

Audited  
Financial  
Statements

December 31,  
2022

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# Bosler Memorial Library

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Bosler Memorial Library  
Carlisle, Pennsylvania

### ***REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS***

#### ***Opinion***

We have audited the accompanying financial statements of Bosler Memorial Library (a non-profit Library), which comprise the statement of assets, liabilities, and net assets – modified cash basis as of December 31, 2022, and the related statement of support and revenues, expenditures, and changes in net assets – modified cash basis, statement of functional expenses – modified cash basis, and statement of cash flows – modified cash basis for the year then ended, and the related notes to the financial statements.

In our opinion, the December 31, 2022 financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Bosler Memorial Library as of December 31, 2022, and its support and revenues, expenditures, and changes in net assets for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

#### ***Basis for Opinion***

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

#### ***Basis of Accounting***

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

#### ***Prior Period Financial Statements***

The financial statements of Bosler Memorial Library as of December 31, 2021 were audited by other auditors whose report dated June 23, 2022 expressed an unmodified opinion on those statements.

## ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but for the purpose of expressing an opinion on the effectiveness of Bosler Memorial Library's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bosler Memorial Library's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

***Effect of Adoption of New Accounting Standard***

As discussed in Note 1 to the financial statements, Bosler Memorial Library adopted the provisions of Accounting Standards Update ASU 2016-02, *Leases (Topic 842)* for the year ended December 31, 2022. Our opinion is not modified with respect to this matter.

*Smith Elliott Kearn & Company, LLC.*

Camp Hill, Pennsylvania  
June 27, 2023

**BOSLER MEMORIAL LIBRARY**  
**Statements of Assets, Liabilities, and Net Assets – Modified Cash Basis**  
**December 31, 2022 and 2021**

	2022	2021
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 653,074	\$ 522,427
Total Current Assets	<u>653,074</u>	<u>522,427</u>
<b>Property and Equipment</b>		
Financing right-of-use assets	12,013	-
Land	141,199	141,199
Land improvements	20,467	20,467
Buildings	7,129,844	7,129,844
Furniture and equipment	745,276	757,644
Total property and equipment	<u>8,048,799</u>	<u>8,049,154</u>
Less accumulated depreciation	<u>(2,784,126)</u>	<u>(2,577,307)</u>
Property and Equipment, Net	<u>5,264,673</u>	<u>5,471,847</u>
<b>Investments</b>		
Board-designated endowment fund	1,327,100	1,557,730
G.B. Stuart Foundation restricted fund	101,807	108,590
Total Investments	<u>1,428,907</u>	<u>1,666,320</u>
<b>Other Assets</b>		
Beneficial interest in perpetual trust	<u>202,742</u>	<u>257,050</u>
<b>TOTAL ASSETS</b>	<u>\$ 7,549,396</u>	<u>\$ 7,917,644</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Short-term lease liability - financing	\$ 4,880	\$ -
Current portion of capital lease	-	4,505
Payroll and sales tax withholdings	4,238	2,980
Total Current Liabilities	<u>9,118</u>	<u>7,485</u>
<b>Long Term Liabilities</b>		
Capital lease obligation, less current portion	-	10,512
Long-term lease liability - financing	6,007	-
Total Long Term Liabilities	<u>6,007</u>	<u>10,512</u>
Total Liabilities	<u>15,125</u>	<u>17,997</u>
<b>Net Assets</b>		
Without donor restrictions - undesignated	5,188,177	5,623,686
Without donor restrictions - board designated	1,657,720	1,835,097
With donor restrictions	688,374	440,864
Total Net Assets	<u>7,534,271</u>	<u>7,899,647</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 7,549,396</u>	<u>\$ 7,917,644</u>

**BOSLER MEMORIAL LIBRARY**  
**Statement of Support and Revenues, Expenditures, and Changes in Net Assets -**  
**Modified Cash Basis**  
**Year Ended December 31, 2022**

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>OPERATING ACTIVITIES</b>			
<b>Support and Revenues</b>			
Governmental support	\$ 836,926	\$ 34,990	\$ 871,916
Contributions	239,129	405,879	645,008
Library operations	36,743	-	36,743
Interest and dividends	1,702	-	1,702
Insurance rebate	2,957	-	2,957
Net assets released from restrictions	132,268	(132,268)	-
Total Support and Revenue	<u>1,249,725</u>	<u>308,601</u>	<u>1,558,326</u>
<b>Expenditures</b>			
Program services			
Adult programs	676,442	-	676,442
Juvenile programs	315,190	-	315,190
Reference programs	460,393	-	460,393
Total Program Services	<u>1,452,025</u>	<u>-</u>	<u>1,452,025</u>
Support Services			
Management and general	157,857	-	157,857
Fundraising	115,194	-	115,194
Total Expenditures	<u>1,725,076</u>	<u>-</u>	<u>1,725,076</u>
<b>Changes in Net Assets from Operating Activities</b>	<u>(475,351)</u>	<u>308,601</u>	<u>(166,750)</u>
<b>NONOPERATING ACTIVITIES</b>			
Investment return, net	<u>(137,535)</u>	<u>(61,091)</u>	<u>(198,626)</u>
<b>CHANGE IN NET ASSETS</b>	(612,886)	247,510	(365,376)
<b>NET ASSETS - BEGINNING</b>	<u>7,458,783</u>	<u>440,864</u>	<u>7,899,647</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 6,845,897</u>	<u>\$ 688,374</u>	<u>\$ 7,534,271</u>

