

**FINANCIAL STATEMENTS OF
TOMPKINS COUNTY PUBLIC LIBRARY
FOUNDATION, INC.
YEARS ENDED DECEMBER 31, 2021 AND 2020**

TOMPKINS COUNTY PUBLIC LIBRARY FOUNDATION, INC.

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DECEMBER 31, 2021 AND 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Tompkins County Public Library Foundation, Inc.
Ithaca, New York 14850

Opinion

We have audited the accompanying financial statements of Tompkins County Public Library Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021 and 2020, and the related statements of activities and changes in net assets, 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 Tompkins County Public Library Foundation, Inc. as of December 31, 2021 and 2020, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Tompkins County Public Library Foundation, Inc. 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 Tompkins County Public Library Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 Tompkins County Public Library Foundation, Inc.'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 Tompkins County Public Library Foundation, Inc.'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.

Sciarabba Walker & Co., LLP
Sciarabba Walker & Co., LLP

Ithaca, New York
April 4, 2022

TOMPKINS COUNTY PUBLIC LIBRARY FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,

ASSETS

	2021	2020
CURRENT ASSETS:		
Cash and cash equivalents	\$ 639,893	\$ 685,828
Employee advance	-	9
Employee retention credit receivable	47,324	-
Unconditional promises to give, current portion net of allowance for unfulfilled pledges of \$2,000	23,069	73,402
TOTAL CURRENT ASSETS	710,286	759,239
RESTRICTED CASH AND CASH EQUIVALENTS	33,874	28,731
FIXED ASSETS, net of accumulated depreciation	3,951	5,346
LONG-TERM INVESTMENTS	2,864,336	2,580,039
LONG-TERM UNCONDITIONAL PROMISES TO GIVE	20,000	40,000
TOTAL ASSETS	\$ 3,632,447	\$ 3,413,355

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Due to Tompkins County Public Library	\$ -	\$ 6,990
Accounts payable and accrued liabilities	10,519	15,842
Paycheck Protection Program loan, current portion	-	35,858
TOTAL CURRENT LIABILITIES	10,519	58,690
NON-CURRENT LIABILITIES:		
Paycheck Protection Program loan, long-term portion	-	4,042
TOTAL NON-CURRENT LIABILITIES	-	4,042
NET ASSETS:		
Without donor restrictions	2,374,218	2,126,447
With donor restrictions	1,247,710	1,224,176
TOTAL NET ASSETS	3,621,928	3,350,623
TOTAL LIABILITIES AND NET ASSETS	\$ 3,632,447	\$ 3,413,355

See accompanying notes.

**TOMPKINS COUNTY PUBLIC LIBRARY FOUNDATION, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2021**

	Net assets without donor restrictions	Net assets with donor restrictions	Total
	<u> </u>	<u> </u>	<u> </u>
SUPPORT:			
Contributions	\$ 253,072	\$ 34,942	\$ 288,014
 REVENUES:			
Interest income	774	-	774
Dividend income, net	8,623	3,295	11,918
Realized gain on sale of investments	423,063	305,730	728,793
Unrealized loss on investments	(237,129)	(181,303)	(418,432)
In-kind contributions	100	-	100
Paycheck Protection Program loan forgiveness	79,800	-	79,800
Employee retention credit	47,325	-	47,325
Net assets released from restrictions	139,130	(139,130)	-
TOTAL SUPPORT AND REVENUES	<u>714,758</u>	<u>23,534</u>	<u>738,292</u>
 EXPENSES:			
Program services	252,052	-	252,052
Management and general	109,856	-	109,856
Fundraising	105,079	-	105,079
TOTAL EXPENSES	<u>466,987</u>	<u>-</u>	<u>466,987</u>
 CHANGE IN NET ASSETS	247,771	23,534	271,305
NET ASSETS , beginning of year	<u>2,126,447</u>	<u>1,224,176</u>	<u>3,350,623</u>
NET ASSETS , end of year	<u><u>\$ 2,374,218</u></u>	<u><u>\$ 1,247,710</u></u>	<u><u>\$ 3,621,928</u></u>

See accompanying notes.

