

# **BOSTON PUBLIC LIBRARY FUND, INC.**

**(a Component Unit of the Trustees of the Public Library of  
the City of Boston for Financial Reporting Purposes Only)**

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## **Financial Statements**

**JUNE 30, 2021 and 2020**

**BOSTON PUBLIC LIBRARY FUND, INC.**  
**(a Component Unit of the Trustees of the Public Library of the City of Boston for Financial Reporting Purposes Only)**

**Financial Statements**  
**June 30, 2021 and 2020**

**C O N T E N T S**

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<b>Independent Auditors' Report</b>	1-2
<b>Financial Statements:</b>	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4-5
Statements of Functional Expenses	6-7
Statements of Cash Flows	8
Notes to the Financial Statements	9-23
<b>Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b>	24-25



## INDEPENDENT AUDITORS' REPORT

To the Executive Committee of the  
Boston Public Library Fund, Inc.  
Boston, Massachusetts

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Boston Public Library Fund, Inc. (a component unit of the Trustees of the Public Library of the City of Boston for Financial Reporting Purposes Only), which comprise the statements of financial position as of June 30, 2021 and 2020, the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boston Public Library Fund, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2021, on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Boston Public Library Fund, Inc.'s internal control over financial reporting and compliance.



**Certified Public Accountants  
Braintree, Massachusetts**

September 28, 2021

# BOSTON PUBLIC LIBRARY FUND, INC.

(a Component unit of the Trustees of the Public Library of the City of Boston  
for Financial Reporting Purposes Only)

## Statements of Financial Position

June 30,

### Assets

	<u>2021</u>	<u>2020</u>
<b>Current Assets:</b>		
Cash and equivalents	\$ 1,032,877	\$ 3,757,019
Restricted cash	20,383	137,333
Pledges receivable, net	1,807,250	892,000
Prepaid expenses and other assets	<u>2,600</u>	<u>9,826</u>
<b>Total Current Assets</b>	<u>2,863,110</u>	<u>4,796,178</u>
<b>Property and Equipment, Net</b>	<u>14,331</u>	<u>16,978</u>
<b>Other Assets:</b>		
Marketable securities	5,008,752	1,601,600
Pledges receivable, net of current portion	<u>390,153</u>	<u>386,153</u>
<b>Total Other Assets</b>	<u>5,398,905</u>	<u>1,987,753</u>
<b>Total Assets</b>	<u>\$ 8,276,346</u>	<u>\$ 6,800,909</u>

### Liabilities and Net Assets

<b>Current Liabilities:</b>		
Accounts payable and accrued expenses	\$ 102,798	\$ 56,260
Due to the Trustees of the Public Library of the City of Boston	<u>689,620</u>	<u>-</u>
<b>Total Current Liabilities</b>	<u>792,418</u>	<u>56,260</u>
<b>Long Term Liability:</b>		
Paycheck Protection Program loan	<u>124,565</u>	<u>90,000</u>
<b>Total Liabilities</b>	<u>916,983</u>	<u>146,260</u>
<b>Net Assets:</b>		
Without donor restrictions	3,289,250	3,637,514
With donor restrictions	<u>4,070,113</u>	<u>3,017,135</u>
<b>Total Net Assets</b>	<u>7,359,363</u>	<u>6,654,649</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 8,276,346</u>	<u>\$ 6,800,909</u>

The accompanying notes are an integral part of the financial statements.

**BOSTON PUBLIC LIBRARY FUND, INC.**  
(a Component unit of the Trustees of the Public Library of the City of Boston  
for Financial Reporting Purposes Only)

**Statements of Activities and Changes in Net Assets**

**For the Year Ended June 30, 2021**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>2021 Total</b>
<b>Support:</b>			
Donations	\$ 1,299,686	\$ 2,825,897	\$ 4,125,583
In-kind revenue	18,000	-	18,000
Investment return, net	282,842	310,462	593,304
Other:			
Net assets released from restrictions	2,083,381	(2,083,381)	-
<b>Total Support</b>	<b>3,683,909</b>	<b>1,052,978</b>	<b>4,736,887</b>
<b>Expense:</b>			
Program	2,949,906	-	2,949,906
General and administrative	579,302	-	579,302
Fundraising	592,965	-	592,965
<b>Total Expenses</b>	<b>4,122,173</b>	<b>-</b>	<b>4,122,173</b>
<b>Non-Operating Revenue:</b>			
Forgiveness of Paycheck Protection Program loan (Note 6)	90,000	-	90,000
<b>Changes in Net Assets</b>	<b>(348,264)</b>	<b>1,052,978</b>	<b>704,714</b>
Net Assets, Beginning of Year	3,637,514	3,017,135	6,654,649
<b>Net Assets, End of Year</b>	<b>\$ 3,289,250</b>	<b>\$ 4,070,113</b>	<b>\$ 7,359,363</b>

