LANSDALE LIBRARY ASSOCIATION
(A Component Unit of the Borough of Lansdale)

FINANCIAL STATEMENTS

Year Ended December 31, 2021

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INTRODUCTORY SECTION

LANSDALE LIBRARY ASSOCIATION
(A Component Unit of the Borough of Lansdale)
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2021

	Page
Introductory Section	
Table of Contents	1
Financial Section	
Independent Accountants' Compilation Report	2
Basic Financial Statements	
Governmental Fund Balance Sheet/Statement of Net Position	3
Governmental Fund Statement of Revenues, Expenses and Changes in Fund Balances/Statement of Activities	4
Notes to the Basic Financial Statements	5

FINANCIAL SECTION

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Independent Accountants' Compilation Report

To the Board of Trustees
Lansdale Library Association
Lansdale, Pennsylvania

Management is responsible for the accompanying financial statements of the Lansdale Library Association (a component unit of the Borough of Lansdale) which comprise the governmental fund balance sheet/statement of net position as of December 31, 2021, and the related governmental fund statement of revenues, expenses and changes in fund balances/statement of activities for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy or the completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

As discussed in Note G, the Lansdale Library Association restated the beginning fund balance/net position as of January 1, 2021, due to the recognition of the irrevocable charitable trust as noted in Note F.

Maillie LLP

Limerick, Pennsylvania
May 6, 2022

LANSDALE LIBRARY ASSOCIATION
(A Component Unit of the Borough of Lansdale)
GOVERNMENTAL FUND BALANCE SHEET/STATEMENT OF NET POSITION
DECEMBER 31, 2021

	General Fund	Adjustments (Note D)	Statement of Net Position
ASSETS			
Cash and cash equivalents	$ 248,061	$ -	$ 248,061
Beneficial interest in a charitable trust	59,388	-	59,388
Capital assets, net	-	1,030,320	1,030,320
TOTAL ASSETS	$ 307,449	$ 1,030,320	$ 1,337,769
LIABILITIES AND FUND BALANCE/NET POSITION			
LIABILITIES			
Accounts payable	$ 3,535	$ -	$ 3,535
FUND BALANCE/NET POSITION			
Fund balance			
Restricted	125,047	(125,047)	-
Unassigned	178,867	(178,867)	-
TOTAL FUND BALANCE	303,914	(303,914)	-
TOTAL LIABILITIES AND FUND BALANCE	$ 307,449		
Net position			
Net investment in capital assets		1,030,320	1,030,320
Restricted		125,047	125,047
Unrestricted		178,867	178,867
TOTAL NET POSITION		1,334,234	1,334,234
TOTAL LIABILITIES AND NET POSITION		$ 1,030,320	$ 1,337,769

See accompanying notes and independent accountants' compilation report.

LANSDALE LIBRARY ASSOCIATION
(A Component Unit of the Borough of Lansdale)
GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	General Fund	Adjustments (Note D)	Statement of Activities
EXPENSES			
Library operations			
Accountant	$ 9,642	$ -	$ 9,642
Building repairs	27,828	-	27,828
Collection purchases	67,715	(67,715)	-
Depreciation	-	99,602	99,602
Insurance	11,486	-	11,486
International Festival	883	-	883
Janitorial supplies	16,920	-	16,920
Library equipment	24,705	-	24,705
Library supplies	7,640	-	7,640
Miscellaneous expenses	3,621	-	3,621
Payroll expenses			
Employer taxes	22,183	-	22,183
Salaries and wages	251,665	-	251,665
Periodicals and newspapers	13,071	-	13,071
Public relations	10,418	-	10,418
Staff development	1,688	-	1,688
Telephone communications	4,217	-	4,217
Utilities	27,096	-	27,096
TOTAL EXPENSES	500,778	31,887	532,665
PROGRAM REVENUES			
Charges for services	22,975	-	22,975
NET PROGRAM EXPENSES	477,803	31,887	509,690
GENERAL REVENUES			
Appropriations from local municipalities	415,000	-	415,000
Paycheck protection program revenue	56,587	-	56,587
Contributions	22,592	-	22,592
Fund-raising	19,617	-	19,617
Investment income	6,533	-	6,533
TOTAL GENERAL REVENUES	520,329	-	520,329
CHANGE IN FUND BALANCE/NET POSITION	42,526	(31,887)	10,639
FUND BALANCE/NET POSITION AT BEGINNING OF YEAR, restated	261,388	1,062,207	1,323,595
FUND BALANCE/NET POSITION AT END OF YEAR	$ 303,914	$ 1,030,320	$ 1,334,234

See accompanying notes and independent accountants' compilation report.

