



Delray Beach Public Library Association, Inc.

Financial Statements

September 30, 2024 and 2023

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Independent Auditors' Report

To the Board of Directors
Delray Beach Public Library Association, Inc.
Delray Beach, Florida

Opinion

We have audited the financial statements of Delray Beach Public Library Association, Inc. (the "Library"), which comprise the statement of financial position as of September 30, 2024, and the related statements of activities and changes in net assets, 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 September 30, 2024, 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of the Library for the year ended September 30, 2023 were audited by other auditors whose report dated August 14, 2024 expressed an unmodified opinion on those financial statements.

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 objective is 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.

Continued from previous page

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.

Ricciardella CPA, PLLC

Ricciardella CPA, PLLC
Palm Beach Gardens, Florida
April 10, 2025

Delray Beach Public Library Association, Inc.
Statements of Financial Position
September 30, 2024 and 2023

	<u>ASSETS</u>	
	2024	2023
Current assets:		
Cash	\$ 418,013	\$ 607,765
Grants receivable	220,422	122,658
Prepaid expenses	64,770	32,258
Total current assets	703,205	762,681
Property and equipment, net	6,601,181	6,549,495
Non-current assets:		
Beneficial interest in trust	1,073,369	950,428
Assets held in trust	39,341	32,226
Investments held for board designated endowment	4,909,230	4,217,523
Investments held for donor restricted endowment	61,692	20,421
Total non-current assets	6,083,632	5,220,598
Total assets	\$ 13,388,018	\$ 12,532,774
	<u>LIABILITIES AND NET ASSETS</u>	
Current liabilities:		
Accounts payable and accrued expenses	\$ 147,961	\$ 142,129
SBA loan, current	3,854	3,410
Total current liabilities	151,815	145,539
Non-current liabilities:		
SBA loan, non-current	132,977	137,293
Total non-current liabilities	132,977	137,293
Total liabilities	284,792	282,832
Net assets:		
Without donor restrictions:		
Undesignated	6,976,579	6,950,065
Board-designated	4,909,230	4,217,523
Total without donor restrictions	11,885,809	11,167,588
With donor restrictions:		
Perpetual in nature	81,205	45,500
Purpose and time restricted	1,136,212	1,036,854
Total with donor restrictions	1,217,417	1,082,354
Total net assets	13,103,226	12,249,942
Total liabilities and net assets	\$ 13,388,018	\$ 12,532,774

See accompanying notes to financial statements.

Delray Beach Public Library Association, Inc.
Statement of Activities and Changes in Net Assets
For the Year Ended September 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public support and revenue:			
Grants	\$ 2,164,992	\$ 47,265	\$ 2,212,257
Contributions	76,681	2,246	78,927
Special events revenue	281,157	-	281,157
Program services	14,320	-	14,320
Net investment return	851,006	13,180	864,186
Rental income	48,647	-	48,647
Other income	6,299	-	6,299
Change in value of beneficial interest in trust	<u>-</u>	<u>122,941</u>	<u>122,941</u>
Total public support and revenue			
before net assets released from restriction	3,443,102	185,632	3,628,734
Net assets released from restrictions	<u>50,569</u>	<u>(50,569)</u>	<u>-</u>
Total public support and revenue	<u>3,493,671</u>	<u>135,063</u>	<u>3,628,734</u>
Expenses:			
Program services	1,552,908	-	1,552,908
Supporting services:			
General and administrative	883,446	-	883,446
Fundraising	<u>339,096</u>	<u>-</u>	<u>339,096</u>
Total expenses	<u>2,775,450</u>	<u>-</u>	<u>2,775,450</u>
Change in net assets	<u>718,221</u>	<u>135,063</u>	<u>853,284</u>
Net assets, beginning of year	<u>11,167,588</u>	<u>1,082,354</u>	<u>12,249,942</u>
Net assets, end of year	<u>\$ 11,885,809</u>	<u>\$ 1,217,417</u>	<u>\$ 13,103,226</u>

See accompanying notes to financial statements.

