



CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

**The Library Legacy Foundation of the
Toledo Lucas County Public Library**

Financial Statements

December 31, 2022 and 2021

with Independent Auditors' Report

TABLE OF CONTENTS

Independent Auditors' Report.....	1-2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows.....	6
Notes to the Financial Statements.....	7-17

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Library Legacy Foundation of the Toledo Lucas County Public Library
325 Michigan Street
Toledo, Ohio 43604-6614

Opinion

We have audited the accompanying financial statements of The Library Legacy Foundation of the Toledo Lucas County Public Library (a not-for-profit corporation) which comprise the statements of financial position as of December 31, 2022, and 2021 and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Library Legacy Foundation of the Toledo Lucas County Public Library as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Library Legacy Foundation of the Toledo Lucas County Public Library and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Library Legacy Foundation of the Toledo Lucas County Public Library's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Library Legacy Foundation of the Toledo Lucas County Public Library's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Library Legacy Foundation of the Toledo Lucas County Public Library'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.

Clark, Schaefer, Hackett & Co.

October 6, 2023
Maumee, Ohio

The Library Legacy Foundation of the Toledo
Lucas County Public Library
Statements of Financial Position
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Current assets:		
Cash	\$ 1,031,442	1,191,078
Pledges receivable	8,250	9,750
Investments	<u>8,089,741</u>	<u>9,695,041</u>
Total current assets	<u>9,129,433</u>	<u>10,895,869</u>
Other assets:		
Donated land	<u>29,900</u>	<u>29,900</u>
Total assets	\$ <u>9,159,333</u>	<u>10,925,769</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 3,731	5,269
Related party accounts payable	<u>16,097</u>	<u>-</u>
Total liabilities	<u>19,828</u>	<u>5,269</u>
Net assets:		
Without donor restrictions	7,429,424	9,052,221
With donor restrictions	<u>1,710,081</u>	<u>1,868,279</u>
Total net assets	<u>9,139,505</u>	<u>10,920,500</u>
Total liabilities and net assets	\$ <u>9,159,333</u>	<u>10,925,769</u>

See accompanying notes to the financial statements.

The Library Legacy Foundation of the Toledo
Lucas County Public Library
Statements of Activities
Years Ended December 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:						
Contributions, gifts, and pledges	\$ 687,475	242,010	929,485	333,962	654,627	988,589
Books income	562	-	562	724	-	724
Net investment activity	(2,215,574)	110,475	(2,105,099)	972,970	4,352	977,322
Events and sponsorships	76,748	-	76,748	58,747	-	58,747
Miscellaneous	675	-	675	-	-	-
Contributed non-financial assets	85,849	-	85,849	84,400	-	84,400
Net assets released from restrictions:						
Satisfaction of purpose	508,913	(508,913)	-	45,904	(45,904)	-
Appropriation from endowments	1,770	(1,770)	-	3,828	(3,828)	-
Total revenues	<u>(853,582)</u>	<u>(158,198)</u>	<u>(1,011,780)</u>	<u>1,500,534</u>	<u>609,247</u>	<u>2,109,782</u>
Expenses:						
Program	671,489	-	671,489	143,633	-	143,633
Management and general	66,185	-	66,185	56,242	-	56,242
Fundraising	31,541	-	31,541	41,199	-	41,199
Total expenses	<u>769,215</u>	<u>-</u>	<u>769,215</u>	<u>241,074</u>	<u>-</u>	<u>241,074</u>
Change in net assets	(1,622,797)	(158,198)	(1,780,995)	1,259,460	609,247	1,868,707
Net assets, beginning of year	<u>9,052,221</u>	<u>1,868,279</u>	<u>10,920,500</u>	<u>7,792,761</u>	<u>1,259,032</u>	<u>9,051,793</u>
Net assets, end of year	<u>\$ 7,429,424</u>	<u>1,710,081</u>	<u>9,139,505</u>	<u>9,052,221</u>	<u>1,868,279</u>	<u>10,920,500</u>

See accompanying notes to the financial statements.

