



**Seaford District Library, Inc.**

**Financial Statements - Cash Basis  
(and Supplemental Information)**

**For the Years Ended June 30, 2012 (Compiled) &  
June 30, 2011 (Reviewed by Other Accountants)**

The report accompanying these financial statements was issued by  
BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of  
BDO International Limited, a UK company limited by guarantee.



## **Seaford District Library, Inc.**

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**Financial Statements - Cash Basis  
(and Supplemental Information)  
For the Years Ended June 30, 2012 (Compiled) &  
June 30, 2011 (Reviewed by Other Accountants)**

# Seaford District Library, Inc.

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## Independent Accountants' Compilation Report

To the Board of Commissioners  
Seaford District Library, Inc.  
Seaford, Delaware

We have compiled the accompanying statement of cash receipts and disbursements of Seaford District Library, Inc. (a nonprofit organization) for the year ended June 30, 2012, together with the supplemental information on pages 9 to 13, which is presented only for supplementary analysis purposes. We have not audited or reviewed the accompanying financial statement or supplemental information and, accordingly, do not express an opinion or provide any assurance about whether the financial statement or supplemental information are in accordance with the cash receipts and disbursements basis of accounting described in Note 1.

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash receipts and disbursements basis of accounting described in Note 1 and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of a financial statement.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of a financial statement without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statement. During our compilation, we did become aware of certain departures from the cash receipts and disbursements basis of accounting described in Note 1 as described in the following paragraph.

The cash receipts and disbursements basis of accounting described in Note 1 would not include investments as displayed in the supplemental information on page 12.

The 2011 financial statement of Seaford District Library, Inc. was reviewed by other accountants whose report dated October 25, 2011, stated that they were not aware of any material modifications that should be made to that financial statement, in order for it to be in conformity with the cash receipts and disbursements basis of accounting.

*BDO USA, LLP*

January 28, 2013

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## Financial Statements - Cash Basis

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# Seaford District Library, Inc.

## Statements of Cash Receipts and Disbursements

Years Ended June 30,	2012	2011
<b>Receipts</b>		
Book sales	\$ 1,956	\$ 2,402
Building fund income	94,563	104,477
Copy machine	3,066	2,999
City of Seaford	-	1,500
Dividends	9,254	16,840
E-Rate	2,597	2,169
Fees and fines	23,143	20,943
Gifts and donations	19,007	4,722
Interest	1,900	632
Miscellaneous	7,144	3,993
Proceeds from sale of furniture	-	2,508
Proceeds from sale of securities	416,481	66,835
State of Delaware	74,837	106,369
Sussex County	243,577	247,353
<b>Total Receipts</b>	<b>897,525</b>	<b>583,742</b>
<b>Disbursements</b>		
Accounting	5,840	6,265
Advertising	782	135
Audio visual	7,112	6,408
Books	32,360	34,993
Capital expenditures	21,899	151,398
Commissions	4,381	4,624
Dues and subscriptions	1,899	10,282
Fuel	-	8,693
Fundraising	8,373	-
Hospitalization	9,924	10,878
Interest expense	26,814	27,350
Insurance	12,644	11,490
Janitorial services and supplies	12,796	11,385
Loan repayment	101,178	75,642
Maintenance and repairs	17,550	13,345
Mileage	851	710
Miscellaneous	1,004	902
Office supplies	11,072	11,654
Payroll taxes	18,559	18,277
Payroll expenses	614	509
Programs and projects	7,345	6,393
Salaries	242,543	238,919

# Seaford District Library, Inc.

## Statements of Cash Receipts and Disbursements

<i>Years Ended June 30,</i>	<b>2012</b>	<b>2011</b>
Securities purchased	440,743	43,156
Telephone	3,879	3,882
Training and education	270	586
Utilities	48,280	47,215
<b>Total Disbursements</b>	<b>1,038,712</b>	<b>745,091</b>
 (Deficit) of receipts (under) disbursements	 (141,187)	 (161,349)
Beginning cash balance	225,620	386,969
<b>Ending cash balance</b>	<b>\$ 84,433</b>	<b>\$ 225,620</b>
 <b>Composition of Ending Cash Balance</b>		
Certificate of deposit - circulation	\$ -	\$ 10,635
Certificate of deposit - general	28,539	28,314
Checking account - building fund	2,143	2,888
Checking account - general	17,691	60,662
Escrow account - building fund	-	41,463
Money market accounts - building fund	31,380	70,522
Petty cash - general	450	450
Wilmington Brokerage Services Company - circulation	-	2,769
Wilmington Brokerage Services Company and Merrill Lynch - general	4,230	7,917
<b>Total Composition of Ending Cash Balance</b>	<b>\$ 84,433</b>	<b>\$ 225,620</b>

*See accompanying independent accountants' compilation report  
and notes to financial statements.*

# Seaford District Library, Inc.

## Notes to Financial Statements

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### 1. Summary of Significant Accounting Policies

#### *Nature of Activities*

The Seaford District Library, Inc. (the Library) provides library services to the general public. It is a free public library that provides collections of reading materials, programs, and services to benefit the Seaford area.

