

**BLACKWATER REGIONAL LIBRARY**

**FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**With Comparative Totals for the Year Ended June 30, 2023**

**BLACKWATER REGIONAL LIBRARY**

**FINANCIAL STATEMENTS  
JUNE 30, 2024 and 2023**

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- 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 Blackwater Regional 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.

***Report on Summarized Comparative Information***

We have previously audited Blackwater Regional Library's June 30, 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 31, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent in all material respects, with the audited financial statements from which it has been derived.

*Barnes, Brack, Cornwell & Painter, PLLC*

Franklin, Virginia  
October 31, 2024

**BLACKWATER REGIONAL LIBRARY**

**STATEMENT OF FINANCIAL POSITION**

**JUNE 30, 2024**

**With Comparative Totals for the Year Ended June 30, 2023**

<b>ASSETS</b>		
	<u>2024</u>	<u>2023</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 467,476	\$ 394,475
Prepaid expenses	55,162	45,373
Total current assets	<u>\$ 522,638</u>	<u>\$ 439,848</u>
<b>PROPERTY AND EQUIPMENT:</b>		
Furniture, fixtures and equipment	\$ 549,277	\$ 511,736
Vehicles	145,572	107,286
Total property and equipment	\$ 694,849	\$ 619,022
Less accumulated depreciation	(445,368)	(387,127)
Net property and equipment	<u>\$ 249,481</u>	<u>\$ 231,895</u>
<b>OTHER ASSETS:</b>		
Investments at fair value	\$ 2,639,906	\$ 2,387,105
Operating lease right-of-use asset	36,167	52,670
Total other assets	<u>\$ 2,676,073</u>	<u>\$ 2,439,775</u>
 Total assets	 <u>\$ 3,448,192</u>	 <u>\$ 3,111,518</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 14,587	\$ 7,555
Accrued expenses	56,891	72,377
Current portion of right-of-use operating lease liability	18,083	17,556
Total current liabilities	<u>\$ 89,561</u>	<u>\$ 97,488</u>
<b>LONG-TERM LIABILITIES:</b>		
Right-of-use operating lease liability, net current portion	\$ 18,084	\$ 35,114
Total long-term liability	<u>\$ 18,084</u>	<u>\$ 35,114</u>
 Total liabilities	 <u>\$ 107,645</u>	 <u>\$ 132,602</u>
<b>NET ASSETS:</b>		
Without donor restrictions	\$ 514,366	\$ 453,903
With donor restrictions	2,826,181	2,525,013
Total net assets	<u>\$ 3,340,547</u>	<u>\$ 2,978,916</u>
 Total liabilities and net assets	 <u>\$ 3,448,192</u>	 <u>\$ 3,111,518</u>

See independent auditor's report and accompanying notes to the financial statements.

