

ARAPAHOE LIBRARY FRIENDS FOUNDATION
(Unaudited)
FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

12855 E. Adam Aircraft Circle
Englewood, CO 80112
303-792-8979

Arapahoe Library Friends Foundation, Inc.
(Unaudited)
December 31, 2018

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Arapahoe Library Friends Foundation, Inc.
Statement of Financial Position
(Unaudited)
December 31, 2018

Assets

Current Assets

Cash and Cash Equivalents	\$ 287,623
Accounts Receivable	1,086
Due from Arapahoe Library District	1,835
Prepaid Expense	642

Total Assets 291,185

Liabilities and Net Assets

Current Liabilities

Accounts Payable	<u>884</u>
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Total Liabilities 884

Net Assets

Without Donor Restriction	<u>290,301</u>
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Total Net Assets 290,301

Total Liabilities and Net Assets \$ 291,185

Arapahoe Library Friends Foundation, Inc.
Statement of Activities
(Unaudited)
For the Year Ended December 31, 2018

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Revenue and Support			
In-kind Contributions	\$ 168,291	\$ -	\$ 168,291
Book Sales	175,230	-	175,230
Memberships	17,818	-	17,818
Contributions	6,455	-	6,455
Investment Earnings	859	-	859
Total Revenue and Support	368,653	-	368,653
Net Assets Released from Restriction	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue and Support	368,653	-	368,653
Expenses			
Program Services	123,834	-	123,834
Supporting Services			
Management and General	66,133	-	66,133
Fundraising	124,261	-	124,261
Total Expenses	314,228	-	314,228
Change in Net Assets	54,425	-	54,425
Net Assets, Beginning of Year	235,876	-	235,876
Net Assets, End of Year	\$ 290,301	\$ -	\$ 290,301

Arapahoe Library Friends Foundation, Inc.
Statement of Cash Flows
(Unaudited)
For the Year Ended December 31, 2018

Cash flows from operating activities:	
Cash received from members and the public	\$ 234,527
Cash paid to suppliers	(185,717)
Investment income received	<u>859</u>
Net cash provided by operating activities	<u>49,669</u>
Net increase in cash and cash equivalents	49,669
Cash and cash equivalents, beginning of year	<u>237,953</u>
Cash and cash equivalents, end of year	<u><u>287,623</u></u>
Reconciliation of change in net assets to net cash provided by operating activities:	
Change in net assets	<u>54,425</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Changes in assets and liabilities:	
Accounts receivable	(299)
Prepaid expense	2
Accounts payable	<u>(4,459)</u>
Total adjustments	<u>(4,756)</u>
Net cash provided by operating activities	<u><u>49,669</u></u>
Non-cash activities:	
In-kind revenues	168,291
In-kind expenses	<u><u>\$ (168,291)</u></u>

Arapahoe Library Friends Foundation, Inc.
Notes to the Financial Statements
(Unaudited)
December 31, 2018

I. Organization

The Arapahoe Library Friends Foundation, Inc. (the Foundation) was formed December 31, 1990, exclusively for the benefit of, to perform the functions of, or to carry out the charitable and educational purposes of the Arapahoe Library District (the Library District) within the meaning of Section 501(c)(3) of the Internal Revenue Code. Therefore, the Foundation is reported as an includible entity in the Library District's financial statements. The Foundation was formerly known as the Arapahoe Library Foundation, Inc.

II. Summary of Significant Accounting Policies

A. Accounting Policies

The financial statements of the Foundation are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

B. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification (ASC). The Foundation is required to report information regarding its financial position and activities according to three classes of net assets: without donor restrictions net assets, with donor restrictions net assets, and permanently restricted net assets. The Foundation's net assets are comprised solely of without donor restriction net assets at December 31, 2018.

1. Without donor restriction net assets represent the expendable resources that are available for operations at management's discretion. This class of net assets accounts for items with no donor-imposed restrictions.
2. With donor restriction net assets represent resources restricted by donors as to purpose or by the passage of time. This classification accounts for gifts of cash and other assets when they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, with donor restriction net assets are reclassified to without donor restriction net assets and reported in the statement of activities as net assets released from restrictions.
3. Permanently restricted net assets account for funds which donors have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and invested for the purpose of producing income. All income, including both realized and unrealized gains and losses, generated from the investment of principal is reported as without donor restriction unless specifically restricted by the donor.

C. Cash and Cash Equivalents

The Foundation considers all cash deposits and highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Arapahoe Library Friends Foundation, Inc.
Notes to the Financial Statements
(Unaudited)
December 31, 2018

II. Summary of Significant Accounting Policies (Continued)

D. Revenues

Contributions and support are received through membership dues, sales of donated books, and outright gifts and when applicable, grants from local agencies and corporations, and special purpose capital campaigns. Contributions are recognized as revenue when they are received or unconditionally pledged. All contributions are available for without donor restrictions use unless specifically than with donor restriction. Amounts received that are restricted by the donor for specific purposes are reported as with donor restriction or permanently restricted support.

E. Functional Expenses

The costs of providing the Foundation's various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

F. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statement and accompanying notes. Actual results could differ from these estimates.