*The accompanying notes are an integral part of the financial statements.*

**BOSTON PUBLIC LIBRARY FUND, INC.**  
(a Component unit of the Trustees of the Public Library of the City of Boston  
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**Statements of Activities and Changes in Net Assets**

**For the Year Ended June 30, 2020**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total Net Assets</b>
<b>Support:</b>			
Donations	\$ 467,828	\$ 1,179,592	\$ 1,647,420
In-kind revenue	28,644	-	28,644
Investment return, net	27,830	(8,430)	19,400
Other:			
Net assets released from restrictions	<u>1,846,958</u>	<u>(1,846,958)</u>	<u>-</u>
<b>Total Support</b>	<u>2,371,260</u>	<u>(675,796)</u>	<u>1,695,464</u>
<b>Expense:</b>			
Program	1,229,699	-	1,229,699
General and administrative	399,926	-	399,926
Fundraising	<u>653,827</u>	<u>-</u>	<u>653,827</u>
<b>Total Expenses</b>	<u>2,283,452</u>	<u>-</u>	<u>2,283,452</u>
<b>Changes in Net Assets</b>	<u>87,808</u>	<u>(675,796)</u>	<u>(587,988)</u>
Net Assets, Beginning of Year	<u>3,549,706</u>	<u>3,692,931</u>	<u>7,242,637</u>
<b>Net Assets, End of Year</b>	<u>\$ 3,637,514</u>	<u>\$ 3,017,135</u>	<u>\$ 6,654,649</u>

*The accompanying notes are an integral part of the financial statements.*

## BOSTON PUBLIC LIBRARY FUND, INC.

(a Component unit of the Trustees of the Public Library of the City of Boston for Financial Reporting Purposes Only)

### Statement of Functional Expenses

For the Year Ended June 30, 2021

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Grants				
Children and teen programming	\$ 493,885	\$ -	\$ -	\$ 493,885
Adult programming	596,338	-	-	596,338
Norman B. Leventhal Map and Education Center	1,029,570	-	-	1,029,570
Exhibits and collections	821,518	-	-	821,518
McKim restoration	8,595	-	-	8,595
Salaries and fringe benefits	-	463,274	398,632	861,906
Printing and postage	-	-	98,804	98,804
Consulting	-	25,803	29,541	55,344
Equipment rental & maintenance	-	9,926	36,061	45,987
Professional fees	-	34,244	-	34,244
Cultivation	-	-	22,807	22,807
Rent	-	18,000	-	18,000
Office expenses	-	7,819	5,536	13,355
Miscellaneous	-	7,918	-	7,918
Credit card fees	-	5,038	-	5,038
Depreciation	-	1,063	1,584	2,647
Training	-	2,574	-	2,574
Insurance	-	2,271	-	2,271
Dues and subscriptions	-	1,372	-	1,372
<b>Total</b>	<b>\$ 2,949,906</b>	<b>\$ 579,302</b>	<b>\$ 592,965</b>	<b>\$ 4,122,173</b>

The accompanying notes are an integral part of the financial statements.

## BOSTON PUBLIC LIBRARY FUND, INC.

(a Component unit of the Trustees of the Public Library of the City of Boston for Financial Reporting Purposes Only)

### Statement of Functional Expenses

For the Year Ended June 30, 2020

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Grants				
Children and teen programming	\$ 487,327	\$ -	\$ -	\$ 487,327
Adult programming	457,411	-	-	457,411
Norman B. Leventhal Map and Education Center	237,127	-	-	237,127
Exhibits and collections	37,834	-	-	37,834
McKim restoration	10,000	-	-	10,000
Salaries and fringe benefits	-	182,643	438,038	620,681
Consulting	-	149,770	169,182	318,952
Professional fees	-	31,245	-	31,245
Equipment rental & maintenance	-	8,911	10,049	18,960
Rent	-	18,000	-	18,000
Cultivation	-	-	15,444	15,444
Printing and postage	-	3,367	10,107	13,474
Miscellaneous	-	2,092	3,492	5,584
Office supplies	-	2,153	2,426	4,579
Credit card fees	-	-	3,119	3,119
Insurance	-	1,020	1,153	2,173
Depreciation	-	725	817	1,542
	<u>-</u>	<u>725</u>	<u>817</u>	<u>1,542</u>
<b>Total</b>	<b><u>\$ 1,229,699</u></b>	<b><u>\$ 399,926</u></b>	<b><u>\$ 653,827</u></b>	<b><u>\$ 2,283,452</u></b>

