

**THE FRIENDS OF THE SAINT PAUL PUBLIC LIBRARY
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**



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**THE FRIENDS OF THE SAINT PAUL PUBLIC LIBRARY
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
The Friends of the Saint Paul Public Library
Saint Paul, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Friends of the Saint Paul Public Library, which comprise the statements of financial position as of December 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Friends of the Saint Paul Public Library as of December 2024 and 2023, 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 (GAAS). 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 Friends of the Saint Paul Public Library and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Friends of the Saint Paul Public Library's ability to continue as a going concern for one year after the date 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 Friends of the Saint Paul 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 Friends of the Saint Paul 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.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
May 1, 2025

**THE FRIENDS OF THE SAINT PAUL PUBLIC LIBRARY
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023**

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 3,242,180	\$ 1,945,716
Contributions Receivable, Net	616,858	452,000
Accounts Receivable - Consulting Service Fees	97,052	86,901
Prepaid Expenses and Other Assets	80,779	58,913
Total Current Assets	4,036,869	2,543,530
PROPERTY AND EQUIPMENT, NET	152,678	26,707
INVESTMENTS	13,452,230	13,063,590
OTHER ASSETS		
Contributions Receivable, Net of Current Portion	865,367	-
Right-of-Use Asset	66,052	-
Beneficial Interests in Assets Held by Others	4,185,634	3,447,377
Total Other Assets	5,117,053	3,447,377
Total Assets	\$ 22,758,830	\$ 19,081,204
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 110,647	\$ 74,047
Accrued Expenses and Other	332,194	512,150
Lease Liability	15,645	-
Total Current Liabilities	458,486	586,197
LONG-TERM LIABILITIES		
Lease Liability, Net of Current Portion	170,963	-
Total Liabilities	629,449	586,197
NET ASSETS		
Without Donor Restrictions:		
Board-Designated	682,010	656,753
Undesignated	2,063,174	1,929,912
Total Without Donor Restrictions	2,745,184	2,586,665
With Donor Restrictions	19,384,197	15,908,342
Total Net Assets	22,129,381	18,495,007
Total Liabilities and Net Assets	\$ 22,758,830	\$ 19,081,204

See accompanying Notes to Financial Statements.

**THE FRIENDS OF THE SAINT PAUL PUBLIC LIBRARY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE, AND GAINS/LOSSES			
Institutional Contributions	\$ 747,974	3,163,614	\$ 3,911,588
Individual Contributions	585,315	9,139	594,454
Consulting Service Fees	535,602	-	535,602
Investment Income (Loss), Net	248,997	923,437	1,172,434
Change in Value of Assets Held by Others	-	165,117	165,117
Special Event, Net of Direct Expenses of \$75,351	213,848	-	213,848
Loss on Disposal of Fixed Assets	(3,643)	-	(3,643)
Other Revenue	161,769	-	161,769
Contributed Nonfinancial Assets	154,242	-	154,242
Net Assets Released from Restrictions	785,452	(785,452)	-
Total Support, Revenue, and Gains/Losses	3,429,556	3,475,855	6,905,411
 EXPENSES			
Programs:			
Support Grants to the Saint Paul Public Library	696,359	-	696,359
Program Expenses	1,488,720	-	1,488,720
Total Program Expenses	2,185,079	-	2,185,079
Support Services:			
Management and General	488,654	-	488,654
Fund Development	597,304	-	597,304
Total Support Services Expenses	1,085,958	-	1,085,958
Total Expenses	3,271,037	-	3,271,037
 CHANGE IN NET ASSETS	158,519	3,475,855	3,634,374
Net Assets - Beginning of Year	2,586,665	15,908,342	18,495,007
 NET ASSETS - END OF YEAR	\$ 2,745,184	\$ 19,384,197	\$ 22,129,381

See accompanying Notes to Financial Statements.