**TOMPKINS COUNTY PUBLIC LIBRARY FOUNDATION, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2020**

	Net assets without donor restrictions	Net assets with donor restrictions	Total
	<u> </u>	<u> </u>	<u> </u>
SUPPORT:			
Contributions	\$ 223,190	\$ 50,539	\$ 273,729
 REVENUES:			
Interest income	2,737	-	2,737
Dividend income, net	5,514	4,621	10,135
Realized gain on sale of investments	74,186	33,456	107,642
Unrealized gain on investments	129,840	80,719	210,559
Marketing income	8,500	-	8,500
Net assets released from restrictions	100,072	(100,072)	-
TOTAL SUPPORT AND REVENUES	<u>544,039</u>	<u>69,263</u>	<u>613,302</u>
 EXPENSES:			
Program services	221,526	-	221,526
Management and general	121,392	-	121,392
Fundraising	101,057	-	101,057
TOTAL EXPENSES	<u>443,975</u>	<u>-</u>	<u>443,975</u>
 CHANGE IN NET ASSETS	100,064	69,263	169,327
 NET ASSETS, beginning of year	<u>2,026,383</u>	<u>1,154,913</u>	<u>3,181,296</u>
NET ASSETS, end of year	<u><u>\$ 2,126,447</u></u>	<u><u>\$ 1,224,176</u></u>	<u><u>\$ 3,350,623</u></u>

See accompanying notes.

TOMPKINS COUNTY PUBLIC LIBRARY FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program Services	Management and General	Fundraising	Total
EXPENSES:				
Salaries	\$ 31,993	\$ 48,877	\$ 89,871	\$ 170,741
Employee benefits & taxes	2,359	18,592	6,593	27,544
Professional services	-	27,610	834	28,444
Insurance	-	1,866	-	1,866
Dues, meeting fees, and subscriptions	-	1,503	-	1,503
Printing and design	-	1,720	1,264	2,984
Postage	-	926	950	1,876
Supplies & equipment	-	3,077	567	3,644
Staff development	-	688	-	688
Bank fees	-	3,175	-	3,175
Events & meetings	-	229	200	429
Uncollectable pledges	-	-	4,800	4,800
In-kind materials and services	-	100	-	100
Miscellaneous	-	98	-	98
Tompkins County Public Library support	217,700	-	-	217,700
TOTAL EXPENSES BEFORE DEPRECIATION	252,052	108,461	105,079	465,592
Depreciation	-	1,395	-	1,395
TOTAL FUNCTIONAL EXPENSES	\$ 252,052	\$ 109,856	\$ 105,079	\$ 466,987

See accompanying notes.

**TOMPKINS COUNTY PUBLIC LIBRARY FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020**

	Program Services	Management and General	Fundraising	Total
EXPENSES:				
Salaries	\$ 29,876	\$ 46,375	\$ 91,040	\$ 167,291
Employee benefits & taxes	2,180	34,252	6,623	43,055
Professional services	-	29,381	-	29,381
Insurance	-	1,423	-	1,423
Dues, meeting fees, and subscriptions	-	1,079	-	1,079
Printing and design	-	125	548	673
Postage	-	1,412	2,646	4,058
Supplies & equipment	-	2,256	-	2,256
Staff development	-	177	-	177
Bank fees	-	3,507	-	3,507
Events & meetings	-	10	200	210
Tompkins County Public Library support	189,470	-	-	189,470
TOTAL EXPENSES BEFORE DEPRECIATION	221,526	119,997	101,057	442,580
Depreciation	-	1,395	-	1,395
TOTAL FUNCTIONAL EXPENSES	\$ 221,526	\$ 121,392	\$ 101,057	\$ 443,975

See accompanying notes.

TOMPKINS COUNTY PUBLIC LIBRARY FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31,