The accompanying notes are an integral part of the financial statements.

# BOSTON PUBLIC LIBRARY FUND, INC.

(a Component unit of the Trustees of the Public Library of the City of Boston  
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## Statements of Cash Flows

For the Years Ended June 30,

	<u>2021</u>	<u>2020</u>
<b>Cash Flows from Operating Activities:</b>		
Changes in net assets	<u>\$ 704,714</u>	<u>\$ (587,988)</u>
Adjustments to reconcile changes in net assets to net cash applied to operating activities:		
Forgiveness of Paycheck Protection Program loan	(90,000)	-
Realized and unrealized (gains) losses on marketable securities	(601,364)	30,920
Depreciation	2,647	1,542
Change in discount on pledge receivable	-	(18,716)
Changes in assets and liabilities:		
Pledges receivables	(919,250)	1,236,500
Prepaid expenses and other assets	7,226	(6,214)
Accounts payable and accrued expenses	46,538	32,574
Due to the Trustees of the Public Library of the City of Boston	689,620	-
Due to Norman B. Leventhal Map and Education Center	<u>-</u>	<u>(1,014,527)</u>
Net Adjustments	<u>(864,583)</u>	<u>262,079</u>
Net Cash Applied to Operating Activities	<u>(159,869)</u>	<u>(325,909)</u>
<b>Cash Flows from Investing Activities:</b>		
Purchase of property and equipment	-	(18,520)
Purchase of marketable securities	(4,589,197)	(1,232,038)
Proceeds from sale of marketable securities	<u>1,783,409</u>	<u>1,295,071</u>
Net Cash (Applied to) Provided by Investing Activities	<u>(2,805,788)</u>	<u>44,513</u>
<b>Cash Flows from Financing Activity:</b>		
Proceeds from Paycheck Protection Program loan	<u>124,565</u>	<u>90,000</u>
<b>Net Decrease in Cash and Equivalents and Restricted Cash</b>	<b>(2,841,092)</b>	<b>(191,396)</b>
Cash and Equivalents and Restricted Cash, Beginning of Year	<u>3,894,352</u>	<u>4,085,748</u>
<b>Cash and Equivalents and Restricted Cash, End of Year</b>	<b><u>\$ 1,053,260</u></b>	<b><u>\$ 3,894,352</u></b>
<b>Cash and equivalents and restricted cash consist of the following at June 30:</b>		
Cash and equivalents	\$ 1,032,877	\$ 3,757,019
Restricted cash	<u>20,383</u>	<u>137,333</u>
<b>Total</b>	<b><u>\$ 1,053,260</u></b>	<b><u>\$ 3,894,352</u></b>

The accompanying notes are an integral part of the financial statements.

# **BOSTON PUBLIC LIBRARY FUND, INC.**

**(a Component Unit of the Trustees of the Public Library of the City of Boston for Financial Reporting Purposes Only)**

## **Notes to the Financial Statements**

**June 30, 2021 and 2020**

Note 1 - **Summary of Significant Accounting Policies**

*Organization*

Boston Public Library Fund, Inc. (“the Fund”) was formed on March 2, 1992 as a not-for-profit organization, exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, to support the physical restoration and the enhancement of the public visibility of the Trustees of the Public Library of the City of Boston (the “Library”). The Fund solicited and received funds exclusively for the Library, conducting its activities in accordance with a written solicitation policy.

The mission for the Fund is to provide financial support to the Boston Public Library, ensuring that it remains viable, engaging, accessible, and free to all. The four cornerstones of the Library’s mission are: programming and services that bring energy and excitement to all of the Library’s inspirational spaces, innovative investment in technology and digital offerings to ensure the Library’s continued position as a national and international leader, print and electronic collections development, and preservation, renovation and restoration of its historic building and collections.

