

**HARTFORD PUBLIC LIBRARY**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Hartford Public Library  
Hartford, Connecticut

### Report on the Financial Statements

#### **Opinion**

We have audited the accompanying financial statements of Hartford Public Library, which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, 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 Hartford Public Library as of June 30, 2022 and 2021, and the changes in its net assets and its 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hartford Public Library and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Change in Accounting Principle**

As discussed in Note 1, during the year ended June 30, 2022, Hartford Public Library adopted Accounting Standards update No. 2020-07, *Not-for-Profit Entities (Topic958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Our opinion is not modified with respect to this matter.

#### **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 Hartford Public Library's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

***Auditors' 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 auditors' 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 Hartford Public Library'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 Hartford Public Library'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.



**CliftonLarsonAllen LLP**

West Hartford, Connecticut  
September 30, 2022

**HARTFORD PUBLIC LIBRARY  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2022 AND 2021**

	2022	2021
<b>ASSETS</b>		
Cash	\$ 857,453	\$ 1,067,648
Investments	26,058,174	23,122,649
Accounts Receivable	89,677	442,632
Contributions Receivable	3,532,526	495,723
Prepaid Expenses	86,795	103,282
Property and Equipment, Net	8,128,540	8,471,464
Total Assets	\$ 38,753,165	\$ 33,703,398
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 386,802	\$ 68,681
Deferred Revenue	22,403	36,697
Refundable Advance	-	87,595
Total Liabilities	409,205	192,973
<b>NET ASSETS</b>		
Without Donor Restrictions	34,162,639	27,711,943
With Donor Restrictions	4,181,321	5,798,482
Total Net Assets	38,343,960	33,510,425
Total Liabilities and Net Assets	\$ 38,753,165	\$ 33,703,398

See accompanying Notes to Financial Statements.

**HARTFORD PUBLIC LIBRARY  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE, SUPPORT, AND GAINS</b>			
City Appropriation	\$ 8,550,590	\$ -	\$ 8,550,590
Donated Services and Goods	2,903,325	-	2,903,325
Contributions	9,944,117	418,933	10,363,050
Grants	809,172	-	809,172
Special Events	761,834	-	761,834
Investment Return, Net	(2,038,535)	(1,101,244)	(3,139,779)
Service Fees	41,763	-	41,763
Other Revenue	447,561	-	447,561
Net Assets Released from Restrictions	934,850	(934,850)	-
Total Revenue, Support, and Gains	22,354,677	(1,617,161)	20,737,516
 <b>EXPENSES AND LOSSES</b>			
Program	13,742,267	-	13,742,267
Management and General	1,706,038	-	1,706,038
Fundraising	455,676	-	455,676
Total Expenses and Losses	15,903,981	-	15,903,981
 <b>CHANGE IN NET ASSETS</b>	6,450,696	(1,617,161)	4,833,535
Net Assets - Beginning of Year	27,711,943	5,798,482	33,510,425
 <b>NET ASSETS - END OF YEAR</b>	\$ 34,162,639	\$ 4,181,321	\$ 38,343,960

See accompanying Notes to Financial Statements.

**HARTFORD PUBLIC LIBRARY  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE, SUPPORT, AND GAINS</b>			
City Appropriation	\$ 1,669,020	\$ -	\$ 1,669,020
Donated Services and Goods	2,704,378	-	2,704,378
Contributions	6,700,267	613,850	7,314,117
Grants	720,783	-	720,783
Special Events	493,645	-	493,645
Investment Return, Net	4,423,508	311,217	4,734,725
Service Fees	34,898	-	34,898
Other Revenue	687,920	-	687,920
Net Assets Released from Restrictions	735,277	(735,277)	-
Total Revenue, Support, and Gains	<u>18,169,696</u>	<u>189,790</u>	<u>18,359,486</u>
<b>EXPENSES AND LOSSES</b>			
Program	12,990,923	-	12,990,923
Management and General	1,572,553	-	1,572,553
Fundraising	510,427	-	510,427
Total Expenses and Losses	<u>15,073,903</u>	<u>-</u>	<u>15,073,903</u>
<b>CHANGE IN NET ASSETS</b>	3,095,793	189,790	3,285,583
Net Assets - Beginning of Year	<u>24,616,150</u>	<u>5,608,692</u>	<u>30,224,842</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 27,711,943</u>	<u>\$ 5,798,482</u>	<u>\$ 33,510,425</u>

See accompanying Notes to Financial Statements.

