

THE FERGUSON LIBRARY

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021



THE FERGUSON LIBRARY  
FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

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## ECK TAX & ACCOUNTING

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### **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
The Ferguson Library  
Stamford, Connecticut

#### **Opinion**

We have audited the accompanying financial statements of The Ferguson Library (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Ferguson Library as of June 30, 2022, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Ferguson 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.

#### **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 Ferguson Library's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Ferguson 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 Ferguson Library's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Report on June 30, 2021 Financial Statements**

The financial statements of The Ferguson Library as of June 30, 2021, were audited by other accountants whose report dated February 4, 2022, stated that based on their procedures, they are not aware of any material modifications 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.

Eck Tax & Accounting, LLC

Park Ridge, New Jersey  
February 17, 2023

THE FERGUSON LIBRARY  
STATEMENT OF FINANCIAL POSITION  
AS OF JUNE 30, 2022 AND 2021

<b><u>ASSETS:</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 1,603,875	\$ 1,071,248
Accounts receivable - City of Stamford	73,163	62,534
Accounts receivable - Other	6,258	102,257
Prepaid expenses	106,641	73,486
<b>Total Current Assets</b>	<b><u>1,789,937</u></b>	<b><u>1,309,525</u></b>
<b>NON-CURRENT ASSETS:</b>		
Interest in Net Assets of The Ferguson Library Foundation, Inc. - Reserve	150,000	150,000
Land, buildings and equipment (Net)	20,007,260	20,451,351
<b>Total Non-current Assets</b>	<b><u>20,157,260</u></b>	<b><u>20,601,351</u></b>
<b>TOTAL ASSETS</b>	<b><u>\$ 21,947,197</u></b>	<b><u>\$ 21,910,876</u></b>
 <b><u>LIABILITIES AND NET ASSETS:</u></b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued expenses	780,170	944,621
Pension liability	7,971,201	7,970,940
Note payable - Eversource	119,750	42,624
Security deposit	9,600	9,600
<b>Total Current Liabilities</b>	<b><u>8,880,721</u></b>	<b><u>8,967,785</u></b>
<b>TOTAL LIABILITIES</b>	<b><u>8,880,721</u></b>	<b><u>8,967,785</u></b>
<b>NET ASSETS:</b>		
Without donor restrictions	12,652,749	12,626,269
With donor restrictions (Note 13)	413,727	316,822
<b>TOTAL NET ASSETS</b>	<b><u>13,066,476</u></b>	<b><u>12,943,091</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 21,947,197</u></b>	<b><u>\$ 21,910,876</u></b>

THE FERGUSON LIBRARY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>REVENUES, GAINS AND OTHER SUPPORT</b>			
City of Stamford - Operating	\$ 9,020,000	\$ -	\$ 9,020,000
City of Stamford - Capital	97,592	-	97,592
Contributions	733,834	50,136	783,970
Passports and photographs	392,758	-	392,758
Grants	67,823	316,007	383,830
Rents	49,300	-	49,300
Miscellaneous	141,904	-	141,904
Net assets released from restrictions	269,238	(269,238)	\$ -
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>	<b>10,772,449</b>	<b>96,905</b>	<b>10,869,354</b>
<b>FUNCTIONAL EXPENSES</b>			
Program services	6,793,435	-	6,793,435
Management and general	3,663,416	-	3,663,416
Fundraising	289,001	-	289,001
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>10,745,852</b>	<b>-</b>	<b>10,745,852</b>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	<b>26,597</b>	<b>96,905</b>	<b>123,502</b>
<b>NON-OPERATING ACTIVITIES</b>			
Investment return - net	(117)	-	(117)
<b>CHANGE IN NET ASSETS FROM NON-OPERATING ACTIVITIES</b>	<b>(117)</b>	<b>-</b>	<b>(117)</b>
Net Assets, Beginning of Year	12,626,269	316,822	12,943,091
<b>Net Assets, End of Year</b>	<b>\$ 12,652,749</b>	<b>\$ 413,727</b>	<b>\$ 13,066,476</b>