NOTE A - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Lansdale Library Association (the "Library") is a nonprofit organization incorporated under the laws of Pennsylvania on April 2, 1948. The Library was formed for the purpose of maintaining a free, public, non-sectarian library in the Borough of Lansdale, Pennsylvania, for the benefit of the residents of Lansdale. On April 1, 1971, the Lansdale Borough Council approved Resolution 71-1 designating the Lansdale Public Library as an agent of the Borough. Under this resolution, the Lansdale Library Association was authorized to provide public library services to residents and taxpayers of the Borough on behalf of the Borough government. In return, the Borough of Lansdale agreed to assist in the maintenance of the Library. At its regular monthly meeting in December 2000, the Board of Trustees approved a revision of the by-laws. Under the new by-laws, the Board of Trustees of the Lansdale Library Association shall consist of the current members of the Borough Council of the Borough of Lansdale, effective January 2001. The Library shall continue as a nonprofit entity.

The Library is considered a component unit of the Borough of Lansdale.

Basis of Presentation

The financial statements of the Library have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The GASB has issued a codification of governmental accounting and financial reporting standards. This codification and subsequent GASB pronouncements are recognized as accounting principles generally accepted in the United States of America for state and local governments that have implemented GASB Statement No. 34, *Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments*, issued in June 1999.

Basis of Accounting

The Library's basic financial statements include both government-wide and fund financial statements.

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

The statement of net position includes and recognizes all long-term assets and receivables as well as all obligations, including accounts payable. The Library's net position is reported in three parts: net investment in capital assets, restricted net position and unrestricted net position.

NOTE A - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements - The Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Library considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting.

Cash and Cash Equivalents

The Library has defined cash and cash equivalents to include cash on hand, demand deposits and certificates of deposit with an original maturity of three months or less.

Fair Value Measurements

Professional accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels.

Level 1 inputs are unadjusted quoted prices for identical assets or liabilities in active markets that the Lansdale Library Association has the ability to access. Level 2 inputs are other than quoted prices that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument. Level 3 inputs are unobservable inputs based on the assumptions used to measure assets and liabilities at fair value. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Capital Assets

Capital assets are defined as assets with an initial, individual cost of $1,000 or more and an estimated useful life greater than one year. Books and collections are capitalized regardless of amount. Capital assets are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

	Years
Books and collections	10
Computers	5-10
Furniture and fixtures	5-10
Building improvements	39

NOTE A - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by donors, grantors, or laws or regulations of other governments.

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 revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Appropriations

The Library receives appropriations from the Borough of Lansdale.

Program Revenues

The statement of activities and the Governmental Fund statement of revenues, expenses and changes in fund balance present three categories of program revenues: (1) charges for services, (2) program grants and (3) capital grants. Charges for services are those revenues arising from charges to customers who purchase, use, or directly benefit from goods and services provided by the Library. Program and capital grants are revenues arising from receipts that are restricted for a specific use.

NOTE A - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance

The Library has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the Library's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- ***Nonspendable Fund Balance*** - Amounts that are not in spendable form (such as inventory) or are required to be maintained intact.

- ***Restricted Fund Balance*** - Amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government) through constitutional provisions or by enabling legislation.

- ***Committed Fund Balance*** - Amounts constrained to specific purposes by the Library itself, using its highest level of decision-making authority (the Board of Trustees). To be reported as committed, amounts cannot be used for any other purpose unless the Library takes the same highest level action to remove or change the constraint.

- ***Assigned Fund Balance*** - Amounts the Library intends to use for a specific purpose. Intent can be expressed by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority. The Board has not delegated the authority to assign fund balance.

- ***Unassigned Fund Balance*** - Amounts available for any purpose. Positive amounts are reported only in the General Fund.

NOTE A - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of a motion. A fund balance commitment is further indicated in the budget document as a commitment of the fund. Assigned fund balance is intended to be used by the Library for specific purposes but does not meet the criteria to be classified as restricted or committed.

The Library will typically use restricted fund balances first, followed by committed resources and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Restricted Net Position

Restricted net position includes donations whereby the donor restricts the principal and allows only the interest to be used for an intended purpose, such as the purchase of books. Other restricted donations can be used in total for specific programs of the Library.

Income Tax Status

The Library is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. It qualifies for the charitable contribution deduction and has been classified as an organization other than a private foundation. The Library's income tax returns are subject to examination by taxing authorities for a period of three years from the date the tax returns are filed.