#### *Basis of Accounting*

The accompanying financial statements have been prepared on the cash receipts and disbursements basis of accounting, which is a comprehensive basis of accounting different from accounting principles generally accepted in the United States of America. Under that basis, the only asset recognized is cash and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements, and non-cash transactions are not recognized. The cash receipts and disbursements basis differs from accounting principles generally accepted in the United States of America primarily because the effects of outstanding receivables and obligations unpaid at the date of the financial statements are not included in the financial statements.

#### *Subsequent Events*

Events and transactions subsequent to year end have been evaluated for potential recognition in the financial statements or disclosure in the notes to the financial statements. All events and transactions have been evaluated through January 28, 2013, which is the date the financial statements were available to be issued. There were no events that required adjustments to or disclosure in these financial statements.

### 2. Restricted Cash

The Building Fund, which at June 30, 2012 and 2011 had balances of \$33,523 and \$114,873, respectively, is restricted for the construction of a new library and related debt program. It is funded by donations and grants. Other restricted accounts, which at June 30, 2012 and 2011 had balances of \$0 and \$13,404, respectively, are restricted for the purchase of specific collection materials.

### 3. Cash and Cash Equivalents and Concentration of Credit Risk

The Library considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents are maintained at various financial institutions and, at times, balances may exceed federally insured limits. The Library has never experienced any losses related to these balances.

All non-interest bearing cash balances were fully insured at December 31, 2010 due to a temporary federal program in effect from December 31, 2010 through December 31, 2012. Under this program, there is no limit to the amount of insurance for eligible accounts. Beginning in 2013, insurance coverage will revert to \$250,000 per depositor at each financial institution. Interest bearing accounts were insured up to the federal insurance limit of \$250,000. At June 30, 2012 and 2011, cash and cash equivalents exceeded the federally insured limits on interest bearing account by \$0 for both years.



# Seaford District Library, Inc.

## Notes to Financial Statements

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### 4. Income Taxes

The Library is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation.

Although the Library is exempt from income taxes, income from certain activities not directly related to the Library's tax exempt purpose could be subject to taxation as unrelated business income. The Library did not engage in any such activities for the fiscal years ended June 30, 2012 and 2011. If there were any interest and penalties related to income taxes, the payments would be included in the statements of cash receipts and disbursements.

Management has reviewed its current federal and state tax provisions and has determined, based on clear and unambiguous tax laws and regulations, that the tax positions taken are certain and there is no likelihood that a material tax assessment would be made if a respective government agency examined the tax returns for the years subject to examination. Tax filings for fiscal years ended June 30, 2009 through 2012 remain open to examination by the taxing jurisdictions to which the Library is subject, and they have not been extended beyond the statute of limitations.

### 5. Long-Term Debt

The Library secured a construction loan on December 18, 2008 with Wilmington Trust Company, which provides for short-term borrowings of up to \$800,000 to complete the new Seaford District Library project. Borrowings on this note are secured by building and land. The loan converted to a permanent loan on June 1, 2010 at the completion of the construction period. Principal and interest, charged at the national commercial rate, which at June 30, 2012 and 2011 was 4%, are payable in forty-eight consecutive monthly installments of \$4,416 calculated on a twenty-five year amortization. In addition to the scheduled monthly installments, the Library made an unscheduled advance payment of \$75,000 in February 2012. A balloon payment of the unpaid principal is due May 15, 2014. The balance outstanding on the note at June 30, 2012 and 2011 was \$521,520 and \$622,698, respectively.

Future maturities of long-term debt are as follows:

*Years ending June 30,*

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2013	\$ 29,770
2014	491,750
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Total	\$ 521,520

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# Seaford District Library, Inc.

## Notes to Financial Statements

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### 6. Endowment Fund

The Library signed an agreement with Delaware Community Foundation (DCF) in 2008 to establish the Seaford District Library Endowment Fund, funded initially by a \$2,000 grant from the Delaware Division of Libraries. The funds are administered and invested by the DCF, a commingled investment fund for the benefit of the Library. DCF maintains separate subaccounts for each library where distributions are subject to certain restrictions and may not begin until the fund achieves a \$10,000 threshold. However, in the event of extraordinary circumstances, the balance of the Fund (less the grants from the Delaware Division of Libraries) may be distributed with written approval from the Board of Directors of both the DCF and the Library.

