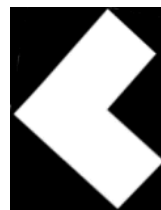


Central Virginia Regional Library
Report on Audit of Financial Statements
Years Ended June 30, 2021 and 2020



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

Central Virginia Regional Library

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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, 2021 and 2020, 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, 2021 and 2020, 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.

Creedle, Jones & Associates, P.C.

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

South Hill, Virginia
November 9, 2021

Central Virginia Regional Library

Statements of Financial Position

June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 149,812	\$ 170,018
Investments	<u>269,211</u>	<u>202,446</u>
Total Current Assets	419,023	372,464
Equipment, Net	<u>84,424</u>	<u>95,101</u>
Total Assets	<u>\$ 503,447</u>	<u>\$ 467,565</u>
Liabilities and Net Assets		
Liabilities		
<i>Current Liabilities</i>		
Payroll taxes payable	\$ 367	\$ 284
Compensated absences	<u>2,933</u>	<u>1,726</u>
Total Current Liabilities	3,300	2,010
<i>Long-Term Liabilities, less current portion</i>		
Compensated absences	26,396	15,532
PPP forgiveness loan	<u>-</u>	<u>83,500</u>
Total Liabilities	26,396	99,032
Net Assets		
Without donor restrictions	426,679	319,451
With donor restrictions	<u>47,072</u>	<u>47,072</u>
Total Net Assets	<u>473,751</u>	<u>366,523</u>
Total Liabilities and Net Assets	<u>\$ 503,447</u>	<u>\$ 467,565</u>

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

Central Virginia Regional Library

Statement of Activities

Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support			
Contributions	\$ 19,052	\$ -	\$ 19,052
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	210,458	-	210,458
E-Rate income	12,868	-	12,868
PPP loan forgiveness	83,500	-	83,500
Interest, dividends, capital gains	15,837	-	15,837
Unrealized gain (loss) on investments	50,985	-	50,985
Net assets released from restrictions	-	-	-
Total Revenues, Gains, and Other Support Without Donor Restrictions	1,157,189	-	1,157,189
Expenses			
Program services - library activities	780,909	-	780,909
Management and general	269,052	-	269,052
Total Operating Expenses	1,049,961	-	1,049,961
Change in Net Assets	107,228	-	107,228
Net Assets - Beginning of Year	319,451	47,072	366,523
Net Assets - End of Year	\$ 426,679	\$ 47,072	\$ 473,751

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

Central Virginia Regional Library

Statement of Activities

Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support			
Contributions	\$ 31,040	\$ -	\$ 31,040
County of Buckingham	203,784	-	203,784
County of Prince Edward	256,095	-	256,095
Town of Farmville	243,136	-	243,136
Commonwealth of Virginia	162,243	-	162,243
E-Rate income	14,719	-	14,719
Interest and dividends	6,810	470	7,280
Unrealized gain (loss) on investments	(7,028)	-	(7,028)
Net assets released from restrictions	<u>20,000</u>	<u>(20,000)</u>	<u>-</u>
 Total Revenues, Gains, and Other Support Without Donor Restrictions	 930,799	 (19,530)	 911,269
Expenses			
Program services - library activities	724,377	-	724,377
Management and general	<u>265,269</u>	<u>-</u>	<u>265,269</u>
 Total Operating Expenses	 <u>989,646</u>	 <u>-</u>	 <u>989,646</u>
 Change in Net Assets	 (58,847)	 (19,530)	 (78,377)
 Net Assets - Beginning of Year	 <u>378,298</u>	 <u>66,602</u>	 <u>444,900</u>
 Net Assets - End of Year	 <u>\$ 319,451</u>	 <u>\$ 47,072</u>	 <u>\$ 366,523</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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 107,228	\$ (78,377)
<i>Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities</i>		
Depreciation	22,084	22,867
Net unrealized (gain) loss on investments	(50,985)	(7,028)
Increase (Decrease) in compensated absences	12,071	4,063
Increase (Decrease) in payroll taxes payable	<u>83</u>	<u>245</u>
Net Cash Provided by (Used in) Operating Activities	90,481	(58,230)
Cash Flows from Investing Activities		
Equipment purchases	(11,408)	(11,225)
Investments liquidated to transfer to operating cash	-	27,046
Purchase of investments	<u>(15,779)</u>	<u>-</u>
Net Cash Provided by (Used in) Investing Activities	<u>(27,187)</u>	<u>15,821</u>
Cash Flows from Financing Activities		
Proceeds from PPP Forgiveness Loan	-	83,500
Forgiveness of PPP Loan	<u>(83,500)</u>	<u>-</u>
Net Cash Provided by (Used in) Financing Activities	<u>(83,500)</u>	<u>83,500</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(20,206)	41,091
Cash and Cash Equivalents - Beginning of Year	<u>170,018</u>	<u>128,927</u>
Cash and Cash Equivalents - End of Year	<u>\$ 149,812</u>	<u>\$ 170,018</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, 2021 and 2020

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 of such income.

