

Free Library of Philadelphia Foundation and Subsidiary

Consolidated Financial Statements and
Supplementary Information

Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)



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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, 2020 and 2019, and the related consolidated statements of activities, and functional expenses for the year ended June 30, 2020, and statements of cash flows for the years ended June 30, 2020 and 2019, 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 audits. We conducted our audits 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, 2020 and 2019, and the changes in their net assets for the year ended June 30, 2020 and their cash flows for the years ended June 30, 2020 and 2019, in accordance with accounting principles generally accepted in the United States.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating supplementary 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 January 8, 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 2019 consolidated financial statements, and our report dated April 1, 2020, expressed an unmodified opinion on those audited consolidated financial statements. In our opinion, the summarized comparative information presented herein for the year ended June 30, 2019, 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
January 8, 2021

Free Library of Philadelphia Foundation and Subsidiary

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<i>As of June 30, 2020 and 2019</i>	2020	2019
ASSETS		
Cash and cash equivalents	\$ 3,555,555	\$ 3,604,738
Grants and contributions receivable, net	15,940,491	14,175,062
Fines and other receivables	2,104,566	904,296
Inventory	79,111	81,495
Prepaid expenses	90,093	102,283
Property and equipment, net	3,614,539	3,693,488
Investments	36,510,434	36,898,680
Beneficial interest in life insurance	40,533	38,936
TOTAL ASSETS	\$ 61,935,322	\$ 59,498,978
LIABILITIES		
Line of credit	\$ 9,000,000	\$ 7,995,930
Accounts payable and accrued expenses	522,088	3,392,030
Accrued payroll and related liabilities	651,625	449,376
Split-interest liabilities	110,778	114,287
Refundable advance	1,438,300	-
Total Liabilities	11,722,791	11,951,623
NET ASSETS		
Without donor restrictions	6,655,338	6,549,748
With donor restrictions	43,557,193	40,997,607
Total Net Assets	50,212,531	47,547,355
TOTAL LIABILITIES AND NET ASSETS	\$ 61,935,322	\$ 59,498,978

See accompanying notes to financial statements.

Free Library of Philadelphia Foundation and Subsidiary

CONSOLIDATED STATEMENT OF ACTIVITIES

<i>Year Ended June 30, 2020</i>	Without Donor	With Donor	2020 Total	2019 Total
<i>With Comparative Totals for 2019</i>	Restrictions	Restrictions		
Operating support and revenue:				
Grants and contributions	\$ 3,085,819	\$ 7,762,236	\$ 10,848,055	\$ 10,595,382
Federal and state grants and city campaign	857,777	43,555	901,332	1,126,984
Contributions - Central Library Campaign	-	1,384,417	1,384,417	6,077,616
Fees and library services	399,187	106,512	505,699	895,969
Fines and lost books	93,401	-	93,401	147,812
Sale of books and publications	155,459	-	155,459	114,580
Program revenue	228,719	-	228,719	219,685
Admissions	21,790	-	21,790	23,225
Other income	347,490	6,320	353,810	611,372
Dividend and interest income	11,530	-	11,530	10,650
Long-term investment return designated for operations	482,003	1,487,140	1,969,143	1,750,723
Net assets released from restriction	10,181,661	(10,181,661)	-	-
Total Operating Support and Revenue	15,864,836	608,519	16,473,355	21,573,998
Operating expenses:				
Programs and library services				
Public programs	7,288,036	-	7,288,036	7,438,457
Collections and preservations	539,778	-	539,778	549,351
Technology	319,269	-	319,269	283,090
Facilities renovation	2,307,085	-	2,307,085	457,677
Central Library capital renovation project	630,748	-	630,748	16,554,606
Total Program Services	11,084,916	-	11,084,916	25,283,181
Supporting services				
Administration	2,077,054	-	2,077,054	1,748,576
Fundraising	2,897,852	-	2,897,852	2,896,550
Total Supporting Services	4,974,906	-	4,974,906	4,645,126
Total Operating Expenses	16,059,822	-	16,059,822	29,928,307
Change in net assets from operations	(194,986)	608,519	413,533	(8,354,309)
Non-operating support and gains (loss):				
Grants and contributions to endowment	538,489	2,478,666	3,017,155	321,859
Long-term investment return in excess of (less than) return designated for operations	(222,623)	(517,475)	(740,098)	(152,187)
Collection items purchased	(35,370)	(10,124)	(45,494)	(54,566)
Sale of collection item	20,080	-	20,080	-
Total Non-operating Support and Gains	300,576	1,951,067	2,251,643	115,106
CHANGE IN NET ASSETS	105,590	2,559,586	2,665,176	(8,239,203)
NET ASSETS - BEGINNING OF YEAR	6,549,748	40,997,607	47,547,355	55,786,558
NET ASSETS - END OF YEAR	\$ 6,655,338	\$ 43,557,193	\$ 50,212,531	\$ 47,547,355

