

HARTFORD PUBLIC LIBRARY
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023



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**HARTFORD PUBLIC LIBRARY
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2024 AND 2023**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	4
STATEMENTS OF FUNCTIONAL EXPENSES	6
STATEMENTS OF CASH FLOWS	8
NOTES TO FINANCIAL STATEMENTS	9



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, 2024 and 2023, 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, 2024 and 2023, 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.

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
November 1, 2024

**HARTFORD PUBLIC LIBRARY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash	\$ 596,207	\$ 885,890
Investments	36,028,796	31,715,636
Accounts Receivable	10,294,995	440,300
Contributions Receivable	1,267,903	3,829,513
Prepaid Expenses	133,344	85,104
Property and Equipment, Net	12,143,651	7,308,962
Right-of-Use Assets - Operating, Net	<u>40,722</u>	<u>90,283</u>
Total Assets	<u><u>\$ 60,505,618</u></u>	<u><u>\$ 44,355,688</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	1,068,978	\$ 266,493
Deferred Revenue	10,038,257	525,919
Lease Liabilities - Operating	<u>44,722</u>	<u>94,283</u>
Total Liabilities	11,151,957	886,695
NET ASSETS		
Without Donor Restrictions	43,294,437	37,738,756
With Donor Restrictions	<u>6,059,224</u>	<u>5,730,237</u>
Total Net Assets	<u><u>49,353,661</u></u>	<u><u>43,468,993</u></u>
Total Liabilities and Net Assets	<u><u>\$ 60,505,618</u></u>	<u><u>\$ 44,355,688</u></u>

See accompanying Notes to Financial Statements.

**HARTFORD PUBLIC LIBRARY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
City Appropriation	\$ 9,304,404	\$ -	\$ 9,304,404
Donated Services and Goods	2,560,591	-	2,560,591
Contributions	51,475	1,059,867	1,111,342
Grants	1,345,640	-	1,345,640
Special Events	654,267	-	654,267
Investment Return, Net	2,932,249	372,024	3,304,273
Service Fees	55,723	-	55,723
Other Revenue	1,427,020	-	1,427,020
Net Assets Released from Restrictions	1,102,904	(1,102,904)	-
Total Revenue, Support, and Gains	<u>19,434,273</u>	<u>328,987</u>	<u>19,763,260</u>
EXPENSES AND LOSSES			
Program	14,911,991	-	14,911,991
Management and General	1,904,996	-	1,904,996
Fundraising	457,238	-	457,238
Total Expenses and Losses	<u>17,274,225</u>	<u>-</u>	<u>17,274,225</u>
CHANGE IN NET ASSETS BEFORE OTHER CHANGES	2,160,048	328,987	2,489,035
OTHER CHANGES IN NET ASSETS			
Insurance Proceeds, Net of Expenses	3,411,182	-	3,411,182
Loss on Disposal	(15,549)	-	(15,549)
Total Other Changes in Net Assets	<u>3,395,633</u>	<u>-</u>	<u>3,395,633</u>
TOTAL CHANGE IN NET ASSETS	5,555,681	328,987	5,884,668
Net Assets - Beginning of Year	<u>37,738,756</u>	<u>5,730,237</u>	<u>43,468,993</u>
NET ASSETS - END OF YEAR	<u><u>\$ 43,294,437</u></u>	<u><u>\$ 6,059,224</u></u>	<u><u>\$ 49,353,661</u></u>

See accompanying Notes to Financial Statements.

**HARTFORD PUBLIC LIBRARY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
City Appropriation	\$ 8,663,336	\$ -	\$ 8,663,336
Donated Services and Goods	2,559,469	-	2,559,469
Contributions	3,946,107	1,098,117	5,044,224
Grants	705,650	-	705,650
Special Events	532,964	-	532,964
Investment Return, Net	2,173,676	310,429	2,484,105
Service Fees	69,269	-	69,269
Other Revenue	758,232	-	758,232
Net Assets Released from Restrictions	649,657	(649,657)	-
Total Revenue, Support, and Gains	20,058,360	758,889	20,817,249
EXPENSES AND LOSSES			
Program	14,367,450	-	14,367,450
Management and General	1,862,685	-	1,862,685
Fundraising	430,119	-	430,119
Total Expenses and Losses	16,660,254	-	16,660,254
OTHER CHANGES IN NET ASSETS			
Insurance Proceeds, Net of Expenses	968,038	-	968,038
CHANGE IN NET ASSETS	4,366,144	758,889	5,125,033
Net Assets - Beginning of Year	33,372,612	4,971,348	38,343,960
NET ASSETS - END OF YEAR	<u>\$ 37,738,756</u>	<u>\$ 5,730,237</u>	<u>\$ 43,468,993</u>

See accompanying Notes to Financial Statements.

