

Open Library Foundation

Consolidated Financial Statements

June 30, 2023 and 2022

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Gilliam Bell Moser LLP
we hear you

Independent Accountants' Review Report

The Board of Directors
Open Library Foundation
Philadelphia, Pennsylvania

We have reviewed the accompanying consolidated financial statements of Open Library Foundation (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022 and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity 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 consolidated 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 consolidated financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagements 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 consolidated 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.

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

Accountants' Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Gilliam Bell Moser LLP

Certified Public Accountants
Burlington, North Carolina
January 19, 2024



Open Library Foundation
Consolidated Statements of Financial Position
(See Independent Accountants' Review Report)
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash	\$ 501,272	\$ 303,724
Contributions receivable	92,750	44,800
Prepaid expenses	<u>97,562</u>	<u>23,774</u>
Total assets	<u>\$ 691,584</u>	<u>\$ 372,298</u>
Liabilities		
Accounts payable	\$ 58,933	\$ -
Other current liabilities	18,381	-
Deferred revenue	<u>33,260</u>	<u>23,268</u>
Total liabilities	<u>110,574</u>	<u>23,268</u>
Net assets		
Without donor restrictions	260,260	277,480
With donor restrictions	<u>320,750</u>	<u>71,550</u>
Total net assets	<u>581,010</u>	<u>349,030</u>
Total liabilities and net assets	<u>\$ 691,584</u>	<u>\$ 372,298</u>

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

Open Library Foundation
Consolidated Statements of Activities
(See Independent Accountants' Review Report)
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Change in Net Assets Without Donor Restrictions:		
Support and revenue:		
Contributions	\$ 474,858	\$ 98,537
Registration fees	57,034	-
Program service fees	4,850	9,850
Dividends and interest	38	12
Miscellaneous	2,623	-
Net assets released from restrictions	<u>33,550</u>	<u>411,969</u>
 Total support and revenue	 <u>572,953</u>	 <u>520,368</u>
 Expenses:		
Program services	544,887	429,225
Management and general	<u>45,286</u>	<u>19,524</u>
 Total expenses	 <u>590,173</u>	 <u>448,749</u>
 Increase (decrease) in net assets without donor restrictions	 <u>(17,220)</u>	 <u>71,619</u>
 Change in Net Assets With Donor Restrictions:		
Contributions	282,750	81,450
Net assets released from restrictions	<u>(33,550)</u>	<u>(411,969)</u>
 Increase (decrease) in net assets with donor restrictions	 <u>249,200</u>	 <u>(330,519)</u>
 Total increase (decrease) in net assets	 \$ 231,980	 \$ (258,900)
 Net assets - beginning	 <u>349,030</u>	 <u>607,930</u>
 Net assets - ending	 <u>\$ 581,010</u>	 <u>\$ 349,030</u>

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

Open Library Foundation
Consolidated Statements of Functional Expenses
(See Independent Accountants' Review Report)
For the Years Ended June 30, 2023 and 2022

	2023			2022		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Agency payments	\$ 146,666	\$ -	\$ 146,666	\$ 265,467	\$ -	\$ 265,467
Bad debt	3,000	-	3,000	7,500	-	7,500
Conferences	81,210	9,023	90,233	1,247	139	1,386
Contract expenses	22,960	-	22,960	14,428	-	14,428
Information technology	266,900	29,655	296,555	114,093	12,677	126,770
Miscellaneous	-	-	-	-	576	576
Office expense	-	925	925	-	586	586
Professional fees	17,051	5,683	22,734	16,640	5,546	22,186
Program fees	4,850	-	4,850	9,850	-	9,850
Travel	2,250	-	2,250	-	-	-
Total expenses	\$ 544,887	\$ 45,286	\$ 590,173	\$ 429,225	\$ 19,524	\$ 448,749

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

Open Library Foundation
Consolidated Statements of Cash Flows
(See Independent Accountants' Review Report)
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Increase (decrease) in net assets	\$ 231,980	\$ (258,900)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Changes in operating assets and liabilities:		
Contributions receivable	(47,950)	266,094
Prepaid expenses	(73,788)	(23,774)
Accounts payable	58,933	(49,005)
Other current liabilities	18,381	-
Deferred revenue	9,992	23,268
	<u>197,548</u>	<u>(42,317)</u>
Net cash provided by (used in) operating activities		
	197,548	(42,317)
Net increase (decrease) in cash		
	<u>303,724</u>	<u>346,041</u>
Cash - beginning		
	<u>\$ 501,272</u>	<u>\$ 303,724</u>
Cash - ending		

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

Open Library Foundation
Notes to Consolidated Financial Statements

(See Independent Accountants' Review Report)
June 30, 2023 and 2022

Note 1: Summary of Significant Accounting Policies

Nature of organization - Open Library Foundation ("the Organization") is a nonprofit organization that enables the development, accessibility and sustainability of open source and open access projects for and by libraries. The Organization seeks to enable and support creative collaboration among librarians, technologists, designers, service providers and vendors to share expertise and resources and to create innovative new software and resources that support libraries.

