

Free Library of Philadelphia Foundation and Subsidiary

Consolidated Financial Statements and Supplemental
Information

Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)



WIPFLI

Independent Auditor's Report

To the Board of Directors
Free Library of Philadelphia Foundation and Subsidiary
Philadelphia, Pennsylvania

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the Free Library of Philadelphia Foundation and Subsidiary (collectively the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. The financial statements of The Rosenbach of the Free Library of Philadelphia (the Rosenbach) were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated 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 Organization's internal control. Accordingly, we express no such opinion. An audit also 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Free Library of Philadelphia Foundation and Subsidiary as of June 30, 2021, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating supplemental information (consolidating statements of financial position, consolidating statements of activities, consolidating statements of functional expenses and consolidating statements of cash flows) is presented for purposes of additional analysis of the consolidated financial statements, rather than to present financial position, changes in net assets, and cash flows of the individual entities, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2021, on our consideration of the Organization's (excluding the Rosenbach) 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's 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 the Organization's (excluding the Rosenbach) internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Free Library of Philadelphia Foundation and Subsidiary's 2020 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated January 8, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

Philadelphia, Pennsylvania
December 3, 2021

Free Library of Philadelphia Foundation and Subsidiary

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<i>As of June 30, 2021 and 2020</i>	2021	2020
ASSETS		
Cash and cash equivalents	\$ 7,241,286	\$ 3,555,555
Grants and contributions receivable, net	16,176,546	15,940,491
Fines and other receivables	508,788	2,104,566
Inventory	80,911	79,111
Prepaid expenses	115,642	90,093
Property and equipment, net	3,589,947	3,614,539
Investments	44,472,786	36,510,434
Beneficial interest in life insurance	42,209	40,533
TOTAL ASSETS	\$ 72,228,115	\$ 61,935,322
LIABILITIES		
Line of credit	\$ 8,600,000	\$ 9,000,000
Accounts payable and accrued expenses	580,594	522,088
Accrued payroll and related liabilities	707,693	651,625
Split-interest liabilities	59,441	110,778
Refundable advance	1,385,000	1,438,300
Total Liabilities	11,332,728	11,722,791
NET ASSETS		
Without donor restrictions	7,982,544	6,655,338
With donor restrictions	52,912,843	43,557,193
Total Net Assets	60,895,387	50,212,531
TOTAL LIABILITIES AND NET ASSETS	\$ 72,228,115	\$ 61,935,322

See accompanying notes to financial statements.

Free Library of Philadelphia Foundation and Subsidiary

CONSOLIDATED STATEMENT OF ACTIVITIES

<i>Year Ended June 30, 2021</i>	Without Donor	With Donor	2021 Total	2020 Total
<i>With Comparative Totals for 2020</i>	Restrictions	Restrictions		
Operating support and revenue:				
Grants and contributions	\$ 4,470,663	\$ 8,532,526	\$ 13,003,189	\$ 10,848,055
Federal and state grants and city campaign	720,834	346,318	1,067,152	901,332
Contributions - Central Library Campaign	-	-	-	1,384,417
Program revenue	360,184	14,238	374,422	1,005,068
Other income	63,683	-	63,683	353,810
Dividend and interest income	4,144	-	4,144	11,530
Long-term investment return designated for operations	881,167	1,074,635	1,955,802	1,969,143
Net assets released from restriction	6,552,947	(6,552,947)	-	-
Total Operating Support and Revenue	13,053,622	3,414,770	16,468,392	16,473,355
Operating expenses:				
Programs and library services				
Public programs	6,299,553	-	6,299,553	7,288,036
Collections and preservations	619,399	-	619,399	539,778
Technology	171,532	-	171,532	319,269
Facilities renovation	1,403,535	-	1,403,535	2,307,085
Central Library capital renovation project	348,922	-	348,922	630,748
Total Program Services	8,842,941	-	8,842,941	11,084,916
Supporting services				
Administration	1,580,985	-	1,580,985	2,077,054
Fundraising	2,554,495	-	2,554,495	2,897,852
Total Supporting Services	4,135,480	-	4,135,480	4,974,906
Total Operating Expenses	12,978,421	-	12,978,421	16,059,822
Change in net assets from operations	75,201	3,414,770	3,489,971	413,533
Non-operating support and gains (loss):				
Grants and contributions to endowment	-	536,981	536,981	3,017,155
Long-term investment return in excess of (less than) return designated for operations	1,212,356	5,403,899	6,616,255	(740,098)
Collection items purchased	(69,201)	-	(69,201)	(45,494)
Sale of collection item	108,850	-	108,850	20,080
Total Non-operating Support and Gains	1,252,005	5,940,880	7,192,885	2,251,643
CHANGE IN NET ASSETS	1,327,206	9,355,650	10,682,856	2,665,176
NET ASSETS - BEGINNING OF YEAR	6,655,338	43,557,193	50,212,531	47,547,355
NET ASSETS - END OF YEAR	\$ 7,982,544	\$ 52,912,843	\$ 60,895,387	\$ 50,212,531

See accompanying notes to financial statements.

Free Library of Philadelphia Foundation and Subsidiary

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2021 <i>With Comparative Totals for 2020</i>	Programs and Library Services					Supporting Services			2021 Total	2020 Total
	Public Programs	Collections and Preservation	Technology	Facilities Renovation	Capital Renovation Project	Subtotal	Administration	Fundraising		
Salaries and wages	\$ 2,802,020	\$ 57,076	\$ -	\$ 901,351	\$ -	\$ 3,760,447	\$ 1,114,177	\$ 1,520,023	\$ 6,394,647	\$ 6,770,590
Payroll taxes and benefits	616,713	12,741	-	217,442	-	846,896	252,641	368,941	1,468,478	1,474,553
Audit and legal fees	-	-	-	-	-	-	98,867	-	98,867	130,829
Advertising, printing and photography	313,320	5,810	2,595	27	-	321,752	13,641	235,678	571,071	678,552
Bank and credit card fees	3,865	119	-	-	49	4,033	29,715	29,411	63,159	97,769
Conferences and receptions	21,283	2,860	238	16	-	24,397	836	13,001	38,234	491,195
Depreciation	69,243	-	-	-	-	69,243	7,658	-	76,901	78,949
Dues and publications	50,195	11,111	2,389	-	-	63,695	38,566	7,665	109,926	129,743
Equipment	56,338	1,313	6,692	-	332,428	396,771	11,911	4,935	413,617	699,788
Exhibition installment materials	24,953	-	-	-	-	24,953	-	-	24,953	40,140
Indirect costs	433,450	12,013	-	7,999	-	453,462	(456,754)	1,500	(1,792)	(88,558)
Insurance	35,874	-	-	-	-	35,874	67,199	10,157	113,230	113,461
Interest expense	-	-	-	229,052	-	229,052	-	-	229,052	327,477
Library materials	36,298	222,867	-	-	-	259,165	144	-	259,309	278,029
Meals and entertainment	86	-	-	-	-	86	2,110	12,027	14,223	36,899
Other expenses	1,053	1,241	1,591	-	-	3,885	13,539	136,219	153,643	513,569
Professional and other services	978,405	272,321	92,950	33,599	16,445	1,393,720	249,455	100,645	1,743,820	2,693,950
Programs and exhibits	643,300	6,828	897	1,271	-	652,296	14,058	6,997	673,351	928,342
Repairs and maintenance	36,154	-	-	-	-	36,154	32,901	861	69,916	84,055
Supplies and software	103,802	11,958	4,987	-	-	120,747	47,841	1,595	170,183	208,784
Telephone and postage	35,876	1,108	59,193	12,778	-	108,955	37,012	95,321	241,288	249,513
Travel	1,075	33	-	-	-	1,108	8	4,395	5,511	47,645
Utilities	31,451	-	-	-	-	31,451	5,460	5,124	42,035	41,599
Volunteer services	4,799	-	-	-	-	4,799	-	-	4,799	32,949
Total	\$ 6,299,553	\$ 619,399	\$ 171,532	\$ 1,403,535	\$ 348,922	\$ 8,842,941	\$ 1,580,985	\$ 2,554,495	\$ 12,978,421	\$ 16,059,822

See accompanying notes to financial statements.

