

**THE FORT WORTH  
PUBLIC LIBRARY FOUNDATION**

**AUDITED FINANCIAL STATEMENTS**

**Year Ended December 31, 2016**



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Fort Worth Public Library Foundation  
Fort Worth, Texas

### Report on the Financial Statements

We have audited the accompanying financial statements of Fort Worth Public Library Foundation (the "Foundation") which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Foundation'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 Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matter**

The financial statements of the Foundation, as of and for the year ended December 31, 2015, were audited by other auditors whose report dated July 18, 2016 expressed an unmodified audit opinion on those statements.

*Roglander, Clay + Opetz, LLP*

July 12, 2017



# THE FORT WORTH PUBLIC LIBRARY FOUNDATION

## STATEMENTS OF FINANCIAL POSITION

December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,067,940	\$ 1,369,285
Contributions receivable	44,600	-
Certificates of deposit	1,065,459	675,589
Prepaid expenses	33,832	14,314
Property and equipment, net	12,064	13,304
Certificates of deposit designated for endowment	250,000	-
	<u>2,473,895</u>	<u>2,072,492</u>
<b>Total assets</b>	<u>\$ 2,473,895</u>	<u>\$ 2,072,492</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 74,015	\$ 10,600
Deferred revenue	45,200	4,000
	<u>119,215</u>	<u>14,600</u>
<b>Total liabilities</b>	<u>119,215</u>	<u>14,600</u>
Net Assets		
Unrestricted	436,828	393,523
Designated	250,000	-
	<u>686,828</u>	<u>393,523</u>
Temporarily restricted	<u>1,667,852</u>	<u>1,664,369</u>
<b>Total net assets</b>	<u>2,354,680</u>	<u>2,057,892</u>
<b>Total liabilities and net assets</b>	<u>\$ 2,473,895</u>	<u>\$ 2,072,492</u>

See notes to financial statements.



# THE FORT WORTH PUBLIC LIBRARY FOUNDATION

## STATEMENTS OF ACTIVITIES

Years Ended December 31, 2016 and 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Public support and revenue:						
Contributions	\$ 488,524	\$ 63,126	\$ 551,650	\$ 363,227	\$ 5,800	\$ 369,027
Contributions - program events	114,175	-	114,175	74,196	37,419	111,615
Special events	140,057	-	140,057	176,183	-	176,183
Donated facilities and services	18,000	-	18,000	18,000	-	18,000
Interest income	6,540	-	6,540	6,472	-	6,472
Investment loss	(1,002)	-	(1,002)	-	-	-
Net assets released from restrictions	59,643	(59,643)	-	156,028	(156,028)	-
<b>Total public support and revenue</b>	<b>825,937</b>	<b>3,483</b>	<b>829,420</b>	<b>794,106</b>	<b>(112,809)</b>	<b>681,297</b>
Expenses:						
Program services	230,978	-	230,978	282,939	-	282,939
Support services						
Management and general	96,299	-	96,299	125,125	-	125,125
Fundraising	205,355	-	205,355	189,944	-	189,944
Total supporting services	301,654	-	301,654	315,069	-	315,069
<b>Total expenses</b>	<b>532,632</b>	<b>-</b>	<b>532,632</b>	<b>598,008</b>	<b>-</b>	<b>598,008</b>
<b>Change in net assets</b>	<b>293,305</b>	<b>3,483</b>	<b>296,788</b>	<b>196,098</b>	<b>(112,809)</b>	<b>83,289</b>
Net assets at beginning of year	393,523	1,664,369	2,057,892	197,425	1,777,178	1,974,603
<b>Net assets at end of year</b>	<b>\$ 686,828</b>	<b>\$ 1,667,852</b>	<b>\$ 2,354,680</b>	<b>\$ 393,523</b>	<b>\$ 1,664,369</b>	<b>\$ 2,057,892</b>

See notes to financial statements.



