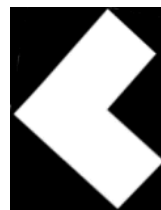


*Central Virginia Regional Library*  
*Report on Audit of Financial Statements*  
*Years Ended June 30, 2023 and 2022*



*Creedle, Jones*  
*& Associates, P.C.*  
*Certified Public Accountants*

## Central Virginia Regional Library

### Table of Contents

Years Ended June 30, 2023 and 2022

	<b>Pages</b>
Independent Auditor's Report	i-ii
<b>Exhibits</b>	
A            Statement s of Financial Position	1
B            Statement (s) of Activities – 2023 & 2022	2-3
C            Statement s of Cash Flows	4
Notes to the Financial Statements	5-11



**Creedle  
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*A Professional Corporation*

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Central Virginia Regional Library

### **Opinion**

We have audited the accompanying financial statements of Central Virginia Regional Library (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Central Virginia Regional Library as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Central Virginia Regional Library and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Central Virginia Regional Library's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Central Virginia Regional Library's internal control. Accordingly, no such opinion is expressed.
- 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 Central Virginia 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.

*Creedle, Jones & Associates, P.C.*

Creedle, Jones & Associates, P.C.  
Certified Public Accountants

South Hill, Virginia  
November 7, 2023

## Central Virginia Regional Library

## Statements of Financial Position

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 141,756	\$ 127,648
Investments	<u>33,807</u>	<u>34,869</u>
Total Current Assets	175,563	162,517
<b>Equipment, Net</b>	<u>80,876</u>	<u>66,512</u>
Total Assets	<u>\$ 256,439</u>	<u>\$ 229,029</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
<i>Current Liabilities</i>		
Accounts payable and payroll taxes payable	\$ 15,438	\$ 393
Compensated absences, current	<u>2,910</u>	<u>2,515</u>
Total Current Liabilities	18,348	2,908
<i>Long-Term Liabilities</i>		
Compensated absences, net of current	<u>26,190</u>	<u>22,636</u>
Total Long-Term Liabilities	<u>26,190</u>	<u>22,636</u>
Total Liabilities	44,538	25,544
<b>Net Assets</b>		
Without donor restrictions	<u>211,901</u>	<u>203,485</u>
Total Net Assets	<u>211,901</u>	<u>203,485</u>
Total Liabilities and Net Assets	<u>\$ 256,439</u>	<u>\$ 229,029</u>

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

Central Virginia Regional Library

Statement of Activities

Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, Gains, and Other Support</b>			
Contributions	\$ 29,351	\$ -	\$ 29,351
County of Buckingham	293,824	-	293,824
County of Prince Edward	287,472	-	287,472
Town of Farmville	257,130	-	257,130
Commonwealth of Virginia	252,382	-	252,382
Miscellaneous	37,036	-	37,036
E-Rate	14,040	-	14,040
Interest, dividends, capital gains	1	-	1
Unrealized gain (loss) on investments	(1,062)	-	(1,062)
Net assets released from restrictions	-	-	-
	<u>1,170,174</u>	<u>-</u>	<u>1,170,174</u>
Total Revenues, Gains, and Other Support Without Donor Restrictions	1,170,174	-	1,170,174
<b>Expenses</b>			
Program services - library activities	920,400	-	920,400
Management and general	241,358	-	241,358
	<u>1,161,758</u>	<u>-</u>	<u>1,161,758</u>
Total Operating Expenses	1,161,758	-	1,161,758
Change in Net Assets	8,416	-	8,416
Net Assets - Beginning of Year	203,485	-	203,485
Net Assets - End of Year	<u>\$ 211,901</u>	<u>\$ -</u>	<u>\$ 211,901</u>

