



KENNEBUNK FREE LIBRARY ASSOCIATION

REVIEW OF FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

KENNEBUNK FREE LIBRARY ASSOCIATION

REVIEW OF FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

November 15, 2021

To the Board of Trustees
Kennebunk Free Library Association
Kennebunk, Maine

We have reviewed the accompanying financial statements of Kennebunk Free Library Association (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. 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 accounting principles generally accepted in the United States of America; this includes 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.

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 accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

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 accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

The amounts shown for the year ended June 30, 2020 in the financial statements are included to provide a basis for comparison with 2021 and present summarized totals only. Accordingly, 2020 totals are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the Association's financial statements for the year ended June 30, 2020 and our report dated December 15, 2020 from which the summarized information was derived.

Certified Public Accountants
Kennebunk, Maine

KENNEBUNK FREE LIBRARY ASSOCIATION

STATEMENT OF FINANCIAL POSITION

(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

JUNE 30, 2021

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020

	Net Assets without Restrictions	Net Assets with Restrictions	June 30, 2021 Total	June 30, 2020 Total
ASSETS				
Cash and cash equivalents	\$ 83,131	\$ 13,822	\$ 96,953	\$ 181,346
Grants receivable	-	15,000	15,000	30,000
Town contribution receivable	7,505	-	7,505	-
Investments	1,960,005	24,887	1,984,892	1,564,265
Prepaid expenses	3,801	-	3,801	1,402
Property and equipment, net	636,792	-	636,792	678,508
Total Assets	\$ 2,691,234	\$ 53,709	\$ 2,744,943	\$ 2,455,521
LIABILITIES				
Accrued expenses	\$ 12,466	\$ -	\$ 12,466	\$ 11,385
Deferred income	20,885	-	20,885	19,162
PPP Loan	-	-	-	124,900
Total Liabilities	33,351	-	33,351	155,447
NET ASSETS				
Net assets without restrictions	2,657,883	-	2,657,883	2,225,184
Net assets with restrictions	-	53,709	53,709	74,890
Total Net Assets	2,657,883	53,709	2,711,592	2,300,074
Total Liabilities and Net Assets	\$ 2,691,234	\$ 53,709	\$ 2,744,943	\$ 2,455,521

See Notes to Financial Statements

KENNEBUNK FREE LIBRARY ASSOCIATION

STATEMENT OF ACTIVITIES

(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

YEAR ENDED JUNE 30, 2021

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020

	Net Assets without Restrictions	Net Assets with Restrictions	June 30, 2021 Total	June 30, 2020 Total
SUPPORT AND REVENUE				
Town of Kennebunk contribution	\$ 599,472	\$ 47,084	\$ 646,556	\$ 587,718
Town of Arundel contribution	14,000	-	14,000	14,000
Annual appeal	65,327	-	65,327	71,059
Other contributions and bequests	979	4,324	5,303	53,839
Fines and fees	2,452	-	2,452	10,420
Fundraising and special events	31,185	-	31,185	49,490
Investment income, net	430,214	-	430,214	35,032
Café income	-	-	-	221
Net assets released from restrictions	72,589	(72,589)	-	-
Total Support and Revenue	1,216,218	(21,181)	1,195,037	821,779
EXPENSES				
Program services	715,591	-	715,591	724,232
Management and general	104,738	-	104,738	106,824
Fundraising and special events	88,094	-	88,094	91,729
Total Expenses	908,423	-	908,423	922,785
OTHER INCOME				
PPP Loan	124,900	-	124,900	-
Other income	4	-	4	301
Total Other Income	124,904	-	124,904	301
CHANGE IN NET ASSETS	432,699	(21,181)	411,518	(100,705)
NET ASSETS, BEGINNING OF YEAR	2,225,184	74,890	2,300,074	2,400,779
NET ASSETS, END OF YEAR	\$ 2,657,883	\$ 53,709	\$ 2,711,592	\$ 2,300,074

