

WESTPORT LIBRARY ASSOCIATION, INC.

Independent Auditors' Report

Financial Statements

June 30, 2023



ASSURANCE | ADVISORY | TAX | TECHNOLOGY

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Westport Library Association, Inc.

Opinion

We have audited the accompanying financial statements of Westport Library Association, Inc. (the "Library") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year 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 the Library as of June 30, 2023, and the changes in its net assets and its cash flows for the year 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 the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Library and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 the Library's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 the 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 the 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 Westport Library Association, Inc.'s 2022 financial statements and we expressed an unmodified opinion on those audited financial statements in our report dated September 20, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Hartford, Connecticut
September 19, 2023

WESTPORT LIBRARY ASSOCIATION, INC.

Statement of Financial Position

June 30, 2023

(with comparative totals for June 30, 2022)

	2023			2022 Total
	Operating	Investment Fund	Total	
Assets				
Cash	\$ 495,969	\$ 935,606	\$ 1,431,575	\$ 1,427,469
Marketable securities	290,228	6,036,177	6,326,405	5,456,828
Accounts receivable	354,173	-	354,173	31,277
Promises to give, net	-	874,800	874,800	97,632
Other assets	10,413	23,865	34,278	3,072
Fixed assets, net	17,428,553	-	17,428,553	18,339,397
Total assets	<u>\$ 18,579,336</u>	<u>\$ 7,870,448</u>	<u>\$ 26,449,784</u>	<u>\$ 25,355,675</u>
Liabilities and Net Assets				
Liabilities:				
Accounts payable	\$ 385,555	\$ 24,124	\$ 409,679	\$ 133,587
Accrued expenses	495,291	-	495,291	660,126
Deferred income	25,360	419,663	445,023	119,024
Due to/(from)	269,755	(269,755)	-	-
Notes payable	26,506	-	26,506	52,027
Total liabilities	<u>1,202,467</u>	<u>174,032</u>	<u>1,376,499</u>	<u>964,764</u>
Net assets:				
Net assets without donor restrictions	17,376,869	4,279,301	21,656,170	22,391,089
Net assets with donor restrictions	-	3,417,115	3,417,115	1,999,822
Total net assets	<u>17,376,869</u>	<u>7,696,416</u>	<u>25,073,285</u>	<u>24,390,911</u>
Total liabilities and net assets	<u>\$ 18,579,336</u>	<u>\$ 7,870,448</u>	<u>\$ 26,449,784</u>	<u>\$ 25,355,675</u>

The accompanying notes are an integral part of the financial statements.

WESTPORT LIBRARY ASSOCIATION, INC.

Statement of Activities

For the year ended June 30, 2023
(with comparative totals for the year ended June 30, 2022)

	2023				2022 Total
	Net Assets Without Donor Restrictions		Net Assets With Donor Restrictions		
	Operating	Investment Fund	Investment Fund	Total	
Revenue and Support					
Town appropriation	\$ 5,426,713	\$ -	\$ -	\$ 5,426,713	\$ 4,817,653
Contributions	50,000	463,192	1,532,201	2,045,393	594,848
Grants	74,552	-	-	74,552	18,597
Fees and program income	250,804	-	-	250,804	144,074
Investment income	4,592	267,797	200,255	472,644	(752,572)
Café and retail sales, net of expenses of \$318,988 and \$261,016, for 2023 and 2022	11,314	-	-	11,314	(52,658)
Special events, net of expenses of \$-0- and \$76,508, for 2023 and 2022	-	-	-	-	320,529
Miscellaneous income	36,238	12	2,578	38,828	97,779
Net assets released from restrictions	518,126	(200,385)	(317,741)	-	-
Total revenue and support	6,372,339	530,616	1,417,293	8,320,248	5,188,250
Expenses					
Program	5,671,706	227,583	-	5,899,289	5,349,222
Management and general	1,855,888	12,066	-	1,867,954	1,573,742
Fundraising	182,241	36,054	-	218,295	32,613
Total expenses	7,709,835	275,703	-	7,985,538	6,955,577
Change in net assets before other income	(1,337,496)	254,913	1,417,293	334,710	(1,767,327)
Other Income					
Employee retention credit	347,664	-	-	347,664	-
Change in net assets	(989,832)	254,913	1,417,293	682,374	(1,767,327)
Net assets, beginning of year	18,366,701	4,024,388	1,999,822	24,390,911	26,158,238
Net assets, end of year	\$ 17,376,869	\$ 4,279,301	\$ 3,417,115	\$ 25,073,285	\$ 24,390,911

