

HIGH PLAINS LIBRARY DISTRICT FOUNDATION



FINANCIAL STATEMENTS

Years Ended December 31, 2019 and 2018



TABLE OF CONTENTS

Independent Auditors' Report.....	2
STATEMENTS OF FINANCIAL POSITION.....	4
STATEMENTS OF ACTIVITIES	5
STATEMENTS OF FUNCTIONAL EXPENSES	6
STATEMENTS OF CASH FLOWS	7
NOTES TO FINANCIAL STATEMENTS.....	8



Independent Auditors' Report

Board of Directors
High Plains Library District Foundation
Greeley, Colorado

We have audited the accompanying statements of financial position of the High Plains Library District Foundation (a nonprofit organization) as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years 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; 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audits 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 entity'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 entity'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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the High Plains Library District Foundation as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Anderson & Whitney, P.C.

May 6, 2020

HIGH PLAINS LIBRARY DISTRICT FOUNDATION

STATEMENTS OF FINANCIAL POSITION

December 31	2019	2018
ASSETS		
Current Assets:		
Cash	\$ 19,213	\$ 23,239
Grant and donation receivables	633	15
Total Current Assets	19,846	23,254
Other Assets:		
Investments	519,353	400,210
TOTAL ASSETS	\$ 539,199	\$ 423,464
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 4,075	\$ 1,081
Unearned revenue	4,700	-
Total Current Liabilities	8,775	1,081
Net Assets:		
Without donor restrictions:		
Undesignated	41,894	33,579
Quasi-endowment	478,530	378,804
Capital reserve	10,000	10,000
Total Net Assets	530,424	422,383
TOTAL LIABILITIES AND NET ASSETS	\$ 539,199	\$ 423,464

See Accompanying Notes to Financial Statements.

HIGH PLAINS LIBRARY DISTRICT FOUNDATION

STATEMENTS OF ACTIVITIES

Years Ended December 31	2019	2018
Change in Net Assets Without Donor Restriction:		
Revenue:		
Contributions	\$ 17,500	\$ 16,566
HPLD In-kind contribution	40,438	39,495
Used book sales	3,561	3,081
Grants	33,500	18,792
Special events	44,490	32,508
Earnings (loss) on investments	94,031	(15,788)
Total Revenue	233,520	94,654
Expenses:		
Grants to HPLD	38,155	68,367
Salaries	40,438	39,495
Special events	24,010	17,754
Professional services	7,824	8,349
Office	299	2,260
Contract services	13,226	9,500
Travel and meetings	1,527	1,339
Total Expenses	125,479	147,064
Increase (Decrease) in Net Assets Without Donor Restriction	108,041	(52,410)
NET ASSETS, Beginning of Year	422,383	474,793
NET ASSETS, End of Year	\$ 530,424	\$ 422,383

See Accompanying Notes to Financial Statements.

HIGH PLAINS LIBRARY DISTRICT FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended December 31	2019				2018			
	Program Services	Fundraising	Management and General	Total	Program Services	Fundraising	Management and General	Total
Grants to HPLD	\$ 38,155	\$ -	\$ -	\$ 38,155	\$ 68,367	\$ -	\$ -	\$ 68,367
Salaries	20,219	-	20,218	40,437	19,748	-	19,747	39,495
Special events	-	24,010	-	24,010	-	17,754	-	17,754
Professional services	-	-	7,824	7,824	-	-	9,154	9,154
Office	-	-	299	299	-	-	1,455	1,455
Contract services	8,000	-	5,226	13,226	7,500	-	2,000	9,500
Travel and meetings	-	-	1,528	1,528	-	-	1,339	1,339
	\$ 66,374	\$ 24,010	\$ 35,095	\$ 125,479	\$ 95,615	\$ 17,754	\$ 33,695	\$ 147,064

See Accompanying Notes to Financial Statements.

HIGH PLAINS LIBRARY DISTRICT FOUNDATION

STATEMENTS OF CASH FLOWS

Years Ended December 31	2019	2018
Cash Flows from Operating Activities:		
Cash received (paid) for:		
Fundraising and grants	\$ 106,253	\$ 69,957
Suppliers and grantees	(82,047)	(110,969)
Net Cash Provided (Used) by Operating Activities	24,206	(41,012)
Cash Flows from Investing Activities:		
Purchase of investments	(63,232)	(18,000)
Sales of investments	35,000	71,023
Net Cash Provided (Used) by Investing Activities:	(28,232)	53,023
Cash Flows from Financing Activities	-	-
Net Increase (Decrease) in Cash	(4,026)	12,011
Cash, Beginning of Year	23,239	11,228
Cash, End of Year	\$ 19,213	\$ 23,239