Delray Beach Public Library Association, Inc.
Statement of Activities and Changes in Net Assets
For the Year Ended September 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public support and revenue:			
Grants	\$ 2,190,027	\$ 50,569	\$ 2,240,596
Contributions	80,960	-	80,960
Special events revenue	283,614	-	283,614
Program services	19,482	-	19,482
Net investment return	328,753	279	329,032
Rental income	51,389	-	51,389
Other income	4,105	-	4,105
Change in value of beneficial interest in trust	<u>-</u>	<u>81,674</u>	<u>81,674</u>
Total public support and revenue			
before net assets released from restriction	2,958,330	132,522	3,090,852
Net assets released from restrictions	<u>61,321</u>	<u>(61,321)</u>	<u>-</u>
Total public support and revenue	<u>3,019,651</u>	<u>71,201</u>	<u>3,090,852</u>
Expenses:			
Program services	1,542,590	-	1,542,590
Supporting services:			
General and administrative	943,903	-	943,903
Fundraising	<u>332,850</u>	<u>-</u>	<u>332,850</u>
Total expenses	<u>2,819,343</u>	<u>-</u>	<u>2,819,343</u>
Change in net assets	<u>200,308</u>	<u>71,201</u>	<u>271,509</u>
Net assets, beginning of year	<u>10,967,280</u>	<u>1,011,153</u>	<u>11,978,433</u>
Net assets, end of year	<u>\$ 11,167,588</u>	<u>\$ 1,082,354</u>	<u>\$ 12,249,942</u>

See accompanying notes to financial statements.

Delray Beach Public Library Association, Inc.
Statement of Functional Expenses
For the Year Ended September 30, 2024

	<u>Program Services</u>		<u>Supporting Activities</u>		<u>Total</u>
	<u>Library Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	
Personnel costs	\$ 770,754	\$ 599,559	\$ 135,412	\$ 734,971	\$ 1,505,725
Books and other related supplies	270,441	3,791	111,972	115,763	386,204
Depreciation and amortization	299,967	21,736	4,346	26,082	326,049
Office supplies and equipment	118,816	75,731	18,932	94,663	213,479
Other grant expenses	2,247	121,327	23,186	144,513	146,760
Professional fees	1,454	52,153	43,969	96,122	97,576
Insurance	46,129	3,344	667	4,011	50,140
Utilities and telecommunications	42,326	3,069	612	3,681	46,007
Conferences and meetings	774	2,736	-	2,736	3,510
Total	<u>\$ 1,552,908</u>	<u>\$ 883,446</u>	<u>\$ 339,096</u>	<u>\$ 1,222,542</u>	<u>\$ 2,775,450</u>

See accompanying notes to financial statements.

Delray Beach Public Library Association, Inc.
Statement of Functional Expenses
For the Year Ended September 30, 2023

	<u>Program Services</u>	<u>Supporting Activities</u>			<u>Total</u>
	<u>Library Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	
Personnel costs	\$ 799,524	\$ 616,136	\$ 117,255	\$ 733,391	\$ 1,532,915
Professional fees	1,899	68,110	57,421	125,531	127,430
Office supplies and equipment	123,173	78,509	19,627	98,136	221,309
Insurance	41,933	3,039	608	3,647	45,580
Utilities and telecommunications	91,420	6,624	1,324	7,948	99,368
Depreciation and amortization	230,463	16,700	3,339	20,039	250,502
Other grant expenses	2,798	151,062	28,869	179,931	182,729
Conferences and meetings	53	200	-	200	253
Facilities rental cost and entertainment	-	-	350	350	350
Books and other related supplies	251,327	3,523	104,057	107,580	358,907
Total	<u>\$ 1,542,590</u>	<u>\$ 943,903</u>	<u>\$ 332,850</u>	<u>\$ 1,276,753</u>	<u>\$ 2,819,343</u>

See accompanying notes to financial statements.