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 271,305	\$ 169,327
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Realized gain on sale of investments	(728,793)	(107,642)
Unrealized loss (gain) on investments	418,432	(210,559)
Paycheck Protection Program loan forgiveness	(79,800)	-
Depreciation expense	1,395	1,395
(Increase) decrease in assets:		
Employee advance	-	(9)
Employee retention credit receivable	(47,315)	-
Unconditional promises to give	70,333	48,548
Prepaid expenses	-	4,813
Increase (decrease) in liabilities:		
Due to Tompkins County Public Library	(6,990)	(32,646)
Accounts payable and accrued liabilities	(5,323)	2,527
NET CASH USED IN OPERATING ACTIVITIES	(106,756)	(124,246)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	3,704,344	943,910
Purchase of investments	(3,678,280)	(1,137,895)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	26,064	(193,985)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Paycheck Protection Program loan	39,900	39,900
NET CASH PROVIDED BY FINANCING ACTIVITIES	39,900	39,900
NET CHANGE IN CASH AND CASH EQUIVALENTS	(40,792)	(278,331)
CASH, CASH EQUIVALENTS, & RESTRICTED CASH, beginning of year	714,559	992,890
CASH, CASH EQUIVALENTS, & RESTRICTED CASH, end of year	\$ 673,767	\$ 714,559
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
CASH PAID DURING THE YEAR FOR:		
Interest	\$ -	\$ -
Taxes	-	-

See accompanying notes.

TOMPKINS COUNTY PUBLIC LIBRARY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization

Tompkins County Public Library Foundation, Inc. (the Foundation), reported as a component of Tompkins County Public Library (TCPL), located in Ithaca, New York, has been established to provide support for TCPL. This support includes financial support from annual fundraising campaigns and other sources, including other foundations, businesses and organizations.

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting under accounting principles generally accepted in the United States of America.

Basis of Presentation

The Foundation reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

The governing board has designated, from net assets without donor restrictions, a board-designated endowment. Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, such as those that the donor stipulates that resources be maintained in perpetuity.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Foundation, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

The Foundation's unspent contributions are reported in net assets with donor contributions if the donor limited their use, as are promised contributions that are not yet due. Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

The Foundation's donor-restricted endowment funds, including the unspent appreciation of the endowment fund and the portion of the Foundation's donor-restricted endowment funds that the Foundation is committed to maintaining in perpetuity are classified in net assets with donor restrictions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Income Taxes

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Foundation qualifies for the charitable contribution under Section 170(b)(1)(A) and has been classified as a foundation that is not a private foundation under Section 509(a)(2).

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Investments

The Foundation carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statements of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statements of Activities and Changes in Net Assets.

Furniture and Equipment

The Foundation capitalizes all furniture and equipment in excess of \$2,500. Purchased furniture and equipment are carried at cost. Donated furniture and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contributions

The Foundation accounts for contributions in accordance with the recommendations of the FASB ASC 958. In accordance with FASB ASC 958, contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions.

Donated Services

Donated services are recognized as contributions in accordance with FASB ASC 958, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. Volunteers provide fundraising services throughout the year that are not recognized as contributions in the financial statements, as the recognition criteria under FASB ASC 958 were not met.

Revenues from Contracts with Customers

Under ASC 606, the Foundation recognizes revenue as it satisfies a performance obligation by transferring control of publicity and marketing services to the TCPL. This revenue is reported as marketing income in the Statements of Activities and Changes in Net Assets and reflects the consideration to which the Foundation expects to be entitled in exchange for those services. The Foundation does not recognize revenue in cases where collectability is not probable and defers the recognition until collection becomes probable or when payment is received.

The Foundation has elected to apply the practical expedient to not adjust for the effects of a significant financing component as the period between the time of service and the time of payment is less than one year.

Statements of Functional Expenses

The statements of functional expenses show a breakdown by categories of program services, management and general, and fundraising. Program services include the activities and funds expended to assist TCPL in fulfilling its mission. Management and general activities include general oversight, business management, general record keeping, budgeting, finance and other management and administrative activities. Fundraising activities include publicizing and conducting fundraising campaigns, maintaining donor mailing lists, conducting special fundraising events, and preparing and distributing activities involved in solicitation of contributions from individuals, foundations, government agencies, etc.

B. RESTRICTED CASH

Cash and cash equivalents consist of the following as of December 31:

	<u>2021</u>	<u>2020</u>
Cash, cash equivalents, & restricted cash:		
Cash and cash equivalents	\$ 639,893	\$ 685,828
Restricted cash and cash equivalents	<u>33,874</u>	<u>28,731</u>
Cash, cash equivalents, & restricted cash as shown on the Statements of Cash Flows	<u><u>\$ 673,767</u></u>	<u><u>\$ 714,559</u></u>

C. CONCENTRATION OF CREDIT RISK

The Foundation maintains its cash balances in a local financial institution. From time to time, the Foundation may have bank deposits in excess of the Federal Deposit Insurance Corporation insurance limits.

