



Seaford District Library, Inc.

Financial Statement - Cash Basis (and Supplementary Information)

**For the Years Ended June 30, 2020 (Complied)
and June 30, 2019 (Reviewed)**

Seaford District Library, Inc.

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Tel: 215-564-1900
Fax: 215-564-3940
www.bdo.com

Ten Penn Center
1801 Market Street, Suite 1700
Philadelphia, PA 19103

Independent Accountant's Report

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

Management is responsible for the accompanying financial statement of Seaford District Library, Inc. (a nonprofit organization), which comprise the statement of cash receipts and disbursements for the year ended June 30, 2020, and the related notes to the financial statement in accordance with the basis of accounting described in Note 1. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants (AICPA). We did not audit or review the financial statement, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on this financial statement.

The 2020 supplementary information contained on pages 8 to 10 is presented for purposes of additional analysis and is not a required part of the basic financial statement. The information is the representation of management. The information was subject to our compilation engagement, however, we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such supplementary information.

The accompanying 2019 financial statement of Seaford District Library, Inc. was previously reviewed by us, and we stated in our report dated November 25, 2019 that we were not aware of any material modifications that should be made to that financial statement or supplementary information, included on pages 8 to 10, in order for them to be in accordance with the basis of accounting described in Note 1. We have not performed any procedures in connection with that review engagement since that date.

BDO USA, LLP

November 12, 2020

Financial Statement - Cash Basis

Seaford District Library, Inc.

Statement of Cash Receipts and Disbursements

| <i>Years ended June 30,</i> | (Compiled) 2020 | (Reviewed) 2019 |
|---|--------------------|--------------------|
| Receipts | | |
| Book sales | \$ 2,304 | \$ 2,726 |
| Building fund income | 25 | - |
| City of Seaford | 7,500 | 7,500 |
| Endowment funding | 45,464 | 15,687 |
| Fees and fines | 18,211 | 19,970 |
| Grants | 5,515 | 6,680 |
| Gifts, donations, and fundraising | 7,969 | 25,875 |
| Miscellaneous | 3 | 6,729 |
| State of Delaware | 83,138 | 99,365 |
| Sussex County | 287,512 | 259,568 |
| Total receipts | 457,641 | 444,100 |
| Disbursements | | |
| Accounting | 15,957 | 6,350 |
| Advertising and legal | 3,040 | 4,452 |
| Audio visual | 1,601 | 7,739 |
| Books | 16,649 | 27,327 |
| Building and capital expenditures | 18,032 | 10,958 |
| Copier payments | 7,992 | 4,203 |
| Dues and subscriptions | - | 8,623 |
| Fundraising | - | 3,134 |
| Insurance | 11,925 | 15,137 |
| Interest expense | 17,582 | 23,120 |
| Maintenance and repairs | 42,085 | 36,210 |
| Mileage | - | 559 |
| Miscellaneous | 9,195 | 20,717 |
| Office supplies | 10,834 | 26,735 |
| Payroll taxes | 14,612 | 14,652 |
| Professional fees | 946 | 1,030 |
| Programs and projects | 4,625 | 11,574 |
| Repayment of loan | 14,512 | 8,431 |
| Salaries | 185,412 | 191,526 |
| Telephone | 3,851 | 3,521 |
| Training and education | 4,516 | 1,185 |
| Utilities | 27,756 | 33,034 |
| Workman's compensation | 496 | 6,051 |
| Total disbursements | 411,618 | 466,268 |
| Excess/(Deficit) of receipts over disbursements | 46,023 | (22,168) |
| Cash Balance - Beginning | 6,475 | 28,643 |
| Cash Balance - Ending | \$ 52,498 | \$ 6,475 |

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

Seaford District Library, Inc.

Statement of Cash Receipts and Disbursements

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 statement has been prepared on the cash basis of accounting, which is a comprehensive basis of accounting different from accounting principles generally accepted in the United States of America. 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 statement are not included in the financial statement.

Subsequent Events

Events and transactions subsequent to year end have been evaluated for potential recognition in the financial statement or disclosure in the notes to the financial statement. All events and transactions have been evaluated through November 12, 2020 which is the date the financial statement was available to be issued. There were no events that required adjustments to or disclosure in this financial statement.

2. Cash and Cash Equivalents and Concentration of Credit Risk

Cash and cash equivalents include cash on hand, bank demand deposits, money market accounts, and all other highly liquid investments with an original maturity of three months or less. 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.

