

**Auditor's Report
and
Financial Statements**

**Galesburg Public Library
Foundation**

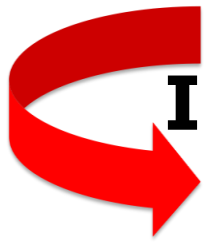
Year Ended December 31, 2024



**GALESBURG PUBLIC LIBRARY
FOUNDATION**

Galesburg Public Library Foundation
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for the year ended December 31, 2024

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Independent Auditor's Report

To the Board of Directors for Galesburg Public Library Foundation
c/o Martin Reichel, Treasurer
Galesburg, IL

Opinion

We have audited the accompanying financial statements of Galesburg Public Library Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Galesburg Public Library Foundation as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Galesburg Public Library Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Galesburg Public Library Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 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 risks 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 not for the purpose of expressing an opinion on the effectiveness of Galesburg Public Library Foundation'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 Galesburg Public Library Foundation'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.



Mark Thomas CPA, MBA

Sykesville, MD

May 21, 2025

Galesburg Public Library Foundation
Statement of Financial Position
as of December 31, 2024

	<u>2024</u>
ASSETS	
Cash and Cash Equivalents	\$ 392,582
Investments:	
Money market accounts	45,092
Marketable securities	1,233,943
Fixed Income	1,091,314
Commodities	56,810
Beneficial interest in endowment fund	18,365
Donation receivable	<u>1,060</u>
Total Current Assets	2,839,166
Property and Equipment	
Property and equipment at cost	1,508
Less: accumulated depreciation	<u>(704)</u>
Total property and equipment, net	804
Other Assets	
Loan receivable	1,000,000
TOTAL ASSETS	<u>\$ 3,839,970</u>
LIABILITIES AND NET ASSETS	
Accounts Payable	\$ 1,856
Payroll Taxes	3,004
Other current liabilities	<u>-</u>
Total Current Liabilities	<u>4,860</u>
TOTAL LIABILITIES	<u>4,860</u>
NET ASSETS	
Without Donor Restrictions	2,999,674
With Donor Restrictions	<u>835,436</u>
Total Net Assets	<u>3,835,110</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 3,839,970</u>

See Notes to Financial Statements

Galesburg Public Library Foundation
Statement of Activities
for the year ended December 31, 2024

		2024	
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Donations and contributions	\$ 120,071	\$ 652,233	\$ 772,304
Interest on note receivable	5,688	-	5,688
Other income	1,899	-	1,899
	127,658	652,233	779,891
 Net Investment income	 209,355	 39,677	 249,032
 Net assets released from restrictions	 630,811	 (630,811)	 -
Total Revenues	967,824	61,099	1,028,923
 Expenses			
Program Services	801,028	-	801,028
Overhead/Admin	102,572	-	102,572
Fundraising	10,325	-	10,325
Total Expenses	913,925	-	913,925
 Changes in Net Assets	 53,899	 61,099	 114,998
 NET ASSETS AT BEGINNING OF YEAR	 2,945,775	 774,337	 3,720,112
 NET ASSETS AT END OF YEAR	 \$ 2,999,674	 \$ 835,436	 \$ 3,835,110

See Notes to Financial Statements

Galesburg Public Library Foundation
Statement of Cash Flows
for the year ended December 31, 2024

	<u>2024</u>
Cash flows from operating activities	
Change in net assets	\$ 114,998
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	603
Gain on investments	(249,032)
Changes in operating assets and liabilities:	
Accounts payable	439
Payroll taxes	933
Net cash provided (used) by operating activities	<u>(132,059)</u>
Cash flows from Investing activities	
Proceeds from sale of investments	21,868
Purchase of investments	(35,402)
Net cash provided (used) by Investing activities	<u>(13,534)</u>
Total Decrease in Cash and Cash Equivalents	(145,593)
Cash and Cash Equivalents at the beginning of year	583,267
Cash and Cash Equivalents at the end of year	<u>\$ 437,674</u>
Reconciliation of Cash and Cash Equivalents	
Checking and savings accounts	\$ 392,582
Money Markets reported as investments	45,092
 Cash and cash equivalents	 <u><u>\$ 437,674</u></u>
Supplemental Disclosures	<u><u>\$ 147</u></u>
Interest Paid	<u><u>\$ -</u></u>
Income taxes Paid	