**BOSLER MEMORIAL LIBRARY**  
**Statement of Support and Revenues, Expenditures, and Changes in Net Assets -**  
**Modified Cash Basis**  
**Year Ended December 31, 2021**

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>OPERATING ACTIVITIES</b>			
<b>Support and Revenues</b>			
Governmental support	\$ 838,787	\$ -	\$ 838,787
Contributions	270,562	133,607	404,169
Paycheck protection program income	157,440	-	157,440
Library operations	46,222	-	46,222
Interest and dividends	661	-	661
Loss on disposal of assets	(2,121)	-	(2,121)
Net assets released from restrictions	136,330	(136,330)	-
Total Support and Revenue	<u>1,447,881</u>	<u>(2,723)</u>	<u>1,445,158</u>
<b>Expenditures</b>			
Program services			
Adult programs	639,139	-	639,139
Juvenile programs	291,155	-	291,155
Reference programs	464,496	-	464,496
Total Program Services	<u>1,394,790</u>	<u>-</u>	<u>1,394,790</u>
Support Services			
Management and general	144,877	-	144,877
Fundraising	104,678	-	104,678
Total Expenditures	<u>1,644,345</u>	<u>-</u>	<u>1,644,345</u>
<b>Changes in Net Assets from Operating Activities</b>	<u>(196,464)</u>	<u>(2,723)</u>	<u>(199,187)</u>
<b>NONOPERATING ACTIVITIES</b>			
Investment return, net	<u>203,593</u>	<u>20,535</u>	<u>224,128</u>
<b>CHANGE IN NET ASSETS</b>	7,129	17,812	24,941
<b>NET ASSETS - BEGINNING</b>	<u>7,451,654</u>	<u>423,052</u>	<u>7,874,706</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 7,458,783</u>	<u>\$ 440,864</u>	<u>\$ 7,899,647</u>



**BOSLER MEMORIAL LIBRARY**  
**Statement of Functional Expenses – Modified Cash Basis**  
**Year Ended December 31, 2022**

	2022					Total
	Adult Programs	Juvenile Programs	Reference Programs	Management and General	Fundraising	
Salaries and wages	\$ 347,285	\$ 186,567	\$ 162,482	\$ 92,581	\$ 82,142	\$ 871,057
Payroll taxes	30,360	16,310	14,204	8,094	1,156	70,124
Employee benefits	22,446	8,586	4,884	8,793	1,851	46,560
Collections	62,780	20,632	170,438	-	-	253,850
Depreciation	99,069	34,093	51,183	22,013	10,518	216,876
Amortization	1,646	567	851	365	175	3,604
Utilities & telephone	33,230	11,436	17,168	7,384	3,528	72,746
Building and grounds maintenance	18,105	6,230	9,354	4,023	1,922	39,634
Insurance	10,848	3,733	5,605	2,410	1,152	23,748
Professional fees	920	494	430	246	35	2,125
Public relations - Program	14,285	7,547	7,061	-	-	28,893
Accounting and Payroll processing	8,299	4,458	3,883	2,212	316	19,168
Equipment rental and maintenance	78	27	40	17	8	170
Postage/freight	471	253	221	126	18	1,089
Office expense	15,006	8,062	7,021	4,000	572	34,661
Supplies and collection maintenance	533	282	263	-	-	1,078
Printing	4,845	2,603	2,267	1,291	185	11,191
Miscellaneous	966	519	452	257	37	2,231
Dues and memberships	728	391	341	194	28	1,682
Travel and conferences	4,542	2,400	2,245	-	-	9,187
Bank charges	-	-	-	3,851	-	3,851
Fundraising-direct costs	-	-	-	-	11,551	11,551
	<u>\$ 676,442</u>	<u>\$ 315,190</u>	<u>\$ 460,393</u>	<u>\$ 157,857</u>	<u>\$ 115,194</u>	<u>\$ 1,725,076</u>

**BOSLER MEMORIAL LIBRARY**  
**Statement of Functional Expenses – Modified Cash Basis**  
**Year Ended December 31, 2021**

