

The Fort Worth Public Library Foundation
Fort Worth, Texas

Financial Statements Together With
Independent Auditor's Report

December 31, 2022 and 2021



RATLIFF + ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

The Fort Worth Public Library Foundation
Financial Statements
December 31, 2022 and 2021

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1 - 2
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Note Disclosures to the Financial Statements	7 - 15



RATLIFF + ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Directors of
The Fort Worth Public Library Foundation

Opinion

We have audited the accompanying financial statements of The Fort Worth Public Library Foundation (“the Organization”), a Texas nonprofit organization, which comprise the statements of financial position as of December 31, 2022 and 2021, and 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 December 31, 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.

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 Auditor's 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 audits. 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 accounting principles generally accepted in the United States of America, 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.

Auditor's 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 auditor's 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 generally accepted auditing standards 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, including omissions, 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.

Independent Auditor's Report (continued)

Page 2

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

In performing an audit in accordance with generally accepted auditing standards, 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.

Ratliff & Associates, P.C.

April 24, 2023

Fort Worth Public Library Foundation

Statements of Financial Position

December 31, 2022 and 2021

	2022	2021
Assets		
Current assets		
Cash and cash equivalents	\$ 395,707	\$ 371,712
Investments	1,439,980	1,427,933
Receivables	1,893	-
Prepaid expenses	7,596	6,102
Total current assets	1,845,176	1,805,747
Noncurrent assets		
Operating lease right-of-use asset, net	10,787	16,415
Property and equipment		
Leasehold improvements	16,145	16,145
Furniture and fixtures	3,850	3,850
Office equipment	5,462	5,462
Less: accumulated depreciation	(23,354)	(22,262)
Net property and equipment	2,103	3,195
Total noncurrent assets	12,890	19,610
Total Assets	\$ 1,858,066	\$ 1,825,357
Liabilities & Net Assets		
Liabilities		
Current liabilities		
Current portion of operating lease liability	\$ 5,628	\$ 5,628
Accounts payable	42,602	1,094
Accrued liabilities	12,760	11,619
Total current liabilities	60,990	18,341
Noncurrent liabilities		
Noncurrent portion of operating lease liability	5,159	10,787
Total liabilities	66,149	29,128
Net assets		
Without donor restrictions	314,265	298,949
With donor restrictions	1,477,652	1,497,280
Total net assets	1,791,917	1,796,229
Total Liabilities & Net Assets	\$ 1,858,066	\$ 1,825,357

The accompanying note disclosures are an integral part of these financial statements.

Fort Worth Public Library Foundation
 Statements of Activities
 For the Years Ended December 31, 2022 and 2021

	2022	2021
Changes in net assets without donor restrictions		
Revenues		
Revenues without donor restrictions		
General contributions and grants	\$ 190,613	\$ 141,210
Special event revenues	408,186	310,496
In-kind donation of rent	18,000	18,000
Investment return, net	14,680	2,987
Other income	18,450	-
Total revenues without donor restrictions	649,929	472,693
Net assets released from restrictions		
Satisfaction of program restrictions	175,232	182,520
Total revenues	825,161	655,213
Expenses		
Programs		
Library support	169,098	147,591
Community programs	64,643	56,675
Total program expenses	233,741	204,266
Support services		
Fundraising	259,642	254,044
General and administrative	316,462	207,232
Total support services expenses	576,104	461,276
Total expenses	809,845	665,542
Change in net assets without donor restrictions	15,316	(10,329)
Changes in net assets with donor restrictions		
Restricted contributions and grants	155,604	134,566
Net assets released from restriction	(175,232)	(182,520)
Change in net assets with donor restrictions	(19,628)	(47,954)
Change in total net assets	(4,312)	(58,283)
Net assets at beginning of year	1,796,229	1,854,512
Net assets at end of year	\$ 1,791,917	\$ 1,796,229

The accompanying note disclosures are an integral part of these financial statements.