See Notes to Financial Statements

Galesburg Public Library Foundation
Statement of Functional Expenses
for the year ended December 31, 2024

	Program Services	Overhead/Admin	Fundraising	TOTAL
Expenses				
Advertising	\$ -	\$ 9,297	\$ -	\$ 9,297
Archive funds	-	9,108	-	9,108
Bank charges	-	751	-	751
Building construction (Library)	792,194	-	-	792,194
Contractors	-	3,142	-	3,142
Depreciation	-	603	-	603
Dues and subscriptions	-	1,067	-	1,067
Employee appreciation expense	-	538	-	538
Entertainment	-	-	799	799
Interest	-	147	-	147
Legal and professional services	-	19,350	-	19,350
Meals	-	1,486	6,586	8,072
Miscellaneous	700	2,032	1,865	4,597
Office supplies	-	6,627	-	6,627
Payroll taxes	-	2,973	-	2,973
Printing	-	3,293	3	3,296
Professional development	-	4,178	-	4,178
Programs	8,134	-	-	8,134
Repair and maintenance	-	116	-	116
Salaries and wages	-	37,480	-	37,480
Supplies	-	-	1,072	1,072
Taxes and licenses	-	35	-	35
Travel	-	349	-	349
Total Expenses	\$ 801,028	\$ 102,572	\$ 10,325	\$ 913,925

See Notes to Financial Statements

Note 1 – Principal Activity and Significant Accounting Policies

Organization

The Galesburg Public Library Foundation (GPLF), a charitable institution, raises funds to strengthen the Library's resources and services, ensuring it remains a vital part of the greater Galesburg community.

Financial Statement Presentation

The organization reports information regarding its financial position and activities according to two classes of net assets: with and without donor restrictions.

With donor restrictions: These donations have limitations on the use of funds imposed by the donor, such as when, where, or how the donations can be used.

Without donor restrictions: These donations have no limitations on how the funds may be used by the organization. The only limits on the net assets with donor restrictions are broad limits resulting from the nature of Galesburg Public Library Foundation and the purposes specified in its articles of incorporation and, limits resulting from any contractual agreements, if any.

Basis of Accounting

The financial statements of the organization have been prepared on the accrual basis of accounting, and accordingly reflect all significant receivables, payables, and other liabilities.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

Galesburg Public Library Foundation is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code; accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes. Galesburg Public Library Foundation has determined that it does not have any material unrecognized tax benefits or obligations as of December 31, 2024.

Cash and Cash Equivalents

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

Revenue Recognition

Contributions received are recorded as with or without restrictions depending on existence or nature of any donor restrictions. Donations are recognized when they are received.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management considers all of its receivables to be fully collectible; accordingly, no allowance for credit losses has been established.

Property and Equipment

Property and equipment are stated at cost or fair value at the date of acquisition or donation. Depreciation is provided using the straight line method over an estimated useful life of 5 years of the assets as follows:

Computers	\$1,508
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Functional Expense Allocation

The costs of providing the various program and supporting services have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Note 2 – Investments

The Organization adopted the Financial Accounting Standards Board (FASB) Accounting Standards Codification for financial instruments measured at fair value on a recurring basis. The standard defines the fair value, establishes a framework for measuring fair value in accordance with accounting principles generally accepted in the United States and expands disclosures about 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. Fair value should be based on assumptions market participants would use when pricing an asset. Generally

Note 2 – Investments (continued)

accepted accounting principles provide 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. The framework establishes a three-tier fair value hierarchy that prioritizes the inputs used in measuring fair value. The hierarchy give the highest priority to unadjusted quoted prices in the active markets for identical assets or liabilities [Level 1 measurements] and the lowest priority to unobservable inputs [Level 3 measurements].

These tiers include:

Level 1. These are assets and liabilities where values are based on unadjusted quoted prices for identical assets in an active market the Organization has the ability to access.

Notes to Financial Statements *continued*

Level 2. These are assets and liabilities where values are based on the following inputs:

- Quoted prices for similar assets and 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 which are derived principally from or corroborated by observable market data by correlation or other means.