The accompanying notes are an integral part of the financial statements.

WESTPORT LIBRARY ASSOCIATION, INC.

Statement of Functional Expenses

For the year ended June 30, 2023

(with comparative totals for the year ended June 30, 2022)

	2023										
	Program			Management and General			Fundraising			Total Expenses	Total 2022
	Investment		Total	Investment		Total	Investment		Total		
	Operating	Fund		Operating	Fund		Operating	Fund		Total	
Salaries	\$ 2,776,179	\$ -	\$ 2,776,179	\$ 778,751	\$ -	\$ 778,751	\$ 165,319	\$ -	\$ 165,319	\$ 3,720,249	\$ 3,268,154
Benefits	574,078	-	574,078	274,280	-	274,280	4,293	-	4,293	852,651	482,469
Payroll taxes	204,111	-	204,111	47,687	-	47,687	12,629	-	12,629	264,427	242,203
Professional fees	-	448	448	232,211	-	232,211	-	14,526	14,526	247,185	169,541
Office expense	13,707	11,876	25,583	36,529	-	36,529	-	11,405	11,405	73,517	77,784
Occupancy	285,775	-	285,775	108,306	-	108,306	-	-	-	394,081	427,867
Travel	-	-	-	39,648	-	39,648	-	2,400	2,400	42,048	35,422
Conference	4,172	-	4,172	18,581	-	18,581	-	-	-	22,753	19,410
Interest	-	-	-	2,005	-	2,005	-	-	-	2,005	2,952
Depreciation	771,497	-	771,497	139,347	-	139,347	-	-	-	910,844	940,738
Materials and programs	829,606	213,195	1,042,801	17,333	-	17,333	-	7,723	7,723	1,067,857	834,966
Insurance	-	-	-	138,985	-	138,985	-	-	-	138,985	136,506
Information technology	203,286	-	203,286	-	-	-	-	-	-	203,286	216,608
Miscellaneous	9,295	2,064	11,359	22,225	12,066	34,291	-	-	-	45,650	100,957
	<u>\$ 5,671,706</u>	<u>\$ 227,583</u>	<u>\$ 5,899,289</u>	<u>\$ 1,855,888</u>	<u>\$ 12,066</u>	<u>\$ 1,867,954</u>	<u>\$ 182,241</u>	<u>\$ 36,054</u>	<u>\$ 218,295</u>	<u>\$ 7,985,538</u>	<u>\$ 6,955,577</u>

The accompanying notes are an integral part of the financial statements.

WESTPORT LIBRARY ASSOCIATION, INC.

Statement of Cash Flows

For the year ended June 30, 2023
(with comparative totals for the year ended June 30, 2022)

