

HVERFORD TOWNSHIP FREE LIBRARY
(A Component Unit of the
Township of Haverford,
Delaware County, Pennsylvania)

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2019



**HVERFORD TOWNSHIP FREE LIBRARY
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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Haverford Township Free Library
Havertown, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Haverford Township Free Library (a component unit of the Township of Haverford, Delaware County, Pennsylvania), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Haverford Township Free Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Haverford Township Free Library, as of December 31, 2019, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Emphasis of Matter

Subsequent to year end, a pandemic of the Corona Virus (COVID-19) was declared by the World Health Organization and was still in effect at the time of the issuance of the financial statements. Our opinion on the 2019 financial statements is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

J. Miller & Associates, LLC

J. MILLER & ASSOCIATES, LLC

Philadelphia, Pennsylvania
May 11, 2020

**Haverford Township Free Library
Management's Discussion and Analysis
December 31, 2019**

The Board of Trustees of Haverford Township Free Library ("the Library") offers readers of the Library's financial statements this narrative overview and analysis of the financial activities of the Library for the fiscal year ended December 31, 2019. We encourage readers to consider the information presented here in conjunction with the Library's financial statements.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the Library's basic financial statements. The Library's basic financial statements comprise of three components: 1) Government-Wide Financial Statements, 2) Fund Financial statements and 3) the notes to the financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Library's finances, in a manner similar to a private-sector business. They are reported using the economic resources measurement focus and the accrual basis of accounting. In these financial statements, all current year revenues and expenses are taken into account, regardless of when cash is received or paid. There are two government-wide financial statements: the Statement of Net Position and the Statement of Activities.

The *statement of net position* presents information on all of the Library's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Library is improving or deteriorating.

The *statement of activities* presents information showing how the Library's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported for some items that will only result in cash flows in future periods, such as prepaid expenses or accrued payroll taxes.

The government-wide financial statements report functions of the Library that is principally supported by state, county and local government subsidies from revenue generating activities which recover a portion of their costs through user charges, fees and fines.

Fund Financial Statements

A *fund* is a group of related accounts that are used to maintain control over resources that have been segregated for specific activities or purposes. The Library, like governmental type entities, utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Library's fund financial statements include financial statements for two governmental funds – the general fund and capital projects fund.

- Governmental Funds - Most of the Library's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. Governmental funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Library's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Library's programs. The two governmental funds financial statements are the Statement of Revenue, Expenditures, and Changes in Fund Balance and the Balance Sheet.

**HAVERFORD TOWNSHIP FREE LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

Fund Financial Statements (continued)

It is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. A reconciliation to facilitate this comparison between the governmental fund financial statements and the government-wide financial statements is provided.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Financial Highlights

Government-Wide Financial Statements

Assets

The Library's cash balance at December 31, 2019 was \$1,156,456 representing an increase of \$197,091 from December 31, 2018. The increase in current assets of approximately \$185,000 is primarily the result of the increase in cash. Noncurrent assets increased by \$60,849, which was a result of \$158,352 in purchases of assets offset by \$97,503 in current depreciation.

Liabilities

Current liabilities increased by \$2,840.

The Library does not have any long-term liabilities.

Total Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Library, total net position was \$1,835,958 as of December 31, 2019, an increase of \$242,601 from December 31, 2018.

The following tables summarize the Library's net position and changes in net position:

Assets:	
Total Current Assets	\$ 1,158,622
Capital Assets, Net of Accumulated Depreciation	181,170
Book Collections, Net of Accumulated Depreciation	577,221
Total Assets	<u>1,917,013</u>
Liabilities:	
Total Liabilities	<u>81,055</u>
Net Position:	
Net Investment in Capital Assets	758,391
Unrestricted Net Position	1,077,567
Total Net Position	<u><u>\$ 1,835,958</u></u>

**HAVERFORD TOWNSHIP FREE LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

Financial Highlights (Continued)

Government-Wide Financial Statements (Continued)