**BLACKWATER REGIONAL LIBRARY**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2024**

**With Comparative Totals for the Year Ended June 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
<b>OPERATING REVENUE AND SUPPORT:</b>				
Contributions from Municipalities	\$ 1,877,455	\$ -	\$ 1,877,455	\$ 1,810,308
State Aid	-	678,075	678,075	569,082
Grants	4,188	57,000	61,188	60,317
Fines, copier fees, etc.	35,580	-	35,580	42,530
E-Rate internet & telephone	67,696	-	67,696	39,869
Branch discretionary income	24,714	-	24,714	25,764
Other income	625	-	625	1,571
Net assets released from restrictions	785,991	(785,991)	-	-
Total revenue and support	<u>\$ 2,796,249</u>	<u>\$ (50,916)</u>	<u>\$ 2,745,333</u>	<u>\$ 2,549,441</u>
<b>EXPENSES:</b>				
Program services	\$ 2,278,465	\$ -	\$ 2,278,465	\$ 2,196,480
Management and general	469,060	-	469,060	476,694
Fundraising	-	-	-	-
Total expenses	<u>\$ 2,747,525</u>	<u>\$ -</u>	<u>\$ 2,747,525</u>	<u>\$ 2,673,174</u>
<b>CHANGES IN NET ASSETS FROM OPERATING ACTIVITIES</b>	<u>\$ 48,724</u>	<u>\$ (50,916)</u>	<u>\$ (2,192)</u>	<u>\$ (123,733)</u>
<b>NON-OPERATING ACTIVITIES</b>				
Interest income	\$ 239	\$ -	\$ 239	\$ 412
Investment income - net	-	58,075	58,075	56,759
Realized gain (loss) on investments	-	121,627	121,627	16,813
Unrealized gain (loss) on investments	-	172,382	172,382	120,737
Realized gain (loss) on sale of assets	11,500	-	11,500	-
<b>CHANGES FROM NON-OPERATING ACTIVITIES</b>	<u>\$ 11,739</u>	<u>\$ 352,084</u>	<u>\$ 363,823</u>	<u>\$ 194,721</u>
<b>CHANGES IN NET ASSETS</b>	<u>\$ 60,463</u>	<u>\$ 301,168</u>	<u>\$ 361,631</u>	<u>\$ 70,988</u>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>453,903</u>	<u>2,525,013</u>	<u>2,978,916</u>	<u>2,907,928</u>
<b>NET ASSETS, END OF YEAR</b>	<u><u>\$ 514,366</u></u>	<u><u>\$ 2,826,181</u></u>	<u><u>\$ 3,340,547</u></u>	<u><u>\$ 2,978,916</u></u>

See independent auditor's report and accompanying notes to the financial statements.

**BLACKWATER REGIONAL LIBRARY**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2024  
With Comparative Totals for the Year Ended June 30, 2023**

	SUPPORTING ACTIVITIES				2024 Total	2023 Total
	Program Services	Management and General	Fund Raising	Supporting Subtotal		
Salaries and wages	\$ 919,462	\$ 306,487	\$ -	\$ 306,487	1,225,949	\$ 1,280,722
Payroll taxes	69,030	23,010	-	23,010	92,040	91,092
Employee benefits	296,943	98,981	-	98,981	395,924	383,084
Total salaries and related expenses	\$ 1,285,435	\$ 428,478	\$ -	\$ 428,478	\$ 1,713,913	\$ 1,754,898
Automation	253,646	-	-	-	253,646	228,019
Resources - adult books	109,500	-	-	-	109,500	103,319
Resources - juvenile books	34,794	-	-	-	34,794	34,939
Resources - DVD video	30,368	-	-	-	30,368	31,588
Resources - audio books	6,026	-	-	-	6,026	7,940
Resources - E-books	63,019	-	-	-	63,019	52,139
Resources - periodicals	2,982	-	-	-	2,982	3,063
Resources - restricted funds	68,918	-	-	-	68,918	62,300
Resources - downloadables	50,792	-	-	-	50,792	29,627
Databases	42,644	-	-	-	42,644	42,071
Programs - marketing	15,674	-	-	-	15,674	4,426
Programs - summer reading	6,000	-	-	-	6,000	6,007
Programs - supplies	8,152	-	-	-	8,152	1,525
Supplies - processing	14,320	-	-	-	14,320	16,398
Supplies - other	17,326	-	-	-	17,326	7,929
Contractual Services	25,460	8,486	-	8,486	33,946	31,538
Advertising	-	-	-	-	-	36
Accounting and legal	-	9,680	-	9,680	9,680	9,000
Computer - technology	812	-	-	-	812	1,441
Fuel and maintenance - bookmobile	9,356	-	-	-	9,356	1,272
Fuel and maintenance - van	-	-	-	-	-	5,926
Maintenance - building	16,000	-	-	-	16,000	16,000
Dues and memberships	1,852	-	-	-	1,852	-
Insurance	37,491	-	-	-	37,491	35,710
Library administration	-	4,342	-	4,342	4,342	5,036
Office supplies and postage	-	18,074	-	18,074	18,074	16,012
Staff training	16,862	-	-	-	16,862	6,774
Staff travel	1,293	-	-	-	1,293	1,795
Telephone	21,649	-	-	-	21,649	21,720
Utilities	31,377	-	-	-	31,377	23,515
Discretionary expenses	22,036	-	-	-	22,036	25,787
Miscellaneous expenses	30	-	-	-	30	404
Depreciation	84,651	-	-	-	84,651	85,020
Total expenses	\$ 2,278,465	\$ 469,060	\$ -	\$ 469,060	\$ 2,747,525	\$ 2,673,174

See independent auditor's report and accompanying notes to the financial statements.