Investments, which consist of money funds, stock funds and bond funds, are not insured by the Federal Deposit Insurance Corporation and involve investment risk, including possible loss of principal.

At December 31, 2021 and 2020, the Foundation had uninsured cash balances in investment accounts of \$33,874 and \$28,731, respectively.

D. INVESTMENTS

Investments, stated at fair value, consist of mutual funds and securities as follows at December 31,

	<u>2021</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation</u>
Mutual funds and securities	\$ 2,803,494	\$ 2,864,336	\$ 60,842
	<u>2020</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation</u>
Mutual funds and securities	\$ 2,109,024	\$ 2,580,039	\$ 471,015

Market Risk

Future changes in market prices may make a financial instrument less valuable. Ownership interest is subject to the risk of loss from a decrease in value due to interest rate fluctuations that may result in a decline that is other than temporary.

Investment returns are as follows for the years ended December 31,

	2021	2020
Interest	\$ 774	\$ 2,737
Dividends	11,918	10,135
Realized gain on sale of investments	728,793	107,642
Unrealized (loss) gain on fair value	(418,432)	210,559
Total	<u>\$ 323,053</u>	<u>\$ 331,073</u>

E. FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures* establishes a framework for measuring fair value. That framework establishes 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 or liabilities (Level 1 Measurements) and the lowest priority to unobservable inputs (Level 3 Measurements). The three levels of the fair value hierarchy under FASB ASC 820 are as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets the Foundation has the ability to access.

Level 2 - Inputs to the valuation methodology include:

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

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

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unconditional promises to give that will be paid in more than one year are measured in the aggregate using present value techniques that consider the promised cash flows.

The asset's or liability'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.

The following tables set forth by level, within the fair value hierarchy, the Foundation's assets at fair value at December 31,

ASSETS:	2021			
	Level 1	Level 2	Level 3	Total
Fixed income funds	\$ 783,681	\$ -	\$ -	\$ 783,681
Domestic equity mutual funds	1,346,888	-	-	1,346,888
Domestic closed end equity mutual funds	391,443	-	-	391,443
International equity funds	342,324	-	-	342,324
Unconditional promises to give	-	-	43,069	43,069
TOTAL ASSETS AT FAIR VALUE	\$ 2,864,336	\$ -	\$ 43,069	\$ 2,907,405

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs):

Unconditional promises to give:	
January 1, 2021, net	\$ 113,402
New pledges received	5,000
Uncollectible	(4,800)
Collections	(70,533)
December 31, 2021, net	<u>\$ 43,069</u>

ASSETS:	2020			
	Level 1	Level 2	Level 3	Total
Fixed income funds	\$ 667,559	\$ -	\$ -	\$ 667,559
Domestic equity mutual funds	638,407	-	-	638,407
Domestic closed end equity mutual funds	870,233	-	-	870,233
International closed end equity mutual funds	403,840	-	-	403,840
Unconditional promises to give	-	-	113,402	113,402
TOTAL ASSETS AT FAIR VALUE	\$ 2,580,039	\$ -	\$ 113,402	\$ 2,693,441

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs):

Unconditional promises to give:	
January 1, 2020, net	\$ 161,950
New pledges received	-
Collections	(48,548)
December 31, 2020, net	<u>\$ 113,402</u>

F. PROMISES TO GIVE

Unconditional promises to give at December 31 consist of funds committed by various donors. These funds are expected to be received as follows:

	<u>2021</u>	<u>2020</u>
Receivable less than one year, net of allowance	\$ 23,069	\$ 73,402
Receivable in one to five years	20,000	40,000
Total unconditional promises to give	<u>43,069</u>	<u>113,402</u>
Less:		
Discount to net present value	<u>-</u>	<u>-</u>
Net unconditional promises to give	43,069	113,402
Less:		
Receivable in less than one year, net of allowance	<u>23,069</u>	<u>73,402</u>
Long-term unconditional promises to give	<u>\$ 20,000</u>	<u>\$ 40,000</u>

G. ENDOWMENT

In August 2008, FASB Staff Position FAS 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the UPMIFA (Uniform Prudent Management of Institutional Funds Act of 2006)*, and *Enhanced Disclosures for All Endowment Funds* was issued.

