

HARTFORD PUBLIC LIBRARY
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024



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**HARTFORD PUBLIC LIBRARY
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YEARS ENDED JUNE 30, 2025 AND 2024**

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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, 2025 and 2024, 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, 2025 and 2024, 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
December 10, 2025

**HARTFORD PUBLIC LIBRARY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash	\$ 712,293	\$ 596,207
Investments	35,406,099	36,028,796
Accounts Receivable	8,241,732	10,294,995
Contributions Receivable, Net	3,930,684	1,267,903
Prepaid Expenses and Other Assets	281,737	133,344
Property and Equipment, Net	15,108,512	12,143,651
Right-of-Use Assets - Operating, Net	<u>70,176</u>	<u>40,722</u>
Total Assets	<u><u>\$ 63,751,233</u></u>	<u><u>\$ 60,505,618</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	717,595	\$ 1,068,978
Deferred Revenue	8,762,736	10,038,257
Lease Liabilities - Operating	<u>76,896</u>	<u>44,722</u>
Total Liabilities	9,557,227	11,151,957
NET ASSETS		
Without Donor Restrictions	45,179,878	43,294,437
With Donor Restrictions	<u>9,014,128</u>	<u>6,059,224</u>
Total Net Assets	<u><u>54,194,006</u></u>	<u><u>49,353,661</u></u>
Total Liabilities and Net Assets	<u><u>\$ 63,751,233</u></u>	<u><u>\$ 60,505,618</u></u>

See accompanying Notes to Financial Statements.

**HARTFORD PUBLIC LIBRARY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
City Appropriation	\$ 9,571,550	\$ -	\$ 9,571,550
Donated Services and Goods	2,696,385	-	2,696,385
Contributions	496,974	4,447,222	4,944,196
Grants	1,694,976	-	1,694,976
Special Events	600,043	-	600,043
Investment Return, Net	2,810,156	249,763	3,059,919
Service Fees	77,165	-	77,165
Other Revenue	1,495,871	-	1,495,871
Net Assets Released from Restrictions	1,742,081	(1,742,081)	-
Total Revenue, Support, and Gains	<u>21,185,201</u>	<u>2,954,904</u>	<u>24,140,105</u>
EXPENSES AND LOSSES			
Program	17,227,015	-	17,227,015
Management and General	2,102,269	-	2,102,269
Fundraising	499,763	-	499,763
Total Expenses and Losses	<u>19,829,047</u>	<u>-</u>	<u>19,829,047</u>
CHANGE IN NET ASSETS BEFORE OTHER CHANGES	1,356,154	2,954,904	4,311,058
OTHER CHANGES IN NET ASSETS			
Insurance Proceeds, Net of Expenses	529,287	-	529,287
Total Other Changes in Net Assets	<u>529,287</u>	<u>-</u>	<u>529,287</u>
TOTAL CHANGE IN NET ASSETS	1,885,441	2,954,904	4,840,345
Net Assets - Beginning of Year	<u>43,294,437</u>	<u>6,059,224</u>	<u>49,353,661</u>
NET ASSETS - END OF YEAR	<u>\$ 45,179,878</u>	<u>\$ 9,014,128</u>	<u>\$ 54,194,006</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 FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2025**