The Governor of Massachusetts declared a state of emergency due to the COVID-19 outbreak from March 2020 to June 2021. The COVID-19 crisis created volatility in the financial markets and uncertainty in the overall economy. The state of emergency affected the Fund’s operations. The Fund did fundraise during the state of the emergency but had limited in-person fundraising events. Management received two loans offered through the Federal government stimulus program to mitigate the effects on operations.

*Basis of Presentation*

The accompanying financial statements have been prepared utilizing the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America which require the Fund to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expensed for any purpose in performing the objectives of the Fund. These net assets may be used at the discretion of the Fund’s management and the board of directors.

**BOSTON PUBLIC LIBRARY FUND, INC.**  
(a Component Unit of the Trustees of the Public Library of the City of Boston for Financial Reporting Purposes Only)

**Notes to the Financial Statements - Continued**

**June 30, 2021 and 2020**

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some restrictions are temporary in nature; those restrictions will be met by actions of the Fund or by the passage of time. Other restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Measure of operations

The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Fund's ongoing purpose and the return earned on investments. Nonoperating activities are limited to other activities considered to be of a more unusual or nonrecurring nature.

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 about future events. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as reported amounts of revenues and expenses during the reporting period. Management evaluates the estimates and assumptions on an ongoing basis using historical experience and other factors that management believes to be reasonable under the circumstances. Adjustments to estimates and assumptions are made as facts and circumstances require. As future events and their effects cannot be determined with certainty, actual results may differ from the estimates used in preparing the accompanying financial statements. Significant estimates and assumptions are required as part of determining the value of pledges receivable and the allocation of general and fundraising costs.

Cash and Equivalents

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

Restricted Cash

The Fund's restricted cash consists of funds set aside for donor's restrictions.

Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest

# **BOSTON PUBLIC LIBRARY FUND, INC.**

**(a Component Unit of the Trustees of the Public Library of the City of Boston for Financial Reporting Purposes Only)**

## **Notes to the Financial Statements - Continued**

**June 30, 2021 and 2020**

rates applicable to the years in which the promises are received. Discount amortization is included in contributions revenue. Conditional promises to give are not included as support until the conditions are met.

### Marketable Securities

The Fund's investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment return in the statements of activities.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on the average cost and are recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

### Fair Value Measurements

Promulgations of the Financial Accounting Standards Board have established a framework for measuring fair value, which provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under are described as follows:

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Fund has the ability to access.
Level 2	Inputs to the valuation methodology include: <ul style="list-style-type: none"><li>• Quoted prices for similar assets or liabilities in active markets;</li><li>• Quoted prices for identical or similar assets or liabilities in inactive markets;</li><li>• Inputs other than quoted prices that are observable for the asset or liability; and</li><li>• Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.</li></ul>
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

# **BOSTON PUBLIC LIBRARY FUND, INC.**

**(a Component Unit of the Trustees of the Public Library of the City of Boston for Financial Reporting Purposes Only)**

## **Notes to the Financial Statements - Continued**

**June 30, 2021 and 2020**

The asset 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.

### Property and Equipment

Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over the lesser of the estimated useful lives of the assets or the lease term. The useful life of the fixed assets are three to seven years. The Fund's policy is to capitalize property and equipment acquired and expense normal repairs and maintenance as incurred. The Fund's management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered.

### Donated Services

Contributions of services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills that would typically need to be purchased if not provided by donation. A substantial number of unpaid volunteers, including board members, have made significant contributions of their time to develop the Fund's fundraising campaigns and other administrative matters. The value of this contributed time is not reflected in these financial statements since it is not susceptible to objective measurement or valuation and does not meet the criteria of generally accepted accounting principles.

### Income Taxes

The Fund has been notified by the Internal Revenue Service that it meets the qualifications to be classified as a tax-exempt entity under Section 501 (c)(3) of the Internal Revenue Code. As a not-for-profit entity exempt from income taxes, the Fund may, however, be subject to tax on unrelated business income.

Accounting principles generally accepted in the United States of America require an entity to assess the probability that a tax position has a "more likely than not" sustainability after review by tax authorities. If a tax position is deemed not to meet this threshold, any unrecognized tax benefits and costs are estimated and recognized. Tax returns are routinely open for review by the tax authorities for three years from their due date. In certain circumstances, the statute of limitations may remain open indefinitely.