	2023			Total 2022
	Operating	Investment Fund	Total	
Cash flows from operating activities:				
Change in net assets	\$ (989,832)	\$ 1,672,206	\$ 682,374	\$ (1,767,327)
Adjustments to reconcile change in net assets to net change in cash from operating activities:				
Depreciation	910,844	-	910,844	940,738
Proceeds from sale of investments from donors	-	508,347	508,347	56,699
Unrealized (gains)/losses on investments	10,660	(306,807)	(296,147)	919,989
(Increase)/decrease in assets:				
Accounts receivable	(322,896)	-	(322,896)	(28,795)
Promises to give, net	-	(777,168)	(777,168)	55,801
Other assets	(7,341)	(23,865)	(31,206)	2,131
Increase/(decrease) in liabilities:				
Accounts payable	255,490	20,602	276,092	(2,562)
Accrued expenses	(164,835)	-	(164,835)	(427,094)
Deferred income	(93,664)	419,663	325,999	54,963
Due to/from	216,597	(216,597)	-	-
Net change in cash from operating activities	(184,977)	1,296,381	1,111,404	(195,457)
Cash flows from investing activities:				
Proceeds from sales of marketable securities	2,964	375,071	378,035	1,781,088
Purchase of marketable securities	(18,215)	(1,441,597)	(1,459,812)	(2,720,981)
Net change in cash from investing activities	(15,251)	(1,066,526)	(1,081,777)	(939,893)
Cash flows from financing activities:				
Repayments of note payable	(25,521)	-	(25,521)	(24,574)
Change in cash	(225,749)	229,855	4,106	(1,159,924)
Cash, beginning of year	721,718	705,751	1,427,469	2,587,393
Cash, end of year	\$ 495,969	\$ 935,606	\$ 1,431,575	\$ 1,427,469
Supplemental Information:				
Interest paid			\$ 2,005	\$ 2,952

The accompanying notes are an integral part of the financial statements.

WESTPORT LIBRARY ASSOCIATION, INC.

Notes to Financial Statements

June 30, 2023 and 2022

NOTE 1 – ORGANIZATION

The purpose of the Westport Library Association, Inc. (the “Library”) is to establish and maintain a public library for the benefit of the residents of the Town of Westport, Connecticut and the community at large.

The Library is committed to empowering the individual and strengthening the community by stimulating intellectual curiosity, encouraging lifelong learning and providing a creative environment for the open and lively exchange of information and ideas.

The Library’s Investment Fund was originally established to account for all donations received in connection with the construction of a new library building, the Library’s current building, which was completed in 1986, and its expansion, completed in 1998. Since completion of construction, remaining funds have been invested under the guidance of the Library’s Board of Trustees. The Investment Fund also invests the net proceeds of annual fundraisers and events held to benefit the Library. A substantial portion of funds raised and the income from investments is transferred to the Library’s operating account for use in paying operating expenses of the Library. Restricted contributions are accounted for and spent in accordance with the intention designated by the donor.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The financial statements are prepared on the accrual basis of accounting.

Basis of Presentation – Financial statement presentation follows the requirements of the *Financial Statements of Not-for-Profit Organizations* topic of the FASB Accounting Standards Codification. Following these requirements, the Library reports information regarding its financial position and activities according to the following net assets categories:

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 Library. These net assets may be used at the discretion of the Library’s management and the Board of Trustees.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions will be met by actions of the Library or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash – The Library maintains its cash in bank accounts which, at times, may exceed federally insured limits. The Library has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Marketable Securities – Marketable securities are stated at fair value. 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 a measurement date.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement – The Library follows the Fair Value Measurements topic of the FASB Codification, which defines fair value and establishes a framework for measuring fair value in generally accepted accounting principles. The topic defines fair value as the exchange price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The topic also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. These levels are:

Level 1 – Inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.

Level 2 – Inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Inputs are generally unobservable and typically reflect management’s estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques, that include option pricing models, discounted cash flow models, and similar techniques.

The following is a description of the valuation methodologies used for assets measured at fair value:

Mutual funds: Valued at the daily closing price as reported by the associated fund. Mutual funds held by the Library are open-end funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (“NAV”) and to transact at that price. The mutual funds held by the Library are deemed to be actively traded.

Short term investments: Valued at the daily closing price as reported by the fund. Money market funds held by the Library are open-end funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price, which approximates \$1. The money market funds held by the Library are deemed to be actively traded.

There were no changes in the valuation methodologies used for assets measured at fair value at June 30, 2023 and 2022.

