

**SAN ANTONIO PUBLIC LIBRARY FOUNDATION**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2021**

**SAN ANTONIO PUBLIC LIBRARY FOUNDATION**

**FINANCIAL STATEMENTS**

**Year Ended December 31, 2021**

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## Independent Auditor's Report

To the Board of Directors  
San Antonio Public Library Foundation

### Opinion

We have audited the accompanying financial statements of San Antonio Public Library Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, the related statements of activities and functional expenses for the year ended December 31, 2021, the statements of cash flows for the years ended December 31, 2021 and 2020, 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 San Antonio Public Library Foundation as of December 31, 2021 and 2020, and the changes in its net assets for the year ended December 31, 2021, and its cash flows for the years ended December 31, 2021 and 2020 in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit 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 San Antonio Public Library Foundation 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 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 San Antonio Public Library Foundation'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.

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## **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 San Antonio Public Library Foundation'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 San Antonio Public Library Foundation'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.

### **Report on Summarized Comparative Information**

We have previously audited San Antonio Public Library Foundation's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 21, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Sagebiel, Ravenberg & Schuh, P.C.*

San Antonio, Texas  
April 6, 2022

**SAN ANTONIO PUBLIC LIBRARY FOUNDATION**

**STATEMENT OF FINANCIAL POSITION**

**December 31, 2021 and 2020**

<b>ASSETS</b>	<u>2021</u>	<u>2020</u>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 898,913	\$ 692,349
Investments, unrestricted and undesignated	342,246	301,058
Contributions receivable	4,560	6,694
Pledges and grants receivable, current	15,000	15,000
Prepaid expenses and other current assets	<u>7,650</u>	<u>5,450</u>
Total current assets	<u>1,268,369</u>	<u>1,020,551</u>
<b>Pledges and grants receivable, long-term, net</b>	<u>4,917</u>	<u>19,586</u>
<b>Property and equipment:</b>		
Office and other equipment	262,907	234,958
Shook property	751,166	751,166
Artwork	<u>605,000</u>	<u>610,000</u>
Total property and equipment	1,619,073	1,596,124
Less accumulated depreciation	<u>(395,717)</u>	<u>(340,182)</u>
Net property and equipment	<u>1,223,356</u>	<u>1,255,942</u>
<b>Investments, with donor restrictions</b>	<u>984,263</u>	<u>-</u>
<b>Investments, endowment:</b>		
Investments, without donor restrictions	802,473	705,657
Investments, with donor restrictions	<u>4,468,584</u>	<u>4,087,742</u>
Total investments, endowment	<u>5,271,057</u>	<u>4,793,399</u>
<b>Beneficial interest in perpetual trust</b>	<u>324,241</u>	<u>316,554</u>
Total assets	<u>\$ 9,076,203</u>	<u>\$ 7,406,032</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 58,653	\$ 19,959
Accrued expenses	12,082	3,255
Grants payable to San Antonio Public Library	<u>262,739</u>	<u>29,067</u>
Total current liabilities	<u>333,474</u>	<u>52,281</u>
<b>Net assets:</b>		
Without donor restrictions:		
Undesignated	2,048,516	1,962,083
Board-designated	<u>802,473</u>	<u>705,657</u>
Total net assets without donor restrictions	<u>2,850,989</u>	<u>2,667,740</u>
With donor restrictions:		
Time or purpose restrictions	3,317,863	2,112,134
Restrictions that are perpetual in nature	<u>2,573,877</u>	<u>2,573,877</u>
Total net assets with donor restrictions	<u>5,891,740</u>	<u>4,686,011</u>
Total net assets	<u>8,742,729</u>	<u>7,353,751</u>
Total liabilities and net assets	<u>\$ 9,076,203</u>	<u>\$ 7,406,032</u>

The accompanying notes are an integral part  
of the financial statements.