**HARTFORD PUBLIC LIBRARY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024**

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 6,075,394	\$ 777,085	\$ 211,932	\$ 7,064,411
In-Kind Rent	2,290,848	229,085	25,454	2,545,387
Employee Benefits	1,347,140	152,221	14,280	1,513,641
Depreciation	1,345,310	134,532	14,948	1,494,790
Contributions	896,705	263,034	35,868	1,195,607
Professional Services and Fees	977,704	125,054	34,106	1,136,864
Program Expense	501,913	51,216	87,066	640,195
Information Technology	322,001	36,180	3,618	361,799
Occupancy	325,464	13,850	6,925	346,239
Repair and Maintenance	276,803	27,680	3,076	307,559
Supplies	226,400	-	-	226,400
Advertising	98,679	61,514	-	160,193
Office Expense	111,904	10,059	3,772	125,735
Travel	28,919	4,820	14,459	48,198
Scholarship	38,132	3,428	1,285	42,845
Miscellaneous	22,037	11,866	-	33,903
Bank Fees	15,062	3,161	372	18,595
Insurance	9,943	-	-	9,943
Conferences and Meetings	1,633	211	77	1,921
Total Expenses	<u>\$ 14,911,991</u>	<u>\$ 1,904,996</u>	<u>\$ 457,238</u>	<u>\$ 17,274,225</u>

See accompanying Notes to Financial Statements.

**HARTFORD PUBLIC LIBRARY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023**

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 5,659,673	\$ 723,912	\$ 197,430	\$ 6,581,015
In-Kind Rent	2,290,848	229,085	25,454	2,545,387
Employee Benefits	1,522,678	171,286	16,910	1,710,874
Depreciation	1,420,120	142,012	15,779	1,577,911
Contributions	849,616	108,672	29,638	987,926
Professional Services and Fees	1,027,446	301,384	41,098	1,369,928
Program Expense	363,036	37,044	62,976	463,056
Information Technology	215,340	24,196	2,420	241,956
Occupancy	235,662	23,566	2,619	261,847
Repair and Maintenance	264,871	11,271	5,636	281,778
Supplies	188,239	-	-	188,239
Advertising	50,357	8,393	25,179	83,929
Office Expense	114,667	10,307	3,865	128,839
Travel	26,870	5,639	663	33,172
Scholarship	18,266	-	-	18,266
Miscellaneous	79,341	49,463	-	128,804
Bank Fees	3,271	423	154	3,848
Insurance	8,854	796	298	9,948
Conferences and Meetings	28,295	15,236	-	43,531
	<u>\$ 14,367,450</u>	<u>\$ 1,862,685</u>	<u>\$ 430,119</u>	<u>\$ 16,660,254</u>
Total Expenses	<u>\$ 14,367,450</u>	<u>\$ 1,862,685</u>	<u>\$ 430,119</u>	<u>\$ 16,660,254</u>

See accompanying Notes to Financial Statements.

**HARTFORD PUBLIC LIBRARY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 5,884,668	\$ 5,125,033
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Net Realized and Unrealized Gains on Investments	(3,304,273)	(2,484,105)
Depreciation	1,494,790	1,577,911
Loss on disposal	15,549	-
Noncash Lease Expense	-	4,000
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(9,854,695)	(350,623)
Contributions Receivable	2,561,610	(296,987)
Prepaid Expenses	(48,240)	1,691
Accounts Payable and Accrued Expenses	802,485	(120,309)
Deferred Revenue	9,512,338	503,516
Net Cash Provided by Operating Activities	<u>7,064,232</u>	<u>3,960,127</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(3,343,367)	(10,000,000)
Proceeds From Sale of Investments	2,334,480	6,826,643
Purchases of Property and Equipment	<u>(6,345,028)</u>	<u>(758,333)</u>
Net Cash Used by Investing Activities	<u>(7,353,915)</u>	<u>(3,931,690)</u>
NET CHANGE IN CASH	(289,683)	28,437
Cash - Beginning of Year	<u>885,890</u>	<u>857,453</u>
CASH - END OF YEAR	<u><u>\$ 596,207</u></u>	<u><u>\$ 885,890</u></u>

See accompanying Notes to Financial Statements.

