

BALDWIN BOROUGH PUBLIC LIBRARY

Financial Statements

December 31, 2024

BALDWIN BOROUGH PUBLIC LIBRARY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Baldwin Borough Public Library
Pittsburgh, Pennsylvania

Opinion

We have audited the accompanying financial statements of Baldwin Borough Public Library (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 Baldwin Borough Public Library 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 Baldwin Borough Public 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.

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 Baldwin Borough Public Library'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 Baldwin Borough Public 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 Baldwin Borough Public 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.

McLee Morica & Associates, P.C.

Pittsburgh, Pennsylvania

March 15, 2025

BALDWIN BOROUGH PUBLIC LIBRARY

Statement of Financial Position

December 31, 2024

Assets

Current assets	
Cash and cash equivalents	\$ 334,420
Accounts receivable	6,052
Prepaid expenses	592
Pa unemployment reserve	700
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Total current assets	341,764
	<hr/>
Property and equipment:	
Land	56,000
Building	334,000
Building improvements	1,910,379
Furniture and fixtures	72,165
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Total property and equipment	2,372,544
Less: accumulated depreciation	(359,025)
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Net property and equipment	2,013,519
	<hr/>
Total assets	\$ 2,355,283
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Liabilities and Net Assets

Liabilities:	
Current liabilities:	
Accounts payable	\$ 6,476
Accrued expenses	13,243
	<hr/>
Total liabilities	19,719
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Net assets:	
Without donor restrictions	2,335,564
With donor restrictions	-
	<hr/>
Total net assets	2,335,564
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Total liabilities and net assets	\$ 2,355,283
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See accompanying notes to the financial statements.

BALDWIN BOROUGH PUBLIC LIBRARY

Statement of Activities

For the Year Ended December 31, 2024

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Operating activities			
Revenues and support:			
Direct contributions	\$ 17,299	\$ -	\$ 17,299
Foundation grants	16,069	-	16,069
State Aid	76,536	-	76,536
Table Gaming funds	15,944	-	15,944
Allegheny Regional Asset District	113,579	-	113,579
Local government funding	204,195	-	204,195
Fundraising event	1,233	-	1,233
Program fees	15	-	15
Interest income	7,085	-	7,085
Net assets released from restrictions	-	-	-
Total revenues and support	<u>451,955</u>	<u>-</u>	<u>451,955</u>
Expenses:			
Program services	<u>466,190</u>	<u>-</u>	<u>466,190</u>
Support services:			
Management and general	32,741	-	32,741
Fundraising	16,855	-	16,855
Total supporting services	<u>49,596</u>	<u>-</u>	<u>49,596</u>
Total expenses	<u>515,786</u>	<u>-</u>	<u>515,786</u>
Changes in net assets	(63,831)	-	(63,831)
Net assets - beginning of year	<u>2,399,395</u>	<u>-</u>	<u>2,399,395</u>
Net assets - end of year	<u>\$ 2,335,564</u>	<u>\$ -</u>	<u>\$ 2,335,564</u>

See accompanying notes to the financial statements.

BALDWIN BOROUGH PUBLIC LIBRARY

Statement of Functional Expenses

For the Year Ended December 31, 2024

	Program	Management and General	Fundraising	Total
Salaries and wages	\$ 245,896	\$ 19,667	\$ 9,834	\$ 275,397
Payroll tax expense	18,084	1,446	723	20,253
Benefits	23,818	4,577	2,289	30,684
Contracted services	-	5,575	-	5,575
Administrative expenses	4,702	1,361	-	6,063
Depreciation and amortization	63,458	-	-	63,458
Occupancy	30,333	-	-	30,333
Equipment expense/repairs and maintenance	10,401	-	-	10,401
Travel and meeting expenses	-	115	-	115
Marketing/fundraising expenses	-	-	4,009	4,009
Program expenses	21,657	-	-	21,657
Collections expense	47,841	-	-	47,841
Total expenses	<u>\$ 466,190</u>	<u>\$ 32,741</u>	<u>\$ 16,855</u>	<u>\$ 515,786</u>

See accompanying notes to the financial statements.

BALDWIN BOROUGH PUBLIC LIBRARY

Statements of Cash Flows

For the Years Ended December 31, 2024

Cash flows from operating activities:	
Change in net assets	\$ (63,831)
Adjustments to reconcile change in net assets to cash provided by operating activities:	
Depreciation and amortization	63,458
Increase in accounts receivable	(6,052)
Increase in prepaid expenses	(592)
Increase in Pa unemployment reserve	(700)
Increase in accounts payable	5,159
Increase in accrued expenses	<u>10,400</u>
Net cash provided by operating activities	<u>7,842</u>
Net increase in cash and cash equivalents	7,842
Cash and cash equivalents - beginning of year	<u>326,578</u>
Cash and cash equivalents - end of year	<u><u>\$ 334,420</u></u>
Supplemental disclosure:	
Cash paid during the year for interest expense	<u><u>\$ -</u></u>

See accompanying notes to the financial statements.