Free Library of Philadelphia Foundation and Subsidiary

CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>Years Ended June 30, 2021 and 2020</i>	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 10,682,856	\$ 2,665,176
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	76,901	78,949
Net gain on investments	(8,004,519)	(741,183)
Increase in beneficial interest in life insurance	(1,676)	(1,597)
(Increase) decrease in assets:		
Grants and contributions receivable	(236,055)	(1,765,429)
Fines and other receivables	1,595,778	(1,200,270)
Prepaid expenses	(25,549)	12,190
Inventory	(1,800)	2,384
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	58,506	(2,869,942)
Accrued payroll and related liabilities	56,068	202,249
Split-Interest liabilities	(51,337)	(3,509)
Refundable advance	(53,300)	1,438,300
Total Adjustments	(6,586,983)	(4,847,858)
Net Cash Provided by (Used in) Operating Activities	4,095,873	(2,182,682)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(52,308)	-
Purchase of investments	(368,462)	(197,802)
Proceeds from sale of investments	410,628	1,327,231
Net Cash Provided by (Used in) Investing Activities	(10,142)	1,129,429
CASH FLOWS FROM FINANCING ACTIVITIES		
Net borrowings (payments) on line of credit	(400,000)	1,004,070
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,685,731	(49,183)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	3,555,555	3,604,738
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 7,241,286	\$ 3,555,555
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the years for interest	\$ 229,052	\$ 327,477

See accompanying notes to financial statements.

Free Library of Philadelphia Foundation and Subsidiary

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Organization

The Free Library of Philadelphia Foundation (the Foundation) raises funds from individuals, corporations, and foundations to create and incubate cutting-edge programs, to sustain and grow its collections, and to bolster the resources on which citizens depend.

The Rosenbach of the Free Library of Philadelphia (the Rosenbach), formerly the Rosenbach Museum and Library, is a Pennsylvania nonprofit corporation located in the former home of Dr. A.S.W. Rosenbach and his brother, Philip, international dealers in books, manuscripts, and fine art in the early twentieth century. The brothers' 1865 townhouse holds a collection of rare books and manuscripts, English and American furnishings, and fine and decorative arts. The Rosenbach acquired an adjacent residence in 1993 and enlarged its facilities to include that property in the museum and library.

The Rosenbach offers on-site public programs, exhibitions, guided tours, off-site lectures and readings, a full-service research library, publications, and a website.

The Foundation entered into an agreement dated June 19, 1984 with the Board of Trustees of the Free Library of Philadelphia, an independent board of the City of Philadelphia (City or City Library) responsible for securing and expending City appropriations. Under this agreement, the Board of Trustees of the Free Library of Philadelphia maintains care and custody of the collections of the Foundation and makes all necessary operational decisions as to the management of the libraries and the collections of the Foundation. These financial statements report only the assets, liabilities, net assets and changes in net assets of the Foundation and, accordingly, do not include any amounts applicable to the financial position or changes in net assets of the City Library.

Principles of Consolidation

The consolidated financial statements include the accounts of the Free Library of Philadelphia Foundation and The Rosenbach of the Free Library of Philadelphia, referred to collectively throughout the notes as the "Organization". All significant intercompany transactions and balances have been eliminated.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and report all significant assets and liabilities.

Use of Estimates

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

Free Library of Philadelphia Foundation and Subsidiary

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accounting standards set a framework for measuring fair value using a three-tier hierarchy based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or inputs (interest rates, currency exchange rates, commodity rates and yield curves) that are observable or corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Inputs that are not observable in the market and reflect management's judgment about the assumptions that market participants would use in pricing the asset or liability.

Cash and Cash Equivalents

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

Grant and Contributions Receivable

Unconditional promises to give are recorded at net realizable value if they are expected to be collected in one year and fair value (determined by the present value of estimated future cash flows) if expected to be collected in more than one year. Additionally, uncollected promises to give are recorded net of estimated allowances for uncollectible amounts. Conditional promises to give are not recorded as contribution revenue until the conditions associated with the promises are met.

Inventory

Inventories of publications and merchandise are stated at the lower of cost (determined on a first-in, first-out basis) or net realizable value.

Free Library of Philadelphia Foundation and Subsidiary

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Property and Equipment

Land, buildings and improvements are recorded at cost of construction or acquisition, or at appraisal value for Rosenbach's land and building and improvements at date of acquisition. Acquisitions of property and equipment, and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from 3 to 25 years.

Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. If the sum of expected undiscounted cash flows is less than the carrying value of the related asset or group of assets being reviewed for impairment, a loss is recognized for the difference between the fair value and carrying value of the asset or group of assets. The Organization has not recognized any impairment of long lived assets during 2021 and 2020.

Investments

The Organization states investments in marketable equity and debt securities at fair value based on quoted market prices in active markets. Gains and losses on these investments are reported in the statement of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or law.

Split-Interest Liabilities

The Organization records assets, liabilities and revenue relating to gifts donated in the form of split-interest agreements for which it serves as trustee. The types of split-interest agreements include gift annuities. The assets received are recorded at their fair value at the time of receipt as restricted support in accordance with donor-imposed restrictions until a stipulated time restriction ends or specified condition is met. Liabilities represent the net present value of expected future payments of income earned or a fixed percentage of the assets owed to the beneficiaries designated by the donors on the basis of their estimated life expectancies. Contribution revenues are recognized at the amount of the difference of assets received and expected future payments. Over the term of the agreements, amortization of the discount on the liability and effects of changes in the life expectancy of the beneficiary are recorded as adjustments to the liability and amortization of discount and change in actuarial assumptions on split-interest agreements, included in contribution revenue.

Free Library of Philadelphia Foundation and Subsidiary

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Net Assets

Net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization 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 Board of Directors may elect to designate such assets for specific purposes or to have them function as endowments. This designation may be removed at the Board's discretion. Board-designated net assets were \$3,057,270 and \$2,469,860 as of June 30, 2021 and 2020, respectively.

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. 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, and reported in the statement of activities as net assets released from restrictions.

The statement of activities distinguishes changes in net assets from operations from other changes in net assets. Operating activity includes revenues and other support, including investment income generated from short-term investments, as well as long-term investment income designated for operations (see Note 5), and all expenses that are available to provide program services, and support the administrative functions of the Organization. Other changes in net assets include grants and contributions to endowment, as well as long-term investment return in excess of (or less than) the Organization's designated spending rate (see Note 5).

Contributions and Promises to Give

The Organization's revenue and other support consists of contributions from various individuals, corporations and foundations. The Organization also receives support from certain federal, state and local government agencies.

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identification of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized.
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Free Library of Philadelphia Foundation and Subsidiary

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Contributions and Promises to Give (Continued)

Conditional contributions are recognized when the barriers to entitlement are overcome and the promises become unconditional. Unconditional contributions are recognized as revenue when received. Funds received in advance of their use are accounted for as refundable advances in the statements of financial position.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor 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. Contributions to be received in future periods are discounted at an appropriate discount rate.

Revenue Recognition

Grants and Contracts

Grant awards are either recorded as contributions or exchange transactions based on criteria contained in the grant award:

Grant awards that are contributions - Grants that qualify as contributions are recorded as invoiced to the funding sources in accordance with the terms of the award and ASC Topic 958-605. Revenue is recognized in the accounting period when the related allowable expenses or asset acquisition costs are incurred. Amounts received in advance of the related allowable expenses or asset acquisitions are reflected as deferred revenue in the statements of financial position.