The Library Legacy Foundation of the Toledo
Lucas County Public Library
Statements of Functional Expenses
Years Ended December 31, 2022 and 2021

	2022				2021			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Library support	\$ 553,350	-	-	553,350	84,076	-	-	84,076
Community events	94,752	-	1,269	96,021	32,895	-	4,204	37,099
Salaries	20,437	44,975	20,437	85,849	26,634	31,132	26,634	84,400
Professional fees	-	14,278	-	14,278	-	15,338	-	15,338
Annual solicitation	-	-	9,790	9,790	-	-	9,576	9,576
Other expenses	-	4,469	45	4,514	28	5,114	785	5,927
Employee training	2,950	-	-	2,950	-	-	-	-
Insurance	-	2,463	-	2,463	-	4,658	-	4,658
Total expenses	<u>\$ 671,489</u>	<u>66,185</u>	<u>31,541</u>	<u>769,215</u>	<u>143,633</u>	<u>56,242</u>	<u>41,199</u>	<u>241,074</u>

See accompanying notes to the financial statements.

The Library Legacy Foundation of the Toledo
Lucas County Public Library
Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Changes in net assets	\$ (1,780,995)	1,868,707
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Unrealized (gain) loss on investments	1,284,373	(446,960)
Realized (gain) loss on sale of investments	984,143	(36,527)
Donated land	-	(29,900)
Cash provided by changes in assets and liabilities:		
Pledges receivable	1,500	1,850
Accounts payable	(1,538)	514
Related party accounts payable	16,097	-
Net cash provided by operating activities	503,580	1,357,684
Cash flows from investing activities:		
Purchases of investments	(9,612,797)	(4,317,678)
Proceeds from sales of investments	8,949,581	3,104,797
Net cash used by investing activities	(663,216)	(1,212,881)
Net increase (decrease) in cash	(159,636)	144,803
Cash, beginning of year	1,191,078	1,046,275
Cash, end of year	\$ 1,031,442	1,191,078
Supplemental disclosures:		
Cash paid for interest	\$ -	640

See accompanying notes to the financial statements.

1. ORGANIZATION:

The Library Legacy Foundation of the Toledo Lucas County Public Library (the Foundation) serves to provide the Toledo Lucas County Public Library (the Library) with a secure financial foundation to ensure a legacy of excellence for the future, and to balance the quality and range of the Library's services beyond the level supported by taxpayers. The Foundation supports the Library through collection development activities to advance literature and learning, and support of special Library projects.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of accounting

The Foundation prepares its financial statements on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Management estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) 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.

Financial statement presentation

The financial statements of the Foundation have been prepared in accordance with GAAP, which requires the Foundation 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 expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the Board of Directors.
- Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will likely be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions received by the Foundation are considered to be donor restricted revenue until the donor stipulated time expires or the 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Revenue and revenue recognition

The Foundation recognizes contributions when cash, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Adoption of new accounting standard

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets*. The standard specifies requirements for the recognition and initial measurement for in-kind contributed gifts and services. The standard requires nonfinancial assets to be shown as a separate line item in the statement of activities and requires the Foundation to disclose qualitative information regarding the use and valuation techniques used by the Foundation. The Foundation adopted this standard for the year ending December 31, 2022.

Contributed non-financial assets

The Foundation receives various contributions of non-financial assets in the performance of its mission. The Foundation has adopted Accounting Standards Update (ASU) 2020-07 for the year ended December 31, 2022. The following table represents the contributed non-financial assets for the years ended December 31:

	<u>Revenue Recognized</u>		<u>Utilization in Programs/Activities</u>	<u>Donor Restrictions</u>	<u>Valuation Techniques and Inputs</u>
	<u>2022</u>	<u>2021</u>			
Salaries	\$ 85,849	84,400	Salaries for the individuals who operate the Foundation	No donor restrictions	Actual salaries for employees for time spent operating the Foundation

Functional expenses

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of the Foundation. The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. The Foundation uses the direct allocation method for expenses when possible. Contributed non-financial assets are salaries for employees paid by the Library and allocated based on time and effort. Such allocations are determined by management on an equitable basis.

