### Madison Public Library Foundation, Inc.

**Financial Report** 

December 31, 2022



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### MADISON PUBLIC LIBRARY FOUNDATION, INC.

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#### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors Madison Public Library Foundation, Inc. Madison, WI

#### Opinion

We have audited the accompanying financial statements of Madison Public Library Foundation, Inc., which comprise the statements of financial position as of December 31, 2022 and 2021, 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 Madison Public Library Foundation, Inc. as of December 31, 2022 and 2021, 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 Madison 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 Madison 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.

#### Madison, WI

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18650 W. Corporate Dr. Suite 200 Brookfield, WI 53045 Phone: (262) 641-6888 Fax: (262) 641-6880 Colorado Springs, CO 1880 Office Club Pointe Suite 128 Colorado Springs, CO 80920 Phone: (719) 413-5551 **Contact Us:** 

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#### 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 Madison 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 Madison 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.

SVA Certified Public accountants, S.C.

Madison, Wisconsin April 5, 2023

# MADISON PUBLIC LIBRARY FOUNDATION, INC. STATEMENTS OF FINANCIAL POSITION

December 31, 2022 and 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,702,727	\$ 2,037,455
Restricted cash, libraries	60,128	63,000
Certificates of deposit, short-term	200,000	0
Unconditional promises to give, short-term	202,999	183,304
Prepaid expenses	23,384	19,264
Total current assets	2,189,238	2,303,023
FURNITURE AND EQUIPMENT, NET	6,260	5,657
OTHER ASSETS		
	0	2647
Website development costs, net	0	2,647
Investments - MCF pass thru fund	1,214	0
Certificates of deposit, long-term	10,000	0
Beneficial interest in assets held by MCF	7,869,286	8,736,705
Unconditional promises to give, long-term, net	394,365	474,374
Total other assets	8,274,865	9,213,726
TOTAL ASSETS	\$ 10,470,363	\$ 11,522,406
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 91,751	\$ 30,428
Accrued expenses	21,681	34,530
Total current liabilities	113,432	64,958
NET ASSETS		
Net assets without donor restrictions:		
Undesignated	722,193	820,517
Board designated - endowment	6,105,434	6,776,619
Board designated - other	5,000	5,000
Total net assets without donor restrictions	6,832,627	7,602,136
Net assets with donor restrictions:		
Net assets with donor restrictions - time or use:		
Endowment	645,192	878,581
Other	1,760,452	1,895,226
Total net assets with donor restrictions - time or use	2,405,644	2,773,807
Net assets with donor restrictions - perpetual endowments	1,118,660	1,081,505
Total net assets with donor restrictions	3,524,304	3,855,312
Total net assets	10,356,931	11,457,448
TOTAL LIABILITIES AND NET ASSETS	\$ 10,470,363	\$ 11,522,406