BALDWIN BOROUGH PUBLIC LIBRARY

Notes to the Financial Statements

December 31, 2024

(1) **Organization**

The Baldwin Borough Public Library (Library) is nonprofit charitable organization under the Internal Revenue Code Section 501(c)(3) that provides books, videos, periodicals and other educational materials for area residents to use and borrow. The Library is supported primarily through municipal, county and state funding.

(2) **Summary of Significant Accounting Policies**

(a) **Basis of Presentation**

The financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide").

Under the provisions of the Guide, the net assets and revenues, and gains and losses are classified based on the existence of donor-imposed restrictions. Accordingly, the net assets of the Library and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Library. The Library's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Library or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

(b) **Measure of Operations**

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Library's ongoing library services. Non-operating activities are limited to other activities considered to be of a more unusual or nonrecurring nature. There are no non-operating activities for the Library for the year ended December 31, 2024.

BALDWIN BOROUGH PUBLIC LIBRARY

Notes to the Financial Statements, continued

December 31, 2024

(2) **Summary of Significant Accounting Policies, continued**

(c) **Contributions**

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without donor restrictions upon acquisition of the assets and the assets are placed in service.

(d) **Property and Equipment**

Property and equipment purchased by the Library are recorded at cost. Donations of property and equipment are recorded as support at their estimated fair market value at the date of donation. Property and equipment are depreciated using the straight-line method. Expenditures for the repair and maintenance of property and equipment are not capitalized, but rather shown as an expense in the period in which they are incurred. The Baldwin Borough Public Library capitalizes all property and equipment with a cost greater than \$5,000.

Depreciation is provided over the estimated useful lives, which range from five to fifteen years, using the straight line recovery method. The Library assesses for impairment losses when conditions warrant.

(e) **Collections and Books**

Books used in the Baldwin Borough Public Library have not been capitalized because the values and lives of the existing books and periodicals are not determinable.

(f) **Accounts Receivable**

Accounts receivable amounted to \$6,052 for the year ended December 31, 2024. Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through an allowance for credit losses based on a review of all outstanding amounts. There were no material allowances for credit losses determined by management at December 31, 2024. All accounts receivable as of December 31, 2024 are expected to be collected within one year.

BALDWIN BOROUGH PUBLIC LIBRARY

Notes to the Financial Statements, continued

December 31, 2024

(2) **Summary of Significant Accounting Policies, continued**

(g) **Tax Status**

The Financial Accounting Standards Board (FASB) has issued FASB ASC No. 740, which clarifies accounting principles generally accepted in the United States of America for recognition, measurement, presentation and disclosure relating to uncertain tax positions. FASB ASC No. 740 applies to business enterprises, not-for-profit entities, and pass-through entities, such as S corporations and limited liability companies. The Organization evaluates uncertain tax positions in accordance with FASB ASC No. 740 and has determined there is no material impact on the Baldwin Borough Public Library's financial position or results of operations for the year ended December 31, 2024.

The Internal Revenue Service has determined that the Library is tax exempt under Section 501(c)(3) of the Internal Revenue Code. The Baldwin Borough Public Library is not classified as private foundation.

The Baldwin Borough Public Library annually files the Federal Exempt Organization Tax Return (Form 990) as applicable. The filed forms are subject to examination by the Internal Revenue Service generally for three years after they are filed.

(h) **Estimates**

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

(i) **Fair Value**

FASB ASC No. 820, "Fair Value Measurements" defines fair value, establishes guidelines for measuring fair value and expands disclosures regarding fair value measurements. This pronouncement does not require any new fair value measurements, but rather eliminates inconsistencies in guidance found in various prior accounting pronouncements. The carrying value of the Library's cash, accounts receivable, prepaid expenses, accounts payable, accrued expenses and other payables approximates fair value primarily because of the short maturity of these instruments. The fair value of unconditional promises to give is determined as the present value of expected future cash flows using a discount rate based on when the promise was made.

The Board of Directors reviews and approves the Library's fair value measurement policies and procedures annually. At least annually, the finance committee and the Board determine if the valuation techniques used in fair value measurements are still appropriate.

BALDWIN BOROUGH PUBLIC LIBRARY

Notes to the Financial Statements, continued

December 31, 2024

(2) **Summary of Significant Accounting Policies, continued**

(j) **Functional Allocation of Expenses**

The costs of providing program and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis of staff time and effort or actual invoice coding.