See accompanying notes to financial statements.

Free Library of Philadelphia Foundation and Subsidiary

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

<i>Year Ended June 30, 2020</i> <i>With Comparative Totals for 2019</i>	Programs and Library Services					Supporting Services				
	Public Programs	Collections and Preservation	Technology	Facilities Renovation	Capital Renovation Project	Subtotal	Administration	Fundraising	2020 Total	2019 Total
Salaries and wages	\$ 2,940,811	\$ 58,025	\$ -	\$ 976,835	\$ 123,269	\$ 4,098,940	\$ 1,237,257	\$ 1,434,393	\$ 6,770,590	\$ 6,366,979
Payroll taxes and benefits	592,376	12,673	-	225,908	29,313	860,270	279,730	334,553	1,474,553	1,439,909
Audit and legal fees	3,108	-	-	2,275	-	5,383	125,446	-	130,829	145,484
Advertising, printing and photography	376,755	9,161	-	350	-	386,266	5,187	287,099	678,552	709,709
Bank and credit card fees	42,723	85	-	10,000	101	52,909	12,971	31,889	97,769	91,220
Conferences and receptions	128,599	9,729	1,049	1,410	-	140,787	55,395	295,013	491,195	545,510
Depreciation	69,922	-	-	-	-	69,922	9,027	-	78,949	75,074
Dues and publications	54,019	2,749	6,798	366	-	63,932	55,781	10,030	129,743	100,726
Equipment	175,912	23,272	41,839	48,057	381,345	670,425	20,806	8,557	699,788	1,664,940
Exhibition installment materials	40,140	-	-	-	-	40,140	-	-	40,140	28,047
Indirect costs	499,091	8,131	-	9,343	-	516,565	(605,123)	-	(88,558)	22,010
Insurance	35,600	-	-	-	-	35,600	67,608	10,253	113,461	113,608
Interest expense	-	-	-	-	1	1	327,476	-	327,477	282,931
Library materials	70,211	204,998	-	-	-	275,209	2,520	300	278,029	268,375
Meals and entertainment	11,300	-	-	-	-	11,300	6,055	19,544	36,899	93,557
Other expenses	54,468	2,585	181,856	1,687	6,830	247,426	140,512	125,631	513,569	342,436
Professional and other services	997,729	190,660	66,936	1,008,779	89,889	2,353,993	139,460	200,497	2,693,950	15,419,654
Programs and exhibits	884,828	3,257	-	3,863	-	891,948	32,539	3,855	928,342	1,228,160
Repairs and maintenance	35,221	-	-	-	-	35,221	48,042	792	84,055	84,062
Supplies and software	120,527	11,431	3,456	16,393	-	151,807	39,183	17,794	208,784	285,169
Telephone and postage	62,489	2,840	17,291	207	-	82,827	56,619	110,067	249,513	453,018
Travel	28,492	182	44	1,612	-	30,330	14,739	2,576	47,645	66,981
Utilities	30,766	-	-	-	-	30,766	5,824	5,009	41,599	41,365
Volunteer services	32,949	-	-	-	-	32,949	-	-	32,949	59,383
Total	\$ 7,288,036	\$ 539,778	\$ 319,269	\$ 2,307,085	\$ 630,748	\$ 11,084,916	\$ 2,077,054	\$ 2,897,852	\$16,059,822	\$29,928,307

See accompanying notes to financial statements.

