



October 24, 2024

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, 2024 and have issued our report thereon dated October 24, 2024. 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 April 25, 2024. 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. No new accounting policies were adopted and the application of existing policies was not changed during the year. 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 contributions of nonfinancial assets which are 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 collectability of receivables.
- 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 misstatements 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 October 24, 2024.

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, 2024 and 2023**



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.

Opinion

We have audited the accompanying financial statements of Friends of the Dallas Public Library, Inc., a nonprofit organization (Organization), which comprise the statements of financial position as of June 30, 2024 and 2023, 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 the Organization as of June 30, 2024 and 2023 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 (GAAS). 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 the Organization 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 the Organization'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 (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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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
October 24, 2024

Friends of the Dallas Public Library, Inc.
Statements of Financial Position
June 30, 2024 and 2023

| | 2024 | 2023 |
|---|---------------------|---------------------|
| Assets | | |
| Cash and cash equivalents | \$ 206,683 | \$ 62,484 |
| Pledges receivable | 35,000 | - |
| Prepaid expenses | 7,115 | 17,541 |
| Investments | 1,756,069 | 1,937,304 |
| Endowment investments | 3,087,071 | 2,852,578 |
| Total assets | \$ 5,091,938 | \$ 4,869,907 |
| Liabilities and Net Assets | | |
| Liabilities: | | |
| Accounts payable and other liabilities | \$ 34,256 | \$ 29,385 |
| Net assets: | | |
| Without donor restrictions | 2,754,529 | 2,555,975 |
| With donor restrictions | 2,303,153 | 2,284,547 |
| Total net assets | 5,057,682 | 4,840,522 |
| Total liabilities and net assets | \$ 5,091,938 | \$ 4,869,907 |

See notes to financial statements.

Friends of the Dallas Public Library, Inc.
Statement of Activities
Year Ended June 30, 2024

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|----------------------------|---------------------|
| Revenue and other support: | | | |
| Membership dues | \$ 62,560 | \$ - | \$ 62,560 |
| Investment income, net | 314,922 | 154,706 | 469,628 |
| Contributions of financial assets | 402,998 | 301,942 | 704,940 |
| Special events | 81,440 | - | 81,440 |
| Book sales | 15,025 | - | 15,025 |
| Contributions of nonfinancial assets | 16,525 | - | 16,525 |
| Other income | 18,250 | - | 18,250 |
| Net assets released from restrictions | 438,042 | (438,042) | - |
| Total revenue and other support | 1,349,762 | 18,606 | 1,368,368 |
| Expenses: | | | |
| Program services | 751,429 | - | 751,429 |
| General and administrative | 138,253 | - | 138,253 |
| Fundraising | 261,526 | - | 261,526 |
| Total expenses | 1,151,208 | - | 1,151,208 |
| Change in net assets | 198,554 | 18,606 | 217,160 |
| Net assets, beginning of the year | 2,555,975 | 2,284,547 | 4,840,522 |
| Net assets, end of the year | \$ 2,754,529 | \$ 2,303,153 | \$ 5,057,682 |

See notes to financial statements.

Friends of the Dallas Public Library, Inc.
Statement of Activities
Year Ended June 30, 2023

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|----------------------------|---------------------|
| Revenue and other support: | | | |
| Membership dues | \$ 57,019 | \$ - | \$ 57,019 |
| Investment income, net | 217,727 | 141,506 | 359,233 |
| Contributions of financial assets | 160,211 | 278,748 | 438,959 |
| Special events | 119,056 | - | 119,056 |
| Book sales | 33,127 | - | 33,127 |
| Contributions of nonfinancial assets | 17,125 | - | 17,125 |
| Other income | 18,505 | - | 18,505 |
| Net assets released from restrictions | 290,634 | (290,634) | - |
| Total revenue and other support | 913,404 | 129,620 | 1,043,024 |
| Expenses: | | | |
| Program services | 748,684 | - | 748,684 |
| General and administrative | 140,605 | - | 140,605 |
| Fundraising | 225,408 | - | 225,408 |
| Total expenses | 1,114,697 | - | 1,114,697 |
| Change in net assets | (201,293) | 129,620 | (71,673) |
| Net assets, beginning of the year | 2,757,268 | 2,154,927 | 4,912,195 |
| Net assets, end of the year | \$ 2,555,975 | \$ 2,284,547 | \$ 4,840,522 |

See notes to financial statements.