Delray Beach Public Library Association, Inc.
Statements of Cash Flows
For the Years Ended September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ 853,284	\$ 271,509
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	326,049	250,502
Change in value of beneficial interest in trust	(122,941)	(81,674)
Net realized and unrealized gain on investments	(784,298)	(262,999)
Changes in:		
Grants receivable	(97,764)	(11,888)
Employee retention credit receivable	-	595,033
Prepaid expenses and other current assets	(32,512)	(13,179)
Accounts payable and accrued expenses	5,832	(18,850)
Net cash provided by operating activities	<u>147,650</u>	<u>728,454</u>
Cash flows from investing activities:		
Purchase of investments	(1,081,052)	(2,912,464)
Sales of investments	1,125,257	2,411,507
Purchases of property and equipment	(377,735)	-
Net cash used in investing activities	<u>(333,530)</u>	<u>(500,957)</u>
Cash flows from financing activities:		
Principal payments on SBA loan	(3,872)	(325)
Net cash used in financing activities	<u>(3,872)</u>	<u>(325)</u>
Net (decrease) increase in cash	<u>(189,752)</u>	<u>227,172</u>
Cash, beginning of year	<u>607,765</u>	<u>380,593</u>
Cash, end of year	<u>\$ 418,013</u>	<u>\$ 607,765</u>
<u>Supplemental disclosure of cash flow information:</u>		
Interest paid	<u>\$ 3,821</u>	<u>\$ 7,336</u>

See accompanying notes to financial statements.

Delray Beach Public Library Association, Inc.
Notes to Financial Statements

Note 1 – Nature of Organization

The Delray Beach Public Library Association, Inc. (the “Library”) is a Florida not-for-profit Corporation chartered on October 26, 1939 and reincorporated May 15, 1967. The mission of the Library is to maintain a public library in the City of Delray Beach, Florida (“City”). The Library is supported primarily through grants from the City and the Delray Beach Community Redevelopment Agency, which accounted for a majority of the Library's total revenue and other support for each of the years ended September 30, 2024 and 2023.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Library are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Financial Statement Presentation

The Library reports information regarding its financial position and activities according to the following net asset classifications:

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 Library’s management and the board of directors. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

With Donor Restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those 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. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities and changes in net assets.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of activities and changes in net assets and functional expenses. Accordingly, certain costs have been allocated among the program services, general and administrative, and fundraising services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, which is allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, public support and revenue, and expenses, as well as the disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

Cash and Cash Equivalents

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents.

Delray Beach Public Library Association, Inc.
Notes to Financial Statements

Note 2 – Summary of Significant Accounting Policies, continued

Grants Receivable

Receivables consist of grants receivable from a local agency that are due within one year. An allowance for doubtful accounts is provided for receivables that are past due and where there is a question as to their ultimate collectability. Receivables are written off against the allowance when management has determined that they are uncollectible. Management has determined that no allowance for doubtful accounts was necessary as of September 30, 2024 and 2023.

Beneficial Interests in Trusts

The Library reports its beneficial interests in trusts where fiduciary responsibility rests with external parties on the statements of financial position at the estimated fair value of the Library's interest in the underlying assets. These assets are valued based on the estimated discounted cash flows to be received over a defined period (the donors' estimated life expectancy or the fixed term of the trust agreement) utilizing Internal Revenue Service ("IRS") mortality tables and the rolling five-year average rate of return on the underlying trust assets.

Assets Held in Trust

The assets held in trust originate from an agreement between the Library and The Community Foundation for Palm Beach and Martin Counties (the "Community Foundation"), whereby monies were transferred from the Library to the Community Foundation to invest as an endowment. The Library granted variance power to the Community Foundation and named itself as beneficiary of the funds. Assets held in trust are reported at the fair value of the trust assets as reported by the Community Foundation. The assets are valued by the Community Foundation based on the Library's proportionate share of the underlying fair value of the Community Foundation's portfolio of investments. The fair value of the underlying securities in the Community Foundation's portfolio is not observable.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return is reported in the statements of activities and changes in net assets and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Property and Equipment

Property and equipment are stated at their original costs at the dates of acquisition, or, if contributed, at their fair values at the dates of donation, net of accumulated depreciation and amortization. The Library capitalizes items of property and equipment that have a cost in excess of \$5,000, whereas minor costs of repairs and maintenance are expensed as incurred. Depreciation is provided using the straight-line method over a period of five to seven years for machinery and equipment, and forty years for buildings. Amortization of leasehold improvements is provided using the straight-line method over the terms of the lease, or the useful lives of the improvements, whichever is shorter.