**SAN ANTONIO PUBLIC LIBRARY FOUNDATION**

**STATEMENT OF ACTIVITIES**

**Year Ended December 31, 2021**

(With Comparative Totals For Year Ended December 31, 2020)

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>	
			<u>2021</u>	<u>2020</u>
<b>Public support and revenue:</b>				
Special events:				
Gross revenue	\$ 241,901	\$ -	\$ 241,901	\$ 78,029
Less direct expenses	<u>(125,492)</u>	<u>-</u>	<u>(125,492)</u>	<u>(28,315)</u>
Net special events support	116,409	-	116,409	49,714
Contributions	359,239	1,058,176	1,417,415	642,918
In-kind contributions	31,866	-	31,866	24,858
Paycheck Protection Program grant	46,300	-	46,300	36,800
Miscellaneous income	895	-	895	1,979
Loss on sale of artwork	(4,750)	-	(4,750)	-
Investment returns, net	<u>210,889</u>	<u>811,034</u>	<u>1,021,923</u>	<u>496,207</u>
Total public support	760,848	1,869,210	2,630,058	1,252,476
Net assets released from restrictions:				
Restrictions satisfied by payments	<u>698,295</u>	<u>(698,295)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>1,459,143</u>	<u>1,170,915</u>	<u>2,630,058</u>	<u>1,252,476</u>
<b>Expenses:</b>				
Program services	990,943	-	990,943	1,232,527
General and administrative	104,476	-	104,476	207,137
Fundraising	<u>180,475</u>	<u>-</u>	<u>180,475</u>	<u>136,117</u>
Total expenses	<u>1,275,894</u>	<u>-</u>	<u>1,275,894</u>	<u>1,575,781</u>
Change in net assets before change in value of split-interest agreement	183,249	1,170,915	1,354,164	(323,305)
Change in value of split-interest agreement	<u>-</u>	<u>34,814</u>	<u>34,814</u>	<u>20,753</u>
Change in net assets	183,249	1,205,729	1,388,978	(302,552)
<b>Net assets at beginning of year</b>	<u>2,667,740</u>	<u>4,686,011</u>	<u>7,353,751</u>	<u>7,656,303</u>
<b>Net assets at end of year</b>	<u>\$ 2,850,989</u>	<u>\$ 5,891,740</u>	<u>\$ 8,742,729</u>	<u>\$ 7,353,751</u>

The accompanying notes are an integral part  
of the financial statements.

**SAN ANTONIO PUBLIC LIBRARY FOUNDATION**

**STATEMENT OF FUNCTIONAL EXPENSES**

**Year Ended December 31, 2021**

(With Comparative Totals For Year Ended December 31, 2020)

	Program <u>Services</u>	General and <u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>	
				<u>2021</u>	<u>2020</u>
Salaries and wages	\$ 176,399	\$ 44,099	\$ 73,500	\$ 293,998	\$ 215,991
Employee benefits	15,399	3,850	6,416	25,665	11,596
Payroll taxes	<u>16,283</u>	<u>4,071</u>	<u>6,785</u>	<u>27,139</u>	<u>22,212</u>
Total salaries and related expenses	208,081	52,020	86,701	346,802	249,799
Bad debts	-	-	-	-	71,120
Contract services	2,204	275	276	2,755	61,965
Hospitality	5,027	2,793	3,351	11,171	4,991
Expenses to/for the S.A. Public Library:					
Direct cash contributions to the Library	656,393	-	-	656,393	882,195
Expenses paid on behalf of the Library	9,640	-	-	9,640	38,758
Insurance	7,129	3,961	4,753	15,843	19,123
In-kind expenses	-	-	31,866	31,866	24,858
Office equipment	308	171	205	684	-
Office supplies	13,367	7,426	8,912	29,705	13,549
Other expenses	3,589	1,994	2,393	7,976	8,689
Postage, printing and mailings	11,547	6,416	7,698	25,661	28,944
Professional fees	29,574	4,929	4,929	39,432	28,523
Repairs and maintenance	10,553	5,863	7,036	23,452	12,256
Subscriptions and memberships	908	505	605	2,018	67,551
Telephone	1,510	839	1,007	3,356	3,768
Travel and lodging	455	253	304	1,012	504
Utilities	<u>5,667</u>	<u>3,148</u>	<u>3,778</u>	<u>12,593</u>	<u>5,580</u>
Total expenses before depreciation	965,952	90,593	163,814	1,220,359	1,522,173
Depreciation	<u>24,991</u>	<u>13,883</u>	<u>16,661</u>	<u>55,535</u>	<u>53,608</u>
Total expenses	<u>\$ 990,943</u>	<u>\$ 104,476</u>	<u>\$ 180,475</u>	<u>\$ 1,275,894</u>	<u>\$ 1,575,781</u>

The accompanying notes are an integral part  
of the financial statements.