Endowment Investment and Spending Policy – The Library has adopted an Endowment Investment and Spending Policy. The investment objective is to maximize its long-term rate of return while maintaining a reasonable level of risk. The Library targets a diversified asset allocation by setting an aggregate exposure of 60% equities, 30% fixed income, and 10% real assets which are commodities and real estate. The Library’s spending policy states that the spending rate is generally to be 5% of the Endowment’s total assets measured each June 30th based on the three-year moving average of the market value of the Endowment, taking into consideration the estimated total investment return, the estimated rate of inflation, and the operating needs of the Library.

The Library follows the Not-for-Profit Entities topic of the FASB Accounting Standards Codification, (“FASB ASC 958”) which describes the information that needs to be disclosed regarding its endowment funds. The topic requires certain minimum disclosures including the description of the Library’s spending policy, as well as its endowment investment policies. It also requires disclosures regarding the composition of the Library’s endowment by net asset class and a reconciliation of the beginning and ending balance of the Library’s endowment.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fixed Assets – Fixed assets are capitalized at cost. It is the Library's policy to capitalize property and equipment over \$1,000. Lesser amounts are charged to expenses when incurred. Fixed assets are depreciated over the estimated useful lives of the related assets, which range from three to forty years. Depreciation is computed using the straight-line method.

Collections – In conformity with practices followed by libraries, certain works of art, books, and historical treasures that have been donated and are held for exhibition, education, research, or public service have not been capitalized. These collections are neither disposed of for financial gain nor encumbered in any way. Accordingly, such collections are not recognized or capitalized for financial statement purposes. Proceeds received from the sale of books may be used for the acquisition of new books.

Revenue Recognition – All town appropriations and contributions, including unconditional promises to give, are considered to be available for unrestricted use unless specifically restricted by the donor. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Contributions received that are designated for future periods or restricted by the donor for specific purposes are reported as support within the net asset class of those with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the support is reported in the net assets without donor restrictions category.

Grants may be considered exchange transactions or conditional/unconditional promises to give. The Library recognizes grants deemed to be exchange transactions once the performance obligations are met. Grants considered to be unconditional promises to give are recognized when awarded. Grants considered to be conditional promises to give are recognized when the conditions are met. Failure to fulfill the conditions could result in the return of funds to the grantor. The Library has not been informed by any agencies of any funds which are required to be returned.

Fees and program income consists of revenue generated from various events and programs that are offered by the Library for a fee as well as fines for overdue library materials. The proceeds from registration of events and programs are recognized as revenue at a point in time or at the end of the month the program is held. Late fees on overdue materials are charged recognized daily as the fee is charged. Amounts received in advance for programs are recorded as fees paid in advance when received and recognized as revenue when the program or event takes place. In the event of a program or event cancellation, refunds to attendees are evaluated on a case by case basis.

Contributed Services – The Library recognizes donated services if they create or enhance non-financial assets or require specialized skills that would typically be purchased if not provided by donation. General volunteer services do not meet these criteria for recognition in the financial statements, however, a number of unpaid volunteers have made significant contributions of their time to the Library.

Tax Status – The Library is a not-for-profit organization as described under Section 501(c)(3) of the Internal Revenue Code and is not subject to federal or state income taxes. In addition, the Library qualifies for the charitable contribution deduction as provided in Section 170 of the Internal Revenue Code.

Comparative Totals – 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Library's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

Reclassifications – Certain amounts in the 2022 financial statements have been reclassified to conform to current year presentation.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses – The financial statements report certain categories of expenses that are attributable to one or more program functions of the Library. Salaries, payroll taxes, and benefits are allocated by time and effort. Occupancy and depreciation are allocated by square footage. All other costs are direct costs.

Subsequent Events Measurement Date – The Library monitored and evaluated any subsequent events for footnote disclosures or adjustments required in its financial statements for the year ended June 30, 2023 through September 19, 2023, the date on which the financial statements were available to be issued.