**HARTFORD PUBLIC LIBRARY  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2022**

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 5,183,232	\$ 662,972	\$ 180,810	\$ 6,027,014
Employee Benefits	1,464,332	131,625	49,359	1,645,316
In-Kind Rent	2,290,848	203,631	50,908	2,545,387
Depreciation	1,342,669	119,349	29,837	1,491,855
Professional Services and Fees	987,301	289,607	39,492	1,316,400
Contributions	977,704	125,055	34,106	1,136,865
Occupancy	360,497	32,044	8,011	400,552
Program Expense	222,810	22,736	38,651	284,197
Repair and Maintenance	227,833	9,695	4,848	242,376
Supplies	207,259	-	-	207,259
Information Technology	179,825	18,185	4,041	202,051
Miscellaneous	108,924	67,903	-	176,827
Office Expense	125,671	11,296	4,236	141,203
Advertising	17,713	1,476	10,333	29,522
Travel	13,832	2,903	342	17,077
Conferences and Meetings	10,504	5,656	-	16,160
Bank Fees	8,835	1,143	416	10,394
Insurance	8,478	762	286	9,526
Scholarship	4,000	-	-	4,000
	<u>4,000</u>	<u>-</u>	<u>-</u>	<u>4,000</u>
<b>Total Expenses</b>	<b><u>\$ 13,742,267</u></b>	<b><u>\$ 1,706,038</u></b>	<b><u>\$ 455,676</u></b>	<b><u>\$ 15,903,981</u></b>

See accompanying Notes to Financial Statements.



**HARTFORD PUBLIC LIBRARY  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2021**

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 4,722,490	\$ 604,039	\$ 164,738	\$ 5,491,267
Employee Benefits	1,235,805	158,068	43,109	1,436,982
In-Kind Rent	2,091,948	185,951	46,488	2,324,387
Depreciation	1,358,314	91,868	22,438	1,472,620
Contributions	1,009,232	129,088	35,206	1,173,526
Program Expense	823,370	84,017	142,829	1,050,216
Professional Services and Fees	750,242	220,071	30,010	1,000,323
Occupancy	211,298	18,782	4,696	234,776
Supplies	211,046	-	-	211,046
Repair and Maintenance	167,330	7,120	3,560	178,010
Information Technology	151,740	15,344	3,410	170,494
Office Expense	123,323	11,085	4,157	138,565
Miscellaneous	57,066	35,574	-	92,640
Bank Fees	41,371	5,354	1,947	48,672
Advertising	13,164	1,097	7,679	21,940
Scholarship	14,905	-	-	14,905
Conferences and Meetings	3,688	4,508	-	8,196
Insurance	4,591	587	160	5,338
<b>Total Expenses</b>	<b><u>\$ 12,990,923</u></b>	<b><u>\$ 1,572,553</u></b>	<b><u>\$ 510,427</u></b>	<b><u>\$ 15,073,903</u></b>

See accompanying Notes to Financial Statements.

