

**ALDRICH PUBLIC LIBRARY
ACCOUNTANTS' REVIEW REPORT
AND FINANCIAL STATEMENTS
JUNE 30, 2024**

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Trustees of
Aldrich Public Library
Barre, Vermont

We have reviewed the accompanying financial statements of Aldrich Public Library (a Vermont nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Aldrich Public Library and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Summarized Statement of Activities

The prior year summarized statement of activities is presented for the purpose of additional analysis and is not a required part of the basic financial statements. We have previously reviewed Aldrich Public Library's fiscal year 2023 financial statements and in our report dated January 19, 2024 stated that we were not aware of any material modification that should be made to the financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. Except as noted in Note 12, we are not aware of any material differences between the summarized totals presented here and the prior year financial statements from which they were derived.

Osterman, Sancibrian & Burke, PC

Osterman, Sancibrian & Burke, PC

Barre, Vermont

December 2, 2024

ALDRICH PUBLIC LIBRARY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024

ASSETS		
	<u>2024</u>	<u>2023</u>
CURRENT ASSETS:		
Cash		
General checking account (NSB)	\$ 147,391	\$ 115,810
Book fund checking account (Com. Natl Bank)	13,972	2,834
PayPal cash account	-	18,984
Incentive fund - savings (VSECU)	26	26
Fines and fees (petty cash)	115	115
Total cash	<u>161,504</u>	<u>137,769</u>
Prepaid expense	8,436	6,752
Investment transfer receivable	<u>-</u>	<u>33,760</u>
Total current assets	<u>169,940</u>	<u>178,281</u>
OTHER ASSETS:		
Land, buildings, improvements, furnishings and equipment	2,682,379	2,653,744
Accumulated depreciation	<u>(745,109)</u>	<u>(708,017)</u>
Net land, buildings, improvements, furnishings and equipment	<u>1,937,270</u>	<u>1,945,727</u>
Pickwick sculpture (at cost)	25,000	25,000
Investments		
Aldrich Public Library Fund - Board Designated	1,143,015	1,069,135
Aldrich Public Library Fund - Donor Restricted	271,692	254,737
Donald Allen - Board Designated Fund	564,503	519,232
Donald Allen - Donor Restricted Fund	2,040,668	1,808,963
Ronald York Fund	<u>1,640,978</u>	<u>1,539,249</u>
Total investments at fair market value	<u>5,660,856</u>	<u>5,191,316</u>
Total other assets	<u>7,623,126</u>	<u>7,162,043</u>
TOTAL ASSETS	<u><u>\$ 7,793,066</u></u>	<u><u>\$ 7,340,324</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 13,077	\$ 44,176
Accrued expenses	44,865	36,366
Investment transfer payable	<u>-</u>	<u>33,760</u>
Total current liabilities	<u>57,942</u>	<u>114,302</u>
NET ASSETS:		
Without donor restrictions		
Undesignated	63,593	56,119
Designated by the Board for operating reserve	1,640,978	1,539,249
Designated by the Board per APL investment policy (Note 6)	1,707,518	1,588,367
Invested in property and equipment, net of related debt	<u>1,962,270</u>	<u>1,970,727</u>
Total net assets without donor restrictions	<u>5,374,359</u>	<u>5,154,462</u>
With donor restrictions		
Perpetual in nature	2,105,990	2,105,990
As to purpose	254,775	29,282
Underwater endowments (Note 6)	<u>-</u>	<u>(63,712)</u>
Total net assets with donor restrictions	<u>2,360,765</u>	<u>2,071,560</u>
TOTAL NET ASSETS	<u>7,735,124</u>	<u>7,226,022</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 7,793,066</u></u>	<u><u>\$ 7,340,324</u></u>

See accompanying notes and independent accountants' review report.

