

Grove City Community Library

Reviewed Financial Statements

Year ended December 31, 2024

Grove City Community Library

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Independent Accountant's Review Report

To the Board of Directors
Grove City Community Library
Grove City, PA

We have reviewed the accompanying financial statements of Grove City Community Library (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets - modified cash basis as of December 31, 2024, and the related statements of support, revenues, expenses and changes in net assets - modified cash basis, cash flows - modified cash basis and functional expenses - modified cash basis for the year then ended, and the related notes to the financial statements. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting described in Note 1 of the financial statements. This includes 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 the financial statements that are free from material misstatements, whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Library and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the modified cash basis of accounting.

Basis of Accounting

We draw attention to Note 2 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 conclusion is not modified with respect to this matter.

Opst & Associates, LLC

September 30, 2025

Grove City Community Library

Statement of Assets, Liabilities, and Net Assets - Modified Cash Basis

December 31,	2024
Current Assets	
Cash and equivalents	\$ 48,611
Investments	<u>29,776</u>
Total Current Assets	<u>78,387</u>
Property & Equipment	
Property and equipment	995,970
Less: Accumulated depreciation	<u>(415,656)</u>
Property & Equipment - Net	<u>580,314</u>
Total Assets	<u><u>\$ 658,701</u></u>
Current Liabilities	
Accrued payroll liabilities	<u>\$ 3,390</u>
Net Assets	
Without donor restrictions	649,674
With donor restrictions	<u>5,637</u>
Total Net Assets	<u>655,311</u>
Total Liabilities and Net Assets	<u><u>\$ 658,701</u></u>

The accompanying notes are an integral part of these financial statements.

Grove City Community Library

Statement of Support, Revenues, Expenses, and Changes in Net Assets Modified Cash Basis

For the Year Ended December 31,	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues			
Contributions and grants	\$ 157,489	\$ -	\$ 157,489
Fundraising	24,283	-	24,283
Operating revenue	25,304	-	25,304
Investment income (loss)	115	-	115
Net assets released from restrictions	-	-	-
Total Support and Revenues	<u>207,191</u>	<u>-</u>	<u>207,191</u>
Expenses			
Program	170,321	-	170,321
Management and general	43,128	-	43,128
Fundraising	2,840	-	2,840
Total Expenses	<u>216,289</u>	<u>-</u>	<u>216,289</u>
Change in Net Assets before Items Purchased	(9,098)	-	(9,098)
Collection Items Purchased	<u>(17,645)</u>	<u>-</u>	<u>(17,645)</u>
Change in Net Assets	<u>(26,743)</u>	<u>-</u>	<u>(26,743)</u>
Net Assets - Beginning of Year	<u>676,417</u>	<u>5,637</u>	<u>682,054</u>
Net Assets - End of Year	<u><u>\$ 649,674</u></u>	<u><u>\$ 5,637</u></u>	<u><u>\$ 655,311</u></u>

The accompanying notes are an integral part of these financial statements.

Grove City Community Library

Statement of Cash Flows - Modified Cash Basis

For the Year Ended December 31,	2024
Cash Flows from Operating Activities	
Change in net assets	\$ (26,743)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities	
Depreciation expense	21,680
Changes in:	
Accrued Payroll Liabilities	<u>(2,049)</u>
Cash Provided by (Used for) Operating Activities	(7,112)
Cash Flows from Investing Activities	
Purchase of Investments	<u>(115)</u>
Increase (Decrease) in Cash	(7,227)
Cash and Equivalents - Beginning of Year	<u>55,838</u>
Cash and Equivalents - End of Year	<u>\$ 48,611</u>

The accompanying notes are an integral part of these financial statements.

Grove City Community Library

Statement of Functional Expenses - Modified Cash Basis

For the Year Ended December 31,		2024		
	Program	Management and General	Fundraising	Total
Salaries and benefits	\$ 87,591	\$ 38,643	\$ 2,576	\$ 128,810
Operating expenses	45,134	-	-	45,134
Depreciation expense	21,680	-	-	21,680
Payroll taxes and fees	8,607	4,370	264	13,241
Collection supplies	5,612	115	-	5,727
Programs	1,697	-	-	1,697
Total Operating Costs	\$ 170,321	\$ 43,128	\$ 2,840	\$ 216,289

The accompanying notes are an integral part of these financial statements.