**HARTFORD PUBLIC LIBRARY  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 4,833,535	\$ 3,285,583
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Net Realized and Unrealized (Gains) Losses on Investments	3,047,738	(4,816,312)
Depreciation	1,491,855	1,472,620
Donated Property and Equipment	(336,723)	(348,784)
(Increase) Decrease in Operating Assets and Liabilities:		
Accounts Receivable	352,955	978,911
Contributions Receivable	(3,036,803)	(21,032)
Prepaid Expenses	16,487	(10,060)
Accounts Payable and Accrued Expenses	318,121	14,772
Deferred Revenue	(14,294)	(11,768)
Refundable Advance	(87,595)	33,084
Net Cash Provided by Operating Activities	6,585,276	577,014
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(6,691,671)	(6,683,536)
Proceeds From Sale of Investments	708,408	6,755,501
Purchases of Property and Equipment	(812,208)	(862,146)
Net Cash Used by Investing Activities	(6,795,471)	(790,181)
<b>NET CHANGE IN CASH</b>	(210,195)	(213,167)
Cash - Beginning of Year	1,067,648	1,280,815
<b>CASH - END OF YEAR</b>	\$ 857,453	\$ 1,067,648

See accompanying Notes to Financial Statements.

**HARTFORD PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Nature of Activities**

Hartford Public Library (the Library) was incorporated in 1935 as a nonprofit organization with the primary mission to promote and support literacy and learning, to provide free and open access to information and ideas, and to help people participate in our democratic society. The Library offers an extensive variety of programs and services for multiple age groups that target a wide spectrum of needs and interests. Major programs and services provided are library services, youth services, job and career center services, multicultural programs, and civic engagement programs.

The Library's primary source of funding comes from an annual appropriation from the city of Hartford (the City). The City sought and received a pledge from corporations to support the City's funding, to fund, among other things, the operating budget for the Library for fiscal years 2022 and 2021. For 2022 and 2021 operations, the Library directly received contributions from corporations to support the City's funding for operations during the years ended June 30, 2022 and 2021, of \$10,000,000 and \$6,666,667, respectively, and these are reflected in Contributions on the statements of activities for the years ended June 30, 2022 and 2021.

**Change in Accounting Principle**

In September 2020, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Non-for-Profit Entities for Contributed Nonfinancial Assets*. The amendments improve financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including disclosure requirements for recognized contributed services. The amendments do not change the recognition and measurement requirements for those assets. The new standard is effective for annual reporting periods beginning after June 15, 2021. Management of the Library has adopted the standard for the year ended June 30, 2022. The amendments have been applied on a retrospective basis.

See Note 11 for application of ASU 2020-07.

**Basis of Accounting and Presentation**

The financial statements of the Library have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). Accordingly, the accounts of the Library are reported in the following net asset categories: without donor restrictions and with donor restrictions.

*Net Assets Without Donor Restrictions* – Net assets without donor restrictions represent available resources other than donor-restricted contributions. These resources may be expended at the discretion of the board of directors. The board of directors has designated a portion of its net assets without donor restrictions for the purposes of funds functioning as an endowment.

*Net Assets With Donor Restrictions* – Net assets with donor restrictions represent 1) contributions that are restricted by the donor as to purpose or time of expenditure, 2) resources that have donor-imposed restrictions that require that the principal be

**HARTFORD PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting and Presentation (Continued)**

maintained in perpetuity but permit the Library to expend the income earned thereon, and 3) the accumulated investment income and gains on donor-restricted endowment assets that have not been appropriated for expenditure.

**Use of Estimates**

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

**Cash**

The Library maintains deposits in financial institutions that may, at times, exceed federal depository insurance limits. Management believes that the Library's deposits are not subject to significant credit risk.

**Investment Valuation and Income Recognition**

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 2 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on the trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net realized and unrealized gains and losses on investments include the Library's gains and losses on investments bought and sold as well as held during the year. Realized and unrealized gains and losses and investment income on donor-restricted endowment assets whose restrictions are met in the same period are classified as increases or decreases in net assets without donor restrictions.

**Property and Equipment**

Property and equipment acquisitions and improvements thereon, including donated property and equipment as discussed in the donated services and goods section below, that individually exceed \$1,500 are capitalized at cost and depreciated on a straight-line basis over their estimated useful lives. Leasehold improvements are amortized over the life of the improvement or the remaining lease term, whichever is shorter. Repairs and maintenance are charged to expense as incurred.