#### MADISON PUBLIC LIBRARY FOUNDATION, INC. STATEMENT OF ACTIVITIES

Year ended December 31, 2022

Changes in net assets:         Public support and revenues:         Contributions       542.287       \$ 918,696       \$ 37,155       \$ 1,498,138         Special event revenue - in-kind contributions       32,106       0       0       32,106         Special event revenue - in-kind contributions       32,106       0       0       32,106         Special event revenue       102,166       100,802       0       4,182         Net investment income, net       4,182       0       0       202,968         Investment income       23,576       0       0       23,576         Other income       23,576       0       0       23,576         Net assets released from restrictions:       Restrictions released from restrictions:       0       0       0         Restrictions released by donor       1,204,349       (1,204,349)       0       0       0         Total public support and revenues       1,275,226       (368,163)       37,155       944,218         Expenses:       Program services:       Grants and library programming       1,151,326       0       0       1,151,326         Program services:       1,466,581       0       0       1,466,581       0       0       239,095 <t< th=""><th></th><th>Net assets without donor restrictions</th><th>Net assets with donor restrictions - time or use</th><th>Net assets with donor restrictions - perpetual endowments</th><th>Total</th></t<>		Net assets without donor restrictions	Net assets with donor restrictions - time or use	Net assets with donor restrictions - perpetual endowments	Total
Contributions         542,287         \$ 918,696         \$ 37,155         \$ 1,498,138           Special event revenue         102,166         100,802         0         20,2968           Investment income, net         4,182         0         0         4,182           Net investment loss on beneficial interest in assets held by MCF         (633,440)         (183,312)         0         (816,752)           Other income         23,576         0         0         0         23,576           Net assets released from restrictions: Restrictions released by donor         1,204,349         (1,204,349)         0         0           Total public support and revenues         1,275,226         (368,163)         37,155         944,218           Expenses: Program services: Grants and library programming         1,151,326         0         0         1,292,112           Good Eventral campaigns         23,143         0         0         23,143           Total program services         1,466,581         0         0         1,466,581           Supporting services: Management and general Fundraising         239,095         0         0         239,095           Total supporting services         578,154         0         0         578,154           Total supporting services <th>5</th> <th></th> <th></th> <th></th> <th></th>	5				
Special event revenue - in-kind contributions         32,106         0         0         32,106           Special event revenue         102,166         100,802         0         202,968           Investment income, net         4,182         0         0         4,182           Net investment loss on beneficial interest in assets held by MCF         (633,440)         (183,312)         0         (816,752)           Other income         23,576         0         0         0         37,155           Net assets released from restrictions: Restrictions released by donor         1,204,349         (1,204,349)         0         0           Total public support and revenues         1,275,226         (368,163)         37,155         944,218           Expenses: Program services: Grants and library programming         1,151,326         0         0         1,202,112           Capital campaigns         23,143         0         0         23,143           Total program services         1,466,581         0         0         1,466,581           Supporting services: Management and general Fundraising         239,095         0         0         239,095           Total supporting services         578,154         0         0         578,154           Total supporting service		542 287	\$ 018 606	¢ 37 155	¢ 1/08/138
Special event revenue         102,166         100,802         0         202,968           Investment income, net         4,182         0         0         4,182           Net investment income, net         4,182         0         0         4,182           Net investment income, net         23,576         0         0         23,576           Other income         23,576         0         0         0         23,576           Net assets released from restrictions:         23,576         0         0         0         0           Restrictions released by donor         1,204,349         (1,204,349)         0         0         0           Total public support and revenues         1,275,226         (368,163)         37,155         944,218           Expenses:         Program services:         Grants and library programming         1,151,326         0         0         1,151,326           Book Festival         292,112         0         0         292,112         0         23,143           Total program services:         1,466,581         0         0         1,466,581         0         0         239,095           Management and general         239,095         0         0         339,059         0 <td>-</td> <td>,</td> <td></td> <td></td> <td>+ , ,</td>	-	,			+ , ,
Investment income, net         4,182         0         0         4,182           Net investment loss on beneficial interest in assets held by MCF         (633,440)         (183,312)         0         (816,752)           Other income         23,576         0         0         23,576           Net assets released from restrictions: Restrictions released by donor         1,204,349         (1,204,349)         0         0           Total public support and revenues         1,275,226         (368,163)         37,155         944,218           Expenses: Program services: Grants and library programming         1,151,326         0         0         1,151,326           Book Festival         292,112         0         0         239,012           Capital campaigns         23,143         0         0         1,466,581           Supporting services: Management and general Fundraising         239,095         0         0         239,095           Total supporting services         578,154         0         0         578,154           Total supporting services         2,044,735         0         0         2,044,735           Change in net assets         (769,509)         (368,163)         37,155         (1,100,517)           Net assets, beginning         7,602,136	· · · · · · · · · · · · · · · · · · ·	,	•		,
Net investment loss on beneficial interest in assets held by MCF         (633,440) (23,576         (183,312) 0         0         (816,752) (23,576           Net assets released from restrictions: Restrictions released by donor         1,204,349         (1,204,349)         0         0           Total public support and revenues         1,275,226         (368,163)         37,155         944,218           Expenses: Program services: Grants and library programming Book Feetival         1,151,326         0         0         1,151,326           Grants and library programming Book Feetival         292,112         0         0         292,112           Capital campaigns         23,143         0         0         1,466,581           Supporting services: Management and general Fundraising         239,095         0         0         239,095           Total supporting services         578,154         0         0         239,095           Total supporting services         578,154         0         0         239,095           Chal supporting services         578,154         0         0         2,044,735           Change in net assets         (769,509)         (368,163)         37,155         (1,100,517)           Net assets, beginning         7,602,136         2,773,807         1,081,505         11,		,			,
interest in assets held by MCF         (633,440)         (183,312)         0         (816,752)           Other income         23,576         0         0         23,576           Net assets released from restrictions:         23,576         0         0         0         23,576           Net assets released by donor         1,204,349         (1,204,349)         0         0         0           Total public support and revenues         1,275,226         (368,163)         37,155         944,218           Expenses:         Program services:         0         0         1,151,326         0         0         1,151,326           Grants and library programming         1,151,326         0         0         1,292,112         0         0         292,112           Capital campaigns         23,143         0         0         1,466,581         0         0         1,466,581           Supporting services:         Management and general         239,095         0         0         239,095           Management and general         239,095         0         0         239,095         0         0         339,059           Total supporting services         578,154         0         0         2,044,735         0         2,	,	1,102	0	Ŭ	1,102
Other income         23,576         0         0         23,576           Net assets released from restrictions:         1,204,349         (1,204,349)         0         0           Restrictions released by donor         1,204,349         (1,204,349)         0         0         0           Total public support and revenues         1,275,226         (368,163)         37,155         944,218           Expenses:         Program services:         0         0         1,151,326         0         0         1,151,326           Book Festival         292,112         0         0         292,112         0         292,112           Capital campaigns         23,143         0         0         1,466,581         0         1,466,581           Supporting services:         Management and general         239,095         0         0         239,095           Management and general         239,095         0         0         239,095         0         339,059           Total supporting services:         578,154         0         0         578,154         0         2,044,735           Total supporting services         578,154         0         0         2,044,735         2,044,735         0,1400,517)           Rha		(633 440)	(183 312)	0	(816 752)