	2021					
	Adult Programs	Juvenile Programs	Reference Programs	Management and General	Fundraising	Total
Salaries and wages	\$ 312,600	\$ 156,758	\$ 167,709	\$ 77,812	\$ 71,940	\$ 786,819
Payroll taxes	28,176	14,129	15,117	7,014	1,403	65,839
Employee benefits	17,101	11,566	5,208	10,539	2,204	46,618
Collections	65,522	27,408	163,709	-	-	256,639
Depreciation	104,307	35,895	53,889	23,177	11,075	228,343
Utilities & telephone	29,658	10,206	15,322	6,590	3,149	64,925
Building and grounds maintenance	21,561	7,420	11,139	4,791	2,289	47,200
Insurance	10,122	3,483	5,230	2,249	1,075	22,159
Professional fees	1,167	585	626	290	58	2,726
Public relations - Program	12,589	6,129	7,076	-	-	25,794
Accounting and Payroll processing	7,252	3,637	3,891	1,805	361	16,946
Equipment rental and maintenance	3,920	1,349	2,025	871	416	8,581
Postage/freight	459	230	246	114	23	1,072
Office expense	16,525	8,287	8,866	4,113	823	38,614
Supplies and collection maintenance	505	247	285	-	-	1,037
Printing	4,620	2,317	2,479	1,150	230	10,796
Miscellaneous	659	330	353	164	33	1,539
Dues and memberships	810	406	434	202	40	1,892
Travel and conferences	1,586	773	892	-	-	3,251
Bank charges	-	-	-	3,996	-	3,996
Fundraising-direct costs	-	-	-	-	9,559	9,559
	<u>\$ 639,139</u>	<u>\$ 291,155</u>	<u>\$ 464,496</u>	<u>\$ 144,877</u>	<u>\$ 104,678</u>	<u>\$ 1,644,345</u>

**BOSLER MEMORIAL LIBRARY**  
**Statements of Cash Flows – Modified Cash Basis**  
**Years Ended December 31, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (365,376)	\$ 24,941
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	220,480	228,343
Loss on disposed fixed assets	-	2,121
Net realized/unrealized (gains) loss on investments	218,278	(187,401)
Unrealized loss on third party trust	54,308	13,598
Increase (decrease) in		
Payroll and sales tax withholdings	1,258	814
	<u>128,948</u>	<u>82,416</u>
Net Cash Provided by Operating Activities	<u>128,948</u>	<u>82,416</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(285,684)	(3,000)
Proceeds from sale of investments	304,819	29,218
Purchase of property and equipment	<u>(13,306)</u>	<u>-</u>
Net Cash Provided by Investing Activities	<u>5,829</u>	<u>26,218</u>
<b>CASH FLOWS FROM FINANCE ACTIVITIES</b>		
Payment on capital lease obligation	-	(3,003)
Payment on finance lease obligation	<u>(4,130)</u>	<u>-</u>
Net Cash Used by Finance Activities	<u>(4,130)</u>	<u>(3,003)</u>
	<u>130,647</u>	<u>105,631</u>
Increase in Cash and Cash Equivalents	<u>130,647</u>	<u>105,631</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>522,427</u>	<u>416,796</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 653,074</u>	<u>\$ 522,427</u>

# **BOSLER MEMORIAL LIBRARY**

## **Notes to the Financial Statements**

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### **NOTE 1 SIGNIFICANT ACCOUNTING POLICIES**

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#### ***Nature of Activities***

The J. Herman Bosler Memorial Library, commonly known as Bosler Memorial Library (Library) was formed to provide public library services to the residents of the Carlisle area. The Library provides a large selection of books and other media to its patrons to satisfy their needs for information, culture, education, and leisure. The library makes available free of charge books, periodicals, spoken cassettes, videos and other library materials. Librarians are made available to help patrons find materials, and to answer questions both in person and via telephone. Inter-library loan services are available to further expand the availability of materials to the library's patrons. A variety of children's and adult programs are offered to promote reading and learning.

#### ***Basis of Accounting***

These statements were prepared using the modified cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles. This basis recognizes assets, liabilities, net assets, revenues, and expenditures and capital purchases when they result from cash transactions or borrowings, with a provision for capitalizing fixed assets, depreciation, and the fair market value of investments and a beneficial interest in a perpetual trust.

#### ***Cash and Cash Equivalents***

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

#### ***Use of Estimates***

Management uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures. Actual results could differ from those estimates.

#### ***Inexhaustible Collections and Books***

Because the values of the existing inexhaustible collections, including research books are not readily determinable, the Library has not capitalized them and does not sell these items. Books used in the circulating library have not been capitalized because their estimated useful lives are unable to be reasonably estimated.

#### ***Concentration of Risk***

The Library maintains bank accounts at local financial institutions. The balances at times may exceed the federal deposit insurance limits. Management considers this to be a normal business risk.

**BOSLER MEMORIAL LIBRARY**  
**Notes to the Financial Statements**

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**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***Property and Depreciation***

Property and equipment is stated at cost, and depreciation is computed utilizing the straight-line method over the estimated useful lives. The costs of providing various programs and supporting services have been summarized on a functional basis in the statements of support and revenues, expenditures, and changes in net assets – modified cash basis.