**Collections**

In accordance with GAAP, the Library does not capitalize donated works of art or recognize them as revenues or gains. GAAP provides that such donations need not be recognized if they are added to collections that are held for public examination, education, or research in the furtherance of public service rather than financial gain; are protected, kept unencumbered, cared for and preserved; and are subject to a policy that requires the proceeds from sales of collection items to be used for acquisition of other collection items, the direct care of existing collections, or both.

**HARTFORD PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Contributions, Including Government Grants and Contracts**

In accordance with GAAP, certain governmental grants and contracts received by a nonprofit are generally considered to be contributions rather than exchange transactions since there was not commensurate value transferred between the resource provider and the Library. Promises to give that are subject to donor-imposed conditions (i.e., a donor stipulation that includes a barrier that must be overcome and a right of return of assets) are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional. Unconditional contributions are recognized when promised or received, as applicable, and are considered to be available for unrestricted use unless specifically restricted by the donor.

The Library reports contributions of cash and other assets as donor-restricted support if they are received with donor stipulations that limit their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as Net Assets Released from Restrictions. Contributions received whose restrictions are met in the same period are presented as net assets without donor restrictions. Transfers of assets from a resource provider received before the barriers are overcome are reported as Deferred Revenue on the accompanying statements of financial position.

Conditional government grants and contracts not recognized as revenue as of June 30, 2022 and 2021, total \$22,403 and \$36,697, respectively. Government grants and contracts are conditioned on incurring qualified program expenses.

**Donated Services and Goods**

The Library recognizes donated services if they enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

See Note 11 for further information regarding donated services and goods.

**Functional Allocation of Expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis. Expenses are allocated based on time and effort or usage.

**Income Taxes**

The Library is exempt from federal and state income taxes as a public charity under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

**HARTFORD PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Subsequent Events**

In preparing these financial statements, management has evaluated subsequent events through September 30, 2022, which represents the date the financial statements were available to be issued.

**NOTE 2 FAIR VALUE MEASUREMENTS**

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides 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 (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

*Level 1* – Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the Library has the ability to access.

*Level 2* – Inputs to the valuation methodology include:

- quoted prices for similar assets in active markets;
- quoted prices for identical or similar assets in inactive markets;
- inputs other than quoted prices that are observable for the asset;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset.

*Level 3* – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. As a practical expedient, certain investments are measured at fair value on the basis of net asset value. The fair value of these investments is not included in the fair value hierarchy.

*Money Market* – Money market funds are valued at the quoted price of shares held by the Library at year-end.

*Equities, Real Estate, and Fixed Income* – Equities, real assets, and fixed income are valued at the fair value reported in the active market.

There have been no changes in the methodologies used at June 30, 2022 and 2021.

**HARTFORD PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 2 FAIR VALUE MEASUREMENTS (CONTINUED)**

The following tables set forth by level, within the fair value hierarchy, the Library's assets at fair value as of June 30:

	2022			
	Fair Value Measurements at Report Date Using			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Total			
<b>ASSETS</b>				
Money Market	\$ 8,611,052	\$ 8,611,052	\$ -	\$ -
Equities:				
U.S. Large Cap	8,250,241	8,250,241	-	-
U.S. Mid Cap	758,972	758,972	-	-
U.S. Small Cap	896,783	896,783	-	-
International Developed	1,769,779	1,769,779	-	-
Other	300,445	300,445	-	-
Real Assets	273,947	273,947	-	-
Fixed Income	5,196,955	5,196,955	-	-
	<u>\$ 26,058,174</u>	<u>\$ 26,058,174</u>	<u>\$ -</u>	<u>\$ -</u>
Total Assets at Fair Value				
	<u>\$ 26,058,174</u>	<u>\$ 26,058,174</u>	<u>\$ -</u>	<u>\$ -</u>
<b>2021</b>				
	Fair Value Measurements at Report Date Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Total				
<b>ASSETS</b>				
Money Market	\$ 1,152,346	\$ 1,152,346	\$ -	\$ -
Equities:				
U.S. Large Cap	10,079,750	10,079,750	-	-
U.S. Mid Cap	1,074,255	1,074,255	-	-
U.S. Small Cap	1,614,145	1,614,145	-	-
International Developed	1,879,621	1,879,621	-	-
Other	807,074	807,074	-	-
Real Assets	301,677	301,677	-	-
Fixed Income	6,213,781	6,213,781	-	-
	<u>\$ 23,122,649</u>	<u>\$ 23,122,649</u>	<u>\$ -</u>	<u>\$ -</u>
Total Assets at Fair Value				
	<u>\$ 23,122,649</u>	<u>\$ 23,122,649</u>	<u>\$ -</u>	<u>\$ -</u>

There were no transfers between levels of investments during the years ended June 30, 2022 and 2021.

**HARTFORD PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 3 CONTRIBUTIONS RECEIVABLE**

Contributions receivable represent unconditional promises to give that are due in less than one year totaling \$3,532,526 and \$495,723 at June 30, 2022 and 2021, respectively. Based on an assessment of outstanding balances, management has concluded that no reserve is deemed necessary at June 30, 2022 and 2021.

**NOTE 4 PROPERTY AND EQUIPMENT**

The following is a summary of property and equipment as of June 30:

	2022	2021
Land	\$ 198,200	\$ 198,200
Leasehold Improvements	11,479,916	11,462,416
Library Material	4,303,116	3,913,943
Buildings	1,089,480	1,089,480
Furniture and Fixtures	2,675,442	2,049,646
Computers and Equipment	1,693,851	1,577,390
Vehicles	133,284	133,284
Building Improvements	54,358	54,358
Total	<u>21,627,647</u>	<u>20,478,717</u>
Less: Accumulated Depreciation	<u>13,499,107</u>	<u>12,007,253</u>
Property and Equipment, Net	<u>\$ 8,128,540</u>	<u>\$ 8,471,464</u>

Depreciation expense totaled \$1,491,855 and \$1,472,620 for the years ended June 30, 2022 and 2021, respectively.

**NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS**

For the years ended June 30, 2022 and 2021, net assets were released from restrictions by incurring expenses satisfying donor stipulations for various programs of \$934,850 and \$735,277, respectively.

Net assets with donor restrictions are available for the following purposes as of June 30:

	2022	2021
Endowment Funds Restricted for Perpetuity	\$ 4,076,272	\$ 4,076,272
Restricted by Purpose of Time:		
Donor Stipulations for Various Programs	789,986	1,305,903
Accumulated Gains (Losses) and Income Available for Appropriation	(790,027)	311,217
Capital Improvements	<u>105,090</u>	<u>105,090</u>
Total Net Assets With Donor Restrictions	<u>\$ 4,181,321</u>	<u>\$ 5,798,482</u>



**HARTFORD PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 6 ENDOWMENT**

The Library's endowment consists of 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 endowment. As required by GAAP, net assets associated with endowment funds, including funds designated by the board of directors to function as endowment, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

The board of directors of the Library has interpreted the Connecticut Uniform Prudent Management of Institutional Funds Act (CTUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Library classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanent endowment is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Library in a manner consistent with the standard of prudence prescribed by CTUPMIFA.