Friends of the Dallas Public Library, Inc.
Statement of Functional Expenses
Year Ended June 30, 2024

| | Program services | General and administrative | Fundraising | Total |
|-------------------------------------|---------------------|-------------------------------|-------------------|---------------------|
| Bank and credit card fees | \$ - | \$ 3,470 | \$ - | \$ 3,470 |
| Contract services | - | 18,710 | - | 18,710 |
| IT and communications | - | 3,309 | 4,358 | 7,667 |
| Grants to the Dallas Public Library | 653,732 | - | - | 653,732 |
| Occupancy | - | 16,525 | - | 16,525 |
| Other | - | 2,925 | 16,284 | 19,209 |
| Public relations and advertising | - | - | 20,795 | 20,795 |
| Postage and shipping | - | 4,488 | 2,472 | 6,960 |
| Payroll and related expenses | 58,643 | 72,897 | 117,903 | 249,443 |
| Special event | - | - | 99,714 | 99,714 |
| Staff development | 39,054 | 9,873 | - | 48,927 |
| Supplies | - | 6,056 | - | 6,056 |
| Total expense by function | \$ 751,429 | \$ 138,253 | \$ 261,526 | \$ 1,151,208 |

See notes to financial statements.

Friends of the Dallas Public Library, Inc.
Statement of Functional Expenses
Year Ended June 30, 2023

| | Program services | General and administrative | Fundraising | Total |
|-------------------------------------|---------------------|-------------------------------|-------------------|---------------------|
| Bank and credit card fees | \$ - | \$ 4,167 | \$ - | \$ 4,167 |
| Contract services | 267 | 17,150 | - | 17,417 |
| IT and communications | - | 2,483 | 4,336 | 6,819 |
| Grants to the Dallas Public Library | 646,745 | - | - | 646,745 |
| Occupancy | - | 16,525 | - | 16,525 |
| Other | - | 3,442 | 10,549 | 13,991 |
| Public relations and advertising | - | - | 14,024 | 14,024 |
| Postage and shipping | - | 5,187 | 3,911 | 9,098 |
| Payroll and related expenses | 58,500 | 76,952 | 111,922 | 247,374 |
| Special event | - | - | 80,666 | 80,666 |
| Staff development | 43,172 | 9,825 | - | 52,997 |
| Supplies | - | 4,874 | - | 4,874 |
| Total expense by function | \$ 748,684 | \$ 140,605 | \$ 225,408 | \$ 1,114,697 |

See notes to financial statements.

Friends of the Dallas Public Library, Inc.
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

| | 2024 | 2023 |
|--|-------------------|------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 217,160 | \$ (71,673) |
| Adjustments to reconcile change in net assets to net cash used by operating activities: | | |
| Realized (gains) losses on investments | (135,329) | 102,569 |
| Unrealized gains on investments | (184,357) | (337,617) |
| Changes in assets and liabilities: | | |
| Pledges receivable | (35,000) | 6,000 |
| Prepaid expenses | 10,426 | (6,838) |
| Accounts payable and other liabilities | 4,871 | (26,538) |
| Net cash used by operating activities | (122,229) | (334,097) |
| Cash flows from investing activities: | | |
| Purchases of investments | (176,521) | (161,148) |
| Proceeds from sales of investments | 442,949 | 270,566 |
| Net cash provided by investing activities | 266,428 | 109,418 |
| Change in cash and cash equivalents | 144,199 | (224,679) |
| Cash and cash equivalents, at beginning of year | 62,484 | 287,163 |
| Cash and cash equivalents, at end of year | \$ 206,683 | \$ 62,484 |

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 accounting principles generally accepted in the United States of America (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, pledges receivable and investments in marketable securities. Cash and cash equivalents are placed with high credit quality financial institutions to minimize risk. The pledges receivable are unsecured and due from two donors. 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. All of the Organization's bank balances were fully insured as of June 30, 2024.