Net assets released from restrictions: Restrictions released by donor         1,204,349         (1,204,349)         0         0           Total public support and revenues         1,275,226         (368,163)         37,155         944,218           Expenses: Program services: Grants and library programming         1,151,326         0         0         1,151,326           Book Festival         292,112         0         0         292,112         0         292,112           Capital campaigns         23,143         0         0         1,466,581         0         1,466,581           Supporting services: Management and general Fundraising         239,095         0         0         239,095           Total supporting services         578,154         0         0         239,095           Total supporting services         578,154         0         0         239,095           Total supporting services         578,154         0         0         2,044,735           Change in net assets         (769,509)         (368,163)         37,155         (1,100,517)           Net assets, beginning         7,602,136         2,773,807         1,081,505         11,457,448					
Total public support and revenues         1,275,226         (368,163)         37,155         944,218           Expenses:         Program services:         Grants and library programming         1,151,326         0         0         1,151,326           Book Festival         292,112         0         0         292,112         0         0         231,43           Capital campaigns         23,143         0         0         1,466,581         0         1,466,581           Supporting services:         1,466,581         0         0         239,095         0         239,095           Management and general Fundraising         239,095         0         0         239,095         0         0         339,059           Total supporting services         578,154         0         0         578,154         0         0         578,154           Total supporting services         2,044,735         0         0         2,044,735         0         2,044,735         0         2,044,735         0         2,044,735         0         2,044,735         0         2,044,735         0         2,044,735         0         2,044,735         0         2,044,735         0         2,044,735         0         2,044,735         0	Net assets released from restrictions:		-	-	
Expenses:       Program services:         Grants and library programming       1,151,326       0       0       1,151,326         Book Festival       292,112       0       0       292,112         Capital campaigns       23,143       0       0       23,143         Total program services       1,466,581       0       0       1,466,581         Supporting services:       339,059       0       0       239,095         Management and general       239,095       0       0       339,059         Fundraising       339,059       0       0       578,154         Total supporting services       578,154       0       0       578,154         Total supporting services       2,044,735       0       0       2,044,735         Change in net assets       (769,509)       (368,163)       37,155       (1,100,517)         Net assets, beginning       7,602,136       2,773,807       1,081,505       11,457,448	Restrictions released by donor	1,204,349	(1,204,349)	0	0
Program services:       Grants and library programming       1,151,326       0       0       1,151,326         Book Festival       292,112       0       0       292,112         Capital campaigns       23,143       0       0       23,143         Total program services       1,466,581       0       0       1,466,581         Supporting services:       339,059       0       0       239,095         Management and general       239,095       0       0       339,059         Total supporting services       578,154       0       0       578,154         Total supporting services       2,044,735       0       0       2,044,735         Change in net assets       (769,509)       (368,163)       37,155       (1,100,517)         Net assets, beginning       7,602,136       2,773,807       1,081,505       11,457,448	Total public support and revenues	1,275,226	(368,163)	37,155	944,218
Grants and library programming         1,151,326         0         0         1,151,326           Book Festival         292,112         0         0         292,112           Capital campaigns         23,143         0         0         23,143           Total program services         1,466,581         0         0         1,466,581           Supporting services:         Management and general         239,095         0         0         239,095           Fundraising         339,059         0         0         578,154         0         0         578,154           Total supporting services         578,154         0         0         2,044,735         0         2,044,735         0         2,044,735         0         2,044,735         0         2,044,735         0         2,044,735         0         2,044,735         0         2,044,735         0         2,044,735         0         2,044,735         0         2,044,735         0         2,044,735         0         2,044,735         0         2,044,735         0         2,044,735         0         1,100,517)         1,00,517)         Net assets, beginning         7,602,136         2,773,807         1,081,505         11,457,448         1,457,448         1,457,448 <t< td=""><td>Expenses:</td><td></td><td></td><td></td><td></td></t<>	Expenses:				
Book Festival Capital campaigns         292,112 23,143         0         0         292,112 23,143           Total program services         1,466,581         0         0         1,466,581           Supporting services: Management and general Fundraising         239,095 339,059         0         0         239,095 339,059           Total supporting services         578,154         0         0         578,154           Total supporting services         578,154         0         0         2,044,735           Total expenses         2,044,735         0         0         2,044,735           Change in net assets         (769,509)         (368,163)         37,155         (1,100,517)           Net assets, beginning         7,602,136         2,773,807         1,081,505         11,457,448	Program services:				
Capital campaigns         23,143         0         0         23,143           Total program services         1,466,581         0         0         1,466,581           Supporting services:         339,095         0         0         239,095           Management and general         239,095         0         0         239,095           Fundraising         339,059         0         0         339,059           Total supporting services         578,154         0         0         578,154           Total supporting services         2,044,735         0         0         2,044,735           Change in net assets         (769,509)         (368,163)         37,155         (1,100,517)           Net assets, beginning         7,602,136         2,773,807         1,081,505         11,457,448			0		
Total program services       1,466,581       0       0       1,466,581         Supporting services:       Management and general       239,095       0       0       239,095         Fundraising       339,059       0       0       339,059       0       0       339,059         Total supporting services       578,154       0       0       578,154       0       0       2,044,735         Total expenses       2,044,735       0       0       2,044,735       0       0       2,044,735         Change in net assets       (769,509)       (368,163)       37,155       (1,100,517)         Net assets, beginning       7,602,136       2,773,807       1,081,505       11,457,448		,			,
Supporting services:       Management and general       239,095       0       0       239,095         Fundraising       339,059       0       0       339,059         Total supporting services       578,154       0       0       578,154         Total supporting services       2,044,735       0       0       2,044,735         Change in net assets       (769,509)       (368,163)       37,155       (1,100,517)         Net assets, beginning       7,602,136       2,773,807       1,081,505       11,457,448	Capital campaigns	23,143	0	0	23,143
Management and general Fundraising         239,095 339,059         0         0         239,095 339,059           Total supporting services         578,154         0         0         578,154           Total supporting services         2,044,735         0         0         2,044,735           Change in net assets         (769,509)         (368,163)         37,155         (1,100,517)           Net assets, beginning         7,602,136         2,773,807         1,081,505         11,457,448	Total program services	1,466,581	0	0	1,466,581
Fundraising       339,059       0       0       339,059         Total supporting services       578,154       0       0       578,154         Total supporting services       2,044,735       0       0       2,044,735         Change in net assets       (769,509)       (368,163)       37,155       (1,100,517)         Net assets, beginning       7,602,136       2,773,807       1,081,505       11,457,448	Supporting services:				
Total supporting services       578,154       0       0       578,154         Total supporting services       2,044,735       0       0       2,044,735         Change in net assets       (769,509)       (368,163)       37,155       (1,100,517)         Net assets, beginning       7,602,136       2,773,807       1,081,505       11,457,448	Management and general	239,095	0	0	239,095
Total expenses       2,044,735       0       0       2,044,735         Change in net assets       (769,509)       (368,163)       37,155       (1,100,517)         Net assets, beginning       7,602,136       2,773,807       1,081,505       11,457,448	Fundraising	339,059	0_	0	339,059
Change in net assets       (769,509)       (368,163)       37,155       (1,100,517)         Net assets, beginning       7,602,136       2,773,807       1,081,505       11,457,448	Total supporting services	578,154	0	0	578,154
Net assets, beginning         7,602,136         2,773,807         1,081,505         11,457,448	Total expenses	2,044,735	0_	0	2,044,735
	Change in net assets	(769,509)	(368,163)	37,155	(1,100,517)
Net assets, ending \$ 6,832,627 \$ 2,405,644 \$ 1,118,660 \$ 10,356,931	Net assets, beginning	7,602,136	2,773,807	1,081,505	11,457,448
	Net assets, ending	\$ 6,832,627	\$ 2,405,644	\$ 1,118,660	\$ 10,356,931