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 6,744,859	\$ 862,715	\$ 235,286	\$ 7,842,860
In-Kind Rent	2,290,848	229,085	25,454	2,545,387
Repair and Maintenance	1,787,535	76,065	38,033	1,901,633
Depreciation	1,629,755	162,976	18,108	1,810,839
Employee Benefits	1,357,612	152,541	15,254	1,525,407
Professional Services and Fees	1,072,762	314,677	42,910	1,430,349
Contributions	895,100	114,490	31,224	1,040,814
Program Expense	413,118	42,155	71,663	526,936
Occupancy	314,800	31,480	3,498	349,778
Supplies	195,393	-	-	195,393
Information Technology	149,193	16,763	1,676	167,632
Miscellaneous	94,991	59,217	-	154,208
Office Expense	123,357	11,088	4,158	138,603
Insurance	72,345	8,129	813	81,287
Conferences and Meetings	25,582	13,775	-	39,357
Advertising	22,543	3,757	11,272	37,572
Scholarship	20,992	-	-	20,992
Travel	15,606	3,275	385	19,266
Bank Fees	624	81	29	734
Total Expenses	<u>\$ 17,227,015</u>	<u>\$ 2,102,269</u>	<u>\$ 499,763</u>	<u>\$ 19,829,047</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
Repair and Maintenance	325,464	13,850	6,925	346,239
Depreciation	1,345,310	134,532	14,948	1,494,790
Employee Benefits	1,347,140	152,221	14,280	1,513,641
Professional Services and Fees	896,705	263,034	35,868	1,195,607
Contributions	977,704	125,055	34,106	1,136,865
Program Expense	501,913	51,216	87,066	640,195
Occupancy	276,803	27,680	3,076	307,559
Supplies	226,400	-	-	226,400
Information Technology	322,001	36,180	3,618	361,799
Miscellaneous	98,679	61,513	-	160,192
Office Expense	111,904	10,059	3,772	125,735
Insurance	38,132	3,428	1,285	42,845
Conferences and Meetings	22,037	11,866	-	33,903
Advertising	28,919	4,820	14,459	48,198
Scholarship	9,943	-	-	9,943
Travel	15,062	3,161	372	18,595
Bank Fees	1,633	211	77	1,921
	<u>14,911,991</u>	<u>1,904,996</u>	<u>457,238</u>	<u>17,274,225</u>
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
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 4,840,345	\$ 5,884,668
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Net Realized and Unrealized Gains on Investments	(3,059,919)	(3,304,273)
Depreciation	1,810,839	1,494,790
Loss on Disposal	-	15,549
Noncash Lease Expense	2,720	-
Changes in Operating Assets and Liabilities:		
Accounts Receivable	2,053,263	(9,854,695)
Contributions Receivable	(2,662,781)	2,561,610
Prepaid Expenses	(148,393)	(48,240)
Accounts Payable and Accrued Expenses	(351,383)	802,485
Deferred Revenue	(1,275,521)	9,512,338
Net Cash Provided by Operating Activities	<u>1,209,170</u>	<u>7,064,232</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(13,159,131)	(3,343,367)
Proceeds From Sale of Investments	16,841,747	2,334,480
Purchases of Property and Equipment	(4,775,700)	(6,345,028)
Net Cash Used by Investing Activities	<u>(1,093,084)</u>	<u>(7,353,915)</u>
NET CHANGE IN CASH	116,086	(289,683)
Cash - Beginning of Year	<u>596,207</u>	<u>885,890</u>
CASH - END OF YEAR	<u><u>\$ 712,293</u></u>	<u><u>\$ 596,207</u></u>

See accompanying Notes to Financial Statements.

**HARTFORD PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

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 today operates under the original charter granted to the Hartford Young Men's Institute in 1839 with subsequent amendments. On May 3, 1893, by a special act of the general assembly, the Library's name was formally changed to Hartford Public Library. 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.

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, 2025 and 2024, the Library received \$529,287 and \$3,547,549 in insurance proceeds and incurred \$-0- and \$136,367 of expenses as a result of the disruption, respectively. The net amount of \$529,287 and \$3,411,182 is recognized within other changes in net assets on the statements of activities for the years ended June 30, 2025 and 2024. In addition to expenses recognized, there were fixed asset additions of \$1,076,770 and \$4,887,301 for renovations directly related to the flooding for the years ended June 30, 2025 and 2024.

Through June 30, 2024, the city of Hartford (the City) appropriated \$9,500,000 for the Barbour library project. The Barbour library project commenced during the year ended June 30, 2024, 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, 2025 and 2024. As of June 30, 2025 and 2024, \$8,670,691 and \$9,500,000 is included in accounts receivable and deferred revenue for the Barbour library project, respectively. There were fixed asset additions of \$108,560 and \$720,748 and for the project for the years ended June 30, 2025 and 2024.

As of June 30, 2025, the Library has been awarded \$6,500,000 for the renovation of the Downtown location pursuant to the Urban Act, and \$2,000,000 in library construction grants for the Barbour library project. These are conditional state grants and have not been received or earned as of June 30, 2025 and will be utilized in future fiscal years.

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.

**HARTFORD PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting and Presentation (Continued)

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.

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.

**HARTFORD PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 years ended June 30, 2025 and 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.

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.

**HARTFORD PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

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, 2025 and 2024, total \$8,518,208 and \$538,257 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, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

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

Subsequent Events

In preparing these financial statements, management has evaluated subsequent events through December 10, 2025, 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.

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.

HARTFORD PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 2 FAIR VALUE MEASUREMENTS (CONTINUED)

The following is a description of the valuation methodologies used for financial instruments measured at fair value:

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.