The Organization continually evaluates the collectability of pledges receivable and maintains allowances for potential losses, if considered necessary. The Organization considers pledges receivable at June 30, 2024 to be fully collectible within the following year. Accordingly, no allowance for doubtful accounts was recognized in the accompanying financial statements.

As of June 30, 2024, 100% of pledges receivable were due from two donors.

For the year ended June 30, 2024, two donors accounted for 67% of total contributions of financial assets. For the year ended June 30, 2023, one donor accounted for 29% of total contributions of financial assets.

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, 2024 and 2023, 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.

Friends of the Dallas Public Library, Inc.

Notes to Financial Statements

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.

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 and goods are reflected as contributions at their estimated fair value at date of receipt. 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. 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.

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, 2024 and 2023. Accordingly, no provision has been made for federal income tax in the accompanying financial statements.

Friends of the Dallas Public Library, Inc.

Notes to 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, 2024 and 2023, 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.

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: 10% to program, 20% to general and administrative and 70% 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.

Reclassification

Certain items in the 2023 financial statements have been reclassified to conform to current year classifications, specifically, direct costs of special events on the statement of activities and statement of functional expenses.

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; |

Friends of the Dallas Public Library, Inc.

Notes to Financial Statements

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.

The following table sets forth, within the fair value hierarchy by level, the Organization's investments at estimated fair value as of June 30, 2024:

| | Level 1 | Level 2 | Level 3 | Total |
|----------------------|-------------------|---------------------|-------------|---------------------|
| Money market funds | \$ 787,080 | \$ - | \$ - | \$ 787,080 |
| Mutual funds: | | | | |
| Domestic equity | - | 1,299,806 | - | 1,299,806 |
| International equity | - | 643,328 | - | 643,328 |
| Bond funds: | | | | |
| Domestic bonds | - | 1,314,558 | - | 1,314,558 |
| Specialty funds: | | | | |
| Tactical allocation | - | 798,368 | - | 798,368 |
| | <u>\$ 787,080</u> | <u>\$ 4,056,060</u> | <u>\$ -</u> | <u>\$ 4,843,140</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, 2023:

| | Level 1 | Level 2 | Level 3 | Total |
|----------------------|-------------------|---------------------|-------------|---------------------|
| Money market funds | \$ 691,239 | \$ - | \$ - | \$ 691,239 |
| Mutual funds: | | | | |
| Domestic equity | - | 1,429,652 | - | 1,429,652 |
| International equity | - | 271,628 | - | 271,628 |
| Bond funds: | | | | |
| Domestic bonds | - | 1,450,500 | - | 1,450,500 |
| Specialty funds: | | | | |
| Tactical allocation | - | 946,863 | - | 946,863 |
| | <u>\$ 691,239</u> | <u>\$ 4,098,643</u> | <u>\$ -</u> | <u>\$ 4,789,882</u> |

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

| | 2024 | 2023 |
|-----------------------------|------------|------------|
| Equity based: | | |
| Westwood LargeCap Equity | \$ 659,327 | \$ 965,566 |
| Tactical: | | |
| Westwood Income Opportunity | 798,303 | 946,863 |

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

| | 2024 | 2023 |
|-------------------------|-------------------|-------------------|
| Interest and dividends | \$ 176,746 | \$ 153,165 |
| Realized gains (losses) | 135,329 | (102,569) |
| Unrealized gains | 184,357 | 337,617 |
| Investment fees | (26,804) | (28,980) |
| Investment income, net | <u>\$ 469,628</u> | <u>\$ 359,233</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:

| | 2024 | 2023 |
|---|-----------|-----------|
| Subject to expenditure from endowment earnings: | | |
| Charlotte Geary Book Memorial Fund | \$ 14,506 | \$ 11,945 |
| Giles Lecture Fund | 50,197 | 47,669 |
| Hamon Oil & Gas Resource Center | 306,391 | 260,663 |
| Laurie Evans Scholarship Fund | 7,282 | 5,980 |
| Library Legacies Fund | 10,175 | 8,491 |
| Rare Book Fund | 112,094 | 92,546 |
| McDermott Flowers and Plants Central Fund | 160,909 | 136,775 |
| Pollock Fine Arts Fund | 108,715 | 87,296 |
| Sparkman Rare Book Fund | 50,801 | 42,305 |
| Harold B. Krom Fund | 1,379 | 345 |
| | 822,449 | 694,015 |
| Subject to expenditure for specified purpose: | | |
| Library Renovation | - | 44,572 |
| Children's Center | 86,497 | 85,002 |
| Crow Technology | - | 9,101 |
| Forest Green Blumenthal Memorial | 45,669 | 41,482 |
| Branches | 82,020 | 93,306 |
| Mayor's Summer Reading | 103,286 | 79,136 |
| Poetry | 54,738 | 54,871 |
| Texas Dallas Oral History | 29,648 | 29,648 |
| Other | 41,390 | 61,594 |
| Andy Hanson Collection | 3,812 | 3,812 |
| Literacy Center/ESL | 129,202 | 129,621 |
| Storytellers Without Borders | - | 4,497 |
| 8th Floor Genealogy | 132,326 | 134,505 |
| Warren Culbertson Collection | - | 22,936 |
| GED Programs | 8,760 | 14,871 |
| Dallas Public Library History Digitalization | 85 | 85 |
| Vickery Meadow Branch Child/Teen Center | 82,523 | 100,745 |
| | 799,956 | 909,784 |

Friends of the Dallas Public Library, Inc.

Notes to Financial Statements

| | 2024 | 2023 |
|---|---------------------|---------------------|
| 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 |
| | <u>680,748</u> | <u>680,748</u> |
| | <u>\$ 2,303,153</u> | <u>\$ 2,284,547</u> |

5. Contributions of Nonfinancial Assets

The Organization received the following contributions of nonfinancial assets during the year ended June 30, 2024:

| | Program Services | Management and General | Total |
|-------|---------------------|---------------------------|------------------|
| Goods | \$ 20,000 | \$ - | \$ 20,000 |
| Rent | - | 16,525 | 16,525 |
| | <u>\$ 20,000</u> | <u>\$ 16,525</u> | <u>\$ 36,525</u> |

Included in the total of donated goods are items donated for a special event totaling \$20,000, which have been presented as special event revenue on the accompany statement of activities.

The Organization received the following contributions of nonfinancial assets during the year ended June 30, 2023:

| | Program Services | Management and General | Total |
|----------|---------------------|---------------------------|------------------|
| Services | \$ 100 | \$ 30,857 | \$ 30,957 |
| Goods | 500 | - | 500 |
| Rent | - | 16,525 | 16,525 |
| | <u>\$ 600</u> | <u>\$ 47,382</u> | <u>\$ 47,982</u> |

Included in the total of donated goods are items donated for a special event totaling \$30,857, which have been presented as special event revenue on the accompany statement of activities.

Friends of the Dallas Public Library, Inc.

Notes to Financial Statements

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.

There were no donor restrictions on the contributions of nonfinancial assets during the years ended June 30, 2024 and 2023.

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 relevant, the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

Friends of the Dallas Public Library, Inc.

