

HIGH PLAINS LIBRARY DISTRICT FOUNDATION



FINANCIAL STATEMENTS

Years Ended December 31, 2017 and 2016



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Independent Auditors' Report

Board of Directors
High Plains Library District Foundation
Greeley, Colorado

We have audited the accompanying statements of financial position of the High Plains Library District Foundation (a nonprofit organization) as of December 31, 2017 and 2016, and the related statements of activities and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the High Plains Library District Foundation as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Anderson & Whitney, P.C.

May 1, 2018

HIGH PLAINS LIBRARY DISTRICT FOUNDATION

STATEMENTS OF FINANCIAL POSITION

December 31	2017	2016
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 11,228	\$ 6,478
Grant receivables	2,817	4,349
Prepaid expenses	1,263	-
Total Current Assets	15,308	10,827
Other Assets:		
Investments	469,021	387,931
TOTAL ASSETS	\$ 484,329	\$ 398,758
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts payable	\$ 5,744	\$ 76
Deferred revenue	3,792	-
Total Current Liabilities	9,536	76
<u>NET ASSETS</u>		
Unrestricted:		
Undesignated	56,926	62,581
Board designated - capital	37,487	37,487
Board designated endowment	380,380	298,614
Total Net Assets	474,793	398,682
TOTAL LIABILITIES AND NET ASSETS	\$ 484,329	\$ 398,758

See Accompanying Notes to Financial Statements.

HIGH PLAINS LIBRARY DISTRICT FOUNDATION

STATEMENTS OF ACTIVITIES

Years Ended December 31	2017	2016
Change in Unrestricted Net Assets:		
Revenue:		
Contributions	\$ 26,759	\$ 18,949
HPLD In-kind contribution	45,264	43,057
Used book sales	15,678	23,752
Grants	25,311	2,600
Special events	37,069	67,583
Earnings on investments	66,753	24,605
Total Revenue	216,834	180,546
Expenses:		
Grants to HPLD	23,709	21,107
Salaries	59,930	43,057
Special events	35,676	50,117
Professional services	7,810	7,155
Office	13,067	1,352
Contract services	-	19,000
Travel and meetings	531	908
Total Expenses	140,723	142,696
Increase in Unrestricted Net Assets	76,111	37,850
NET ASSETS, Beginning of Year	398,682	360,832
NET ASSETS, End of Year	\$ 474,793	\$ 398,682

See Accompanying Notes to Financial Statements.

HIGH PLAINS LIBRARY DISTRICT FOUNDATION

STATEMENTS OF CASH FLOWS

Years Ended December 31	2017	2016
Cash Flows from Operating Activities:		
Cash received (paid) for:		
Fundraising and grants	\$ 114,431	\$ 129,514
Suppliers and grantees	(91,054)	(99,599)
Net Cash Provided by Operating Activities	23,377	29,915
Cash Flows from Investing Activities:		
Purchase of investments	(18,627)	(300,932)
Sales of investments	-	249,108
Net Cash Used by Investing Activities:	(18,627)	(51,824)
Cash Flows from Financing Activities:		
Permanently restricted contributions	-	-
Net Increase (Decrease) in Cash	4,750	(21,909)
Cash, Beginning of Year	6,478	28,387
Cash, End of Year	\$ 11,228	\$ 6,478

Reconciliation of Increase in Net Assets to Net Cash

Provided by Operating Activities:		
Change in net assets	\$ 76,111	\$ 37,850
Adjustments:		
(Gain) loss on investments	(62,463)	(24,605)
(Increase) decrease in operating assets:		
Accounts receivable	1,532	16,630
Prepaid expenses	(1,263)	-
Increase (decrease) in operating liabilities:		
Accounts payable	5,668	40
Deferred revenue	3,792	-
Net Cash Provided by Operating Activities	\$ 23,377	\$ 29,915

See Accompanying Notes to Financial Statements.

HIGH PLAINS LIBRARY DISTRICT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies:

The accounting and reporting policies of High Plains Library District Foundation conform to accounting principles generally accepted in the United States. The following summary of significant accounting policies is presented to assist the reader in evaluating High Plains Library District Foundation's financial statements.

Organization:

The High Plains Library District Foundation (Foundation or HPLD Foundation), was incorporated in 2000 to cultivate information, inspiration and entertainment for our communities by raising funds to sustain and create literacy programs, collection development, technology upgrades and capital improvements for the HPLD libraries.

Basis of Presentation:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States. Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes there in are classified and reported as follows:

Unrestricted Net Assets are not subject to donor-imposed restrictions or stipulations.

Temporarily Restricted Net Assets are subject to donor-imposed stipulations that will be met, either by specific actions of HPLD Foundation or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted and reported in the Statement of Activities as net assets released from restriction.

Permanently Restricted Net Assets are subject to donor-imposed restrictions or stipulations which require that the donated assets be maintained in perpetuity by the organization. Donors may permit the use of all or part of the income earned to be used for general or specific purposes.

Cash and Cash Equivalents:

HPLD Foundation considers all demand bank deposits and highly-liquid investments with a maturity of three months or less at the date of acquisition to be cash and cash equivalents for purposes of the cash flow statement.

Concentrations of Credit Risk:

HPLD Foundation cash accounts are held at financial institutions at which deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Balances in the bank accounts may, at times, exceed the FDIC insurance coverage.

HIGH PLAINS LIBRARY DISTRICT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies - Continued:

Investments:

The Foundation records investments at market value. Gains and losses on the sale of investments are based on either the specific cost or average cost of the investments sold. Investments are generally pooled for investment management.