The balances designated for Seaford District Library, Inc. totaled \$153,723 and \$12,141 at June 30, 2012 and 2011, respectively, and are not included in the accompanying statement of cash receipts and disbursements.

## Supplemental Information

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## Seaford District Library, Inc.

### Insurance Coverage

Year ended June 30, 2012

Agent	Company	Coverage	Term	Annual Premium
The Insurance Market, Inc.	Utica National Insurance Group	Commercial Package Policy \$1,320,310 - Building - Porter St, 80% Co-insurance, \$1,000, Deductible \$ 153,540 - Contents - Porter St, 80% Co-insurance, \$1,000, Deductible \$4,000,000 - Building - Market St, 80% Co-insurance, \$1,000, Deductible \$2,046,000 - Contents - Market St, 80% Co-insurance, \$1,000, Deductible \$2,000,000 - General Aggregate Limit, Each Occurrence Limit \$2,000,000 - Products - Completed Operations Aggregate \$1,000,000 - Personal and Advertising Injury \$1,000,000 - Each Occurrence Limit \$ 5,000 - Medical Expense Each Person \$ 100,000 - Damage to Rented Premises Director and Officer Liability \$1,000,000 - General Aggregate Limit Each Occurrence Limit Public Employee Dishonesty \$ 300,000 - Each Loss, \$500 Deductible Commercial Auto \$1,000,000 - Each Accident Equipment Floater \$ 15,000 - Each Loss, \$500 Deductible	07-13/10 - 07/13/11	\$ 8,589

*See accompanying independent accountants' compilation report.*

## Seaford District Library, Inc.

### Insurance Coverage

Year ended June 30, 2012

Agent	Company	Coverage	Term	Annual Premium
The Insurance Market, Inc.	Utica National Insurance Group	Commercial Package Policy \$1,320,310 - Building - Porter St, 80% Co-insurance \$ 153,450 - Contents - Porter St, 80% Co-insurance \$4,000,000 - Building - Market St, 80% Co-insurance \$2,046,000 - Contents - Market St, 80% Co-insurance, \$1,000, Deductible \$2,000,000 - General Aggregate Limit, Each Occurrence Limit \$2,000,000 - Products - Completed Operations Aggregate \$1,000,000 - Personal and Advertising Injury \$1,000,000 - Each Occurrence Limit \$ 5,000 - Medical Expense Each Person \$ 100,000 - Damage to Rented Premises Director and Officer Liability \$1,000,000 - General Aggregate Limit Each Occurrence Limit Public Employee Dishonesty \$ 300,000 - Each Loss Commercial Auto \$1,000,000 - Each Accident Equipment Floater \$ 15,000 - Each Loss, \$500 Deductible	07/13/11 - 07/13/12	\$8,210

## Seaford District Library, Inc.

### Insurance Coverage

*Year ended June 30, 2012*

Agent	Company	Coverage	Term	Annual Premium
The Insurance Market, Inc.	Utica National Insurance Group	Workers Compensation \$ 100,000 - Accident Each Accident \$ 100,000 - Disease Each Employee \$ 500,000 - Disease Policy Limit	07/13/10 - 07/13/11	\$ 1,884
The Insurance Market, Inc.	Utica National Insurance Group	Workers Compensation \$ 100,000 - Accident Each Accident \$ 100,000 - Disease Each Employee \$ 500,000 - Disease Policy Limit	07/13/11 - 07/13/12	1,449
The Insurance Market, Inc.	Utica National Insurance Group	General Liability \$ 100,000 - General Aggregate Limit, Each Occurrence Limit \$ 100,000 - Deductible	07/13/10 - 07/13/11 07/13/11 - 07/13/12	649
The Insurance Market, Inc.	Utica National Insurance Group	Umbrella Policy \$1,000,000 - General Aggregate Limit, Each Occurrence Limit \$1,000,000 - Personal and Advertising Injury	07/13/10 - 07/13/11 07/13/11 - 07/13/12	575

*See accompanying independent accountants' compilation report.*

## Seaford District Library, Inc.

### Investments

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The Library owns marketable securities, which are not included in the cash value in the statement of cash receipts and disbursements at June 30, 2012, as follows:

Broker Holding Investment/Investment Description	Fair Value
Merrill Lynch Mutual Funds	\$ 300,434
M&T Securities, Inc Building Fund Exchange Traded Products	20,653
Total Investments	\$ 321,087

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*See accompanying independent accountants' compilation report.*

# Seaford District Library, Inc.

## Board of Commissioners

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The Commissioners of the Seaford District Library, Inc. at June 30, 2012 are:

President	Kay Wheatley
Vice President	Edith Villasenor
Treasurer	Carol Spana
Trustee	Rose Adams
Trustee	Amy Russell

*See accompanying independent accountants' compilation report.*