**HARTFORD PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

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 year 2023. For 2023 operations, the Library directly received city appropriations amounting to \$10,000,000 from corporations to support the City's funding for operations, and these are reflected in Contributions on the statements of activities for the year ended June 30, 2023.

In December 2022, the Library experienced a disruption to operations due to flooding which caused damage to the facilities and various equipment at the Downtown location. As a result of this disruption and damage, additional depreciation expense was incurred as certain assets were fully depreciated, which is reflected within property and equipment on the statement of financial position. For the years ended June 30, 2024 and 2023, the Library received \$3,547,549 and \$2,187,961 in insurance proceeds and incurred \$136,367 and \$1,219,923 of expenses as a result of the disruption, respectively. The net amount of \$3,411,182 and \$968,038 is recognized within other changes in net assets on the statements of activities for the years ended June 30, 2024 and 2023. In addition to expenses recognized, there were fixed asset additions of \$4,887,301 and \$32,863 for renovations directly related to the flooding for the years ended June 30, 2024 and 2023.

In 2023, the City appropriated \$500,000 for the Barbour library project. In 2024, the City appropriated an additional \$9,000,000 to the Barbour library project. The Barbour library project has not yet commenced and while the amount is included within the Library's cash account held at the City, the amount has not been transferred into the Library's cash account that the Library has authority over as of June 30, 2024. \$9,500,000 and \$500,000 is included in accounts receivable and deferred revenue for the Barbour library project as of June 30, 2024 and 2023, respectively.

Adoption of New Accounting Standards

As of July 1, 2023, the Library adopted FASB ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which modifies the measurement of expected credit losses. The Library adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Library's financial statements.

**HARTFORD PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 GAAP requires management to make estimates and assumptions that affect certain amounts and disclosures in the financial statements. Actual results could differ from these estimates. It is management's opinion that the estimates applied in the accompanying financial statements are reasonable.

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.

**HARTFORD PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

The Library uses historical loss information based on the aging of receivables as well as future conditions as the basis to determine expected credit losses for receivables and believes that the composition of accounts receivable at year-end is consistent with historical conditions as credit terms and practices and the customer base has not changed significantly. Future conditions also do not show significant changes expected to impact the collectability of accounts receivable. No allowance for credit losses is considered necessary by management at year-end.

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.

Leases

The Library leases space for library branches and office equipment under noncancelable operating leases with terms of more than one year. The Library determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) operating lease assets and ROU operating lease liabilities on the statement of financial position for the year ended June 30, 2024.

ROU assets represent the Library's right to use an underlying asset for the lease term and lease liabilities represent the Library's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, the Library uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Library will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Library has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statements of financial position.

The Library has elected not to separate non-lease components from lease components and instead accounts for each separate lease component and the non-lease component as a single lease component.

The Library's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

**HARTFORD PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Library has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities. The risk-free discount rate used was 2.84% and was the U.S Treasury Rates as of the inception of the lease for the remaining term of each lease.

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.

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, 2024 and 2023, total \$538,257 and \$25,919 respectively. Government grants and contracts are conditioned on incurring qualified program expenses.

**HARTFORD PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to confirm to the current year presentation.

Subsequent Events

In preparing these financial statements, management has evaluated subsequent events through November 1, 2024, which represents the date the financial statements were available to be issued.

NOTE 2 FAIR VALUE MEASUREMENTS

GAAP 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.

**HARTFORD PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 2 FAIR VALUE MEASUREMENTS (CONTINUED)

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 Assets, 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, 2024 and 2023.