#### MADISON PUBLIC LIBRARY FOUNDATION, INC. STATEMENT OF ACTIVITIES

STATEMENT OF ACTIVITIES Year ended December 31, 2021

Changes in the assets.           Public support and revenues:         \$ 739,758         \$ 555,537         \$ 17,299         \$ 1,312,594           Contributions         \$ 739,758         \$ 555,537         \$ 17,299         \$ 1,312,594           Special event revenue - in-kind contributions         \$ 68,582         93,535         0         162,117           Investment income on         2,397         0         0         2,397           Net investment income on         2,397         0         0         2,397           Net investment income on         2,246         0         0         2,246           Other income         2,246         0         0         22,246           Net assets released from restrictions:         Restrictions released by donor         740,252         (740,252)         0         0           Total public support and revenues         2,663,092         202,653         17,299         2,883,044           Expenses:         Program services         3         0         0         236,562         0         0         236,562           Capital campaigns         823         0         0         322,870         0         322,870           Total program services         997,294         0         0	Changes in net assets:	wi	let assets hout donor estrictions	dono	t assets with r restrictions - me or use	dono	t assets with r restrictions - perpetual ndowments		Total
Contributions         \$ 739,788         \$ 555,537         \$ 17,299         \$ 1,312,594           Special event revenue         68,582         93,535         0         162,117           Investment income, net         2,397         0         0         2,397           Net investment income on         2,397         0         0         2,397           Net investment income on         2,397         0         0         2,397           Net investment income on         2,246         0         0         2,397           Net investment income         2,246         0         0         2,246           Net assets released by donor         740,252         (740,252)         0         0         0           Total public support and revenues         2,663,092         202,653         17,299         2,883,044           Expenses:         Program services         759,909         0         0         236,562           Grants         759,909         0         0         823         0         236,562           Capital campaigns         823         0         0         823         0         823           Total program services         997,294         0         0         997,294         0	6								
Special event revenue - in-kind contributions         34,389         0         0         34,389           Special event revenue         68,582         93,535         0         162,117           Investment income on beneficial interest in assets held by MCF         1,055,468         293,833         0         1,349,301           Other income         22,246         0         0         22,246           Net assets released from restrictions: Restrictions released by donor         740,252         (740,252)         0         0           Total public support and revenues         2,663,092         202,653         17,299         2,883,044           Expenses: Program services Grants         759,909         0         0         759,909           Gook Festival         236,562         0         0         823           Total program services         997,294         0         0         997,294           Supporting services:         997,294         0         0         997,294           Supporting services:         997,294         0         0         322,870           Total program services         997,294         0         0         322,870           Total program services:         998,806         0         0         176,936		\$	739,758	\$	555,537	\$	17,299	\$	1,312,594
Investment income, net         2,397         0         0         2,397           Net investment income on beneficial interest in assets held by MCF         1,055,468         293,833         0         1,349,301           Other income         22,246         0         0         22,246           Net assets released from restrictions: Restrictions released by donor         740,252         (740,252)         0         0           Total public support and revenues         2,663,092         202,653         17,299         2,883,044           Expenses:         Program services         759,909         0         0         759,909           Grants         759,909         0         0         236,562         0         0           Book Festival         236,562         0         0         823         0         0         823           Total program services         997,294         0         0         997,294         0         0         997,294           Supporting services:         Management and general         176,936         0         0         176,936           Total program services         499,806         0         0         1,497,100         0         1,497,100           Chapper services         1,497,100	Special event revenue - in-kind contributions		,	·	,	•	,	,	
Investment income, net         2,397         0         0         2,397           Net investment income on beneficial interest in assets held by MCF         1,055,468         293,833         0         1,349,301           Other income         22,246         0         0         22,246           Net assets released from restrictions: Restrictions released by donor         740,252         (740,252)         0         0           Total public support and revenues         2,663,092         202,653         17,299         2,883,044           Expenses:         Program services         759,909         0         0         759,909           Grants         759,909         0         0         236,562         0         0           Book Festival         236,562         0         0         823         0         0         823           Total program services         997,294         0         0         997,294         0         0         997,294           Supporting services:         Management and general         176,936         0         0         176,936           Total program services         499,806         0         0         1499,806         0         1499,806           Total supporting services         1,497,100	Special event revenue		68,582		93,535		0		162,117
beneficial interest in assets held by MCF         1,055,468         293,833         0         1,349,301           Other income         22,246         0         0         22,246           Net assets released from restrictions:         22,246         0         0         0         22,246           Net assets released from restrictions:         740,252         (740,252)         0         0         0           Total public support and revenues         2,663,092         202,653         17,299         2,883,044           Expenses:         Program services         759,909         0         0         759,909           Grants         759,909         0         0         236,562         0         236,562           Capital campaigns         823         0         0         823           Total program services         997,294         0         0         997,294           Supporting services:         Management and general         176,936         0         176,936           Management and general         176,936         0         0         322,870           Total supporting services         499,806         0         0         499,806           Total expenses         1,497,100         0         0			2,397				0		2,397
Other income         22,246         0         0         22,246           Net assets released from restrictions:         740,252         (740,252)         0         0           Restrictions released by donor         740,252         (740,252)         0         0           Total public support and revenues         2,663,092         202,653         17,299         2,883,044           Expenses:         Program services         759,909         0         0         759,909           Book Festival         236,562         0         0         236,562         0         823           Total program services         997,294         0         0         997,294         823         0         997,294           Supporting services:         Management and general         176,936         0         0         322,870           Total supporting services         499,806         0         0         499,806           Total supporting services         1,497,100         0         1,497,100           Change in net assets         1,165,992         202,653         17,299         1,385,944           Net assets, beginning         6,436,144         2,571,154         1,064,206         10,071,504	Net investment income on								
Net assets released from restrictions: Restrictions released by donor         740,252         (740,252)         0         0           Total public support and revenues         2,663,092         202,653         17,299         2,883,044           Expenses: Program services Grants         759,909         0         0         759,909           Book Festival         236,562         0         0         236,562           Capital campaigns         823         0         0         823           Total program services         997,294         0         0         997,294           Supporting services: Management and general Fundraising         176,936         0         0         176,936           Total supporting services         499,806         0         0         499,806         0           Total expenses         1,497,100         0         0         1,497,100         0         1,497,100           Change in net assets         1,165,992         202,653         17,299         1,385,944         Net assets, beginning         6,436,144         2,571,154         1,064,206         10,071,504	beneficial interest in assets held by MCF		1,055,468		293,833		0		1,349,301
Restrictions released by donor         740,252         (740,252)         0         0           Total public support and revenues         2,663,092         202,653         17,299         2,883,044           Expenses:         Program services         759,909         0         0         759,909           Book Festival         236,562         0         0         236,562         0         823           Capital campaigns         823         0         0         823         0         823           Total program services:         997,294         0         0         997,294         0         0         322,870           Supporting services:         Management and general         176,936         0         0         322,870           Total supporting services         499,806         0         0         499,806           Total supporting services         499,806         0         0         1,497,100           Total supporting services         1,497,100         0         0         1,497,100           Change in net assets         1,165,992         202,653         17,299         1,385,944           Net assets, beginning         6,436,144         2,571,154         1,064,206         10,071,504	Other income		22,246		0		0		22,246
Total public support and revenues         2,663,092         202,653         17,299         2,883,044           Expenses: Program services Grants         759,009         0         0         759,909           Book Festival         236,562         0         0         236,562           Capital campaigns         823         0         0         823           Total program services         997,294         0         0         997,294           Supporting services: Management and general Fundraising         176,936         0         0         176,936           Total supporting services         499,806         0         0         322,870         0           Total supporting services         499,806         0         0         1499,806           Total supporting services         1,497,100         0         1,497,100           Change in net assets         1,165,992         202,653         17,299         1,385,944           Net assets, beginning         6,436,144         2,571,154         1,064,206         10,071,504	Net assets released from restrictions:								
Expenses:       Program services         Grants       759,909       0       0       759,909         Book Festival       236,562       0       0       236,562         Capital campaigns       823       0       0       823         Total program services       997,294       0       0       997,294         Supporting services:       176,936       0       0       176,936         Management and general       176,936       0       0       322,870         Total supporting services       499,806       0       0       499,806         Total supporting services       1,497,100       0       1,497,100         Change in net assets       1,165,992       202,653       17,299       1,385,944         Net assets, beginning       6,436,144       2,571,154       1,064,206       10,071,504	Restrictions released by donor		740,252		(740,252)		0		0
Program services         759,909         0         0         759,909           Book Festival         236,562         0         0         236,562           Capital campaigns         823         0         0         823           Total program services         997,294         0         0         997,294           Supporting services:         Management and general         176,936         0         0         176,936           Fundraising         322,870         0         0         0         322,870           Total supporting services         499,806         0         0         499,806           Total supporting services         1,497,100         0         0         1,497,100           Change in net assets         1,165,992         202,653         17,299         1,385,944           Net assets, beginning         6,436,144         2,571,154         1,064,206         10,071,504	Total public support and revenues		2,663,092		202,653		17,299		2,883,044
Grants         759,909         0         0         759,909           Book Festival         236,562         0         0         236,562           Capital campaigns         823         0         0         823           Total program services         997,294         0         0         997,294           Supporting services:         Management and general         176,936         0         0         176,936           Fundraising         322,870         0         0         322,870         0         322,870           Total supporting services         499,806         0         0         499,806         0         1,497,100           Total supporting services         1,497,100         0         0         1,497,100         0         1,497,100           Change in net assets         1,165,992         202,653         17,299         1,385,944           Net assets, beginning         6,436,144         2,571,154         1,064,206         10,071,504	Expenses:								
Book Festival Capital campaigns         236,562 823         0         0         236,562 823           Total program services         997,294         0         0         997,294           Supporting services: Management and general Fundraising         176,936 322,870         0         0         176,936           Total supporting services         499,806         0         0         322,870           Total supporting services         499,806         0         0         499,806           Total supporting services         1,497,100         0         0         1,497,100           Change in net assets         1,165,992         202,653         17,299         1,385,944           Net assets, beginning         6,436,144         2,571,154         1,064,206         10,071,504	Program services								
Capital campaigns         823         0         0         823           Total program services         997,294         0         0         997,294           Supporting services:         Management and general         176,936         0         0         176,936           Fundraising         322,870         0         0         322,870         0         322,870           Total supporting services         499,806         0         0         499,806         0         499,806           Total supporting services         1,497,100         0         0         1,497,100         0         1,497,100           Change in net assets         1,165,992         202,653         17,299         1,385,944         Net assets, beginning         6,436,144         2,571,154         1,064,206         10,071,504	Grants		759,909		0		0		759,909
Total program services       997,294       0       0       997,294         Supporting services:       Management and general       176,936       0       0       176,936         Fundraising       322,870       0       0       322,870       0       322,870         Total supporting services       499,806       0       0       499,806       0       499,806         Total supporting services       1,497,100       0       0       1,497,100         Change in net assets       1,165,992       202,653       17,299       1,385,944         Net assets, beginning       6,436,144       2,571,154       1,064,206       10,071,504	Book Festival		236,562		0		0		236,562
Supporting services:       Management and general       176,936       0       0       176,936         Fundraising       322,870       0       0       322,870         Total supporting services       499,806       0       0       499,806         Total expenses       1,497,100       0       0       1,497,100         Change in net assets       1,165,992       202,653       17,299       1,385,944         Net assets, beginning       6,436,144       2,571,154       1,064,206       10,071,504	Capital campaigns		823		0		0		823
Management and general Fundraising       176,936 322,870       0       0       176,936 322,870         Total supporting services       499,806       0       0       499,806         Total expenses       1,497,100       0       0       1,497,100         Change in net assets       1,165,992       202,653       17,299       1,385,944         Net assets, beginning       6,436,144       2,571,154       1,064,206       10,071,504	Total program services		997,294		0		0		997,294
Fundraising       322,870       0       0       322,870         Total supporting services       499,806       0       0       499,806         Total supporting services       1,497,100       0       0       1,497,100         Change in net assets       1,165,992       202,653       17,299       1,385,944         Net assets, beginning       6,436,144       2,571,154       1,064,206       10,071,504	Supporting services:								
Total supporting services       499,806       0       0       499,806         Total supporting services       1,497,100       0       0       1,497,100         Change in net assets       1,165,992       202,653       17,299       1,385,944         Net assets, beginning       6,436,144       2,571,154       1,064,206       10,071,504	Management and general		176,936		0		0		176,936
Total expenses       1,497,100       0       0       1,497,100         Change in net assets       1,165,992       202,653       17,299       1,385,944         Net assets, beginning       6,436,144       2,571,154       1,064,206       10,071,504	Fundraising		322,870		0		0		322,870
Change in net assets       1,165,992       202,653       17,299       1,385,944         Net assets, beginning       6,436,144       2,571,154       1,064,206       10,071,504	Total supporting services		499,806		0		0		499,806
Net assets, beginning         6,436,144         2,571,154         1,064,206         10,071,504	Total expenses		1,497,100		0		0		1,497,100
	Change in net assets		1,165,992		202,653		17,299		1,385,944
Net assets, ending\$ 7,602,136\$ 2,773,807\$ 1,081,505\$ 11,457,448	Net assets, beginning		6,436,144		2,571,154		1,064,206		10,071,504
	Net assets, ending	\$	7,602,136	\$	2,773,807	\$	1,081,505	\$	11,457,448