# THE FORT WORTH PUBLIC LIBRARY FOUNDATION

## STATEMENTS OF CASH FLOWS

Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 296,788	\$ 83,289
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,240	164
Net unrealized and realized loss on investments	1,002	-
Increase in operating assets:		
Contributions receivable	(44,600)	-
Prepaid expenses	(19,518)	(8,202)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	63,415	(344,338)
Deferred revenue	41,200	4,000
<b>Net cash provided (used) by operating activities</b>	<u>339,527</u>	<u>(265,087)</u>
Cash Flows from Investing Activities		
Purchase of certificates of deposits	(853,687)	-
Proceeds from maturities of certificates of deposit	212,815	401,684
<b>Net cash provided (used) by investing activities</b>	<u>(640,872)</u>	<u>401,684</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(301,345)	136,597
Cash and cash equivalents at beginning of year	<u>1,369,285</u>	<u>1,232,688</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 1,067,940</u>	<u>\$ 1,369,285</u>

See notes to financial statements.



# THE FORT WORTH PUBLIC LIBRARY FOUNDATION

## STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended December 31, 2016

	Supporting Services				Total
	Program Services	Management and General	Fundraising	Total Supporting Services	
Awards & gifts	\$ -	\$ 693	\$ -	\$ 693	\$ 693
Bank fees	-	1,485	-	1,485	1,485
Board retreat	-	1,047	-	1,047	1,047
Contract labor	72,433	875	19,145	20,020	92,453
Credit card processing fees	-	-	1,875	1,875	1,875
Decoration and supplies	-	-	1,698	1,698	1,698
Depreciation	-	1,240	-	1,240	1,240
Dues and subscriptions	-	574	-	574	574
Equipment rent	-	2,589	-	2,589	2,589
Facilities	8,100	3,960	5,940	9,900	18,000
Insurance	-	6,810	204	7,014	7,014
Internet	-	599	-	599	599
Library reimbursement	58,731	-	-	-	58,731
Marketing	-	-	21,859	21,859	21,859
Materials	22,496	-	-	-	22,496
Office expenses	-	4,283	-	4,283	4,283
Parking	-	5,716	-	5,716	5,716
Printing and postage	172	1,474	2,250	3,724	3,896
Professional development	-	635	-	635	635
Professional services	11,344	21,578	10,761	32,339	43,683
Recruiting expense	-	469	-	469	469
Rentals	-	-	1,750	1,750	1,750
Reserve auction	-	-	3,819	3,819	3,819
Salaries and taxes	52,677	37,165	88,876	126,041	178,718
Storage	-	445	-	445	445
Telephone	1,641	3,266	-	3,266	4,907
Travel, meals, and entertainment	3,384	760	47,178	47,938	51,322
Website maintenance	-	636	-	636	636
<b>Total expenses</b>	<b>\$ 230,978</b>	<b>\$ 96,299</b>	<b>\$ 205,355</b>	<b>\$ 301,654</b>	<b>\$ 532,632</b>

See notes to financial statements.