State Contributions	\$ 155,783
Township Contributions	1,164,680
Township Contributions - Use of Facilities	300,000
County Contributions	5,648
Grants	525
Library Fees and Charges	56,486
Fundraising	80,173
Investment Earnings	9,253
Other Revenue	2,593
Total Revenues	1,775,141
 EXPENSES	
Salaries and Benefits	972,952
Facilities Costs - Occupancy	300,000
Utilities	73,845
Supplies	25,925
Building and Equipment Maintenance	59,054
Program Expenses	11,373
Seminars and Dues	9,635
Grant Expense	423
Miscellaneous	1,175
Professional Fees	15,065
Fundraising	11,093
Depreciation	97,503
Total Expenses	1,578,043
 OTHER FINANCING SOURCES	
Transfer In from Fiduciary Fund	45,503
 CHANGE IN NET POSITION	
	242,601
Net Position - Beginning of Year	1,593,357
NET POSITION - END OF YEAR	\$ 1,835,958

Change in Net Position

The Library's change in net position of \$242,601 is the result of revenues of \$1,775,141 exceeding expenditures of \$1,578,043 and a transfer of funds from the fiduciary fund of \$45,503 for the year ended December 31, 2019.

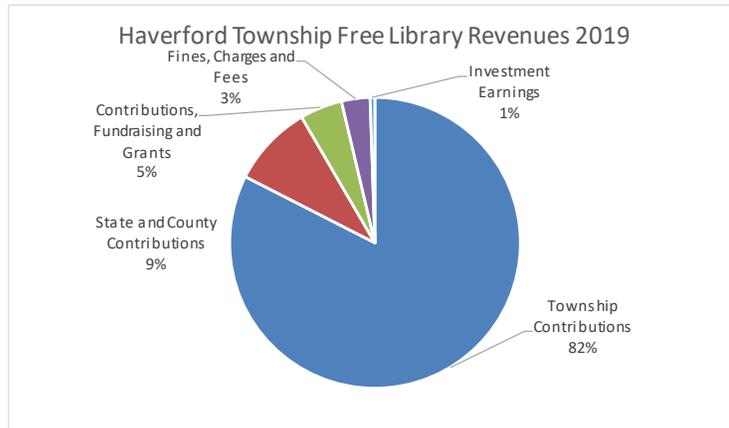
**Haverford Township Free Library
MANAGEMENT’S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

Governmental Funds Financial Statements

The Library’s governmental funds reported an ending fund balance of \$1,077,567 as of December 31, 2019.

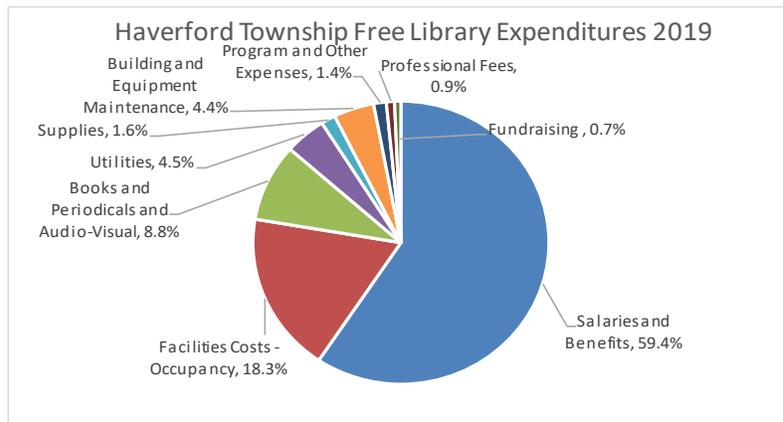
Revenues

For the year ended December 31, 2019, total revenues decreased by approximately \$22,500 from December 31, 2018. The decrease in revenues was primarily the result of a decrease in grant revenues and other revenues offset by an increase in the Township appropriation.