As of June 30, 2020, insurance coverage was \$250,000 per depositor at each financial institution. At June 30, 2020 and 2019, cash and cash equivalents did not exceed the federally insured limits.

3. 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, 2020 and 2019. If there were any interest and penalties related to income taxes, the payments would be included in the statement of cash receipts and disbursements.

See accompanying independent accountant’s report

Seaford District Library, Inc.

Statement 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, 2016 and after 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.

4. 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 \$273,134 and \$313,811 at June 30, 2020 and 2019, respectively, and are not included in the accompanying statement of cash receipts and disbursements. However, distributions from DCF funds to the Library in the form of cash are recorded as cash receipts.

5. Borrowings

The Library holds a \$375,000 line of credit agreement with a local financial institution. The line of credit has a variable interest rate based on the lowest Prime Rate as published in The Wall Street Journal 'Money Rates' table, an independent index. At June 30, 2020 and 2019, the interest rate was 5.75% and 5.74%, respectively. At June 30, 2020 and 2019, the Library had an outstanding balance of \$360,488 and \$366,569, respectively. For the years ended June 30, 2020 and 2019, cash payments for principal were \$14,512 and \$8,431, respectively. For the years ended June 30, 2020 and 2019, cash payments for interest were \$17,582 and \$23,120, respectively.

6. Commitments

The Library leases a copier under an operating lease. In July 2018, the Library entered into a new operating lease pertaining to a copier, with future minimum rental payments to be approximately \$308 per month. For the year ended June 30, 2020, payments related to the copier lease totaled \$3,660.

7. Liquidity

The Library has cash obligations in the near future for bank borrowings, copier, and other routine operating expenses. With cash balances of \$52,499 at June 30, 2020, the Library will be dependent on cash receipts from Sussex County, the State of Delaware, and/or the Library's DCF Endowment funds to meet its cash obligations and continue as a going concern.

See accompanying independent accountant's report

Supplementary Information

Seaford District Library, Inc.

Insurance Coverage

Year Ended June 30, 2020

| Agent | Company | Coverage | Term | Annual Premium |
|--------------------------------|---|---|--|----------------------|
| Avery W. Hall Insurance Agency | Philadelphia Indemnity Insurance Company | Museum Policy | | |
| | | \$1,000,000 - General Aggregate Limit, Each Occurrence Limit | 09/15/19 - 09/15/20 07/13/18 - 09/15/19 | \$10,395 \$15,738 |
| | | \$1,000,000 - Products - Completed Operations Aggregate | | |
| | | \$1,000,000 - Personal and Advertising Injury | | |
| | | \$1,000,000 - Each Occurrence Limit | | |
| | | Commercial Auto | | |
| | | \$500,000 - Each Accident | | |
| Avery W. Hall Insurance Agency | The Hartford Accident and Indemnity Insurance Company | Worker's Compensation | 07/13/19 - 07/13/20 | \$1,835 |
| | | \$500,000 Bodily Injury by Accident - Each Accident | | |
| | | \$500,000 Bodily Injury by Disease - Policy Limit | | |
| | | \$500,000 Bodily Injury by Disease - Each Employee | | |
| Travelers Insurance | Cincinnati Insurance Company | Worker's Compensation | 07/13/18 - 07/13/19 | \$2,558 |
| | | \$500,000 Disease Each Employee | | |
| | | \$500,000 Disease Policy Limit | | |
| | | \$500,000 Bodily Injury by Accident - Each Employee | | |

See accompanying independent accountant's report.

Seaford District Library, Inc.
Cash

The Library maintains cash for its operations at local financial institutions. The composition of cash is as follows:

| <i>June 30</i> | 2020 | 2019 |
|---|------------------|-----------------|
| Checking account - general | \$ 52,498 | \$ 6,475 |
| Total Composition of Ending Cash Balance | \$ 52,498 | \$ 6,475 |

See accompanying independent accountant's report.

Seaford District Library, Inc.
Board of Commissioners

The Commissioners of the Seaford District Library, Inc. at June 30, 2020 are:

| | |
|----------------|-------------------|
| President | Virginia Hastings |
| Vice President | Desiree Moore |
| Treasurer | Rony Flechier |
| Secretary | Ann Covey |
| Member | Jose Santos |

See accompanying independent accountant's report.