

Saginaw Public Libraries Foundation

Financial Statements

June 30, 2022

(With Summarized Comparative Information for 2021)



Saginaw Public Libraries Foundation
Foundation Board
June 30, 2022

Foundation Board

Ann Schneider Branch	President
Ralph Martin	Vice President
Diane Kloc	Treasurer
Michael Thompson	Secretary
Pamela Clark	Trustee
Sarah Keenan-Lechel	Trustee
Trisha Baker	Trustee

Administration

Maria McCarville	Director
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Independent Auditors' Report

Management and the Board of Trustees
Saginaw Public Libraries Foundation
Saginaw, Michigan

Opinion

We have audited the accompanying financial statements of the Saginaw Public Libraries Foundation (the Foundation), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year 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 the Foundation as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 the Foundation's ability to continue as a going concern within one year after the date that 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 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 the Foundation 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 the Foundation'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.

Report on Summarized Comparative Information

We have previously audited the Foundation's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 27, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Yeo & Yeo, P.C.

Saginaw, Michigan

October 19, 2022, except for Note 8, as to which the date is December 14, 2022

Saginaw Public Libraries Foundation
Statement of Financial Position
June 30, 2022 (With Summarized Comparative Information for 2021)

	2022	2021
Assets		
Cash	\$ 44,399	\$ 942,205
Investments	<u>1,420,611</u>	<u>711,365</u>
Total assets	<u>\$ 1,465,010</u>	<u>\$ 1,653,570</u>
Net Assets		
Net assets		
Without donor restrictions		
Board reserved for Public Libraries of Saginaw	<u>1,124,597</u>	<u>1,313,157</u>
With donor restrictions		
Restricted for benefit of the Foundation	90,413	90,413
Restricted for operations of the Foundation	<u>250,000</u>	<u>250,000</u>
Total with donor restrictions	<u>340,413</u>	<u>340,413</u>
Total net assets	<u>1,465,010</u>	<u>1,653,570</u>
Total liabilities and net assets	<u>\$ 1,465,010</u>	<u>\$ 1,653,570</u>

See Accompanying Notes to the Financial Statements

Saginaw Public Libraries Foundation
Statement of Activities

Year Ended June 30, 2022 (With Summarized Comparative Information for 2021)

	<u>2022</u>			<u>2021</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
Revenue and support				
Investment income	\$ 23,166	\$ -	\$ 23,166	\$ 973
Contributions	9,347	-	9,347	2,765
Unrealized and realized gains (losses) on investments	(215,663)	-	(215,663)	136,666
Total revenue and other support	<u>(183,150)</u>	<u>-</u>	<u>(183,150)</u>	<u>140,404</u>
Expenses				
Management and general	4,020	-	4,020	20
Fundraising expenses	1,390	-	1,390	-
Total expenses	<u>5,410</u>	<u>-</u>	<u>5,410</u>	<u>4,120</u>
Change in net assets	(188,560)	-	(188,560)	136,284
Net assets - July 1	<u>1,313,157</u>	<u>340,413</u>	<u>1,653,570</u>	<u>1,517,286</u>
Net assets - June 30	<u>\$ 1,124,597</u>	<u>\$ 340,413</u>	<u>\$ 1,465,010</u>	<u>\$ 1,653,570</u>

See Accompanying Notes to the Financial Statements

Saginaw Public Libraries Foundation
Statement of Functional Expenses
For the Year Ended June 30, 2022
(With Summarized Comparative Information for 2021)

	Management and General	Fundraising	Total	
			2022	2021
Printing and postage	\$ -	\$ 1,390	\$ 1,390	\$ -
Professional fees	4,020	-	4,020	4,120
Total expenses by function	<u>\$ 4,020</u>	<u>\$ 1,390</u>	<u>\$ 5,410</u>	<u>\$ 4,120</u>

See Accompanying Notes to the Financial Statements

Saginaw Public Libraries Foundation
Statement of Cash Flows

Year Ended June 30, 2022 (With Summarized Comparative Information for 2021)

	2022	2021
Cash flows from operating activities		
Change in unrestricted net assets	\$ (188,560)	\$ 136,284
Items not requiring cash		
Unrealized and realized (gains) losses on investments	215,663	(136,666)
Changes in operating assets and liabilities		
Accounts payable	-	(5,000)
Net cash flow provided (used) by operating activities	27,103	(5,382)
Cash flows from investing activities		
Proceeds from sale of investments	1,125,460	669,919
Purchases of investments	(2,050,369)	(669,132)
Net cash flow provided (used) by investing activities	(924,909)	787
Change in cash	(897,806)	(4,595)
Cash - beginning of year	942,205	946,800
Cash - end of year	\$ 44,399	\$ 942,205

See Accompanying Notes to the Financial Statements

Saginaw Public Libraries Foundation
Notes to the Financial Statements
June 30, 2022 (With Summarized Comparative Information for 2021)

Note 1 - Description of the Entity

The Saginaw Public Libraries Foundation (the Foundation) was established in 1986 with a generous bequest from Gladys Diekman, a long-time library supporter and volunteer. In 1999, Nova Fewlass also made a large bequest to the Foundation. The funds of the Foundation are controlled by the Foundation Board and are invested by the Trust Department at Tri-Star Trust. Each year a portion of the Foundation's earnings are distributed to the Public Libraries of Saginaw, Michigan to purchase materials and services.