# BLACKWATER REGIONAL LIBRARY

## STATEMENT OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2024 With Comparative Totals for the Year Ended June 30, 2023

	2024	2023
CASH FLOWS FROM OPERATING AND NON-OPERATING ACTIVITIES:		
Changes in net assets	\$ 361,631	\$ 70,988
Adjustments to reconcile changes in net assets to net cash provided by operating and non-operating activities:		
Depreciation	84,651	85,020
Realized and unrealized (gain) loss on investments	(294,009)	(137,550)
Realized and unrealized (gain) loss on sale of assets	(11,500)	-
(Increase) decrease in assets:		
Prepaid expenses	(9,789)	(45,373)
Increase (decrease) in liabilities:		
Accounts payable	7,032	7,496
Accrued expenses	(15,486)	72,377
NET CASH PROVIDED (USED) BY OPERATING AND NON-OPERATING ACTIVITIES	\$ 122,530	\$ 52,958
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of equipment	\$ (102,236)	\$ (40,546)
Purchase of investment securities	(620,114)	(338,235)
Proceeds from sale of investments	661,321	198,738
Proceeds from sale of assets	11,500	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	\$ (49,529)	\$ (180,043)
CASH FLOWS FROM FINANCING ACTIVITIES:	\$ -	\$ -
NET CHANGES IN CASH AND CASH EQUIVALENTS	\$ 73,001	\$ (127,085)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	394,475	521,560
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 467,476	\$ 394,475

### SUPPLEMENTAL DISCLOSURES OF NONCASH INFORMATION

Interest expense paid during the year	\$ -	\$ -
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# BLACKWATER REGIONAL LIBRARY

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

With Summarized Comparative Financial Information for the Year Ended June 30, 2023

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### NOTE 1 - ORGANIZATION:

Blackwater Regional Library is a nonprofit association that operates libraries in the City of Franklin and the Counties of Isle of Wight, Sussex, Surry, and Southampton. The Library's mission is to provide library resources and access to technology to these five municipalities. It also provides numerous programs to children and adults. Some of the major programs are the summer reading program, story time, crafts, and book clubs.

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

#### Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accrual basis of accounting recognizes income when earned and expenses when incurred.

#### Basis of Presentation

These financial statements, presented on the accrual basis of accounting, have been prepared to focus on the Organization as a whole and to present net assets, revenues, and expenses based on the existence or absence of donor-impaired restrictions. This has been accomplished by the classification of assets, liabilities, and net assets into two groups with donor restrictions and without donor restrictions.

These two groups are defined 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 Organization. The Organization'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 Organization 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.

The Organization follows the provisions of the Financial Accounting Standards Board *Accounting Standards Codification* (FASB ASC).

#### Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

#### 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 Organization's ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature.

#### Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation.

#### 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 of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**BLACKWATER REGIONAL LIBRARY**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**With Summarized Comparative Financial Information for the Year Ended June 30, 2023**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**Contributions**

Unconditional contributions are 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 to 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. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. The Organization includes contributions as "Branch discretionary income" on the Statement of Activities.

The Organization receives donations of time and services from members of the community and volunteers related to program operations or special events. However, donated services are recorded in the financial statements only to the extent that those services create or enhance a nonfinancial asset or meet the following criteria: a) the service requires specialized skills, b) the service is provided by individuals who possess those skills, and c) the service would typically need to be purchased if not contributed. No amounts have been reflected in the financial statements for donated services.