Expenditures

For the year ended December 31, 2019, total expenditures decreased by approximately \$122,600 from December 31, 2018. The decrease in expenditures was primarily due to salaries and benefits.



Other Financing Sources

The Library transferred \$1,242 of its fiduciary fund net assets to the general fund and the remaining \$44,260 to the capital projects fund.

**Haverford Township Free Library
Management's Discussion and Analysis
December 31, 2019**

Budgetary Highlights

The Library is not subject to a statutory budget requirement and, accordingly, budget comparisons are not presented in the financial statements. The Library adopts an annual budget for internal use.

Impact of Economic Factors on Next Year

As a result of the COVID-19 pandemic, economic uncertainties have arisen which may have a financial impact on the Library though such potential impact is unknown at this time. As this crisis continues to unfold, the Library's management will make ongoing strategic decisions to manage programs and operations and monitor cash flow.

Additional Information

The Library is located in Delaware County, Southeastern Pennsylvania, about 6 miles south of Philadelphia. Haverford Township has approximately 50,000 residents. The Library has broadened its services to children, teens, and adults including the delivery of Library material to homebound Township residents.

The Library enjoys a positive relationship with the community, local commissioners, and State legislatures. It has been the recipient of numerous grants and management is looking forward to embarking on a strategic plan that will influence future visions and goals.

The Library administration, staff, and Trustees are committed to ensuring that the Library provides non-discriminatory services, materials, and programs to all, whether in person or remotely.

Contacting the Library's Financial Management

The financial report is designed to provide interested parties a general overview of the Library's finances. Questions regarding any of the information provided in this report should be addressed to the Library Director, Haverford Township Free Library 1601 Darby Rd, Havertown, PA 19083.

HVERFORD TOWNSHIP FREE LIBRARY
STATEMENT OF NET POSITION
DECEMBER 31, 2019

	Governmental Activities
ASSETS	
CURRENT ASSETS	
Cash	\$ 1,156,456
Other Receivables	2,150
Prepaid Expenses	16
Total Current Assets	1,158,622
NONCURRENT ASSETS	
Capital Assets, net	181,170
Book Collections, net	577,221
Total Noncurrent Assets	758,391
Total Assets	1,917,013
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable and Accrued Expenses	81,055
Total Current Liabilities	81,055
NET POSITION	
Net Investment in Capital Assets	758,391
Unrestricted Net Position	1,077,567
Total Net Position	\$ 1,835,958

See accompanying Notes to the Financial Statements.

**HAVERFORD TOWNSHIP FREE LIBRARY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019**

Functions	Expenses	Charges For Service	Program Revenues		Net (Expense) Revenue and Change in Net Position
			Operating Grants and Contributions	Operating Grants and Contributions	Total Governmental Activities
Governmental Activities:					
Library System	\$ 1,578,043	\$ 56,486	\$ 1,626,111	\$ 83,080	\$ 187,634
Total	<u>\$ 1,578,043</u>	<u>\$ 56,486</u>	<u>\$ 1,626,111</u>	<u>\$ 83,080</u>	<u>187,634</u>
General Revenues:					
					9,253
					211
					<u>9,464</u>
Other Financing Sources:					
					45,503
					<u>242,601</u>
					<u>1,593,357</u>
					<u>\$ 1,835,958</u>

See accompanying Notes to the Financial Statements.

**HVERFORD TOWNSHIP FREE LIBRARY
BALANCE SHEET – GOVERNMENTAL FUND
DECEMBER 31, 2019**

	General Fund	Capital Projects Fund	Total Governmental Funds
ASSETS			
Cash	\$ 598,164	\$ 558,292	\$ 1,156,456
Other Receivables	1,650	500	2,150
Prepaid Expenses	16	-	16
Total Assets	\$ 599,830	\$ 558,792	\$ 1,158,622
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable and Accrued Expenses	\$ 81,055	\$ -	\$ 81,055
Total Liabilities	81,055	-	81,055
FUND BALANCES			
Nonspendable to:			
Committed - Capital Projects	-	558,792	558,792
Unassigned Fund Balance	518,775	-	518,775
Total Fund Balances	518,775	558,792	1,077,567
Total Liabilities and Fund Balances	\$ 599,830	\$ 558,792	\$ 1,158,622

See accompanying Notes to the Financial Statements.