In accordance with CTUPMIFA, the Library considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Library and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Library
- The investment policies of the Library

**HARTFORD PUBLIC LIBRARY  
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**NOTE 6 ENDOWMENT (CONTINUED)**

**Endowment Composition**

Endowment net asset composition as of June 30 is as follows:

<u>June 30, 2022</u>	<u>Without Donor Restriction</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-Designated Endowment Funds	\$ 14,795,392	\$ -	\$ 14,795,392
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	4,076,272	4,076,272
Accumulated Gains (Losses) and Income Available for Appropriation	-	(790,027)	(790,027)
Total Funds	<u>\$ 14,795,392</u>	<u>\$ 3,286,245</u>	<u>\$ 18,081,637</u>
<u>June 30, 2021</u>			
Board-Designated Endowment Funds	\$ 17,385,417	\$ -	\$ 17,385,417
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	4,076,272	4,076,272
Accumulated Gains and Income Available for Appropriation	-	311,217	311,217
Total Funds	<u>\$ 17,385,417</u>	<u>\$ 4,387,489</u>	<u>\$ 21,772,906</u>

Changes in endowment net assets for the years ended June 30 are as follows:

<u>June 30, 2022</u>	<u>Without Donor Restriction</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets - Beginning of Year	\$ 17,385,417	\$ 4,387,489	\$ 21,772,906
Investment Return, Net	(2,548,745)	(476,757)	(3,025,502)
Appropriation of Endowment Assets for Expenditure	(41,280)	(624,487)	(665,767)
Endowment Net Assets - End of Year	<u>\$ 14,795,392</u>	<u>\$ 3,286,245</u>	<u>\$ 18,081,637</u>
<u>June 30, 2021</u>			
Endowment Net Assets - Beginning of Year	\$ 13,542,255	\$ 4,076,272	\$ 17,618,527
Investment Return, Net	4,443,137	311,217	4,754,354
Appropriation of Endowment Assets for Expenditure	(599,975)	-	(599,975)
Endowment Net Assets - End of Year	<u>\$ 17,385,417</u>	<u>\$ 4,387,489</u>	<u>\$ 21,772,906</u>

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**NOTE 6 ENDOWMENT (CONTINUED)**

**Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or CTUPMIFA requires the Library to maintain as a fund of perpetual duration. In accordance with GAAP, there were no deficiencies of this nature that are reported in net assets with donor restrictions as of June 30, 2022 and 2021.

**Return Objectives and Risk Parameters**

The Library has adopted investment and spending policies for endowment assets that attempt to provide a revenue stream while also maintaining or increasing the inflation-adjusted value of the endowment to maintain intergenerational equity for funding of ongoing operations, special initiatives, and capital projects in support of the Library.

**Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, the Library 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 Library targets a diversified asset allocation that places a greater emphasis on equity-based and fixed income investments to achieve its long-term return objectives within prudent risk constraints. The Library seeks to achieve investment results over the long term that exceed the target blended benchmark of 65% MSCI All Country World Index and 35% Barclays-Aggregate Bond Index by 1% per annum and exceed the inflation plus the spending policy per annum.

**Spending Policy**

The Library has adopted a policy to support the Library and to preserve the value of the investment portfolio over time. Specifically, 4% of the average of the fair value of certain investments for the previous 12 quarters, ending March 31, is appropriated to support the Library. The amount appropriated for the years ended June 30, 2022 and 2021 was 4%. The Library has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations.

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**NOTE 7 LIQUIDITY AND AVAILABILITY OF RESOURCES**

The Library's financial assets available within one year of the statement of financial position date for general expenditure as of June 30 are as follows:

	2022	2021
Cash	\$ 857,453	\$ 1,067,648
Accounts Receivable, Net	89,677	442,632
Contributions Receivable	3,532,526	495,723
Total Financial Assets	4,479,656	2,006,003
Less: Amounts Included in Contributions Receivable that are Restricted by Purpose or Board Designated	3,532,526	61,250
Financial Assets Available Within One Year	947,130	1,944,753
Board-Approved Endowment Draw for Future Fiscal Year	519,406	477,721
Total Financial Assets Available to Management for General Expenditure Within One Year	\$ 1,466,536	\$ 2,422,474