	<u><b>Estimated Lives</b></u>
Land improvements	15 - 20 years
Buildings	10 - 40 years
Furniture and equipment	5 - 10 years

Expenditures for maintenance and repairs are charged to expenses as incurred. When assets are sold, the cost and related accumulated depreciation amounts are removed from the books, with any gain or loss being reflected in the statements of support and revenues, expenditures, and changes in net assets – modified cash basis. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as without donor restriction support.

***Functional Expense Classification***

The costs of providing various programs and supporting services have been summarized on a functional basis in the statements of support and revenues, expenditures, and changes in net assets – modified cash basis. Certain expenses are charged directly to program or supporting services based on specific identification. Indirect expenses have been allocated by management based on reasonable allocation methods.

Indirect expenses are allocated using the following methods:

<b>Expense</b>	<b>Method of Allocation</b>
Salaries	Time and Effort
Payroll Taxes	Time and Effort
Employee Benefits	Time and Effort
Depreciation	Square Footage
Utilities and Telephone	Square Footage
Building and Grounds Maintenance	Square Footage
Insurance	Square Footage
Programs and Public Relations	Time and Effort
Other	Time and Effort

**BOSLER MEMORIAL LIBRARY**  
**Notes to the Financial Statements**

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**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***Income Taxes***

The Library is exempt from federal income taxes under 501(c)(3) of the Internal Revenue Code and is exempt from federal income tax. The Library is considered a public charity.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Library and recognize the tax liability if the Library has taken uncertain positions that more likely than not, would not be sustained upon examination by the taxing authority. The Library is subject to routine audits by taxing jurisdictions, generally for a period of three years after the returns are filed; however, there are currently no audits for any tax periods in progress.

***Market Risks***

The Library invests in various investment securities, which are exposed to various risks, such as interest rate, market, currency, and credit risks. Market risks include global events which could impact the value of investment securities, such as a pandemic or international conflict. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could be material.

***Donor Restrictions***

Contributions of cash that must be used to acquire property and equipment are reported as with donor restriction support. Absent donor stipulations regarding how long those assets must be maintained, the Library reports expirations of donor restrictions when the acquired assets are placed in service. The Library reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Contributions are reported as increases in net assets without donor restrictions or net assets with donor restrictions depending on the existence or nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions for which restrictions are met within the same calendar year are reported as net assets without donor restrictions.

***Investments***

Investments are carried at fair value. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in the change in net assets without donor restrictions unless the income or loss is restricted by donor or law.

***Beneficial Interest in Perpetual Trusts***

The Library has rights to income generated by a trust fund which are administered by a third party. Valuation of these rights is based on the present value of the estimated future income generated by the trust, which at December 31, 2022 and 2021 approximated the Library's proportionate share of the value of the assets held by the trust.

# BOSLER MEMORIAL LIBRARY

## Notes to the Financial Statements

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### NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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#### *Donated Services*

The Library receives substantial services donated by volunteers interested in the programs and services provided by the Library to the community. Because of the difficulty in assigning values for these services, those items are not reflected in these financial statements. However, when the value of substantial or specialized donated services or specific donated materials is ascertainable, they are reflected in the financial statements as support received and expenses paid. Specific materials donated for use in providing library programs are recorded as support and expenses of the Library. Specialized services donated in renovations to the building, if any, are included as support with the expense capitalized as building improvements.

#### *Net Assets*

The Library is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. A description of the two net asset categories follows:

**Without Donor Restrictions:** Net assets that are not subject to donor-imposed restrictions. Without Donor Restrictions net assets may be designated for specific purposes by action of the Board of Directors.

**With Donor Restrictions:** Net assets whose use by the Library is subject to donor-imposed restrictions that can be fulfilled by actions of the Library pursuant to those restrictions or that expire by the passage of time and net assets subject to donor-imposed restrictions that are to be maintained permanently by the Library.

#### *Changes in Accounting Principles*

##### **Leases**

In February 2016, the Financial Accounting Standards Board (FASB) released Accounting Standard Update (ASU) 2016-02, Leases (*Topic 842*). The Update is intended to increase transparency and comparability among Libraries by recognizing right-of-use (ROU) assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The core principle of the Update is that a lessee recognizes the assets and liabilities that arise from leases, which is a change from previous GAAP that did not require lease assets and lease liabilities to be recognized on the balance sheet for operating leases.

The Library implemented ASU 2016-02 and all subsequent ASUs that modified Topic 842 on January 1, 2022 using the modified retrospective approach. As allowed by ASU 2018-11, the guidance was applied on a prospective basis using the alternative transition method, which eliminates the requirement to restate periods prior to the date of implementation. As such, financial information related to December 31, 2021, and the year then ended have not been updated and the disclosures required under the new standard have not been provided for dates and periods prior to January 1, 2022. Additionally, implementation of this Update did not result in a cumulative-effect adjustment to net assets.