### MADISON PUBLIC LIBRARY FOUNDATION, INC. STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2022

	Program services							
	Grants and library programming	Book Festival	Capital campaigns	Total program services	Management and general	Fundraising	Total supporting services	Total expenses
Expenses:								
Salaries and benefits	\$ 1,841	\$ 142,046	\$ 0	\$ 143,887	\$ 140,577	\$ 229,420	\$ 369,997	\$ 513,884
Grants	1,009,044	0	0	1,009,044	0	0	0	1,009,044
Conferences and training	2,317	0	0	2,317	2,264	3,695	5,959	8,276
Depreciation	1,518	0	0	1,518	1,483	2,420	3,903	5,421
Insurance	1,634	0	0	1,634	1,596	2,605	4,201	5,835
Data processing and website	2,014	0	0	2,014	1,967	3,210	5,177	7,191
Fees, dues and subscriptions	0	0	0	0	0	23,801	23,801	23,801
Events	76,988	8,302	0	85,290	0	8,686	8,686	93,976
Occupancy	1,400	0	0	1,400	1,368	2,232	3,600	5,000
Office supplies	2,448	0	0	2,448	2,392	3,904	6,296	8,744
Printing and postage	1,072	1,713	0	2,785	1,072	18,971	20,043	22,828
Professional services	548	0	0	548	78,677	21,263	99,940	100,488
Author fees and related costs	0	115,876	0	115,876	0	0	0	115,876
Publicity and marketing	37,164	19,071	23,076	79,311	2,581	14,842	17,423	96,734
Travel and meals	500	4,952	0	5,452	488	797	1,285	6,737
Other	12,838	152	67	13,057	4,630	3,213	7,843	20,900
Total expenses	\$ 1,151,326	\$ 292,112	\$ 23,143	\$ 1,466,581	\$ 239,095	\$ 339,059	\$ 578,154	\$ 2,044,735

### MADISON PUBLIC LIBRARY FOUNDATION, INC. STATEMENTS OF FUNCTIONAL EXPENSES

Year ended December 31, 2021

	Program services							
	Grants and library programming	Book Festival	Capital campaigns	Total program services	Management and general	Fundraising	Total supporting services	Total expenses
Expenses:								
Salaries and benefits	\$ 15,366	\$ 114,037	\$0	\$ 129,403	\$ 115,931	\$ 245,619	\$ 361,550	\$ 490,953
Grants	643,184	0	0	643,184	0	0	0	643,184
Conferences and training	451	0	0	451	404	855	1,259	1,710
Depreciation	928	446	0	1,374	1,231	2,609	3,840	5,214
Insurance	1,464	0	0	1,464	1,312	2,780	4,092	5,556
Data processing and website	1,953	0	0	1,953	1,750	3,708	5,458	7,411
Fees, dues and subscriptions	0	25	0	25	0	16,083	16,083	16,108
Events	56,366	16,310	0	72,676	0	0	0	72,676
Occupancy	1,318	0	0	1,318	1,181	2,501	3,682	5,000
Office supplies	1,193	0	0	1,193	1,069	2,265	3,334	4,527
Printing and postage	2,990	171	0	3,161	2,990	23,948	26,938	30,099
Professional services	678	0	0	678	42,945	1,288	44,233	44,911
Author fees and related costs	0	80,957	0	80,957	0	0	0	80,957
Publicity and marketing	25,083	22,421	823	48,327	0	19,566	19,566	67,893
Travel and meals	403	2,195	0	2,598	361	764	1,125	3,723
Other	8,532	00	0	8,532	7,762	884	8,646	17,178
Total expenses	\$ 759,909	\$ 236,562	\$ 823	\$ 997,294	\$ 176,936	\$ 322,870	\$ 499,806	\$ 1,497,100

# MADISON PUBLIC LIBRARY FOUNDATION, INC. STATEMENTS OF CASH FLOWS

Years ended December 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES Change in net assets	\$ (1,100,517)	\$ 1,385,944
Adjustments to reconcile change in net assets to	\$ (1,100,317)	φ 1,305,944
net cash provided by (used in) operating activities:		
Depreciation	2,774	1,244
Amortization	2,647	3,970
Net investment (gain) loss on	040 750	(4.0.40.004)
beneficial interest in assets held by MCF Contributions restricted for endowment	816,752	(1,349,301)
Donated investments	(37,155) (250,568)	(17,299) (27,301)
Proceeds from sale of donated investments	249,354	27,301
Increase (decrease) in cash due to changes in:	,	
Unconditional promises to give	60,314	131,197
Prepaid expenses	(4,120)	(4,781)
Accounts payable	61,323	15,878
Accrued expenses	(12,849)	4,348
Net cash used in operating activities	(212,045)	171,200
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture and equipment	(3,377)	(4,520)
Purchase of and interest retained in certificates of deposit	(210,000)	(4,520)
Proceeds from maturities of certificates of deposit	(210,000)	908,444
Transfers to beneficial interest in assets held by MCF	(230,061)	(151,276)
Distributions from beneficial interest in assets held by MCF	280,728	248,237
Net cash provided by (used in) investing activities	(162,710)	1,000,885
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for endowment	37,155	17,299
Change in cash, cash equivalents, and restricted cash	(337,600)	1,189,384
Cash, cash equivalents, and restricted cash:		
Beginning	2,100,455	911,071
Ending	\$ 1,762,855	\$ 2,100,455
RECONCILIATION OF CASH, CASH EQUIVALENTS, AND		
RESTRICTED CASH TO STATEMENTS OF FINANCIAL POSITION		
Cash and cash equivalents	\$ 1,702,727	\$ 2,037,455
Restricted cash	60,128	63,000
Total cash, cash equivalents, and restricted cash	\$ 1,762,855	\$ 2,100,455
SUPPLEMENTAL SCHEDULES OF NONCASH INVESTING ACTIVITIES		
Donated investments	\$ 250,568	\$ 27,301

December 31, 2022

#### NOTE A -- Nature of business and significant accounting policies

#### Nature of business

Madison Public Library Foundation, Inc. (the foundation) was formed in 1993 and is incorporated as a not-for-profit foundation. The foundation's purpose is to develop programming to focus attention on public library services, facilities, and needs in the Madison, Wisconsin area and to receive, manage, and distribute funds exclusively for the benefit of the Madison Public Library.

A summary of significant accounting policies follows:

#### Basis of accounting

The financial statements of the foundation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

#### **Basis of presentation**

Under accounting principles generally accepted in the United States of America (U.S. GAAP), the foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions have been limited by donor-imposed time or use restrictions or are required to be maintained in perpetuity. Included in net assets without donor restrictions are voluntary board-approved designations for specific purposes, projects, or investments.

#### Use of estimates

The preparation of financial statements 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.

#### **Exempt status**

The foundation is exempt from income taxes under Internal Revenue Code Section 501(c)(3) as a public charity and not a private foundation. The foundation is also exempt from Wisconsin income tax.

#### Cash and cash equivalents

For purposes of reporting cash flows, the foundation considers all investments purchased with an original maturity of three months or less to be cash equivalents, with the exception of cash not available to the foundation due to restrictions placed on it.

The foundation maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The foundation has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk on cash and cash equivalents.