Hedge Funds – This includes investments in long and short global equities. Interests in hedge funds are valued using net asset values as determined by the investment management of the fund. This net asset value is based on the fair value of the underlying assets and liabilities of the related fund at the measurement date.

Contributions Receivable – The fair value of contributions receivable is estimated based upon the net present value of estimated cash flows, which is considered to be the fair value of contributions receivable.

There have been no changes in the methodologies used at June 30, 2025 and 2024.

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

	2025				
	Fair Value Measurements at Report Date Using				
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at Net Asset Value (a)
ASSETS					
Money Market	\$ 5,033,467	\$ 5,033,467	\$ -	\$ -	\$ -
Equities:					
U.S. Large Cap	7,121,389	7,121,389	-	-	-
U.S. Mid Cap	2,851,364	2,851,364	-	-	-
U.S. Small Cap	1,292,920	1,292,920	-	-	-
International Developed	2,553,930	2,553,930	-	-	-
Other	1,318,084	1,318,084	-	-	-
Real Assets	237,998	237,998	-	-	-
Fixed Income	13,906,947	13,906,947	-	-	-
Hedge Funds	1,090,000	-	-	-	1,090,000
Total Investments	35,406,099	34,316,099	-	-	1,090,000
Contributions Receivable, Net	3,930,684	-	-	3,930,684	-
Total Assets at Fair Value	<u>\$ 39,336,783</u>	<u>\$ 34,316,099</u>	<u>\$ -</u>	<u>\$ 3,930,684</u>	<u>\$ 1,090,000</u>

HARTFORD PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 2 FAIR VALUE MEASUREMENTS (CONTINUED)

	2024				
	Fair Value Measurements at Report Date Using				
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at Net Asset Value (a)
ASSETS					
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>	<u>\$ -</u>

(a) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

There were no transfers between levels of investments during the years ended June 30, 2025 and 2024.

The following table presents information about significant unobservable inputs related to the Library's investment in Level 3 assets at June 30, 2025 and 2024:

Type	Fair Value		Valuation Technique	Significant Unobservable Inputs
	2025	2024		
Contributions Receivable	\$ 3,930,684	\$ -	Discounted Cash Flow	Discount Rates

The following table discloses certain additional information as of June 30 related to the Library's investments as described above that use net asset value per share and are not traded in an active market:

	Fair Value 2025	Unfunded Commitments	Redemption Terms	Redemption Restrictions
Hedge Funds	<u>\$ 1,090,000</u>	<u>\$ -</u>	Not Redeemable	N/A
	Fair Value 2024	Unfunded Commitments	Redemption Terms	Redemption Restrictions
Hedge Funds	<u>\$ -</u>	<u>\$ -</u>	N/A	N/A

**HARTFORD PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 3 CONTRIBUTIONS RECEIVABLE

The following is a summary of contributions receivable as of June 30:

	2025	2024
Receivable in Less than One Year	\$ 1,987,591	\$ 1,267,903
Receivable in One to Five Years	2,227,933	-
Subtotal	4,215,524	1,267,903
Less: Unamortized Discount	(284,840)	-
Contributions Receivable, Net	<u>\$ 3,930,684</u>	<u>\$ 1,267,903</u>

Pledges expected to be received in more than one year have been discounted using a rate of 4.50% at June 30, 2025. Based on an assessment of outstanding balances, management has concluded that no reserve is deemed necessary at June 30, 2025 and 2024.

NOTE 4 PROPERTY AND EQUIPMENT

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

	2025	2024
Land	\$ 198,200	\$ 198,200
Leasehold Improvements	18,899,327	12,369,875
Library Material	5,149,926	4,836,453
Buildings	1,089,480	1,089,480
Furniture and Fixtures	3,736,421	3,073,897
Computers and Equipment	2,147,166	1,940,132
Vehicles	279,457	133,284
Building Improvements	54,358	54,358
Construction in Process	1,837,206	4,920,164
Total	33,391,541	28,615,843
Less: Accumulated Depreciation	18,283,029	16,472,192
Property and Equipment, Net	<u>\$ 15,108,512</u>	<u>\$ 12,143,651</u>

Depreciation expense totaled \$1,810,839 and \$1,494,790 for the years ended June 30, 2025 and 2024, respectively.