The standard provides for several practical expedients in transition, which have been described at Note 9. The Library elected to apply the practical expedients, which, among other things, allowed it to carryforward the prior conclusions on lease identification, lease classification, initial direct costs and determination of the lease term.

**BOSLER MEMORIAL LIBRARY**  
**Notes to the Financial Statements**

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**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***Reclassifications***

Certain reclassifications were made to the previously reported amounts for 2021 in order for them to be comparative to 2022.

**NOTE 2 DONATED MATERIALS**

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All materials donated to the Library are recorded at their estimated fair value when received. Donated materials are included as contributions in the statements of support and revenues, expenditures, and changes in net assets - modified cash basis and consist of the following at December 31:

	<b>2022</b>	<b>2021</b>
<b>Program Services:</b>		
Law library	\$ 52,143	\$ 56,357
Books	7,233	-
Audiovisual	160	165
Hearing assistance	680	-
<b>Management and General:</b>		
Other materials	295	250
	<u>\$ 60,511</u>	<u>\$ 56,772</u>



**BOSLER MEMORIAL LIBRARY**  
**Notes to the Financial Statements**

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**NOTE 3 RESTRICTIONS ON NET ASSETS**

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Net assets consist of the following as of December 31:

	<b>2022</b>	<b>2021</b>
<b><i>Net assets with donor restrictions</i></b>		
Subject to expenditure for specified purpose:		
Collections	\$ 43,464	\$ 36,785
Children's learning garden	278,427	-
Educational and other library programs	35,934	38,439
Outreach vehicle	26,000	-
	<u>383,825</u>	<u>75,224</u>
Subject to endowment spending policy and perpetual in nature:		
G.B. Stuart Foundation restricted fund	101,807	108,590
Beneficial Interest in Hertzler Perpetual Trust	202,742	257,050
	<u>304,549</u>	<u>365,640</u>
	<u>\$ 688,374</u>	<u>\$ 440,864</u>
<b><i>Net assets without donor restrictions</i></b>		
Board Designated		
Board-designated endowment	\$ 1,327,100	\$ 1,557,730
Facilities fund	30,168	43,100
Operational reserve	193,770	188,770
Technology, furniture, and fixtures	7,549	25,980
Staff continuing education	3,184	8,396
Educational and other library programs	12,949	11,121
ADA project design	8,000	-
Children's learning garden	75,000	-
	<u>1,657,720</u>	<u>1,835,097</u>
Undesignated	<u>5,188,177</u>	<u>5,623,686</u>
	<u>\$ 6,845,897</u>	<u>\$ 7,458,783</u>

**BOSLER MEMORIAL LIBRARY**  
**Notes to the Financial Statements**

**NOTE 4 NET ASSETS RELEASED FROM RESTRICTIONS**

During the years ended December 31, 2022 and 2021, net assets were released from donor restrictions by satisfying the restricted purposes:

	<b>2023</b>	<b>2022</b>
<b><i>Purpose restriction accomplished</i></b>		
Collections	\$ 30,780	\$ 35,849
Educational and other library programs	101,488	100,480
	<u>132,268</u>	<u>136,329</u>

**NOTE 5 INVESTMENTS/ENDOWMENTS**

Endowment investments are carried at fair value. Realized and unrealized gains and losses are reported in the statements of support and revenue, expenses, and other changes in net assets - modified cash basis. The total endowment investments maintained by the Library consist of two accounts, the Board Designated Fund and the G.B. Stuart Foundation Restricted Fund, and are classified for net assets purposes as follows at December 31, 2022 and 2021:

	<b>2022</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
G.B. Stuart Foundation restricted fund	\$ -	\$ 101,807	\$ 101,807
Board Designated Fund (Quasi-Endowment)	1,327,100	-	1,327,100
Total Investment Funds	<u>\$ 1,327,100</u>	<u>\$ 101,807</u>	<u>\$ 1,428,907</u>
	<b>2021</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
G.B. Stuart Foundation restricted fund	\$ -	\$ 108,590	\$ 108,590
Board Designated Fund (Quasi-Endowment)	1,557,730	-	1,557,730
Total Investment Funds	<u>\$ 1,557,730</u>	<u>\$ 108,590</u>	<u>\$ 1,666,320</u>

The Library's investments, classified as such on the statements of assets, liabilities, and net assets - modified cash basis, consist of a Board Designated Fund established for the administration of existing and future gifts and contributions to the Bosler Memorial Library and to memorialize and secure those funds for future benefits of the community. The Board Designated Fund includes funds designated by the Board of Directors to function as endowments (quasi-endowments). Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

**NOTE 5 INVESTMENTS/ENDOWMENTS (CONTINUED)**

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***Interpretation of Relevant Law***

The Commonwealth of Pennsylvania has not enacted a version of UPMIFA, or a version of the Uniform Management of Institutional Funds Act (UPMIFA). Governing law resides in 15 Pa. C.S. Section 5548 "Investment of Trust Funds". The Library has interpreted relevant law as required the donor-restricted endowment fund, absent explicit donor stipulations to the contrary, to be managed with the long-term objective of at least maintaining the real value (after inflation) of the funds. The Library classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and (c) accumulates to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulate is added to the fund.