See Notes to Financial Statements

KENNEBUNK FREE LIBRARY ASSOCIATION

STATEMENT OF FUNCTIONAL EXPENSES

(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

YEAR ENDED JUNE 30, 2021

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020

	Program Services	Management and General	Fundraising and Special Events	June 30, 2021 Total	June 30, 2020 Total
Adult programming	\$ 530	\$ -	\$ -	\$ 530	\$ 575
Annual appeal	-	-	3,146	3,146	3,073
Bank service charges	-	679	-	679	760
Building repairs and maintenance	3,303	86	34	3,423	9,390
Café expenses	-	-	-	-	163
Collection (books, etc.)	54,347	-	-	54,347	49,074
Depreciation	85,691	2,220	888	88,799	86,953
Equipment repairs	2,535	66	26	2,627	287
Insurance	5,303	1,605	70	6,977	7,061
Juvenile programming	934	-	-	934	1,506
Library technology (computers)	10,219	2,213	2,213	14,645	12,671
Maintenance contracts	9,459	245	98	9,802	8,558
Medical insurance	56,612	9,684	8,194	74,490	73,334
Meetings and conferences	188	188	-	375	682
Miscellaneous	-	1,096	-	1,096	994
Payroll processing	1,522	260	220	2,003	1,968
Payroll taxes	31,288	5,352	4,528	41,168	41,236
Postage	2,146	1,072	-	3,218	2,803
Professional dues	372	595	-	967	1,207
Professional fees	2,062	5,088	298	7,448	6,817
Promotion	-	973	-	973	1,553
Retirement benefit	6,522	1,116	944	8,581	8,723
Road race	-	-	2,850	2,850	6,615
Salaries and wages	409,433	70,035	59,260	538,728	545,767
Snow removal	2,506	65	26	2,597	3,688
Special events	-	-	4,855	4,855	4,344
Supplies - maintenance	85	13	-	98	768
Supplies - custodial	1,077	28	11	1,116	1,367
Supplies - library and office	2,324	357	-	2,681	5,544
Supplies - photocopying	375	58	-	433	1,637
Telephone	1,905	816	-	2,721	2,537
Utilities	23,558	610	244	24,412	28,944
Workers compensation insurance	1,295	222	187	1,704	2,186
Total Expenses	\$ 715,591	\$ 104,738	\$ 88,094	\$ 908,423	\$ 922,785

See Notes to Financial Statements

KENNEBUNK FREE LIBRARY ASSOCIATION

STATEMENT OF CASH FLOWS

(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

YEAR ENDED JUNE 30, 2021

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020

	June 30, 2021 Total	June 30, 2020 Total
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 411,518	\$ (100,705)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	88,799	86,953
(Gains) losses on investments	(398,786)	2,928
Forgiveness of PPP loan	(124,900)	-
Changes in operating assets and liabilities:		
Accounts receivable	-	100
Grants receivable	15,000	(30,000)
Town contribution receivable	(7,505)	-
Prepaid expenses	(2,399)	3,378
Accrued expenses	1,081	105
Deferred income	1,723	(11,457)
Net cash provided by (used in) operating activities	(15,469)	(48,698)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	112,781	190,254
Payments for purchase of property and equipment	(47,083)	(92,155)
Purchases of investments	(134,622)	(59,665)
Net cash provided by (used in) investing activities	(68,924)	38,434
CASH FLOWS FROM FINANCING ACTIVITIES		
PPP Loan proceeds	-	124,900
Net cash provided by (used in) financing activities	-	124,900
NET INCREASE (DECREASE) IN CASH	(84,393)	114,636
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	181,346	66,710
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 96,953	\$ 181,346
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	\$ -	\$ -
Cash paid during the year for income taxes	\$ -	\$ -

SCHEDULE OF NONCASH INVESTING AND FINANCING TRANSACTIONS:

There were no noncash investing and financing activities during the years ended June 30, 2021 and 2020.