Management evaluates the recoverability of the investment in long-lived assets on an ongoing basis and recognizes any impairment in the year of determination. There were no triggering events occurring which would impact property and equipment requiring management to test for, or adjust for, impairment losses during fiscal year 2024 or 2023. However, it is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

Delray Beach Public Library Association, Inc.
Notes to Financial Statements

Note 2 – Summary of Significant Accounting Policies, continued

Contributions

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. 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 substantially met.

A portion of the Library's revenue is derived from cost-reimbursable government grants, which are conditioned upon certain performance requirements and / or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Library has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position.

Contributions received are recorded as revenue without donor restriction or with donor restriction depending on the existence or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires in the fiscal year in which the contributions are 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.

Revenue Recognition

The Library records exchange transaction revenue in accordance with Accounting Standards Codification (“ASC”) 606, *Revenue from Contracts with Customers* (“Topic 606”). Topic 606 sets forth a five-step model which depicts the recognition of revenue in an amount that reflects what the Library expects to receive in exchange for the transfer of goods or services to customers.

Program revenue represents income received by the Library related to monies collected from ticket sales of symposiums run by the Library or book sales. Revenue is recognized when the performance obligation of participation within the program is fulfilled, or in the case of book sales, revenue is recognized once the merchandise has been shipped.

Rental Income

Income earned from the rental of space within the Library is reported in the statements of activities and changes in net assets. The Library rents space for events and leases retail space pursuant to a long-term lease agreement expiring in May 2025 with minimum annual rents of \$43,000. Rental revenue is recognized on a straight-line basis over the term of the lease. Future minimum rents due under these lease agreement for the year ending September 30, 2025 is \$18,454.

Donated Services and Materials

Contributed services are recorded at fair value if the services received create or enhance non-financial assets or require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Donated materials are recorded at fair value on the date of donation. There were no donated services or materials received by the Library during the years ended September 30, 2024 and 2023.

Reclassification

Certain amounts presented in the prior year financial statements were reclassified to conform to the presentation of the current year financial statements.

Delray Beach Public Library Association, Inc.
Notes to Financial Statements

Note 2 – Summary of Significant Accounting Policies, continued

Income Taxes

The Library has been recognized by the IRS as an organization that is exempt from federal income taxes under Internal Revenue Code ("IRC") Section 501(c)(3). Furthermore, it has been determined that the Library is not a private foundation. No provision has been made for income taxes in the financial statements.

Management has analyzed the tax positions taken by the Library and has concluded that, as of September 30, 2024 and 2023, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Library's federal informational returns prior to fiscal year 2021 are generally closed for examination by the IRS and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

Date of Management's Review

The Library evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through April 10, 2025, the date at which the financial statements were available to be issued.

Note 3 – Liquidity and Availability of Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year as of September 30, 2024 and 2023, comprised of the following:

	2024	2023
Financial assets:		
Cash	\$ 418,013	\$ 607,765
Grants receivable	220,422	122,658
Total financial assets available within one year	638,435	730,423
Less: amounts unavailable for general expenditures within one year, due to donor restrictions:		
Community outreach programs, donor purpose restrictions	(43,015)	(79,279)
Total financial assets available within one year to meet cash needs for general expenditures	\$ 595,420	\$ 651,144

The Library has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

Note 4 – Beneficial Interest in Trust

In 1987, the Library was named as a beneficiary of an irrevocable charitable remainder annuity trust (the "Trust"). The Trust will terminate upon the death of the last surviving beneficiary. Contribution revenue from the trusts and the related assets were recognized in 1987. The present value of the Trust's residual value was calculated using a discount rate of 10.06% and the applicable mortality table. As of September 30, 2024 and 2023, the Library's beneficial interest in the Trust was \$1,073,369 and \$950,428, respectively. During the years ended September 30, 2024 and 2023, the Library recorded increases in the change in value of the Trust for \$122,941 and \$81,674, respectively. During the years ended September 30, 2024 and 2023, the Library received distributions from the Trust in the amount of \$16,025 and \$16,500, respectively.