Unless otherwise stipulated by the donor, Pennsylvania law permits the Board of Directors to make an election annually appropriate for expenditure a selected percentage between 2% and 7% of the fair value of assets related to donor-restricted endowment funds averaged over a period of three preceding years, provided the Board has determined that such percentage is consistent with the long-term preservation of the real value of such assets.

***Return Objectives and Risk Parameters***

The Library has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to maintain expenditures 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 Library must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested based on the standards of a "Prudent Man" that is intent to produce results that exceed the standard indices for each investment classification on an annual basis.

***Strategies Employed for Achieving Objectives***

To satisfy its long-term rate of return objectives, the Library 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 Library's investment fund asset mix is invested among equities, fixed income, and cash equivalents. The Board has determined an asset mix strategy to improve the probability of achieving enhanced real (inflation protected) rates of return.

***Investment Policy***

The investment policy of the Library is set to provide, as closely as possible, equitable benefits from the Board Designated Fund for current and future programs. An investment policy has been adopted to fairly meet programmatic requirements of the Board Designated Fund. The Library appropriates funds determined on a total return basis, e.g., interest, dividends, and appreciation of the principal. Distributions from principal can be made in whole or in part, by a vote of at least 75% of the Board of Directors of the Library.

**BOSLER MEMORIAL LIBRARY**  
**Notes to the Financial Statements**

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**NOTE 5 INVESTMENTS/ENDOWMENTS (CONTINUED)**

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The following schedule summarizes the changes in the endowments at December 31:

	<b>2022</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Investments at beginning of year	\$ 1,557,730	\$ 108,590	\$ 1,666,320
Contributions	8,526	10,000	18,526
Distributions	(79,617)	(3,894)	(83,511)
Investment returns			
Interest and dividends	50,565	6,960	57,525
Unrealized and realized losses	(199,173)	(19,105)	(218,278)
Investment expenses	<u>(10,931)</u>	<u>(744)</u>	<u>(11,675)</u>
Investments at end of year	<u>\$ 1,327,100</u>	<u>\$ 101,807</u>	<u>\$ 1,428,907</u>
	<b>2021</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Investments at beginning of year	\$ 1,430,680	\$ 101,654	\$ 1,532,334
Contributions	3,000	-	3,000
Distributions	(62,693)	(4,112)	(66,805)
Investment returns			
Interest and dividends	49,863	6,982	56,845
Unrealized and realized gains	148,398	4,869	153,267
Investment expenses	<u>(11,518)</u>	<u>(803)</u>	<u>(12,321)</u>
Investments at end of year	<u>\$ 1,557,730</u>	<u>\$ 108,590</u>	<u>\$ 1,666,320</u>

**BOSLER MEMORIAL LIBRARY**  
**Notes to the Financial Statements**

**NOTE 5 INVESTMENTS/ENDOWMENTS (CONTINUED)**

The following schedule summarizes the portfolio of investments at December 31:

	<b>2022</b>	
	<b>Cost</b>	<b>Fair Value</b>
Money market fund	\$ 193,948	\$ 193,948
Fixed income funds:		
Intermediate-term bond funds	191,541	170,500
Short-term bond funds	204,807	182,570
Certificates of deposit	50,000	50,000
Equities:		
Stocks	373,090	507,285
Mutual funds - equities	320,610	324,604
	<u>\$ 1,333,996</u>	<u>\$ 1,428,907</u>

  

	<b>2021</b>	
	<b>Cost</b>	<b>Fair Value</b>
Money market fund	\$ 85,813	\$ 85,813
Fixed income funds:		
Intermediate-term bond funds	190,804	199,841
Short-term bond funds	366,863	361,385
Equities:		
Stocks	405,498	623,159
Mutual funds - equities	305,728	396,122
	<u>1,354,706</u>	<u>1,666,320</u>

Investment income consist of the following at December 31, 2022 and 2021:

	<b>2022</b>	<b>2021</b>
Investment income	\$ 85,636	\$ 49,048
Realized gains (losses)	(1,574)	122,445
Unrealized gains (losses)	\$ (271,012)	64,955
Investment fees	(11,676)	(12,320)
Investment Return, Net	<u>(198,626)</u>	<u>224,128</u>

**NOTE 6 BENEFICIAL INTEREST IN PERPETUAL TRUST**

The Library is a beneficiary of the Samuel C. Hertzler Perpetual Trust and is entitled to a 12.5% interest in the income of the trust; said income is to be used for work among women. The Trust is held by Wilmington Trust and investment income payments are distributed quarterly to the Library. The Trust is accounted for at fair-market value.

