

# HIGH PLAINS LIBRARY DISTRICT FOUNDATION



## FINANCIAL STATEMENTS

Years Ended December 31, 2021 and 2020



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## Independent Auditors' Report

Board of Directors  
High Plains Library District Foundation  
Greeley, Colorado

### **Opinion**

We have audited the financial statements of the High Plains Library District Foundation (the Foundation), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2021 and 2020, and the results of its operations and 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 (GAAS). 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 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 the Foundation's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 the 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.

*Anderson & Whitney, P.C.*

April 25, 2022

# HIGH PLAINS LIBRARY DISTRICT FOUNDATION

## STATEMENTS OF FINANCIAL POSITION

December 31	2021	2020
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 5,000	\$ 6,448
Grant and contribution receivables	1,295	5,218
Total Current Assets	6,295	11,666
Other Assets:		
Investments	737,606	673,780
<b>TOTAL ASSETS</b>	<b>\$ 743,901</b>	<b>\$ 685,446</b>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	\$ 128	\$ 658
Refundable advances	13,507	42,357
Total Current Liabilities	13,635	43,015
Net Assets:		
Without donor restrictions:		
Undesignated	93,373	70,839
Quasi-endowment	636,893	571,592
Total Net Assets	730,266	642,431
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 743,901</b>	<b>\$ 685,446</b>

See Accompanying Notes to Financial Statements.

# HIGH PLAINS LIBRARY DISTRICT FOUNDATION

## STATEMENTS OF ACTIVITIES

Years Ended December 31	2021	2020
Change in Net Assets Without Donor Restriction:		
Revenue:		
Contributions	\$ 18,792	\$ 19,840
HPLD In-kind contribution	37,789	37,234
Used book sales	10,184	6,987
Grants	34,610	28,643
Special events	38,724	38,694
Earnings on investments	95,901	109,041
<b>Total Revenue</b>	<b>236,000</b>	<b>240,439</b>
Expenses:		
Grants to HPLD	68,796	46,338
Salaries	37,789	37,234
Special events	20,902	18,809
Professional services	20,658	14,671
Office	20	813
Contract services	-	10,500
Travel and meetings	-	67
<b>Total Expenses</b>	<b>148,165</b>	<b>128,432</b>
Increase in Net Assets Without Donor Restriction	87,835	112,007
NET ASSETS, Beginning of Year	642,431	530,424
<b>NET ASSETS, End of Year</b>	<b>\$ 730,266</b>	<b>\$ 642,431</b>

See Accompanying Notes to Financial Statements.

# HIGH PLAINS LIBRARY DISTRICT FOUNDATION

## STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended December 31	2021				2020				
	Program		Management		Program		Management		Total
	Services	Fundraising	and General		Services	Fundraising	and General		
Grants to HPLD	\$ 68,796	\$ -	\$ -	\$ 68,796	\$ 46,338	\$ -	\$ -	\$ 46,338	
Salaries	18,895	-	18,894	37,789	18,617	-	18,617	37,234	
Special events	-	20,902	-	20,902	-	18,809	-	18,809	
Professional services	9,000	-	11,658	20,658	-	-	14,671	14,671	
Office	20	-	-	20	-	-	813	813	
Contract services	-	-	-	-	8,000	-	2,500	10,500	
Travel and meetings	-	-	-	-	-	-	67	67	
	\$ 96,711	\$ 20,902	\$ 30,552	\$ 148,165	\$ 72,955	\$ 18,809	\$ 36,668	\$ 128,432	

See Accompanying Notes to Financial Statements.

# HIGH PLAINS LIBRARY DISTRICT FOUNDATION

## STATEMENTS OF CASH FLOWS

Years Ended December 31	2021	2020
Cash Flows from Operating Activities:		
Cash received (paid) for:		
Fundraising and grants	\$ 77,383	\$ 130,775
Suppliers and grantees	(106,357)	(94,615)
Net Cash Provided (Used) by Operating Activities	(28,974)	36,160
Cash Flows from Investing Activities:		
Purchase of investments	(69,048)	(116,030)
Sales of investments	96,574	67,105
Net Cash Provided (Used) by Investing Activities	27,526	(48,925)
Cash Flows from Financing Activities	-	-
Net Decrease in Cash	(1,448)	(12,765)
Cash, Beginning of Year	6,448	19,213
Cash, End of Year	\$ 5,000	\$ 6,448

### Reconciliation of Increase in Net Assets to Net Cash

Provided (Used) by Operating Activities:		
Change in net assets	\$ 87,835	\$ 112,007
Adjustments:		
(Gain) loss on investments	(91,352)	(105,502)
(Increase) decrease in operating assets:		
Accounts receivable	3,923	(4,585)
Increase (decrease) in operating liabilities:		
Accounts payable	(530)	(3,417)
Refundable advances	(28,850)	37,657
Net Cash Provided (Used) by Operating Activities	\$ (28,974)	\$ 36,160

See Accompanying Notes to Financial Statements.

