

***Central Virginia Regional Library***  
***Report on Audit of Financial Statements***  
***Years Ended June 30, 2017 and 2016***



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

**Central Virginia Regional Library**

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Years Ended June 30, 2017 and 2016

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Central Virginia Regional Library

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, 2017 and 2016, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

### **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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

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, 2017 and 2016, 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.

## Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on pages 10-11 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

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

South Hill, Virginia  
August 23, 2017

## Central Virginia Regional Library

## Statements of Financial Position

June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash - operating	\$ 110,138	\$ 78,250
Cash - savings	11,334	11,331
Certificates of deposit	48,022	47,503
Investments	<u>126,796</u>	<u>102,506</u>
Total Current Assets	296,290	239,590
<b>Equipment, Net</b>	<u>45,969</u>	<u>52,594</u>
Total Assets	<u>\$ 342,259</u>	<u>\$ 292,184</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Payroll taxes payable	\$ 65	\$ 74
Compensated absences	<u>17,440</u>	<u>12,994</u>
Total Liabilities	17,505	13,068
<b>Net Assets</b>		
Unrestricted	138,602	117,776
Temporarily restricted	<u>186,152</u>	<u>161,340</u>
Total Net Assets	<u>324,754</u>	<u>279,116</u>
Total Liabilities and Net Assets	<u>\$ 342,259</u>	<u>\$ 292,184</u>

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

Central Virginia Regional Library

Statement of Activities

Year Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Operating Revenues</b>			
Contributions	\$ 40,008	\$ -	\$ 40,008
County of Buckingham	162,500	-	162,500
County of Prince Edward	204,663	-	204,663
Town of Farmville	170,000	-	170,000
Commonwealth of Virginia	164,631	-	164,631
E-Rate income	<u>16,786</u>	<u>-</u>	<u>16,786</u>
Total Operating Revenues	758,588	-	758,588
<b>Operating Expenses</b>			
Program services	722,380	-	722,380
Management and general	-	-	-
Fundraising	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating Expenses	722,380	-	722,380
<b>Nonoperating Revenues and Expenses</b>			
Interest and dividends	-	10,319	10,319
Unrealized gain on investments	-	14,493	14,493
Depreciation	<u>15,382</u>	<u>-</u>	<u>15,382</u>
Total Nonoperating Revenues and Expenses	<u>(15,382)</u>	<u>24,812</u>	<u>9,430</u>
Change in Net Assets	20,826	24,812	45,638
Net Assets - Beginning of Year	<u>117,776</u>	<u>161,340</u>	<u>279,116</u>
Net Assets - End of Year	<u>\$ 138,602</u>	<u>\$ 186,152</u>	<u>\$ 324,754</u>

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



Central Virginia Regional Library

Statement of Activities

Year Ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Operating Revenues</b>			
Contributions	\$ 37,929	\$ -	\$ 37,929
County of Buckingham	157,800	-	157,800
County of Prince Edward	204,663	-	204,663
Town of Farmville	169,106	-	169,106
Commonwealth of Virginia	153,940	-	153,940
E-Rate income	<u>18,038</u>	<u>-</u>	<u>18,038</u>
Total Operating Revenues	741,476	-	741,476
<b>Operating Expenses</b>			
Program services	715,869	-	715,869
Management and general	-	-	-
Fundraising	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating Expenses	715,869	-	715,869
<b>Nonoperating Revenues and Expenses</b>			
Interest and dividends	-	683	683
Unrealized loss on investments	(1,500)	(2,330)	(3,830)
Depreciation	<u>15,007</u>	<u>-</u>	<u>15,007</u>
Total Nonoperating Revenues and Expenses	<u>(16,507)</u>	<u>(1,647)</u>	<u>(18,154)</u>
Change in Net Assets	9,100	(1,647)	7,453
Net Assets - Beginning of Year	<u>108,676</u>	<u>162,987</u>	<u>271,663</u>
Net Assets - End of Year	<u>\$ 117,776</u>	<u>\$ 161,340</u>	<u>\$ 279,116</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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 45,638	\$ 7,453
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities</i>		
Depreciation	15,382	15,007
Net unrealized (gain) loss on investments	(14,493)	3,664
Increase (decrease) in compensated absences	4,446	(4,537)
Decrease in payroll payables	<u>(9)</u>	<u>(109)</u>
Net Cash Provided by Operating Activities	50,964	21,478
<b>Cash Flows from Investing Activities</b>		
Equipment purchases	(8,757)	(22,672)
Purchase of investments	<u>(9,797)</u>	<u>(10,134)</u>
Net Cash Used in Investing Activities	<u>(18,554)</u>	<u>(32,806)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	32,410	(11,328)
Cash and Cash Equivalents - Beginning of Year	<u>137,084</u>	<u>148,412</u>
Cash and Cash Equivalents - End of Year	<u>\$ 169,494</u>	<u>\$ 137,084</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, 2017 and 2016

## 1 Summary of Significant Accounting Policies

### ***Organization***

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 three classes of net assets:

***Unrestricted Net Assets*** – Net assets that are not subject to any donor-imposed stipulations. The Library had unrestricted net assets of \$138,602.

***Temporarily Restricted Net Assets*** – Net assets subject to donor-imposed restrictions on their use that may be either met by actions of the Library or the passage of time. The Library had temporarily restricted net assets of \$186,152.

