

NASHVILLE PUBLIC LIBRARY FOUNDATION

Financial Statements

June 30, 2024 and 2023

(With Independent Auditors' Report Thereon)



NASHVILLE PUBLIC LIBRARY FOUNDATION

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Nashville Public Library Foundation:

Opinion

We have audited the accompanying financial statements of Nashville Public Library Foundation (the "Foundation"), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2024 and 2023, and the results of its operations 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 *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 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 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 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'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 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 matters that we identified during the audit.

LBMC, PC

Brentwood, Tennessee
October 24, 2024

NASHVILLE PUBLIC LIBRARY FOUNDATION

Statements of Financial Position

June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Cash and cash equivalents	\$ 8,178,232	\$ 2,357,947
Contributions receivable, net	3,852,093	430,809
Prepaid expenses	13,608	3,620
Investments	17,340,934	15,394,583
Leasehold improvements and computer equipment, net	<u>124,420</u>	<u>27,318</u>
	<u>\$ 29,509,287</u>	<u>\$ 18,214,277</u>

Liabilities and Net Assets

Liabilities:		
Accounts payable	\$ 534,412	\$ 124,571
Accrued expenses	<u>258,841</u>	<u>264,883</u>
Total liabilities	<u>793,253</u>	<u>389,454</u>
Net assets:		
Net assets without donor restrictions:		
Board designated endowment	1,192,542	1,065,071
Undesignated	<u>6,817,820</u>	<u>5,711,186</u>
Total net assets without donor restrictions	8,010,362	6,776,257
Net assets with donor restrictions	<u>20,705,672</u>	<u>11,048,566</u>
Total net assets	<u>28,716,034</u>	<u>17,824,823</u>
Total liabilities and net assets	<u>\$ 29,509,287</u>	<u>\$ 18,214,277</u>

See accompanying notes to the financial statements.

NASHVILLE PUBLIC LIBRARY FOUNDATION

Statements of Activities

Years ended June 30, 2024 and 2023

	<u>2024</u>			<u>2023</u>		
	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Support and revenue:						
Contributions	\$ 1,010,870	\$ 11,080,252	\$ 12,091,122	\$ 989,324	\$ 1,641,748	\$ 2,631,072
In-kind contributions	76,850	95,470	172,320	123,799	224,584	348,383
Gala, net of expenses	472,153	-	472,153	541,405	-	541,405
Investment return, net of expenses	1,241,142	669,754	1,910,896	372,367	760,877	1,133,244
Rental income	76,299	-	76,299	83,071	-	83,071
Net assets released from restrictions	2,188,370	(2,188,370)	-	2,003,910	(2,003,910)	-
Total support and revenue	5,065,684	9,657,106	14,722,790	4,113,876	623,299	4,737,175
Expenses:						
Program services:						
Support to the Nashville Public Library	2,504,897	-	2,504,897	2,408,390	-	2,408,390
Supporting services:						
Management and general	465,293	-	465,293	361,417	-	361,417
Fundraising	861,389	-	861,389	703,070	-	703,070
Total expenses	3,831,579	-	3,831,579	3,472,877	-	3,472,877
Change in net assets	1,234,105	9,657,106	10,891,211	640,999	623,299	1,264,298
Net assets at beginning of year	6,776,257	11,048,566	17,824,823	6,135,258	10,425,267	16,560,525
Net assets at end of year	<u>\$ 8,010,362</u>	<u>\$ 20,705,672</u>	<u>\$ 28,716,034</u>	<u>\$ 6,776,257</u>	<u>\$ 11,048,566</u>	<u>\$ 17,824,823</u>

See accompanying notes to the financial statements.