Free Library of Philadelphia Foundation and Subsidiary

CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>Years Ended June 30, 2020 and 2019</i>	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,665,176	\$ (8,239,203)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	78,949	75,074
Net gain on investments	(741,183)	(308,101)
Increase in beneficial interest in life insurance	(1,597)	(1,511)
Recovery of doubtful accounts	-	(19,587)
(Increase) decrease in assets:		
Grants and contributions receivable	(1,765,429)	3,242,771
Fines and other receivables	(1,200,270)	779,243
Prepaid expenses	12,190	35,053
Inventory	2,384	1,945
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(2,869,942)	(842,996)
Accrued payroll and related liabilities	202,249	11,597
Split-Interest liabilities	(3,509)	(16,542)
Refundable advance	1,438,300	-
Total Adjustments	(4,847,858)	2,956,946
Net Cash Used in Operating Activities	(2,182,682)	(5,282,257)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	-	(9,553)
Purchase of investments	(197,802)	(1,871,509)
Proceeds from sale of investments	1,327,231	2,282,496
Net Cash Provided by Investing Activities	1,129,429	401,434
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings on line of credit	1,004,070	3,895,930
NET CHANGE IN CASH AND CASH EQUIVALENTS	(49,183)	(984,893)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	3,604,738	4,589,631
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,555,555	\$ 3,604,738
SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the years for interest	\$ 327,477	\$ 282,931

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.

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 \$2,469,860 and \$2,124,983 as of June 30, 2020 and 2019, 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).

Support and Revenue Recognition

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)

Support and Revenue Recognition (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.

Contributed Facilities and Services

The City provides the Foundation with facilities and certain administrative services without charge. The fair value of these contributions is not readily determinable and is not reported in the accompanying financial statements. 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 an expense based on hourly rates customarily paid for such services, with an equivalent amount recorded as revenue.

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 \$267,000 and \$121,000 for the years ended June 30, 2020 and 2019, respectively.

Free Library of Philadelphia Foundation and Subsidiary

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

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

On June 21, 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, Not-For-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU assists entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions, and determining whether a contribution is conditional. During the year ended June 30, 2020, the Organization implemented the provisions of this ASU under a modified prospective basis and there is no effect on net assets or the comparability with prior year financial statements.

Recently Issued Accounting Standards

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The new standard supersedes current revenue recognition requirements in FASB Accounting Standards Codification (ASC) Topic 605, Revenue Recognition, and most industry-specific guidance. When adopted, the amendments in the ASU must be applied using one of two retrospective methods. In June 2020, the FASB issued ASU 2020-05 which provides nonpublic entities with a one-year deferral of the effective date of ASC 606. The Organization has elected to adopt this deferral and ASU No. 2014-09 is effective for the Organization's year ending June 30, 2021. The Organization is currently evaluating the impact of the provisions of ASC 606.

Reclassification

Certain of the amounts previously reported in the statement of functional expenses for the prior year have been reclassified to conform with the current year classifications, and include an increase of approximately \$1,242,000 in public programs, an increase of \$328,000 in collection and preservation, a decrease of \$1,461,000 in facilities renovation, and a decrease of \$109,000 in administration and fundraising.