# THE FORT WORTH PUBLIC LIBRARY FOUNDATION

## STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended December 31, 2015

	Supporting Services				Total
	Program Services	Management and General	Fundraising	Total Supporting Services	
Awards & gifts	\$ -	\$ 256	\$ -	\$ 256	\$ 256
Bank fees	-	1,256	-	1,256	1,256
Board retreat	-	602	-	602	602
Computer upgrade fees	-	2,468	-	2,468	2,468
Contract labor	69,459	2,053	16,357	18,410	87,869
Credit card processing fees	-	-	3,376	3,376	3,376
Decoration and supplies	-	-	1,086	1,086	1,086
Depreciation	-	164	-	164	164
Dues and subscriptions	100	1,217	-	1,217	1,317
Equipment rent	-	3,426	-	3,426	3,426
Facilities	8,100	3,960	5,940	9,900	18,000
In-kind	-	-	6,050	6,050	6,050
Insurance	-	6,515	-	6,515	6,515
Internet	-	745	-	745	745
Library reimbursement	104,658	-	-	-	104,658
Marketing	-	-	11,204	11,204	11,204
Materials	17,767	-	-	-	17,767
Office expenses	-	4,315	-	4,315	4,315
Parking	-	4,964	-	4,964	4,964
Printing and postage	187	1,188	2,394	3,582	3,769
Professional development	-	315	-	315	315
Professional services	47,375	20,580	3,913	24,493	71,868
Rentals	-	-	3,225	3,225	3,225
Reserve auction	-	-	3,680	3,680	3,680
Salaries and taxes	27,607	67,725	89,012	156,737	184,344
Storage	-	382	-	382	382
Telephone	1,131	2,637	-	2,637	3,768
Travel, meals, and entertainment	6,555	357	43,707	44,064	50,619
<b>Total expenses</b>	<b>\$ 282,939</b>	<b>\$ 125,125</b>	<b>\$ 189,944</b>	<b>\$ 315,069</b>	<b>\$ 598,008</b>

See notes to financial statements.



# THE FORT WORTH PUBLIC LIBRARY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Nature of Activities**

The Fort Worth Public Library Foundation (the “Foundation”) is a not-for-profit organization formed on April 15, 1993 to support the Fort Worth Public Library. The Foundation receives support primarily from fundraising events and contributions.

#### **Basis of Presentation**

The accompanying financial statements of the Foundation have been presented on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles (GAAP) and include the accounts maintained by and for the benefit of the Foundation.

#### **Management Estimates and Assumptions**

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that are used.

#### **Cash and Cash Equivalents**

The Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

#### **Contributions Receivable**

Contributions receivable represent grants and gifts for which the Foundation has received notice from the donors of an unconditional promise to give, but remain unpaid at the statement of financial position date. After reviewing individual receivables for collectability, management writes off amounts that are believed to be uncollectible or records an allowance to provide for any uncertainty. Management has determined that no allowance is necessary at December 31, 2016 and 2015. All amounts are expected to be collected within the next year.

#### **Certificates of Deposit**

Certificates of deposit held for investment are reported at their fair values in the statement of financial position. Interest income is included in the statement of activities.

#### **Impairment of Long-Lived Assets**

Management evaluates its long-lived assets for financial impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. An impairment loss is recognized when the estimated undiscounted future cash flows from the assets are less than the carrying value of the assets. Assets to be disposed of are reported at the lower of their carrying amount or fair value, less cost to sell. Management is of the opinion that the carrying amount of its long-lived assets does not exceed their estimated recoverable amount.



# THE FORT WORTH PUBLIC LIBRARY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Property and Equipment**

Property and equipment purchases exceeding \$1,000 are capitalized at cost and depreciated over estimated useful lives of 5 to 15 years using the straight-line method. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time.

#### **Deferred Revenue**

Deferred revenue represents amounts for a fundraising event to be held in 2017.

#### **Revenue Recognition**

The Foundation records revenue upon receipt of donations or, in the event of an unconditional promise to give, when the commitment has been made to the Foundation. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Conditional promises to give are not included as support until the conditions are substantially met.

#### **Recognition of Donor Restrictions**

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

#### **Donated Materials and Services**

Donated professional services, advertising, supplies, and furniture assets are reflected as contributions in the accompanying financial statements at their estimated value at the date of receipt. During 2015, the estimated value of these contributions was approximately \$7,000. During 2016, there were no contributions of professional services, advertising, supplies, or furniture assets. The Foundation occupies office space owned by the City of Fort Worth. The estimated value of this contribution was approximately \$18,000 in 2016 and 2015.

In addition, a substantial number of volunteers have donated significant amounts of their time to the Foundation's program services and its fundraising efforts. No amounts have been reflected in the statements for volunteer services inasmuch as no objective basis is available to measure the value of such services.