### MADISON PUBLIC LIBRARY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

#### **NOTE A -- Nature of business and significant accounting policies (Continued)**

#### **Restricted cash, libraries**

Restricted cash, libraries, consists of funds held by the foundation for the benefit of the following:

	2022			2021		
Monroe Street Library League South Madison Friends Friends of Lakeview Library	\$	27,613 8,220 24,295	\$	21,249 10,507 <u>31,244</u>		
Total	<u>\$</u>	60,128	<u>\$</u>	63,000		

#### **Certificates of deposit**

Certificates of deposit with original maturities greater than 3 months and remaining maturities of 12 months or less are classified as current assets on the statements of financial position. Certificates of deposit bear interest between .21-.31%, with penalties for early withdrawal. Any penalties for early withdrawal do not have a material effect on the financial statements.

#### Promises to give

Unconditional promises to give are recognized as revenue or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Uncollectible promises are written off after management has used reasonable collection efforts and determined the promises will not be collected. Management has determined that an allowance for uncollectible promises to give is not necessary.

The organization elected a policy to treat the Paycheck Protection Program (PPP) loan received as of December 31, 2021, as a conditional contribution (see Note H). Conditional contributions are those that contain a measurable performance or other barrier and a right of return and are not recognized as revenue until the conditions on which they depend have been met. The PPP loan is recognized as a refundable advance liability until the conditions have been substantially met.

#### Furniture and equipment

Furniture and equipment is stated at cost. Depreciation is computed on the straight-line method based on an estimated useful life of three to five years. Furniture and equipment was \$21,902 and \$18,525 as of December 31, 2022 and 2021, respectively. Accumulated depreciation was \$15,642 and \$12,868 as of December 31, 2022 and 2021, respectively. Depreciation expense was \$2,774 and \$1,244 for the years ended December 31, 2022 and 2021, respectively.

Maintenance and repairs of furniture and equipment are charged to operations, and major improvements are capitalized. Upon retirement, sale or other disposition of equipment the cost and accumulated depreciation are eliminated from the accounts, and any resulting gain or loss is included in operations.

December 31, 2022

#### NOTE A -- Nature of business and significant accounting policies (Continued)

#### Website development costs

Website development costs are stated at cost. Amortization of website development costs is computed on the straight-line method based upon the estimated useful lives of the assets, generally three years. Website development costs were \$26,702 as of December 31, 2022 and 2021. Accumulated amortization was \$26,702 and \$24,055 as of December 31, 2022 and 2021, respectively. Amortization expense was \$2,647 and \$3,970 for the years ended December 31, 2022 and 2021, 2022 and 2021, respectively.

#### **Capitalization policy**

The foundation's policy is to capitalize equipment with a unit cost of \$1,500 or greater and a useful life of more than one year.

#### Impairment of long-lived assets

The foundation reviews long-lived assets for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

#### Investments

Purchased investments are recorded at fair value, and donated investments are recorded as contributions at fair value on the date of receipt. Realized gains and losses on sales of investments are determined on the basis of specific identification of the cost of the security sold.

#### In-kind contributions

Donated services that create or enhance non-financial assets or that require specialized skill, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their estimated fair value in the period received. Donated materials are recorded at their estimated fair value in the period received.

The foundation receives contributions of food, beverages and other supplies for its events, which are recorded as revenue and expense in the year received based on the estimated fair market value. The estimated fair value of these contributions utilized is based on the amount provided by the donor. For the years ended December 31, 2022 and 2021, \$32,106 and \$34,389 of in-kind contributions were recorded as revenue and expense, respectively.

The foundation's policy related to in-kind contributions is to utilize the assets given to carry out the mission of the organization. If an asset is provided that does not allow the foundation to utilize it in its normal course of business, the asset will be disposed.

All in-kind contributions received by the foundation for the years ended December 31, 2022 and 2021 were considered without donor restrictions and able to be used by the foundation as determined by the board of directors and management.

#### MADISON PUBLIC LIBRARY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

#### NOTE A -- Nature of business and significant accounting policies (Continued)

#### **Revenue recognition**

Contributions are recognized when received.

Donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished, such as the payment of expenses related to the restriction), 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.

Interest, dividends, external investment fees, gains and losses on investments are reported as an increase or decrease in net assets without donor restrictions unless explicitly restricted by donors.

#### **Revenue recognition - special events**

The foundation sells tickets and offers sponsorships for its special events. Ticket sales and sponsorships are nonrefundable and are comprised of an exchange element based on the value of benefits provided to the donors, and a contribution element for the difference between total ticket sales and sponsorships paid and the exchange element. The foundation recognizes the exchange portion of these events in the year the event takes place (point in time), and the contribution portion immediately. Included in special event revenue on the statements of activities are ticket sales of \$113,805 and \$93,000 for the years ended December 31, 2022 and 2021, respectively. Of the total ticket sales revenue, the exchange portion totaled \$31,135 and \$14,736 for the years ended December 31, 2022 and 2021, respectively.

#### Expense allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Each employee of the foundation works in a primary program area. Salaries and benefits are allocated on the basis of estimates of time. Certain other indirect, non-personnel costs are allocated by using the percentage of estimated staff time spent on program-related matters or supporting services (management and general) and applying those percentages to the allocation of other costs.

#### Reclassifications

Some items in the 2021 financial statements have been reclassified to be consistent with the current year's presentation.

#### Subsequent events

These financial statements have not been updated for subsequent events occurring after April 5, 2023, which is the date these financial statements were available to be issued. The foundation has no responsibility to update these financial statements for events and circumstances occurring after this date.

### MADISON PUBLIC LIBRARY FOUNDATION, INC.

#### NOTES TO FINANCIAL STATEMENTS

December 31, 2022

#### NOTE A -- Nature of business and significant accounting policies (Continued)

#### New accounting standard adopted

In September 2020, FASB issued Accounting Standards Update (ASU) No. 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for Profit Entities for Contributed Nonfinancial Assets, which provides more transparency and consistency to the presentation and disclosure of contributed nonfinancial assets.

The organization was required to adopt this new accounting standard during its fiscal year ended December 31, 2022. The adoption of this new standard requires the entity to apply presentation and disclosure changes retrospectively to all periods presented. The statement of activities for the year ended December 31, 2021 has been adjusted to reflect retrospective application of the new accounting standard as follows:

	As previously reported						As adjusted		
Net assets without donor restrictions Special event revenue \$ Special event revenue – in-kind contributions	,	\$ \$	(34,389) 34,389	\$ \$	68,582 34,389				
Total Special event revenue \$ Special event revenue – in-kind contributions \$	,	\$ \$	(34,389) 34,389	\$ \$	162,117 34,389				

In addition, Note A includes enhanced disclosures about the contributions of nonfinancial assets for the year ended December 31, 2021.

#### NOTE B -- Promises to give

#### Unconditional promises to give

Unconditional promises to give as of December 31, are as follows:

	 2022		2021
Pinney Branch Capital Campaign	\$ 2,500	\$	5,000
Dream Bus	0		65,750
Book Fest	19,095		1,495
Annual	28,087		2,825
Other	57,704		12,621
John H. Lussier Charitable Lead Annuity Trust (CLAT)	 <u>532,663</u>		<u>628,276</u>
Total	\$ 640,049	<u>\$</u>	715,967

December 31, 2022

#### NOTE B -- Promises to give (Continued)

Unconditional promises to give, net as of December 31, are as follows:

		2022	 2021
Receivable in less than one year Receivable in one to five years Receivable in more than five years	\$	202,999 437,050 0	\$ 183,304 478,065 54,598
Total unconditional promises to give Less discount to net present value		640,049 <u>(42,685)</u>	 715,967 (58,289)
Unconditional promises to give, net	<u>\$</u>	<u>597,364</u>	\$ <u>657,678</u>

Unconditional promises to give (excluding the CLAT) receivable in one year or more are discounted to net present value using a discount rate of 3.25% as of December 31, 2022 and 2021. The discount rate used for the CLAT was 2.75% as of December 31, 2022 and 2021. Unconditional promises to give receivable in less than one year are measured at net realizable value which approximates fair value.