**Property & Equipment**

Property and equipment are recorded at cost. Expenditures for maintenance and repairs are expensed as incurred while renewals and betterments are capitalized. The gain or loss on items traded is applied to the asset account, and that on items otherwise disposed of is reflected in income.

Depreciation has been provided for using straight-line method over the estimated useful lives of the assets. The estimated useful lives of the assets are as follows:

Furniture, fixtures, and equipment	5 - 10 years
Vehicles	5 years

Depreciation expense for the years ended June 30, 2024 and 2023 was \$84,651 and \$85,020, respectively.

**Investments**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair market values in the statement of financial position. Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Bank deposits and certificates of deposit maintained with investment portfolios are included in cash and cash equivalents. Unrealized gains and losses are reported as changes from non-operating activities in the accompanying statement of activities. Realized gains and losses on investment transactions are determined on the first-in, first-out basis except for mutual funds in which realized gains and losses are determined on an average cost basis.

**Income Taxes**

Blackwater Regional Library, is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation under Section 509(a)(3) of the Internal Revenue Code and qualifies for the 50% charitable contribution deduction for individual donors. The Organization's federal income tax returns, (Form 990) for the fiscal years ending 2024, 2023, 2022, 2021, the only open years under the statute of limitations, have not been examined by the Internal Revenue Service.

BLACKWATER REGIONAL LIBRARY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

With Summarized Comparative Financial Information for the Year Ended June 30, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Functional Allocation of Expenses

The cost of providing the Organization's various programs and supporting services have been summarized on a functional basis in the statements of activities and in the statement of functional expenses. Accordingly, certain costs are allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

These expenses that are allocated include the following:

<u>Expense:</u>	<u>Method of Allocation:</u>
Salaries, payroll taxes, and benefits	Time and effort
Contractual services	Reasonable basis consistently applied

Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

Revenue Recognition

Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Program services revenue is recognized at the point in time that events take place or services are rendered.

Lease accounting

Blackwater Regional Library determines whether to account for its leases as operating or capital leases depending on the underlying terms of the lease agreement. This determination of classification requires significant judgement relating to certain information, including the estimated fair value and remaining economic life of the leased assets, minimum lease payments, and other lease terms.

Advertising Costs

The Organization expenses the cost of advertising when incurred. For the years ended June 30, 2024 and 2023, advertising costs were \$0 and \$36, respectively.

NOTE 3 - EXPENDITURE OF STATE AID:

State aid payments were expended as follows:

	2024	2023
Books and materials	\$ 325,445	\$ 325,531
Professional staff	75,293	71,585
Program supplies	22,000	17,948
Automation	124,761	100,893
Library equipment	59,000	-
Library furniture	18,935	14,824
Contractual services	32,405	31,538
Other	20,236	6,763
TOTAL	<u>\$ 678,075</u>	<u>\$ 569,082</u>

BLACKWATER REGIONAL LIBRARY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

With Summarized Comparative Financial Information for the Year Ended June 30, 2023

NOTE 4 - CONCENTRATION OF CREDIT RISK:

The Organization places its cash and cash equivalents on deposit with financial institutions in the United States. All of a depositor's accounts at an insured depository institution, including all non-interest bearing transaction accounts, are insured by the Federal Deposit Insurance Corporation (FDIC) and the Securities Investor Protection Corporation (SIPC) up to the standard maximum deposit insurance amount of \$250,000 and \$500,000, respectively. As of June 30, 2024 and 2023, the Organization had no demand deposits that exceeded these limits.

NOTE 5 - CONTRIBUTIONS FROM MUNICIPALITIES:

Contributions from Municipalities for fiscal years 2024 and 2023 are as follows:

	2024	2023
City of Franklin	\$ 258,573	\$ 243,346
Isle of Wight County	1,009,856	925,608
Sussex County	165,645	190,260
Surry County	160,647	156,756
Southampton County	282,734	294,338
TOTAL	<u>\$ 1,877,455</u>	<u>\$ 1,810,308</u>

NOTE 6 - FAIR VALUE MEASUREMENTS:

The Organization reports its fair value measurements using the framework for measuring fair value established by GAAP. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of fair value hierarchy under GAAP are as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2 Inputs to the valuation methodology include:
- quoted prices for similar assets or liabilities in active markets;
  - quoted prices for identical or similar assets or liabilities in inactive markets;
  - inputs other than quoted prices that are observable for the asset or liability;
  - inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.
- The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2024 and 2023.