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

Central Virginia Regional Library

Statement of Activities

Year Ended June 30, 2022

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
<b>Revenues, Gains, and Other Support</b>			
Contributions	\$ 25,530	\$ -	\$ 25,530
County of Buckingham	260,923	-	260,923
County of Prince Edward	260,430	-	260,430
Town of Farmville	243,136	-	243,136
Commonwealth of Virginia	255,013	-	255,013
Other grants	18,831	-	18,831
Miscellaneous income	14,622	-	14,622
E-Rate income	17,280	-	17,280
Interest, dividends, capital gains	2,355	-	2,355
Unrealized gain (loss) on investments	(31,415)	-	(31,415)
Net assets released from restrictions	<u>47,072</u>	<u>(47,072)</u>	<u>-</u>
Total Revenues, Gains, and Other Support			
Without Donor Restrictions	1,113,777	(47,072)	1,066,705
<b>Expenses</b>			
Program services - library activities	1,095,789	-	1,095,789
Management and general	<u>241,182</u>	<u>-</u>	<u>241,182</u>
Total Operating Expenses	<u>1,336,971</u>	<u>-</u>	<u>1,336,971</u>
Change in Net Assets	(223,194)	(47,072)	(270,266)
Net Assets - Beginning of Year	<u>426,679</u>	<u>47,072</u>	<u>473,751</u>
Net Assets - End of Year	<u>\$ 203,485</u>	<u>\$ -</u>	<u>\$ 203,485</u>

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

## Central Virginia Regional Library

## Statements of Cash Flows

Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 8,416	\$ (270,266)
<i>Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities</i>		
Depreciation	16,962	17,912
Net unrealized (gain) loss on investments	1,062	12,520
Increase (Decrease) in compensated absences	3,949	(4,178)
Increase (Decrease) in payables	<u>15,044</u>	<u>26</u>
Net Cash Provided by (Used in) Operating Activities	45,433	(243,986)
<b>Cash Flows from Investing Activities</b>		
Equipment purchases	(31,325)	-
Investments liquidated and transferred to Foundation	<u>-</u>	<u>221,822</u>
Net Cash Provided by (Used in) Investing Activities	<u>(31,325)</u>	<u>221,822</u>
Net Increase (Decrease) in Cash and Cash Equivalents	14,108	(22,164)
Cash and Cash Equivalents - Beginning of Year	<u>127,648</u>	<u>149,812</u>
Cash and Cash Equivalents - End of Year	<u>\$ 141,756</u>	<u>\$ 127,648</u>

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



## Central Virginia Regional Library

### Notes to the Financial Statements

Years Ended June 30, 2023 and 2022

#### **1** Nature of Activities and Significant Accounting Policies

##### *Nature of Activities*

The Central Virginia Regional Library was formed by resolutions adopted by the Boards of Supervisors for the Counties of Buckingham and Prince Edward and the Town Council of the Town of Farmville, Virginia effective July 1, 1993. The primary purpose of the Library is to establish, maintain, and operate a free public library for the use and benefit of the citizens of Buckingham County, Virginia, Prince Edward County, Virginia, and the Town of Farmville, Virginia. The Library is a joint venture of the two counties since its continued existence is dependent upon their operating contributions.

##### *Basis of Accounting*

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

##### *Financial Statement Presentation*

The Library is required to report information regarding its financial position and activities according to the following two classes of net assets:

##### *Without Donor Restrictions*

Net assets that are not subject to donor-imposed restrictions.

##### *With Donor Restrictions*

Net assets subject to donor-imposed restrictions that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, 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.

##### *Income Tax Status*

The Library is a not-for-profit organization taxed for Federal and State purposes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. All contributions and related income are exempt from taxation under this section. The Library is taxed on its unrelated business income, less expenses, directly associated with the production, if applicable, of such income, which the Library had none for the fiscal year.

##### *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. Significant estimates include the valuation of investments at fair value and functional allocation of expenses. Accordingly, actual results could differ from those estimates.

### *Contributions*

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

### *Equipment*

Equipment is stated at cost. The Library provides for depreciation on the straight-line method over an estimated useful life of 5 to 10 years.