Reconciliation of Increase (Decrease) in Net Assets to Net Cash

Provided by Operating Activities:		
Change in net assets	\$ 108,041	\$ (52,410)
Adjustments:		
(Gain) loss on investments	(90,911)	15,788
(Increase) decrease in operating assets:		
Accounts receivable	(618)	2,802
Prepaid expenses		1,263
Increase (decrease) in operating liabilities:		
Accounts payable	2,994	(4,663)
Unearned revenue	4,700	(3,792)
Net Cash Provided (Used) by Operating Activities	\$ 24,206	\$ (41,012)

See Accompanying Notes to Financial Statements.

HIGH PLAINS LIBRARY DISTRICT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies:

The accounting and reporting policies of High Plains Library District Foundation conform to accounting principles generally accepted in the United States. The following summary of significant accounting policies is presented to assist the reader in evaluating High Plains Library District Foundation's financial statements.

Organization:

The High Plains Library District Foundation (Foundation or HPLD Foundation), was incorporated in 2000 to cultivate information, inspiration and entertainment for our communities by raising funds to sustain and create literacy programs, collection development, technology upgrades and capital improvements for the HPLD libraries.

Basis of Presentation:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States. Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Foundation's management and board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statements of Activities.

At December 31, 2019 and 2018, the Foundation did not have any net assets with donor restrictions.

HIGH PLAINS LIBRARY DISTRICT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies - Continued:

Cash and Cash Equivalents:

HPLD Foundation considers all demand bank deposits and highly liquid investments with a maturity of three months or less at the date of acquisition to be cash and cash equivalents for purposes of the cash flow statement.

Concentrations of Credit Risk:

HPLD Foundation cash accounts are held at financial institutions at which deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Balances in the bank accounts may, at times, exceed the FDIC insurance coverage.

Investments:

The Foundation records investments at market value. Gains and losses on the sale of investments are based on either the specific cost or average cost of the investments sold. Investments are generally pooled for investment management.

Contributions:

Contributions, including unconditional promises to give, if any, are recorded as received. All contributions are available for unrestricted use unless specifically restricted by the donor. Contributions whose restrictions are met in the same reporting period as donated are reported as contributions without donor restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

As of January 1, 2019, the Foundation adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies the guidance presented in Topic 958, “Not-for-Profit Entities,” of the FASB’s Accounting Standards Codification for evaluating whether a transaction is reciprocal (i.e. an exchange transaction) or nonreciprocal (i.e. a contribution) and for distinguishing between conditional and unconditional contributions. This adoption did not have a material impact on the Foundation’s financial statements.

Donated Materials and Services:

Donations of used books are not valued until sold. Numerous volunteers donate significant time to program services and special event activities. The value of contributed time, while critical to program activities, is not reflected in the financial statements since it does not meet accounting requirements.

HIGH PLAINS LIBRARY DISTRICT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies - Continued:

Tax Exempt Status:

High Plains Library District Foundation has been granted an exemption from federal and Colorado income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision is made in these financial statements for income taxes.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Expenses:

The Statement of Functional Expenses presents expenses by both their nature and their function for 2019 and 2018. Certain categories of expenses are attributable to program and to management and general functions, and thus require allocation on a reasonable basis that is consistently applied. Personnel costs (compensation, fringe benefits and payroll taxes) are allocated based on estimates of the efforts the staff apply to various programs and functions. Other costs (including facility costs, office expenses, and equipment maintenance and usage) are allocated in the same portions as the personnel costs.

Subsequent Events:

Management has evaluated subsequent events through the date the financial statements were available for issuance, which is the same date as the auditors' report.

HIGH PLAINS LIBRARY DISTRICT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – Endowment:

Board designated net assets include an endowment fund designated by the Foundation's Board of Directors. Designated net assets are invested in perpetuity, the income from which is expendable to support the Foundation's programs and operations.

The Board of Directors of the HPLD Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as generally requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent donor stipulations to the contrary. As a result of this interpretation, HPLD Foundation generally classifies as quasi-endowment net assets (a) the original value of gifts designated to the quasi-endowment, (b) the original value of subsequent gifts to the quasi-endowment, and (c) accumulations to the quasi-endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, the HPLD Foundation considers the following factors in making a determination to appropriate or accumulate quasi-endowment funds:

- (1) The duration and preservation of the fund.
- (2) The purpose of the organization and the quasi-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 organization.
- (7) The investment policies of the organization.