*Mutual Funds*: Valued at the net asset value (NAV) of shares held by the Organization at year end.

*Common Stocks*: Valued at the closing price reported on active market on which the individual securities are traded.

See independent auditor's report. Notes continued on next page.

**BLACKWATER REGIONAL LIBRARY**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**With Summarized Comparative Financial Information for the Year Ended June 30, 2023**

**NOTE 6 - FAIR VALUE MEASUREMENTS (Continued):**

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2024 and 2023.

Assets at Fair Value as of June 30, 2024:

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 937,197	\$ -	\$ -	\$ 937,197
Common Stocks	1,702,709	-	-	1,702,709
Total assets at fair value	\$ 2,639,906	\$ -	\$ -	\$ 2,639,906

Assets at Fair Value as of June 30, 2023:

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 993,139	\$ -	\$ -	\$ 993,139
Common Stocks	1,393,966	-	-	1,393,966
Total assets at fair value	\$ 2,387,105	\$ -	\$ -	\$ 2,387,105

**NOTE 7 - NET ASSETS:**

Net assets with donor restrictions at June 30, 2024 and 2023 consisted of the following:

Specific purpose:

	2024	2023
Restrictions for specific use - Grants	\$ 67,715	\$ 79,632
Restrictions for specific use - Endowment fund	2,758,466	2,445,381
Total	\$ 2,826,181	\$ 2,525,013

Net assets without donor restrictions at June 30, 2024 and 2023 consisted of the following:

	2024	2023
Undesignated	\$ 488,262	\$ 430,476
Branch Discretionary	26,104	23,427
Total	\$ 514,366	\$ 453,903

**NOTE 8 - ACCRUED EXPENSES:**

Full time employees earn annual leave based on number of years of service. Unused annual leave may be carried forward from one year to the next up to certain limits. Maximum carryover hours range from 192 to 336 for employees who started before July 1, 2018 and 96 to 168 for employees who started after July 1, 2018. Part time employees working ten or more hours a week shall earn annual leave on a prorated basis. Part time employees working less than ten hours per week are ineligible for annual leave. Terminated employees will not receive a payout for unused annual leave. Unused annual leave is shown as accrued expenses on the Statement of Financial Position. These amounts are \$56,891 and \$72,377 for June 30, 2024 and 2023, respectively.

See independent auditor's report. Notes continued on next page.

# BLACKWATER REGIONAL LIBRARY

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

With Summarized Comparative Financial Information for the Year Ended June 30, 2023

### NOTE 9 - ENDOWMENTS:

The Organization's endowment funds consists of assets held with Wells Fargo Advisors which are to be overseen by the Library's Board of Trustees. The funds are to be used to aid in the operating needs of the Courtland Branch. Payout of these funds is at the discretion of the Board. The investment objective is to earn an annual return of 3-4% above inflation over time. The Organization has a written investment policy that specifies the investment guidelines and asset allocation of these funds. The following schedule summarized the endowment activity for the years ended June 30, 2024 and 2023, respectively. For June 30, 2024 year end, this amount represents \$118,560 in cash and \$2,639,906 in investments. For June 30, 2023 year end, this amount represents \$58,277 in cash and \$2,387,105 in investments.

	Restricted for Time or Purpose	
	2024	2023
Beginning of year	\$ 2,445,382	\$ 2,288,073
Investment Return - net	352,084	194,309
Appropriation for expenditure	(39,000)	(37,000)
End of year	<u>\$ 2,758,466</u>	<u>\$ 2,445,382</u>

### NOTE 10 - RELATED PARTY TRANSACTIONS:

The Organization receives donations from the Friends of the Library. These are 501(C)(3) organizations that help support the various branches. Amounts received totaled \$11,977 and \$13,372 as of June 30, 2024 and 2023, respectively.