Grant awards that are exchange transactions - Exchange transactions typically reimburse based on a predetermined rate for services performed in accordance with the terms of the award and ASC Topic 606. The revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Grants and contracts receivable for which the Organization receives payment under cost reimbursement, prospective payment formulas, or negotiated rates, which cover the majority of services, are stated at the estimated net amounts receivable from payers.

When there is an unconditional right to payment, subject only to the passage of time, the right is treated as a receivable. Grants and contracts receivable, including billed accounts and unbilled accounts, which have the unconditional right to payment, and estimated amounts due from third-party payers for retroactive adjustments, are recorded as receivables since the right to consideration is unconditional and only the passage of time is required before payment of that consideration is due.

Free Library of Philadelphia Foundation and Subsidiary

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Program Revenue

The Rosenbach hosts educational sessions, either located at The Rosenbach or online, that customers can attend for an extra fee other than admissions. Customers register online for the class or event at a stated transaction price with discounts available for students and members. Payment is made at the time of registration and customers have the right to cancel their registration and receive a refund for the full amount. The performance obligation is providing the class and any event for which customers have registered. Revenues are recognized over time as the services are provided to the customer over the duration of the class or event.

Program revenue also includes library goods and services that are recognized at the amount of consideration the Organization expects to be paid in exchange for providing such goods and services to the customer. Customers pay for certain goods sold on a stand-alone basis at the point of sale, which occurs at a point in time; control is transferred immediately to the customer at the point of sale.

A breakdown of the Organization's program revenue for the years ended June 30, 2021 and 2020, is as follows:

	2021	2020
Revenue recognized over time	\$ 220,749	\$ 228,719
Revenue recognized a point in time	153,673	776,349
Total program revenue	\$ 374,422	\$ 1,005,068

Fundraising Events

Revenue from fundraising events consist of event sponsorship, ticket sales, and donations. The exchange component of the ticket sales is equal to the cost of the direct benefit to the donor, which approximates fair value and was \$46,084 and \$407,537 for the years ended June 30, 2021 and 2020, respectively. The contribution component of the ticket sales is the difference between the ticket price and the exchange portion. The performance obligation to the ticket holder is providing meals and entertainment at the event which is provided at a point in time. Event revenues collected in advance are recognized as deferred revenue and recognized as revenue when the event occurs.

Contributed Facilities and Services

The City provides the Foundation with a storage facility without charge. The fair value of this contribution is \$240,379 in 2021 and \$0 in 2020. The Rosenbach uses unpaid volunteers to lead tours through the museum and library and to perform research projects. The value of this contributed time is recorded as public program expenses based on hourly rates customarily paid for such services, with an equivalent amount recorded as program revenue in the accompanying consolidated statements of activities. The value of these services amounts to approximately \$5,000 and \$33,000 for the years ended June 30, 2021 and 2020, respectively.

Free Library of Philadelphia Foundation and Subsidiary

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The costs of program and supporting service activities have been presented on a functional basis in the statement of activities. The statement of functional expenses present the natural classification detail of expenses by function. Certain categories of expenses that are attributed to more than one program or supporting function have been allocated among the programs and supporting services benefited. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include employee benefits and payroll taxes, which are allocated based on a percentage of salary charged to departments. Telephone charges are allocated on headcount and indirect costs are charged based on amounts approved in grant agreements.

Advertising and Promotion

The Organization uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising expense was approximately \$97,000 and \$267,000 for the years ended June 30, 2021 and 2020, respectively.

Tax Status

The Foundation and the Rosenbach have each obtained a favorable determination that it is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and each is classified as an organization that is other than a private foundation. Accordingly, no provision has been made for income taxes.

Management has reviewed tax positions taken in filings with federal and state jurisdictions and believes those positions would be sustained should the filings be examined by the relevant taxing authority. Open periods subject to audit for federal purposes are generally the previous three years of tax returns filed.

Change in Accounting Policy

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). The core principle of the guidance in ASU 2014-09 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. During the year ended June 30, 2021, the Organization applied Topic 606 on a retrospective basis and elected the practical expedient in paragraph FASB ASC 606-10-65-1(f)(1), under which an entity need not restate contracts that begin and are completed within the same annual reporting period. There was no change to reported revenue, net assets, or the change in net assets for either period presented.

Free Library of Philadelphia Foundation and Subsidiary

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Recently Issued Accounting Standard

In 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842), which is intended to improve financial reporting on leasing transactions. ASU No. 2016-02 will require lessees to recognize right of use assets and lease obligations for operating and finance leases under terms greater than 12 months. Management is evaluating what impact this new standard will have on its financial statements and this standard update is effective for the Organization's June 30, 2023 fiscal year end.

Note 2: Liquidity and Availability of Financial Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

<i>As of June 30,</i>	2021	2020
Cash and cash equivalents	\$ 7,241,286	\$ 3,555,555
Grants and contributions receivable	16,176,546	15,940,491
Fines and other receivables	508,788	2,104,566
Investments	44,472,786	36,510,434
Financial assets before adjustments	68,399,406	58,111,046
Less: Donor restricted funds included in cash, receivables and investments	(52,912,843)	(43,557,193)
Less: Board-designated endowment funds included in investments	(3,057,270)	(2,469,860)
Add: Approved draw from donor-restricted endowment	1,804,206	1,946,064
Total	\$ 14,233,499	\$ 14,030,057

The Organization does not have a formal liquidity policy but generally maintains financial assets in liquid form such as cash to cover approximately six months of general expenditures. The Organization manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures and to meet its liabilities and other obligations as they become due. In addition, the Organization maintains lines of credit with a bank (as described in Note 6) and is drawn upon during the year to manage cash flow.

The Organization's endowment funds consist of donor-restricted endowments and funds designated by the Board of Directors as endowments. Income generated from donor-restricted endowments is generally for capital improvements and ongoing operating expenses of the Organization.

In addition, as of June 30, 2021 and 2020, the Organization had \$3,057,270 and \$2,469,860, respectively, in funds functioning as endowment by Board designation. If necessary, some of these funds could be made available for general expenditure with approval by the Board of Directors.

Free Library of Philadelphia Foundation and Subsidiary

Notes to Consolidated Financial Statements

Note 3: Grants and Contributions Receivable

Grants and contributions receivable include unconditional promises to give and other amounts that are expected to be collected and are stated at realizable value or at the present value of estimated cash flows. Grants and contributions receivable consisted of the following:

<i>June 30,</i>	2021	2020
Receivable in less than one year	\$ 13,969,392	\$ 12,694,982
Receivable in one to four years	2,241,996	3,320,152
Total	16,211,388	16,015,134
Less: Allowance for uncollectible promises to give	-	(13,645)
Less: Present value discount (1% - 3%)	(34,842)	(60,998)
Grants and contributions receivable, net	\$ 16,176,546	\$ 15,940,491

The Foundation also has a revocable interest in a split-interest arrangement with an estimated value of \$1 million. However, because of the revocable nature of the Foundation's interest, it has not been recognized in the financial statements.

Additionally, the Organization has received conditional promises to give up to a value of approximately \$20,000,000 in connection with the Central Library Project (also see Note 15).

Note 4: Property and Equipment

<i>June 30,</i>	2021	2020
Land	\$ 2,200,000	\$ 2,200,000
Building and building improvements	1,700,000	1,735,000
Computer equipment	101,932	101,933
Furniture and equipment	531,347	445,341
Other equipment	129,642	129,643
Total property and equipment	4,662,921	4,611,917
Less: accumulated depreciation	(1,072,974)	(997,378)
Property and equipment, net	\$ 3,589,947	\$ 3,614,539

Free Library of Philadelphia Foundation and Subsidiary

Notes to Consolidated Financial Statements

Note 5: Investments

The fair value of the Organization's investments is as follows:

<i>June 30,</i>	2021	2020
Investments:		
Level 1		
Mutual Fund - Money Market	\$ 364,190	\$ 893,310
Mutual Fund - Equity	21,007,309	16,076,266
Mutual Fund - Fixed Income	8,366,111	7,218,593
Equity Securities	7,388,303	5,789,249
	37,125,913	29,977,418
Level 2		
U.S. government agency securities and corporate bonds	7,346,873	6,533,016
Total	\$ 44,472,786	\$ 36,510,434

The fair value of mutual funds and equity securities are based on quoted market prices in active markets. (Level 1 inputs).