Delray Beach Public Library Association, Inc.
Notes to Financial Statements

Note 5 – Investments

The fair value of investments on a recurring basis consisted of the following as of September 30:

	2024	2023
Mutual funds and ETFs	\$ 1,838,805	\$ 1,646,801
Equity securities	2,038,769	1,590,074
Corporate and municipal securities	1,003,209	927,223
Money market	90,139	73,846
	\$ 4,970,922	\$ 4,237,944

The composition of board-designated and donor restricted endowments consisted of the following as of September 30:

Investments held for board designated endowment	\$ 4,909,230	\$ 4,217,523
Investments held for donor-restricted endowment	61,692	20,421
	\$ 4,970,922	\$ 4,237,944

Note 6 – Fair Value Measurements

The Financial Accounting Standards Board (“FASB”) ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value that provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1: Valuations are based on observable inputs that reflect quoted market prices in active markets for identical assets at the reporting date.

Level 2: Valuations are based on: (i) quoted prices for similar assets in active markets; or (ii) quoted prices for those assets, or similar assets, in markets that are not active; or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date.

Level 3: Valuations are based on pricing inputs that are unobservable and includes situations where: (i) there is little, if any, market activity for the assets; or (ii) the assets cannot be independently valued.

The availability of market data is monitored by the Library to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or valuation techniques may require the transfer of financial instruments from one level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Delray Beach Public Library Association, Inc.
Notes to Financial Statements

Note 6 – Fair Value Measurements, continued

The following tables summarize the fair values of the Library's assets as of September 30:

	2024			
	Level 1	Level 2	Level 3	Total
Investments:				
Temporary cash	\$ 90,139	\$ -	\$ -	\$ 90,139
Mutual funds and ETFs	1,838,805	-	-	1,838,805
Equity securities	2,038,769	-	-	2,038,769
Corporate and municipal securities	1,003,209	-	-	1,003,209
Total investments	4,970,922	-	-	4,970,922
Beneficial interest in trust	-	-	1,073,369	1,073,369
Assets held in trust	-	-	39,341	39,341
 Total assets	 \$ 4,970,922	 \$ -	 \$ 1,112,710	 \$ 6,083,632

	2023			
	Level 1	Level 2	Level 3	Total
Investments:				
Temporary cash	\$ 73,846	\$ -	\$ -	\$ 73,846
Mutual funds and ETFs	1,646,801	-	-	1,646,801
Equity securities	1,590,074	-	-	1,590,074
Corporate and municipal securities	927,223	-	-	927,223
Total investments	4,237,944	-	-	4,237,944
Beneficial interest in trust	-	-	950,428	950,428
Assets held in trust	-	-	32,226	32,226
 Total assets	 \$ 4,237,944	 \$ -	 \$ 982,654	 \$ 5,220,598

Qualification of unobservable inputs are as follows as of September 30:

	2024			
Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Discount Rate
Beneficial interest in trust	\$ 1,073,369	Income approach	Growth rate/ discount rate	10.06%
Assets held in trust	\$ 39,341	Market approach	Fair value of trust assets	N/A

Delray Beach Public Library Association, Inc.
Notes to Financial Statements

Note 6 – Fair Value Measurements, continued

Instrument	Fair Value	2023		
		Principal Valuation Technique	Unobservable Inputs	Discount Rate
Beneficial interest in trust	\$ 950,428	Income approach	Growth rate/ discount rate	5.61%
Assets held in trust	\$ 32,226	Market approach	Fair value of trust assets	N/A

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended September 30:

	Level 3	
	Beneficial Interest in Trust	Assets Held in Trust
Balance at September 30, 2022	\$ 868,754	\$ 32,226
Investment return, net	98,174	-
Distributions	(16,500)	-
Balance at September 30, 2023	950,428	32,226
Investment return, net	138,966	7,115
Distributions	(16,025)	-
Balance at September 30, 2024	<u>\$ 1,073,369</u>	<u>\$ 39,341</u>

Note 7 – Property and Equipment

Property and equipment, net consisted of the following as of September 30:

	2024	2023
Land	\$ 388,000	\$ 388,000
Building	8,074,971	8,074,971
Leasehold improvements	2,832,958	2,832,958
Furniture and fixtures	2,736,274	2,415,268
Machinery and equipment	316,733	260,004
Total	14,348,936	13,971,201
Less: accumulated depreciation and amortization	(7,747,755)	(7,421,706)
Total property and equipment, net	<u>\$ 6,601,181</u>	<u>\$ 6,549,495</u>

Depreciation and amortization expense for the years ended September 30, 2024 and 2023 totaled \$326,049 and \$250,502, respectively.