Fort Worth Public Library Foundation
 Statements of Functional Expenses
 For the Years Ended December 31, 2022 and 2021

	Program Services				Support Services				Total	
	Library Support		Community Programs		Fundraising		General and Administrative			
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Salaries	\$ 16,954	\$ 14,139	\$ 54,543	\$ 52,579	\$ 137,764	\$ 98,573	\$ 107,884	\$ 93,109	\$ 317,145	\$ 258,400
Other fees for services	-	850	4,736	-	98,393	115,494	50,084	12,305	153,213	128,649
Office expenses	-	310	-	-	2,207	9,649	38,003	26,373	40,210	36,332
Contributions to Library	150,875	127,939	-	-	-	-	-	-	150,875	127,939
Information technology	-	-	1,281	-	4,538	4,534	19,429	19,789	25,248	24,323
Accounting fees	-	-	-	-	-	-	25,451	18,398	25,451	18,398
Payroll taxes	1,269	1,102	4,083	4,096	10,314	7,680	8,042	7,254	23,708	20,132
Conferences, conventions, and meetings	-	-	-	-	-	-	346	305	346	305
Meals and entertainment	-	2,544	-	-	358	11,289	19,012	860	19,370	14,693
Depreciation	-	-	-	-	-	-	1,092	553	1,092	553
Insurance	-	-	-	-	-	-	1,581	3,804	1,581	3,804
Advertising	-	707	-	-	4,806	5,186	3,821	300	8,627	6,193
Other employee benefits	-	-	-	-	1,262	1,639	31,897	17,759	33,159	19,398
Dues and subscriptions	-	-	-	-	-	-	6,911	3,803	6,911	3,803
Occupancy	-	-	-	-	-	-	2,909	2,352	2,909	2,352
Travel	-	-	-	-	-	-	-	268	-	268
Total expenses	\$ 169,098	\$ 147,591	\$ 64,643	\$ 56,675	\$ 259,642	\$ 254,044	\$ 316,462	\$ 207,232	\$ 809,845	\$ 665,542

The accompanying note disclosures are an integral part of these financial statements.

Fort Worth Public Library Foundation

Statements of Cash Flows

For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities		
General and restricted contributions, grants and other income	\$ 365,407	\$ 276,070
Special events contributions and receipts	408,186	288,371
Cash paid for operations and programs	(749,598)	(663,142)
Net cash provided (used) by operating activities	23,995	(98,701)
Cash flows from investing activities		
Proceeds from transfer of matured certificate of deposit	-	223,380
Net cash provided (used) by investing activities	-	223,380
Net increase (decrease) in cash and cash equivalents	23,995	124,679
Cash and cash equivalents at beginning of year	371,712	247,033
Cash and cash equivalents at end of year	\$ 395,707	\$ 371,712
Reconciliation of change in total net assets to net cash provided (used) by operating activities		
Change in total net assets	\$ (4,312)	\$ (58,283)
Adjustments		
Net gain on investments	(12,047)	(2,693)
Depreciation expense	1,092	553
Change in accounts receivable	(1,893)	-
Change in other current assets	(1,494)	6,290
Change in accounts payable	41,508	(19,524)
Change in deferred revenue	-	(22,125)
Change in accrued liabilities	1,141	(2,919)
Total adjustments	28,307	(40,418)
Net cash provided (used) by operating activities	\$ 23,995	\$ (98,701)

The accompanying note disclosures are an integral part of these financial statements.

The Fort Worth Public Library Foundation

Note Disclosures to the Financial Statements

December 31, 2022 and 2021

Note 1, Nature of the Organization

The Fort Worth Public Library Foundation (“the Foundation”) is a 501(c) (3) nonprofit organization and operates separate from the Fort Worth Public Library itself. Founded in 1993, the Foundation’s mission is to inspire, secure, and grow philanthropic support and advocacy to benefit the Fort Worth Public Library.