ALDRICH PUBLIC LIBRARY
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS
YEAR ENDING JUNE 30, 2024
(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2023)

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 (Summarized)
OPERATING REVENUE:				
City and Town support	\$ 450,290	\$ -	\$ 450,290	\$ 431,717
Public support	113,481		113,481	119,640
Circulation desk	6,925	-	6,925	4,014
Rental income & other income	3,724	-	3,724	750
Grant income	18,339	64,072	82,411	11,310
Satisfaction of purpose and time restrictions	34,637	(34,637)	-	
Total unrestricted operating revenue	<u>627,396</u>	<u>29,435</u>	<u>656,831</u>	<u>567,431</u>
OPERATING EXPENSES:				
Library operations:				
Payroll and payroll taxes	432,766	-	432,766	401,137
Employee insurance	54,887	-	54,887	49,428
Employee retirement	11,415	-	11,415	5,831
Publicity	646	-	646	105
Office supplies, postage, printing and miscellaneous	18,512	-	18,512	22,891
Books and media	33,118	-	33,118	54,645
Accounting and consultant fees (director recruitment)	27,018	-	27,018	17,673
Technology expenses	3,198	-	3,198	3,256
Library program expenses	8,006	-	8,006	6,105
Licenses, dues and memberships	11,480	-	11,480	5,205
Professional development	1,320	-	1,320	415
Fundraising expenses	10,431	-	10,431	11,530
Library buildings:				
Heat, electricity, water, telephone	52,735	-	52,735	58,213
Insurance	11,565	-	11,565	9,453
Contracted cleaning	36,158	-	36,158	20,399
Repair and maintenance	31,404	-	31,404	64,804
Depreciation	37,092	-	37,092	38,336
Grant expense	24,157	-	24,157	14,361
Total operating expenses	<u>805,908</u>	<u>-</u>	<u>805,908</u>	<u>783,787</u>
OPERATING INCOME (LOSS)	<u>(178,512)</u>	<u>29,435</u>	<u>(149,077)</u>	<u>(216,356)</u>
OTHER REVENUE:				
Interest, dividends and realized gains or losses (net of investment expense)	83,061	55,496	138,557	100,547
Donation - E. Campbell Trust	28,875	-	28,875	33,557
Estate donations	20,000	-	20,000	745,692
Market value gains (losses) on investments	266,473	204,274	470,747	239,565
Net other revenue	<u>398,409</u>	<u>259,770</u>	<u>658,179</u>	<u>1,119,361</u>
INCREASE OR (DECREASE) IN NET ASSETS	<u>219,897</u>	<u>289,205</u>	<u>509,102</u>	<u>903,005</u>
NET ASSETS - beginning of year	<u>5,154,462</u>	<u>2,071,560</u>	<u>7,226,022</u>	<u>6,323,017</u>
NET ASSETS - end of year	<u>\$ 5,374,359</u>	<u>\$2,360,765</u>	<u>\$ 7,735,124</u>	<u>\$ 7,226,022</u>

See accompanying notes and independent accountants' review report.

ALDRICH PUBLIC LIBRARY
STATEMENT OF FUNCTIONAL EXPENSES
FOR YEAR ENDED JUNE 30, 2024

	<u>Total</u>	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>
OPERATING EXPENSES:				
Library operations:				
Payroll & payroll taxes	\$ 432,766	\$ 285,799	\$ 109,057	\$ 37,910
Employee insurance	54,887	36,247	13,832	4,808
Employee retirement	11,415	7,538	2,877	1,000
Publicity	646	426	163	57
Office supplies, postage, miscellaneous	18,512	12,225	4,665	1,622
Books and media	33,118	33,118	-	-
Accounting and attest services	27,018	-	27,018	-
Technology expenses	3,198	2,112	806	280
Library program expenses	8,006	8,006	-	-
Licenses, dues and memberships	11,480	7,581	2,893	1,006
Professional development	1,320	871	333	116
Fundraising expenses	10,431	-	-	10,431
Heat, electricity, water, telephone	52,735	34,826	13,289	4,620
Insurance	11,565	7,638	2,914	1,013
Contracted cleaning	36,158	23,879	9,112	3,167
Repair and maintenance	31,404	20,739	7,914	2,751
Depreciation	37,092	24,496	9,347	3,249
Grant expenses	24,157	22,318	1,655	184
Total operating expenses	<u>\$ 805,908</u>	<u>\$ 527,819</u>	<u>\$ 205,875</u>	<u>\$ 72,214</u>

See accompanying notes and independent accountants' review report.