G. Subsequent Events

The Foundation has reviewed and considered subsequent events for disclosure in the financial statements through April 8, 2019, the date which the financial statements were available to be issued.

III. Cash and Cash Equivalents

The Foundation's cash demand deposits are held at a financial institution at which deposits are insured up to \$250,000 by FDIC. As of December 31, 2018, the Foundation's cash demand deposits did not exceed the FDIC's insurance limit.

At December 31, 2018, the Foundation's cash deposits and investments were as follows:

	<u>Carrying Balance</u>
Cash Deposits	\$ 245,413
Cash on Hand	437
Total Cash	<u>245,850</u>
Local Government Investment Pool	<u>41,772</u>
Total Investments	<u>41,772</u>
Total Cash and Investments	<u>\$ 287,623</u>

Arapahoe Library Friends Foundation, Inc.
Notes to the Financial Statements
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Fair Value Measurement

FASB Accounting Standards Codification (FASB ASC) 820-10 requires enhanced disclosures about assets and liabilities measured at fair values and establishes a hierarchal framework that prioritizes the inputs used in measuring assets and liabilities at fair value. The three levels of the fair value hierarchy defined in FASB ASC 820-10 are as follows:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reported date.

Level 2 – Observable inputs other than Level 1 prices, such as quoted process for similar assets or liabilities; quoted in less active markets; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The local government investment pool operates similarly to a money market fund and each share is equal in value to \$1.00.

The following table presents the fair value measurements of assets recognized in the accompanying statements of financial position at fair value on a recurring basis and the level within the FASB ASC 820-10 fair value hierarchy in which the fair value measurements fall at December 31, 2017.

	Level 1	Level 2	Level 3
Local Government Investment Pool	\$ <u> </u>	\$ <u>41,772</u>	\$ <u> </u>

IV. Donated Services

Numerous volunteers have donated significant amounts of time to the Foundation for program services and administration. These services were not recorded in the financial statements in 2018 because they are not measurable and the Foundation would not purchase the volunteered services if they were not donated.

V. Related Party Transactions

The Foundation is a component unit of the Arapahoe Library District. The Library District maintains control of the Foundation in the following areas:

- The Board of Trustees of the Library District elects members of the Foundation’s Board of Directors.
- Similarly, the Library District’s Board of Trustees may remove any Director of the Foundation.
- The Foundation may not disburse funds for costs that have not been recommended by the Library District’s Board of Trustees.

In 2018, the Arapahoe Library District donated \$58,383 in salaries, payroll taxes and benefits for Library District employees who performed services for the Foundation. The Library District also provided office space for the Foundation, as well as space for the Foundation’s book stores in five of its library branches. The Foundation recognizes contribution revenue for donated services provided by the Library District, which are recognized at estimated fair value. Operating costs and building space donated to the Foundation from the Library District totaled \$105,948.

Arapahoe Library Friends Foundation, Inc.
Notes to the Financial Statements
(Unaudited)
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VI. Related Party Transactions (Continued)

These services are reflected in the expense functions on the statement of activities as follows:

Fundraising	\$ 112,484
Management and General	<u>55,807</u>
Total	<u>\$ 168,291</u>

The Foundation receives income primarily through the sale of donated books and fundraising campaigns for Library District projects or programs. The Foundation provided the following support to the Library District in 2018:

Summer Reading	\$ 62,500
Interactive Equipment	15,352
Water Bottle Filling Stations	7,589
Book Mark Writing Program	6,360
Mobile Maker Cart	5,500
Stories & More and Make & Take Workshops	5,300
Film Making Equipment	5,000
Little Explorers STEM Kits	5,000
Summer Reading Readiness Program	3,750
Geek Out	2,000
Children's Discovery Bins	2,000
Photography	1,883
Surprise for Fives Program	850
Books for Summer Swap/Battle of the Books	<u>750</u>
Total	<u>\$ 123,834</u>

At December 31, 2018, the Library District owes the Foundation \$1,835 which is due and payable within the next calendar year.

VII. Income Tax

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Internal Revenue Service (IRS) has determined that the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization that is not a private foundation under Section 509(a)(1). As of December 31, 2018, the IRS has not proposed any adjustments that would result in a material change to the Foundation's financial position.

Arapahoe Library Friends Foundation, Inc.
Schedule of Functional Expenses
(Unaudited)
For the Year Ended December 31, 2018

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Contributions to Arapahoe Library District	\$ 123,834	\$ -	\$ -	\$ 123,834
Rent and Operating Costs	-	5,414	104,494	109,908
Contracted Services	-	50,393	7,990	58,383
Bank Charges	-	6,332	-	6,332
Office Supplies	-	1,371	4,482	5,854
Professional Fees	-	1,679	-	1,679
Mileage and Meals	-	512	944	1,456
Sales Tax and Selling Fees	-	-	5,985	5,985
Postage	-	431	204	636
Advertising	-	-	162	162
Miscellaneous	-	-	-	-
Total	<u><u>\$ 123,834</u></u>	<u><u>\$ 66,133</u></u>	<u><u>\$ 124,261</u></u>	<u><u>\$ 314,228</u></u>