NASHVILLE PUBLIC LIBRARY FOUNDATION

Statement of Functional Expenses

Year ended June 30, 2024

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Leased employee expenses	\$ 37,498	\$ 349,874	\$ 629,649	\$ 1,017,021
Program wages and related costs	630,900	-	-	630,900
Professional fees	468,993	26,918	37,078	532,989
Program supplies	722,704	-	-	722,704
Office supplies & equipment	156,965	8,638	10,921	176,524
Events & celebrations	107,535	-	68,247	175,782
Marketing & promotions	177,129	-	12,848	189,977
Printing	-	3,902	4,932	8,834
Postage	439	1,402	1,773	3,614
Meetings	183	2,465	4,887	7,535
Donor stewardship	-	-	17,113	17,113
Professional development	48,210	335	424	48,969
Dues & subscriptions	2,526	8,926	11,283	22,735
Telephone	-	1,485	2,955	4,440
Travel & mileage	39,612	5,647	9,138	54,397
Occupancy	6,137	3,294	2,360	11,791
Taxes & fees	-	-	16,527	16,527
Bad debt expense	-	35,263	-	35,263
In-kind expense	106,066	-	31,254	137,320
Depreciation expense	-	17,144	-	17,144
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Total expenses	\$ 2,504,897	\$ 465,293	\$ 861,389	\$ 3,831,579

See accompanying notes to the financial statements.

NASHVILLE PUBLIC LIBRARY FOUNDATION

Statement of Functional Expenses

Year ended June 30, 2023

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Leased employee expenses	\$ 310,238	\$ 249,702	\$ 479,321	\$ 1,039,261
Program wages and related costs	229,937	-	-	229,937
Professional fees	489,030	49,017	72,172	610,219
Program supplies	708,659	86	-	708,745
Office supplies & equipment	125,860	6,948	9,635	142,443
Events & celebrations	84,952	-	80,295	165,247
Marketing & promotions	61,330	-	1,353	62,683
Printing	-	3,610	5,166	8,776
Postage	603	911	1,304	2,818
Meetings	859	648	3,047	4,554
Donor stewardship	-	-	4,308	4,308
Professional development	24,686	792	1,133	26,611
Dues & subscriptions	16,705	12,934	18,510	48,149
Telephone	-	1,080	2,490	3,570
Travel & mileage	79,011	4,734	8,952	92,697
Occupancy	19,391	2,909	2,393	24,693
Taxes & fees	-	-	12,991	12,991
In-kind expense	257,129	22,753	-	279,882
Depreciation expense	-	5,293	-	5,293
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Total expenses	\$ 2,408,390	\$ 361,417	\$ 703,070	\$ 3,472,877

See accompanying notes to the financial statements.

NASHVILLE PUBLIC LIBRARY FOUNDATION

Statements of Cash Flows

Years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ 10,891,211	\$ 1,264,298
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization expense	17,144	5,293
Contributions restricted for endowment	(710,000)	-
Realized and unrealized gains on investments	(1,567,070)	(714,186)
(Increase) decrease in:		
Contributions receivable	(3,421,284)	357,212
Prepaid expenses	(9,988)	18,730
Increase (decrease) in:		
Accounts payable	409,841	(33,095)
Accrued expenses	(6,042)	184,493
Total adjustments	<u>(5,287,399)</u>	<u>(181,553)</u>
Net cash provided by operating activities	<u>5,603,812</u>	<u>1,082,745</u>
Cash flows from investing activities:		
Proceeds from sale of investments	-	361,013
Purchase of investments	(379,281)	(715,316)
Purchase of leasehold improvements and computer equipment	(114,246)	-
Net cash used by investing activities	<u>(493,527)</u>	<u>(354,303)</u>
Cash flows from financing activities:		
Collections of contributions restricted for endowment	710,000	-
Increase in cash and cash equivalents	5,820,285	728,442
Cash and cash equivalents at beginning of year	<u>2,357,947</u>	<u>1,629,505</u>
Cash and cash equivalents at end of year	<u>\$ 8,178,232</u>	<u>\$ 2,357,947</u>

See accompanying notes to the financial statements.