#### Split-interest agreement (Charitable Lead Annuity Trust)

Split-interest agreements are trusts or other arrangements under which donors have designated beneficiaries. The foundation is one of twenty beneficiaries of the CLAT. Under the CLAT, the foundation receives fixed annual annuity payments during the term of the trust, 10 years. The final distribution will be made in 2028. The foundation was notified it was a beneficiary of the CLAT in 2019. Any changes in the discounted value of the CLAT are adjusted through the remaining unconditional promise to give balance and contribution revenue. The unconditional promise to give, net of the discount to present value, was \$489,978 and \$569,987 as of December 31, 2022 and 2021, respectively.

#### NOTE C -- Beneficial interest in assets held by Madison Community Foundation (MCF)

The foundation has established various agency endowments at MCF. The foundation recognizes the fair value of contributions to the agency endowments as support when received. When the foundation transfers the agency endowment funds (the Fund) to MCF, it recognizes the transfers as a decrease in cash and the balances are presented on the statements of financial position as increases to beneficial interest in assets held by MCF.

Under the provisions of MCF's governing instruments and applicable regulations, the Board of Governors of MCF (the Board) have the power to modify any restriction or condition on, or direction as to, the timing, manner, or character of distributions for any specified charitable purposes or foundations if, in the judgment of the Board, such direction restrictions or conditions become, in effect, unnecessary, incapable of fulfillment, or inconsistent with any distribution policy adopted by MCF or with the charitable needs of the greater Madison community.

December 31, 2022

# NOTE C -- Beneficial interest in assets held by Madison Community Foundation (MCF) (Continued)

MCF will normally distribute part of the Fund to the foundation at least annually so long as the foundation maintains its Federal tax-exempt status. This distribution policy is subject to change by the Board. The purpose of these grants will be to enable the foundation to carry out its charitable and exempt purposes. The percentage distribution is reviewed periodically by the Board and is applied to the average value of the assets in the Fund over the prior twenty quarters.

The balances of the individual agency endowments held at MCF as of December 31, are as follows:

		2022		2021
Elizabeth Moon Proctor Scholarship &				
Professional Development Fund	\$	70,164	\$	80,376
Hawthorne Library Endowment Fund		29,792		31,283
Judy P. Olson Book Discussion Kit Fund		22,722		25,651
Lakeview Library Endowment Fund		134,362		151,763
Madison Public Library Foundation Endowment Fund		6,105,434		6,776,619
Monroe Street Branch Endowment Fund		45,512		36,021
Pinney Library Endowment Fund		227,600		247,708
Print Books Purchase Fund		112,637		127,635
Sequoya Branch Endowment Fund		380,730		433,019
South Madison Branch Endowment Fund		217,411		247,581
Central Library Endowment Fund		193,530		220,594
Meadowridge Branch Endowment Fund		146,141		162,593
Alicia Ashman Library Endowment Fund		72,426		68,641
Professional Development Endowment		23,114		26,460
Rosemary Lee Endowment Fund		87,711		<u>100,761</u>
Total	<u>\$</u>	7,869,286	<u>\$</u>	8,736,705

December 31, 2022

#### NOTE D -- Fair value disclosure

The fair value measurement for the categories of assets that are measured at fair value on a recurring basis are as follows:

			Fair value measurement using					
		12/31/22	in a marł ide	d prices active kets for ntical <u>(level 1)</u>	c obs	nificant other ervable s (level 2)	un	Significant observable <u>uts (level 3)</u>
<u>Assets</u> MCF pass thru fund² Beneficial interest in assets	\$	1,214	\$	0	\$	0	\$	1,214
held by MCF <sup>1</sup>		7,869,286		0		0		7,869,286
	<u>\$</u>	7,870,500	<u>\$</u>	0	<u>\$</u>	0	<u>\$</u>	7,870,500
				Fair va	alue me	asurement	using	
		12/31/21	in a marł ide	d prices active cets for ntical (level 1)	c obs	nificant other ervable s (level 2)	un	Significant observable uts (level 3)
<u>Assets</u> MCF pass thru fund <sup>2</sup> Beneficial interest in assets	\$	0	\$	0	\$	0	\$	0
held by MCF <sup>1</sup>		8,736,705		0		0		8,736,705
		8,736,705		0		0		8,736,705

NOTES TO FINANCIAL STATEMENTS December 31, 2022

#### NOTE D -- Fair value disclosure (Continued)

- 1. The foundation's beneficial interest in assets held by MCF represents an agreement between the foundation and MCF in which the foundation transfers assets to MCF in exchange for future distributions. The beneficial interest is not actively traded and significant other observable inputs are not available. Thus, the fair value of the beneficial interest is measured at the proportional share of the underlying assets as reported to the foundation by MCF. Little information about those assets is released publicly. The estimated value does not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined.
- 2. The foundation has entered into an agreement to hold funds in an MCF pass thru fund which represent donations or pledge payments received via a stock transfer. MCF has agreed to accept these donations on behalf of the foundation. MCF sells the stock on the date it is received and remits the cash proceeds to the foundation. The MCF pass thru fund is not actively traded and significant other observable inputs are not available. Thus, the fair value of the pass thru fund is measured at the proportional share of the underlying assets as reported to the foundation by MCF.

The total purchases/contributions to the beneficial interest in assets held by MCF was \$231,061 and \$151,276 for the years ended December 31, 2022 and 2021.

The total purchases/contributions to the MCF pass thru fund was \$250,568 and \$0 for the years ended December 31, 2022 and 2021.

December 31, 2022

#### NOTE E -- Net assets

#### Net assets without donor restrictions

Net assets without donor restrictions consists of net assets available for operations of the foundation and net assets designated by the foundation's board of directors for the following purposes as of December 31:

		2022		2021
Madison Public Library Foundation Endowment Program Venture Fund Undesignated	\$	6,105,434 5,000 722,193	\$	6,776,619 5,000 <u>820,517</u>
Total	<u>\$</u>	6,832,627	<u>\$</u>	7,602,136

#### Net assets with donor restrictions - time or use

Net assets with donor restrictions – time or use include assets set aside in accordance with donor restrictions as to time or use and are available for the following purposes as of December 31:

	 2022	 2021
Ashman Branch Ashman Endowment Book Festival Central Branch Central Endowment	\$ 1,500 9,507 505,853 0 40,146	\$ 6,453 17,943 554,705 145 67,912
Dream Bus General Library Hawthorne Branch	249,115 103,943 8,000	346,015 44,925 488
Hawthorne Endowment Judy P. Olson Book Discussion Kit Endowment	29,792 16,154	31,283 19,258
Lakeview Branch Friends of Lakeview Library Lakeview Endowment	192,702 39,445 134,362	287,390 31,244 151,763
Meadowridge Branch Meadowridge Endowment	0 22,908	3,732 43,355
Monroe Branch Monroe Library League Monroe Endoument	4,750 27,613	6,811 21,249
Monroe Endowment Pinney Capital Equity Pinney Branch	6,385 2,500 17,969	11,486 0 10,208
Pinney Endowment Print Books Purchase	 227,600 554	 247,708 16,869
Balance carried forward	1,640,798	1,920,942

December 31, 2022

#### NOTE E -- Net assets (Continued)

	 2022	 2021
Balance brought forward	\$ 1,640,798	\$ 1,920,942
Professional Development Endowment Proctor Endowment Reindahl Capital Rosemary Lee Endowment Sequoya Branch Sequoya Endowment South Madison Branch South Madison Friends South Madison Endowment	2,807 18,200 107,164 12,211 1,450 80,883 250 8,220 43,683 480,078	6,205 28,412 0 25,261 0 135,876 1,367 10,507 75,250
John H. Lussier Charitable Lead Annuity Trust Total	\$ 489,978 2,405,644	\$ <u>569,987</u> 2,773,807

The foundation's solicitations for capital projects indicate that contributions received in excess of the amount needed for the particular project will be used to establish an endowment fund, the income from which can be used to support the particular library branch location.