ALDRICH PUBLIC LIBRARY
STATEMENT OF FUNCTIONAL EXPENSES
FOR YEAR ENDED JUNE 30, 2023

	<u>Total</u>	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>
OPERATING EXPENSES:				
Library operations:				
Payroll & payroll taxes	\$ 401,137	\$ 340,044	\$ 54,996	\$ 6,097
Employee insurance	49,428	41,900	6,777	751
Employee retirement	5,831	4,943	799	89
Publicity	105	89	14	2
Office supplies, postage, miscellaneous	22,891	19,405	3,138	348
Books and media	54,645	54,645	-	-
Accounting and attest services	17,673	-	17,673	-
Technology expenses	3,256	2,760	446	50
Library program expenses	6,105	6,105	-	-
Licenses, dues and memberships	5,205	4,412	714	79
Professional development	415	352	57	6
Fundraising expenses	11,530	-	-	11,530
Heat, electricity, water, telephone	58,213	49,347	7,981	885
Insurance	9,453	8,013	1,296	144
Contracted cleaning	20,399	17,292	2,797	310
Repair and maintenance	64,804	54,934	8,885	985
Depreciation	38,336	32,497	5,256	583
Grant expense	14,361	14,361	-	-
Total operating expenses	<u>\$ 783,787</u>	<u>\$ 651,099</u>	<u>\$ 110,829</u>	<u>\$ 21,859</u>

See accompanying notes and independent accountants' review report.

ALDRICH PUBLIC LIBRARY
STATEMENT OF CASH FLOWS
JUNE 30, 2024

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Increase in net assets for year	\$ 509,102	\$ 903,005
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Add back:		
Depreciation (a non-cash expense)	37,092	38,336
(Increase)/decrease in prepaid expenses	(1,684)	1,269
Increase/(decrease) in accounts payable	(31,099)	1,093
Increase/(decrease) in accrued expenses	8,499	909
Other revenue and expenses (non-operating, from page 3):		
Cash additions to investments	(20,000)	(745,692)
Unrealized (gains) or losses on investments	(470,747)	(239,564)
Reinvested investment income (net of investment expense)	(137,423)	(99,570)
Increase/(decrease) in investment transfer receivable	33,760	-
Net cash provided (used) by operating activities	<u>(72,500)</u>	<u>(140,214)</u>
Cash flow from investing activities:		
Cash payments for the purchase of property	(28,635)	(15,566)
Withdrawals from investment accounts	124,870	70,240
Net cash provided by investing activities	<u>96,235</u>	<u>54,674</u>
Total increase or (decrease) in cash for year	23,735	(85,540)
Cash - beginning of year	<u>137,769</u>	<u>223,309</u>
Cash - end of year	<u><u>\$ 161,504</u></u>	<u><u>\$ 137,769</u></u>

See accompanying notes and independent accountants' review report.

ALDRICH PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

Aldrich Public Library (APL) is a not-for-profit library formed in 1898 and headquartered in Barre, Vermont. The Library serves the residents of Barre City and Barre Town and welcomes all others. Aldrich Public Library is directed by a seven-member Board of Trustees, and its mission is to inspire the joy of reading, promote life-long learning, and strengthen community.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The accompanying financial statements are prepared on the accrual basis of accounting, which recognizes expenses when incurred, and revenues when earned.