NASHVILLE PUBLIC LIBRARY FOUNDATION

Notes to the Financial Statements

June 30, 2024 and 2023

(1) Nature of operations

The Nashville Public Library Foundation (the "Foundation") was organized in 1997 as a tax-exempt publicly supported charitable organization. The Foundation was formed to enhance and support the programs and facilities of the Nashville Public Library ("NPL").

(2) Summary of significant accounting policies

The financial statements of the Foundation are presented on the accrual basis. The significant accounting policies followed are described below.

(a) Basis of presentation

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

Net assets without donor restrictions - Net assets that are available for use in general operations and not subject to donor-imposed stipulations. These net assets may be used at the discretion of the Foundation's management and the board of directors.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time or that they be maintained permanently by the Foundation.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions.

(b) Cash equivalents

The Foundation considers all highly liquid investments with original maturities of less than three months to be cash equivalents.

(c) Contributions receivable

Unconditional promises to give that are expected to be collected within one year are recorded as contributions receivable at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is recognized on the interest method over the term of the gift and included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met.

NASHVILLE PUBLIC LIBRARY FOUNDATION

Notes to the Financial Statements

June 30, 2024 and 2023

In-kind contributions are recorded at fair market value when received and represent contributions of supplies or auction items received from donors. See Note 12 for additional information.

Donations and grants restricted by the donor, grantor, or other outside parties for particular operating purposes are deemed to be earned and reported as revenues when the Foundation has incurred expenditures in compliance with the specific grant restrictions.

The Foundation's policy is to write off all accounts that have been identified as uncollectible. An allowance for doubtful accounts is recorded for amounts not yet written off, which are estimated to be uncollectible based upon specific review of accounts.

(d) Investments

Investments in equity securities are recorded at fair value in the statements of financial position. Investment return shown in the statements of activities includes interest, dividends, and realized and unrealized gains and losses, net of investment related expenses.

Investment return is reported in the period earned as an increase in net assets without donor restrictions unless the use of the assets received is limited by donor-imposed restrictions. Investment return that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restrictions are met or expire in the year in which the income is recognized.

All other donor-restricted investment return is reported as an increase in net assets with donor restrictions depending on the nature of the restrictions. See Note 7 for discussion of fair value measurements.

(e) Leasehold improvements and computer equipment

Leasehold improvements and computer equipment are stated at cost. Depreciation or amortization is provided over the assets' estimated useful lives using the straight-line method. Leasehold improvements are amortized over the shorter of their estimated lives or the respective lease term. Computer equipment is generally depreciated over five years.

Expenditures for maintenance and repairs are expensed when incurred. Expenditures for renewals or betterments are capitalized. When property is retired or sold, the cost and the related accumulated depreciation or amortization is removed from the accounts, and the resulting gain or loss is included in operations.

(f) Income taxes

The Foundation is exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3), and, accordingly, no provision for income taxes is included in the financial statements.

NASHVILLE PUBLIC LIBRARY FOUNDATION

Notes to the Financial Statements

June 30, 2024 and 2023

As of June 30, 2024 and 2023, the Foundation has accrued no interest and no penalties related to uncertain tax positions. It is the Foundation's policy to recognize interest and/or penalties related to income tax matters in income tax expense.

The Foundation files a U.S. Federal information tax return.

(g) Marketing and advertising costs

Marketing and advertising costs are expensed as incurred.

(h) Program and supporting services - functional allocation

The following program and supporting services are included in the accompanying financial statements:

Program services - includes activities carried out to fulfill the Foundation's mission to enhance and support the programs and facilities of the NPL.

Supporting services:

Management and general - relates to the overall direction of the Foundation. These expenses are not identifiable with a particular program or with fundraising, but are indispensable to the conduct of those activities and are essential to the Foundation. Specific activities include Foundation oversight, business management, recordkeeping, budgeting, financing, and other administrative activities.

Fundraising - includes costs of activities directed toward appeals for financial support, including special events. Other activities include the cost of solicitations and creation and distributions of fundraising materials.