HARTFORD PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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:

		2024			
		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)	
ASSETS		Total			
Money Market	\$ 15,832,438	\$ 15,832,438	\$ -	\$ -	
Equities:					
U.S. Large Cap	10,948,896	10,948,896	-	-	
U.S. Mid Cap	10,788	10,788	-	-	
U.S. Small Cap	1,063,740	1,063,740	-	-	
International Developed	2,524,028	2,524,028	-	-	
Other	597,826	597,826	-	-	
Real Assets	264,473	264,473	-	-	
Fixed Income	4,786,607	4,786,607	-	-	
Total Assets at Fair Value	<u>\$ 36,028,796</u>	<u>\$ 36,028,796</u>	<u>\$ -</u>	<u>\$ -</u>	
		2023			
		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)	
ASSETS		Total			
Money Market	\$ 13,494,306	\$ 13,494,306	\$ -	\$ -	
Equities:					
U.S. Large Cap	9,277,549	9,277,549	-	-	
U.S. Mid Cap	9,418	9,418	-	-	
U.S. Small Cap	969,264	969,264	-	-	
International Developed	2,381,010	2,381,010	-	-	
Other	567,074	567,074	-	-	
Real Assets	255,634	255,634	-	-	
Fixed Income	4,761,381	4,761,381	-	-	
Total Assets at Fair Value	<u>\$ 31,715,636</u>	<u>\$ 31,715,636</u>	<u>\$ -</u>	<u>\$ -</u>	

There were no transfers between levels of investments during the years ended June 30, 2024 and 2023.

NOTE 3 CONTRIBUTIONS RECEIVABLE

Contributions receivable represent unconditional promises to give that are due in less than one year totaling \$384,648 and \$3,829,513 at June 30, 2024 and 2023, respectively. Based on an assessment of outstanding balances, management has concluded that no reserve is deemed necessary at June 30, 2024 and 2023.

**HARTFORD PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 4 PROPERTY AND EQUIPMENT

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

	2024	2023
Land	\$ 198,200	\$ 198,200
Leasehold Improvements	12,369,875	11,748,282
Library Material	4,836,453	4,578,001
Buildings	1,089,480	1,089,480
Furniture and Fixtures	3,073,897	2,768,219
Computers and Equipment	1,940,132	1,783,293
Vehicles	133,284	133,284
Building Improvements	54,358	54,358
Construction in Process	4,920,164	32,863
Total	28,615,843	22,385,980
Less: Accumulated Depreciation	16,472,192	15,077,018
Property and Equipment, Net	<u>\$ 12,143,651</u>	<u>\$ 7,308,962</u>

Depreciation expense totaled \$1,494,790 and \$1,577,911 for the years ended June 30, 2024 and 2023, respectively.

Construction in process at June 30, 2024 and 2023 represents the cost of certain assets and capital improvements not yet placed into service. During the fiscal year ended June 30, 2024, the Library has entered into various capital projects for a total cost of approximately \$5,000,000.

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

For the years ended June 30, 2024 and 2023, net assets were released from restrictions by incurring expenses satisfying donor stipulations for various programs of \$1,102,904 and \$649,657, respectively.

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

	2024	2023
Endowment Funds Restricted for Perpetuity	\$ 4,076,272	\$ 4,076,272
Restricted by Purpose or Time:		
Donor Stipulations for Various Programs	1,274,828	1,238,446
Accumulated Gains (Losses) and Income		
Available for Appropriation	603,034	310,429
Capital Improvements	105,090	105,090
Total Net Assets With Donor Restrictions	<u>\$ 6,059,224</u>	<u>\$ 5,730,237</u>

**HARTFORD PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 6 ENDOWMENT (CONTINUED)

Endowment Composition

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

<u>June 30, 2024</u>	<u>Without Donor Restriction</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-Designated Endowment Funds	\$ 16,670,467	\$ -	\$ 16,670,467
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	-	603,034	603,034
Total Funds	<u>\$ 16,670,467</u>	<u>\$ 4,679,306</u>	<u>\$ 21,349,773</u>
 <u>June 30, 2023</u>			
Board-Designated Endowment Funds	\$ 15,045,544	\$ -	\$ 15,045,544
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	-	310,429	310,429
Total Funds	<u>\$ 15,045,544</u>	<u>\$ 4,386,701</u>	<u>\$ 19,432,245</u>

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

<u>June 30, 2024</u>	<u>Without Donor Restriction</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets - Beginning of Year	\$ 15,045,544	\$ 4,386,701	\$ 19,432,245
Investment Return, Net	2,294,994	383,242	2,678,236
Appropriation of Endowment Assets for Expenditure	(670,071)	(90,637)	(760,708)
Endowment Net Assets - End of Year	<u>\$ 16,670,467</u>	<u>\$ 4,679,306</u>	<u>\$ 21,349,773</u>
 <u>June 30, 2023</u>			
Endowment Net Assets - Beginning of Year	\$ 14,005,365	\$ 4,076,272	\$ 18,081,637
Investment Return, Net	1,731,330	322,741	2,054,071
Appropriation of Endowment Assets for Expenditure	(691,151)	(12,312)	(703,463)
Endowment Net Assets - End of Year	<u>\$ 15,045,544</u>	<u>\$ 4,386,701</u>	<u>\$ 19,432,245</u>

**HARTFORD PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

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, 2024 and 2023.