Contributions:

Contributions, including unconditional promises to give, if any, are recorded as received. All contributions are available for unrestricted use unless specifically restricted by the donor. Contributions whose restrictions are met in the same reporting period as donated are reported as unrestricted contributions. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Donated Materials and Services:

Donations of used books are not valued until sold. Numerous volunteers donate significant time to program services and special event activities. The value of contributed time, while critical to program activities, is not reflected in the financial statements since it does not meet accounting requirements.

Tax Exempt Status:

High Plains Library District Foundation has been granted an exemption from federal and Colorado income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision is made in these financial statements for income taxes.

Use of Estimates:

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

Functional Allocation of Expenses:

Whenever possible, the Foundation charges expenses directly to the benefiting program or support service based upon reasonable and allocable basis. When this is difficult or impractical, costs are allocated to programs and support services based upon estimates.

Subsequent Events:

Management has evaluated subsequent events through the date the financial statements were available for issuance, which is the same date as the auditors' report.

HIGH PLAINS LIBRARY DISTRICT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – Endowment:

Board designated net assets include an endowment fund designated by the Foundation's Board of Directors. Designated net assets are invested in perpetuity, the income from which is expendable to support the Foundation's programs and operations.

The Board of Directors of the HPLD Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as generally requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent donor stipulations to the contrary. As a result of this interpretation, HPLD Foundation generally classifies as permanently restricted net assets (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. In accordance with UPMIFA, the HPLD Foundation considers the following factors in making a determination to appropriate or accumulate board-designated endowment funds:

- (1) The duration and preservation of the fund.
- (2) The purpose of the organization and the donor-restricted endowment fund.
- (3) General economic conditions.
- (4) The possible effect of inflation and deflation.
- (5) The expected total return from income and the appreciation of investments.
- (6) Other resources of the organization.
- (7) The investment policies of the organization.

The endowment funds may be invested in portfolios of mutual funds, exchange traded funds, individual equity securities (common stock and convertible securities), fixed-income securities, and short-term (cash) investments. As a guide to accomplishing these objectives, the investments shall remain within the ranges provided in asset allocation guidelines.

The Foundation's policy is to diversify funds to best achieve its purpose as stated in this policy. The primary objective of the Foundation and its Board of Directors is to seek a moderate investment approach that values principal preservation but will accept a small degree of risk and volatility to seek a desired degree of appreciation. The Board acknowledges that unfavorable capital markets may persist over periods of unpredictable duration and therefore, maintains a long-term investment horizon. The primary investment objective of the endowment is to achieve a total annual return measured on an average basis, at least equal to the rate of inflation plus five percent (5%).

The HPLD Foundation has a policy of appropriating for distribution each year up to 5% of the endowment's market values, as approved by the HPLD Foundation Board of Directors, in accordance with the endowment mission and purpose.

HIGH PLAINS LIBRARY DISTRICT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – Endowment – Continued:

The following are the changes in board designated net assets for the year ended December 31, 2017:

Year Ended December 31, 2017	Board Designated
Endowment net assets, beginning of year	\$ 298,614
Contributions	18,627
Appropriation of endowment assets for expenditure	--
Investment income	63,139
Endowment net assets, end of year	\$ 380,380

The following are the changes in board designated net assets for the year ended December 31, 2016:

Year Ended December 31, 2016	Board Designated
Endowment net assets, beginning of year	\$ 241,282
Contributions	35,248
Appropriation of endowment assets for expenditure	--
Investment income	22,084
Endowment net assets, end of year	\$ 298,614

The *Fair Value Measurements and Disclosures* Topic of the Financial Accounting Standards Board Codification establishes a fair value hierarchy that is based on the fair value measurements. Measurements using quoted prices in active markets for identical assets and liabilities fall within Level 1 of the hierarchy, measurements using significant other observable inputs fall within Level 2, and measurements using significant unobservable inputs fall within Level 3.

Description	Fair Value Measurements at December 31, 2017		
	Quoted Prices In Active Markets for Identical assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment Securities:			
Mutual funds	\$ 380,380	\$ --	\$ --
ColoTrust	--	88,641	--

HIGH PLAINS LIBRARY DISTRICT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – Endowment – Continued:

Description	Fair Value Measurements at December 31, 2016		
	Quoted Prices In Active Markets for Identical assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment Securities:			
Mutual funds	\$ 298,614	\$ --	\$ --
ColoTrust	--	89,317	--

NOTE 3 – Functional Expenses:

The costs associated with the HPLD Foundation's programs and supporting services are summarized as follows:

Years Ended December 31	2017	2016
Program Services	\$ 83,639	\$ 71,050
Fund-Raising	35,676	50,117
General and Administrative	21,408	21,529
	\$140,723	\$ 142,696

NOTE 4 – Related Party Transactions:

The Foundation receives, manages, and invests gifts on behalf of the High Plains Library District. In consideration of these services, the District provides work space and assigns an employee to also be the executive director of the Foundation. For 2017 and 2016, the estimated value of these services was \$45,264 and \$43,057, respectively.

Grants and other payments for the High Plains Library District were \$23,709 and \$21,107 in 2017 and 2016, respectively. District employees donated approximately \$9,350 to the Foundation in 2017 through unused vacation.

HIGH PLAINS LIBRARY DISTRICT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE 5 – Commitments:

The Foundation has received notification of a \$15,000 grant in 2018 to be used for the construction of a play space at the Riverside library and cultural center. This as well as other funds of the Foundation will be used to pay approximately \$48,000 for this new space.