**SAN ANTONIO PUBLIC LIBRARY FOUNDATION**

**STATEMENT OF CASH FLOWS**

**Years Ended December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Cash flow from operating activities:</b>		
Change in net assets	\$ 1,388,978	\$ (302,552)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	55,535	53,608
Loss on sale of artwork	4,750	-
Disposals of property and equipment	-	12,500
Cash received in agency transactions	445,500	-
Cash disbursed in agency transactions	(445,500)	-
Realized and unrealized (gains) losses on investments	(915,197)	(385,238)
Change in:		
Contributions receivable	2,134	12,373
Pledges and grants receivable	14,669	39,174
Prepaid expenses and other current assets	(2,200)	4,609
Accounts payable	38,694	(3,291)
Accrued liabilities	8,827	(5,978)
Grants payable	233,672	(241,863)
Deferred revenue	-	(13,844)
Beneficial interest in perpetual trust	<u>(7,687)</u>	<u>(20,753)</u>
Net cash provided (used) by operating activities	<u>822,175</u>	<u>(851,255)</u>
<b>Cash flows from investing activities:</b>		
Purchase of investments	(1,057,693)	(110,904)
Proceeds from the sale of investments	469,781	521,000
Proceeds from the sale of artwork	250	-
Purchase of property and equipment	<u>(27,949)</u>	<u>(16,186)</u>
Net cash provided (used) by investing activities	<u>(615,611)</u>	<u>393,910</u>
Net increase (decrease) in cash	206,564	(457,345)
<b>Cash and cash equivalents at beginning of year</b>	<u>692,349</u>	<u>1,149,694</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 898,913</u>	<u>\$ 692,349</u>

The accompanying notes are an integral part  
of the financial statements.

# SAN ANTONIO PUBLIC LIBRARY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### 1 NATURE OF ORGANIZATION

The San Antonio Public Library Foundation (the Foundation) is a non-profit corporation whose mission is to strengthen the San Antonio Public Libraries (Library) in service to our community, thereby enhancing the community's appreciation and utilization for the Library as a cultural and educational institution. The Foundation is primarily dependent upon contributions and grants for its support.

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

#### Basis of Presentation

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

- *Without Donor Restrictions:* Net assets available for use in general operations and not subject to donor restrictions. Grants and contributions gifted for recurring programs of the Foundation generally are not considered "restricted" under GAAP, though for internal reporting the Foundation tracks such grants and contributions to verify the disbursement matches the intent. Assets restricted solely through the actions of the Board are reported as net assets without donor restriction, board designated.
- *With Donor Restrictions:* Net assets subject to donor-imposed stipulations that are more restrictive than the Foundation's mission and purpose. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time, including earnings from the permanent endowment not expended at year-end. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

#### Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

#### Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between reporting periods presented.

#### Cash and Cash Equivalents

For purposes of the financial statements, the Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents, unless the investments are held for meeting restrictions for purchase of property and equipment, payment of long-term debt, or endowment.

(Continued)

**SAN ANTONIO PUBLIC LIBRARY FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**2 SUMMARY OF ACCOUNTING POLICIES (Continued)**

**Investments**

Investments without restrictions are reported at fair market value determined by quoted market prices. Investment earnings are reported net of investment fees.

Endowment investments are reported at fair market value determined by quoted market prices. Endowments include both donor-restricted endowment funds and funds designated by its Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board, are classified and reported based on the existence or absence of donor-imposed restrictions. Earnings from these endowment investments that are not expended at year-end are reported as with donor restrictions.