Free Library of Philadelphia Foundation and Subsidiary

Notes to Consolidated Financial Statements

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>	2020	2019
Cash and cash equivalents	\$ 3,555,555	\$ 3,604,738
Grants and contributions receivable	15,940,491	14,175,062
Fines and other receivables	2,104,566	904,296
Investments	36,510,434	36,898,680
Financial assets before adjustments	58,111,046	55,582,776
Less: Grant funds received in advance	-	(150,000)
Less: Donor restricted funds included in cash, receivables and investments	(43,557,193)	(40,997,607)
Less: Board-designated endowment funds included in investments	(2,469,860)	(2,124,983)
Add: Approved draw from donor-restricted endowment	1,946,064	1,068,634
Total	\$ 14,030,057	\$ 13,378,820

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, 2020, the Organization had \$2,469,860 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>	2020	2019
Receivable in less than one year	\$ 12,694,982	\$ 11,365,727
Receivable in one to four years	3,320,152	3,021,087
Total	16,015,134	14,386,814
Less: Allowance for uncollectible promises to give	(13,645)	(105,263)
Less: Present value discount (1% - 3%)	(60,998)	(106,489)
Grants and contributions receivable, net	\$ 15,940,491	\$ 14,175,062

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 \$25,600,000 in connection with the Central Library Project (also see Note 15).

Note 4: Property and Equipment

<i>June 30,</i>	2020	2019
Land	\$ 2,200,000	\$ 2,200,000
Building and building improvements	1,735,000	1,735,000
Computer equipment	101,933	101,933
Furniture and equipment	445,341	445,341
Other equipment	129,643	129,643
Total property and equipment	4,611,917	4,611,917
Less: accumulated depreciation	(997,378)	(918,429)
Property and equipment, net	\$ 3,614,539	\$ 3,693,488

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>	2020	2019
Investments:		
Level 1		
Mutual Fund - Money Market	\$ 893,310	\$ 70,739
Mutual Fund - Equity	16,076,266	9,529,483
Mutual Fund - Fixed Income	7,218,593	3,006,231
Mutual Fund - Multi-Asset	-	12,792,135
Equity Securities	5,789,249	5,707,128
	29,977,418	31,105,716
Level 2		
U.S. government agency securities and corporate bonds	6,533,016	5,792,964
	6,533,016	5,792,964
Total	\$ 36,510,434	\$ 36,898,680

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, 2019 was appropriated to support current library operations and administration of various library projects for the year ended June 30, 2020.

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 year ended June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Dividend and interest	\$ 88,416	\$ 399,446	\$ 487,862
Net realized and unrealized gains	170,964	570,219	741,183
Total investment return	259,380	969,665	1,229,045
Less: Long-term investment return designated for operations and administration	482,003	1,487,140	1,969,143
Long-term investment return in excess of (less than) return designated for operations	\$ (222,623)	\$ (517,475)	\$ (740,098)

Total investment return is net of fees of approximately \$190,000 for the year ended June 30, 2020.

Note 6: Debt

Line of Credit

During November 2017, a non-revolving line of credit in the amount of \$11.1 million dollars was established with PNC Bank. The rate on the line is Libor plus 2.25%. The line was established for the purpose of compensating for delayed cash flow from various grants, related to the 21st Century Capital Project. During June 2019, the available line was reduced to \$2.0 million; the line expired on February 17, 2020. This line of credit was paid-off on February 5, 2020.

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 Libor plus 2.00%. 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, 2020 was \$2.5 million. 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%. The balance outstanding at June 30, 2020 was \$6.5 million; the line expires on September 11, 2021.

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, 2020 and 2019, pension expense was \$153,852 and \$143,467, 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.

Note 9: Net Assets with Donor Restriction

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

<i>June 30,</i>	2020	2019
Subject to expenditure for specified purpose:		
The Foundation		
Branch and other program services	\$ 6,330,463	\$ 4,286,198
Technology	340,459	338,292
Collection and preservation	1,861,453	1,915,239
Central Library and 21st Century Libraries	934,460	2,084,902
The Rosenbach		
Projects and exhibitions	348,719	359,971
Operations	397,769	636,200
	10,213,323	9,620,802
Endowments:		
Income earned on endowments subject to appropriation		
Branch and other program services	8,046,625	8,130,558
Technology	1,217,216	1,262,779
Collection and preservation	5,228,693	4,608,400
Central Library and 21st Century Libraries	68,814	73,236
RML operations	-	217,113
Permanent funds subject to endowment spending policy and appropriation		
The Foundation	9,443,708	9,443,708
The Rosenbach	9,338,814	7,641,011
	33,343,870	31,376,805
	\$ 43,557,193	\$ 40,997,607