**Liquidity Management**

The Library maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Library invests cash in excess of weekly requirements in short-term investments. The Library's governing board has designated \$14,795,392 of its resources without donor restrictions for endowment. These funds are invested for long-term appreciation and current income. Additionally, the Library's governing board has designated \$7,976,537 of its resources without donor restrictions for capital projects. These funds are invested for short-term appreciation and current income. The board designated amounts remain available and may be spent at the discretion of the board. In addition to financial assets available to meet general expenditures over the next 12 months, the Library operates with a balanced budget and anticipates collecting sufficient revenue and utilizing approved appropriation of endowment assets to cover general expenditures.

**NOTE 8 RELATED PARTY TRANSACTIONS**

The Library is a component fund of the City and it receives an annual appropriation from the City to support general operations and program services. The appropriation received for the years ended June 30, 2022 and 2021, was \$8,550,590 and \$1,669,020, respectively. For the years ended June 30, 2022 and 2021, corporate contributions of \$10,000,000 and \$6,666,667, respectively, were provided to assist the City in supporting the Library.

**NOTE 9 COMMITMENTS AND CONTINGENCIES**

The Library participated in a number of federal- and state-assisted grant programs. The use of grants in programs is subject to future review by the grantors. Such reviews may result in liabilities to grantors. The Library is not aware of any such liabilities at June 30, 2022 and 2021.

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**NOTE 10 OPERATING LEASES**

The Library leases space for library branches with various terms through June 30, 2025. The Library also leases office equipment under noncancelable operating leases with terms of more than one year.

Future minimum lease payments under operating leases that have minimum remaining terms in excess of one year are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 47,576
2024	47,576
2025	<u>7,323</u>
Total Minimum Lease Payments	<u><u>\$ 102,475</u></u>

**NOTE 11 DONATED SERVICES AND GOODS**

For the years ended June 30, 2022 and 2021, contributed nonfinancial assets recognized in the statements of activities included:

	<u>Revenue Recognized 2022</u>	<u>Revenue Recognized 2021</u>	<u>Utilization in Programs/ Activites</u>	<u>Donor Restrictions</u>	<u>Valuation Techniques and Inputs</u>
Rent	\$ 2,545,387	2,324,387	Programs, General and Administrative, Fundraising	No associated donor restrictions	Value was based upon rental agreement rates and square footage.
Property and Equipment	\$ 336,723	348,784	Programs, General and Administrative, Fundraising	No associated donor restrictions	Value was based upon the fair value of the property and equipment.
Special Event Goods and Services	\$ 21,215	31,207	Programs and Fundraising	No associated donor restrictions	Values were provided by the donor and appear reasonable when compared to the market rate of the same items.

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**NOTE 12 CORONAVIRUS**

On May 4, 2020, the Library received a Paycheck Protection Program (PPP) loan of \$1,322,617 granted by the Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The Library considers PPP loans to be conditional contributions, with a right of return in the form of an obligation to be repaid if barriers to entitlement are not met. These barriers include incurring qualifying expenses and maintaining certain levels of employee headcount and salary during a measurement period. The Library considers reviews of the application for forgiveness by the lender and the SBA as well as potential audits to be administrative in nature rather than barriers to entitlement. During the year ended June 30, 2020, the Library recognized \$1,268,106 grants income based on the amount of qualifying expenditures incurred and employee headcount and salary levels maintained through June 30, 2020. The remaining balance of \$54,511 of the PPP loan at June 30, 2020, was classified as a refundable advance. During the year ended June 30, 2021, the Library received notice that its PPP loan amount was reduced by \$33,084. Such amount has been included in refundable advance as of June 30, 2021.

The Library received notice on February 2, 2022, that \$1,234,443 was forgiven. In February 2022, the Library refunded the unforgiven portion of the PPP loan in the amount of \$87,595.

The duration of the uncertainties around the coronavirus and the ultimate financial effects cannot be reasonably estimated at this time.