The endowment funds may be invested in portfolios of mutual funds, exchange traded funds, individual equity securities (common stock and convertible securities), fixed-income securities, and short-term (cash) investments. As a guide to accomplishing these objectives, the investments shall remain within the ranges provided in asset allocation guidelines.

The Foundation's policy is to diversify funds to best achieve its purpose as stated in this policy. The primary objective of the Foundation and its Board of Directors is to seek a moderate investment approach that values principal preservation but will accept a small degree of risk and volatility to seek a desired degree of appreciation. The Board acknowledges that unfavorable capital markets may persist over periods of unpredictable duration and therefore, maintains a long-term investment horizon. The primary investment objective of the endowment is to achieve a total annual return measured on an average basis, at least equal to the rate of inflation plus five percent (5%).

The HPLD Foundation has a policy of appropriating for distribution each year up to 5% of the endowment's market values, as approved by the HPLD Foundation Board of Directors, in accordance with the endowment mission and purpose.

HIGH PLAINS LIBRARY DISTRICT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – Endowment – Continued:

The following are the changes in board designated net assets for the year ended December 31, 2019:

Year Ended December 31, 2019	Board Designated
Endowment net assets, beginning of year	\$ 378,804
Board designated contributions	10,000
Appropriation of endowment assets for expenditure	--
Investment income	89,726
Endowment net assets, end of year	\$ 478,530

The following are the changes in board designated net assets for the year ended December 31, 2018:

Year Ended December 31, 2018	Board Designated
Endowment net assets, beginning of year	\$ 380,380
Board designated contributions	18,000
Appropriation of endowment assets for expenditure	--
Investment income (loss)	(19,576)
Endowment net assets, end of year	\$ 378,804

The *Fair Value Measurements and Disclosures* Topic of the Financial Accounting Standards Board Codification establishes a fair value hierarchy that is based on the fair value measurements. Measurements using quoted prices in active markets for identical assets and liabilities fall within Level 1 of the hierarchy, measurements using significant other observable inputs fall within Level 2, and measurements using significant unobservable inputs fall within Level 3.

Description	Fair Value Measurements at December 31, 2019		
	Quoted Prices In Active Markets for Identical assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment Securities:			
Mutual funds	\$ 478,530	\$ --	\$ --
ColoTrust	--	40,823	--

HIGH PLAINS LIBRARY DISTRICT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – Endowment – Continued:

Description	Fair Value Measurements at December 31, 2018		
	Quoted Prices In Active Markets for Identical assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment Securities:			
Mutual funds	\$ 378,804	\$ --	\$ --
ColoTrust	--	21,406	--

NOTE 3 – Related Party Transactions:

The Foundation receives, manages, and invests gifts on behalf of the High Plains Library District. In consideration of these services, the District provides workspace and assigns an employee to also be the executive director of the Foundation. For 2019 and 2018, the estimated value of these services was \$40,438 and \$39,425, respectively.

Grants and other payments for the High Plains Library District were \$38,155 and \$68,367 in 2019 and 2018, respectively. District employees donated approximately \$4,734 and \$6,316 to the Foundation in 2019 and 2018, respectively through unused vacation.

NOTE 4 – Information Regarding Liquidity and Availability:

The Foundation strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in certificates of deposit, money market funds and other short-term investments.

The following table reflects the Foundation's financial assets as of December 31, 2019 and 2018, reduced by amounts that are not available to meet general expenditures within one year of the Statements of Financial Position date. Amounts not available include board-designated funds that are intended to fund future technological and operational needs and to provide resources for the implementation or expansion of various programs. In the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution.

HIGH PLAINS LIBRARY DISTRICT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE 4 – Information Regarding Liquidity and Availability – Continued:

Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions. There were no net assets with donor restrictions at December 31, 2019 and 2018.

December 31	2019	2018
Financial Assets at Year-End:		
Cash and cash equivalents	\$ 19,213	\$ 23,239
Investment securities	519,353	400,210
Accounts receivable	633	15
	539,199	423,464
Board Designations for Programs and Projects	488,530	388,804
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	\$ 50,669	\$ 34,660

NOTE 5– Board Designated Net Assets:

The Foundation’s board of directors has designated, from net assets without donor restrictions, a portion of net assets for the programs, projects and purposes listed in the table below. These balances are for planning purposes and the Foundation is under no contractual or donor-specified obligation to maintain these funds.

December 31	2019	2018
Designated for Future Operational Needs:		
Capital Reserve	\$ 10,000	\$ 10,000
Quasi-Endowment	478,530	378,804
	\$ 488,530	\$ 388,804