Expenses which can be directly attributed to a particular function are charged to the function. Certain costs are allocated among two or more activities based on management's estimates of time and effort included for each program or supporting function.

(i) Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NASHVILLE PUBLIC LIBRARY FOUNDATION

Notes to the Financial Statements

June 30, 2024 and 2023

(j) Reclassifications

Certain reclassifications have been made to the 2023 financial statements in order for them to conform to the 2024 presentation. These reclassifications have no effect on net assets or changes in net assets as previously reported.

(k) Events occurring after reporting date

Management of the Foundation has evaluated events and transactions that occurred between June 30, 2024 and October 24, 2024, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

(3) Liquidity and availability

As of June 30, 2024, the Foundation has \$8,178,232 of cash and \$6,437,855 of investments without donor restrictions available for general expenditures within one year of the statement of financial position date. Additionally, the Foundation has \$1,192,542 of investments without donor restriction that have been designated by the Board of Directors for endowment; however, the designation could be removed and the investments liquidated if the need arose. There were no contributions receivable that are collectible within one year and without donor restrictions as of June 30, 2024. The Foundation has no unfunded commitments for certain investments (Note 7) that could be required to be remitted by the Foundation within one year of the statement of financial position date.

As of June 30, 2023, the Foundation had \$2,357,947 of cash, \$20,500 of contributions receivable that are collectible within one year and without donor restrictions, and \$5,428,553 of investments without donor restrictions available for general expenditures within one year of the statement of financial position date. Additionally, the Foundation had \$1,065,071 of investments without donor restriction that had been designated by the Board of Directors for endowment; however, the designation could have been removed and the investments liquidated if the need arose.

(4) Credit risk and other concentrations

Accounts at financial institutions are insured by the Federal Deposit Insurance Corporation or the Security Investors Protection Corporation up to \$250,000. The Foundation generally maintains accounts at financial institutions in excess of insured amounts. The Foundation has not experienced any losses in such accounts and management believes the Foundation is not exposed to any significant credit risk related to these accounts.

The Foundation utilizes various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible for changes in the values of investment securities occurring in the near term and those changes could materially affect the amounts reported in the financial statements.

NASHVILLE PUBLIC LIBRARY FOUNDATION

Notes to the Financial Statements

June 30, 2024 and 2023

(5) Contributions receivable

During 2024, the Foundation initiated a campaign ("the Campaign") for the initial purpose of generating contributions from the general public to fund an early literacy program. Contributions are used for the purposes of funding and expanding current and future programs run by the NPL and gifts to endowment. These contributions are reported as either net assets with donor restrictions or without donor restrictions in the accompanying statements of financial position based on the absence or presence of donor restrictions. A summary of total contributions receivable as of June 30, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Without donor restrictions:		
Receivable in less than one year	\$ -	\$ 20,500
With donor restrictions:		
Receivable in less than one year	1,333,476	374,369
Receivable in one to five years	<u>2,815,405</u>	<u>98,500</u>
Total contributions receivable with donor restrictions	<u>4,148,881</u>	<u>472,869</u>
Total contributions receivable	4,148,881	493,369
Less discount to net present value	(215,155)	-
Less allowance for uncollectible contributions	<u>(81,633)</u>	<u>(62,560)</u>
Contributions receivable, net	<u>\$ 3,852,093</u>	<u>\$ 430,809</u>

The weighted-average discount rate used to determine the present value of contributions receivable during 2024 was 4.15%.

(6) Investment return

The following schedule summarizes the net investment return in the statements of activities for 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Interest and dividend income	\$ 420,226	\$ 498,659
Net gain on investments	1,567,070	714,186
Fees paid	<u>(76,400)</u>	<u>(79,601)</u>
	<u>\$ 1,910,896</u>	<u>\$ 1,133,244</u>

NASHVILLE PUBLIC LIBRARY FOUNDATION

Notes to the Financial Statements

June 30, 2024 and 2023

(7) Investments and fair value measurements

FASB Accounting Standards Codification 820, *Fair Value Measurements*, provides the 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 or liabilities (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 or liabilities in active markets that 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 that are 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.