NOTE 3 – LIQUIDITY AND AVAILABILITY

The following represents the Library’s financial assets available to meet general expenditures over the next twelve months at June 30, 2023 and 2022:

	2023	2022
Financial assets at year end:		
Cash	\$ 1,431,575	\$ 1,427,469
Marketable securities	6,326,405	5,456,828
Accounts receivable	354,173	31,277
Promises to give, net	874,800	97,632
Total financial assets	8,986,953	7,013,206
Less amounts not available to be used within twelve months:		
Promises to give due greater than one year	(483,255)	(63,942)
Net assets with donor restrictions - program	(2,307,114)	(944,603)
Net assets with donor restrictions - endowment earnings	(317,047)	(248,109)
Net assets with donor restrictions - capital project	(143,050)	(157,806)
Net assets with donor restrictions - held in perpetuity	(649,904)	(649,304)
Financial assets available to meet general expenditures over the next twelve months	\$ 5,086,583	\$ 4,949,442

The Library’s goal is generally to maintain financial assets to meet twelve months of operating expenses. See Note 2 for the Library’s endowment investment and spending policy.

NOTE 4 – MARKETABLE SECURITIES

The following comprises the fair values of marketable securities at June 30,:

	2023	2022
Mutual funds:		
Short-Term Bond Index Fund Admiral	\$ 815,470	\$ 1,084,857
International Stock Index Fund Admiral	1,931,315	1,519,600
Bond Market Index Fund Admiral	791,363	753,594
Stock Market Index Fund Admiral	2,014,107	1,525,198
Multi-asset Pimco	614,056	573,301
Short term investments	160,094	278
Total	\$ 6,326,405	\$ 5,456,828

All marketable securities are valued using Level 1 inputs.

NOTE 5 – ENDOWMENT

The reconciliation of the Library's endowment by net asset category is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment, July 1, 2021	\$ 3,179,040	\$ 1,864,583	\$ 5,043,623
Investment return			
Interest and dividends	124,315	42,350	166,665
Realized and unrealized losses	<u>(600,502)</u>	<u>(308,649)</u>	<u>(909,151)</u>
Total investment return	(476,187)	(266,299)	(742,486)
Contributions	2,000,011	300	2,000,311
Appropriations for expenditures	<u>(857,570)</u>	<u>(41,877)</u>	<u>(899,447)</u>
Endowment, June 30, 2022	3,845,294	1,556,707	5,402,001
Investment return			
Interest and dividends	123,571	51,163	174,734
Realized and unrealized gains	<u>148,202</u>	<u>142,026</u>	<u>290,228</u>
Total investment return	271,773	193,189	464,962
Contributions	273,604	501,630	775,234
Appropriations for expenditures	<u>(334,583)</u>	<u>(43,419)</u>	<u>(378,002)</u>
Endowment, June 30, 2023	<u>\$ 4,056,088</u>	<u>\$ 2,208,107</u>	<u>\$ 6,264,195</u>

NOTE 6 – PROMISES TO GIVE

The Library uses the allowance method to account for uncollectible receivables. The Library provides an allowance for uncollectible accounts equal to the estimated uncollectible portion of the receivable. Management's estimate is based on historical experience and its evaluation of the current status of the receivable.

Unconditional promises to give expected to be collected within one year are recorded at fair value. Unconditional promises to give expected to be collected in future years are recorded at the present value of estimated future cash flows, using the risk-free discount rate of 3%.

Promises to give consisted of the following at June 30,:

	2023	2022
Receivable in less than one year	\$ 408,846	\$ 38,925
Receivable in one to five years	<u>483,255</u>	<u>63,942</u>
	892,101	102,867
Less unamortized discount of 3%	<u>(17,301)</u>	<u>(5,235)</u>
Promises to give, net	<u>\$ 874,800</u>	<u>\$ 97,632</u>

NOTE 7 – FIXED ASSETS

Fixed assets consisted of the following at June 30,:

	<u>2023</u>	<u>2022</u>
Building improvements	\$ 19,263,705	\$ 19,263,705
Equipment	3,015,786	3,015,786
Less accumulated depreciation	(4,850,938)	(3,940,094)
	<u>\$ 17,428,553</u>	<u>\$ 18,339,397</u>

The Library leases land from the Town of Westport, Connecticut under a non-cancelable operating lease expiring April 2089, at an annual rent of \$1 due each July 1.