## **BOSLER MEMORIAL LIBRARY**

### **Notes to the Financial Statements**

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#### **NOTE 6 BENEFICIAL INTEREST IN PERPETUAL TRUST (CONTINUED)**

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The value of the split-interest trust agreement, as of December 31, 2022 and 2021, is \$ 202,742 and \$ 257,050, respectively. This reflects a net increase/(decrease) of \$ (54,308) and \$ 13,598 for the years ended December 31, 2022 and 2021, respectively. Income from the split-interest agreements for the years ended December 31, 2022 and 2021, was \$ 9,586 and \$ 9,738, respectively.

#### **NOTE 7 FAIR VALUE MEASUREMENTS**

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The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The three levels of the fair value hierarchy are described as follows:

**Level 1:** Inputs to the valuation methodology are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Library can access at the measurement date.

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

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

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

**Level 3:** Inputs that are unobservable inputs for the asset or liability.

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis.

##### **Money Market Funds**

Money Market Funds are valued at the daily closing price as reported by the fund.

##### **Equity Securities**

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

##### **Mutual Funds – Equities and Fixed Income Funds**

Valued at the closing price reported on the active market on which the individual mutual funds are traded. Mutual funds held are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held are deemed to be actively traded.

**BOSLER MEMORIAL LIBRARY**  
**Notes to the Financial Statements**

**NOTE 7 FAIR VALUE MEASUREMENTS (CONTINUED)**

**Certificates of Deposit**

The carrying amount for cash equivalents represents fair value.

***Beneficial Interest in Perpetual Trusts***

Fair value of the beneficial interest in perpetual trusts is based on a percentage of ownership of the respective trust assets, which approximates the present value of the estimated future cash flows to be received from the trusts. The present value measure is utilized as the underlying assets of each individual trust are not in control of the Library.

There were no liabilities measured on a recurring basis.

Fair values of assets measured on a recurring basis at December 31, 2022 and 2021 are as follows:

Description	Fair Value Measurements at December 31, 2022			
	Fair Value 12/31/2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market fund	\$ 193,948	\$ 193,948	\$ -	\$ -
Fixed income funds:				
Intermediate-term bond funds	170,500	170,500	-	-
Short-term bond funds	182,570	182,570	-	-
Certificates of deposit	50,000	50,000		
Domestic and international stocks				
Communication services	20,381	20,381	-	-
Consumer discretionary	53,541	53,541	-	-
Consumer staples	40,922	40,922	-	-
Energy	30,520	30,520	-	-
Financials	68,622	68,622	-	-
Healthcare	65,070	65,070	-	-
Industrials	45,545	45,545	-	-
Information technology	93,757	93,757	-	-
Materials	50,178	50,178	-	-
Real estate	21,376	21,376	-	-
Utilities	17,373	17,373	-	-
Mutual funds - equities	324,604	324,604	-	-
Beneficial interest in perpetual trust	202,742	-	202,742	-
Total	\$ 1,631,649	\$ 1,428,907	\$ 202,742	\$ -

Description	Fair Value Measurements at December 31, 2021			
	Fair Value 12/31/2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market fund	\$ 85,813	\$ 85,813	\$ -	\$ -
Fixed income funds:				
Intermediate-term bond funds	199,841	199,841	-	-
Short-term bond funds	361,385	361,385	-	-
Equities:				
Stocks	623,159	623,159	-	-
Mutual funds - equities	396,122	396,122	-	-
Beneficial interest in perpetual trust	257,050	-	257,050	-
Total	\$ 1,923,370	\$ 1,666,320	\$ 257,050	\$ -

**BOSLER MEMORIAL LIBRARY**  
**Notes to the Financial Statements**

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**NOTE 8 PAYCHECK PROTECTION PROGRAM LOAN**

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In February 2021, the Library was approved and received \$ 157,400 through the second round of the U.S. Treasury's Paycheck Protection Program (PPP). Under the terms of the PPP, the loan will be due in five years and bears interest at 1%, with payments deferred for 10 months and interest will continue to accrue over this period. The loan may be forgiven if the loan proceeds are used to cover payroll costs, and most mortgage interest, rent, and utility costs over the 8-24-week period after the loan is made and employee and compensation levels are maintained. During the year ended December 31, 2021 \$ 157,400 of the PPP funds were expended for allowed purposes. This loan was forgiven in February 2022.

**NOTE 9 LEASES**

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On January 1, 2022, the Library adopted ASU No. 2016-02, Leases (*Topic 842*) and all subsequent ASUs that modified Topic 842. The Library elected the prospective application approach provided by ASU 2018-11 and did not adjust prior periods for ASC 842. Financial results and disclosures for reporting periods beginning on or after January 1, 2022, are presented under the Topic 842 requirements, while prior period amounts and disclosures are not adjusted and continue to be reported in accordance with previous guidance. The Library also elected certain practical expedients within the standard and consistent with such elections did not reassess whether any expired or existing contracts are or contain leases, did not reassess the lease classification for any expired or existing leases, and did not reassess any initial direct costs for existing leases. The implementation of the new standard resulted in recognition of a right-of-use asset and lease liability of \$ 15,617 at the date of adoption, which is related to the Library's lease of copiers used in operations. Since the calculated right of use asset and lease liability were materially the same, a cumulative effect adjustment to net assets as of the implementation date was not recorded.