Basis of Presentation – The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in accordance with the FASB Accounting Standards Codification. Under these standards, the Library is required to report information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor – (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. 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.

Revenue Recognition – Services, interest and dividends are recognized when earned. Changes in market value of securities are recognized as the market value changes. Contributions are recognized when received.

Property and Equipment – All expenditures for property and equipment, and the fair market value of donated assets in excess of \$5,000 and having an economic useful life of greater than one year are capitalized. Depreciation is computed by the straight-line method, beginning in the month of acquisition, at rates based on the following estimated useful lives:

	<u>Years</u>
Site improvements	30-50
Buildings and improvements	5-50
Furniture and equipment	5
Technology	5

ALDRICH PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents – The Library considers cash and highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Investments – The Library carries investments in marketable securities and all investments in debt securities with readily determinable fair values at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

Functional Allocation of Expenses – The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, when an expense cannot be assigned directly to a functional expense, costs have been allocated among the program and supporting services benefited based on management’s analysis of each employee’s time spent working in activities under the respective functions presented.

Operating Income - In its statement of revenue, expenses, and changes in net assets the Library includes in its definition of “operating income” all revenues and expenses that are an integral part of its programs including operation of the Library in Barre, Vermont, and a small branch Library in East Barre. Other revenue and expense includes investment income and fees, donations made directly to the investment accounts, and interest expense.

Publicity and Fundraising - The Friends of Aldrich Public Library, a separate 509(a)(2) organization, holds fundraising events each year; the primary events are raffles and a book sale. The Library makes funding requests to the Friends of Aldrich Public Library for specific events and projects. Additionally, the Library itself solicits funds in an “annual appeal” and holds a “Spring Fling” each year. Fundraising and publicity costs are expensed when incurred.

Collections - Library books and magazines are expensed each year as purchased. Except for the Pickwick sculpture purchased in 2015, the Library has elected, as permitted by accounting standards under ASC 958-360-25-3, not to report in its financial statements works of art, historical treasures, or other similar assets held for public exhibition, education, or research. Maintenance of collections is expensed each year as the cost is incurred.

Payroll - Aldrich Public Library has its contracted accountant process payroll for the Library under the Library’s employee identification number.

Taxation - The Library is taxed as an exempt organization under IRC 501(c)(3). Accordingly, no provision for income taxes has been made in the financial statements.

The Return of Organization Exempt from Income tax (Form 990) for fiscal years ending June 30, 2021, 2022, 2023 and 2024 are subject to examination by the IRS, generally for three years after they were filed.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires the Library’s management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

ALDRICH PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2. CASH

Balances held on June 30, 2024 are as follows:

	Book Balance	Bank Balance
Insured (FDIC)	\$161,504	\$175,455

The difference between book balance and bank balance is due to reconciling items such as deposits in transit and outstanding checks.

NOTE 3. PROPERTY AND EQUIPMENT

On June 30, 2024, "Land, buildings, building improvements, furnishings and equipment" included the following:

	Depreciable Life	Cost*	Accumulated Depreciation	Net Book Value
Land:				
City of Barre	-	\$ 5,000	\$ -	\$ 5,000
Town of Barre	-	2,400	-	2,400
Buildings:				
City of Barre	100	45,000	(45,000)	-
Town of Barre	20	23,300	(23,300)	-
Building improvements:				
City of Barre	10-99	2,405,411	(543,794)	1,861,617
Town of Barre	10-40	128,741	(65,162)	63,579
Furnishings and equipment	5-10	<u>72,527</u>	<u>(67,853)</u>	<u>4,674</u>
Totals		<u>\$2,682,379</u>	<u>\$(745,109)</u>	<u>\$1,937,270</u>

*The City of Barre land and building, building improvements, furnishings and equipment are recorded at historical cost; the East Barre branch land and building are recorded at assessed value when acquired.

As provided in a 1982 agreement between the Town of Barre and the Library, ownership of the East Barre real estate and contents would revert to the Town if that building ceased to be used as a library.