The fair value of U.S. government agency securities and corporate bonds are estimated using rates currently offered for bonds of similar remaining maturities (Level 2 inputs).

The investments of the Organization include permanent endowments, funds established by the Board of Directors to function as endowments, and other balances. Investment returns related to assets of permanent endowments are classified as with or without donor restrictions depending on donor stipulations.

The investments are managed on a total return basis to provide both income and capital appreciation. Under the Organization's spending policy, a spending rate is assessed against endowments that support activities with and without restrictions, consistent with an annual budget approved by the Board of Directors. The spending rate policy allows the expenditure of a prudent amount of the total investment return over a period of time that preserves the future purchasing power of endowment principal. A spending rate of 5% of the average fair value of the investments over the preceding twelve quarters through March 31, 2020 was appropriated to support current library operations and administration of various library projects for the year ended June 30, 2021.

Free Library of Philadelphia Foundation and Subsidiary

Notes to Consolidated Financial Statements

Note 5: Investments (Continued)

The following schedule summarizes the investment return for the years ended June 30, 2021 and 2020:

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
Dividend and interest	\$ 107,664	\$ 459,874	\$ 567,538	\$ 487,862
Net realized and unrealized gains	1,985,859	6,018,660	8,004,519	741,183
Total investment return	2,093,523	6,478,534	8,572,057	1,229,045
Less: Long-term investment return designated for operations and administration	881,167	1,074,635	1,955,802	1,969,143
Long-term investment return in excess of (less than) return designated for operations	\$ 1,212,356	\$ 5,403,899	\$ 6,616,255	\$ (740,098)

Total investment return is net of fees of approximately \$137,000 and \$190,000 for the years ended June 30, 2021 and 2020, respectively.

Note 6: Debt

Line of Credit

During September 2018, a non-revolving line of credit in the amount of \$8.5 million dollars was established with PNC Bank. The rate on the line is the Daily LIBOR rate plus 2.00% (2.10% effective rate at June 30, 2021). The line was established for the purpose of compensating for delayed cash flow from various grants, related to the 21st Century Capital Project. The line expires on September 11, 2023. The balance outstanding at June 30, 2021 and 2020 was \$2.1 million and \$2.5 million, respectively. Also during September 2018, an additional line of credit in the amount of \$6.5 million was established with PNC Bank. The rate on the line is LIBOR plus 2.00% (2.10% effective rate at June 30, 2021). The balance outstanding at June 30, 2021 and 2020 was \$6.5 million; the line expires on January 31, 2022.

The Organization has a non-revolving line of credit in the amount of \$1.5 million dollars with PNC Bank. The rate on the line is the Daily LIBOR rate plus 2.25% (2.35% effective rate at June 30, 2021) that was established for the purpose of compensating for delayed cash flow from various grants, related to the 21st Century Capital Project. The line expires on September 30, 2022. No amounts were outstanding at June 30, 2021 and 2020.

Note 7: Retirement Plan

The Organization has established a tax deferred retirement plan under Section 403(b) of the Internal Revenue Code for its employees. All employees, other than employees who normally work less than 20 hours per week, are eligible for participation in the plan. The Organization will match employee contributions up to a maximum of 4.5% of the participant's compensation for all employees who have completed one year of service. For the fiscal years ended June 30, 2021 and 2020, pension expense was \$180,905 and \$153,852, respectively.

Free Library of Philadelphia Foundation and Subsidiary

Notes to Consolidated Financial Statements

Note 8: Collections

The Foundation owns and maintains collections of rare books, manuscripts, maps, paintings, prints, music, etc., most of which have been acquired through individual gifts and bequests. The Rosenbach contributed collection items include rare books, manuscripts, fine and decorative arts and period furnishings. A fine arts insurance policy with coverage up to \$13,000,000 is carried on the collections. In the opinion of management, this represents only a fraction of the present fair value of the items, many of which are irreplaceable. The Organization has not assigned a value to the collections for accounting purposes, since it is not practical to determine the cost, the fair value at date of acquisition or the net realizable value of these collections. The Organization's policy is to use proceeds from items that are sold, for the acquisition of collections, or for the preservation, conservation, or direct care of collections.

Note 9: Net Assets with Donor Restriction

Net assets with donor restrictions are available for the following purposes:

<i>June 30,</i>	2021	2020
Subject to expenditure for specified purpose:		
The Foundation		
Branch and other program services	\$ 9,356,969	\$ 6,330,463
Technology	337,547	340,459
Collection and preservation	2,690,023	1,861,453
Central Library and 21st Century Libraries	965,051	934,460
The Rosenbach		
Projects and exhibitions	439,225	348,719
Operations	187,500	397,769
	13,976,315	10,213,323
Endowments:		
Income earned on endowments subject to appropriation		
Branch and other program services	9,813,022	8,046,625
Technology	1,986,844	1,217,216
Collection and preservation	6,580,646	5,228,693
Central Library and 21st Century Libraries	143,488	68,814
RML operations	1,582,858	-
Permanent funds subject to endowment spending policy and appropriation		
The Foundation	9,443,708	9,443,708
The Rosenbach	9,385,962	9,338,814
	38,936,528	33,343,870
	\$ 52,912,843	\$ 43,557,193

Free Library of Philadelphia Foundation and Subsidiary

Notes to Consolidated Financial Statements

Note 10: Endowment Funds

Accounting standards for the classification and disclosure of endowments of not-for-profit organizations provide guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and additional disclosures about an organization's endowment funds. As of June 30, 2021, Pennsylvania has not adopted UPMIFA.

The endowment of the Foundation consists of 69 funds established by donors for various purposes. The endowment of the Rosenbach consists of 25 funds established by donors for various purposes. As required by United States generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowment, are classified and reported based on the existence or absence of donor-imposed restrictions.

Management has interpreted Pennsylvania law for investment of trust funds (PA Law) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment that is not classified as permanent funds represents income or losses on endowment funds subject to appropriation or expenditure in a manner consistent with the standard of prudence prescribed by PA Law.

In accordance with PA Law, 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

Free Library of Philadelphia Foundation and Subsidiary

Notes to Consolidated Financial Statements

Note 10: Endowment Funds (Continued)

The composition of the endowment net assets by type of fund at June 30, 2021 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 3,057,270	\$ -	\$ 3,057,270
Donor-restricted endowment funds:			
Original donor-restricted gifts	-	17,784,719	17,784,719
Income on donor-restricted gifts available for appropriation	-	19,217,771	19,217,771
Total Funds	\$ 3,057,270	\$ 37,002,490	\$ 40,059,760

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

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 2,469,860	\$ 30,539,650	\$ 33,009,510
Contributions	-	997,252	997,252
Investment income	60,645	454,642	515,287
Net realized and unrealized gains	914,533	6,409,924	7,324,457
Amounts appropriated for expenditure	(387,768)	(1,398,978)	(1,786,746)
Endowment net assets, end of year	\$ 3,057,270	\$ 37,002,490	\$ 40,059,760

The composition of endowment net assets by type of fund at June 30, 2020 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 2,469,860	\$ -	\$ 2,469,860
Donor-restricted endowment funds:			
Original donor-restricted gifts	-	17,434,719	17,434,719
Income on donor-restricted gifts available for appropriation	-	13,104,931	13,104,931
Total Funds	\$ 2,469,860	\$ 30,539,650	\$ 33,009,510

Free Library of Philadelphia Foundation and Subsidiary

Notes to Consolidated Financial Statements

Note 10: Endowment Funds (Continued)

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

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 2,124,983	\$ 30,457,936	\$ 32,582,919
Contributions	538,489	552,635	1,091,124
Investment income	47,516	392,845	440,361
Net realized and unrealized gains	107,939	557,552	665,491
Amounts appropriated for expenditure	(349,067)	(1,421,318)	(1,770,385)
Endowment net assets, end of year	\$ 2,469,860	\$ 30,539,650	\$ 33,009,510

Funds with Deficiencies

At times, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or PA Law requires the Organization to retain as a fund of perpetual duration (underwater endowments). The Organization has interpreted the law to permit spending from underwater endowments in accordance with prudent measures required under law.