**Promises to Give**

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

**Property and Equipment**

The Foundation capitalizes all expenditures for property and equipment that cost \$1,000 or more. Property and equipment are stated at cost if purchased or fair market value at date of donation. Expenditures for betterments that materially extend the useful life of an asset are capitalized. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Shook property	40 years
Furniture and fixtures	10 years
Equipment	5 years
Software	3 years

In prior years, the Foundation purchased a bronze sculpture by the artist Fernando Botero and the Linda Pace Foundation made an in-kind donation of an art sculpture, Jesse Amado's "Days". Artwork is stated at cost or fair market value at the time of purchase or donation. Artwork is on display at the San Antonio Public Library on 625 Shook Avenue. Artwork is not subject to depreciation.

**Revenue and Revenue Recognition**

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable grants received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

**Revenue With and Without Donor Restrictions**

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. Contributions of property and equipment are reported as net assets with donor restrictions if the donor restricted the use of the property and equipment to a particular program, as are contributions of cash restricted to the purchase of property and equipment. If donors specify a length of time over which the property or equipment must be used, the restrictions expire evenly over the required period; otherwise, the restriction expires when the assets are placed in service. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the 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 restrictions.

(Continued)

# SAN ANTONIO PUBLIC LIBRARY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

(Continued)

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Contributed Gifts and Services

Contributed gifts and services include monetary gifts as well as in-kind contributions. Donated materials are valued based on their estimated fair market value on the date of contribution. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. Volunteers also provide various services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

#### Perpetual Trusts

The Foundation is the beneficiary of a perpetual irrevocable trust held and administered by an independent trustee. Under the terms of the trust, the Foundation has the irrevocable right to receive a portion of the income earned on trust assets in perpetuity. The fair value of the beneficial interest in a trust is recognized as an asset and as a contribution with donor restriction at the date the trust is established. The Foundation's estimate of fair value at each reporting date is based on fair value information about the trust's assets received from trustees. Trust assets consist of, but are not limited to, cash and cash equivalents, corporate and government bonds, mutual funds, and equity securities. These assets are not subject to control or direction by the Foundation. Distributions of income from the trust are reported as investment income. Gains and losses which are not distributed by the trust are reflected as the change in value of perpetual trusts held by others in the statement of activities.

#### Income Tax Status

The Foundation is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Additionally, the Foundation has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. The Foundation is not subject to the Texas margin tax. Management is not aware of any tax positions that would have a significant impact on its financial position. Its federal tax returns for the last four years remain subject to examination.

#### Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services based on management's time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation.

#### Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

#### Accounting Pronouncements Issued but Not Yet Adopted

##### *Leases (Topic 842)*

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements for lessees and lessors. The new standard applies a right-of-use (ROU) model that requires, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments to be recorded.

(Continued)

**SAN ANTONIO PUBLIC LIBRARY FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Accounting Pronouncements Issued but Not Yet Adopted** (Continued)

*Leases (Topic 842)* (Continued)

The ASU is effective for the Foundation's fiscal years beginning after December 15, 2021 with early adoption permitted. Management is currently evaluating the impact of this ASU on its financial statements. This may affect the Foundation in fiscal year 2022.

**Subsequent Events**

Subsequent events have been evaluated by management through April 6, 2022, the date which the financial statements were available for issue.

**3 CONCENTRATION OF CREDIT RISK**

The Foundation maintains its cash and cash equivalent balances in accounts with two financial institutions. At December 31, 2021, the Foundation's cash deposits exceeded federally insured limits by \$268,155 in one financial institution, and the Foundation held an additional \$380,331 in cash equivalents in a brokerage account that is not covered by federal deposit insurance.