Grove City Community Library

Notes to the Financial Statements

Note 1 - Library and Nature of Activities

The function of the Grove City Community Library, Inc. (Library) is to promote literacy enhancement and entertainment to the people of the surrounding community. The Library is funded through donations, pledges, and fundraisers, as well as, receiving support from local municipalities and other non-profit libraries. These funds are used to purchase literacy inventory and maintain the fixed assets.

Note 2 - Summary of Significant Accounting Principles

Basis of Accounting

The Library's financial statements have been prepared on the modified cash basis of accounting which is a comprehensive basis of accounting, other than accounting principles generally accepted in the United States of America. Consequently, revenues are recognized when received, rather than when promised or earned, and expenses are recognized when cash is disbursed, rather than when the obligation is incurred. Long-term debt, including operating lease liabilities, is not recorded as a liability under the modified cash basis of accounting. Under the modified cash basis, the financial transactions of the Library (except for investments being recorded at fair value, the capitalization of fixed assets and related depreciation, and the recording of payroll accruals) are recorded when the actual cash transaction occurs, regardless of when the revenue is earned or the expense obligations are incurred.

Financial Statement Presentation

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

Net Assets Without Donor Restrictions

Net assets not subject to donor-imposed restriction or stipulations as to purpose or use.

Net Assets With Donor Restrictions

Net assets that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will meet either the actions of the Library and/or the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that the resources are maintained in perpetuity. Generally, the donors of these assets permit the use of all or part of the income earned and capital gains, if any, on related investments for general or specific purposes. When a donor-restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of revenues, expenses, and changes in net assets -modified cash basis as net assets released from restrictions.

Grove City Community Library

Notes to the Financial Statements

Note 2 - Summary of Significant Accounting Principles (Continued)

Net Assets With Donor Restrictions (Continued)

Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. It is the Library's policy to report contributions with restrictions whose restrictions are met in the same fiscal year as contributions without donor restrictions. At December 31, 2024 the Library had \$5,637 in net assets with donor restrictions restricted as an endowment.

Cash and Cash Equivalents

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

Investments

Investments are valued at fair value.

Realized and unrealized gains or losses are determined based on specific identification by comparison of asset cost to net proceeds received at the time of disposal or changes in the difference between fair values and cost, respectively. Realized and unrealized gains or losses are reflected in the applicable net assets without donor restrictions or net assets with donor restrictions.

Fixed Assets

Fixed assets with a value of \$1,000 or greater are capitalized at cost and depreciated over the estimated useful lives of the respective assets on a straight-line basis.

Leases

In accordance with the modified cash basis of accounting, operating lease payments are recorded as part of expense at the time of the lease payment. Right-of-use assets and operating lease liabilities associated with operating leases have not been recorded. Finance leases are included in fixed assets on the statements of assets, liabilities, and net assets - modified cash basis.

Compensated Absences

Employees of the Library are entitled to paid vacation depending on the length of service and other factors. No carryover to future years of these compensated absences is permitted and, accordingly, no liability has been recorded in the accompanying modified cash basis financial statements. The Library's policy is to recognize the costs of compensated absences when actually paid to employees.

Grove City Community Library

Notes to the Financial Statements

Note 2 - Summary of Significant Accounting Principles (Continued)

Collections

The collections of the Library, which were acquired through purchases and contributions since the Library's inception, are not recognized as assets on the statement of assets, liabilities, and net assets - modified cash basis.

Purchases of collection items are recorded as decreases in net assets without donor restrictions in the year in which the items are acquired, or as decreases in net assets with donor restrictions if the assets used to purchase the items were restricted by donors. Contributed collection items are not reflected on the financial statements. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net asset classes.

Revenue and Revenue Recognition

Contributions that the Library receives from Grove City, local governments, and grants are generally available for unrestricted use for operating purposes.

Contributed Services

Many volunteers make significant contributions to the Library, principally in the areas of administration and fundraising. The value of the volunteers' contributed time is not reflected in the accompanying financial statements, in accordance with the modified cash basis of accounting.