Changes in land, buildings, building improvements, furnishings and equipment, and accumulated depreciation are as follows:

	<u>Net Book Balance</u> <u>6/30/2023</u>	<u>Additions</u>	<u>Depreciation Expense</u>	<u>Net Book Balance</u> <u>6/30/2024</u>
Land	\$7,400	\$ -	\$ -	\$ 7,400
Buildings	1,800	-	(1,800)	-
Building improvements	1,928,949	28,635	(32,388)	1,925,196
Furnishings and equipment	<u>7,578</u>	<u>-</u>	<u>(2,904)</u>	<u>4,674</u>
	\$1,945,727	\$ 28,635	\$(37,092)	\$1,937,270

ALDRICH PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 4. INVESTMENTS

The cost and fair value as of June 30, 2024 per the investment statements are as follows:

			Fair Value Over (Under)
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
APL TRUST - BOARD DESIGNATED			
Cash and cash equivalents	\$ 6,517	\$ 6,517	\$ -
Certificates of deposit	250,000	249,482	(518)
ETF-fixed income	63,308	60,404	(2,904)
Mutual funds	241,606	242,284	678
Equities	<u>488,436</u>	<u>584,328</u>	<u>95,892</u>
TOTAL	<u>1,049,867</u>	<u>1,143,015</u>	<u>93,148</u>
DON ALLEN – BOARD DESIGNATED			
Cash and cash equivalents	28,391	28,391	-
Certificates of deposit	90,000	89,848	(152)
EFT-fixed income	31,516	29,500	(2,016)
Mutual funds	119,798	119,179	(619)
Equities	<u>238,179</u>	<u>297,585</u>	<u>59,406</u>
TOTAL	<u>507,884</u>	<u>564,503</u>	<u>56,619</u>
APL TRUST - DONOR RESTRICTED			
Cash and cash equivalents	1,940	1,940	-
Certificates of deposit	50,000	50,000	-
ETF-fixed income	18,146	17,138	(1,008)
Mutual funds	67,740	68,277	537
Equities	<u>115,899</u>	<u>134,337</u>	<u>18,438</u>
TOTAL	<u>253,725</u>	<u>271,692</u>	<u>17,967</u>
DON ALLEN – DONOR RESTRICTED			
Cash and cash equivalents	134,107	134,107	-
US government obligations	274,610	274,363	(247)
EFT-fixed income	115,758	108,353	(7,405)
Mutual funds	439,296	437,025	(2,271)
Equities	<u>874,551</u>	<u>1,086,820</u>	<u>212,269</u>
TOTAL	<u>1,838,322</u>	<u>2,040,668</u>	<u>202,346</u>
RONALD YORK FUND			
Cash and cash equivalents	58,771	58,771	-
Certificates of deposit	150,000	150,000	-
US government obligations	149,205	149,393	188
EFT-fixed income	94,347	88,312	(6,035)
Mutual funds	358,065	356,216	(1,849)
Equities	<u>645,850</u>	<u>838,286</u>	<u>192,436</u>
TOTAL	<u>1,456,238</u>	<u>1,640,978</u>	<u>184,740</u>
TOTAL INVESTMENTS	<u>\$5,106,036</u>	<u>\$5,660,856</u>	<u>\$554,820</u>

For the year ended June 30, 2024, annual unrealized gains were \$470,747. The annual unrealized gain for the year ended June 30, 2023, was \$239,565. The fair values over (under) listed above represent the entire investment holding period rather than the annual change in market value presented in the statement of revenues, expenses and changes in nets assets.

ALDRICH PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5. FAIR VALUE MEASUREMENT

The Fair Value Measurements topic of the FASB Accounting Standards Codification (FASB ASC 820-10) establishes a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The hierarchy gives 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 three levels of the fair value hierarchy are as follows:

Level 1 – inputs are unadjusted, quoted prices in active markets for identical assets at the measurement date. The types of assets carried at Level 1 fair value generally are securities listed in active markets. The Library has valued their investments using the market valuation approach.