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, 2020, 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 24 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, 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

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

The composition of endowment net assets by type of fund at June 30, 2019 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 2,124,983	\$ -	\$ 2,124,983
Donor-restricted endowment funds:			
Original donor-restricted gifts	-	17,084,719	17,084,719
Income on donor-restricted gifts available for appropriation	-	13,373,217	13,373,217
Total Funds	\$ 2,124,983	\$ 30,457,936	\$ 32,582,919

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, 2019 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 2,960,617	\$ 30,119,676	\$ 33,080,293
Contributions	-	397,860	397,860
Investment income	182,853	1,037,540	1,220,393
Net realized and unrealized gains (losses)	(40,730)	310,253	269,523
Amounts appropriated for expenditure	(977,757)	(1,407,393)	(2,385,150)
Endowment net assets, end of year	\$ 2,124,983	\$ 30,457,936	\$ 32,582,919

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, 2020 and 2019.

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, 2020, the uninsured balance was approximately \$3,500,000. 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.

As a result of the COVID-19 pandemic, economic uncertainties have arisen which may negatively affect the financial position, operating results and cash flows of the Organization. These uncertainties include uncertain levels of donor giving and market value fluctuations of investments. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

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.

Free Library of Philadelphia Foundation and Subsidiary

Notes to Consolidated Financial Statements

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 any 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.

Other

During July 2013, the Foundation entered into a ten-year facility lease expiring in 2023. Lease expense was \$312,688 and \$305,061 for the years ended June 30, 2020 and 2019, respectively.

Total future minimum lease commitments as of June 30, 2020 are as follows:

<i>Year Ending June 30,</i>	<i>Amount</i>
2021	\$ 320,505
2022	328,518
2023	336,730
Total	\$ 985,753

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.

Free Library of Philadelphia Foundation and Subsidiary

Notes to Consolidated Financial Statements

Note 15: Operational Matters

Over the past fifteen years the Foundation has spent more than \$117 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 2020, the Foundation recorded \$1,384,417 in contributions related to the Capital Renovation Project. Included in grants and contributions receivable (net of discounts and allowances) at June 30, 2020 is \$10,766,112 related to the capital projects. Expenses incurred in connection with the Capital Renovation Project during fiscal year 2020 were \$630,748.

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.

Note 16: Refundable Advance Liability – Paycheck Protection Program

At June 30, 2020, the Organization had a refundable advance liability of \$1,438,300. This amount represents the receipt of an award 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 the award is a conditional grant and has 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 2022. The Organization anticipates that the conditions of the award will be substantially met and the full amount of the award will be recognized as revenue.

Note 17: Subsequent Events

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through January 8, 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, 2020 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 January 8, 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.

A handwritten signature in black ink that reads "Wipfli LLP".

Wipfli LLP

Philadelphia, Pennsylvania
January 8, 2021

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 FINANCIAL POSITION

<i>As of June 30, 2019</i>	Free Library of Philadelphia Foundation	The Rosenbach of the Free Library of Philadelphia	Eliminations	Consolidated Totals
ASSETS				
Cash and cash equivalents	\$ 2,798,199	\$ 806,539	\$ -	\$ 3,604,738
Grants and contributions receivable, net	13,474,979	700,083	-	14,175,062
Fines and other receivables	878,818	25,478	-	904,296
Inventory	-	81,495	-	81,495
Prepaid expenses	91,188	11,095	-	102,283
Property and equipment, net	1,302	3,692,186	-	3,693,488
Investments	28,091,289	8,807,391	-	36,898,680
Beneficial interest in life insurance	38,936	-	-	38,936
Due from related party	771,723	-	(771,723)	-
TOTAL ASSETS	\$ 46,146,434	\$ 14,124,267	\$ (771,723)	\$ 59,498,978
LIABILITIES				
Line of credit	\$ 7,995,930	\$ -	\$ -	\$ 7,995,930
Accounts payable and accrued expenses	3,359,542	32,488	-	3,392,030
Accrued payroll and related liabilities	358,500	90,876	-	449,376
Split-interest liabilities	114,287	-	-	114,287
Due to related party	-	771,723	(771,723)	-
Total Liabilities	11,828,259	895,087	(771,723)	11,951,623
NET ASSETS				
Without donor restrictions	2,174,863	4,374,885	-	6,549,748
With donor restrictions	32,143,312	8,854,295	-	40,997,607
Total Net Assets	34,318,175	13,229,180	-	47,547,355
TOTAL LIABILITIES AND NET ASSETS	\$ 46,146,434	\$ 14,124,267	\$ (771,723)	\$ 59,498,978