See Notes to Financial Statements

KENNEBUNK FREE LIBRARY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

YEAR ENDED JUNE 30, 2021

Note 1 - Summary of Significant Accounting Policies

Nature of Activities - The Kennebunk Free Library Association (the "Association") is a not-for-profit Maine corporation organized April 24, 1882. The Association strives to meet the educational and recreational needs of the Town of Kennebunk and its surrounding communities. The Association embraces its responsibility to develop and to promote the use of resources that contribute to literacy and life-long learning. The Association's principal sources of revenue are contributions from the Town of Kennebunk and an annual appeal, fines and fees, special events and investment income.

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

Basis of Presentation - The Association follows the provisions of FASB Accounting Standards Update (ASU) No. 2016-14, Presentation of Financial Statements for Not-for-Profit Entities. In accordance with these provisions, the Association is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions, accordingly, net assets and changes therein are classified as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that 1) may or will be met either by actions of the Association and/or the passage of time or 2) they be maintained permanently by the Association.

Cash and Cash Equivalents - For purposes of the Statement of Cash Flows, the Association considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable - Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management considers accounts receivable to be delinquent based on the date of unpaid invoices. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a reduction to accounts receivable.

Donated Assets - Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

Donated Services - Donated services are reflected in the financial statements at the fair value of the services received only if the services (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. See Note 8.

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 these estimates.

Grants Receivable - Grants receivable represents multi-year grants that have been awarded to the Association. The discount on grants due in more than one year is considered immaterial to these financial statements and has not been recorded.

KENNEBUNK FREE LIBRARY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

YEAR ENDED JUNE 30, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

Expense Allocation - The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that have been allocated include salaries and wages, payroll taxes, payroll processing and retirement fees which have been allocated based on an estimation of time and effort and depreciation, building repairs and maintenance, maintenance contracts, snow removal and supplies - custodial which have been allocated based on square footage.

Income Tax Status - The Association is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Association qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

The federal tax return of the Association is subject to examination, generally for three years after it was filed.

Investments - The Association carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

Promises to Give - Unconditional promises to give are recorded as received. Unconditional promises to give due in subsequent years are recorded at their present value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Concentrations of Credit Risk - The Association maintains bank balances at two banks and a brokerage house, and deposits are insured by the FDIC and SIPC, respectively. At times, the cash balances may exceed insured limits.

Other Concentrations - The Association's principal source of revenue consists of appropriations from the Town of Kennebunk which represented 54% of the Association's total revenue for the year ended June 30, 2021.

Property and Equipment - Purchased land, buildings, furnishings and equipment are carried at cost. Contributed assets are carried at their fair market value at the time of the gift. Major additions are included in the property accounts while maintenance and repairs which do not improve or extend the life of the assets are expensed currently. Depreciation is computed using the straight-line method of depreciation over the assets' estimated service lives. The Association books and other resource materials are not reported as an asset, but are reported as an expense when acquired.

Recognition of Donor-Restricted Contributions - Support that is restricted by the donor is reported as an increase in net assets with restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with restrictions are reclassified to net assets without restrictions and reported in the Statement of Activities as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period are recorded as net assets without restrictions.

KENNEBUNK FREE LIBRARY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

YEAR ENDED JUNE 30, 2021

Note 2 - Cash

Cash is available for the following purposes as of June 30, 2021:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Unrestricted:			
Board designated memorial fund	\$ 100	\$ -	\$ 100
Undesignated	90,536	-	90,536
Net assets with restrictions	<u>-</u>	<u>6,317</u>	<u>6,317</u>
 Total	 \$ <u>90,636</u>	 \$ <u>6,317</u>	 \$ <u>96,953</u>

Note 3 - Fair Values of Assets

Effective January 1, 2008, the Association adopted Statement of Financial Accounting Standards, *Fair Value Measurements*, which provides a framework for measuring fair value under GAAP. This standard defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. This standard requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. This standard also established a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

There are three general valuation techniques that may be used to measure fair value, as described below:

- 1) Market approach - Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sale transactions, market trades, or other resources;
- 2) Cost approach - Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost); and
- 3) Income approach - Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques, and option-pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

<u>Description</u>	<u>Fair Values</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Equity mutual funds	\$ 1,275,193	\$ 1,275,193	\$ -	\$ -
Fixed income mutual funds	<u>709,699</u>	<u>709,699</u>	<u>-</u>	<u>-</u>
 Total	 \$ <u>1,984,892</u>	 \$ <u>1,984,892</u>	 \$ <u>-</u>	 \$ <u>-</u>

Fair value for investments is determined by reference to quoted market prices and other relevant information generated by market transactions.