***Permanently Restricted Net Assets*** – Net assets subject to donor-imposed or other legal restrictions requiring that the principal be maintained permanently by the Library. Generally, the donors permit the Library to use all of the income earned to strengthen the Library's collections, programs, or services in subject areas named by the donors. Currently, there are no permanently restricted net assets held by the Library.

### ***Income Taxes***

The Library is taxed for Federal and State purposes as a Non-Profit Foundation under Section 501(c)(3) of the Internal Revenue Code. 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 of such income.

### ***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. 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 unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence and/or nature of any donor restrictions.

When a donor temporary restriction expires, (that is, when a stipulated time restriction ends or purposed restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. If a restriction is fulfilled in the same period in which the contribution is received, the support is reported as unrestricted.

### ***Property and Depreciation***

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.

### ***Donated 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, cash and cash equivalents consists of cash on hand, cash in banks, and certificates of deposit purchased with a maturity date of three months or less.

### ***Investments***

The Library carries investments in marketable securities with readily determinable fair values and investments in debt securities 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 gain for the investments for the year is \$14,493.

### ***Subsequent Events***

The Library has evaluated subsequent events through August 23, 2017, the date which the financial statements were available to be issued.



## 2 Temporarily Restricted Net Assets

Temporarily restricted net assets are available for Library operations on an as-needed basis as follows:

	<u>2017</u>	<u>2016</u>
<b>Restricted</b>		
Savings account - BB&T	\$ 11,334	\$ 11,331
Certificate of Deposit - BB&T	14,405	14,333
Certificate of Deposit - State Farm	33,617	33,170
Davenport & Company - Mutual funds	113,497	93,809
Anthem, Inc. - Stock	<u>13,299</u>	<u>8,697</u>
 Total Restricted	 <u>\$ 186,152</u>	 <u>\$ 161,340</u>

## 3 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, 2017, there were no uninsured balances.

## 4 Investments

Investments as of June 30, 2017 are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value</u>
<b>Temporarily Restricted</b>			
Davenport & Company - Mutual funds	\$ -	\$ 113,497	\$ 113,497
Anthem, Inc.	-	<u>13,299</u>	<u>13,299</u>
Total Investments		<u>\$ 126,796</u>	<u>\$ 126,796</u>

## 5 Equipment

The following is a summary of equipment as of June 30, 2017:

Equipment	\$ 237,988
Less: Accumulated depreciation	<u>(192,019)</u>
Total	<u>\$ 45,969</u>

## 6 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 \$5,791.

## 7 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, 2017 totaled \$17,440.

## 8 Related Parties

The Library rents its facilities from the Town of Farmville which is a contributing local government of the Library. The rent is \$120,000 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.

## 9 Fair Value Measurements

Investments are reported at fair value on a recurring basis by the Library.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit Price) in an orderly transaction between market participants at the measurement date. The inputs to fair value measurements are classified in the fair value hierarchy by giving the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The Library prioritizes the inputs to valuation techniques used to measure fair value under the three levels of the fair value hierarchy as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities.
- Level 2: Observable inputs other than those included in Level 1 that are either directly or indirectly observable for the assets or liabilities.
- Level 3: Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest-level input that is significant to the fair value measurement in its entirety.

The following table presents investments by strategy and fair value hierarchy at June 30, 2017:

	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
Common stock	\$ -	\$ 13,299	\$ -	\$ 13,299
Mutual funds	<u>113,497</u>	<u>-</u>	<u>-</u>	<u>113,497</u>
	<u>\$ 113,497</u>	<u>\$ 13,299</u>	<u>\$ -</u>	<u>\$ 126,796</u>



Central Virginia Regional Library

Statement of Functional Expenses

Year Ended June 30, 2017

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Payroll	\$ 300,866	\$ -	\$ -	\$ 300,866
Payroll taxes	22,870	-	-	22,870
Retirement	5,791	-	-	5,791
Utilities	40,028	-	-	40,028
Books, periodicals, and audio	45,521	-	-	45,521
Supplies	22,458	-	-	22,458
Contract services	92,697	-	-	92,697
Travel and education	7,265	-	-	7,265
Insurance, includes health insurance	50,053	-	-	50,053
Professional fees	3,200	-	-	3,200
Telephone	5,982	-	-	5,982
Rent	120,000	-	-	120,000
Miscellaneous general and administrative	2,788	-	-	2,788
Repairs and maintenance	<u>2,861</u>	<u>-</u>	<u>-</u>	<u>2,861</u>
Total Expenses	<u>\$ 722,380</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 722,380</u>

See accompanying independent auditor's report.



Central Virginia Regional Library

Statement of Functional Expenses

Year Ended June 30, 2016

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Payroll	\$ 306,955	\$ -	\$ -	\$ 306,955
Payroll taxes	24,165	-	-	24,165
Retirement	8,640	-	-	8,640
Utilities	42,559	-	-	42,559
Books, periodicals, and audio	42,792	-	-	42,792
Supplies	17,877	-	-	17,877
Contract services	84,462	-	-	84,462
Travel and education	6,288	-	-	6,288
Insurance, includes health insurance	46,160	-	-	46,160
Professional fees	1,600	-	-	1,600
Telephone	5,743	-	-	5,743
Rent	120,000	-	-	120,000
Miscellaneous	1,486	-	-	1,486
Repairs and maintenance	<u>7,142</u>	<u>-</u>	<u>-</u>	<u>7,142</u>
Total Expenses	<u>\$ 715,869</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 715,869</u>

See accompanying independent auditor's report.