# HIGH PLAINS LIBRARY DISTRICT FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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### 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.

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#### 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.

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#### 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, 2021 and 2020, the Foundation did not have any net assets with donor restrictions.

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# HIGH PLAINS LIBRARY DISTRICT FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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### 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.

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#### 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.

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#### 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.

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#### 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.

The Foundation has 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.

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#### 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.

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# HIGH PLAINS LIBRARY DISTRICT FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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### 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.

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#### 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.

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#### Functional Expenses:

The Statement of Functional Expenses presents expenses by both their nature and their function for 2021 and 2020. 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.

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#### 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.

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#### Revenue Recognition:

The Foundation has adopted Accounting Standards Update (ASU) No. 2014-09 – *Revenue from Contracts with Customers (Topic 606)*, as amended as management believes the standards improves the usefulness and understandability of the Foundation's financial reporting. Analysis of various provisions of this standard resulted in no significant changes in the way the Foundation recognizes revenues, and therefore, no changes to the previously issued audited financial statements were required on a retrospective basis.

A portion of the Organization's revenue is derived from cost-reimbursable contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the organization has incurred expenditures in compliance with specific contract or grant provisions.

# HIGH PLAINS LIBRARY DISTRICT FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 1 – Summary of Significant Accounting Policies - Continued:**

Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. Special event revenues are recognized when the event occurs.

Payment terms for goods and services to grantors are billed monthly and are typically received in 30 days. In instances where the timing of revenue recognition differs from the timing of the right to invoice, the Foundation has determined that a significant financing component does not exist. The primary purpose of the Foundation's invoicing terms is to provide grantors and contractors with simplified and predictable ways of purchasing products and services and not to receive financing from or providing financing to the grantor.

Practical Expedients: The Foundation does not disclose the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less, or (ii) contracts for which the amount of revenue recognized is based on the amount to which the organization has the right to invoice the customer for services performed.

The Foundation expenses costs to obtain contracts as incurred as contracts are generally less than one year. Beginning balances of receivables and contract liabilities as of January 1, 2020 were \$633 of grants and contributions receivable and \$4,700 of refundable advances.

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### **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.

# HIGH PLAINS LIBRARY DISTRICT FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2 – Endowment - Continued:

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, 2021:

Year Ended December 31, 2021	Board Designated
Endowment net assets, beginning of year	\$ 571,592
Board designated contributions	--
Appropriation of endowment assets for expenditure	(26,000)
Investment income	91,301
<b>Endowment net assets, end of year</b>	<b>\$ 636,893</b>

The following are the changes in board designated net assets for the year ended December 31, 2020:

Year Ended December 31, 2020	Board Designated
Endowment net assets, beginning of year	\$ 478,530
Board designated contributions	--
Appropriation of endowment assets for expenditure	(12,000)
Investment income	105,062
<b>Endowment net assets, end of year</b>	<b>\$ 571,592</b>

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, 2021		
	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	\$ 636,893	\$ --	\$ --
ColoTrust	--	100,713	--

# HIGH PLAINS LIBRARY DISTRICT FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2 – Endowment – Continued:

Description	Fair Value Measurements at December 31, 2020		
	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	\$ 571,592	\$ --	\$ --
ColoTrust	--	102,188	--

The Colorado Liquid Asset Trust (COLOTRUST), is an SEC Rule 2a7-like investment pool. Investments are valued at the net asset value (NAV) of \$1.00 per share. The investment pools are routinely monitored by the Colorado Division of Securities with regard to operations and investments. COLOTRUST is rated AAAM by Standard & Poor's. The Foundation's interest is measured at NAV.

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### 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 2021 and 2020, the estimated value of these services was \$37,789 and \$37,234, respectively.

Grants and other payments for the High Plains Library District were \$68,795 and \$46,338 in 2021 and 2020, respectively. District employees donated approximately \$2,563 and \$6,496 to the Foundation in 2021 and 2020, respectively through unused vacation.

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### 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, 2021 and 2020, 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

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### 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, 2021 and 2020.

December 31	2021	2020
Financial Assets at Year-End:		
Cash and cash equivalents	\$ 5,000	\$ 6,448
Investment securities	737,606	673,780
Accounts receivable	1,294	5,218
	743,900	685,446
Board Designations for Programs and Projects	636,893	571,592
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	\$ 107,007	\$ 113,854

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### 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	2021	2020
Designated for Future Operational Needs:		
Quasi-Endowment	636,893	571,592
	\$ 636,893	\$ 571,592

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### NOTE 6 – Subsequent Event:

Effective April 4, 2022, the name of the Foundation has been changed to High Plains Library District Friends & Foundation.

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