**THE FRIENDS OF THE SAINT PAUL PUBLIC LIBRARY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT, REVENUE, AND GAINS/LOSSES			
Institutional Contributions	\$ 595,645	680,046	\$ 1,275,691
Individual Contributions	523,550	166,991	690,541
Consulting Service Fees	472,326	-	472,326
Investment Income (Loss), Net	288,974	1,317,318	1,606,292
Change in Value of Assets Held by Others	-	103,176	103,176
Special Event, Net of Direct Expenses of \$70,762	246,406	-	246,406
Loss on Disposal of Fixed Assets	(14,542)	-	(14,542)
Other Revenue	100,744	-	100,744
Contributed Nonfinancial Assets	203,121	392,665	595,786
Net Assets Released from Restrictions	677,577	(677,577)	-
Total Support, Revenue, and Gains/Losses	<u>3,093,801</u>	<u>1,982,619</u>	<u>5,076,420</u>
EXPENSES			
Programs:			
Support Grants to the Saint Paul Public Library	654,249	-	654,249
Program Expenses	<u>1,251,162</u>	-	<u>1,251,162</u>
Total Program Expenses	1,905,411	-	1,905,411
Support Services:			
Management and General	515,101	-	515,101
Fund Development	<u>575,044</u>	-	<u>575,044</u>
Total Support Services Expenses	<u>1,090,145</u>	-	<u>1,090,145</u>
Total Expenses	<u>2,995,556</u>	-	<u>2,995,556</u>
CHANGE IN NET ASSETS	98,245	1,982,619	2,080,864
Net Assets - Beginning of Year	<u>2,488,420</u>	<u>13,925,723</u>	<u>16,414,143</u>
NET ASSETS - END OF YEAR	<u>\$ 2,586,665</u>	<u>\$ 15,908,342</u>	<u>\$ 18,495,007</u>

See accompanying Notes to Financial Statements.

**THE FRIENDS OF THE SAINT PAUL PUBLIC LIBRARY
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2024 AND 2023**

	2024				2023			
	Programs	Support Services		Total Expenses	Programs	Support Services		Total Expenses
		Management and General	Fund Development			Management and General	Fund Development	
Compensation and Benefits:								
Salaries	\$ 566,001	\$ 271,680	\$ 294,320	\$ 1,132,001	\$ 497,403	\$ 289,791	\$ 294,117	\$ 1,081,311
Payroll Taxes and Benefits	162,017	77,768	84,249	324,034	125,778	73,279	74,373	273,430
Total Compensation and Benefits	<u>728,018</u>	<u>349,448</u>	<u>378,569</u>	<u>1,456,035</u>	<u>623,181</u>	<u>363,070</u>	<u>368,490</u>	<u>1,354,741</u>
Support Grants to the Saint Paul Public Library	696,359	-	-	696,359	654,249	-	-	654,249
Contract Labor	390,021	12,476	29,950	432,447	300,893	4,983	6,322	312,198
Special Event Costs	-	-	127,508	127,508	-	-	120,635	120,635
Event Logistics	45,351	-	17,966	63,317	41,226	-	12,442	53,668
Technology	39,097	15,517	31,849	86,463	33,432	16,673	33,285	83,390
Travel	64,320	3,280	4,751	72,351	52,543	3,930	4,794	61,267
Depreciation	7,354	3,530	3,825	14,709	8,925	5,200	5,278	19,403
Rent	62,267	29,888	32,379	124,534	56,336	32,822	33,312	122,470
Public Relations	52,669	13,607	12,552	78,828	37,826	14,442	11,079	63,347
Professional Services	-	34,939	-	34,939	-	31,807	-	31,807
Supplies and Equipment	42,168	1,580	3,970	47,718	42,061	16,541	18,811	77,413
Professional Development	14,381	6,903	7,478	28,762	10,292	5,868	5,956	22,116
Administrative/Miscellaneous	43,074	17,486	21,858	82,418	44,447	19,765	25,402	89,614
Total Expenses	<u>2,185,079</u>	<u>488,654</u>	<u>672,655</u>	<u>3,346,388</u>	<u>1,905,411</u>	<u>515,101</u>	<u>645,806</u>	<u>3,066,318</u>
Event Costs of Direct Benefit to Donors	-	-	(75,351)	(75,351)	-	-	(70,762)	(70,762)
 Total Expenses per Statements of Activities	 <u>\$ 2,185,079</u>	 <u>\$ 488,654</u>	 <u>\$ 597,304</u>	 <u>\$ 3,271,037</u>	 <u>\$ 1,905,411</u>	 <u>\$ 515,101</u>	 <u>\$ 575,044</u>	 <u>\$ 2,995,556</u>
Percentages	67%	15%	18%	100%	64%	17%	19%	100%

See accompanying Notes to Financial Statements.