**Haverford Township Free Library
 Reconciliation of the Balance Sheet of Governmental Funds
 to the Statement of Net Position
 December 31, 2019**

Total Fund Balances - Governmental Funds		\$ 1,077,567
Total Net Position Reported for Governmental Activities in the Statement of Net Position is Different because:		
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the governmental funds. Those assets consist of:		
Capital Assets, net	181,170	
Book Collection, net	577,221	
		758,391
Total Net Position of Governmental Activities		\$ 1,835,958

See accompanying Notes to the Financial Statements.

**Haverford Township Free Library
Statement of Revenues, Expenditures and Change in Fund Balances
Governmental Funds
Year Ended December 31, 2019**

	General Fund	Capital Projects Fund	Total Governmental Funds
REVENUES			
Haverford Township	\$ 1,464,680	\$ -	\$ 1,464,680
Other Local Sources	5,648	-	5,648
State Sources	155,783	-	155,783
Grants	525	-	525
Library Fees and Charges	56,486	-	56,486
Fundraising	79,673	500	80,173
Other Revenue	5,457	6,389	11,846
Total Revenues	<u>1,768,252</u>	<u>6,889</u>	<u>1,775,141</u>
EXPENDITURES			
Salaries and Benefits	972,952	-	972,952
Occupancy	300,000	-	300,000
Books and Periodicals and Audio Visual	144,943	-	144,943
Utilities	73,845	-	73,845
Supplies	25,925	-	25,925
Building and Equipment Maintenance	72,463	-	72,463
Program Expenses	11,373	-	11,373
Seminars and Dues	9,635	-	9,635
Grant Expense	423	-	423
Miscellaneous	1,175	-	1,175
Professional Fees	15,065	-	15,065
Fundraising	11,093	-	11,093
Total Expenditures	<u>1,638,892</u>	<u>-</u>	<u>1,638,892</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	129,360	6,889	136,249
OTHER FINANCING SOURCES			
Transfer In from Fiduciary Fund	<u>1,242</u>	<u>44,261</u>	<u>45,503</u>
NET CHANGE IN FUND BALANCES	130,602	51,150	181,752
Fund Balances - Beginning of Year	<u>388,173</u>	<u>507,642</u>	<u>895,815</u>
FUND BALANCES - END OF YEAR	<u>\$ 518,775</u>	<u>\$ 558,792</u>	<u>\$ 1,077,567</u>

See accompanying Notes to the Financial Statements.

HVERFORD TOWNSHIP FREE LIBRARY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

Net Change in Fund Balance - Total Governmental Funds \$ 181,752

Governmental funds report capital outlays as expenditures. However for Governmental activities, assets are capitalized and the cost is allocated over the estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

	158,352	
Capital Outlays	(97,503)	
Depreciation Expense	60,849	60,849

Change in Net Position of Governmental Activities \$ 242,601

See accompanying Notes to the Financial Statements.

HVERFORD TOWNSHIP FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Haverford Township Free Library (“the Library”) is the public library of Haverford Township. The Library is a non-profit association, governed by a seven-member Board of Trustees. Four of the Trustees are appointed by the Township of Haverford Commissioners and three are elected by the Haverford Township Free Library Association.

The Library is considered a component unit of the Township of Haverford, Delaware County, Pennsylvania because it is dependent on the Township for both financial resources and the appointment of four of the seven board members.

Basis of Presentation

The financial statements of the Library have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing government accounting and financial reporting principles. The GASB has issued a codification of governmental accounting and financial reporting standards.

Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Library.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

HAVERFORD TOWNSHIP FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Fund Financial Statements:

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Library considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The Library reports the following major governmental funds:

General Fund – The General Fund is the operating fund of the Library and accounts for all revenues and expenditures of the Library, except those required to be accounted for in another fund.

Capital Projects Fund – The Capital Projects Fund is used for financial resources to acquire or construct major capital assets.

Method of Accounting

In the government-wide financial statements, net position is classified into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- Net investment in capital assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds. The Library presently has not incurred any related debt.
- Restricted – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors such as through debt covenants, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. The Library presently has no restricted net position.
- Unrestricted net position – This component of net position consists of net position that do not meet the definition of “restricted” or “net investment in capital assets.”

**Haverford Township Free Library
Notes to Financial Statements
December 31, 2019**

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Method of Accounting (Continued)

In the governmental fund financial statements, fund balances are classified as follows:

- Nonspendable- Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- Restricted – Amounts that can be used only for restricted purposes because of state or federal laws or externally imposed by grantors or creditors.
- Committed – Amount that can be used only for specific purposes determined by a formal action by the Board of Trustees resolution.
- Assigned fund balances- Amounts the Library intends to use for a specific purpose but are neither restricted nor committed.
- Unassigned fund balances – Amounts available for any purpose. Positive amounts are reported only in the General Fund.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance are available, it is currently the Library’s policy to use restricted first, then unrestricted fund balance. When expenditures are incurred for purposes for which committed, assigned, and unassigned amounts are available, it is currently the Library’s policy to use committed first, then assigned, and finally unassigned amounts.

Use of Estimates

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

Cash

The Library’s cash is considered to be cash on hand and demand deposits.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. As of December 31, 2019, no allowance for doubtful accounts was deemed warranted based on historical experience.

Prepaid Expenses

Prepaid expenses include payments to vendors for services applicable to future accounting periods such as rental payments and insurance premiums.

**Haverford Township Free Library
Notes to Financial Statements
December 31, 2019**

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Exhaustible Collections and Books

Collections and books that are exhaustible are capitalized; books used in the circulating library have not been capitalized because their estimated useful lives are less than one year.

Capital Assets

Capital assets, which include furniture and equipment and leasehold improvements, are reported in the government-wide financial statements. Capital assets are defined by the Library as assets with an initial, individual cost of more than \$500 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Leasehold Improvements	20 years
Furniture and Equipment	3-10 years
Book Collection	5 years

Income Tax Status

The Library is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Service Code. Management has determined that there are no uncertain tax positions that would require recognition in the financial statements. No provision for income taxes has been established, as the Library has no unrelated business activity. If the Library were to incur any income tax liability in the future, interest on any income tax liability would be reported as interest expense, and penalties on any income tax would be reported as income taxes. Management's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based on ongoing analysis of tax laws, regulations, and interpretations thereof as well as other factors.

**Haverford Township Free Library
Notes to Financial Statements
December 31, 2019**

NOTE 2 DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. The Library diversifies cash to different banking institutions in order to limit deposits in excess of the Federal Deposit Insurance Corporation maximum of \$250,000 per institution. Periodically, the deposits may exceed the federal insured limit. As of December 31, 2019, the Library's bank balances with two institutions were exposed to custodial credit risk as follows:

Cash Exposed to Custodial Risk	\$ 655,246
Plus: Insured Amount	500,000
Less: Outstanding Checks	(305)
Plus: Deposits in Transit	<u>678</u>
Carrying Amount - Bank Balances	1,155,619
Plus: Petty Cash	<u>837</u>
Total Cash Per Financial Statements	<u><u>\$ 1,156,456</u></u>

Investments

For investments, custodial credit risk is the risk that in event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. Currently, the Library's investments are immaterial and thus not subject to custodial credit risk.

- Interest Rate Risk - The Library has no formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.
- Credit Risk - The Library has no investment policy that would limit its investment choices to certain credit ratings.
- Concentration of Credit Risk - The Library has no investment policy that would limit the amount the Library may invest in one issuer.