Construction in process at June 30, 2025 and 2024 represents the cost of certain assets and capital improvements not yet placed into service. During the fiscal year ended June 30, 2025 and 2024, the Library has entered into various capital projects for a total cost of approximately \$33,402,654 and \$5,000,000, respectively.

**HARTFORD PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

For the years ended June 30, 2025 and 2024, net assets were released from restrictions by incurring expenses satisfying donor stipulations for various programs of \$1,742,081 and \$1,102,904 respectively.

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

	2025	2024
Endowment Funds Restricted for Perpetuity	\$ 4,076,272	\$ 4,076,272
Restricted by Purpose or Time:		
Donor Stipulations for Various Programs	4,040,549	1,274,828
Accumulated Gains (Losses) and Income		
Available for Appropriation	792,217	603,034
Capital Improvements	105,090	105,090
	<u>105,090</u>	<u>105,090</u>
Total Net Assets With Donor Restrictions	<u>\$ 9,014,128</u>	<u>\$ 6,059,224</u>

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.

**HARTFORD PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 6 ENDOWMENT (CONTINUED)

Interpretation of Relevant Law (Continued)

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

Endowment Composition

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

June 30, 2025	Without Donor Restriction	With Donor Restrictions	Total
Board-Designated Endowment Funds	\$ 17,981,928	\$ -	\$ 17,981,928
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	-	792,217	792,217
Total Funds	<u>\$ 17,981,928</u>	<u>\$ 4,868,489</u>	<u>\$ 22,850,417</u>
June 30, 2024			
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>

**HARTFORD PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 6 ENDOWMENT (CONTINUED)

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

June 30, 2025	Without Donor Restriction	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ 16,670,467	\$ 4,679,306	\$ 21,349,773
Investment Return, Net	1,524,856	260,716	1,785,572
Contributions	300,515	-	300,515
Appropriation of Endowment Assets for Expenditure	(513,910)	(71,533)	(585,443)
Endowment Net Assets - End of Year	<u>\$ 17,981,928</u>	<u>\$ 4,868,489</u>	<u>\$ 22,850,417</u>
 June 30, 2024			
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>

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, 2025 and 2024.

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.

**HARTFORD PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 6 ENDOWMENT (CONTINUED)

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, 2025 and 2024 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

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:

	2025	2024
Cash	\$ 712,293	\$ 596,207
Accounts Receivable, Net	8,241,732	10,294,995
Contributions Receivable	3,930,684	1,267,903
Total Financial Assets	12,884,709	12,159,105
Less: Amounts Included in Accounts Receivable and Contributions Receivable that are Restricted by Purpose or Board Designated	11,695,308	10,287,998
Financial Assets Available Within One Year	1,189,401	1,871,107
Board-Approved Endowment Draw for Future Fiscal Year	270,406	526,190
Total Financial Assets Available to Management for General Expenditure Within One Year	<u>\$ 1,459,807</u>	<u>\$ 2,397,297</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 \$17,981,928 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 \$12,555,682 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, 2025 AND 2024**

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, 2025 and 2024, was \$9,571,550 and \$9,304,404, respectively.

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, 2025 and 2024.

The Library is involved in various legal claims and disputes arising in the ordinary course of business. Although it is not possible to predict the outcome of these matters, it is management's opinion that the outcomes will not have a material effect on the financial condition of the Library and the Library has adequate insurance coverage for any potential outcomes.

NOTE 10 LEASES – ASC 842

The Library leases space for library branches with various terms through June 30, 2027. 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>2025</u>	<u>2024</u>
Lease Cost:		
Operating Lease Cost	<u>\$ 36,240</u>	<u>\$ 51,576</u>
Other Information:		
Operating Cash Flows from Operating Leases	\$ 36,000	\$ 53,576
Weighted-Average Remaining Lease Term - Operating Leases	2 Years	.9 Years
Weighted-Average Discount Rate - Operating Leases	2.85%	2.85%

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, 2025 is as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ 39,600
2027	39,600
Total Lease Payments	79,200
Less: Imputed Interest	(2,304)
Present Value of Lease Liabilities	<u>\$ 76,896</u>

**HARTFORD PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 11 DONATED SERVICES AND GOODS

For the years ended June 30, 2025 and 2024, contributed nonfinancial assets recognized in the statements of activities included:

	Revenue Recognized 2025	Revenue Recognized 2024	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	\$ 150,998	\$ 15,204	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 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 for the year ended June 30, 2024. As of June 30, 2025 and 2024, \$479,905 is included in accounts receivable relating to the ERC.



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