# **BOSTON PUBLIC LIBRARY FUND, INC.**

**(a Component Unit of the Trustees of the Public Library of the City of Boston for Financial Reporting Purposes Only)**

## **Notes to the Financial Statements - Continued**

**June 30, 2021 and 2020**

### Endowment Funds

Massachusetts law requires not-for-profit organizations and other entities that receive donor contributions to operate in conformity with its enacted version of the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”). In the absence of overriding explicit donor stipulations, UPMIFA prescribes guidelines for expenditures of donor-restricted funds and focuses on the prudent spending of the entire donor-restricted fund, including accumulated earnings, rather than the historical dollar concept. UPMIFA's requirement that amounts may be appropriated for expenditure only after careful consideration of the seven factors outlined in its spending guidelines is bolstered by its intent to have the governing board of the Fund make its decisions in light of the donor's intended purpose of the endowment fund, stipulated or otherwise.

UPMIFA requires donor-restricted funds to be classified in accordance with their restrictions. Gains on endowment funds and other amounts permitted to be disbursed in accordance with the donor's stipulations must be classified as net assets with donor restrictions until approved for expenditure by the Fund. Earnings on endowment funds that have not yet been specifically approved for expenditure, but will be, must be classified as net assets with donor restrictions until approved for expenditure by the Fund.

The Fund's Board of Directors classifies donor-restricted funds and earnings thereon in accordance with applicable state law as interpreted by the Attorney General. Endowment fund assets are appropriated for expenditure in accordance with the directions and/or intent of the donor. The Fund's investment policy for endowment funds is intended to preserve capital to the extent possible and provide a reasonably predictable stream of revenue to provide appropriate funding to the programs supported by endowment funds.

From time to time, the fair values of endowment fund assets may, due to unfavorable market fluctuations, fall below the level that donors require to be retained for a perpetual duration. The decline below the required perpetual duration, commonly referred to as “underwater”, is reported as losses within net assets with donor restrictions. The Board of Directors have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. As of June 30, 2021, the Fund did not have endowment funds below the amount of donor required levels. As of June 30, 2020, the Fund had one endowment fund below the amount of the donor required levels.

# **BOSTON PUBLIC LIBRARY FUND, INC.**

**(a Component Unit of the Trustees of the Public Library of the City of Boston for Financial Reporting Purposes Only)**

## **Notes to the Financial Statements - Continued**

**June 30, 2021 and 2020**

### Revenue with Customers

The Fund has a gala and other special events for the general public. The transaction price is the consideration that the Fund expects to receive for the entrance fee and sponsorships. The Fund collects payment at the time of registration, or shortly thereafter. The Fund considers the performance obligation to be the event and recognizes revenue at the time that the event occurs. The Fund's revenues and cash flows are correlated to the general conditions of the economy. Contract liabilities represent payments the Fund receives in advance of the event. Contract liabilities are presented in the Statements of Financial Position as unearned revenue, if applicable, and are recognized as income in the period in which the event takes place. For the year ended June 30, 2021 and 2020, there were no exchange-based events with the public.

### Contributions

Contributions are recognized as revenue when the conditions contained in the respective agreements have been met. Contributions are conditional if there is a barrier that must be overcome before the recipient is entitled to the asset transferred and the donor has the right to request the asset back if it was not used properly.

Unconditional contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding the purpose and how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

### In-kind donations

The Fund received donated professional services and office space of \$18,000 and \$28,644 for the years ended June 30, 2021 and 2020, respectively. Such amounts, which are based upon information provided by third-party service providers, are recorded at their estimated fair value determined on the date of contribution and are reported as contributions in-kind and supporting services on the accompanying statements of activities and statements of functional expenses.

**BOSTON PUBLIC LIBRARY FUND, INC.**  
**(a Component Unit of the Trustees of the Public Library of the City of Boston for Financial Reporting Purposes Only)**

**Notes to the Financial Statements - Continued**

**June 30, 2021 and 2020**

*Functional Allocation of Expenses*

Expenses are categorized by program services, management and general, or fundraising on a direct identification basis, where practical, and on a percentage allocation basis based on management's judgment. A variety of cost allocation techniques are used, such as time and effort and square footage.