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, 2024 and 2023 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.

**HARTFORD PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

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:

	2024	2023
Cash	\$ 596,207	\$ 885,890
Accounts Receivable, Net	10,294,995	440,300
Contributions Receivable	1,267,903	3,829,513
Total Financial Assets	12,159,105	5,155,703
Less: Amounts Included in Accounts Receivable and Contributions Receivable that are Restricted by Purpose or Board Designated	10,287,998	3,829,513
Financial Assets Available Within One Year	1,871,107	1,326,190
Board-Approved Endowment Draw for Future Fiscal Year	526,190	524,340
Total Financial Assets Available to Management for General Expenditure Within One Year	<u>\$ 2,397,297</u>	<u>\$ 1,850,530</u>

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 \$16,670,467 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 \$14,679,023 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.

**HARTFORD PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

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, 2024 and 2023, was \$9,304,404 and \$8,663,336, respectively. For the years ended June 30, 2024 and 2023, corporate contributions of \$0 and \$10,000,000, 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, 2024 and 2023.

NOTE 10 LEASES – ASC 842

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.

The following table provides quantitative information concerning the Library's leases:

	<u>2024</u>	<u>2023</u>
Lease Cost:		
Operating Lease Cost	<u>\$ 51,576</u>	<u>\$ 51,576</u>
Other Information:		
Cash Paid for Amounts included in the		
Measurement of Lease Liabilities:		
Operating Cash Flows from Operating Leases	\$ 53,576	\$ 47,576
Right-of-Use Assets Obtained in Exchange for New		
Operating Lease Liabilities:	\$ -	\$ 138,490
Weighted-Average Remaining Lease Tterm - Operating Leases	.9 Years	1.8 Years
Weighted-Average Discount Rate - Operating Leases	2.85%	2.85%

**HARTFORD PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 10 LEASES – ASC 842 (CONTINUED)

The Library classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2024 is as follows:

<u>Year Ending June 30,</u> 2025	<u>2023</u>
Undiscounted cash flows	\$ 45,323
(Less) Imputed interest	45,323
Total present value	<u>(601)</u> <u>\$ 44,722</u>

NOTE 11 DONATED SERVICES AND GOODS

For the years ended June 30, 2024 and 2023, contributed nonfinancial assets recognized in the statements of activities included:

	Revenue Recognized 2024	Revenue Recognized 2023	Utilization in Programs/ Activities	Donor Restrictions	Valuation Techniques and Inputs
Rent	\$ 2,545,387	2,545,387	Programs, General and Administrative, Fundraising	No associated donor restrictions	Value was based upon rental agreement rates and square footage.
Special Event Goods and Services	\$ 15,204	14,082	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.

NOTE 12 PAYCHECK PROTECTION PROGRAM

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.

**HARTFORD PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 12 PAYCHECK PROTECTION PROGRAM (CONTINUED)

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 Library received notice on May 23, 2023, that the portion of the PPP loan that was refunded had been reconsidered and had been forgiven. The Library recorded \$89,718, which represents principal and interest for the reconsideration, within other revenue on the statement of activities for the year ended June 30, 2023.

NOTE 13 EMPLOYEE RETENTION CREDITS

During the year ended June 30, 2024, the Library applied for Employee Retention Credits (ERC) in compliance with the program for quarter two of 2020. The ERC is a credit against certain payroll taxes allowed to an eligible employer for qualifying wages, which was established by the CARES Act and further amended by the Consolidated Appropriations Act (CAA) and the American Rescue Plan (ARP). The Library recognized \$479,905 of grant income related to performance requirements being met and costs being incurred in compliance with the program. \$479,905 is included in accounts receivable as of June 30, 2024 relating to the ERC.