**THE FRIENDS OF THE SAINT PAUL PUBLIC LIBRARY
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 3,634,374	\$ 2,080,864
Adjustment to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	14,709	19,403
Contributions Restricted for Endowment	(13,330)	(368,374)
Change in Value of Beneficial Interests in Assets Held by Others	(868,925)	(622,272)
Net Realized and Unrealized Loss (Gain) on Investments	(807,175)	(1,365,558)
Loss on Disposal of Fixed Asset	3,643	14,451
Net Change in Assets and Liabilities:		
Contributions Receivable	(1,030,225)	(353,351)
Accounts Receivable - Consulting Service Fees	(10,151)	3,354
Prepaid Expenses and Other Assets	(21,866)	1,653
Accounts Payable	36,600	15,929
Lease Liability	120,556	-
Accrued Expenses and Other	(179,956)	270,880
Total Adjustments	(2,756,120)	(2,383,885)
Net Cash Provided (Used) by Operating Activities	878,254	(303,021)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(144,323)	(9,910)
Proceeds from Sale of Investments	3,967,360	1,626,991
Purchase of Investments	(3,548,825)	(1,128,009)
Net Cash Provided by Investing Activities	274,212	489,072
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions Restricted for Endowment	13,330	368,374
Distributions from Beneficial Interests in Assets Held by Others	130,668	126,431
Net Cash Provided by Financing Activities	143,998	494,805
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,296,464	680,856
Cash and Cash Equivalents - Beginning of Year	1,945,716	1,264,860
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,242,180	\$ 1,945,716

See accompanying Notes to Financial Statements.

THE FRIENDS OF THE SAINT PAUL PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 ORGANIZATION

The Friends of the Saint Paul Public Library is an independent, nonprofit organization that acts as a catalyst for libraries to strengthen and inspire their communities. The Friends invests in libraries through fundraising, advocacy, and programming because libraries are essential to thriving communities. As a charitable library support organization, The Friends is committed to being a diverse, equitable, inclusive, and anti-racist institution.

The Friends of the Saint Paul Public Library was originally created in 1945 by then Library Director Perrie Jones. The Friends functions as the Library's foundation, managing more than \$17 million in endowment assets. Friends annual fundraising supports ongoing library priorities such as innovation through pilot programs, children and family engagement, and digital equity and economic inclusion.

As Minnesota's Center for the Book, a Library of Congress designation, The Friends produces dynamic programming that reaches all corners of the state and promotes reading, libraries, and Minnesota's literary legacy. The Friends also assists other library systems and foundations with strategic planning, fundraising, and project management through its consulting services, Library Strategies.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Friends' financial statements are presented using the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America. Net assets, support, revenue, expenses, gains, and losses are classified based on donor-imposed restrictions. Accordingly, net assets of the Friends and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Board-Designated Net Assets

Board-designated net assets represent funds set aside by actions of the board of trustees as reserves or for other designated purposes. These funds are approved by the board of trustees as funds are needed for spending.

**THE FRIENDS OF THE SAINT PAUL PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Friends considers short-term investments with a maturity of three months or less to be cash equivalents. Cash and cash equivalents excludes cash held for investment purposes.

Contributions Receivable

Unconditional promises to give to the Friends 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 beyond one year are recorded at the present value of estimated future cash flows using a discount rate which approximates the interest rate on the five-year U.S. Treasury Note. In years subsequent to the initial present value calculations, amortization of the discounts is recorded as contribution revenue. Conditional promises to give are not recognized as revenue until the conditions are substantially met.

Given the Friends strong history of collection on pledges, management has elected to determine the Allowance for Uncollectable Pledges by a factor of 1% of the Net Present Value of contributions expected to be collected beyond one year. Contributions receivable consisted of the following balances due as of December 31:

	<u>2024</u>	<u>2023</u>
Less than One Year	\$ 625,312	\$ 452,000
One to Five Years	969,000	-
Subtotal - Contributions Receivable	<u>1,594,312</u>	<u>452,000</u>
Less: Allowance for Uncollectible Receivables	(8,454)	-
Less: Present Value Discount on Long-Term Receivables	<u>(103,633)</u>	-
Total	<u>\$ 1,482,225</u>	<u>\$ 452,000</u>

Accounts Receivable – Consulting Service Fees

Accounts receivable due from consulting services are stated at the amount management expects to collect. The Friends provides for losses on accounts receivable using the measurement of expected credit losses. Expected credit losses are established based on management's analysis of historical collection rates and reasonable expectations of future collection performance. The Friends periodically assesses its methodologies for estimating credit losses in consideration of actual experiences, trends and changes in overall economic environment. Management has determined the current expected credit loss would be immaterial and therefore no amounts have been reflected in the statements of financial position for the years ended December 31, 2024 and 2023.