Notes to Financial Statements

- 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, 2024:

| | With Donor Restrictions | Without Donor Restrictions | Total |
|----------------------------------|----------------------------|-------------------------------|---------------------|
| Donor-restricted endowment funds | \$ 1,503,197 | \$ - | \$ 1,503,197 |
| Board-designated endowment funds | - | 1,583,874 | 1,583,874 |
| Total endowment net assets | <u>\$ 1,503,197</u> | <u>\$ 1,583,874</u> | <u>\$ 3,087,071</u> |

Endowment funds are categorized in the following net asset classes as of June 30, 2023:

| | With Donor Restrictions | Without Donor Restrictions | Total |
|----------------------------------|----------------------------|-------------------------------|---------------------|
| Donor-restricted endowment funds | \$ 1,374,763 | \$ - | \$ 1,374,763 |
| Board-designated endowment funds | - | 1,477,815 | 1,477,815 |
| Total endowment net assets | <u>\$ 1,374,763</u> | <u>\$ 1,477,815</u> | <u>\$ 2,852,578</u> |

Changes in endowment funds net assets for the year ended June 30, 2024 are as follows:

| | Accumulated gains and other | Restricted in perpetuity | Total with donor restrictions | Without donor restrictions | Total |
|---|-----------------------------------|--------------------------------|-------------------------------------|----------------------------------|--------------------|
| Endowment net assets, beginning of year | \$ 694,015 | \$ 680,748 | \$ 1,374,763 | \$ 1,477,815 | \$ 2,852,578 |
| Interest and dividend income | 44,148 | - | 44,148 | 53,407 | 97,555 |
| Unrealized and realized gains on investments | 115,830 | - | 115,830 | 91,194 | 207,024 |
| Management fees | (7,197) | - | (7,197) | (8,603) | (15,800) |
| Appropriation of assets for expenditure | (24,347) | - | (24,347) | (29,939) | (54,286) |
| Endowment net assets, end of year | <u>\$ 822,449</u> | <u>\$ 680,748</u> | <u>\$1,503,197</u> | <u>\$1,583,874</u> | <u>\$3,087,071</u> |

Friends of the Dallas Public Library, Inc.

Notes to Financial Statements

Changes in endowment funds net assets for the year ended June 30, 2023 are as follows:

| | Accumulated gains and other | Restricted in perpetuity | Total with donor restrictions | Without donor restrictions | Total |
|---|-----------------------------------|--------------------------------|-------------------------------------|----------------------------------|--------------------|
| Endowment net assets, beginning of year | \$ 581,696 | \$ 680,748 | \$ 1,262,444 | \$ 1,377,038 | \$ 2,639,482 |
| Interest and dividend income | 41,991 | - | 41,991 | 51,510 | 93,501 |
| Unrealized and realized gains on investments | 91,949 | - | 91,949 | 57,426 | 149,375 |
| Management fees | (6,675) | - | (6,675) | (8,159) | (14,834) |
| Appropriation of assets for expenditure | (14,946) | - | (14,946) | - | (14,946) |
| Endowment net assets, end of year | <u>\$ 694,015</u> | <u>\$ 680,748</u> | <u>\$1,374,763</u> | <u>\$1,477,815</u> | <u>\$2,852,578</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.

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, 2024 and 2023, 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, 2024 and 2023 totaled \$6,029 and \$6,420, respectively.

Friends of the Dallas Public Library, Inc.

Notes to Financial Statements

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:

| | 2024 | 2023 |
|--|---------------------|---------------------|
| Cash and cash equivalents | \$ 206,683 | \$ 287,163 |
| Pledges receivable | 35,000 | - |
| Investments | 1,756,069 | 2,024,770 |
| Endowment investments | <u>3,087,071</u> | <u>2,639,482</u> |
| Total financial assets | 5,084,823 | 4,951,415 |
| Less amounts unavailable for general expenditures within one year due to: | | |
| Restricted by donors for specific uses | (799,956) | (909,784) |
| Accumulated endowment earning subject to spending policy | (822,449) | (694,015) |
| Endowment investments to be held in perpetuity | (680,748) | (680,748) |
| Endowment investments designated by the board of directors | <u>(1,583,874)</u> | <u>(1,377,038)</u> |
| Financial assets not available for general expenditures | <u>(3,887,027)</u> | <u>(3,661,585)</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 1,197,796</u> | <u>\$ 1,289,830</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.

9. Subsequent Events

The Organization has evaluated subsequent events after the statement of financial position date through October 24, 2024, the date the financial statements were available to be issued and concluded that no additional disclosures are required.