#### Net assets with donor restrictions - perpetual endowments

Net assets with donor restrictions – perpetual endowments include assets set aside in perpetuity in accordance with donor restrictions and as of December 31, consist of the following:

	2022		2021	
Ashman Branch Endowment Fund Elizabeth Moon Proctor Scholarship &	\$	62,919	\$	50,698
Professional Development Fund		51,964		51,964
Monroe Branch Endowment Fund		39,127		24,535
Print Books Purchase Fund		112,083		110,766
Sequoya Branch Endowment Fund		299,847		297,143
South Madison Branch Endowment Fund		173,728		172,331
Central Branch Endowment Fund		153,384		152,682
Meadowridge Branch Endowment Fund		123,233		119,238
Judy P. Olson Endowment Fund		6,568		6,393
Professional Development Endowment		20,307		20,255
Rosemary Lee Endowment Fund		75,500		75,500
Total	<u>\$</u>	1,118,660	<u>\$</u>	1,081,505

NOTES TO FINANCIAL STATEMENTS December 31, 2022

#### **NOTE F -- Endowments**

The foundation's endowments consist of 14 individual funds established for a variety of purposes. Its endowments include both donor-restricted funds and funds designated by the board of directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The foundation has interpreted Wisconsin's enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. However, the foundation has notified its donors that they reserve the right to make a distribution from their funds even if the value of the fund drops below the amount of the initial gift. In accordance with Wisconsin's enacted version of UPMIFA, the foundation expects it will need to consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (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, and (7) the foundation's investment policies.

From time to time, the fair value of assets associated with endowment funds may fall below the level that the donor or UPMIFA requires the foundation to retain as a fund of perpetual duration.

The foundation has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations.

The foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the original investment of the endowment. Endowment assets include those assets of donor-restricted funds that the foundation must hold in perpetuity. Endowment assets also include board-designated funds that are held, as directed by the board of directors, for current and future needs. Under this policy, as approved by the board of directors, all endowment assets are invested in a manner that is intended to produce returns to fund the scholarships, print books purchases, and income streams for certain branch libraries while assuming a moderate level of investment risk.

December 31, 2022

#### **NOTE F -- Endowments (Continued)**

To satisfy its long-term rate-of-return objectives, the foundation relies on MCF's return strategy in which investment returns are achieved through both realized and unrealized gains/loss and interest and dividends. The foundation, through MCF, targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Net assets

Endowment net asset composition by type is as follows:

	Net assets without donor <u>restrictions</u>	Net assets with donor restrictions - time or use	with donor restrictions - perpetual endowments
December 31, 2022 Donor restricted endowment funds Board-designated	\$ 0	\$ 645,192	\$ 1,118,660
endowment funds	6,105,434	0	0
	<u>\$6,105,434</u>	<u>\$                                    </u>	<u>\$    1,118,660</u>
	Net assets without donor restrictions	Net assets with donor restrictions - time or use	Net assets with donor restrictions - perpetual endowments
December 31, 2021 Donor restricted endowment funds	\$0	\$ 878,581	\$ 1,081,505
Board-designated endowment funds	6,776,619	0	0
	<u>\$    6,776,619</u>	<u>\$878,581</u>	<u>\$    1,081,505</u>

December 31, 2022

#### **NOTE F -- Endowments (Continued)**

Change in endowment net asset activity by type is follows:

ge in endowment net asset activity by	Net assets without donor <u>restrictions</u>	Net assets with donor restrictions - time or use	Net assets with donor restrictions - perpetual endowments
<u>December 31, 2022</u> Balance, beginning Contributions Amounts released	\$    6,776,619 182,125	\$     878,581 10,782	\$    1,081,505 37,155
for expenditure Net investment income (loss)	(219,870) (633,440)	(60,859) (183,312)	0 0
	<u>\$    6,105,434</u>	<u>\$                                    </u>	<u>\$    1,118,660</u>
			Net assets
	Net assets without donor restrictions	Net assets with donor restrictions - time or use	with donor restrictions - perpetual endowments
<u>December 31, 2021</u> Balance, beginning Contributions Amounts released	without donor	with donor restrictions -	with donor restrictions - perpetual
Balance, beginning	without donor restrictions \$ 5,851,065	with donor restrictions - time or use \$ 569,094	with donor restrictions - perpetual <u>endowments</u> \$ 1,064,206

#### NOTE G -- Mohaupt Fund for the Sequoya Branch Library

In May 2011, Alvin and Ruth Mohaupt established the Mohaupt Fund for the Sequoya Branch Library (the Mohaupt Fund). MCF holds and manages the Mohaupt Fund and treats the assets as a component fund. The balance held in the Mohaupt Fund is not included in the foundation's financial statements as MCF retains variance power over the assets. Any distributions from the Mohaupt Fund will help fund the foundation's charitable and exempt purposes. Distributions from the Mohaupt Fund totaled \$3,851 and \$3,667 for the years ended December 31, 2022 and 2021, respectively. The Mohaupt Fund had a fair value of \$95,467 and \$109,437 as of December 31, 2022 and 2021, respectively.

December 31, 2022

#### **NOTE H -- Commitments and contingencies**

#### Paycheck Protection Program

On February 5, 2021, the foundation received a loan pursuant to the Paycheck Protection Program (PPP), a program implemented by the U.S. Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender (the PPP Lender), for an aggregate principal amount of \$81,240. The foundation obtained forgiveness of the PPP Loan on August 20, 2021 and recognized it as contribution revenue in the statements of activities.

The SBA retains the right to review the eligibility of any borrower, regardless of the size of the loan. If the SBA subsequently determines the borrower was ineligible for the PPP loan after forgiveness, the borrower must immediately repay the loan to the lender.

#### NOTE I -- Pension plan

The foundation's Defined Contribution Employee 401(k) Safe Harbor Retirement Plan covers all employees age 18 or over. The foundation matches contributions to the plan up to 5% of the individual participant's compensation. Pension plan expense totaled \$14,514 and \$14,716 for the years ended December 31, 2022, and 2021, respectively.

#### NOTE J -- Availability of financial assets and liquidity

The following reflects the foundation's financial assets as of December 31, 2022 reduced by amounts not available for general use because of donor-imposed restrictions or internal designations, within one year of the statement of financial position date:

	2022	2021
Financial assets as of December 31, 2022 Less those unavailable for general expenditures within one year due to:	\$ 10,440,719	\$ 11,494,838
Restricted by donor with time or purpose restrictions Board designated endowment funds Board designated other Donor restricted endowment funds	(1,760,452) (6,105,434) (5,000) <u>(1,763,852</u> )	) (6,776,619) ) (5,000)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$805,981</u>	<u>\$857,907</u>

December 31, 2022

#### NOTE J -- Availability of financial assets and liquidity (Continued)

The foundation receives significant contributions with donor restrictions to be used in accordance with the associated purpose or time restrictions. It also receives gifts to establish endowments that will exist in perpetuity. When a donor's restrictions require resources to be used in a particular manner or in a future period, the foundation must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the foundation's liquidity management and reserve and surplus policy, it strives to maintain an operating reserve equal to six months of general expenditures. Financial assets in excess of daily cash requirements are invested in certificates of deposit and money market funds.