Lease liabilities represent the Library's obligation to make lease payments and are presented at each reporting date at value of the remaining contractual cash flows. Right-of-use assets represent the Library's right to use the underlying asset for the lease term and are calculated as the sum of the lease liability and if applicable, prepaid rent, initial direct costs, and any incentives received from the lessor.

The Library has one lease for two copiers. The lease is noninterest bearing and is paid monthly in payments of \$ 375 through April 2025. The lease does allow for the option to extend the lease term by 12 months and of purchasing the equipment at the end of the lease term. These options have been included in the calculation of the lease liability to the extent that the options are reasonably assured of being exercised. The lease agreements do not provide for residual value guarantees and have no restrictions or covenants that would require incurring additional financial obligations. There are no variable or short-term lease costs for the year ended December 31, 2022.

Lease expense for the year ended December 31 is as follows:

2022

Finance lease expense:		
Amortization of ROU assets	\$	3,604



**BOSLER MEMORIAL LIBRARY**  
**Notes to the Financial Statements**

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**NOTE 9 LEASES (CONTINUED)**

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Information related to cash flows, assets obtained, weighted-average remaining lease terms, and weighted-average discount rates are as follows at December 31:

	<b>2022</b>
Cash paid for amounts included in the measurement of lease liabilities	
Financing cash flows from finance leases (i.e., principal portion)	4,130
Weighted-average remaining lease term in years for finance leases	2.42
Weighted-average discount rate for finance leases (Non-Interest Lease)	0.00%

Future payments due under lease obligations are as follows at December 31, 2022:

	<b>Finance</b>	
2023	\$	4,880
2024		4,505
2025		1,502
Total undiscounted cash flows		10,887
Less: present value discount		-
<b>Total lease liabilities</b>	<b>\$</b>	<b>10,887</b>

**NOTE 10 CONCENTRATIONS**

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The Library receives funding annually from Cumberland County in the form of a voter-determined, dedicated library tax. These funds are paid to the Cumberland County Library System and distributed to member libraries using a specific funding formula. Likewise, public libraries in Pennsylvania are funded through a line item in the State's annual budget. These funds are also paid to the Cumberland County Library System and distributed to member libraries using the same specific funding formula mentioned above.

The Library received approximately 42% and 47% of its total operating support and revenue from the Commonwealth of Pennsylvania and Cumberland County for the years ended December 31, 2022 and 2021, respectively. A reduction in this funding source could have a significant negative financial impact on Bosler Memorial Library.

**NOTE 11 PENSION PLAN**

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The Library participates in a 403(b) Tax Deferred Annuity Plan in conjunction with other local non-profit libraries. This contributory Plan covers all employees who meet the minimum wage and service requirements. The Library expenses its contributions as paid. The Library contributes an amount equal to 2% of each permanent employee's annual salary after one year. Pension expense was \$ 7,899 and \$ 6,981 for December 31, 2022 and 2021, respectively.

**BOSLER MEMORIAL LIBRARY**  
**Notes to the Financial Statements**

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**NOTE 12 LIQUIDITY AND AVAILABILITY**

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The Library's financial assets within one year of the statement of assets, liabilities, and net assets - modified cash basis for general expenditures are as follows:

	<b>2022</b>	<b>2021</b>
Cash and cash equivalents	\$ 653,074	\$ 522,427
Less cash held for future donor specified expenditures	(383,825)	(75,224)
G.B. Stuart Foundation restricted fund	101,807	108,590
Board-designated endowment fund	1,327,100	1,557,730
Less donor designated restricted fund	(101,807)	(108,590)
Less board designated endowment fund	(1,327,100)	(1,557,730)
Distributions from beneficial interest in assets held by others	9,586	9,738
Endowment spending-rate distributions and appropriations	59,720	74,210
	<u>\$ 338,555</u>	<u>\$ 531,151</u>

In accordance with the Library's investment policy, cash and cash equivalents are to be maintained at 5% of the Library's investment funds, as determined annually, in order to maintain liquidity for the Board of Director designated funding.

The Library's board-designated endowment of \$ 1,327,100 and \$ 1,557,730 at December 31, 2022 and 2021, respectively, is subject to an annual spending rate of 2% to 7% as described in Note 5. Although the Library does not intend to spend this board-designated endowment (other than amounts appropriated for general expenditure as part of our Board's annual budget approval and appropriation), these amounts could be made available if necessary.

The Library has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**NOTE 13 SUBSEQUENT EVENTS**

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The Library has evaluated events and transactions subsequent to December 31, 2022 through June 27, 2023, the date these financial statements were available to be issued. Based on the definitions and requirements of the modified cash basis of accounting, management has not identified any events that require recognition or disclosure in the financial statements.