**4 INVESTMENTS**

Investments consist of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Investments, unrestricted and undesignated:		
Large-cap balanced mutual funds	\$ 342,246	\$ 301,058
Investments, endowment:		
Large-cap balanced mutual funds	<u>5,271,057</u>	<u>4,793,399</u>
Total investments	<u><u>\$ 5,613,303</u></u>	<u><u>\$ 5,094,457</u></u>

Investment earnings, including interest earned on accounts classified as cash and cash equivalents, are summarized as follows for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 141,540	\$ 131,722
Realized gains	425,426	273,280
Unrealized gains on changes in market value	<u>489,771</u>	<u>111,958</u>
Investment earnings, net	<u><u>\$ 1,056,737</u></u>	<u><u>\$ 516,960</u></u>

Investment earnings are included in the Statement of Activities as follows:

	<u>2021</u>	<u>2020</u>
Investment returns, net	\$ 1,021,923	\$ 496,207
Change in value of split-interest agreement	<u>34,814</u>	<u>20,753</u>
Investment earnings, net	<u><u>\$ 1,056,737</u></u>	<u><u>\$ 516,960</u></u>

**SAN ANTONIO PUBLIC LIBRARY FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**5 FAIR VALUE MEASUREMENTS**

Generally accepted accounting principles provide a framework for measuring fair value. That framework establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). There were no changes in the valuation techniques during the year.

Fair values of assets measured on a recurring basis at December 31, 2021 and 2020 are as follows:

	2021			
	Level 1	Level 2	Level 3	Total
Investments, unrestricted and undesignated - equities, mutual funds, and exchange-traded funds	\$ 342,246	\$ -	\$ -	\$ 342,246
Investments, endowment - mutual funds	5,271,057	-	-	5,271,057
Total investments	5,613,303	-	-	5,613,303
Beneficial interest in perpetual trust	-	-	324,241	324,241
<b>Total assets measured at fair value on a recurring basis</b>	<b>\$ 5,613,303</b>	<b>\$ -</b>	<b>\$ 324,241</b>	<b>\$ 5,937,544</b>
	2020			
	Level 1	Level 2	Level 3	Total
Investments, unrestricted and undesignated - equities, mutual funds, and exchange-traded funds	\$ 301,058	\$ -	\$ -	\$ 301,058
Investments, endowment - mutual funds	4,793,399	-	-	4,793,399
Total investments	5,094,457	-	-	5,094,457
Beneficial interest in perpetual trust	-	-	316,554	316,554
<b>Total assets measured at fair value on a recurring basis</b>	<b>\$ 5,094,457</b>	<b>\$ -</b>	<b>\$ 316,554</b>	<b>\$ 5,411,011</b>

The Foundation considers the measurement of its beneficial interest in perpetual trust to be a Level 3 measurement within the fair value measurement hierarchy because even though that measurement is based on the unadjusted fair value of trust assets reported by the trustee, the Foundation will never receive those assets or have the ability to direct the trustee to redeem them.

The following table sets forth a summary of changes in the fair value of Level 3 assets for the years ended December 31, 2021 and 2020:

	2021				
	Beginning Balance	Purchases and Contributions	Sales and Distributions	Total Gains (Losses) & Fees	Ending Balance
Beneficial interest in perpetual trust	\$ 316,554	\$ -	\$ (27,127)	\$ 34,814	\$ 324,241
Total Level 3 assets	<u>\$ 316,554</u>	<u>\$ -</u>	<u>\$ (27,127)</u>	<u>\$ 34,814</u>	<u>\$ 324,241</u>
	2020				
	Beginning Balance	Purchases and Contributions	Sales and Distributions	Total Gains (Losses) & Fees	Ending Balance
Beneficial interest in perpetual trust	\$ 295,801	\$ -	\$ -	\$ 20,753	\$ 316,554
Total Level 3 assets	<u>\$ 295,801</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,753</u>	<u>\$ 316,554</u>

**SAN ANTONIO PUBLIC LIBRARY FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**6 PLEDGES AND GRANTS RECEIVABLE**

The Foundation has outstanding unconditional pledges and grants receivable to raise donations for the Texana Resource Center and general operations in future years. At December 31, 2021 and 2020, pledges and grants receivable were discounted to present value using an average rate of 1.7%, since they are expected to be collected over several years. Pledges are expected to be realized in the following years:

	2021	2020
In one year or less	\$ 15,000	\$ 15,000
Between one and three years	5,000	20,000
Total pledges and grants receivable	<u>20,000</u>	<u>35,000</u>
Less discount to net present value	<u>(83)</u>	<u>(414)</u>
Net pledges and grants receivable	<u>\$ 19,917</u>	<u>\$ 34,586</u>

There were no conditional promises to give at December 31, 2021 and 2020.