Free Library of Philadelphia Foundation and Subsidiary

CONSOLIDATING STATEMENT OF ACTIVITIES

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	Consolidated Total
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
Fees and library services	399,187	-	399,187	106,512	-	106,512	505,699
Fines and lost books	93,401	-	93,401	-	-	-	93,401
Sale of books and publications	149,504	5,955	155,459	-	-	-	155,459
Program revenue	-	228,719	228,719	-	-	-	228,719
Admissions	-	21,790	21,790	-	-	-	21,790
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	Consolidated Total
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 ACTIVITIES

Year Ended June 30, 2019

	The Free Library of Philadelphia Foundation	The Rosenbach of the Free Library of Philadelphia	Total	The 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	
Operating support and revenue:							
Grants and contributions	\$ 2,480,621	\$ 375,483	\$ 2,856,104	\$ 7,011,141	\$ 728,137	\$ 7,739,278	\$ 10,595,382
Federal and state grants and city capital	435,213	32,090	467,303	598,662	61,019	659,681	1,126,984
Contributions - Central Library Campaign	-	-	-	6,077,616	-	6,077,616	6,077,616
Fees and library services	550,754	-	550,754	345,215	-	345,215	895,969
Fines and lost books	147,812	-	147,812	-	-	-	147,812
Sale of books and publications	105,567	9,013	114,580	-	-	-	114,580
Program revenue	-	219,685	219,685	-	-	-	219,685
Admissions	-	23,225	23,225	-	-	-	23,225
Other income	491,436	77,768	569,204	41,400	768	42,168	611,372
Dividend and interest income	10,643	7	10,650	-	-	-	10,650
Long-term investment return designated for operations	281,819	-	281,819	1,006,515	462,389	1,468,904	1,750,723
Net assets released from restriction	23,539,261	758,125	24,297,386	(23,539,261)	(758,125)	(24,297,386)	-
Total Operating Support and Revenue	28,043,126	1,495,396	29,538,522	(8,458,712)	494,188	(7,964,524)	21,573,998
Operating expenses:							
Programs and library services							
Public programs	6,395,816	1,042,641	7,438,457	-	-	-	7,438,457
Collections and preservation	549,351	-	549,351	-	-	-	549,351
Technology	283,090	-	283,090	-	-	-	283,090
Facilities renovation	457,677	-	457,677	-	-	-	457,677
Central Library capital renovation project	16,554,606	-	16,554,606	-	-	-	16,554,606
Total Program Services	24,240,540	1,042,641	25,283,181	-	-	-	25,283,181

Free Library of Philadelphia Foundation and Subsidiary

CONSOLIDATING STATEMENT OF ACTIVITIES (Continued)

