

HIGH PLAINS LIBRARY DISTRICT FOUNDATION



FINANCIAL STATEMENTS

Years Ended December 31, 2020 and 2019



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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, 2020 and 2019, 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, 2020 and 2019, 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.

June 10, 2021

HIGH PLAINS LIBRARY DISTRICT FOUNDATION

STATEMENTS OF FINANCIAL POSITION

December 31	2020	2019
ASSETS		
Current Assets:		
Cash	\$ 6,448	\$ 19,213
Grant and contribution receivables	5,218	633
Total Current Assets	11,666	19,846
Other Assets:		
Investments	673,780	519,353
TOTAL ASSETS	\$ 685,446	\$ 539,199
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 658	\$ 4,075
Refundable advances	42,357	4,700
Total Current Liabilities	43,015	8,775
Net Assets:		
Without donor restrictions:		
Undesignated	70,839	41,894
Quasi-endowment	571,592	478,530
Capital reserve	-	10,000
Total Net Assets	642,431	530,424
TOTAL LIABILITIES AND NET ASSETS	\$ 685,446	\$ 539,199

See Accompanying Notes to Financial Statements.

HIGH PLAINS LIBRARY DISTRICT FOUNDATION

STATEMENTS OF ACTIVITIES

Years Ended December 31	2020	2019
Change in Net Assets Without Donor Restriction:		
Revenue:		
Contributions	\$ 19,840	\$ 17,500
HPLD In-kind contribution	37,234	40,438
Used book sales	6,987	3,561
Grants	28,643	33,500
Special events	38,694	44,490
Earnings on investments	109,041	94,031
Total Revenue	240,439	233,520
Expenses:		
Grants to HPLD	46,338	38,155
Salaries	37,234	40,438
Special events	18,809	24,010
Professional services	14,671	7,824
Office	813	299
Contract services	10,500	13,226
Travel and meetings	67	1,527
Total Expenses	128,432	125,479
Increase in Net Assets Without Donor Restriction	112,007	108,041
NET ASSETS, Beginning of Year	530,424	422,383
NET ASSETS, End of Year	\$ 642,431	\$ 530,424

See Accompanying Notes to Financial Statements.

HIGH PLAINS LIBRARY DISTRICT FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended December 31	2020			2019		
	Program Services	Fundraising and General	Management and General	Program Services	Fundraising and General	Management and General
	Total	Total	Total	Total	Total	Total
Grants to HPLD	\$ 46,338	\$ -	\$ -	\$ 38,155	\$ -	\$ -
Salaries	18,617	-	18,617	20,219	-	20,218
Special events	-	18,809	-	-	24,010	-
Professional services	-	-	14,671	-	-	7,824
Office	-	-	813	-	-	299
Contract services	8,000	-	2,500	8,000	-	5,226
Travel and meetings	-	-	67	-	-	1,528
	\$ 72,955	\$ 18,809	\$ 36,668	\$ 66,374	\$ 24,010	\$ 35,095
			\$ 128,432			\$ 125,479

See Accompanying Notes to Financial Statements.

HIGH PLAINS LIBRARY DISTRICT FOUNDATION

STATEMENTS OF CASH FLOWS

Years Ended December 31	2020	2019
Cash Flows from Operating Activities:		
Cash received (paid) for:		
Fundraising and grants	\$ 130,775	\$ 106,253
Suppliers and grantees	(94,615)	(82,047)
Net Cash Provided by Operating Activities	36,160	24,206
Cash Flows from Investing Activities:		
Purchase of investments	(116,030)	(63,232)
Sales of investments	67,105	35,000
Net Cash Provided (Used) by Investing Activities:	(48,925)	(28,232)
Cash Flows from Financing Activities	-	-
Net Decrease in Cash	(12,765)	(4,026)
Cash, Beginning of Year	19,213	23,239
Cash, End of Year	\$ 6,448	\$ 19,213

Reconciliation of Increase in Net Assets to Net Cash

Provided by Operating Activities:		
Change in net assets	\$ 112,007	\$ 108,041
Adjustments:		
(Gain) loss on investments	(105,502)	(90,911)
(Increase) decrease in operating assets:		
Accounts receivable	(4,585)	(618)
Increase (decrease) in operating liabilities:		
Accounts payable	(3,417)	2,994
Refundable advances	37,657	4,700
Net Cash Provided by Operating Activities	\$ 36,160	\$ 24,206

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, 2020 and 2019, 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.

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.

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 2020 and 2019. 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.

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

NOTE 1 – Summary of Significant Accounting Policies - Continued:

Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement 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, 2019 were \$15 of accounts receivable and no refundable advances.

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

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, 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
Endowment net assets, end of year	\$ 571,592

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 *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, 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	--

HIGH PLAINS LIBRARY DISTRICT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – Endowment – Continued:

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	--

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 2020 and 2019, the estimated value of these services was \$37,234 and \$40,438, respectively.

Grants and other payments for the High Plains Library District were \$46,338 and \$38,155 in 2020 and 2019, respectively. District employees donated approximately \$6,496 and \$4,734 to the Foundation in 2020 and 2019, 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, 2020 and 2019, 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, 2020 and 2019.

December 31	2020	2019
Financial Assets at Year-End:		
Cash and cash equivalents	\$ 6,448	\$ 19,213
Investment securities	673,780	519,353
Accounts receivable	5,218	633
	685,446	539,199
Board Designations for Programs and Projects	571,592	488,530
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	\$ 113,854	\$ 50,669

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	2020	2019
Designated for Future Operational Needs:		
Capital Reserve	\$ --	\$ 10,000
Quasi-Endowment	571,592	478,530
	\$ 571,592	\$ 488,530