Level 3. Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Investments consist of the following at December 31, 2024:

<u>Description</u>	<u>Cost</u>	<u>Fair Market Value</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and money markets	\$45,092	\$45,092	\$ -	\$ -
Equities	891,088	1,233,943	-	-
Fixed Income	1,147,368	1,091,314	-	-
Commodities	41,463	56,810	-	-
Beneficial investment	14,585	18,365	-	-
Total Investments	<u>\$2,139,596</u>	<u>\$2,445,524</u>	<u>\$ -</u>	<u>\$ -</u>

Investment Income by Category

Realized gain	\$47,127
Unrealized gain	128,677
Dividends and interest	88,468
Investment fees	(15,240)
Total	<u>\$249,032</u>

Note 3 – Liquidity

The organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. The organization receives grants primarily from foundations. These grants are subject to fluctuations in timing and amount on an annual basis and may result in periods where expenditures exceed revenues.

The following table reflects the organization's financial assets as of December 31, 2024, reduced by amounts that are not available to meet general expenditures within one year because of contractual restrictions or internal board designations.

	<u>2024</u>
Cash and cash equivalents	\$437,674
Investments	2,382,067
Beneficial interest in endowment fund	18,365
Donation receivable	<u>1,060</u>
Total financial assets	\$2,839,166
Less: Net assets with donor restrictions	<u>(835,436)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$2,003,730

Note 4 - Concentration of Credit Risks:

The Organization maintains its cash in a financial institution located in the Galesburg, IL area. The balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per institution. From time to time the balances in the accounts may exceed the amount insured. The Organization does not believe that this results in any significant credit risk.

The Organization maintains marketable securities portfolios with investment brokers which are members of the Securities Investor Protection Corporation (SIPC). SIPC insures most assets maintained in the investment accounts up to \$500,000. The investments are not insured against market losses and are subject to market fluctuation and the risk of loss.

Note 5 – Donor Restricted Net Assets

Net assets with restrictions as of December 31, 2024 are as follows:

Children's Room	- restricted for improvements, furnishing, books, etc. to the children and youth section of the library.	\$ 43,851
Large Print	- restricted for purchases of large print books and media.	31,693
Archive	- restricted for expenses related to local history collections.	131,299
Music	- restricted for improvements, furnishings, books, records, etc. to the youth and adult music section of the library.	169,437
Story Time Garden	- restricted to improvements and maintenance of the Story Time Garden section of the library.	18,365
Scholarship	- restricted to assistance of the Galesburg Library employees attaining a master's degree in library and information studies.	131,759
Sue Phlamm	- restricted to promotion, staffing, expanding, and maintaining the children's section of the library.	308,899
Building Fund	- restricted to expenditures for the construction of a new library	133
Total		<u>\$835,436</u>

Note 6 – Loan Receivable

On July 1, 2019, the Foundation entered into a loan agreement with the Galesburg Public Library Board, which the Foundation loaned \$3,000,000 to the Galesburg Public Library Board. The loan is for twelve months with an interest rate of 3.75%, payable semi-annually, with the principal payable July 1, 2021.

During 2022, \$2,000,000 was repaid and the remaining \$1,000,000 was rolled into a new loan receivable maturing July 1, 2024, with an interest rate of 2.26% due semi-annually. In 2024, the loan due date was further extended to July 1, 2025. The purpose of the loan is to enable the Galesburg Public Library Board to maintain funds to set aside in a special account for local match required by the Illinois Public Library Construction Grant, should the grant funds be appropriated by the Illinois Legislature. Interest received on the loan for the year ending December 31, 2024 was \$5,668.

Note 7 – Beneficial Interest in Endowment Fund

Galesburg Public Library Foundation is the beneficiary of a permanent endowment created in 2021 by the Galesburg Public Library and held by the Galesburg Community Foundation. The endowment established a perpetual fund to support the Story Time Garden. Any disbursements from the endowment must be for the purposes stipulated by the endowment and are subject to spending limits as governed by the rules of the endowment.

At December 31, 2024 the beneficial interest in the endowment fund is composed of

Amounts required to be invested perpetually	\$16,262
Subject to appropriation for Story Time Garden	<u>2,103</u>
Total donor restricted beneficial interest in endowment	\$18,365

Note 8 - Subsequent Events

In preparing these financial statements, the organization has evaluated events and transactions for potential recognition or disclosure through May 21, 2025, the date the financial statements were available to be issued.