### NOTE 11 - OPERATING LEASE:

Blackwater Regional Library entered into a sixty month operating lease for 10 copiers on June 23, 2021 which expires on June 30, 2026. Monthly lease payment for these copiers is \$1,599.

The following table displays the undiscounted cash flows due related to operating lease as of June 30, 2024, along with a reconciliation to the discounted amount recorded on the June 30, 2023 Statement of financial position.

Undiscounted cash flows due within:	2024	2023
2024	\$ -	\$ 19,185
2025	19,185	19,185
2026	19,185	19,185
Total undiscounted cash flows	\$ 38,370	\$ 57,555
Impact of present value discount	(2,203)	(4,885)
Amount reported on statement of financial position	<u>\$ 36,167</u>	<u>\$ 52,670</u>

The following table displays the weighted average term and discount rates for operating leases outstanding as of June 30, 2024

Weighted-average term (years)	3
Weighted-average discount rate	3%

Total rent expense was \$19,185 and \$19,185 for the years ended June 30, 2024 and 2023. These amounts are included in contractual services in the statement of activities.

### NOTE 12 - EMPLOYEE BENEFITS:

Blackwater Regional Library offers health insurance to all full-time, salaried & permanent employees through a cost sharing plan. All active employees are responsible for a portion of the cost and the Library pays the difference. These amounts differ, depending on the type of plan chosen. Health insurance expense for the years ended June 30, 2024 and 2023 were \$264,731 and \$256,242, respectively.

**BLACKWATER REGIONAL LIBRARY**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**With Summarized Comparative Financial Information for the Year Ended June 30, 2023**

**NOTE 12 – EMPLOYEE BENEFITS (Continued):**

All full-time, salaried & permanent employees of the Blackwater Regional Library are automatically covered by the Virginia Retirement System (VRS) upon employment along with other employees of Southampton County. Members earn one month of service credit for each month they are employed and they and their employer are paying contributions to VRS. Members are eligible to purchase prior public service, active military service, certain periods of leave and previously refunded VRS service as service credit in their plan.

Within the VRS plan, the System administers three different benefit plans for local government employees; each with a different eligibility and benefit structure. The System issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the plans administered by VRS.

Plan members are required by Title 51.1-145 of the Code of Virginia to contribute 5% of their compensation toward their retirement. Blackwater Regional Library is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. For fiscal years June 30, 2024 and 2023, the Board of Trustees adopted contribution rates of 12.41% and 12.41%. The Library's pension expense for June 30, 2024 and 2023 were \$118,851 and \$114,906, respectively.

Group life insurance is also covered under VRS. All full-time, salaried & permanent employees of the Blackwater Regional Library are eligible. The Library pays 100% of these costs. The VRS Board of Trustees adopted a contribution rate of 1.34% for fiscal years June 30, 2024 and 2023. State life insurance expense was \$12,342 and \$11,936 for those years.

Employee benefits are included in the statement of functional expenses.

**NOTE 13 - LIQUIDITY:**

The Organization's financial assets available within one year of the financial statements of financial position sheet date for general expenditure are as follows:

	<u>2024</u>	<u>2023</u>
Financial Assets:		
Cash and cash equivalents	\$ 467,476	\$ 394,475
Investments	2,639,906	2,387,105
Total financial assets	<u>\$ 3,107,382</u>	<u>\$ 2,781,580</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(2,826,181)	(2,525,013)
Board designated net assets	(26,104)	(23,427)
Financial assets not available to be used within one year	<u>\$ (2,852,285)</u>	<u>\$ (2,548,440)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 255,097</u>	<u>\$ 233,140</u>

**NOTE 14 - SUBSEQUENT EVENTS:**

Subsequent events were evaluated through October 31, 2024, which is the date the financial statements were available to be issued. No events have occurred subsequent to the balance sheet date and through October 31, 2024 that would require adjustment to, or disclosure in, the financial statements.