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 is a description of the valuation methodologies used for assets at fair value. There have been no changes in the methodologies used at June 30, 2024 and 2023.

- (i) *Mutual funds*: Valued at the net asset value of shares held by the Foundation at year end as reported on the active market on which the individual fund is traded.

NASHVILLE PUBLIC LIBRARY FOUNDATION

Notes to the Financial Statements

June 30, 2024 and 2023

- (ii) *Common trust funds*: Common trust funds are invested in separate trust funds which hold investments in a variety of investment instruments, including domestic governmental and corporate debt and equity securities, mutual funds, limited partnerships and foreign equity securities. The funds are valued at the net asset value of shares held based on the value of the underlying investments. The net asset value is determined monthly by the funds' manager, Diversified Trust Company, Inc. Units are issued and redeemed only at the most current month-end net asset value. The Foundation had no unfunded commitments related to these investments as of June 30, 2024. Unfunded commitments represent money that could be required to be remitted by the Foundation at any time based on a legally enforceable agreement and at the discretion of the management of the funds.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation's management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2024 and 2023:

	<u>2024</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 16,026,310	\$ -	\$ -	\$ 16,026,310
Common trust funds	<u>-</u>	<u>-</u>	<u>1,314,624</u>	<u>1,314,624</u>
Total	<u>\$ 16,026,310</u>	<u>\$ -</u>	<u>\$ 1,314,624</u>	<u>\$ 17,340,934</u>
	<u>2023</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 14,052,456	\$ -	\$ -	\$ 14,052,456
Common trust funds	<u>-</u>	<u>-</u>	<u>1,342,127</u>	<u>1,342,127</u>
Total	<u>\$ 14,052,456</u>	<u>\$ -</u>	<u>\$ 1,342,127</u>	<u>\$ 15,394,583</u>

NASHVILLE PUBLIC LIBRARY FOUNDATION

Notes to the Financial Statements

June 30, 2024 and 2023

(8) Leasehold improvements and computer equipment

A summary of leasehold improvements and computer equipment as of June 30, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Leasehold improvements	\$ 352,066	\$ 291,069
Computer equipment	<u>8,991</u>	<u>8,991</u>
	361,057	300,060
Accumulated depreciation and amortization	<u>(236,637)</u>	<u>(272,742)</u>
	<u>\$ 124,420</u>	<u>\$ 27,318</u>

(9) Net assets

Net assets with donor restrictions as of June 30, 2024 and 2023 are available for the following purposes:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for specified purpose:		
General program funds	\$ 530,961	\$ 423,387
Children	9,279,607	655,672
Teens	470,240	581,603
Community	304,901	235,736
Collections	2,363,447	2,184,483
Lifelong Learning	208,330	251,879
Other programs	<u>258,087</u>	<u>261,302</u>
	<u>13,415,573</u>	<u>4,594,062</u>
Endowment subject to spending policy and appropriation:		
Bridgestone/Firestone Endowment	500,000	500,000
Jr. League Endowment	400,000	400,000
Turner Endowment	1,500,000	1,500,000
Wilson Endowment	500,000	500,000
Bredesen Endowment	1,000,000	1,000,000
MA Robinson Endowment	1,555,236	1,555,236
Courtyard Endowment	520,000	520,000
Turner Gala Endowment	700,000	-
Other Endowments	<u>489,268</u>	<u>479,268</u>
	<u>7,164,504</u>	<u>6,454,504</u>
	<u>\$ 20,580,077</u>	<u>\$ 11,048,566</u>

NASHVILLE PUBLIC LIBRARY FOUNDATION

Notes to the Financial Statements

June 30, 2024 and 2023

(10) Endowments

The Foundation follows the Uniform Management of Institutional Funds Act of 1972 ("UMIFA") and its own governing documents. UMIFA requires the historical dollar amount of a donor-restricted endowment fund to be preserved. In the absence of donor restrictions, the net appreciation on a donor-restricted endowment fund is spendable under UMIFA. The Foundation's donors have not placed restrictions on the use of the investment income or net appreciation resulting from the donor-restricted endowment funds.