The Library has an agreement with the Town in which there is shared ownership of the Library building. The Library and Town have ownership interests of 77% and 23%, respectively. The building is fully depreciated and not recorded in the accompanying financial statements.

NOTE 8 – NOTES PAYABLE

The Library has a note payable with the Town of Westport, Connecticut. The terms of the note are a 3.85% interest rate with principal and interest payments of \$27,526 due annually until the note is paid in full in August 2023. The balance at June 30, 2023 and 2022 is \$26,506 and \$52,027, respectively. Future minimum payments of \$26,506 are due during the fiscal year ending June 30, 2024.

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at June 30,:

	<u>2023</u>	<u>2022</u>
Time and purpose restrictions:		
Programs	\$ 2,307,114	\$ 944,603
Endowment Earnings	317,047	248,109
Capital Projects	143,050	157,806
Total time and purpose restrictions	<u>2,767,211</u>	<u>1,350,518</u>
Held in perpetuity:		
Art Books	105,747	105,747
International Videos	14,000	14,000
Children's Library Programs	269,229	267,629
Books	141,000	141,000
Children's Art Books	19,928	20,928
Science Lectures	100,000	100,000
Total held in perpetuity	<u>649,904</u>	<u>649,304</u>
Total net assets with donor restrictions	<u>\$ 3,417,115</u>	<u>\$ 1,999,822</u>

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets were released from restrictions by incurring expenses satisfying the purpose restrictions as follows for the years ended June 30,:

	<u>2023</u>	<u>2022</u>
Programs	\$ 252,500	\$ 346,636
Endowment Earnings	43,419	41,877
Capital Project	21,822	24,850
	<u>\$ 317,741</u>	<u>\$ 413,363</u>

NOTE 10 – EMPLOYEE RETENTION CREDIT

Management determined the Library is eligible for the Employee Retention Credit (“ERC”) under the Coronavirus Aid, Relief, and Economic Security Act of 2020, as modified by the Consolidated Appropriations Act of 2021 and the American Rescue Plan Act of 2021. Credits of \$347,664 were received and recorded as other income on the statement of activities for the year ended June 30, 2023.

NOTE 11 – CONCENTRATIONS AND CONTINGENCIES

During the years ended June 30, 2023 and 2022, the Library received town appropriations of \$5,426,713 and \$4,817,653, respectively. These amounts represent a significant portion of the Library's total revenue and support. A significant reduction in this level of support, should it occur, would have a detrimental effect on the Library's programs and activities.

As of June 30, 2023 and 2022, 21% and 20%, respectively, of the Library's supervisor and non-supervisor employees worked under a collective bargaining agreement. The agreement expires June 30, 2025.

The Library has self-insured medical insurance. The Library is responsible for payments of up to \$200,000 and \$175,000 during the years ended June 30, 2023 and 2022, respectively, per occurrence per employee. The Library has established a reserve of approximately \$270,000 and \$530,000 at June 30, 2023 and 2022, respectively, to cover the cost of self-insurance, which is included in accrued expenses.

NOTE 12 – CHARITABLE LEAD UNITRUST

The Library is the beneficiary of a charitable lead unitrust in which the trust assets are invested and managed by a third party trustee. The Library is designated a 40% interest in the trust. The Library expects to receive an annual payment over fifteen years in equal amounts based upon its percentage interest in the trust. Payments began during the year ended June 30, 2016. During each of the years ended June 30, 2023 and 2022, the Library received \$120,000, which is included in contributions in the statements of activities.

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