NOTE B - DEPOSITS AND INVESTMENTS

Deposits and investments consist of the following:

Cash in checking and money market accounts	$ 255,524
BALANCE PER BANK AND FINANCIAL INSTITUTIONS	255,524
Outstanding checks and reconciling items	(7,463)
CARRYING AMOUNT ON STATEMENT OF NET POSITION	$ 248,061

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Library's deposits may not be returned to it. As of December 31, 2021, $5,524 of the Library's bank balance of $255,524 was exposed to custodial credit risk.

Pennsylvania statutes provide for investment of local government funds and their component unit funds into certain authorized investment types, including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations and insured or collateralized time deposits and certificates of deposit. The statutes do not describe regulations related to demand deposits; however, they do allow the pooling of governmental funds for investment purposes.

NOTE C - CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2021, is summarized below:

	Balance December 31, 2020	Additions	Deletions	Balance December 31, 2021
CAPITAL ASSETS NOT BEING DEPRECIATED				
Land	$ 200,000	$ -	$ -	$ 200,000
CAPITAL ASSETS BEING DEPRECIATED				
Improvements	1,222,225	-	-	1,222,225
Books and collections	1,171,464	67,715	(51,162)	1,188,017
Furniture and equipment	271,205	-	-	271,205
TOTAL CAPITAL ASSETS BEING DEPRECIATED	2,664,894	67,715	(51,162)	2,681,447
Accumulated depreciation				
Improvements	(653,815)	(33,328)	-	(687,143)
Books and collections	(891,677)	(58,927)	51,162	(899,442)
Furniture and equipment	(257,195)	(7,347)	-	(264,542)
TOTAL ACCUMULATED DEPRECIATION	(1,802,687)	(99,602)	51,162	(1,851,127)
CAPITAL ASSETS, net	$ 1,062,207	$ (31,887)	$ -	$ 1,030,320

NOTE D - RECONCILIATION OF FUND FINANCIAL STATEMENTS TO GOVERNMENT-WIDE FINANCIAL STATEMENTS

Total fund balance and the net change in fund balance of the Library's Governmental Fund differs from net position and changes in net position of the governmental activities reported in the statement of net position and statement of activities. This difference primarily results from the long-term economic focus of the statement of net position and statement of activities versus the current financial resources focus of the Governmental Fund balance sheet and statement of revenues, expenses and changes in fund balance.

The following are reconciliations of fund balance to net position and the net change in fund balance to the net change in net position.

TOTAL FUND BALANCE--MODIFIED ACCRUAL BASIS	$	303,914
Amounts reported in the statement of net position are different because:		
Capital assets are not financial resources and are not reported in the Governmental Fund statement		1,030,320
NET POSITION--FULL ACCRUAL BASIS	$	1,334,234
NET CHANGE IN FUND BALANCE--MODIFIED ACCRUAL BASIS	$	42,526
Amounts reported in the statement of activities are different because:		
Capital outlays are reported as expenses in the statement of revenues, expenses and changes in fund balance; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation		
Capital outlays		67,715
Depreciation		(99,602)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES--FULL ACCRUAL BASIS	$	10,639

NOTE E - RESTRICTED FUND BALANCE

Restricted fund balance is comprised of $65,659 held at year-end for the International Festival and $59,388 held at year-end for the irrevocable charitable trust.

NOTE F - IRREVOCABLE CHARITABLE TRUST AND RESTRICTED NET ASSETS

The Lansdale Library Association is the beneficiary of an estate. The restriction with respect to the Lansdale Library Association's access to the funds is dependent upon the occurrence of certain events over time. The assets, which are not in the possession of the Lansdale Library Association, are recorded in the governmental fund balance sheet/statement of net position based on the Lansdale Library Association's beneficial interest in the fair market value of the trust as of December 31, 2021. These assets are Level 2 investments under the fair value hierarchy and were valued using the market approach, adjusted for the Lansdale Library Association's percentage interest in the trust which is 10%. The Lansdale Library Association's beneficial interest in the irrevocable charitable trust is $59,388 as of December 31, 2021. The Lansdale Library Association may use distributions from these funds for general operations but may not draw on the principal balance. For the year ended December 31, 2021, the distributions received from the trust were $2,300. The trust is being administered by Wells Fargo.

NOTE G - PRIOR PERIOD RESTATEMENT

The Library Association has restated the financial statements to adjust for the irrevocable charitable trust previously unrecognized. The Lansdale Library Association's beneficial interest in the irrevocable charitable trust as of January 1, 2021 was $55,918. Accordingly, the Library Association has restated the beginning fund balance/net position balance from $205,470 to $261,388 and $1,267,677 to $1,323,595, respectively.