Cash

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

Pledges receivable

The Foundation provides an allowance for doubtful accounts based on management's evaluation of outstanding pledges receivable. None of the pledges have been estimated to be uncollectible at December 31, 2022 and 2021. Any uncollectible pledges will be charged to bad debt after all attempts to collect them have been made.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Income taxes

The Foundation is exempt from federal income taxes as a not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision for federal income taxes has been made in the accompanying financial statements.

The Foundation has determined that there are no uncertain tax positions that require disclosure in these financial statements under the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic *Income Taxes*.

Investments

Under the FASB Codification Topic, *Not-for-Profit Entities*, investments in debt and equity securities are reported at their fair values in the statements of financial position. Realized and unrealized gains and losses and interest and dividends net of fees are reported as net investment activity on the statements of activities.

Investment gains and losses on donor restricted contributions are reported as changes in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the gains and losses are recognized.

Subsequent events

The Foundation has evaluated subsequent events through October 6, 2023, the date the financial statements were available to be issued. There were no subsequent events that would require adjustment or disclosure to the December 31, 2022 financial statements.

3. PLEDGES RECEIVABLE:

Pledges receivable represent promises to give from various donors' unconditional promises to give at December 31 are as follows:

<u>Estimated collection time</u>	<u>2022</u>	<u>2021</u>
Due within one year	\$ 8,250	9,750
Due within the following 5 year	-	-
Total	<u>\$ 8,250</u>	<u>9,750</u>

There were no discounts on pledges receivable for the years ended December 31, 2022 and 2021.

4. INVESTMENTS:

Investments at December 31 are summarized as follows:

	<u>2022</u>	<u>2021</u>
	<u>Fair Value</u>	<u>Fair Value</u>
Money market funds	\$ 401,964	333,708
Bond funds	1,341,142	1,981,812
Stocks	-	4,925
Equity funds	<u>6,346,635</u>	<u>7,374,596</u>
Total	<u>\$ 8,089,741</u>	<u>9,695,041</u>

Investment income (loss) consisted of the following for the year ended December 31:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 206,466	538,392
Investment fees	(43,049)	(44,557)
Realized and unrealized gain (loss)	<u>(2,268,516)</u>	<u>483,487</u>
Total	<u>\$ (2,105,099)</u>	<u>977,322</u>

5. FAIR VALUE MEASUREMENTS:

FASB Accounting Standards Codification Topic, *Fair Value Measurements and Disclosures*, provides a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under FASB Codification Topic, *Fair Value Measurements and Disclosures* 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 Foundation has the ability to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

5. FAIR VALUE MEASUREMENTS (CONTINUED):

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets at fair value. There have been no changes in the methodologies used at December 31, 2022 and 2021.

Equity securities: Valued at the closing price reported on the active market on which the individual securities are traded.

Corporate Bonds, Municipal Bonds, and U.S. Government Securities: Valued by the quoted prices of similar assets on an active market. These assets are classified as Level 2 investments.

Money Market Funds: Valued at cost, which approximates fair value.

Mutual Funds: Valued at the daily closing prices as reported by the funds. The funds held by the Foundation are registered with the Securities and Exchange Commission and are required to publish their daily net asset value (NAV) and to transact at that price. The funds held by the Foundation are deemed to be actively traded.