The Board, on the advice of legal counsel, has determined that the majority of the Foundation's contributions are subject to the terms of its governing documents. Certain contributions are received subject to other gift instruments, or are subject to specific agreements with the Foundation. Under the terms of the Foundation's governing documents, the Board has the ability to distribute as much of the original principal of any trust or separate gift, devise, bequest, or fund as the Board in its sole discretion shall determine. As a result of the ability to distribute the original principal, all contributions not classified as with donor restrictions are classified as without donor restrictions for financial statement purposes.

As prescribed by the Tennessee Uniform Prudent Management of Institutional Funds Act ("TUPMIFA"), the Foundation intends to preserve 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 Foundation 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. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified in accordance with the terms of the donor agreement. In accordance with TUPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Foundation 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 Foundation
- (7) The investment policies of the Foundation

The Foundation has a policy of maintaining its endowment spending at a consistent rate to maintain the level of programs and services it provides currently. The Foundation expects to disburse up to 5% of the market value of the endowment on an annual basis calculated on a three-year rolling average. In accordance with this disbursement policy, the Board will protect the corpus of the Foundation, preserve the real spending power of the assets, obtain maximum possible investment return commensurate with the Foundation's risk tolerance and operational considerations, and comply with applicable law.

NASHVILLE PUBLIC LIBRARY FOUNDATION

Notes to the Financial Statements

June 30, 2024 and 2023

Changes in Endowment Net Assets for the Years Ended June 30, 2024 and 2023:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Balance at June 30, 2022	\$ 1,051,981	\$ 7,400,595	\$ 8,452,576
Investment gain	13,091	764,496	777,587
Amounts appropriated for expenditure	<u>-</u>	<u>(208,975)</u>	<u>(208,975)</u>
Balance at June 30, 2023	1,065,071	7,956,117	9,021,188
Contributions	-	710,000	710,000
Investment gain	127,471	663,855	791,326
Amounts appropriated for expenditure	<u>-</u>	<u>(219,084)</u>	<u>(219,084)</u>
Balance at June 30, 2024	<u>\$ 1,192,542</u>	<u>\$ 9,110,888</u>	<u>\$ 10,303,430</u>

Distributions from the endowments are made as determined by the Board of Directors to satisfy program objectives. Contributions received for all endowment funds are invested in accordance with the investment policy statement maintained by the Foundation. See below for the use of income resulting from significant endowment funds.

Board Designated Endowment

Income from the investments is available for general expenses and is used for special programs.

Bridgestone/Firestone Endowment

Income from the endowment is restricted for the Conference Center Fund (a net assets with donor restricted fund) and is used to purchase new equipment for the conference center and fund new art exhibits and programs in the Conference Center.

Jr. League Endowment

Income from the endowment is transferred to the Children's Department Fund (a net assets with donor restricted fund) and is used for Puppet Troupe expenses, summer reading programs, and other children's programs.

Turner Endowment

Income from the endowment is transferred to the Children's Department Fund (a net assets with donor restricted fund) and is used for Puppet Troupe expenses and other children's programs.

Wilson Endowment

Income from the endowment is transferred to the Wilson Fund (a net assets with donor restricted fund) and is used for art related programs and the purchase of art books.

NASHVILLE PUBLIC LIBRARY FOUNDATION

Notes to the Financial Statements

June 30, 2024 and 2023

Bredesen Endowment

Income from the investments is available for general expenditures and is used for special programs.

MA Robinson Endowment

Income from the investments is available for general expenditures and is used for special programs.