THE FERGUSON LIBRARY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>REVENUES, GAINS AND OTHER SUPPORT</b>			
City of Stamford - Operating	\$ 8,630,000	\$ -	\$ 8,630,000
City of Stamford - Capital	350,678	-	350,678
Fines	5,681	-	5,681
Equipment income	9,834	-	9,834
PPP loan forgiveness	1,150,400	-	1,150,400
Contributions	713,547	4,000	717,547
Passports and photographs	233,098	-	233,098
Grants	46,517	35,321	81,838
Rents	38,875	-	38,875
Miscellaneous	9,605	-	9,605
Net assets released from restrictions			
Satisfaction of program restrictions	97,667	(97,667)	-
Lapse of time restrictions	45,000	(45,000)	-
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>	<b>11,330,902</b>	<b>(103,346)</b>	<b>11,227,556</b>
<b>FUNCTIONAL EXPENSES</b>			
Program services	7,259,499	-	7,259,499
Management and general	3,549,754	-	3,549,754
Fundraising	264,997	-	264,997
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>11,074,250</b>	<b>-</b>	<b>11,074,250</b>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	<b>256,652</b>	<b>(103,346)</b>	<b>153,306</b>
<b>NON-OPERATING ACTIVITIES</b>			
Investment return - net	1,290	-	1,290
Transfer to Foundation	(260,547)	(207,982)	(468,529)
Adjustment for pension	2,607,595	-	2,607,595
<b>CHANGE IN NET ASSETS FROM NON-OPERATING ACTIVITIES</b>	<b>2,348,338</b>	<b>(207,982)</b>	<b>2,140,356</b>
Net Assets, Beginning of Year	10,021,279	628,150	10,649,429
<b>Net Assets, End of Year</b>	<b>\$ 12,626,269</b>	<b>\$ 316,822</b>	<b>\$ 12,943,091</b>

THE FERGUSON LIBRARY  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2022

<b>EXPENSES</b>	<b>Program Services</b>	<b>Management &amp; General</b>	<b>Fundraising</b>	<b>Total</b>
Salaries and related costs				
Salaries	\$ 3,280,848	\$ 1,992,872	\$ 140,221	\$ 5,413,941
Group insurance & other benefits	515,553	313,160	22,034	850,748
Pensions	351,898	59,356	12,719	423,973
Payroll taxes	249,384	151,482	10,658	411,524
Library resources				
Books and periodicals	427,562	-	-	427,562
Electronic media	361,899	-	-	361,899
Videos and recordings	20,578	-	-	20,578
Occupancy				
Building maintenance	260,188	65,047	-	325,235
Utilities	231,785	57,946	-	289,731
Security services	195,856	-	-	195,856
Telephone and data services	44,530	11,133	-	55,663
General insurance	95,267	49,077	-	144,344
General operating				
Technology system support	210,390	52,598	1,395	264,383
Professional fees	119,571	33,465	101,973	255,009
Grant funded expenses	225,446	-	-	225,446
Automobile	10,543	2,636	-	13,179
Other	77,745	19,436	-	97,181
Equipment leasing	65,203	27,944	-	93,147
Supplies	32,998	57,905	-	90,903
Marketing & promotion	16,191	-	-	16,191
<b>TOTAL EXPENSES BEFORE DEPRECIATION</b>	<b>6,793,435</b>	<b>2,894,057</b>	<b>289,001</b>	<b>9,976,493</b>
Depreciation	-	769,359	-	769,359
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 6,793,435</b>	<b>\$ 3,663,416</b>	<b>\$ 289,001</b>	<b>\$ 10,745,852</b>