KENNEBUNK FREE LIBRARY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

YEAR ENDED JUNE 30, 2021

Note 4 - Investments

Investments as of June 30, 2021, are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>
Equity mutual funds	\$ 670,201	\$ 1,275,193
Fixed income mutual funds	<u>685,709</u>	<u>709,699</u>
Total	\$ <u>1,355,910</u>	\$ <u>1,984,892</u>

The following schedule summarizes the investment return and its classification in the Statement of Activities for the year ended June 30, 2021:

Investment income	\$ 37,609
Investment advisory fees	(6,181)
Net realized and unrealized gains	<u>398,786</u>
Total investment return	\$ <u>430,214</u>

Note 5 - Property and Equipment

Property and equipment consists of the following at June 30, 2021:

Land	\$ 100,338
Buildings	2,268,467
Furnishings	95,300
Equipment	<u>90,409</u>
	2,554,514
Less accumulated depreciation	<u>1,917,722</u>
Total property and equipment, net	\$ <u>636,792</u>

Note 6 - Restrictions and Limitations of Net Asset Balances

Net assets with donor restrictions consisted of the following at June 30, 2021:

Subject to expenditure for specified purpose or passage of time:

Programs and books	\$ 13,073
Grants receivable	15,000
VHS	<u>749</u>
Total	<u>28,822</u>

To be held in perpetuity:

Endowment	<u>24,887</u>
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Total net assets with donor restrictions \$ 53,709

KENNEBUNK FREE LIBRARY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

YEAR ENDED JUNE 30, 2021

Note 6 - Restrictions and Limitations of Net Asset Balances (continued)

The sources of net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors were as follows for the year ended June 30, 2021:

Programs and books	\$	8,392
Other		2,062
Capital improvements		47,084
Grants receivable		15,000
VHS		<u>51</u>
Total restrictions released	\$	<u>72,589</u>

Net assets without donor restrictions consisted of the following at June 30, 2021:

		<u>2021</u>
Board Designated:		
Memorial Fund	\$	100
Endowment		<u>1,975,778</u>
Total Board Designated		1,975,878
Property and Equipment		636,792
Undesignated		<u>45,213</u>
Total net assets without donor restrictions	\$	<u>2,657,883</u>

Note 7 - Endowment Funds

In January 2009, the Financial Accounting Standards Board (FASB) issued FASB Staff Position, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds* ("the Staff Position"). The Staff Position provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). The Staff Position also requires additional disclosures about an organization's endowment fund (both donor restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

The State of Maine enacted UPMIFA in 2009, the provisions of which apply to endowment funds existing on or established after that date. The Association adopted the Staff Position on February 28, 2012. The purpose of the Association's Endowment Fund is to lessen the burden on the taxpayers and fund the Association's operating and capital expenditures. The Fund is managed with a total return orientation that focuses on the production of income as well as maintaining and growing the real value of the endowment and subsequent distributions. The target asset allocation of the endowment is 60% equity securities, 35% fixed-income securities and 5% cash and cash equivalents. The spending policy of the Endowment Fund is to allocate no less than 3% and no more than 5% of the Fund's three year rolling average to the following year's budgeted revenue to support operating and capital expenditures.

As of June 30, 2021, the Association had endowment funds totaling \$2,000,665 consisting of both donor-restricted funds and funds designated by the Board of Trustees to function as endowment. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

KENNEBUNK FREE LIBRARY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

YEAR ENDED JUNE 30, 2021

Note 7 - Endowment Funds (continued)

The Board of Trustees of the Association has interpreted the Maine Prudent Management of Institutional Funds Act (MPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

As of June 30, 2021, the Board of Trustees of the Association had designated \$1,975,778 of unrestricted net assets as a general endowment fund to support the mission of the Association. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted net assets.