Interpretation of Relevant Law

In accordance with the New York Prudent Management of Institutional Funds Act of 2010, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the funds
2. Purposes of the Foundation and the donor-restricted endowment funds
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from income and appreciation of investments
6. Other resources of the Foundation
7. Investment policies of the Foundation

Funds with Deficiencies

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level required to remain as a fund of perpetual duration.

Return Objectives and Risk Parameters

The Foundation's Board of Directors has adopted an investment and spending policy for endowment assets which has as its objective to provide on-going program support, while protecting the endowment against inflation. The objective of the Foundation is to maximize total return (interest and dividend income, plus capital appreciation, minus investment fees), by utilizing a diversified portfolio to minimize overall risk. Annually, a portion of the total investment return will be spent and the remainder will be reinvested with the goal of preserving and growing the endowment over time. It is the Finance Committee's responsibility to monitor endowment performance.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation 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 Foundation targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy to forecast spending annually at 4-5% of the 19-quarter average (last quarter ending September 30, 2021) of the endowment's total asset value, with the understanding that this spending rate plus inflation will not normally exceed total real return (return net of inflation) from investments. For the year ended December 31, 2021, a 4.50% spending rate was used.

Investment gains/losses are considered temporary, and the Foundation's Board of Directors is actively monitoring investment activities so as to continue responding in a prudent fashion.

The Foundation has 23 individual donor-restricted and two Board-designated endowment funds. The net assets associated with them have been classified as follows:

Assets with donor restrictions - the original value of gifts donated to the permanent endowment by explicit donor stipulation and unappropriated related investment gains.

Board Designated - Board designated additions to endowment funds and unappropriated related investment gains.

The following table sets forth the Foundation's endowment net asset composition by type of fund:

	2021		
	Net assets without donor restrictions	Net assets with donor restrictions	Total
Endowment net assets, January 1	\$ 55,302	\$ 1,110,774	\$ 1,166,076
Investment (loss) income	(620)	127,721	127,101
Support	-	3,127	3,127
Amounts appropriated for expenditures	(1,784)	(36,981)	(38,765)
Net assets, December 31	<u>\$ 52,898</u>	<u>\$ 1,204,641</u>	<u>\$ 1,257,539</u>

	2020		
	Net assets without donor restrictions	Net assets with donor restrictions	Total
Endowment net assets, January 1	\$ 49,613	\$ 992,963	\$ 1,042,576
Investment income	6,427	118,107	124,534
Support	-	14,976	14,976
Amounts appropriated for expenditures	(738)	(15,272)	(16,010)
Net assets, December 31	<u>\$ 55,302</u>	<u>\$ 1,110,774</u>	<u>\$ 1,166,076</u>

H. NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions are classified as follows at December 31,

	2021	2020
Board designated	\$ 52,898	\$ 55,302
Undesignated	2,321,320	2,071,145
Total net assets without donor restrictions	<u>\$ 2,374,218</u>	<u>\$ 2,126,447</u>

The Foundation has two types of net assets without donor restrictions: Board designated funds and undesignated funds. The Foundation's policy states funds be added to or subtracted from its endowment, depending on earnings generated from separate investment accounts and annual appropriations for expenditures.

I. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purpose or periods:

	<u>2021</u>	<u>2020</u>
Grants to Tompkins County Public Library	\$ 43,069	\$ 110,300
Promises to give, without donor restrictions but which are unavailable for expenditures until due	-	3,102
Endowments	<u>1,204,641</u>	<u>1,110,774</u>
Total net assets with donor restrictions	<u>\$ 1,247,710</u>	<u>\$ 1,224,176</u>

J. LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Foundation's financial assets as of the Statement of Financial Position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions:

	<u>2021</u>	<u>2020</u>
Financial assets	\$ 3,628,496	\$ 3,408,009
Less: those unavailable for general expenditures within one year, due to:		
Promises to give not collectible within one year	20,000	40,000
Board-designated to maintain as an endowment	52,898	55,302
Donor-restricted to maintain as an endowment	<u>1,204,641</u>	<u>1,110,774</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 2,350,957</u>	<u>\$ 2,201,933</u>

The Foundation manages its liquid resources based on budgeted operating needs, and in typical years seeks to maintain a \$25,000 ceiling on funds in the operating cash account.