### *Contributed Services*

A substantial number of unpaid volunteers have made significant contributions of their time to assist the Library. The value of this contributed time is not reflected in these statements since it is not susceptible to objective measurement or valuation.

### *Cash and Cash Equivalents*

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

### *Investments*

The Library carries investments in marketable securities with readily determinable fair values and investments in debt securities are reported at their fair market values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying Statements of Activities. The unrealized loss for the investments for the year is \$(1,062).

### *Cost Allocation*

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, which is allocated on a specific asset use basis, as well as salaries and related fringe benefits, which are allocated on the basis of estimates of time and effort. Rent and utilities are allocated based on space used for services.

### *Recently Adopted Accounting Pronouncements from Financial Accounting Standards Board (FASB)*

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The standard requires lessees to recognize the assets and liabilities that arise from leases in the balance sheet. Additionally, in July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842) – Targeted Improvements*, which, among other things, provides an additional transition method that would allow entities to not apply the guidance in ASU 2016-02 in the comparative periods presented in the financial statements and instead recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. The Library adopted the guidance effective July 1, 2022 using the modified retrospective approach.

## **2** **Concentration of Credit Risk**

The Library maintains accounts at several banks, which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2023, there were no uninsured balances.

### 3 Equipment

Equipment consist of the following:

	<u>2023</u>	<u>2022</u>
Equipment	\$ 387,350	\$ 356,025
Less: Accumulated depreciation	<u>(306,474)</u>	<u>(289,513)</u>
Total	<u>\$ 80,876</u>	<u>\$ 66,512</u>

### 4 SEP-IRA Retirement Plan

The Library adopted a SEP-IRA plan in November 1993 effective for calendar year 1994. The plan is through BB&T. The Library currently contributes five percent (5%) of a full-time employee's salary on an annual basis. This year, the contributions amounted to \$14,872.

### 5 Compensated Absences

The Library's annual leave policies vary based on an employee's years of service subject to maximum carryover amounts as follows:

<u>Years of Service</u>	<u>Vacation Leave Accrual</u>
1-5 years	6.5 hours/month, maximum carryover 80 hours
6-10 years	10 hours/month, maximum carryover 120 hours
11 years or more	14 hours/month, maximum carryover 160 hours

Sick leave is accrued at one day per month up to a maximum of 130 days. Any employee who leaves the employment of the Library in good standing after five (5) years of continuous employment will be paid 25% of accrued sick leave, up to a maximum of \$2,500. If an employee is terminated for cause, he/she is not eligible for the sick leave reimbursement. Compensated absences at June 30, 2023 totaled \$29,100.

### 6 Related Parties

The Library rents its facilities from the Town of Farmville which is a contributing local government of the Library. The rent is \$180,000 per year. To assist in paying this, the Town increased its contribution to compensate for the rent, thus having no cash affect on the Library. The debt and rental agreements stipulate that rent must be paid.

### 7 Fair Value Measurements

Fair values of assets measured at June 30, 2023 and 2022 are as follows:

<u>Fair Value Measurements at the End of the Reporting Period Using</u>					
<u>2023</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>	<u>Total Gains (Losses)</u>
<u>Recurring fair value measurements</u>	<u>Total</u>				
Anthem - Common stock	\$ 33,807	\$ 33,807	\$ -	\$ -	\$ (1,062)
	<u>\$ 33,807</u>	<u>\$ 33,807</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,062)</u>

**Fair Value Measurements at the End of  
the Reporting Period Using**

<u>2022</u>		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Gains (Losses)
<u>Recurring fair value measurements</u>	<u>Total</u>				
Anthem - Common stock	\$ 34,869	\$ 34,869	\$ -	\$ -	\$ (31,415)
	<u>\$ 34,869</u>	<u>\$ 34,869</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*Level 2 Measurements*

The fair value for a derivative financial instrument that is an interest rate swap agreement is measured using quoted market prices for similar assets in active markets. Currently, there are no level 2 inputs.