The Foundation is a component unit of the Public Libraries of Saginaw, Michigan.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting. The significant accounting policies are described below to enhance the usefulness of financial statements to the reader.

Basis of Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net assets with donor restrictions – Net assets subject to donor (or certain grantor) 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, where the donor stipulates those resources be maintained in perpetuity.

The Foundation reports contributions restricted by donors 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, depending on the nature of the 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 as net assets released from restrictions.

Comparative Financial Information

The financial information for the year ended June 30, 2021 is presented for comparative purposes is not intended to be a complete financial statement presentation.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments purchased with maturity of three months or less to be cash equivalents. As of June 30, 2022, none of the cash and cash equivalents was in excess of the amount insured by the FDIC.

Investments

Investments are stated at fair value based on quoted prices in active markets. Realized gains and losses on sales of investments represent the difference between the net sales price and the cost of securities sold. Unrealized gains and losses on investments represent the net change for the reported year in unrealized appreciation between the balance at the beginning and the end of the year. Donated investments are reflected as contributions at their fair values at date of receipt.

Saginaw Public Libraries Foundation
Notes to the Financial Statements
June 30, 2022 (With Summarized Comparative Information for 2021)

Income Tax Status

The Foundation is qualified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is classified as an organization other than a private foundation, as described in Section 509(a). The Foundation files information returns in the U.S. Federal and Michigan jurisdiction.

Date of Management's Review

Management has evaluated subsequent events through October 19, 2022, which is the date the financial statements were available to be issued.

Note 3 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following for the year ended:

	2022	2021
Cash and cash equivalents	\$ 44,399	\$ 942,205
Investments	1,420,611	711,365
Total financial assets - end of year	1,465,010	1,653,570
Less: Financial assets unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions		
Restricted by donor with time or purpose restrictions	340,413	340,413
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,124,597	\$ 1,313,157

As part of the Foundation's liquidity management plan, they try to keep liquid assets on hand to cover a year of expenses.

Note 4 - Investments

Fair value of investments is determined by Level 1 inputs, which generally use quoted prices in active markets for identical assets that the Foundation has the ability to access. The fair value at June 30 is summarized as follows:

	2022		2021	
	Cost	Fair Value	Cost	Fair Value
Mutual funds - equity	\$ 875,705	\$ 777,136	\$ 436,631	\$ 494,093
Mutual funds - fixed income	562,485	524,349	222,661	217,272
Mutual funds - balanced	123,575	119,126	-	-
	\$ 1,561,765	\$ 1,420,611	\$ 659,292	\$ 711,365

Investment activity for the years ended June 30, 2022 and 2021 consists of the following:

	2022	2021
Interest and dividends	\$ 29,462	\$ 9,908
Fees	(6,296)	(8,935)
Unrealized and realized gains (losses)	(215,663)	136,666
	\$ (192,497)	\$ 137,639

Note 5 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes and periods at June 30:

	2022	2021
Subject to expenditure for specified purpose:		
Benefit of the Foundation		
Held by Tri-Star Trust	\$ 90,413	\$ 90,413
Operations of the Foundation	250,000	250,000
Total net assets with donor restrictions	\$ 340,413	\$ 340,413

Saginaw Public Libraries Foundation
Notes to the Financial Statements
June 30, 2022 (With Summarized Comparative Information for 2021)

Note 6 - Net Assets Released From Restrictions

During the fiscal year, there were no net assets released from restrictions.

Note 7 - Endowment

As of the year ended June 30, 2022 and 2021 the Foundation has an endowment of \$863,866 and \$889,327, held by Saginaw Community Foundation. The Saginaw Community Foundation has variance power; therefore, the funds are not included in these financial statements.

Note 8 - Restatement

It was discovered after issuance of the Foundation's financial statements on October 19, 2022, that a CD presented as part of the Foundation's cash balance had actually been closed as of June 30, 2022. Revenue was improperly recorded upon the closure of the CD rather than removing the CD balance from cash. This results in reduction of the Foundation's cash balance restating it from \$384,812 to \$44,399, a restatement of miscellaneous revenue from \$340,439 to \$0, and a restatement of net assets from \$1,805,423 to \$1,465,010. Additionally, the FDIC uninsured amount in Note 2 was restated from \$90,413 to \$0.