**7 ENDOWMENT**

The Foundation's endowment consist of eight individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by GAAP, 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 Foundation is subject to the State of Texas Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board of Directors appropriates such amounts for expenditure. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Board of Directors of the Foundation has interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates to the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Foundation has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the Foundation and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the Foundation
- 7) The investment policies of the Foundation

(Continued)

**SAN ANTONIO PUBLIC LIBRARY FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**7 ENDOWMENT (Continued)**

**Underwater Endowment Funds**

From time to time, the fair value of investments associated with individual donor restricted endowment funds may fall below the level that the donor or SPMIFA required the Foundation to retain as a fund of perpetual duration. There were no such deficiencies at December 31, 2021 or 2020.

**Return Objectives and Risk Parameters**

The Foundation has adopted investment and spending policies for endowment investments that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets are invested in a manner that is intended to produce results that equal or exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. Endowment funds over time are expected to provide a positive rate of return. Actual returns in any given year may vary from this amount.

**Strategies Employed for Achieving Objectives**

The Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

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

The Board has established a policy for distributions, which stipulates that investment income shall be distributed at least annually in an amount elected each year by the Executive Committee. For the years ended December 31, 2021 and 2020, the Foundation elected to make distributions equivalent to 5% of the principal. Interest and dividends earned are used for operations and programs.

Endowment net asset composition by type of fund as of December 31, 2021 and 2020 is as follows:

	2021			Total Endowment
	Without Donor Restrictions	With Donor Restrictions Time or Purpose	Perpetual in Nature	
Donor-restricted endowment funds	\$ -	\$ 1,894,707	\$ 2,573,877	\$ 4,468,584
Board-designated endowment funds	802,473	-	-	802,473
Total endowment funds	<u>\$ 802,473</u>	<u>\$ 1,894,707</u>	<u>\$ 2,573,877</u>	<u>\$ 5,271,057</u>

  

	2020			Total Endowment
	Without Donor Restrictions	With Donor Restrictions Time or Purpose	Perpetual in Nature	
Donor-restricted endowment funds	\$ -	\$ 1,514,865	\$ 2,573,877	\$ 4,088,742
Board-designated endowment funds	705,657	-	-	705,657
Total endowment funds	<u>\$ 705,657</u>	<u>\$ 1,514,865</u>	<u>\$ 2,573,877</u>	<u>\$ 4,794,399</u>

(Continued)

**SAN ANTONIO PUBLIC LIBRARY FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**7 ENDOWMENT (Continued)**

Endowment investments had the following activity for the years ended December 31, 2021 and 2020:

	Without Donor Restrictions	With Donor Restrictions		Total Endowment
		Time or Purpose	Perpetual in Nature	
<i>Year Ended December 31, 2021:</i>				
Endowment net assets, beginning of year	\$ 705,657	\$ 1,514,865	\$ 2,573,877	\$ 4,794,399
Interest and dividends	9,915	42,418	-	52,333
Net realized gains on sales	58,922	341,362	-	400,284
Net unrealized gains	67,833	392,993	-	460,826
Appropriations	(39,854)	(396,931)	-	(436,785)
Endowment net assets, end of year	<u>\$ 802,473</u>	<u>\$ 1,894,707</u>	<u>\$ 2,573,877</u>	<u>\$ 5,271,057</u>

	Without Donor Restrictions	With Donor Restrictions		Total Endowment
		Time or Purpose	Perpetual in Nature	
<i>Year Ended December 31, 2020:</i>				
Endowment net assets, beginning of year	\$ 672,034	\$ 1,601,974	\$ 2,572,877	\$ 4,846,885
Contributions	-	-	1,000	1,000
Interest and dividends	17,299	85,477	-	102,776
Net realized gains on sales	35,874	222,864	-	258,738
Net unrealized losses	14,696	91,304	-	106,000
Appropriations	(34,246)	(486,754)	-	(521,000)
Endowment net assets, end of year	<u>\$ 705,657</u>	<u>\$ 1,514,865</u>	<u>\$ 2,573,877</u>	<u>\$ 4,794,399</u>