Deficiencies result from unfavorable market fluctuations that occur after the investment of new permanently restricted contributions and continued appropriation for certain programs that were deemed prudent by the Board of Directors. There were no deficiencies of this nature as of June 30, 2021 and 2020.

Return Objectives and Risk Parameters

The Organization 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 Organization 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 rate of general price inflation (Consumer Price Index) by 5%.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, the Organization 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 Organization targets a diversified asset allocation that places an emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Free Library of Philadelphia Foundation and Subsidiary

Notes to Consolidated Financial Statements

Note 10: Endowment Funds (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy of appropriating for distribution each year 5% of its endowment fund's average fair value over the prior twelve quarters through March 31 of the fiscal year preceding the fiscal year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow at an average rate equal to the rate of inflation (Consumer Price Index). This is consistent with the Organization'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 returns.

Note 11: Concentrations, Risks and Uncertainties

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of temporary cash investments made with financial institutions.

The Organization maintains its cash balances in one financial institution located in Philadelphia, Pennsylvania. As of June 30, 2021, the uninsured balance was approximately \$6,650,000. The Organization has not experienced any losses in such financial instruments. Management believes that the Organization is not exposed to any significant credit risk related to financial instruments.

Note 12: Other Related Party Transactions

The Foundation and the City Library have some board members in common. Fine income and related receivables are received from and due from, respectively, the City Library.

Note 13: Commitments and Contingencies

City Lease

There is a lease development agreement between the Philadelphia Authority Industrial Development (PAID) (on behalf of the City) and the Foundation in connection with the Foundation's management of the Central Library Capital Renovation Project. Rent under terms of the agreement is stated at \$1. The terms of the agreement stipulate that the Foundation will pay as additional rent and all sums which may become due under the lease or by reason of the failure of the Foundation to comply with the terms of the lease.

Free Library of Philadelphia Foundation and Subsidiary

Notes to Consolidated Financial Statements

Note 13: Commitments and Contingencies (Continued)

Other

During July 2013, the Foundation entered into a ten-year facility lease expiring in 2023. Lease expense was \$320,505 and \$312,688 for the years ended June 30, 2021 and 2020, respectively.

Total future minimum lease commitments as of June 30, 2021 are as follows:

<i>Year Ending June 30,</i>	<i>Amount</i>
2022	\$ 328,518
2023	336,730
Total	\$ 665,248

Note 14: Grant Compliance

The use of contract and grant monies received is subject to the various compliance requirements of each granting agency. Management believes the Organization is in compliance with all significant contract and grant requirements. Additionally, grants received are subject to audit and adjustment by grantor agencies. Any disallowed expenditures, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenses, if any, which may be disallowed by a grantor cannot be determined at this time, although the Organization expects any such amounts to be immaterial.

Note 15: Operational Matters

Over the past sixteen years the Foundation has spent more than \$120 million in renovating both the central library and neighborhood libraries. Most recently, over \$36 million was spent on the renovation of five neighborhood libraries. During the fiscal year 2021, there were no contributions related to the Capital Renovation Project. Included in grants and contributions receivable (net of discounts and allowances) at June 30, 2021 is \$10,053,449 related to the capital projects. Expenses incurred in connection with the Capital Renovation Project during fiscal year 2021 were \$348,922.

In December 2004, City Council of the City of Philadelphia approved an ordinance authorizing the City to issue up to \$30 million in bonds. Certain conditions must be met before \$20 million of the funds are released to the Foundation for construction of the Project.

Free Library of Philadelphia Foundation and Subsidiary

Notes to Consolidated Financial Statements

Note 16: Refundable Advance Liability – Paycheck Protection Program

The Organization operates its programs with funding from various grants and contracts. At June 30, 2021 and 2020, the Organization received funds in excess of expenditures on certain grants and contracts, which resulted in a refundable advance. The following details the refundable advance at June 30, 2021 and 2020.

<i>Funding Agency</i>	2021	2020
SBA Paycheck Protection Program	\$ 1,385,000	\$ 1,438,300

At June 30, 2021 and 2020, the Organization had a refundable advance liability of \$1,385,000 and \$1,438,300. The amounts represent the receipt of awards from the Small Business Administration's (SBA) Paycheck Protection Program (PPP) as a result of legislation passed to assist businesses in navigating the Coronavirus pandemic. The Organization has determined these awards represent conditional grants and have applied the policy as described in Note 1. Accordingly, the award is reported as a refundable advance liability until the conditions are substantially met or explicitly waived.

The Organization has interpreted the condition of the award to be dependent on the approval of the forgiveness application by the lender and SBA. Should the conditions of the award not be substantially met or explicitly waived, all or a portion of the award will be treated as a loan bearing interest at 1% commencing upon receipt of notification of the unforgiven amount by the SBA, and would be required to be paid no later than April 2025. The Organization anticipates that the conditions of the award will be substantially met and the full amount of the award will be recognized as grant and contribution revenue. On April 14, 2021, the Organization received notification that the SBA approved full forgiveness of the award received in fiscal 2020, and \$1,438,300 was recorded as grants and contributions revenue for the year ended June 30, 2021.

Note 17: Subsequent Events

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through December 3, 2021, the date the financial statements were available to be issued.

Independent Auditor's 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 Board of Directors
Free Library of Philadelphia Foundation and Subsidiary
Philadelphia, Pennsylvania

We have audited, in accordance with auditing standards generally accepted in the United States 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 Free Library of Philadelphia Foundation and Subsidiary (the "Organization"), which comprise the statement of financial position as of June 30, 2021 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 3, 2021. The financial statements of The Rosenbach of the Free Library of Philadelphia (the Rosenbach) were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Rosenbach.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting ("internal control") to determine the 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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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 the Organization'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 determination of financial statement amounts. 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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Wipfli LLP

Philadelphia, Pennsylvania
December 3, 2021

Free Library of Philadelphia Foundation and Subsidiary

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

<i>As of June 30, 2021</i>	Free Library of Philadelphia Foundation	The Rosenbach of the Free Library of Philadelphia	Eliminations	Consolidated Totals
ASSETS				
Cash and cash equivalents	\$ 6,673,202	\$ 568,084	\$ -	\$ 7,241,286
Grants and contributions receivable, net	14,727,185	1,449,361	-	16,176,546
Fines and other receivables	467,935	40,853	-	508,788
Inventory	-	80,911	-	80,911
Prepaid expenses	97,047	18,595	-	115,642
Property and equipment, net	-	3,589,947	-	3,589,947
Investments	33,189,528	11,283,258	-	44,472,786
Beneficial interest in life insurance	42,209	-	-	42,209
Due from related party	288,368	-	(288,368)	-
TOTAL ASSETS	\$ 55,485,474	\$ 17,031,009	\$ (288,368)	\$ 72,228,115
LIABILITIES				
Line of credit	\$ 8,600,000	\$ -	\$ -	\$ 8,600,000
Accounts payable and accrued expenses	513,049	67,545	-	580,594
Accrued payroll and related liabilities	599,353	108,340	-	707,693
Split-interest liabilities	59,441	-	-	59,441
Refundable advance	1,385,000	-	-	1,385,000
Due to related party	-	288,368	(288,368)	-
Total Liabilities	11,156,843	464,253	(288,368)	11,332,728
NET ASSETS				
Without donor restrictions	3,011,333	4,971,211	-	7,982,544
With donor restrictions	41,317,298	11,595,545	-	52,912,843
Total Net Assets	44,328,631	16,566,756	-	60,895,387
TOTAL LIABILITIES AND NET ASSETS	\$ 55,485,474	\$ 17,031,009	\$ (288,368)	\$ 72,228,115