Private dollars raised by the Foundation are used to fill the funding gaps left by the city’s general fund to support new and existing free library programs and services needed to meet the accelerating expectations and needs of the Fort Worth community. Since our founding, more than \$19M has been raised for building renovations, programming for all ages, technology enhancements for library services as well as the Foundation’s Launchpad college application mentoring program. Contributions from the Foundation and its donors ensure that vital library programs and services remain free to all Fort Worthians regardless of age, gender, or race, helping to close the information gap for our community's lowest-income residents.

Note 2, Summary of Significant Accounting Policies

The following is a summary of the Foundation’s significant accounting policies consistently applied in the preparation of the accompanying financial statements:

Basis of accounting: The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP) of the United States of America. Revenues are recognized when earned, and expenses are recorded when incurred.

Liquidity: The statement of financial position is classified to show subtotals for current assets and current liabilities as part of the Foundation’s enhanced disclosure of liquidity. The Foundation anticipates using current assets and satisfying current liabilities within one year of the statement date. Current assets, excluding inventory and prepaids (as applicable), represent financial assets available for general expenditure within one year of the statement date. Disclosures are presented for both the quantitative and qualitative aspects of liquidity and the availability of financial assets.

Revenue recognition: Revenues of the Foundation are primarily derived from donor contributions and grants from supporters. A portion of the Foundation revenues is tied to the local economy. All contributions are considered available for the Foundation’s general programs unless specifically restricted by the donor.

Amounts received that are donor restricted by time or purpose are reported as increases in net asset with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction. However, contributions received with restrictions that are met in the same reporting period are reported as increases in net assets without restrictions.

Investment income that is limited to specific uses by donor restrictions is also reported as increases in net assets without restrictions if the restrictions are met in the same reporting period as the income is recognized.

The Fort Worth Public Library Foundation

Note Disclosures to the Financial Statements

December 31, 2022 and 2021

Note 2, Summary of Significant Accounting Policies (continued)

Net assets without donor restrictions: The Foundation further disaggregates net assets without donor restriction into two subcategories:

- General unrestricted: Net assets that are neither subject to donor-imposed restrictions or self-imposed limits are general unrestricted.
- Internally designated: Net assets that are subject to the Foundation's self-imposed limits by action of the governing board or its delegates are internally designated. These voluntary limitations allow the Foundation to earmark net assets for a variety of needs that may arise. Such limits may also be lifted at any time in the future by resolution of the board or its delegates.

Net assets with donor restriction: The Foundation further disaggregates net assets with donor restriction into two subcategories:

- Temporarily restricted: The Foundation reports gifts of cash and other assets as with temporary donor restriction if they are received with donor stipulations temporarily limiting the use of the contributions and if the restrictions are not met in the period of receipt.
- Permanently restricted: The Foundation reports gifts of cash and other assets as with permanent donor restriction if they are received with donor stipulations permanently restricting the contribution to investment but permitting the Foundation to use part or all of the income derived from the investment for general or restricted purposes.

As of December 31, 2022 and 2021 the Foundation has no permanently restricted net assets.

Programs: The Foundation pursues its mission through the execution of the following major programs that are also the reported functional expenses of the Foundation:

- Program activities:
 - Library Support: to raise money to supplement public funding of the library system.
 - Community Programs: to provide resources that support educational programming, buildings, and infrastructure improvements.
- Fundraising: encouraging additional contributions and grants for the Foundation and its programs.
- General and Administrative: providing administrative support to the above functional areas

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates included in the financial statements are the allocation of certain expenses and the valuation of donated staff services. The allocation of certain expenses is based on management's estimate of staff activities. The valuation of donated staff services is based upon a reasonable market range for an equivalent staff position's compensation.

Deferred revenue: Receipts that are conditional on the occurrence of a future event are recorded as deferred revenue until the condition has been met.

The Fort Worth Public Library Foundation

Note Disclosures to the Financial Statements

December 31, 2022 and 2021

Note 2, Summary of Significant Accounting Policies (continued)

Going concern considerations: The Foundation analyzes the effect that current and future events, both internal and external, may have on operations so that the Foundation may continue as a going concern (i.e., a viable organization). As of the date of this report, management has not identified a significant matter that, in its judgement, could materially threaten the ongoing operations of the Foundation for at least one year from the date of the report on page two. See the Liquidity disclosure for cash management strategies.