Year Ended June 30, 2019

	Free Library of Philadelphia Foundation	The Rosenbach of the Free Library of Philadelphia	Total Without Donor Restrictions	Free Library of Philadelphia Foundation	The Rosenbach of the Free Library of Philadelphia	Total With Donor Restrictions	Consolidated Total
Supporting services							
Administration	1,412,319	336,257	1,748,576	-	-	-	1,748,576
Fundraising	2,348,857	547,693	2,896,550	-	-	-	2,896,550
Total Supporting Services	3,761,176	883,950	4,645,126	-	-	-	4,645,126
Total Operating Expenses	28,001,716	1,926,591	29,928,307	-	-	-	29,928,307
Change in net assets from operations	41,410	(431,195)	(389,785)	(8,458,712)	494,188	(7,964,524)	(8,354,309)
Non-operating support and gains (losses):							
Grants and contributions to endowment	-	-	-	321,859	-	321,859	321,859
Long-term investment return in excess of (less than) return designated for operations	(22,012)	21,312	(700)	(166,102)	14,615	(151,487)	(152,187)
Collection items purchased	-	(44,663)	(44,663)	-	(9,903)	(9,903)	(54,566)
Total Non-operating Support and Gains (Losses)	(22,012)	(23,351)	(45,363)	155,757	4,712	160,469	115,106
CHANGE IN NET ASSETS	19,398	(454,546)	(435,148)	(8,302,955)	498,900	(7,804,055)	(8,239,203)
NET ASSETS - BEGINNING OF YEAR	2,155,465	4,829,431	6,984,896	40,446,267	8,355,395	48,801,662	55,786,558
NET ASSETS - END OF YEAR	\$ 2,174,863	\$ 4,374,885	\$ 6,549,748	\$ 32,143,312	\$ 8,854,295	\$ 40,997,607	\$ 47,547,355

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			Administration	Supporting Services			Administration	
	Public Programs	Collections and Preservation	Technology	Facilities Renovation	Capital Renovation Project		Subtotal	Fundraising	Fundraising		Subtotal	Subtotal	Fundraising		
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 FUNCTIONAL EXPENSES

Year Ended June 30, 2019

	Free Library of Philadelphia Foundation					The 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				
	Public Programs	Collections and Preservation	Technology	Facilities Renovation	Capital Renovation Project	Program	Subtotal	Administration	Administration	Subtotal	Fundraising	Fundraising	Subtotal	Total
Salaries and wages	\$2,136,693	\$ 51,604	\$ -	\$ 222,689	\$ 1,006,794	\$ 453,158	\$ 3,870,938	\$ 1,032,874	\$ 167,253	\$ 1,200,127	\$ 996,092	\$ 299,822	\$ 1,295,914	\$ 6,366,979
Payroll taxes and benefits	428,594	658	-	28,491	244,833	124,316	826,892	239,454	36,442	275,896	244,200	92,921	337,121	1,439,909
Audit and legal fees	641	-	-	-	-	-	641	122,734	16,000	138,734	6,109	-	6,109	145,484
Advertising, printing and photography	300,928	3,589	-	-	7,312	20,400	332,229	5,096	290	5,386	353,482	18,612	372,094	709,709
Bank and credit card fees	35,805	36	313	-	523	220	36,897	17,312	140	17,452	28,769	8,102	36,871	91,220
Conferences and receptions	134,751	6,125	281	976	2,978	1,375	146,486	108,869	722	109,591	288,313	1,120	289,433	545,510
Depreciation	-	-	-	-	-	67,605	67,605	-	7,469	7,469	-	-	-	75,074
Dues and publications	43,588	1,500	235	850	935	2,769	49,877	35,133	4,027	39,160	10,626	1,063	11,689	100,726
Equipment	107,835	8,691	128,197	2,050	1,386,132	8,854	1,641,759	10,234	3,280	13,514	9,667	-	9,667	1,664,940
Exhibition installation materials	-	-	-	-	-	28,047	28,047	-	-	-	-	-	-	28,047
Indirect costs	477,427	7,300	-	-	60,767	15,337	560,831	(523,484)	(15,337)	(538,821)	-	-	-	22,010
Insurance	1,501	-	-	-	-	33,341	34,842	58,490	10,789	69,279	3,002	6,485	9,487	113,608
Interest expense	-	-	-	-	282,931	-	282,931	-	-	-	-	-	-	282,931
Library materials	69,383	193,347	-	423	948	-	264,101	4,181	-	4,181	93	-	93	268,375
Meals and entertainment	-	-	-	-	-	6,613	6,613	-	10,265	10,265	-	76,679	76,679	93,557
Other expenses	191,139	160	82,408	3,698	8,827	11,125	297,357	21,069	2,984	24,053	16,832	4,194	21,026	342,436
Professional and other services	1,099,131	266,972	39,950	203,719	13,462,933	129,979	15,202,684	127,795	12,057	139,852	55,899	21,219	77,118	15,419,654
Programs and exhibits	1,056,466	788	-	(12,994)	2,544	2,909	1,049,713	85,112	-	85,112	92,175	1,160	93,335	1,228,160
Repairs and maintenance	-	-	-	-	-	32,799	32,799	-	51,263	51,263	-	-	-	84,062
Supplies and software	183,147	7,171	22,305	4,183	13,454	5,636	235,896	18,068	10,485	28,553	17,454	3,266	20,720	285,169
Telephone and postage	94,592	1,239	9,232	-	72,218	3,536	180,817	32,719	13,219	45,938	221,028	5,235	226,263	453,018
Travel	34,195	171	169	3,592	477	3,149	41,753	16,663	598	17,261	5,116	2,851	7,967	66,981
Utilities	-	-	-	-	-	30,610	30,610	-	5,791	5,791	-	4,964	4,964	41,365
Volunteer services	-	-	-	-	-	59,383	59,383	-	-	-	-	-	-	59,383
TOTAL	\$6,395,816	\$ 549,351	\$ 283,090	\$ 457,677	\$16,554,606	\$ 1,041,161	\$ 25,281,701	\$ 1,412,319	\$ 337,737	\$1,750,056	\$ 2,348,857	\$ 547,693	\$ 2,896,550	\$ 29,928,307