# THE FORT WORTH PUBLIC LIBRARY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among programs and supporting services benefited.

#### Income Taxes

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is not considered a private foundation within the meaning of Section 509(a) of the Code.

#### Collections

The Foundation does not recognize contributions of works of art that are held for public exhibition, are protected and preserved, and are subject to a Foundation policy that requires proceeds from sale of artwork to be used to acquire other works of art. The Foundation has received approximately \$156,000 of works of art that have not been recorded in the accompanying financial statements as of December 31, 2016 and 2015.

#### Subsequent Events

Management evaluated subsequent events through July 12, 2017, which is the date the financial statements were available to be issued.

#### Reclassification

Certain amounts in 2015 have been reclassified to conform to 2016 presentation.

### NOTE 2. FAIR VALUE OF ASSETS AND LIABILITIES

The *Fair Value Measurements and Disclosures Topic* of the Accounting Standards Codification defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Topic also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- |         |  |
|---------|--|
| Level 1 | Quoted prices in active markets for identical assets or liabilities.   |
| Level 2 | Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. |
| Level 3 | Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.  |



# THE FORT WORTH PUBLIC LIBRARY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2. FAIR VALUE OF ASSETS AND LIABILITIES (Continued)

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy.

#### Investments

At December 31, 2016 and 2015, certificates of deposit in the amount of \$1,315,459 and \$675,589, respectively, are classified as Level 1.

#### Other Financial Instruments

The recorded values of cash and cash equivalents, contributions receivable, accounts payable, and accrued expenses approximates fair value due to their short-term nature.

### NOTE 3. PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2016 and 2015 follows:

	2016	2015
Leasehold improvements	\$ 15,069	\$ 16,145
Furniture and fixtures	16,995	16,995
Office equipment	4,126	4,126
Computer equipment	5,929	5,929
	<u>42,119</u>	<u>43,195</u>
Less accumulated depreciation	<u>(30,055)</u>	<u>(29,891)</u>
	<u>\$ 12,064</u>	<u>\$ 13,304</u>

### NOTE 4. UNRESTRICTED DESIGNATED NET ASSETS

During 2016, the Board of Directors designated \$250,000 of unrestricted contributions to establish the FWPLF Endowment in order to further the Foundation's charitable purpose and mission. Since that amount resulted from an internal designation and is not donor-restricted, it is classified as unrestricted net assets. There were no designated net assets at December 31, 2015.

The Foundation has adopted a policy that seeks to grow the FWPLF Endowment through investment income and additional contributions. Accordingly, the Foundation's policy includes not appropriating funds from the FWPLF Endowment to fund Foundation operations and programming in the next 18 months. In establishing this policy, the Foundation considered the long-term expected investment return on its endowment. Over the long term, the Foundation expects the current policy to allow its FWPLF Endowment to grow to a point where it can diversify the investment portfolio and provide funds for Foundation operations and programming.

To achieve that objective, the Foundation has adopted an investment policy that attempts to minimize risk. Endowment assets are invested in an 18 month FDIC insured certificate of deposit with a 1% yield. Actual returns in any given year may vary from this amount.



# THE FORT WORTH PUBLIC LIBRARY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets relate to contributions restricted by the donor for a specific purpose.

Restrictions are classified as follows:

	<u>2016</u>	<u>2015</u>
General programs	\$ 396,319	\$ 392,836
Hazel Harvey Peace Youth Center programs	337,838	337,838
Central Library programs and improvements	<u>933,695</u>	<u>933,695</u>
	<u>\$ 1,667,852</u>	<u>\$ 1,664,369</u>

### NOTE 6. CONCENTRATIONS

The Foundation receives a substantial amount of its support from private foundations and individual donors. During 2016, the Foundation received approximately \$488,000 in donations from three donors representing approximately 60% of the Foundation's total revenue.