Property and Equipment

Property and equipment are reported at cost if purchased, or at estimated fair value at date of acquisition if acquired by donation. Equipment acquired at a cost or value of less than \$2,500 is expensed when acquired. Depreciation is computed using the straight-line method over estimated useful lives of 5 to 10 years. Amortization of leasehold improvements is computed over the term of the lease. When assets are retired or otherwise disposed of, the recorded value and related accumulated depreciation are removed and the resulting gain or loss, if any, is reflected in the statements of activities as Other Revenue.

THE FRIENDS OF THE SAINT PAUL PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments in marketable securities are carried at fair value as established by the major securities markets. At times, the portfolio contains cash and cash equivalents. Realized and unrealized gains and losses are recorded in the period in which they occur in the appropriate net asset classification and are reflected in the statements of activities.

Beneficial Interests in Assets Held by Others

The Friends has established ten separate charitable funds with Saint Paul & Minnesota Foundation (SPMF) under terms of separate fund agreements. Eight of the funds were established as endowment funds by the transfer of restricted contributions held in perpetuity, and two were established by the board-designated transfer of operating funds. The plan governing the administration of the funds indicates SPMF has the power to modify the beneficiary, the purpose, and the timing of the distributions if the distributions become unnecessary, the Friends becomes incapable of fulfilling the purpose of the distributions, or the distributions become inconsistent with SPMF investment policies or the charitable needs served by SPMF. However, the funds were established in a reciprocal arrangement in which the board and management expect the Friends to continue to be the beneficiary of the funds in the future. Accordingly, the estimated fair values of the funds have been recognized by the Friends as beneficial interests in assets held by others. The value of the eight funds are included in net assets with donor restrictions. Annual adjustments to the fair value of the funds is recorded as a change in value of assets held by others.

Fair Value Measurements

We report certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

THE FRIENDS OF THE SAINT PAUL PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

Level 3 – Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

Fiscal Sponsor

The Friends serves, at times, as a fiscal sponsor for other organizations. Cash receipts and disbursements related to fiscal sponsor relationships are recorded as increases or decreases in the cash account and the related liability account. The fiscal sponsor liabilities were \$255,330 and \$393,131 for the years ended December 31, 2024 and 2023, respectively, and are included with Accrued Expenses and Other on the statements of financial position.

Contribution Revenue

Contributions, including unconditional promises to give, are recognized as either revenue with donor restrictions or without donor restrictions, depending on the existence and nature of any donor restrictions. We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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.

Unconditional contributions are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. There were no conditional promises to give as of December 31, 2024 and 2023.

Conditional contributions are recognized when the conditions on which they depend are substantially met. As of December 31, 2024, there were conditional contributions of \$450,000 awarded but with conditions that have not yet been met for recognition.

Recognition of Consulting Service Revenue

Consulting service fees are recognized as revenue over the period in which the service is provided. Services are provided at hourly rates and are billed and recognized as revenue as those services are provided over the contract period.

Contributed Nonfinancial Assets

In-kind contributions are recorded as contributions at their estimated fair values. Contributed services are recorded only if the services create or enhance nonfinancial assets or require specialized skill, are provided by individuals possessing those skills, and would need to be purchased if not provided by donation.

THE FRIENDS OF THE SAINT PAUL PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of Credit Risk

The Friends places its cash deposits with high-quality financial institutions and seeks to limit the amount of credit exposure to any one financial institution. At various times during the year, the Friends' cash balances may exceed federally insured limits.

For the years ended December 31, 2024, and 2023, 47% and 74% of the Friends' contributions receivable were due from three entities both years, respectively. For the year ended December 31, 2024, 16% of the Friends' contributions were from one entity. For the year ended December 31, 2023, 12% of the Friends' contributions were from one entity.