Delray Beach Public Library Association, Inc.
Notes to Financial Statements

Note 8 – SBA Loan

In May 2020, the Library received a loan of \$150,000 from the SBA (“SBA Loan”) for working capital and payment of expenses incurred as a result of the coronavirus pandemic. The SBA loan accrues interest at a rate of 2.75% per annum with principal and interest payments of \$641 due monthly beginning on June 1, 2021, and through maturity on May 31, 2050. The SBA loan is secured by substantially all assets of the Library. The principal balance due on the SBA Loan as of September 30, 2024 and 2023 was \$136,831 and \$140,703, respectively.

Future principal maturities on the SBA loan are as follows:

<u>Years Ending September 30,</u>	
2025	\$ 3,854
2026	3,961
2027	4,072
2028	4,184
2029	4,299
Thereafter	<u>116,461</u>
Total	<u>\$ 136,831</u>

Note 9 – Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following as of September 30:

	2024	2023
Subject to expenditure at a specific time:		
Beneficial interest in trust	\$ 1,073,369	\$ 950,428
Accumulated earnings on assets held in trust	14,341	6,668
Accumulated earnings on endowment	5,487	479
Restricted in perpetuity:		
Assets held in trust	25,000	25,000
Endowment	56,205	20,500
Purpose restrictions:		
Community outreach programs	<u>43,015</u>	<u>79,279</u>
	<u>1,217,417</u>	<u>1,082,354</u>

Net assets released from restrictions consisted as follows as of September 30:

	2024	2023
Net assets released from restrictions:		
Community outreach programs	<u>\$ 50,569</u>	<u>\$ 61,321</u>

Delray Beach Public Library Association, Inc.
Notes to Financial Statements

Note 10 – Endowment

The changes in the Library’s endowment net assets were as follows for the years ended September 30, 2024 and 2023:

	<u>Without Donor Restrictions</u> Board Designated Endowment	<u>With Donor Restrictions</u> Amounts Subject to Appropriation	<u>With Donor Restrictions</u> Amounts Held in Perpetuity	<u>Total</u>
Balance at September 30, 2022	\$ 3,453,288	\$ 7,426	\$ 45,500	\$ 3,506,214
Contributions	595,591	-	-	595,591
Appreciation in value	277,775	(279)	-	277,496
Appropriated for expenditure	<u>(109,131)</u>	<u>-</u>	<u>-</u>	<u>(109,131)</u>
Balance at September 30, 2023	<u>4,217,523</u>	<u>7,147</u>	<u>45,500</u>	<u>4,270,170</u>
Contributions	-	-	35,705	35,705
Appreciation in value	893,053	12,801	-	905,854
Appropriated for expenditure	<u>(201,346)</u>	<u>(120)</u>	<u>-</u>	<u>(201,466)</u>
Balance at September 30, 2024	<u>\$ 4,909,230</u>	<u>\$ 19,828</u>	<u>\$ 81,205</u>	<u>\$ 5,010,263</u>

The Endowment

The Library’s endowment consists of a donor endowment, assets held in trust, and a board-designated fund. The board-designated endowment fund is comprised of resources designated by the Board to be used for growth and sustainability of the Library.

Interpretation of Relevant Law

The Library adheres to the provisions of the Florida Uniform Prudent Management of Institutional Funds Act (“FUPMIFA”) that are applicable to assets held for endowment.

Return Objectives and Risk Parameters

Under the policy approved by the Board, the Library’s endowment assets are invested in a manner that is intended to maximize the return on invested endowment fund assets while minimizing risk and expenses. The Board has not established a desired rate of return but expects its endowment assets, over time, to provide an average rate of return of approximately five percent. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its investment objectives and risk parameters, the Library relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current earnings (interest and dividends). The Library targets a diversified asset allocation that places a greater emphasis on equity and fixed income investments to achieve its investment objectives within prudent risk constraints.