K. RELATED PARTIES

The sole mission of the Foundation is to raise and steward funds to benefit TCPL.

The Foundation donated \$133,000 and \$117,500 to TCPL for the years ended December 31, 2021 and 2020, respectively. The Foundation also contributed endowment earnings of \$38,765 and \$16,010 and donated \$45,935 and \$55,960 in funds designated for the Library by the original donor. In addition, in-kind contributions of materials of \$100 and \$0 were donated to the Library for the years ended December 31, 2021 and 2020, respectively.

L. FUNDRAISING EXPENSE

Total fundraising expense for the years ended December 31, 2021 and 2020 was \$105,079 and \$101,057 respectively, or 36% and 37% of the total contribution revenue for the years ended December 31, 2021 and 2020, respectively. The ratio of expenses to amounts raised is computed using actual expenses and related contributions on an accrual basis.

M. REVENUES FROM CONTRACTS WITH CUSTOMERS

Disaggregation of Revenue and Significant Judgments

The Foundation recognizes revenues from the publicity and marketing services agreement with TCPL over time because the recipient simultaneously receives and consumes the benefits of the services.

The total amount of revenue recognized over time for the year ended December 31, 2021 and 2020 was \$0 and \$8,500, respectively.

Performance Obligations

The publicity and marketing services agreement with TCPL consisted of promises to provide various program promotion and publicity services and marketing services over the contract period. The promised services were considered a single performance obligation as they had the same pattern of transfer to the customer. The Foundation recognized revenue ratably over the contract period as control of the services was transferred to the customer. TCPL was billed in quarterly installments payable in the first month of each calendar quarter. The transaction price in the contract was fixed and there were no obligations for returns or refunds. This contract was discontinued after April 2020.

There were no beginning or ending contract balances from the publicity and marketing services agreement in 2021 or 2020.

N. PAYCHECK PROTECTION PROGRAM LOANS:

During April 2020 and January 2021, the Foundation applied for and received Paycheck Protection Program (PPP) Loans of \$39,900 each as created by the C.A.R.E.S. Act. The loans had an interest rate of 1%, a maturity date of two years, and loan payments were deferred until ten months from the end of the Foundation's covered period. The loans were eligible for forgiveness based on the Foundation maintaining or quickly rehiring employees and maintaining salary levels.

The AICPA issued TQA 3200.18 outlining treatment options for PPP loans by non-governmental entities. These options include treating the amount as a loan in accordance with FASB ASC 470 and accruing interest in accordance with FASB ASC 835-30, or as a governmental grant by analogy to International Accounting Standards (IAS) 20, Accounting for Government Grants and Disclosure for Government Assistance.

The Foundation elected to treat the PPP loan utilizing the option provided by FASB ASC 470. The Foundation received forgiveness of the entire loan amount for each loan and related accrued interest in January 2021 and July 2021, respectively.

O. RISKS AND UNCERTAINTIES:

Due to the COVID-19 pandemic, the Foundation experienced a decline in contribution revenue in the prior year, but an increase in 2021. The Foundation is confident they have the financial resources to continue operations for the near-term. As the situation evolves, the Foundation continues to closely monitor the impact of the COVID-19 pandemic on

all aspects of the business, including how it impacts TCPL and employees, in addition to how the COVID-19 pandemic impacts the Foundation's ability to provide services to TCPL. The ultimate impact of the COVID-19 pandemic on operating results, cash flows and financial condition is likely to be determined by factors which are uncertain, unpredictable and outside of the Foundation's control at this time. The situation surrounding COVID-19 remains fluid, and if disruptions do arise, they could materially adversely impact business.

P. EMPLOYEE RETENTION CREDIT

During 2021, the Foundation filed amended quarterly federal payroll tax returns to claim the Employee Retention Credit under the C.A.R.E.S. Act for the period of July 1st, 2020 through September 30, 2021. The total amount of the credit is \$47,324.

Q. SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through April 4, 2022, the date when the financial statements were available to be issued, and there were no items that required disclosure.