Free Library of Philadelphia Foundation and Subsidiary

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

<i>As of June 30, 2020</i>	Free Library of Philadelphia Foundation	The Rosenbach of the Free Library of Philadelphia	Eliminations	Consolidated Totals
ASSETS				
Cash and cash equivalents	\$ 2,799,754	\$ 755,801	\$ -	\$ 3,555,555
Grants and contributions receivable, net	13,915,465	2,025,026	-	15,940,491
Fines and other receivables	2,064,306	40,260	-	2,104,566
Inventory	-	79,111	-	79,111
Prepaid expenses	75,464	14,629	-	90,093
Property and equipment, net	-	3,614,539	-	3,614,539
Investments	27,502,150	9,008,284	-	36,510,434
Beneficial interest in life insurance	40,533	-	-	40,533
Due from related party	551,421	-	(551,421)	-
TOTAL ASSETS	\$ 46,949,093	\$ 15,537,650	\$ (551,421)	\$ 61,935,322
LIABILITIES				
Line of credit	\$ 9,000,000	\$ -	\$ -	\$ 9,000,000
Accounts payable and accrued expenses	479,740	42,348	-	522,088
Accrued payroll and related liabilities	540,947	110,678	-	651,625
Split-interest liabilities	110,778	-	-	110,778
Refundable advance	1,438,300	-	-	1,438,300
Due to related party	-	551,421	(551,421)	-
Total Liabilities	11,569,765	704,447	(551,421)	11,722,791
NET ASSETS				
Without donor restrictions	1,907,437	4,747,901	-	6,655,338
With donor restrictions	33,471,891	10,085,302	-	43,557,193
Total Net Assets	35,379,328	14,833,203	-	50,212,531
TOTAL LIABILITIES AND NET ASSETS	\$ 46,949,093	\$ 15,537,650	\$ (551,421)	\$ 61,935,322

Free Library of Philadelphia Foundation and Subsidiary

CONSOLIDATING STATEMENT OF ACTIVITIES

Year Ended June 30, 2021

	The Free Library of Philadelphia Foundation			The Rosenbach of the Free Library of Philadelphia			The Free Library of Philadelphia Foundation		The Rosenbach of the Free Library of Philadelphia	
	Without Donor Restrictions	Without Donor Restrictions	Total Without Donor Restrictions	With Donor Restrictions	With Donor Restrictions	Total With Donor Restrictions	Consolidated Total			
Operating support and revenue:										
Grants and contributions	\$ 3,801,299	\$ 669,364	\$ 4,470,663	\$ 8,377,102	\$ 155,424	\$ 8,532,526	\$	13,003,189		
Federal and state grants and city capital	690,522	30,312	720,834	336,318	10,000	346,318		1,067,152		
Contributions - Central Library Campaign	-	-	-	-	-	-		-		
Program revenue	128,260	231,924	360,184	14,238	-	14,238		374,422		
Other income	53,750	9,933	63,683	-	-	-		63,683		
Dividend and interest income	2,784	1,360	4,144	-	-	-		4,144		
Long-term investment return designated for operations	415,014	466,153	881,167	1,033,933	40,702	1,074,635		1,955,802		
Net assets released from restriction	6,179,056	373,891	6,552,947	(6,179,056)	(373,891)	(6,552,947)		-		
Total Operating Support and Revenue	11,270,685	1,782,937	13,053,622	3,582,535	(167,765)	3,414,770		16,468,392		
Operating expenses:										
Programs and library services										
Public programs	5,378,569	920,984	6,299,553	-	-	-		6,299,553		
Collections and preservation	619,399	-	619,399	-	-	-		619,399		
Technology	171,532	-	171,532	-	-	-		171,532		
Facilities renovation	1,403,535	-	1,403,535	-	-	-		1,403,535		
Central Library capital renovation project	348,922	-	348,922	-	-	-		348,922		
Total Program Services	7,921,957	920,984	8,842,941	-	-	-		8,842,941		

Free Library of Philadelphia Foundation and Subsidiary

CONSOLIDATING STATEMENT OF ACTIVITIES (Continued)

Year Ended June 30, 2021

	Free Library of Philadelphia Foundation	The Rosenbach of the Free Library of Philadelphia	Total	Free Library of Philadelphia Foundation	The Rosenbach of the Free Library of Philadelphia	Total	Consolidated Total
	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	With Donor Restrictions	With Donor Restrictions	Consolidated Total
Supporting services							
Administration	1,265,520	315,465	1,580,985	-	-	-	1,580,985
Fundraising	2,050,854	503,641	2,554,495	-	-	-	2,554,495
Total Supporting Services	3,316,374	819,106	4,135,480	-	-	-	4,135,480
Total Operating Expenses	11,238,331	1,740,090	12,978,421	-	-	-	12,978,421
Change in net assets from operations	32,354	42,847	75,201	3,582,535	(167,765)	3,414,770	3,489,971
Non-operating support and gains (losses):							
Grants and contributions to endowment	-	-	-	484,950	52,031	536,981	536,981
Long-term investment return in excess of (less than) return designated for operations	1,071,542	140,814	1,212,356	3,777,922	1,625,977	5,403,899	6,616,255
Collection items purchased	-	(69,201)	(69,201)	-	-	-	(69,201)
Sale of collection item	-	108,850	108,850	-	-	-	108,850
Total Non-operating Support and Gains	1,071,542	180,463	1,252,005	4,262,872	1,678,008	5,940,880	7,192,885
CHANGE IN NET ASSETS	1,103,896	223,310	1,327,206	7,845,407	1,510,243	9,355,650	10,682,856
NET ASSETS - BEGINNING OF YEAR	1,907,437	4,747,901	6,655,338	33,471,891	10,085,302	43,557,193	50,212,531
NET ASSETS - END OF YEAR	\$ 3,011,333	\$ 4,971,211	\$ 7,982,544	\$ 41,317,298	\$ 11,595,545	\$ 52,912,843	\$ 60,895,387

Free Library of Philadelphia Foundation and Subsidiary

CONSOLIDATING STATEMENT OF ACTIVITIES

Year Ended June 30, 2020

	The Free Library of Philadelphia Foundation			The Rosenbach of the Free Library of Philadelphia			Consolidated Total	
	Without Donor Restrictions	Without Donor Restrictions	Total Without Donor Restrictions	With Donor Restrictions	With Donor Restrictions	Total With Donor Restrictions		
Operating support and revenue:								
Grants and contributions	\$ 2,545,494	\$ 540,325	\$ 3,085,819	\$ 7,699,328	\$ 62,908	\$ 7,762,236	\$	10,848,055
Federal and state grants and city capital	828,058	29,719	857,777	33,555	10,000	43,555		901,332
Contributions - Central Library Campaign	-	-	-	1,384,417	-	1,384,417		1,384,417
Program revenue	642,092	256,464	898,556	106,512	-	106,512		1,005,068
Other income	303,665	43,825	347,490	6,320	-	6,320		353,810
Dividend and interest income	11,504	26	11,530	-	-	-		11,530
Long-term investment return designated for operations	472,176	9,827	482,003	1,028,243	458,897	1,487,140		1,969,143
Net assets released from restriction	9,409,070	772,591	10,181,661	(9,409,070)	(772,591)	(10,181,661)		-
Total Operating Support and Revenue	14,212,059	1,652,777	15,864,836	849,305	(240,786)	608,519		16,473,355
Operating expenses:								
Programs and library services								
Public programs	6,231,451	1,056,585	7,288,036	-	-	-		7,288,036
Collections and preservation	539,778	-	539,778	-	-	-		539,778
Technology	319,269	-	319,269	-	-	-		319,269
Facilities renovation	2,307,085	-	2,307,085	-	-	-		2,307,085
Central Library capital renovation project	630,748	-	630,748	-	-	-		630,748
Total Program Services	10,028,331	1,056,585	11,084,916	-	-	-		11,084,916