Cash and cash equivalents: For the purposes of the statement of cash flows, the Foundation considers highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and short-term investments held in a bank money market account are reported as investments instead of cash because the Foundation maintains and invests those funds separately.

Financial instruments that potentially subject the Foundation to credit risk include cash on deposit with a financial institution exceeding \$250,000 at various times during the year. The U.S. Federal Deposit Insurance Corporation insures amounts for up to \$250,000.

Allocation of expenses by function and nature: The costs of providing the various programs and other activities have been allocated and summarized on a functional basis in the statement of activities and on both a functional and a natural bases in the statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services, as well as the natural categories, benefited.

Noncash contributions: Contributed services are recognized as unrestricted revenues if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by contribution. Contributed services that do not meet these criteria are not recognized as revenue.

Donated assets of equipment or supplies are recorded at fair market value as revenue and to the appropriate asset or expense account on the date of receipt. In the absence of donor restrictions, donated assets are reported as unrestricted revenue. See in relation to the In-Kind Contributions disclosure.

Contributions receivable: Contributions receivable are recognized when a donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions receivable that are restricted by the donor are reported as increases in unrestricted net assets if the restriction expires in the fiscal year in which the contributions are recognized. Contributions receivable are reported as increases to temporarily restricted net assets, and then they are reclassified to unrestricted net assets when received and, if applicable, when the donor-restricted purpose is fulfilled. Due to a historic high rate of collection, an allowance is not deemed necessary.

Investments: All investments are measured at fair value based upon the exit price model, which is the price that would be received to sell the investment. Investment fees are netted within the investment income. These expenses are not material to these financial statements.

Fair value measurement: Fair value hierarchy is used to disclose the inputs to fair value measurement. This hierarchy prioritizes the inputs into three broad levels. A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

The Fort Worth Public Library Foundation

Note Disclosures to the Financial Statements

December 31, 2022 and 2021

Note 2, Summary of Significant Accounting Policies (continued)

Income tax status: The Foundation is a nonprofit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as other than a private foundation, except on net income derived from unrelated business activities.

For the years ended December 31, 2022 and 2021, the Foundation has not conducted unrelated business activities that are material to the financial statements taken as a whole. Accordingly, no provision for income taxes is included in the financial statements. The Foundation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. Tax returns of the Foundation are open to examination by the relevant taxing authorities for a period of three year from the date the returns are filed.

Property and equipment: Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. The Foundation capitalizes assets with a cost greater than \$1,000. Repairs and maintenance are expensed as incurred unless they materially extend the useful life of the related asset, in which case they are capitalized and depreciated. When property and equipment is sold or otherwise disposed of, the asset and related accumulated depreciation are removed, and a gain or loss, if any, is included in operations. Depreciation is computed using a straight-line method over the following estimated useful lives:

Leasehold improvements	5 - 10 years
Furniture and fixtures	3 - 5 years
Office Equipment	3 - 5 years
Computer Equipment	3 - 5 years

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.

Art collections: Collection of works of art, historical treasures, and similar assets are not capitalized in as much as the items are preserved and cared for continuously. Contributions of collection items are not reported on the financial statements. Proceeds from disposal of and insurance recoveries related to collection items are reported as increases in the appropriate net asset classes.

The Foundation's collections consist of artwork. They are subject to a policy that requires proceeds from the disposition of collection items to be used to further the mission of the Foundation. During 2022, the Foundation sold artwork, resulting in sales proceeds of \$18,450, which is included in other income on the statement of activities for the year ended, December 31, 2022. There were no collection items sold or removed during 2021.

The Fort Worth Public Library Foundation
 Note Disclosures to the Financial Statements
 December 31, 2022 and 2021

Note 3, Reclassifications

Certain reclassifications have been made to the 2021 financial statement presentation of the statement of activities to correspond to the current year's format. Net assets and changes in net assets are unchanged due to the reclassifications.