Endowment net asset composition by fund as of June 30, 2021 is as follows:

	<u>Net Assets Without Restrictions</u>	<u>Net Assets With Restrictions</u>	<u>Total Net Endowment Assets</u>
Donor-designated endowment funds	\$ -	\$ 24,887	\$ 24,887
Board-designated endowment funds	<u>1,975,778</u>	<u>-</u>	<u>1,975,778</u>
Total	\$ <u>1,975,778</u>	\$ <u>24,887</u>	\$ <u>2,000,665</u>

Changes in endowment net assets as of June 30, 2021 are as follows:

	<u>Net Assets Without Restrictions</u>	<u>Net Assets With Restrictions</u>	<u>Total Net Endowment Assets</u>
Endowment net assets, beginning of year	\$ 1,548,502	\$ 24,887	\$ 1,573,389
Contributions	75,000	-	75,000
Investment income net of fees	31,364	-	31,364
Distributions	(77,873)	-	(77,873)
Investment gains on endowment	<u>398,785</u>	<u>-</u>	<u>398,785</u>
Total	\$ <u>1,975,778</u>	\$ <u>24,887</u>	\$ <u>2,000,665</u>

Note 8 - Donated Services

A substantial number of volunteers have donated significant amounts of their time in the Association's operations, program services and fundraising activities. This time is not recognized in the financial statements because it does not meet the criteria described in Note 1.

Note 9 - Retirement Plan

The Association has established a voluntary contributory 401(k) plan for its employees. All employees who work 20 hours more hours per week are eligible to participate in the plan immediately. The Association matches 2% of individual participants' contributions to the plan after 12 months and 1,000 hours of service. Total expense for the year ended June 30, 2021 was \$8,581.

KENNEBUNK FREE LIBRARY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

YEAR ENDED JUNE 30, 2021

Note 10 - Liquidity and Availability of Resources

The Association has the following financial assets available within one year of the balance sheet date to meet cash needs for general expenditure:

Cash and cash equivalents	\$ 67,158
Town contribution receivable	<u>7,505</u>
Total	\$ <u>74,663</u>

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. As part of the Association's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Note 11 - Uncertainty

Starting in March 2020, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating the temporary shut-down of business in many sectors and imposing limitations on travel and the size and duration of group meetings. Most sectors are experiencing disruption to business operations and may feel further impacts related to delayed government reimbursement, volatility in investment returns, and reduced philanthropic support. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impacts to the Association as of November 15, 2020, management believes that a material impact on the Association's position and results of future operations is reasonably possible.

The U.S. government has responded with several phases of relief legislation as a response to the COVID-19 outbreak. The initial legislation was enacted into law on March 27, 2020, called the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and later by the Consolidated Appropriations Act of 2021, to address the economic impact of the COVID-19 outbreak. The CARES Act, among other things, 1) authorizes emergency loans to distressed businesses by establishing, and providing funding for, forgivable bridge loans, 2) provides additional funding for grants and technical assistance, 3) delays due dates for employer payroll taxes and estimated tax payments for organizations, and 4) revises provisions of the Internal Revenue Code (or IRC if defined elsewhere), including those related to losses, charitable deductions, and business interest. The Consolidated Appropriations Act of 2021 continued or expanded many of the CARES Act initiatives. The Association applied for and received a loan of \$124,900 under the CARES Act. The met the criteria for full forgiveness and the loan was forgiven in December 2020 and is included on in Other income in the Statement of Activities. The Association is also actively pursuing grant opportunities now available through private foundations, the State of Maine, and the federal government to help nonprofits in the restoration and preservation sectors get through this uncertain time. Further effects of the Acts on the Association's financial statements have not yet been determined.

Note 12 - Subsequent Events

Subsequent events have been evaluated by management through November 15, 2021, which is the date the financial statements were available to be issued. Other than the uncertainty disclosed in Note 11, there were no material subsequent events at November 15, 2021 that require disclosure in the financial statements.