**8 625 SHOOK AVENUE PROPERTY**

In March 2004, the Foundation purchased a house at 625 Shook Avenue and adjacent to the San Antonio Landa branch library. The purchase price of the house, including closing costs, was approximately \$231,000. The Foundation renovated the property with an additional investment of approximately \$403,000. The Foundation also received approximately \$117,000 in donated materials and services from the general contractor and certain sub-contractors. The total basis in the property is \$784,829. The house provides additional programming and public space for the Landa branch library, as well as serving as the administrative offices for the Foundation.

**9 SPLIT-INTEREST AGREEMENTS**

**Beneficial Interest in Perpetual Trust**

During 2018, the Foundation learned that it was a beneficiary of an irrevocable perpetual trust managed by an independent third-party trustee. Under the terms of the split-interest agreement, the Foundation is to receive 5% of the net income of the trust each year to support the travel collection of books and other educational materials for the San Antonio Public Library. The Foundation has recognized an asset for its beneficial interest in this perpetual trust, equal to 5% of the approximate fair value of the trust's net assets as of December 31, 2021 and 2020. Changes in the fair value of the Foundations beneficial interest in this trust are recorded as gains and losses by the Foundation. The Foundation recognized a gain of \$34,814 and \$20,753 for the change in beneficial interest in the years ended December 31, 2021 and 2020, respectively. Distributions from this trust totaled \$27,127 and \$-0- for the years ended December 31, 2021 and 2020, respectively.

**SAN ANTONIO PUBLIC LIBRARY FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**10 IN-KIND REVENUE**

In-kind contributions to the Foundation consisted of the following during the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Books	\$ -	\$ 6,325
Goods and services related to special events	<u>31,866</u>	<u>18,533</u>
Total	<u>\$ 31,866</u>	<u>\$ 24,858</u>

**11 NET ASSET WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Texana	\$ 13,053	\$ 120,500
SAPL Art Fund	2,200	2,851
Holocaust Learn & Remember	750	-
Library Branch Programming	20,795	23,703
L3	17,000	2,000
Low Vision	984,263	-
Little Read Wagon	50	-
Born to Read	-	22,664
Bike & Read	11	11
SAPL Staff Enrichment and Development	9,500	9,500
Carver Library	-	25,000
Central Library	150	500
Landa Library	-	15,367
Maverick Branch Library	100	-
Mission Branch Library	1,000	-
SAPL travel collection and educational materials	27,126	24,033
Subject to expenditure in future fiscal years	22,917	34,586
Accumulated investment gains on endowment funds:		
With purpose restrictions	1,894,707	1,514,865
Original endowment gift amounts required by donor to be retained in perpetuity	2,573,877	2,573,877
Beneficial interest in perpetual trusts	<u>324,241</u>	<u>316,554</u>
Total net assets with donor restrictions	<u>\$ 5,891,740</u>	<u>\$ 4,686,011</u>

(Continued)

**SAN ANTONIO PUBLIC LIBRARY FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**11 NET ASSETS WITH DONOR RESTRICTIONS (Continued)**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors:

	<u>2021</u>	<u>2020</u>
Expiration of time restrictions	\$ 10,000	\$ 60,000
Satisfaction of purpose restrictions:		
Texana	120,647	95,547
SAPL Art Fund	650	1,918
Holocaust Learn & Remember	10,000	-
Literacy Caravan	-	38,653
Library Branch Programming	5,358	34,361
Learn Centers	3,000	-
Low Vision	50,000	-
Little Read Wagon	50	15,000
Latino Collection & Resource Center	-	24,248
Born to Read	23,514	51,802
Bike & Read	-	2,239
Carver Library	25,000	10,138
Central Library	7,045	170,100
Forest Hills Library	-	25,000
Landa Library	21,067	-
Memorial Library	-	25,000
SAPL travel collection and educational materials	24,033	-
Other	1,000	7,538
Restricted-purpose endowment distributions:		
SAPL travel collection and educational materials	4,922	14,753
Technology	182,666	75,426
General use	209,343	396,574
Net assets released from donor restrictions	<u>\$ 698,295</u>	<u>\$ 1,048,297</u>