THE FERGUSON LIBRARY  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2021

<b>EXPENSES</b>	<b>Program Services</b>	<b>Management &amp; General</b>	<b>Fundraising</b>	<b>Total</b>
Salaries and related costs				
Salaries	\$ 3,204,499	\$ 1,635,773	\$ 114,296	\$ 4,954,568
Pensions	834,445	140,750	30,161	1,005,356
Payroll taxes	249,398	151,491	10,659	411,548
Group insurance & other benefits	539,153	332,884	23,042	895,079
Library resources				
Books and periodicals	293,135	-	-	293,135
Videos and recordings	40,983	-	-	40,983
Electronic media	347,270	-	-	347,270
Occupancy				
General insurance	78,280	63,587	-	141,867
Building maintenance	471,100	117,775	6,269	595,144
Utilities	232,201	58,050	-	290,251
Telephone and data services	97,430	24,357	-	121,787
Security services	265,976	-	-	265,976
General operating				
Professional fees	117,269	87,254	-	204,523
Marketing & promotion	23,958	-	61,472	85,430
Technology system support	226,242	7,341	8,274	241,857
Equipment leasing	46,870	8,593	8,593	64,056
Supplies	47,869	81,788	2,231	131,888
Other	143,421	70,753	-	214,174
<b>TOTAL EXPENSES BEFORE DEPRECIATION</b>	<b>7,259,499</b>	<b>2,780,396</b>	<b>264,997</b>	<b>10,304,892</b>
Depreciation	-	769,358	-	769,358
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 7,259,499</b>	<b>\$ 3,549,754</b>	<b>\$ 264,997</b>	<b>\$ 11,074,250</b>

THE FERGUSON LIBRARY  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 123,385	\$ 154,596
Adjustments to reconcile change in net assets to net cash provided by / (used in) operating activities:		
Adjustment for Pension	-	2,607,595
Depreciation	769,359	769,358
Contributions -In-Kind Eversource	-	(50,000)
Decrease in Accounts Receivable	85,370	642,862
(Increase) / Decrease in Prepaid Expenses	(33,155)	2,587
(Decrease) in Accounts Payable and Accrued Expenses	(164,451)	(437,993)
Increase / (Decrease) in Pension Liability	261	(1,864,938)
(Decrease) in Deferred Rent	-	(1,150,400)
<b>Net Cash Provided By Operating Activities</b>	<u><b>780,769</b></u>	<u><b>673,667</b></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Land, Building and Equipment	(325,268)	(431,654)
Interest in Net Assets of The Ferguson Library Foundation, Inc. - Reserve	-	(150,000)
<b>Net Cash Used In Investing Activities</b>	<u><b>(325,268)</b></u>	<u><b>(581,654)</b></u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Increase in Note payable - Eversource	77,126	-
<b>Net Cash Provided By Financing Activities</b>	<u><b>77,126</b></u>	<u><b>-</b></u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>532,627</b>	<b>92,013</b>
Cash and Cash Equivalents, Beginning Of Year	<u><b>1,071,248</b></u>	<u><b>979,235</b></u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><b>\$ 1,603,875</b></u>	<u><b>\$ 1,071,248</b></u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest Paid	\$ 158	\$ 44

**THE FERGUSON LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 1 - NATURE OF ORGANIZATION**

The Ferguson Library's (the "Library"), main purpose is to make available books, films, recordings, and other materials and provide various programs and services to the community. The Library's main sources of revenue are the city of Stamford and corporate donors in the Stamford area.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared on the accrual basis of accounting. The accrual basis of accounting recognizes income as it is earned and expenses as they are incurred.

The financial statements of the Library have been prepared in accordance with generally accepted accounting principles which require reporting its financial position and activities according to the following asset classifications:

Net assets without donor restrictions - net assets that are not subject to donor-imposed restrictions and may be expended for any purpose at the discretion of the Library's management and Board of Directors.

Net assets with donor restrictions - net assets subject to restrictions imposed by donors. Some restrictions are temporary in nature which can be met by actions of the Library or by the passage of time. Other donor restrictions are perpetual in nature where the donor has directed that the funds be maintained in perpetuity.

Books, periodicals, audio/video materials and electronic media are charged to expense when purchased.

Supplies used in the daily operating routine of the Library have been charged to expense when purchased. No attempt has been made to inventory items on hand at year end because of the relative insignificance in the overall program.

It is the Library's policy to capitalize property and equipment over \$5,000, building improvements over \$10,000 and land improvements over \$20,000. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Library reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Library reclassifies net assets with donor restrictions.

Depreciation of fixed assets has been provided in the financial statements in conformity with recommendations of the American Institute of Certified Public Accountants. Neither the amount of current year depreciation nor the accumulated prior year depreciation has been funded. The straight-line method of computing depreciation has been used. The estimated useful lives of the assets range from five to fifty years depending on the nature of the asset.

**THE FERGUSON LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Library reports cash and certain liquid investments with maturities of ninety (90) days or less as cash in these financial statements.