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. The Library has no Level 2 inputs.

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 Library has no Level 3 inputs.

The inputs or methodology used for valuing investments are not necessarily an indication of the risk associated with investing in those investments.

Investments carried at fair value on a recurring basis consist of the following as of June 30, 2024:

Financial Assets:	Total Fair Value
Cash and cash equivalents	\$ 229,727
Certificates of deposit	539,329
US government obligations	423,757
ETF-fixed income	303,707
Mutual funds	1,222,980
Equities	<u>2,941,356</u>
TOTAL	<u>\$5,660,856</u>

NOTE 6. ENDOWMENT FUNDS - HELD IN INVESTMENTS

The Aldrich Public Library Trust account has been split into donor restricted and board designated funds as of January 2020, and their fair values have been reported above. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the Library has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the reservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Library records the principal of donor restricted endowment funds as net assets with donor restrictions which are considered perpetual in nature and the unspent earnings of those funds as net assets with donor restrictions which are considered to have restrictions as to time and or purpose.

In accordance with UPMIFA, the Library considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Library, and (7) the Library’s investment policies.

ALDRICH PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6. ENDOWMENT FUNDS - HELD IN INVESTMENTS (CONTINUED)

Investment Return Objectives, Risk Parameters and Strategies. The library has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 4% of investment value over a rolling three-year average while growing the funds, if possible.

Actual returns in any given year may vary. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

The following is a summary of activity in the APL Trust – Board Designated account for the year ended June 30, 2024:

APL investments at fair value – beginning of year	\$1,069,135
Increase or (decrease) in fair value of investments	83,467
Earnings/losses net of expenses	29,933
Transfer out of account	(59,520)
New contributions into this account during the year	<u>20,000</u>
Investments at fair value - end of year	<u>\$1,143,015</u>

The APL Board Designated Trust is reserved for renovations to the library, equipment purchases, program operations, book purchases, and general operating expenses.

The following is a summary of activity in the APL Donor Restricted Trust account for the year ended June 30, 2024:

APL Donor Restricted Trust – beginning of year	\$ 254,737
Increase or (decrease) in fair value of investments	20,756
Earnings/losses net of expenses	<u>7,309</u>
Transfer out of account	<u>(11,110)</u>
Investments at fair value - end of year	\$ <u>271,692</u>

The APL Donor Restricted Trust is perpetual in nature and allows the use of income earned from those funds to be used for purchases of books and media.

The following is a summary of activity in the Don Allen – Board Designated account for the year then ended June 30, 2024:

Don Allen investments at fair value – beginning of year	\$519,232
Increase or (decrease) in fair value of investments	52,229
Earnings/losses net of expenses	13,042
Transfer out of account	<u>(20,000)</u>
Investments at fair value – end of year	<u>\$564,503</u>

The Don Allen – Board Designated Trust is also reserved for renovations to the library, equipment purchases, program operations, book purchases, and general operating expenses.

ALDRICH PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
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NOTE 6. ENDOWMENT FUNDS - HELD IN INVESTMENTS (CONTINUED)

The following is a summary of activity in the Don Allen Donor Restricted account for the year ended June 30, 2024:

Don Allen investments at fair value – beginning of year	\$1,808,963
Increase or (decrease) in fair value of investments	183,518
Earnings/losses net of expenses	<u>48,187</u>
Investments at fair value – end of year	<u>\$2,040,668</u>

The Don Allen Donor Restricted Fund is perpetual in nature and restricts the use of income earned from those funds for programs and books and media focused on the history and heritage of Central Vermont with an emphasis on gardening, granite, and architecture.