*New Accounting Pronouncements*

FASB issued ASU 2016-02, Leases, which is effective for periods beginning after December 15, 2021. The pronouncement will require lessees to recognize on their statement of financial position the rights and obligations resulting from leases categorized as operating leases as assets and liabilities. It provides for an election on leases with terms of less than twelve months to be excluded.

*FASB issued ASU 2020-07, Not-for-Profit Entities: Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which is effective for periods beginning after June 15, 2021. The pronouncement will require not-for-profit entities to present contributed non-financial assets in the statement of activities as a line that is separate from other contributions. It will also require additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category.

Management is in the process of evaluating these pronouncements and has not yet determined its impact on the financial statements.

*Reclassifications*

Certain amounts in the 2020 financial statements have been reclassified to conform to the 2021 presentation.

# BOSTON PUBLIC LIBRARY FUND, INC.

(a Component Unit of the Trustees of the Public Library of the City of Boston for Financial Reporting Purposes Only)

## Notes to the Financial Statements - Continued

June 30, 2021 and 2020

### Note 2 - Pledges Receivable, Net

Pledges receivable are primarily from long-time supporters located throughout Massachusetts. Pledges receivable at June 30, are as follows:

	<u>2021</u>	<u>2020</u>
Due in less than one year	\$ 1,807,250	\$ 892,000
Due in one to three years	<u>404,000</u>	<u>400,000</u>
Total	<u>2,211,250</u>	<u>1,292,000</u>
Less: discount to net present value	<u>13,847</u>	<u>13,847</u>
Present value of receivable	2,197,403	1,278,153
Less: current portion	<u>1,807,250</u>	<u>892,000</u>
Pledge Receivable, net of current portion	<u>\$ 390,153</u>	<u>\$ 386,153</u>

The long-term portion of unconditional promises to give is discounted at 3.0% at June 30, 2021 and 2020.

### Note 3 - Marketable Securities

The following is a summary of marketable securities at June 30,:

<u>Description</u>	<u>2021</u> <u>Fair Value</u>	<u>2020</u> <u>Fair Value</u>
Equities	\$ 3,352,352	\$ 855,566
Mutual funds	462,860	746,034
Fixed Income	<u>1,193,540</u>	<u>-</u>
	<u>\$ 5,008,752</u>	<u>\$ 1,601,600</u>

As of June 30, 2021 and 2020, all investments are level 1 investments and are at quoted market value of the shares held at fiscal year-end.

# BOSTON PUBLIC LIBRARY FUND, INC.

(a Component Unit of the Trustees of the Public Library of the City of Boston for Financial Reporting Purposes Only)

## Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 4 - **Property and Equipment, net**

A summary of the major components of property and equipment at June 30, is as follows:

	<u>2021</u>	<u>2020</u>
Leashold improvements	\$ 13,319	\$ 13,319
Office furniture and equipment	<u>18,520</u>	<u>18,520</u>
	31,839	31,839
Less: Accumulated depreciation	<u>17,508</u>	<u>14,861</u>
	<u>\$ 14,331</u>	<u>\$ 16,978</u>

Note 5 - **Related Party Transactions**

During 2021 and 2020, the Fund provided grants of \$2,949,906 and \$1,229,699 to the Boston Public Library, respectively.

Note 6 - **Paycheck Protection Program Loans**

*First Paycheck Protection Program Loan*

In May 2020, the Fund received a Paycheck Protection Program (“PPP”) loan under the Coronavirus Aid, Relief, and Economic Security Act (“CARES” Act) in the amount of \$90,000. In May 2021, the Fund submitted the PPP loan forgiveness application to the lender. In June 2021, the Fund had the entire PPP loan forgiven, and is recorded as non-operating revenue on the statement of activities and changes in net assets.

*Second Paycheck Protection Program Loan*

In March 2021, the Fund was approved by the Small Business Administration for a second Paycheck Protection Program loan under the Consolidated Appropriations Act, 2021 (the “Act”) in the amount of \$124,565. The loan will be forgiven based upon the Fund using the proceeds on eligible expenses over a twenty-four-week period from the time that the loan is obtained. Eligible expenses include payroll and related benefits, utilities, and rent. The Fund used the entire funds from the loan in accordance with the provisions of the Act and thus it is anticipated the loan will be forgiven.