Allocation of Functional Expenses

Costs of programs and supporting service activities have been presented in the statements of functional expenses. Salaries and related costs are allocated among the program and supporting service categories based upon the estimated time expended by the employees in those categories. Other costs are allocated according to management's estimates or on a direct basis.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Management believes that these estimates and assumptions provide a reasonable basis for the fair presentation of the financial statements. Actual results could differ from those estimates.

Income Taxes

The Friends is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, described under Section 509(a)(2). Charitable contributions made by donors to the Friends are tax deductible.

Leases

The Friends determines if an arrangement is a lease at inception. Leases are reported on the statements of financial position as a right-of-use (ROU) asset and lease liability. ROU assets represent the Friends' right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Friends will exercise that option. The Friends has elected to recognize payments for short-term leases with a term of 12 months or less as an expense as incurred and these leases are not included as ROU assets or lease liabilities.

**THE FRIENDS OF THE SAINT PAUL PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

In preparing these financial statements, the Friends has evaluated events and transactions for potential recognition or disclosure through May 1, 2025, the date the financial statements were available to be issued.

NOTE 3 LIQUIDITY

The Friends strives to balance liquidity needs for the operating budget, mission based opportunities, and supporting the Saint Paul Public Library. To help manage unanticipated liquidity needs, the Friends has a committed line of credit in the amount of \$200,000 which it could draw upon (see Note 8). Additionally, the Friends has board-designated funds of \$682,010 and \$656,753 as of December 31, 2024 and 2023, respectively. Although the Friends does not intend to spend from its board-designated funds other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation, amounts from board-designated funds could be made available, if necessary. The Friends has a goal to maintain two to three months normal operating expenses in reserves.

The Friends' financial assets due within one year of the statement of financial position for general expenditures are as follows:

	2024	2023
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 3,242,180	\$ 1,945,716
Contributions Receivable Within One Year	616,858	452,000
Accounts Receivable	97,052	86,901
Liquid Financial Assets Available to Meet General Expenditures Within One Year	3,956,090	2,484,617
Less: Those Unavailable for General Expenditures Within One Year, Due to Donor-Imposed or Contractual Restrictions	(2,865,836)	(1,177,218)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 1,090,254	\$ 1,307,399

In addition to these funds, the Friends holds endowment funds that consist of donor endowment and board-designated funds. Income from donor endowments are restricted for specific purposes and, therefore, are not available for general expenditure. The Friends' Gift Acceptance Policy specifies a maximum endowment spending rate of 6%. For the next 12 months, the board has approved an endowment spending rate of 5.5% which is budgeted to draw \$1,056,324 for general operating funds.

THE FRIENDS OF THE SAINT PAUL PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
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NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	<u>2024</u>	<u>2023</u>
Leasehold Improvements	\$ 137,251	\$ 12,251
Office Equipment	67,175	67,778
Total Property and Equipment	<u>204,426</u>	<u>80,029</u>
Less: Accumulated Depreciation	(51,748)	(53,322)
Property and Equipment, Net	<u>\$ 152,678</u>	<u>\$ 26,707</u>

Total depreciation expense was \$14,709 and \$19,403 for the years ended December 31, 2024 and 2023, respectively.

NOTE 5 INVESTMENTS

Investments consisted of the following at December 31:

	<u>2024</u>	<u>2023</u>
Cash Equivalents	\$ 201,705	\$ 232,141
U.S. Equities	2,323,833	2,304,867
International Equities	1,380,902	1,240,236
Balanced Mutual Funds	7,105,611	6,789,375
Real Estate Investment Trusts	123,828	138,498
Managed Futures	377,330	365,033
U.S. and Corporate Debt Securities	1,939,021	1,993,440
Total Investments	<u>\$ 13,452,230</u>	<u>\$ 13,063,590</u>

Net investment income consisted of the following for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Net Realized and Unrealized Gains	\$ 807,175	\$ 1,365,558
Interest and Dividends, Net of Investment Expense	365,259	390,095
Total Investment Income, Net	<u>\$ 1,172,434</u>	<u>\$ 1,755,653</u>

Net investment return is net of investment expense of \$39,261 and \$36,293 for the years ended December 31, 2024 and 2023, respectively.

NOTE 6 FAIR VALUE MEASUREMENTS

The Friends uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Friends values all other assets and liabilities refer to Note 2 – Summary of Significant Accounting Policies.