The Library reports investments at fair value (see Note 5) and reflects any gains or losses in the statements of activities. Gains and losses are considered unrestricted unless restricted by donor stipulation or law. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

The Library considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Contributions are recognized when the donor makes a promise to give to the Library that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire 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 (purpose restricted or perpetuity) depending on the nature of the restrictions.

The Ferguson Library is a nonprofit organization, as described in Internal Revenue Code Section 501 (c)(3) and is exempt from federal and state income taxes. As of the date of these financial statements, information returns for the years ending June 30, 2019, 2020 and 2021 remain subject to examination by federal and state of Connecticut taxing jurisdictions.

The cost of providing program and other activities have been summarized on a functional basis in the statement of activities and in detail in the statement of functional expenses. Certain costs have been allocated among program and supporting services. Support expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Library. Expenses have been allocated on the basis of estimates made by management.

**Recent Accounting Pronouncements Not Yet Effective**

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which supersedes the leasing guidance in ASC 840, Leases. Under ASU 2016-02 leases are required to recognize the lease assets and lease liabilities for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification determining the pattern of expense recognition in the statement of income. With the recent deferral this guidance is effective for non-public companies including not for profit organizations for fiscal periods beginning after December 15, 2021. It requires a modified retrospective approach to adoption for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements. The Library expects the effect of the adoption of these standards will be immaterial to the financial statements.

**THE FERGUSON LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 3 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions which are time or purpose restricted are available for the following purposes:

Ann Sexton (Board Room)	\$	163,881
Friends		56,769
Rosemarie Molinari Estate		30,564
Earnest DiMattia memorial contributions		23,714
Board room		22,335
Kaplan and Bennett lecture series		19,759
Staff development		15,000
Technology		13,928
Rosenshein		12,500
Mental health training		11,760
Library programs		10,634
Programs for children/young adults		8,322
Bookmobile		6,700
Estate of Frances Amico		5,000
Digital navigator		4,709
Jack Goldstein Estate		2,892
Simon Colin		2,000
DMC		2,000
Implicit bias		1,260
Total	<u>\$</u>	<u>413,728</u>

**NOTE 4 - NET ASSETS RELEASED FROM RESTRICTIONS**

Assets were released from restrictions during the year ended June 30, 2022 for the following purposes:

Digital navigator	\$	95,291
Rosemarie Molinari estate		85,000
Board room		39,670
Youth services		28,941
Community arts		10,821
Technology		6,072
Library programs		1,850
DMC		1,000
Staff development		593
Total	<u>\$</u>	<u>269,238</u>

**THE FERGUSON LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 5 - INVESTMENT IN NET ASSETS OF THE FERGUSON LIBRARY FOUNDATION**

In June of 2021 The Library transferred \$150,000 of the expected surplus for the fiscal year to the Ferguson Library Foundation (the Foundation). The Library's objective is for The Foundation to invest these funds and to monitor their performance with the primary focus being the growth of the fund. The Foundation will merely manage these funds and, at the Library's request, transfer part or all of the funds as the Library may deem necessary.

The Library board subsequently adopted a resolution to relinquish its interest in the funds from the sale of National Review Stock which was transferred to the Foundation in February of 2015 for investment purposes. Previously The Library had adopted a resolution to make a similar transfer relinquishing its interests in funds received from Reader's Digest. The Reader's Digest funds were transferred subject to the original restrictions on principal (in perpetuity) and earnings (purpose restricted for books).

**NOTE 6 - LAND, BUILDINGS AND EQUIPMENT**

Asset cost and accumulated depreciation consist of the following:

	<u>2022</u>	<u>2021</u>
Land	\$ 228,500	\$ 228,500
Buildings & Improvements	32,823,520	32,559,440
Equipment	6,056,057	6,031,691
Vehicles	<u>560,441</u>	<u>548,227</u>
	39,668,518	39,367,858
Accumulated Depreciation	<u>19,661,258</u>	<u>18,916,507</u>
	<u>\$ 20,007,260</u>	<u>\$ 20,451,351</u>

**NOTE 7 - DEFINED BENEFIT PENSION PLAN**

The Library has a contributory defined benefit pension plan for all salaried employees. Benefits to participants are based on average compensation for the two highest years out of the last five for each year of service to a maximum of thirty three years. The annual benefit is 2% for all years of service prior to July 1, 2007, 2.125% for years of service between July 1, 2007 and June 30, 2010 and 2.25% for years of service after July 1, 2010 with the benefit capped at 74.25% of final average annual compensation. The Library's policy is to fund costs currently in amounts recommended by the actuarial consultants. This plan is not available to employees hired after February 1, 2019.