Concentration of Risk Factors

The Library's main source of revenue is earned through state and local government funding, as well as contributions from individuals, foundations, Library's, and businesses in the Western Pennsylvania area. In addition, its employees and vendors primarily reside in the Grove City area. Thus, economic, political, and demographic influences on the Western Pennsylvania area have a substantial impact on the Library's operations.

Income Taxes

The Internal Revenue Service considers the Library exempt from federal income tax as defined in Section 501(c)(3) of the Internal Revenue Code and is considered to be "other than a private foundation." Further, the Library annually files a Form 990. Accordingly, no provision for income taxes is recorded in the financial statements. The Library has not identified any material uncertain tax positions requiring an accrual or disclosure in the financial statements.

Grove City Community Library

Notes to the Financial Statements

Note 2 - Summary of Significant Accounting Principles (Continued)

Functional Expenses

The costs of providing the various programs and support services have been summarized on a functional basis in the statement of revenues, expenses, and changes in net assets - modified cash basis. Expenses directly related to a specific program are charged to that program. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All expenses are allocated based on the job descriptions of certain staff and the average costs to fulfill the mission of the Library.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent asset and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Subsequent events have been evaluated through the Independent Accountant's Review Report date, which is the date the financial statements were available to be issued

Note 3 - Cash and Cash Equivalents

Cash and cash equivalents are deposited at local banks and financial institutions. All of the bank balances were federally insured by the Federal Deposit Insurance Corporation (FDIC) as of December 31, 2024.

Note 4 - Fixed Assets

Fixed assets for the year ended December 31, 2024 consisted of the following:

Leasehold improvements	\$ 873,465
Equipment	20,075
Furniture and fixtures	102,430
Less: Accumulated depreciation	<u>(415,656)</u>
Total	\$ <u>580,314</u>

Grove City Community Library

Notes to the Financial Statements

Note 4 - Fixed Assets (Continued)

In 1987, the Library entered into a lease agreement with the Borough of Grove City for their present library facility. In exchange for the \$150,000 in advance payments, the Library was given a 99-year leasehold interest. The \$150,000 has been capitalized and is being amortized over 99 years using the straight-line method. The total amortization of the lease totaled \$1,515 for the year ending December 31, 2024.

Note 5 - Endowments

As required by the modified cash basis of accounting, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions, considering the laws of the state for endowment management. In Pennsylvania, those laws are found in 15 Pa C.S. 5548.

Investment Policies- The investment objective of the Library is to diversify investments to the greatest extent possible to minimize risks while achieving desired investment returns. The primary goal of the investments is to provide perpetual funding for the Library's operational needs and maximize total return.

Spending Policies - As the investment goal is to maximize total return, it is understood that some of the principal growth in addition to the income may be used annually for operational needs.

Interpretation of Relevant Law - The Board of Trustees has interpreted the law as requiring the preservation of the fair value of corpus of a donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Library classifies as net assets with donor restrictions (a) the original value of gifts donated to the temporary or permanent endowment, (b) the original value of any subsequent gifts to the temporary or permanent endowment, and (c) accumulations to the temporary or permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. All unspent appreciation, depreciation and income is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Library in a manner consistent with 15 Pa C.S. 5548.

The following schedule summarizes the Library's changes in the endowment net assets:

Endowment assets, January 1, 2024	\$ 5,637
Change in endowment assets	<u>-</u>
Endowment assets, December 31, 2024	<u>\$ 5,637</u>

Grove City Community Library

Notes to the Financial Statements

Note 6 - Operating Leases

In August 2020, the Library entered into a five year copier lease requiring monthly payments of \$300 through August 2025. Lease expense for the year ending December 31, 2024 was \$3,600.

Note 7 - Liquidity and Availability

The Library manages its liquid resources by focusing on government funding, donations, grants, and investments to ensure it has adequate revenue to cover the programs that are being conducted. The Library prepares detailed budgets which are monitored throughout the year by the Library Director and the Board.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following as of December 31, 2024:

Cash and Cash Equivalents	\$ 78,387
Less: Restricted Donor Assets	(5,637)
General Expenditures within one year	\$ <u>72,750</u>