THE FRIENDS OF THE SAINT PAUL PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 6 FAIR VALUE MEASUREMENTS (CONTINUED)

Assets measured at fair value on a recurring basis:

	2024			Total
	Level 1	Level 2	Level 3	
U.S. Equities	\$ 2,323,833	\$ -	\$ -	\$ 2,323,833
International Equities	1,380,902	-	-	1,380,902
Balanced Mutual Funds	7,105,611	-	-	7,105,611
Real Estate Investment Trusts	123,828	-	-	123,828
Managed Futures	377,330	-	-	377,330
U.S. and Corporate Debt Securities	-	1,939,021	-	1,939,021
Total	<u>11,311,504</u>	<u>1,939,021</u>	-	<u>13,250,525</u>
Cash Equivalents				201,705
Total Investments				<u>13,452,230</u>
Investments Held by Others	-	-	4,185,634	4,185,634
Total	<u>\$ 11,311,504</u>	<u>\$ 1,939,021</u>	<u>\$ 4,251,686</u>	<u>\$ 17,703,916</u>

	2023			Total
	Level 1	Level 2	Level 3	
U.S. Equities	\$ 2,304,867	\$ -	\$ -	\$ 2,304,867
International Equities	1,240,236	-	-	1,240,236
Balanced Mutual Funds	6,789,375	-	-	6,789,375
Real Estate Investment Trusts	138,498	-	-	138,498
Managed Futures	365,033	-	-	365,033
U.S. and Corporate Debt Securities	-	1,993,440	-	1,993,440
Total	<u>10,838,009</u>	<u>1,993,440</u>	-	<u>12,831,449</u>
Cash Equivalents				232,141
Total Investments				<u>13,063,590</u>
Investments Held by Others	-	-	3,447,377	3,447,377
Total	<u>\$ 10,838,009</u>	<u>\$ 1,993,440</u>	<u>\$ 3,447,377</u>	<u>\$ 16,510,967</u>

Level 3 Assets

The following tables provide a summary of changes in fair value of the Friends' Level 3 financial assets for the years ended December 31:

	Beneficial Interest in Funds Held by Others	
	2024	2023
Balance - Beginning of Year	\$ 3,447,377	\$ 2,951,536
Investment Income, Net	278,546	229,607
Contributions	590,379	392,665
Distributions	(130,668)	(126,431)
Balance - End of Year	<u>\$ 4,185,634</u>	<u>\$ 3,447,377</u>

**THE FRIENDS OF THE SAINT PAUL PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 6 FAIR VALUE MEASUREMENTS (CONTINUED)

Level 3 Assets (Continued)

The following is a summarization of the Level 3 significant unobservable inputs:

<u>Instrument</u>	<u>Fair Value</u>		<u>Principal Valuation Technique</u>	<u>Unobservable Inputs</u>
	<u>2024</u>	<u>2023</u>		
Beneficial Interest in Funds Held by Others	\$ 4,185,634	\$ 3,447,377	FMV of Investments	Value of Underlying Assets

NOTE 7 LINE OF CREDIT

The Friends has a line of credit available for up to \$200,000 with a variable interest rate based on the prime rate of interest as published by the *Wall Street Journal* at the time funds are drawn, with a floor of at least 7.0%. The line of credit matures on August 30, 2026, and is secured by the assets and accounts of the Friends. There were no funds drawn from the line of credit during the years and as of December 31, 2024 and 2023, there was no outstanding balance due.

NOTE 8 BOARD-DESIGNATED NET ASSETS

The board of trustees has designated the following net assets without donor restrictions as of December 31:

	<u>2024</u>	<u>2023</u>
Endowment to Support Library Current Need (Ortha Robbins)	\$ 672,561	\$ 647,596
Investment and Philanthropy Library Materials	9,449	9,157
Total	<u>\$ 682,010</u>	<u>\$ 656,753</u>

THE FRIENDS OF THE SAINT PAUL PUBLIC LIBRARY
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NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