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

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2022:

<u>Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 6,245,051	-	-	6,245,051
Corporate bonds	-	748,026	-	748,026
U.S. government securities	-	539,393	-	539,393
Money market funds	401,964	-	-	401,964
Real estate investment trusts	155,307	-	-	155,307
Total	\$ <u>6,802,322</u>	<u>1,287,419</u>	-	<u>8,089,741</u>

5. FAIR VALUE MEASUREMENTS (CONTINUED):

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2021:

<u>Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common stocks	\$ 552,439	-	-	552,439
Mutual funds	6,733,926	-	-	6,733,926
Corporate bonds	-	616,483	-	616,483
U.S. government securities	-	349,566	-	349,566
Bonds taxable	852,049	-	-	852,049
Real estate investment trusts	153,569	-	-	153,569
Money market funds	437,009	-	-	437,009
Total	\$ <u>8,728,992</u>	<u>966,049</u>	<u>-</u>	<u>9,695,041</u>

6. BOARD DESIGNATED NET ASSETS:

Board designated net assets relate to resources set aside from bequests for tuition reimbursement and scholarships, the special services department of the Library, outreach services and youth programs. Board designated net assets included in net assets without donor restrictions on the statements of financial position at December 31, 2022 and 2021 have been designated as follows:

Board designated funds (not restricted by donor)	<u>2022</u>	<u>2021</u>
Agency funds	\$ 145,368	157,727
Summer Reading Challenge - Heuer fund	8,570	13,570
Homework Helpers - Farison fund	157,557	157,557
Steinem Sisters	1,586	1,035
Subject to 5% spending policy and appropriation		
Endowment for special services - Strouse; original gift \$103,000	103,000	103,000
Endowment for staff training - Strouse; original gift \$103,000	95,954	98,904
Endowment for special services - Cramer; original gift \$108,389	108,389	108,389
Endowment for early literacy	1,063,407	1,073,282
Board designated endowment - bequests	<u>2,811,127</u>	<u>2,379,862</u>
Total Board designated net assets	\$ <u>4,494,958</u>	<u>4,093,326</u>

7. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are restricted for the following purposes or periods at December 31:

	2022	2021
Subject to expenditure for specified purpose		
For the purchase of rare books	\$ 33,432	33,432
For the purchase of works of art	43,668	43,668
Building fund	434,796	523,598
Local history	7,012	6,562
Labor history	16,570	15,320
Youth services	5,384	3,974
Literati	2,952	2,952
Book bike	1,143	1,143
Book purchases	11,512	10,950
S.O.U.T.H.	2,883	2,883
Latino fund	500	500
Toledo Business Growth Collaborative	4,201	4,201
Tatum fund	1,717	1,717
Imagination Library	468,781	570,845
Welcome TLC Grant	3,000	3,000
Digital Equity Lucas County Grant	28,996	-
 Subject to 5% spending policy and appropriation		
Investments in perpetuity which once appropriated are expended to support:		
Children's programs and services; original gift \$500,000	600,509	600,509
To benefit underprivileged children at main library and seven central-city branches; original gift \$12,000	14,504	14,504
To purchase books per donor designation; original gift of \$14,836 at December 31, 2022 and 2021, respectively.	24,717	24,717
 Subject to appropriation and expenditure when a specified event occurs:		
Annuitants	3,804	3,804
 Total net assets with donor restrictions:	 \$ 1,710,081	 1,868,279

7. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED):

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors at December 31:

	2022	2021
Building fund	\$ 322,515	10,445
Youth services	4,386	-
Labor history	250	-
Welcome TLC Grant	-	2,000
Imagination Library	161,877	33,431
Book purchases	-	28
Digital Equity Lucas County Grant	19,885	-
Total	\$ 508,913	45,904

8. ENDOWMENTS:

The Foundation's endowments consist of 9 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by GAAP, 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.

Interpretation of relevant law

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) became effective in June of 2009. The Board of Directors of the Foundation has adopted the Act and allows a 5 percent spending rate that is calculated using the endowment fund's average fair value of the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is made. In accordance with UPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

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

The following table outlines the composition of the Foundation's endowment funds by net assets class at December 31, 2022 and 2021:

	2022	2021
Donor restricted endowment funds	\$ 682,238	806,681
Without donor restriction endowment funds	5,415,316	6,905,077
	\$ 6,097,554	7,711,758