# **BOSTON PUBLIC LIBRARY FUND, INC.**

**(a Component Unit of the Trustees of the Public Library of the City of Boston for Financial Reporting Purposes Only)**

## **Notes to the Financial Statements - Continued**

### **June 30, 2021 and 2020**

Should any portion of the loan not be forgiven it will become a two-year term loan with an interest rate of 1% per year. The interest on any unforgiven portion of the loan will be deferred the earlier of the date in which the amount of loan forgiveness is remitted by the Small Business Administration to the lender or ten months after the covered period concludes. Management intends to reduce the debt in full and reflect that reduction as other non-operating revenue when all or a portion of the loan is forgiven.

Maturities of the PPP loan subsequent to June 30, 2021 if no portion of the debt is forgiven for the years ending June 30:

2023	\$ 62,023
2024	<u>62,542</u>
	<u>\$ 124,565</u>

# BOSTON PUBLIC LIBRARY FUND, INC.

(a Component Unit of the Trustees of the Public Library of the City of Boston for Financial Reporting Purposes Only)

## Notes to the Financial Statements - Continued

June 30, 2021 and 2020

### Note 7 - Net Assets

#### Net Assets With Restrictions

Net assets with restrictions consist of the following June 30,:

	<u>2021</u>	<u>2020</u>
<u>Purpose</u>		
Children and Teens	\$ 777,741	\$ 667,889
Norman B. Leventhal Map and Education Center Exhibits	918,165	1,049,917
Foundation Initiatives	820,000	-
Adult Programming	31,575	9,958
	<u>216,000</u>	<u>29,491</u>
	<u>2,763,481</u>	<u>1,757,255</u>
<u>Time restriction</u>		
Pledge receivable	<u>578,403</u>	<u>531,653</u>
<u>Perpetuity</u>		
Allen endowment	100,000	100,000
Lynch endowment	100,000	100,000
Fidelity endowment	518,229	518,229
Martel endowment	10,000	10,000
	<u>728,229</u>	<u>728,229</u>
	<u>\$ 4,070,113</u>	<u>\$ 3,017,137</u>

The purpose of the Fidelity endowment of \$518,229, in accordance with a request of the donor, is restricted to Teen Programs. The remaining balance of net assets with donor restrictions in perpetuity consists of two endowment funds of \$100,000 restricted for the Parochial School Partnerships and the Children's Music Program and one endowment fund of \$10,000 restricted for the Martel Fund for Children's Programs.

Fair market value of these funds at June 30, 2021 and 2020 is approximately \$630,000 and \$555,000 for the Teen Program, approximately \$255,000 and \$223,000 for the Parochial School Partnerships, and approximately \$121,000 and \$106,000 for the

# BOSTON PUBLIC LIBRARY FUND, INC.

(a Component Unit of the Trustees of the Public Library of the City of Boston for Financial Reporting Purposes Only)

## Notes to the Financial Statements - Continued

### June 30, 2021 and 2020

Children's Music Programs, respectively. During the fiscal year one new endowment was founded, Martel Fund for Children's Programs. From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Fund to retain as a fund of perpetual duration. At June 30, 2021, the Martel Fund for Children's programs had a fair market value of approximately \$10,700. Deficiencies of this nature existed in the Martel Fund for Children's Programs for the year ended June 30, 2020. This fund had a donor-restricted endowment gift value of \$10,000, and a current fair value of approximately \$9,500, and a deficiency of \$500 as of June 30, 2020. This deficiency resulted from unfavorable market conditions that occurred shortly after the investment of new perpetually restricted contributions. The Fund did not spend from this endowment until the fair value of the fund's assets exceeds the original gift value of the fund.

#### Net Assets Released from Donor Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donor. The purposes of restrictions accomplished are as follows at June 30,:

	<u>2021</u>	<u>2020</u>
Exhibits	\$ 1,000	\$ 37,835
Children and Teens	362,532	521,181
Leventhal Map Center	235,421	236,708
Adult Programming	353,921	168,565
McKim Restoration	-	10,000
BPL General Initiatives	121,257	149,412
Time Restricted Pledges	<u>1,009,250</u>	<u>723,257</u>
	<u>\$ 2,083,381</u>	<u>\$ 1,846,958</u>

# BOSTON PUBLIC LIBRARY FUND, INC.

(a Component Unit of the Trustees of the Public Library of the City of Boston for Financial Reporting Purposes Only)

## Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 8 - **Endowment Net Assets**

Changes in endowment net assets for the years ended June 30, 2021 and 2020 are as follows:

	<u>2021</u>		<u>Total</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	
Endowment net assets, beginning of year	\$ -	\$ 1,622,484	\$ 1,622,484
Amount appropriated	-	(84,900)	(84,900)
Investment return	-	314,475	314,475
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 1,852,059</u>	<u>\$ 1,852,059</u>
	<u>2020</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 1,697,250	\$ 1,697,250
Amount appropriated	-	(104,166)	(104,166)
Contributions	-	10,000	10,000
Investment return	-	19,400	10,000
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 1,622,484</u>	<u>\$ 1,622,484</u>

# BOSTON PUBLIC LIBRARY FUND, INC.

(a Component Unit of the Trustees of the Public Library of the City of Boston for Financial Reporting Purposes Only)

## Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 9 - **In-Kind Revenue**

The Fund is provided with office space by the Library and the Library paid certain consulting fees on behalf of the Fund. Total in-kind revenues for the years ended June 30 consist of the following:

	<u>2021</u>	<u>2020</u>
Rent	\$ 18,000	\$ 18,000
Legal	-	8,600
Miscellaneous	-	2,044
	<u>\$ 18,000</u>	<u>\$ 28,644</u>

Note 10 - **Concentrations, Risks and Uncertainties**

Cash

The Fund maintains cash balances at financial institutions, and at times during the year these balances may exceed the federally insured limit. Management monitors the financial condition of these financial institutions, along with its balances in cash, to keep this potential risk at a minimum. At June 30, 2021 and 2020, uninsured amounts totaled approximately \$403,000 and \$3,643,000, respectively.

Investments

The Fund invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. The Fund's holdings of equities, fixed-income funds, and mutual funds are held in a brokerage account with a national brokerage firm. These accounts are protected by the Securities Investor Protection Corporation ("SIPC"). In the event of broker-dealer failure, up to \$500,000 in these accounts will be protected from loss. The SIPC insurance does not protect against market losses on investments. The Fund's investments in common pooled funds is not covered under SIPC insurance.

Contributions

The Fund's support comes primarily from individuals, local businesses, and Fund donor contributions. During fiscal year 2021, approximately 46% of the Fund's revenue was received from two donors and during fiscal year 2020, approximately 66% of the Fund's revenue was received from six donors.

# **BOSTON PUBLIC LIBRARY FUND, INC.**

**(a Component Unit of the Trustees of the Public Library of the City of Boston for Financial Reporting Purposes Only)**

## **Notes to the Financial Statements - Continued**

### **June 30, 2021 and 2020**

In February 2021, the Fund was notified that it was named as a beneficiary for a material amount from an estate of a decedent person. No amount from this has been recognized in the financial statements. Since the administration of the estate is at an early stage, management cannot estimate the distribution amount.

#### Note 11 - **Availability and Liquidity**

The following represents the Fund's financial assets available to meet general expenditures within one year at June 30,:

	<u>2021</u>	<u>2020</u>
Financial assets at year end:		
Unrestricted cash and equivalents	\$ 1,032,877	\$ 3,757,019
Pledges receivables, net	<u>1,807,250</u>	<u>892,000</u>
	<u>\$ 2,840,127</u>	<u>\$ 4,649,019</u>

The Fund reviews its cash position on a regular basis to ensure that adequate funds are on hand to meet expenses. If funds are needed for expenses, management can liquidate unrestricted investments categorized as long term, and can manage its discretionary expense to meet its cash needs. At June 30, 2021 and 2020, management believes the Fund has no liquidity issues.

#### Note 12 - **Management's Acceptance of Financial Statements**

Management has evaluated subsequent events through September 28, 2021, the date for which the financial statements were available for issuance. Except as noted below, Management has determined that there are no items requiring disclosure in these financial statements.

On September 3, 2021, the Fund's second Paycheck Protection Program loan, as described in Note 6, was forgiven by the Small Business Administration. The total loan amount of \$124,565 will be recognized as non-operating income in the year end June 30, 2022 financial statements.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

To the Executive Committee of the  
Boston Public Library Fund, Inc.  
Boston, Massachusetts

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Boston Public Library Fund, Inc. (the "Fund"), which comprise the statement of financial position as of June 30, 2021, the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and we have issued our report thereon dated September 28, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Boston Public Library Fund Inc.'s internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Fund's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Boston Public Library Fund, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Certified Public Accountants  
Braintree, Massachusetts**

September 28, 2021