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

	2024	2023
Subject to Expenditure for Specified Purpose:		
Minnesota Book Awards	\$ 17,500	\$ 22,068
Hamline Midway	-	5,625
Sunray Library Materials	238,056	225,078
Fitzgerald Programming	9,840	1,000
Moving Words Program	-	25,316
Capital Campaign	3,170,477	395,000
Mobile Library	40,000	-
Total	3,475,873	674,087
Endowments (See Note 10):		
Donor-Restricted to be Held in Perpetuity		
Restricted by Donors for:		
General Operations	3,305,383	3,305,034
Children, Youth, and Family	-	110,000
Information Commons Materials and Support	842,364	842,364
Children's Materials	725,899	720,639
Summer Reading Program	342,500	342,500
Library Materials	755,458	778,958
Minnesota Book Awards	35,514	33,014
Total	6,007,118	6,132,509
Subject to Endowment Spending Policy and Appropriation (See Note 10):		
General Operations	4,020,163	3,898,264
Information Commons Materials and Support	468,919	399,381
Children's Materials	483,706	428,173
Summer Reading Program	221,820	193,994
Library Materials	499,748	716,093
Minnesota Book Awards	21,216	18,464
Total	5,715,572	5,654,369
Total Endowments	11,722,690	11,786,878
Not Subject to Spending Policy or Appropriation:		
Beneficial Interest in Assets Held by Others	4,185,634	3,447,377
Total	4,185,634	3,447,377
Total Net Assets With Donor Restrictions	\$ 19,384,197	\$ 15,908,342

**THE FRIENDS OF THE SAINT PAUL PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31:

	2024	2023
Satisfaction of Purpose Restrictions:		
Minnesota Book Awards	\$ 22,068	\$ 27,500
Capital Campaign	115,302	23,990
Moving Costs	-	15,000
Sunray Library Materials	12,069	39,180
Fitzgerald Programming	1,000	-
Hamline Midway Opening Day	5,625	-
Moving Words Program	25,316	-
Total	181,380	105,670
Restricted-Purpose Spending-Rate:		
Distributions and Appropriations		
General Operations	371,134	369,290
Information Commons Materials and Support	69,821	68,702
Children's Materials	51,814	50,589
Summer Reading Program	22,383	21,428
Library Materials	86,716	59,774
Minnesota Book Awards	2,204	2,124
Total	604,072	571,907
Donor Restrictions	\$ 785,452	\$ 677,577

NOTE 10 ENDOWMENT FUNDS

The Friends' endowment consists of 48 individual funds established for a variety of purposes. Its endowment includes donor-restricted endowment funds and funds designated by the board of trustees to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**THE FRIENDS OF THE SAINT PAUL PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 10 ENDOWMENT FUNDS (CONTINUED)

Interpretation of Relevant Law-Endowment funds are regulated by the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as enacted by the state of Minnesota effective August 1, 2008. The board of trustees of the Friends has interpreted UPMIFA as requiring the preservation of the original gift of donor-restricted endowment funds absent explicit donor stipulations to the contrary. The original gift is valued at fair value on the date of the gift. As a result of this interpretation, we retain in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts including promises to give at fair value) donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Friends considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Friends and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Friends
- The investment policies of the Friends

Endowment net assets consisted of the following as of December 31:

	2024		Total
	Without Donor Restrictions	With Donor Restrictions	
Board-Designated Endowment Funds	\$ 672,561	\$ -	\$ 672,561
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	6,007,118	6,007,118
Accumulated Investment Gains	-	5,715,572	5,715,572
Total	\$ 672,561	\$ 11,722,690	\$ 12,395,251

THE FRIENDS OF THE SAINT PAUL PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
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NOTE 10 ENDOWMENT FUNDS (CONTINUED)

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Funds	\$ 647,596	\$ -	\$ 647,596
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	6,132,509	6,132,509
Accumulated Investment Gains	-	5,654,369	5,654,369
Total	<u>\$ 647,596</u>	<u>\$ 11,786,878</u>	<u>\$ 12,434,474</u>

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). We have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2024, funds with original gift values of \$333,517, fair values of \$330,497, and deficiencies of \$3,020 were reported in net assets with donor restrictions. At December 31, 2023, funds with original gift values of \$333,468, fair values of \$317,553, and deficiencies of \$15,915 were reported in net assets with donor restrictions

Changes in endowment net assets for the years ended December 31 are as follows:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Balance - Beginning of Year	\$ 647,596	\$ 11,786,878	\$ 12,434,474
Net Investment Income	26,805	227,600	254,405
Appreciation on Investments	34,861	674,260	709,121
Contributions	-	5,809	5,809
Transfer to Beneficial Interests in Assets Held by Others	-	(367,785)	(367,785)
Appropriation of Endowment Funds Assets for Expenditure	(36,701)	(604,072)	(640,773)
Balance - End of Year	<u>\$ 672,561</u>	<u>\$ 11,722,690</u>	<u>\$ 12,395,251</u>