Courtyard Endowment

Income from the endowment is restricted for maintenance and capital improvements to the Robinson Courtyard.

Turner Gala Endowment

Income from the endowment is restricted for the Nashville Public Library's Literary Award Gala.

(11) **Leases**

Pursuant to a Commercial Lease Agreement, dated April 12, 2000, between The Metropolitan Development and Housing Agency, as lessor, and the Foundation, as lessee, the Foundation leases a portion of the NPL (the "Leased Space"), at a rental of \$1 per year. The lease terminates on July 1, 2098. A portion of the Leased Space is subleased to two unaffiliated organizations.

A summary of approximate future minimum sublease payments to be received as of June 30, 2024 is as follows:

<u>Year</u>	<u>Amount</u>
2025	\$ 79,000
2026	81,000
2027	84,000
2028	86,000
2029	89,000
Thereafter	<u>76,000</u>
	<u>\$ 495,000</u>

NASHVILLE PUBLIC LIBRARY FOUNDATION

Notes to the Financial Statements

June 30, 2024 and 2023

(12) In-kind contributions

For the years ended June 30, 2024 and 2023, in-kind contributions recognized within the statements of activities are as follows:

	<u>2024</u>	<u>2023</u>
Donated goods	\$ 49,524	\$ 71,315
Tickets and coupons	87,396	228,628
Services - planning	<u>35,400</u>	<u>48,440</u>
Totals	\$ <u>172,320</u>	\$ <u>348,383</u>

The Foundation recognized in-kind contributions within revenue, including retail goods, tickets, coupons, and services performed by volunteers. Unless otherwise noted, in-kind contributions did not have donor-imposed restrictions.

Donated goods consist primarily of computer supplies, artwork, food and alcohol which are valued based on observable retail values. Food and alcohol are used in the Foundation's gala, novel night and picnic events. Artwork is gifted to the literary award speaker at the Foundation's gala event. All computer supplies are used as part of the Foundation's charitable service programs.

Tickets and coupons consist of discounts or vouchers to various restaurants and local attractions, and are valued based on observable retail values. Donated tickets and coupons are not monetized but utilized as prizes in the Foundation's Summer Reading Challenge.

Contributed services recognized are comprised of professional services from volunteers performing various event planning, marketing and speaker interviews as part of the Foundation's gala, novel night, and picnic events, that the Foundation would otherwise have to pay for and require some level of specialized skills. These services are valued at the estimated rates for similar services provided by the professionals.

(13) Related party transactions

The Foundation may obtain goods or services from individuals, companies or organizations affiliated with or owned, directly or indirectly, by members of the Board.

Contributions from board members amounted to approximately \$177,000 and \$125,000 in 2024 and 2023, respectively. The Foundation had no pledges receivable from these board members at June 30, 2024 and 2023.

NASHVILLE PUBLIC LIBRARY FOUNDATION

Notes to the Financial Statements

June 30, 2024 and 2023

The Foundation grants certain funds to the NPL for various projects which fulfill the Foundation's mission. Total gifts to the Library for the years ended June 30, 2024 and 2023 were approximately \$957,000 and \$701,000, respectively. At June 30, 2024 and 2023, accounts payable to the NPL amounted to approximately \$464,000 and \$61,000, respectively. The Foundation also provided support to certain libraries under the control of Metro Nashville government.

(14) Fund with Community Foundation of Middle Tennessee

In August 2001, an individual established the Nashville Public Library Endowment Fund, an agency endowment fund with the Community Foundation of Middle Tennessee (the "Community Foundation"). Earnings on this fund are designated for the purchase of books for the NPL. Total funds held by the Community Foundation, which are excluded from the assets of the Foundation, amounted to \$896,490 and \$865,092 at June 30, 2024 and 2023, respectively. The fund distributed \$54,297 and \$42,332 to the Foundation during 2024 and 2023, respectively, which is included in contributions with donor restrictions.