(k) **Cash and Cash Equivalents**

The Library's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase.

(l) **Contributions Receivable**

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promised are received. Discounted amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met. There were no unconditional or conditional promises to give at December 31, 2024.

(3) **Prepaid Expenses**

Prepaid expenses at December 31, 2024 consisted of the following:

Prepaid memberships & subscriptions	<u>\$592</u>
Total	<u>\$592</u>

(4) **Concentration of Credit Risk**

The Baldwin Borough Public Library maintains cash balances in both Brentwood Bank and Dollar Bank in Pittsburgh, Pennsylvania. The balances for each institution are insured up to \$250,000 for each institution, however Dollar Bank collateralizes all Municipal Deposits in compliance with the Act of the General Assembly of the Commonwealth of Pennsylvania No. 72. Dollar Bank secures all deposits of "public bodies" which exceed the coverage of \$250,000 with a pledge of collateral, therefore, their account balances are not included in the calculation. The Library's cash balances did not exceed federally insured limits at December 31, 2024.

BALDWIN BOROUGH PUBLIC LIBRARY

Notes to the Financial Statements, continued

December 31, 2024

(5) **Retirement Plan**

In November 1998, the Library established a SIMPLE IRA Salary Reduction plan for its employees. All employees who earned \$5,000 with the Library in the previous year and anticipate earning at least \$5,000 in the current year, are eligible to participate in the plan. The Library contributes an annual matching amount equal to 3% of the base salary to each employee's SIMPLE IRA contribution. The Library contributed \$7,554 to this plan in 2024.

(6) **Contributed Nonfinancial Assets**

Baldwin Borough Public Library's policy is to reflect donated fixed assets as contributions in the accompanying statements at their estimated fair values at the date of donation. Baldwin Borough Public Library recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. A review of donated assets and donated services showed that there were donated occupancy costs from the Borough of Baldwin in the amount of \$4,195 for the year ended December 31, 2024.

(7) **Economic Dependency**

During 2024, the Baldwin Borough Public Library received \$204,195 from the Borough of Baldwin, \$76,536 in state aid and \$15,944 in table gaming through the Commonwealth of Pennsylvania, and \$113,579 from the Allegheny County Regional Asset District (ARAD). Borough funding represents 45% of total revenue for 2024, state aid/table gaming represents 21% while ARAD funding represents an additional 25% of overall funding.

(8) **Pennsylvania Unemployment Reserve**

Baldwin Borough Public Library is a member of the First Nonprofit Unemployment Savings Program, which was established to provide eligible nonprofit employers with an alternative means for funding unemployment costs for former employees who have terminated their employment with such employers. The Program has been organized to facilitate its members in making payments to their respective states as reimbursement for claims in lieu of contributions. Members are to make periodic contributions to fund such payments in lieu of contributions and to also pay an administrative fee. Such contributions are to be maintained in a custodial account. This reserve account belongs to the member nonprofit organization and can be withdrawn at any time. The balance in the Baldwin Borough Public Library's reserve account at December 31, 2024 was \$700.

(9) **Accrued Expenses**

Accrued expenses at December 31, 2024 consisted of the following:

Accrued payroll and taxes	<u>\$13,243</u>
Total	<u>\$13,243</u>

BALDWIN BOROUGH PUBLIC LIBRARY

Notes to the Financial Statements, continued

December 31, 2024

(10) **Net Assets without Donor Restrictions**

Net assets without donor restrictions are as follows

The Board of Directors has designated \$30,000 of net assets without donor restrictions to be used for special library projects.

Undesignated	\$2,305,564
Board designated funds	<u>30,000</u>
Total	<u>\$2,335,564</u>

The changes in board designated funds for special projects are as follows:

Balance at January 1, 2024	\$ 0
Additions to board designated funds	<u>30,000</u>
Balance at December 31, 2024	<u>\$30,000</u>

There were no net assets with donor restrictions at December 31, 2024.

(11) **Liquidity**

The following represents the Library's financial assets at December 31, 2024:

Financial assets at year-end:	
Cash and cash equivalents	\$334,420
Accounts receivable	<u>6,052</u>
Total financial assets	340,472
Less amounts not available for general expenditures within one year:	
Quasi endowment established by the board	<u>30,000</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$310,472</u>

The Library's goal is generally to maintain at least six months of reserves to cover the general operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit.

(12) **Subsequent Events**

Subsequent events were evaluated through the Independent Auditor's Report date, which is the date the financial statements were available to be issued. No subsequent events were noted.