With the receipt of the Don Allen Donor Restricted funds, the donor and purpose restricted investment funds held by APL consist of the APL Donor Restricted Fund and the Don Allen Donor Restricted Fund. The nature of the donor restricted funds at year end follows:

Donor Restricted Funds held by APL

APL Donor Restricted Fund

Net assets with donor restrictions of a perpetual nature	\$244,000
Net assets with donor restrictions as to purpose	20,552
Additional net assets available for restricted purposes	<u>7,140</u>
APL Donor Restricted Fund balance – end of year	<u>271,692</u>

Don Allen Donor Restricted Fund

Net assets with donor restrictions of a perpetual nature	1,861,990
Net assets with purpose restrictions	<u>178,678</u>
Don Allen Donor Restricted Fund balance – end of year	<u>2,040,668</u>

Total Donor Restricted Investment Funds held by APL	<u>\$2,312,360</u>
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The balance of net assets with donor restrictions as to time and/or purpose as of June 30, 2024 is as follows:

Donor restricted funds in general checking account:

Grants with purpose restrictions	\$ 48,405
Don Allen donor restricted funds	178,677

Donor restricted funds in APL Donor Restricted Fund:

Earnings available per APL investment spending policy	7,141
Karen Lane Legacy Fund	11,880
Pickwick statue maintenance	7,521
Locke writing contest	<u>1,151</u>
Total APL Donor Restricted Fund	<u>27,693</u>
Total Donor Restrictions as to time and/or purpose	<u>\$254,775</u>

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NOTE 7. THE RONALD YORK FUND

The Ronald York Fund was established in 2011 with a \$1,200,000 contribution from the Ronald York Estate; additional contributions have been received from the Estate since then. While the use of these funds is completely unrestricted, the Trustees have designated them as a quasi-endowment, and manage them in accordance with UPMIFA as described above in Note 6.

The following is a summary of activity in the York account for the year ended June 30, 2024.

York investments at fair value – beginning of year	\$1,539,249
Increase or (decrease) in fair value of investments	130,777
Earnings/losses net of expenses	38,952
Distribution to Library	<u>(68,000)</u>
York investments at fair value - end of year	<u>\$1,640,978</u>

NOTE 8. OTHER TRUST FUND INCOME

The accompanying financial statements do not include funds held in trust by an outside trustee. According to its governing document, this fund could cease to pay income to the Aldrich Public Library if the Barre City contribution falls below an amount equal to 25 percent of operating expenses of the library. Although there have been shortfalls in the City's 25% contribution to the Library's operating expense before, management believes that this funding is probably not in jeopardy. The Barre City contribution was 31.04% of operating expenses for 2024.

NOTE 9. CONCENTRATION OF REVENUE

The library received 68.55% of its operating revenue from the surrounding cities and towns as support for services provided to the community members located in those towns for the year ended June 30, 2024.

NOTE 10. RETIREMENT PLAN

The Library has a defined contribution plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers all unionized employees of the Library and the Director. The library contributes 3% of wages to the plan each year for covered employees, and those employees will contribute no less than 3% to the same plan. Covered employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue code if they choose. Total retirement expense for the year ending June 30, 2024 was \$11,415 which included a "catch-up" payment of \$4,360 due to the contribution increase from 2% to 3% in the current employer contract.

NOTE 11. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Library has cash of \$161,504 available within one year of the balance sheet date to meet cash needs for general expenditures. Cash includes \$48,400 of purpose restricted grant funds. APL strives to maintain cash on hand to meet 90 days of normal operating expenses, approximately \$200,000. The Library's policy is to structure its financial assets so that they are available as general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, APL has the earnings from the York, the APL Designated, and the Don Allen Trust Funds which contribute annually to the Library's operating budget (over \$100,000 in FY24). These funds are also available in the event of financial distress or an immediate liquidity emergency resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities. Please see notes 6 and 7 regarding the APL Designated, Don Allen and York Trust funds.

ALDRICH PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
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NOTE 12. SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 2, 2024 which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.