Principles of consolidation - The consolidated financial statements and related disclosures include the accounts of Open Library Foundation and its wholly owned subsidiaries, OLF FOLIO SMLLC and OLF VuFind SMLLC ("the Subsidiaries") formed on September 8, 2020 and February 10, 2022, respectively. The subsidiaries are a collaboration of libraries, developers, and vendors building an open source library services platform supported by the Open Library Foundation. All intercompany transactions and balances are eliminated. OLF FOLIO SMLLC had net assets at June 30, 2023 and 2022 of \$324,948 and \$109,065, respectively, and an increase in net assets for the year ended June 30, 2023 of \$215,883 and a decrease in net assets of \$360,167 for the year ended June 30, 2022. OLF VuFind SMLLC had net assets at June 30, 2023 and 2022 of \$8,503 and \$1,500, respectively and an increase in net assets of \$7,003 and \$1,500 for the years ended June 30, 2023 and 2022, respectively.

Use of accounting estimates - The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. Those estimates and assumptions affect reported amounts of assets and liabilities and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

Cash - Cash includes all cash balances held in financial institutions. Periodically during the year, the Organization may have credit risk exposure resulting from balances in excess of federally insured limits of \$250,000.

Contributions receivable - Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional.

Contributed services - The Organization receives a substantial amount of services donated by individuals who assist with the Organization's program services. No amounts have been recorded in the consolidated financial statements for these services since they do not meet recognition criteria prescribed by generally accepted accounting principles.

Agency payments - Agency payments reflect reimbursements to non-profit institutions for institutional employees that are or were working full or part-time on behalf of the Open Library Foundation itself, or on projects supported by the Open Library Foundation.

Functional allocation of expenses - The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Open Library Foundation
Notes to Consolidated Financial Statements
(See Independent Accountants' Review Report)
June 30, 2023 and 2022

Note 1: Summary of Significant Accounting Policies (continued)

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

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (i.e., when a stipulated time restriction ends or a purpose restriction is accomplished) in the year in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When the restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Revenue recognition - Registration fees relate to contracts where performance obligations represent a conference provided to attendees for a fee. The Organization recognizes revenue in the period in which the event occurs. The Organization deems the use of this input method to be a faithful depiction of the transfer of services to the Organization over the performance obligation period. The Organization determines the transaction price based on its established charges for attendance.

Payments received prior to fiscal year-end and prior to the rendered event create contract liabilities for the Organization, and these payments are recorded as deferred revenue. The Organization expects to recognize these amounts as revenue after performance obligations are satisfied within the next fiscal year.

Program service fees relate to contracts where performance obligations represent support provided to member organizations. The Organization recognizes revenue over time as services (inputs) are provided to the member organization in the period in which the services are rendered. The Organization deems the use of this input method to be a faithful depiction of the transfer of services to the Organization over the performance obligation period. The Organization determines the transaction price based on its established charges for member support.

Note 2: Available Resources and Liquidity

The following reflects the Organization's financial assets as of year-end, reduced by amounts not available for general use due to the donor-imposed restrictions:

	2023	2022
Cash	\$ 501,272	\$ 303,724
Contributions receivable	92,750	44,800
Total available resources	594,022	348,524
Less assets to fund donor restrictions	320,750	71,550
Total resources available for general use	\$ 273,272	\$ 276,974

Open Library Foundation
Notes to Consolidated Financial Statements
(See Independent Accountants' Review Report)
June 30, 2023 and 2022

Note 2: Available Resources and Liquidity (continued)

The Organization routinely receives support from various donors that is more than sufficient to fund operating expenses. Furthermore, management and the Board monitor support through routine review of the annual budget.

Note 3: Income Tax

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state laws. Therefore, no income taxes are reflected in the accompanying consolidated financial statements. Management is unaware of any uncertain tax position in the consolidated financial statements that would jeopardize the Organization's tax-exempt status or otherwise requires disclosure.

Note 4: Net Assets with Donor Restrictions

The following is summary of net assets with donor restrictions available for the following purposes:

	2023	2022
Restricted for OLF travel fund	\$ 38,000	\$ 40,250
Technical infrastructure support	34,750	-
Time restriction on use	248,000	31,300
Total net assets with donor restrictions	<u>\$ 320,750</u>	<u>\$ 71,550</u>

Note 5: Functional Expenses

The consolidated 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 estimates of time and effort.

Note 6: Concentrations

At June 30, 2023 and 2022, respectively, there was one donor that accounted for 26% and 71% of contributions. For the year ended June 30, 2023, one donor accounted for 98% of the outstanding contributions receivable balance. There were no concentrations for receivables at June 30, 2022.

Note 7: Reclassifications

Certain 2022 items in the statements of activities have been reclassified to conform to current year presentation. These reclassifications had no effect on net assets at year end.

Note 8: Subsequent Events

The Organization has evaluated events and transactions that occurred between June 30, 2023 and January 19, 2024 which is the date that the consolidated financial statements were available to be issued, for possible recognition or disclosure in the consolidated financial statements.