8. ENDOWMENTS (CONTINUED):

The following table outlines the changes in the Foundation's endowment funds by net asset class for the year ended December 31, 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets:			
Beginning of year	\$ 6,905,077	806,681	7,711,758
Investment return:			
Investment income	106,061	9,685	115,746
Net depreciation (realized and unrealized)	<u>(1,568,250)</u>	<u>(132,358)</u>	<u>(1,700,608)</u>
Total investment loss	(1,462,189)	(122,673)	(1,584,862)
Appropriation of endowment assets for expenditure	<u>(27,572)</u>	<u>(1,770)</u>	<u>(29,342)</u>
Endowment net assets: End of year	\$ <u>5,415,316</u>	<u>682,238</u>	<u>6,097,554</u>

The following table outlines the changes in the Foundation's endowment funds by net asset for the year ended December 31, 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets:			
Beginning of year	\$ 6,262,083	723,729	6,985,812
Investment return:			
Investment income	356,603	45,487	402,090
Net appreciation (realized and unrealized)	<u>320,137</u>	<u>41,293</u>	<u>361,430</u>
Total investment return	676,740	86,780	763,520
Appropriation of endowment assets for expenditure	<u>(33,746)</u>	<u>(3,828)</u>	<u>(37,574)</u>
Endowment net assets: End of year	\$ <u>6,905,077</u>	<u>806,681</u>	<u>7,711,758</u>

8. ENDOWMENTS (CONTINUED):

Return objective and risk parameters

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 purchasing power of the endowment assets. Endowment assets include those assets of donor restricted funds that the Foundation must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 7.5% annually. Actual returns in any given year may vary from this amount.

Strategies employed for achieving objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation 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.

Spending policy and how the investment objectives relate to spending policy

The Foundation has a policy of appropriating for distribution each year up to 5 percent of its endowment fund's average fair value over the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 4 percent annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

9. RELATED-PARTY TRANSACTIONS:

For the years ended December 31, 2022 and 2021, the Foundation made payments to the Toledo Lucas County Public Library, Friends of the Library and its branches of \$553,350 and \$84,076, respectively.

At December 31, 2022 and 2021, the Foundation had accounts payable due to the Toledo Lucas County Public Library, Friends of the Library and its branches of \$16,097 and \$-, respectively.

10. CONCENTRATION OF CREDIT RISK:

The Foundation has cash and cash equivalents deposited in one financial institution. Cash accounts at banks are insured by the FDIC for up to \$250,000. Amounts in excess of federally insured limits for the years ended December 31, 2022 and 2021 were \$779,213, and \$939,444 respectively.

11. MAJOR CONTRIBUTORS:

During 2022 and 2021, contributions from major contributors totaled approximately 27% and 49% of total revenues, respectively. At December 31, 2022 and 2021, there were no concentrations in amounts due from major contributors.

12. FUNDRAISING ACTIVITIES:

The Foundation engages in various fundraising activities, including direct mail solicitations and special events. Revenue from these activities is included in contributions, gifts, and pledges and events and sponsorships on the statements of activities. Fundraising revenues and expenses for 2022 and 2021 were as follows:

	2022	2021
Direct mail solicitations	\$ 60,116	49,069
Contributions and gifts - agency	1,562	2,224
Other events and sponsorships	76,748	58,747
Fundraising expenses	(31,541)	(41,199)
Net fundraising revenue	\$ 106,885	68,841

13. LIQUIDITY DISCLOSURES:

The Foundation's cash management policy is to maintain adequate cash balances in order to meet its cash obligations. If needed, the board has authority to release board designated funds for cash needs.

The following table represents the financial assets available to meet cash needs for general expenditures within one year at December 31:

	2022	2021
Financial assets:		
Cash and cash equivalents	\$ 1,031,442	1,191,078
Pledges receivable - current portion	8,250	9,750
Investments	8,089,741	9,695,041
Financial assets available at year-end	9,129,433	10,895,869
Less those unavailable for general expenditures within one year due to:		
Restricted by donor with time or purpose restriction	1,710,081	1,868,279
Board designated	4,494,958	4,093,326
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,924,394	4,934,264