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Balance - Beginning of Year	\$ 617,701	\$ 10,689,518	\$ 11,307,219
Net Investment Income	15,153	311,873	327,026
Appreciation on Investments	54,751	981,823	1,036,574
Contributions	-	375,571	375,571
Appropriation of Endowment Funds Assets for Expenditure	(40,009)	(571,907)	(611,916)
Balance - End of Year	<u>\$ 647,596</u>	<u>\$ 11,786,878</u>	<u>\$ 12,434,474</u>

THE FRIENDS OF THE SAINT PAUL PUBLIC LIBRARY
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NOTE 10 ENDOWMENT FUNDS (CONTINUED)

Return Objectives and Risk Parameters – The board of trustees has adopted an Endowment Investment Policy designed to maintain the purchasing power of the endowment assets and to provide for a predictable amount of annual distributions that will keep pace with increasing funding needs. Endowment assets include those assets of donor-restricted funds that the Friends must hold in perpetuity as well as the cumulative earnings on those funds that the board has not appropriated for expenditure. Endowment assets also include assets designated as endowment by the board of trustees. The Friends expects its Endowment Funds to provide for current needs with an eye toward future needs and expects its investments to yield a steady and growing income stream consistent with capital preservation. The Friends has established a risk tolerance of moderate volatility and is willing to absorb some interim fluctuations in market value and rates of return in order to achieve longer-term objectives.

Strategies Employed for Achieving Objectives – In accordance with the Endowment Investment Policy, the Friends' Investment Committee, in conjunction with outside advisors, has developed a diversified endowment investment portfolio. The Friends' investment strategy seeks both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Friends seeks an allocation of short-term and long-term investments diversified between equities and fixed income but places a greater emphasis on equity-based investments within prudent risk constraints.

Spending Policy and the Relationship of Investment Objectives to the Spending Policy – The Friends has adopted a Spending Policy that uses the Yale Method for endowment funds under its control. Under this policy, the draw calculation is equal to the sum of:

- 80% of the prior year draw multiplied by one plus the consumer price index for the 12-month period ended September 30 of the prior year; and
- 20% endowment fund balances under the Friends' control as of September 30 of the prior year, multiplied by 5.5%.

All distributions must be consistent with restrictions attached to the endowment contributions.

In establishing this policy, the Friends considered the long-term expected return on its endowment. This is consistent with the Friends' objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

THE FRIENDS OF THE SAINT PAUL PUBLIC LIBRARY
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NOTE 11 CONTRIBUTED NONFINANCIAL ASSETS

Contributions of nonfinancial assets are recorded at their estimated fair value. Fair value of real assets is determined by cost comparison with similar items available on the market. Contributed services are recorded only if the services create or enhance nonfinancial assets or require specialized skill, are provided by individuals possessing those skills, and would need to be purchased if not provided by donation.

For the years ended December 31, in-kind contributions included:

	2024	2023
Advertising	\$ 25,742	\$ 23,967
Event Support	18,466	20,762
Furniture and Equipment	3,461	60,700
Donated Use of Space	106,573	97,692
Property Held for Sale	-	392,665
Total	\$ 154,242	\$ 595,786

For the year ended December 31, 2024, in-kind contributions were recognized within the statement of activities for advertising utilized for general and event-specific promotions, event support utilized for special events, and office furniture and building space utilized in support of general administration for the year ended December 31, 2024. The value of these in-kind contributions was determined based on comparable market prices for similar goods and services. There were no other donor-imposed restrictions for in-kind contributions for the years ending December 31, 2024 and 2023.

In-kind contributions were used in the Friends' activities as follows:

	2024	2023
Statements of Functional Expenses:		
Programs	\$ 82,028	\$ 25,742
Management and General	26,039	158,392
Fund Development	46,175	18,987
Total	\$ 154,242	\$ 203,121

NOTE 12 RETIREMENT PLAN

The Friends has a defined contribution retirement plan for the benefit of all part-time and full-time employees who have completed one year of employment. Contributions to the plan are discretionary, and amounts contributed are determined annually by the Friends' board of trustees. Contributions to the plan for the years ended December 31, 2024 and 2023 were \$58,423 and \$42,957, respectively.



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