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 gain for the investments for the year is \$50,985.

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.

2 Net Assets with Donor Restrictions

In October 2017, the Farmville-Prince Edward Local Advisory Board for the Farmville-Prince Edward (FPE) Library dissolved and donated \$82,610 to the Central Virginia Regional Library with restrictions that it only be used for the FPE Library with prior approval of the Central Virginia Regional Library Board. In July 2018, these funds were invested in an investment account with Davenport. These are the only funds reported as restricted funds for the years ended June 30, 2021 and 2020. The balance in these funds were \$47,072 and \$47,072, respectively.

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, 2021, there were no uninsured balances.

4 Equipment

The following is a summary of equipment as of June 30, 2021:

Equipment	\$ 356,025
Less: Accumulated depreciation	<u>(271,601)</u>
Total	<u>\$ 84,424</u>

5 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 \$14,085.

6 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, 2021 totaled \$29,329.

7 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.

8 Fair Value Measurements

Fair values of assets measured at June 30, 2021 are as follows:

Fair Value Measurements at the End of the Reporting Period Using

<u>Recurring fair value measurements</u>	<u>Total</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>
Anthem - Common stock	\$ 27,969	\$ 27,969	\$ -	\$ -	\$ 9,036
Davenport - Mutual funds	194,170	194,170	-	-	41,949
Davenport - U.S. Treasury obligations	<u>47,072</u>	<u>47,072</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 269,211</u>	<u>\$ 269,211</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,985</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.

9 Long-Term Debt

Long-term debt consists of the following at June 30, 2021:

	Beginning of Year	Increases	Decreases (Forgiven)	End of Year	Due Within One Year
\$83,500 PPP Forgiveness Loan with Small Business Administration dated May 9, 2020; payments to start in 7 months unless forgiven; Loan forgiven FY2021	\$ 83,500	\$ -	\$ 83,500	\$ -	\$ -
Compensated Absences	17,258	12,071	-	29,329	2,933
Total Long-term Debt	\$ 100,758	\$ 12,071	\$ 83,500	\$ 29,329	\$ 2,933

10 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.

Financial assets at year end	\$ 419,023
Less those unavailable for general expenditures within one year	(47,072)
Financial assets available to meet cash needs for general expenditure within one year	\$ 371,951

11 Functional Expenses

Functional expenses for 2021 and 2020 are as follows:

<u>2021</u>	<u>Program Services</u>	<u>Supporting Services</u>	
	<u>Library Activities</u>	<u>Management and General</u>	<u>Total</u>
Salaries and wages	\$ 357,740	\$ 71,942	\$ 429,682
Payroll taxes	26,989	5,428	32,417
Retirement	11,733	2,352	14,085
Utilities	31,458	13,482	44,940
Books, periodicals, and audio	76,403	3,873	80,276
Supplies	16,148	8,308	24,456
Contract services	40,420	49,786	90,206
Travel and education	-	4,369	4,369
Insurance, includes health insurance	65,715	20,715	86,430
Professional fees	-	10,375	10,375
Telephone	7,721	858	8,579
Rent	126,000	54,000	180,000
Miscellaneous	-	16,939	16,939
Repairs and maintenance	5,123	-	5,123
Depreciation expense	<u>15,459</u>	<u>6,625</u>	<u>22,084</u>
Total Expenses	<u>\$ 780,909</u>	<u>\$ 269,052</u>	<u>\$ 1,049,961</u>

<u>2020</u>	<u>Program Services</u>	<u>Supporting Services</u>	
	<u>Library Activities</u>	<u>Management and General</u>	<u>Total</u>
Salaries and wages	\$ 340,678	\$ 75,115	\$ 415,793
Payroll taxes	25,921	5,746	31,667
Retirement	10,505	2,716	13,221
Utilities	31,382	13,449	44,831
Books, periodicals, and audio	57,861	-	57,861
Supplies	13,413	16,789	30,202
Contract services	25,584	63,092	88,676
Travel and education	9,654	-	9,654
Insurance, includes health insurance	56,634	18,311	74,945
Professional fees	-	6,000	6,000
Telephone	7,942	882	8,824
Rent	126,000	54,000	180,000
Miscellaneous	-	2,309	2,309
Repairs and maintenance	2,796	-	2,796
Depreciation expense	<u>16,007</u>	<u>6,860</u>	<u>22,867</u>
Total Expenses	<u>\$ 724,377</u>	<u>\$ 265,269</u>	<u>\$ 989,646</u>

12 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.

13 Evaluation of Subsequent Events

The Library has evaluated subsequent events through November 9, 2021, the date which the financial statements were available to be issued.