NOTE 3 RECEIVABLES

Receivables at December 31, 2019 consist primarily of outstanding amounts due from grants and annual appeals gifts.

**HAVERFORD TOWNSHIP FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 4 CAPITAL ASSETS

Activity for capital assets capitalized by the Library is summarized below:

	Balance January 1, 2019	Deletions	Additions	Balance December 31, 2019
Furniture & Equipment	\$ 128,727	\$ -	\$ 7,212	\$ 135,939
Leasehold Improvements	235,691	-	6,398	242,089
Construction in Progress	45,006	-	-	45,006
Total	409,424	-	13,610	423,034
Less: Accumulated Depreciation	218,235	-	23,629	241,864
Capital Assets, Net	<u>\$ 191,189</u>	<u>\$ -</u>	<u>\$ (10,019)</u>	<u>\$ 181,170</u>
Book Collection				
Exhaustible Book Collection	\$ 1,953,212	\$ -	\$ 144,742	\$ 2,097,954
Less: Accumulated Depreciation	1,446,859	-	73,874	1,520,733
Book Collection, Net	<u>\$ 506,353</u>	<u>\$ -</u>	<u>\$ 70,868</u>	<u>\$ 577,221</u>

Depreciation expense for the year ended December 31, 2019 was \$97,503.

NOTE 5 FUND BALANCES

	General Fund	Capital Projects Fund	Total
Committed for Future Capital Projects	\$ -	\$ 486,844	\$ 486,844
Committed for Parking Lot and Building Improvements	-	71,948	71,948
Unassigned	518,775	-	518,775
	<u>\$ 518,775</u>	<u>\$ 558,792</u>	<u>\$ 1,077,567</u>

NOTE 6 REVENUE

The Library is considered a component unit of the Township of Haverford, Delaware County, Pennsylvania. The Library receives its financial support from the Township of Haverford. During 2019, the contributions from the Township totaled \$1,164,680, including a minimum municipal obligation appropriation of \$47,366. A significant reduction in the level of this support, may have an effect on the Library's program activities. In addition, the Township owns the building that the Library uses for its operations at no cost to the Library. The estimated value of the rental expense and other related occupancy expenses amounted to \$300,000 for the year ended December 31, 2019.

**HAVERFORD TOWNSHIP FREE LIBRARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 7 PENSION PLANS

Defined Benefit Plan

The Library participates in the Township of Haverford’s Civilian Employee Pension Plan (*Haverford Township Non-Uniformed Pension Plan*), a single employer defined benefit pension plan, covering full-time non-uniformed employees and elected officials who were hired or took office prior to January 1, 2011. The benefit and contribution provisions are established by Pennsylvania law; principally, the Pennsylvania Municipal Pension Plan Funding and Recovery Act 205. Act 205 requires that annual contributions be based upon the minimum municipal obligation (“MMO”). The MMO is equal to the total financial requirements of the pension fund based on the plan’s actuarial valuation, less funding adjustments and estimated member contributions. As a condition of participation, participants were required to contribute 4.25 percent of compensation to the plan. The Township is to contribute the remaining amounts necessary to finance the plan. The Library’s contribution was \$31,616 for the year ended December 31, 2019.

Defined Contribution Plan

The Library offers a defined contribution plan for new full-time employees. During 2019, the employee contribution was 3.5% of eligible wages. The Library’s contribution was \$14,081 for the year ended December 31, 2019.

NOTE 8 LEASE

The Library leases equipment under a lease expiring September 2020.

Future minimum lease payments are as follows:

Copier Lease	
<u>Years ending December 31,</u>	<u>Amount</u>
2020	\$ 5,067
Total	<u>\$ 5,067</u>

NOTE 9 RISK MANAGEMENT

The Library is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Library carries commercial insurance for such risks. There has been no significant reduction in insurance coverage from the previous year in any of the Library’s policies. Settled claims resulting from these risks have not exceeded commercial insurance coverage in the past three years.