Note 4, Investments

For the years ended December 31, 2022 and 2021, all investments are based upon level 1 inputs which are quoted prices in active markets for identical assets.

The change in investments for the years ended December 31, are as follows:

	<u>2022</u>	<u>2021</u>
Investments, beginning of year	\$ 1,427,933	\$ 1,648,620
Investment income, net of fees	12,047	2,693
Transfer of matured certificate of deposit to cash	<u>-</u>	<u>(223,380)</u>
Investments, end of year	<u>\$ 1,439,980</u>	<u>\$ 1,427,933</u>

Investments by type at December 31 are as follows:

	<u>2022</u>	<u>2021</u>
Money markets	\$ 1,343,077	\$ 1,427,933
Stock equities	48,134	-
Fixed income	<u>48,769</u>	<u>-</u>
Investments, end of year	<u>\$ 1,439,980</u>	<u>\$ 1,427,933</u>

Note 5, Paycheck Protection Program

In February 2021, the Foundation qualified for a second round PPP loan and received a \$58,000 loan with the same terms as the first, which includes a fixed interest rate of 1% and a two-year term. In July 2021, this loan was forgiven in full, as it too was used on qualifying expenditures. Accordingly, these proceeds are included with general contributions and grant revenues in the statement of activities for the year ended December 31, 2021.

The Fort Worth Public Library Foundation

Note Disclosures to the Financial Statements

December 31, 2022 and 2021

Note 6, In-Kind Contributions

For the years ended December 31, 2022 and 2021 in-kind contributions consist of rent and professional services valued at \$18,000 for each of the years ended, respectively. This estimate is based upon comparable market values. During 2022, the building that houses the Foundation's office space, which was owned by the city of Fort Worth, was sold to an investor and will require the Foundation to relocate in mid-2023. As of the date of the report on page 2, there is not a plan in place or a lease under contract for the Foundation's future office space. Accordingly, the future financial impact on the Foundation's annual budget is unknown.

For the years ended December 31, 2022 and 2021, donated supplies consist of special event auction items valued at \$69,285 and \$46,299, respectively. This estimate is based upon comparable market values.

Note 7, Leasing Activities

The Foundation is under contractual leases for office equipment under non-cancelable operating leases that expire in November 2024. The Foundation (the lessee) recognizes right-of-use ("ROU") assets and corresponding lease liabilities for operating leases on the statements of financial position. Operating lease costs are included and allocated with expenses on the statements of activities and functional expenses.

The ROU asset is measured based upon the minimum future payments remaining on the lease, which totaled \$10,787 and \$16,415, respectively, at December 31, 2022 and 2021. The operating lease liability is carried at the same value as the ROU asset, and each subsequent year, the ROU asset and lease liability are reduced equally by the annual lease payments. A discount rate was not used since it was determined not to materially impact these calculations. For the years ended December 31, 2022 and 2021, operating lease expense was \$6,391 and \$5,956, respectively.

Following are the approximate undiscounted minimum operating lease payments remaining at December 31, 2022, for each of the next two years:

2023	\$	5,628
2024		5,159
Total	\$	10,787

Reconciliation to the statement of financial position at December 31, is as follows:

	2022	2021
Current operating lease liabilities	\$ 5,628	\$ 5,628
Noncurrent operating lease liabilities	5,159	10,787
Total remaining minimum lease payments	\$ 10,787	\$ 16,415

The Fort Worth Public Library Foundation

Note Disclosures to the Financial Statements

December 31, 2022 and 2021

Note 8, Concentration of Revenues

For 2022 and 2021, donations from the Foundation's top five donors amount to approximately 26% and 18%, respectively, of its total cash revenues for each year.

