, 2022:

	Program Services	Management and General	Total
Services	\$ 31,700	\$ -	\$ 31,700
Goods	24,675	-	24,675
Rent	-	16,525	16,525
	\$ 56,375	\$ 16,525	\$ 72,900

The Organization received the following contributions of nonfinancial assets during the year ended June 30, 2021:

	Program Services	Management and General	Total
Rent	-	16,525	16,525
	\$ -	\$ 16,525	\$ 16,525

## **Friends of the Dallas Public Library, Inc.**

### **Notes to Financial Statements**

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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.

#### ***Services***

Contributed services are valued and reported at the standard invoice rate offered by the donor.

#### ***Goods***

Contributed goods are reported at fair value using retail prices or fair value information obtained from the donor. If fair market value information is unavailable, value is calculated using retail value obtained from suppliers having comparable goods.

#### ***Rent***

Contributed rent is valued based on market comparables.

### **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 (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 the Organization 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

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

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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, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 1,262,444	\$ 1,262,444
Board-designated endowment funds	1,377,038	-	1,377,038
Total endowment net assets	\$ 1,377,038	\$ 1,262,444	\$ 2,639,482

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	\$ 1,561,837	\$ 1,487,272	\$ 3,049,109

## Friends of the Dallas Public Library, Inc.

### Notes to Financial Statements

Changes in endowment funds net assets for the year ended June 30, 2022 are as follows:

	Accumulated gains and other	Restricted in perpetuity	Total with donor restrictions	Without donor restrictions	Total
<b>Endowment net assets, beginning of year</b>	\$ 806,524	\$ 680,748	\$ 1,487,272	\$ 1,561,837	\$ 3,049,109
Interest and dividend income	27,687	-	27,687	28,956	56,643
Contributions	-	-	-	512	512
Unrealized and realized losses on investments	(226,283)	-	(226,283)	(205,340)	(431,623)
Management fees	(7,755)	-	(7,755)	(8,927)	(16,682)
Appropriation of assets for expenditure	(18,477)	-	(18,477)	-	(18,477)
<b>Endowment net assets, end of year</b>	<u>\$ 581,696</u>	<u>\$ 680,748</u>	<u>\$1,262,444</u>	<u>\$1,377,038</u>	<u>\$2,639,482</u>

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
<b>Endowment net assets, beginning of year</b>	\$ 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 gain 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)
<b>Endowment net assets, end of year</b>	<u>\$ 806,524</u>	<u>\$ 680,748</u>	<u>\$1,487,272</u>	<u>\$1,561,837</u>	<u>\$3,049,109</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

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### *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, 2022 and 2021, 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, 2022 and 2021 totaled \$5,613 and \$4,768, respectively.

### **8. Liquidity and Availability of Resources**

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

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 287,163	\$ 606,638
Investments	2,024,770	1,646,453
Endowment investments	<u>2,639,482</u>	<u>3,049,109</u>
Total financial assets	4,951,415	5,302,200
Less amounts unavailable for general expenditures within one year due to:		
Restricted by donors for specific uses	(892,483)	(845,733)
Accumulated endowment earning subject to spending policy	(581,696)	(806,524)
Endowment investments to be held in perpetuity	(680,748)	(680,748)
Endowment investments designated by the board of directors	<u>(1,377,038)</u>	<u>(1,561,837)</u>
Financial assets not available for general expenditures	<u>(3,531,965)</u>	<u>(3,894,842)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,419,450</u>	<u>\$ 1,407,358</u>

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

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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.

**9. 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.