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 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
SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION				
Cash paid during the year for:				
Interest	\$ 327,477	\$ -	\$ -	\$ 327,477

Free Library of Philadelphia Foundation and Subsidiary

CONSOLIDATING STATEMENT OF CASH FLOWS

Year Ended June 30, 2019

	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	\$ (8,283,557)	\$ 44,354	\$ -	\$ (8,239,203)
Adjustments to reconcile change in net assets to net cash used in operating activities:				
Depreciation	-	75,074	-	75,074
Net (gain) loss on investments	67,502	(375,603)	-	(308,101)
Increase in beneficial interest in life insurance	(1,511)	-	-	(1,511)
Recovery of doubtful accounts	(19,587)	-	-	(19,587)
(Increase) decrease in assets:				
Grants and contributions receivable	3,627,527	(384,756)	-	3,242,771
Fines and other receivables	726,067	53,176	-	779,243
Prepaid expenses	30,436	4,617	-	35,053
Inventory	-	1,945	-	1,945
Due to related party	(241,081)	-	241,081	-
Increase (decrease) in liabilities:				
Accounts payable and accrued expenses	(829,326)	(13,670)	-	(842,996)
Accrued payroll and related liabilities	(3,549)	15,146	-	11,597
Split-interest liabilities	(16,542)	-	-	(16,542)
Due to related party	-	241,081	(241,081)	-
Total Adjustments	3,339,936	(382,990)	-	2,956,946
Net Cash Used in Operating Activities	(4,943,621)	(338,636)	-	(5,282,257)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property and equipment	(1,302)	(8,251)	-	(9,553)
Purchase of investments	(1,346,972)	(524,537)	-	(1,871,509)
Proceeds from sale of investments	1,356,136	926,360	-	2,282,496
Net Cash Provided by Investing Activities	7,862	393,572	-	401,434
CASH FLOWS FROM FINANCING ACTIVITIES				
Net borrowings on line of credit	3,895,930	-	-	3,895,930
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,039,829)	54,936	-	(984,893)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	3,838,028	751,603	-	4,589,631
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,798,199	\$ 806,539	\$ -	\$ 3,604,738
SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION				
Cash paid during the year for:				
Interest	\$ 282,931	\$ -	\$ -	\$ 282,931