Spending Policy

The Library’s spending policy allows the Board to appropriate board-designated endowment funds as considered necessary, but the Board intends to only appropriate income earned over the previous twelve month period to fund the Library’s operating expenses. Under circumstances in which principal may need to be appropriated, the Board requires a super majority vote of 75% of the Board members present at a meeting.

Delray Beach Public Library Association, Inc.
Notes to Financial Statements

Note 10 – Endowment, continued

Funds with Deficiencies

Due to unfavorable market fluctuations, from time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may decline below the historical dollar value of the donors' original restricted contributions, or the amount required to be maintained under state law, referred to as an underwater endowment. As of September 30, 2024 and 2023, there were no deficiencies in the donor-restricted endowment funds. Under the terms of FUPMIFA, the Library has no responsibility to restore such decreases in value.

Note 11 – Employee Benefit Plan

The employees of the Library participate in a tax-sheltered annuity plan (the "Plan"). The Library contributed up to 6% of participating employees' gross annual salary to the Plan for the years ended September 30, 2024 and 2023. Employees become 100% vested after two years of service. For the years ended September 30, 2024 and 2023, the Library contributed to the Plan approximately \$66,000 and \$67,000, respectively.

Note 12 – Concentrations of Risk

Concentration of Credit Risk

Financial instruments that potentially subject the Library to concentration of credit risk consist principally of cash deposits in excess of the Federal Deposit Insurance Corporation ("FDIC") insured limits. As of September 30, 2024 and 2023, there were deposits of approximately \$183,000 and \$366,500, respectively in excess of FDIC limits.

Concentration of Revenue

For the fiscal years ended September 30, 2024 and 2023, the Library received approximately 45% and 50% of its total revenue and other support from the City of Delray Beach and approximately 12% and 14%, respectively, from the Delray Beach Community Redevelopment Agency under annual funding agreements. Funding levels are subject to change, which could impact the Library's programs and activities and its ability to continue operations at the current level unless it obtains funding from other sources. The Library's management does not expect any changes in this support in the near term.

Note 13 – Commitments

Capital Lease

During fiscal year 2006, the Library entered into a 99-year lease with the City for the land and building at 100 West Atlantic Avenue. Under the terms of the lease, the annual rent payable to the City is \$1 per year and the Library has the option to purchase the property from the City for \$1 after 20 years. Accordingly, the land and building were capitalized at the fair value of the property at the inception of the lease on January 1, 2006.

Operating Lease

During fiscal year 2003, the Library entered into an agreement with Palm Beach County, the City, and the Delray Beach Community Redevelopment Agency (collectively, the "Participating Governments") to jointly fund the construction of a 540-space parking garage and surface parking lot on land owned by Palm Beach County. Pursuant to the terms of a lease agreement between the Library and the Participating Governments, the Library is entitled to the use of 153 parking spaces at no additional charge for an initial term of thirty years and two renewal options of thirty years each. The Library's contribution to the parking construction project of \$2,798,708 was capitalized as a leasehold improvement in the statements of financial position, and usage of the parking lot is free through the remaining term of the lease.

Performance Standards for Collections and Programing

Delray Beach Public Library

1: The DELRAY BEACH PUBLIC LIBRARY will maintain a collection of materials in diverse formats (printed and physical materials, digital and downloadable materials) according to the ALA (American Library Association) recommendations regarding collection size and subject matter.

2: The DELRAY BEACH PUBLIC LIBRARY will conceive and implement programing across all age groups (infant and children, young adult, "tweens," adult, seniors) throughout the year reflecting our diverse community.

The following numbers relate to our annual performance standards for budget year 2025-2026

Number of patrons visits: 192,949

Number of items in physical collection: 131,000+

Number – Digital books/Magazines/Streaming: 1.5 million+

Circulation Numbers – Physical/Digital/Streaming: 222,198

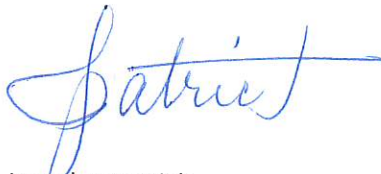
Number of Logins Public Computers: 39,365

Number of Research Assists: 61,900

Number of Hours Open: 3,172



Mykal Banta
Executive Director
Delray Beach Public Library



Joycelyn Patrick
President
Delray Beach Library Association