Note 9, Net Assets

Net assets for the years ended December 31, 2022 and 2021, are presented as follows:

	Net Assets Without Donor Restrictions		Net Assets With Donor Restrictions
	General Unrestricted	Internally Designated	Temporarily Donor Restricted
Balance, January 1, 2021	\$ 46,998	\$ 262,280	\$ 1,545,234
Transfers to (from)	(26)	26	-
Net change	<u>(10,329)</u>	<u>-</u>	<u>(47,954)</u>
Balance, December 31, 2021	36,643	262,306	1,497,280
Net change	<u>15,316</u>	<u>-</u>	<u>(19,628)</u>
Balance, December 31, 2022	<u>\$ 51,959</u>	<u>\$ 262,306</u>	<u>\$ 1,477,652</u>

In 2016 the Board of Directors designated \$250,000 of contributions without donor restrictions to establish the FWPLF Endowment 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 net assets without donor restrictions.

The Foundation has adopted a policy that seeks to grow the FWPLF Endowment through investment income and additional contributions. In establishing this policy, the Foundation considered the long-term expected investment return on its endowment. Over the long term, the Foundation expects the policy to allow the FWPLF Endowment to grow to a point where it can diversify the investment portfolio.

Additionally, the Foundation's policy includes appropriating a portion of investment earnings from matured investments within the FWPLF Endowment to fund Foundation operations and programming while maintaining the endowment corpus.

To achieve that objective, the Foundation has adopted an investment policy that attempts to minimize the risk. Endowment assets are placed in short-term highly conservative investments. Actual returns in any given year may vary.

The Fort Worth Public Library Foundation
 Note Disclosures to the Financial Statements
 December 31, 2022 and 2021

Note 9, Net Assets (continued)

For the year ended, December 31, 2022, the Foundation decided to not appropriate any investment earnings into the Endowment fund, un an effort to focus on its active programs.

The details of the Foundations net assets by categories at December 31 are as follows:

	<u>2022</u>	<u>2021</u>
Net assets without donor restrictions		
General unrestricted	<u>\$ 51,959</u>	<u>\$ 36,643</u>
Internally designated		
Endowment	<u>262,306</u>	<u>262,306</u>
 Total net assets without donor restrictions	 <u>\$ 314,265</u>	 <u>\$ 298,949</u>
Net assets with donor restrictions		
Temporarily restricted		
Central Library programs and improvements	\$ 786,142	\$ 807,298
Hazel Harvey Peace Youth Center programs	317,181	327,458
Branch libraries	36,327	26,327
College counseling/Launchpad	47,013	40,531
Reading literacy programs	262,827	267,504
Technology	<u>28,162</u>	<u>28,162</u>
Total net assets with donor restrictions	<u>1,477,652</u>	<u>1,497,280</u>
 Total net assets	 <u>\$ 1,791,917</u>	 <u>\$ 1,796,229</u>

The Fort Worth Public Library Foundation

Note Disclosures to the Financial Statements

December 31, 2022 and 2021

Note 10, Liquidity and Availability of Financial Assets

The Foundation's financial assets are current assets available for general expenditure within one year of the statement date.

As part of the Foundation's liquidity management, it has a strategy to structure its financial assets to be available as general expenditures, liabilities and other obligations come due. The significant qualities of this strategy are as follows:

- The Foundation maintains general reserves in its unrestricted general net assets.
- The Foundation invests cash in excess of daily requirements in investments to be used as needed.
- The Foundation may redirect their internally designated funds to be utilized for operations as necessary.
- If liquidity becomes an ongoing concern, the Foundation may elect to decrease its program budget in order to eliminate excess spending.

The Foundation's financial assets at December 31, are quantified as follows:

	2022	2021
Current assets	\$ 1,845,176	\$ 1,805,747
Less: non-liquid assets	(7,596)	(6,102)
Less: those unavailable for general		
Internally designated (unrestricted)	(262,306)	(262,306)
Donor-imposed restrictions	(1,477,652)	(1,497,280)
Financial assets available for general expenditures	\$ 97,622	\$ 40,059

Note 11, Subsequent Events

The Foundation has evaluated subsequent events through the date of the Independent Auditor's Report on page two, which is the date the financial statements were available to be issued. In addition, see the Foundation's accounting policies in Note 2 for liquidity and going concern considerations.