Free Library of Philadelphia Foundation and Subsidiary

CONSOLIDATING STATEMENT OF ACTIVITIES (Continued)

Year Ended June 30, 2020

	Free Library of Philadelphia Foundation	The Rosenbach of the Free Library of Philadelphia	Total	Free Library of Philadelphia Foundation	The Rosenbach of the Free Library of Philadelphia	Total	Consolidated Total
	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	With Donor Restrictions	With Donor Restrictions	
Supporting services							
Administration	1,894,339	182,715	2,077,054	-	-	-	2,077,054
Fundraising	2,335,263	562,589	2,897,852	-	-	-	2,897,852
Total Supporting Services	4,229,602	745,304	4,974,906	-	-	-	4,974,906
Total Operating Expenses	14,257,933	1,801,889	16,059,822	-	-	-	16,059,822
Change in net assets from operations	(45,874)	(149,112)	(194,986)	849,305	(240,786)	608,519	413,533
Non-operating support and gains (losses):							
Grants and contributions to endowment	-	538,489	538,489	736,745	1,741,921	2,478,666	3,017,155
Long-term investment return in excess of (less than) return designated for operations	(221,552)	(1,071)	(222,623)	(257,471)	(260,004)	(517,475)	(740,098)
Collection items purchased	-	(35,370)	(35,370)	-	(10,124)	(10,124)	(45,494)
Sale of collection item	-	20,080	20,080	-	-	-	20,080
Total Non-operating Support and Gains (Losses)	(221,552)	522,128	300,576	479,274	1,471,793	1,951,067	2,251,643
CHANGE IN NET ASSETS	(267,426)	373,016	105,590	1,328,579	1,231,007	2,559,586	2,665,176
NET ASSETS - BEGINNING OF YEAR	2,174,863	4,374,885	6,549,748	32,143,312	8,854,295	40,997,607	47,547,355
NET ASSETS - END OF YEAR	\$ 1,907,437	\$ 4,747,901	\$ 6,655,338	\$ 33,471,891	\$ 10,085,302	\$ 43,557,193	\$ 50,212,531

Free Library of Philadelphia Foundation and Subsidiary

CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2021

	Free Library of Philadelphia Foundation						Rosenbach of the Free Library of Philadelphia	Free Library of Philadelphia Foundation			The Rosenbach of the Free Library of Philadelphia	Free Library of Philadelphia Foundation		Rosenbach of the Free Library of Philadelphia			
	Programs and Library Services							Supporting Services									
	Collections		Facilities		Capital			Administration	Administration	Subtotal				Fundraising		Fundraising	Subtotal
	Public Programs	and Preservation	Technology	Renovation	Renovation	Project											
Salaries and wages	\$ 2,264,258	\$ 57,076	\$ -	\$ 901,351	\$ -	\$ 537,762	\$ 3,760,447	\$ 975,182	\$ 138,995	\$ 1,114,177	\$ 1,156,878	\$ 363,145	\$ 1,520,023	\$ 6,394,647			
Payroll taxes and benefits	477,470	12,741	-	217,442	-	139,243	846,896	218,836	33,805	252,641	282,291	86,650	368,941	1,468,478			
Audit and legal fees	-	-	-	-	-	-	-	80,303	18,564	98,867	-	-	-	98,867			
Advertising, printing and photography	312,843	5,810	2,595	27	-	477	321,752	4,610	9,031	13,641	227,201	8,477	235,678	571,071			
Bank and credit card fees	1,292	119	-	-	49	2,573	4,033	29,548	167	29,715	25,307	4,104	29,411	63,159			
Conferences and receptions	21,158	2,860	238	16	-	125	24,397	735	101	836	4,326	8,675	13,001	38,234			
Depreciation	-	-	-	-	-	69,243	69,243	-	7,658	7,658	-	-	-	76,901			
Dues and publications	47,783	11,111	2,389	-	-	2,412	63,695	36,383	2,183	38,566	7,490	175	7,665	109,926			
Equipment	56,338	1,313	6,692	-	332,428	-	396,771	8,106	3,805	11,911	2,488	2,447	4,935	413,617			
Exhibition installation materials	-	-	-	-	-	24,953	24,953	-	-	-	-	-	-	24,953			
Indirect costs	432,877	12,013	-	7,999	-	573	453,462	(439,681)	(17,073)	(456,754)	-	1,500	1,500	(1,792)			
Insurance	1,659	-	-	-	-	34,215	35,874	56,158	11,041	67,199	3,318	6,839	10,157	113,230			
Interest expense	-	-	-	229,052	-	-	229,052	-	-	-	-	-	-	229,052			
Library materials	36,298	222,867	-	-	-	-	259,165	144	-	144	-	-	-	259,309			
Meals and entertainment	-	-	-	-	-	86	86	-	2,110	2,110	-	12,027	12,027	14,223			
Other expenses	-	1,241	1,591	-	-	1,053	3,885	5,155	8,384	13,539	136,219	-	136,219	153,643			
Professional and other services	942,781	272,321	92,950	33,599	16,445	35,624	1,393,720	235,830	13,625	249,455	99,995	650	100,645	1,743,820			
Programs and exhibits	640,778	6,828	897	1,271	-	2,522	652,296	14,058	-	14,058	6,997	-	6,997	673,351			
Repairs and maintenance	3,805	-	-	-	-	32,349	36,154	-	32,901	32,901	-	861	861	69,916			
Supplies and software	103,657	11,958	4,987	-	-	145	120,747	16,268	31,573	47,841	605	990	1,595	170,183			
Telephone and postage	34,497	1,108	59,193	12,778	-	1,379	108,955	23,877	13,135	37,012	93,344	1,977	95,321	241,288			
Travel	1,075	33	-	-	-	-	1,108	8	-	8	4,395	-	4,395	5,511			
Utilities	-	-	-	-	-	31,451	31,451	-	5,460	5,460	-	5,124	5,124	42,035			
Volunteer services	-	-	-	-	-	4,799	4,799	-	-	-	-	-	-	4,799			
TOTAL	\$5,378,569	\$ 619,399	\$ 171,532	\$ 1,403,535	\$ 348,922	\$ 920,984	\$ 8,842,941	\$ 1,265,520	\$ 315,465	\$ 1,580,985	\$ 2,050,854	\$ 503,641	\$ 2,554,495	\$ 12,978,421			