**12 DISTRIBUTIONS TO THE SAN ANTONIO PUBLIC LIBRARY**

The Foundation made direct distributions (cash) and indirect distributions (payroll and related expenses and supplies) to the Library as follows during the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Direct:		
Cash	\$ 656,393	\$ 882,195
Indirect:		
Books and materials	7,895	26,393
Equipment, furniture, and signage	-	1,905
Marketing and communications	-	6,500
Postage, printing and mailings	-	260
Contract services	1,135	3,300
Receptions and dinners	610	-
Travel and lodging	-	400
Total indirect distributions	<u>9,640</u>	<u>38,758</u>
Total distributions to San Antonio Public Library	<u>\$ 666,033</u>	<u>\$ 920,953</u>

**SAN ANTONIO PUBLIC LIBRARY FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**13 EMPLOYEE BENEFIT PLAN**

The Foundation has a defined contribution 403(b) plan (the Plan) for eligible employees. Eligible employees may contribute a percentage of their salary to the Plan. After completing one year of service, eligible full-time employees may receive an allocation of a discretionary employer contribution made by the Foundation. In recent years, the Foundation has chosen to make an employer contribution equivalent to 5% of a participant's salary. Employer contributions do not vest until an employee completes three years of service, at which time they become fully vested. Employer contributions amounted to approximately \$11,252 and \$3,833 for the years ended December 31, 2021 and 2020, respectively.

**14 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the Foundation's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Donor-restricted amounts that are available for use within one year for general purposes include amounts restricted for expenditure in the upcoming fiscal year. Accounts receivable are subject to an implied time restriction but are expected to be collected within one year, except for pledges and grants receivable that are due in future years.

Cash and cash equivalents	\$ 898,913
Investments	6,597,566
Contributions receivable	4,560
Pledges and grants receivable, net	<u>19,917</u>
Financial assets at year end	<u>7,520,956</u>
Less those unavailable for general expenditure within one year, due to:	
Receivables due in more than one year	(4,917)
Donor-restricted to expenditure for specific purposes	(1,075,998)
Board-designated to maintain as endowment	(802,473)
Donor-restricted to maintain as endowment	<u>(4,468,584)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u><u>\$ 1,168,984</u></u>

The Foundation's endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure. Although the Foundation does not intend to spend from board-designated endowment funds, those amounts could be made available if necessary.

As part of the Foundation's liquidity management, it invests cash in excess of operating requirements in a variety of short-term investments. At December 31, 2021, the Foundation had financial assets available to meet cash needs for general expenditure within one year that were equivalent to roughly 334 days of average operating expenses.

**SAN ANTONIO PUBLIC LIBRARY FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**15 SUBSEQUENT EVENTS**

The COVID-19 pandemic developed rapidly in 2020, with a significant number of cases in the region. Measures taken by various governments and agencies to contain the virus, as well as changes in behavior by regular donors and event participants in response to the pandemic, have affected economic activity in our area. The Foundation has taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for the Foundation's people (including social distancing and working from home) and changes in formats and venues for its meetings and special events. Several events in 2020 were either canceled or transitioned to an online format.

At this stage, the impact on the Foundation's financial position has not been significant. However, a significant portion of the Foundation's annual revenue is the result of special events, and it is possible that such events may continue to be impacted by local or state government measures to mitigate spread of the virus. As most events will continue to be held in an online format in the upcoming months, it is difficult to predict the impact the pandemic might have on proceeds from such events. The Foundation will continue to follow relevant government policies and expert advice and, in parallel, the Foundation will do its utmost to continue its operations in the best and safest way possible.