*Level 3 Measurements*

Management determines the fair value measurement valuation policies and procedures, including those for Level 3 recurring and nonrecurring measurements. Management: (1) determines if the current valuation techniques used in fair value measurements are still appropriate, and (2) evaluates and adjusts the unobservable inputs used in the fair value measurements based on current market conditions and third-party information. Currently, there are no Level 3 inputs.

## 8 Long-Term Debt

Long-term debt consists of the following at June 30, 2023:

	<u>Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>End of Year</u>	<u>Due Within One Year</u>
Compensated Absences	\$ 25,151	\$ 3,949	\$ -	\$ 29,100	\$ 2,910
Total Long-term Debt	<u>\$ 25,151</u>	<u>\$ 3,949</u>	<u>\$ -</u>	<u>\$ 29,100</u>	<u>\$ 2,910</u>

## 9 Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	<u>2023</u>	<u>2022</u>
Financial assets at year end	\$ 175,563	\$ 162,517
Less those unavailable for general expenditures within one year	-	-
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 175,563</u>	<u>\$ 162,517</u>

## 10 Functional Expenses

Functional expenses for 2023 and 2022 are as follows:

<u>2023</u>	<u>Program Services</u>	<u>Supporting Services</u>	
	<u>Library Activities</u>	<u>Management and General</u>	<u>Total</u>
Salaries and wages	\$ 439,026	\$ 63,212	\$ 502,238
Payroll taxes	33,499	4,873	38,372
Retirement	12,939	1,933	14,872
Utilities	47,224	16,744	63,968
Books, periodicals, and audio	113,627	-	113,627
Supplies	37,579	-	37,579
Contract services	21,378	60,573	81,951
Travel and education	-	3,820	3,820
Insurance, includes health insurance	67,465	15,997	83,462
Professional fees	-	10,064	10,064
Telephone	7,614	-	7,614
Rent	126,000	54,000	180,000
Miscellaneous	-	5,053	5,053
Repairs and maintenance	2,176	-	2,176
Depreciation expense	<u>11,873</u>	<u>5,089</u>	<u>16,962</u>
Total Expenses	<u>\$ 920,400</u>	<u>\$ 241,358</u>	<u>\$ 1,161,758</u>

<b>2022</b>	<b><u>Program Services</u></b>	<b><u>Supporting Services</u></b>	
	<b><u>Library Activities</u></b>	<b><u>Management and General</u></b>	<b><u>Total</u></b>
Salaries and wages	\$ 381,720	\$ 66,716	\$ 448,436
Payroll taxes	29,978	5,239	35,217
Retirement	11,863	2,073	13,936
Utilities	29,515	12,650	42,165
Books, periodicals, and audio	120,534	-	120,534
Supplies	21,323	-	21,323
Contract services	64,271	56,560	120,831
Travel and education	-	3,037	3,037
Insurance, includes health insurance	66,732	19,225	85,957
Professional fees	-	13,058	13,058
Telephone	8,670	-	8,670
Rent	126,000	54,000	180,000
Miscellaneous	-	3,250	3,250
Donation to Foundation	221,822	-	221,822
Repairs and maintenance	823	-	823
Depreciation expense	<u>12,538</u>	<u>5,374</u>	<u>17,912</u>
Total Expenses	<u>\$ 1,095,789</u>	<u>\$ 241,182</u>	<u>\$ 1,336,971</u>

## 11 Revenue Recognition

We have analyzed the provisions of the FASB's ASC TOPIC 606, *Revenue from Contracts with Customers*, and have concluded that no changes are necessary to conform with the new standard. The Library recognizes contributions when cash is received.

## 12 Evaluation of Subsequent Events

The Library has evaluated subsequent events through November 7, 2023, the date which the financial statements were available to be issued.