Free Library of Philadelphia Foundation and Subsidiary

CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2020

	Free Library of Philadelphia Foundation							Rosenbach of the Free Library of Philadelphia	Free Library of Philadelphia Foundation		The Rosenbach of the Free Library of Philadelphia	Free Library of Philadelphia Foundation		Rosenbach of the Free Library of Philadelphia	Total
	Programs and Library Services							Program	Supporting Services			Subtotal	Total		
	Collections		Facilities		Capital		Administration		Administration	Subtotal	Fundraising			Fundraising	
	Public Programs	and Preservation	Technology	Renovation	Renovation Project	Renovation									
Salaries and wages	\$ 2,385,649	\$ 58,025	\$ -	\$ 976,835	\$ 123,269	\$ 555,162	\$ 4,098,940	\$ 1,137,348	\$ 99,909	\$ 1,237,257	\$ 1,037,278	\$ 397,115	\$ 1,434,393	\$ 6,770,590	
Payroll taxes and benefits	446,862	12,673	-	225,908	29,313	145,514	860,270	254,272	25,458	279,730	246,573	87,980	334,553	1,474,553	
Audit and legal fees	3,108	-	-	2,275	-	-	5,383	104,715	20,731	125,446	-	-	-	130,829	
Advertising, printing and photography	348,996	9,161	-	350	-	27,759	386,266	4,253	934	5,187	270,597	16,502	287,099	678,552	
Bank and credit card fees	40,883	85	-	10,000	101	1,840	52,909	12,699	272	12,971	25,492	6,397	31,889	97,769	
Conferences and receptions	128,339	9,729	1,049	1,410	-	260	140,787	55,052	343	55,395	294,263	750	295,013	491,195	
Depreciation	-	-	-	-	-	69,922	69,922	1,302	7,725	9,027	-	-	-	78,949	
Dues and publications	52,681	2,749	6,798	366	-	1,338	63,932	52,079	3,702	55,781	8,828	1,202	10,030	129,743	
Equipment	175,912	23,272	41,839	48,057	381,345	-	670,425	16,755	4,051	20,806	8,291	266	8,557	699,788	
Exhibition installation materials	-	-	-	-	-	40,140	40,140	-	-	-	-	-	-	40,140	
Indirect costs	498,182	8,131	-	9,343	-	909	516,565	(494,214)	(110,909)	(605,123)	-	-	-	(88,558)	
Insurance	1,614	-	-	-	-	33,986	35,600	57,404	10,204	67,608	3,229	7,024	10,253	113,461	
Interest expense	-	-	-	-	1	-	1	327,476	-	327,476	-	-	-	327,477	
Library materials	70,211	204,998	-	-	-	-	275,209	2,520	-	2,520	300	-	300	278,029	
Meals and entertainment	-	-	-	-	-	11,300	11,300	-	6,055	6,055	-	19,544	19,544	36,899	
Other expenses	46,722	2,585	181,856	1,687	6,830	7,746	247,426	136,405	4,107	140,512	121,853	3,778	125,631	513,569	
Professional and other services	949,535	190,660	66,936	1,008,779	89,889	48,194	2,353,993	107,636	31,824	139,460	199,033	1,464	200,497	2,693,950	
Programs and exhibits	883,901	3,257	-	3,863	-	927	891,948	32,194	345	32,539	3,600	255	3,855	928,342	
Repairs and maintenance	-	-	-	-	-	35,221	35,221	-	48,042	48,042	-	792	792	84,055	
Supplies and software	114,017	11,431	3,456	16,393	-	6,510	151,807	27,574	11,609	39,183	13,447	4,347	17,794	208,784	
Telephone and postage	57,332	2,840	17,291	207	-	5,157	82,827	44,402	12,217	56,619	100,845	9,222	110,067	249,513	
Travel	27,507	182	44	1,612	-	985	30,330	14,467	272	14,739	1,634	942	2,576	47,645	
Utilities	-	-	-	-	-	30,766	30,766	-	5,824	5,824	-	5,009	5,009	41,599	
Volunteer services	-	-	-	-	-	32,949	32,949	-	-	-	-	-	-	32,949	
TOTAL	\$6,231,451	\$ 539,778	\$ 319,269	\$ 2,307,085	\$ 630,748	\$ 1,056,585	\$ 11,084,916	\$ 1,894,339	\$ 182,715	\$ 2,077,054	\$ 2,335,263	\$ 562,589	\$ 2,897,852	\$ 16,059,822	

Free Library of Philadelphia Foundation and Subsidiary

CONSOLIDATING STATEMENT OF CASH FLOWS

Year Ended June 30, 2021

	Free Library of Philadelphia Foundation	The Rosenbach of the Free Library of Philadelphia	Eliminations	Consolidated Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in net assets	\$ 8,949,303	\$ 1,733,553	\$ -	\$ 10,682,856
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Depreciation	-	76,901	-	76,901
Net gain on investments	(5,927,413)	(2,077,106)	-	(8,004,519)
Increase in beneficial interest in life insurance	(1,676)	-	-	(1,676)
(Increase) decrease in assets:				
Grants and contributions receivable	(811,720)	575,665	-	(236,055)
Fines and other receivables	1,596,371	(593)	-	1,595,778
Prepaid expenses	(21,583)	(3,966)	-	(25,549)
Inventory	-	(1,800)	-	(1,800)
Due to related party	263,053	-	(263,053)	-
Increase (decrease) in liabilities:				
Accounts payable and accrued expenses	33,309	25,197	-	58,506
Accrued payroll and related liabilities	58,406	(2,338)	-	56,068
Split-interest liabilities	(51,337)	-	-	(51,337)
Refundable advance	(53,300)	-	-	(53,300)
Due to related party	-	(263,053)	263,053	-
Total Adjustments	(4,915,890)	(1,671,093)	-	(6,586,983)
Net Cash Provided by Operating Activities	4,033,413	62,460	-	4,095,873
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property and equipment	-	(52,308)	-	(52,308)
Purchase of investments	(170,593)	(197,869)	-	(368,462)
Proceeds from sale of investments	410,628	-	-	410,628
Net Cash Provided by (Used in) Investing Activities	240,035	(250,177)	-	(10,142)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net payments on line of credit	(400,000)	-	-	(400,000)
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,873,448	(187,717)	-	3,685,731
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	2,799,754	755,801	-	3,555,555
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 6,673,202	\$ 568,084	\$ -	\$ 7,241,286
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION				
Cash paid during the year for:				
Interest	\$ 229,052	\$ -	\$ -	\$ 229,052

Free Library of Philadelphia Foundation and Subsidiary

CONSOLIDATING STATEMENT OF CASH FLOWS

Year Ended June 30, 2020

	Free Library of Philadelphia Foundation	The Rosenbach of the Free Library of Philadelphia	Eliminations	Consolidated Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in net assets	\$ 1,061,153	\$ 1,604,023	\$ -	\$ 2,665,176
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Depreciation	1,302	77,647	-	78,949
Net gain on investments	(687,797)	(53,386)	-	(741,183)
Increase in beneficial interest in life insurance	(1,597)	-	-	(1,597)
(Increase) decrease in assets:				
Grants and contributions receivable	(440,486)	(1,324,943)	-	(1,765,429)
Fines and other receivables	(1,185,488)	(14,782)	-	(1,200,270)
Prepaid expenses	15,724	(3,534)	-	12,190
Inventory	-	2,384	-	2,384
Due to related party	220,302	-	(220,302)	-
Increase (decrease) in liabilities:				
Accounts payable and accrued expenses	(2,879,802)	9,860	-	(2,869,942)
Accrued payroll and related liabilities	182,447	19,802	-	202,249
Split-interest liabilities	(3,509)	-	-	(3,509)
Refundable advance	1,438,300	-	-	1,438,300
Due to related party	-	(220,302)	220,302	-
Total Adjustments	(3,340,604)	(1,507,254)	-	(4,847,858)
Net Cash Provided by (Used in) Operating Activities	(2,279,451)	96,769	-	(2,182,682)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property and equipment	-	-	-	-
Purchase of investments	(50,295)	(147,507)	-	(197,802)
Proceeds from sale of investments	1,327,231	-	-	1,327,231
Net Cash Provided by (Used in) Investing Activities	1,276,936	(147,507)	-	1,129,429
CASH FLOWS FROM FINANCING ACTIVITIES				
Net borrowings on line of credit	1,004,070	-	-	1,004,070
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,555	(50,738)	-	(49,183)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	2,798,199	806,539	-	3,604,738
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,799,754	\$ 755,801	\$ -	\$ 3,555,555
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION				
Cash paid during the year for:				
Interest	\$ 327,477	\$ -	\$ -	\$ 327,477