Open Library Foundation

Consolidated Financial Statements

June 30, 2024 and 2023

Contents

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, 2024 and 2023 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 13, 2025

Open Library Foundation
Consolidated Statements of Financial Position
(See Independent Accountants' Review Report)
June 30, 2024 and 2023

	2024	2023
Assets		
Cash	$ 558,015	$ 501,272
Contributions receivable - net	64,750	92,750
Prepaid expenses	52,884	97,562
Total assets	$ 675,649	$ 691,584
Liabilities		
Accounts payable	$ 4,500	$ 58,933
Other current liabilities	184	18,381
Deferred revenue	35,050	33,260
Total liabilities	39,734	110,574
Net assets		
Without donor restrictions	475,415	260,260
With donor restrictions	160,500	320,750
Total net assets	635,915	581,010
Total liabilities and net assets	$ 675,649	$ 691,584

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, 2024 and 2023

	2024	2023
Change in Net Assets Without Donor Restrictions:		
Support and revenue:		
Contributions	$ 461,846	$ 474,858
Registration fees	69,160	57,034
Program service fees	13,500	4,850
Dividends and interest	33	38
Miscellaneous	2,498	2,623
Net assets released from restrictions	179,750	33,550
Total support and revenue	726,787	572,953
Expenses:		
Program services	458,402	544,887
Management and general	53,230	45,286
Total expenses	511,632	590,173
Increase (decrease) in net assets without donor restrictions	215,155	(17,220)
Change in Net Assets With Donor Restrictions:		
Contributions	19,500	282,750
Net assets released from restrictions	(179,750)	(33,550)
Increase (decrease) in net assets with donor restrictions	(160,250)	249,200
Total increase in net assets	$ 54,905	$ 231,980
Net assets - beginning	581,010	349,030
Net assets - ending	$ 635,915	$ 581,010

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, 2024 and 2023

	2024			2023		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Agency payments	$ -	$ -	$ -	$ 146,666	$ -	$ 146,666
Bad debt	2,000	-	2,000	3,000	-	3,000
Conferences	132,512	14,724	147,236	81,210	9,023	90,233
Contract expenses	15,539	-	15,539	22,960	-	22,960
Information technology	281,549	31,283	312,832	266,900	29,655	296,555
Office expense	-	1,147	1,147	-	925	925
Professional fees	18,227	6,076	24,303	17,051	5,683	22,734
Program fees	8,100	-	8,100	4,850	-	4,850
Travel	475	-	475	2,250	-	2,250
Total expenses	$ 458,402	$ 53,230	$ 511,632	$ 544,887	$ 45,286	$ 590,173

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, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Increase in net assets	$ 54,905	$ 231,980
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
Contributions receivable - net	28,000	(47,950)
Prepaid expenses	44,678	(73,788)
Accounts payable	(54,433)	58,933
Other current liabilities	(18,197)	18,381
Deferred revenue	1,790	9,992
Net cash provided by operating activities	56,743	197,548
Net increase in cash	56,743	197,548
Cash - beginning	501,272	303,724
Cash - ending	$ 558,015	$ 501,272

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, 2024 and 2023

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, 2024 and 2023 of $374,913 and $324,948, respectively, and an increase in net assets for the years ended June 30, 2024 and 2023 of $49,965 and $215,883, respectively. OLF VuFind SMLLC had net assets at June 30, 2024 and 2023 of $17,694 and $8,503, respectively, and an increase in net assets of $9,191 and $7,003 for the years ended June 30, 2024 and 2023, 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 - net - Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Bad debts are written off when the Organization determines an account to be uncollectible. The Organization estimates expected credit losses at each balance sheet date based on the aging of receivables and is adjusted for the Organization's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors it deems relevant. The allowance for credit losses was $2,000 and $0 as of June 30, 2024 and 2023, respectively. Bad debt expense was $2,000 and $3,000 for the years ended June 30, 2024 and 2023, respectively.

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.

Note 1: Summary of Significant Accounting Policies (continued)

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.

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.

Recently adopted accounting standard - In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the company that are subject to the guidance in FASB ASC 326 were contributions receivable. The standard was adopted effective July 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new and enhanced disclosures.

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 donor-imposed restrictions:

	2024	2023
Cash	$ 558,015	$ 501,272
Contributions receivable - net	64,750	92,750
Total available resources	622,765	594,022
Less assets to fund donor restrictions	160,500	320,750
Total resources available for general use	$ 462,265	$ 273,272

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:

	2024	2023
Restricted for OLF travel fund	$ 43,000	$ 38,000
Technical infrastructure support	-	34,750
Time restriction on use	117,500	248,000
Total net assets with donor restrictions	$ 160,500	$ 320,750

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

For the years ended June 30, 2024 and 2023, one donor accounted for 30% and 26% of contributions, respectively. The same donor accounted for 84% and 98% of the outstanding contributions receivable balance for the years ended June 30, 2024 and 2023, respectively.

Note 7: Subsequent Events

The Organization has evaluated events and transactions that occurred between June 30, 2024 and January 13, 2025 which is the date that the consolidated financial statements were available to be issued, for possible recognition or disclosure in the consolidated financial statements.