Funding for Year Ended June 30, 2022	\$ 249,504
Adjustment to Pension Expense per valuation	<u>376,236</u>
Pension Expense - Exhibit B	<u>\$ 625,740</u>

Total participant contributions were \$197,043 and total benefits paid were \$632,543 for the year ended June 30, 2022.

Total employer and employee contributions expected to be paid during the next fiscal year are \$341,833 and \$388,851 respectively.

**THE FERGUSON LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 7 - DEFINED BENEFIT PENSION PLAN (Continued)**

Net periodic benefit cost included the following components:

Service Cost	\$ 771,022
Interest Cost	609,451
Expected Return on Plan Assets	(938,843)
Recognized Net (Gain) Loss	230,062
Amortization of Prior Service Cost	<u>(45,952)</u>
Net Pension Benefit Expense	<u>\$ 625,740</u>

Amounts not yet recognized as components of net periodic benefit costs:

Prior Service Cost	\$ (3,277)
Net (Gain) Loss	<u>3,114,947</u>
Total	<u>\$ 3,111,670</u>

Amounts expected to be recognized as components of net periodic benefit cost in fiscal year end June 30, 2023:

Amortization of Net Loss (Gain)	\$ 228,781
Amortization of Prior Service Cost (Credit)	<u>(3,636)</u>
Total Estimated Net Periodic Benefit Cost Amortization	<u>\$ 225,145</u>

Other amounts recognized as changes in unrestricted net assets:

Change in Prior Service Cost (Credit)	\$ -
Change in Net Loss (Gain)	(2,186,191)
Amortization of Prior Service (Cost) Credit	45,952
Amortization of Net (Loss) Gain	<u>(430,766)</u>
Total Recognized in Unrestricted Net Assets at June 30, 2022	<u>\$ (2,571,005)</u>

Assumptions used for disclosure information:

	<u>2022</u>	
Expected Rate of Return	6.75%	
Weighted Average Discount Rates	2.8%	
Rates of Increase in Compensation Levels	2.4%	Plus a merit increase based on service

The expected long term rate of return on assets is determined by first assigning plan assets to several categories. A rate of return is then projected for each category. An expected long term rate of return is then calculated by calculating a weighted average of asset category, weighted by the actual asset allocation of the plan. This weighted average is then reduced by expected investment expenses.

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**NOTE 7 - DEFINED BENEFIT PENSION PLAN (Continued)**

The following table sets forth the funded status for the Library's pension plan:

	<b>2022</b>
Accumulated Benefit Obligation	\$ <u>18,054,884</u>
Projected Benefit Obligation	\$ 21,400,731
Plan Assets at Fair Value	<u>11,541,447</u>
Plan Assets in Excess (Deficit) of Projected Benefit Obligation	\$ <u>(9,859,284)</u>

Benefits expected to be paid in each of the next five years and in the aggregate for the four fiscal years thereafter are as follows;

<b>Fiscal Year End</b>	<b>Amount</b>
June 30, 2023	\$ 826,000
June 30, 2024	\$ 883,000
June 30, 2025	\$ 1,034,000
June 30, 2026	\$ 1,111,000
June 30, 2027 - 2031	\$ 6,120,000

The percentage of the total plan assets and fair market value of each major category of plan assets is as follows at June 30, 2021;

	<b>Percentage</b>	<b>Fair Market Value</b>
Money Market Funds	2.03%	\$ 273,261
Equities	28.84%	3,889,727
Exchange Traded Funds	24.10%	3,252,423
Fixed Income Mutual Funds	26.01%	3,507,828
Equity Mutual Funds	11.12%	1,499,524
Other	<u>7.90%</u>	<u>1,064,870</u>
	<u>100.00%</u>	<u>\$ 13,487,633</u>

The fair value hierarchy of plan assets are as follows;

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Money Market Funds	\$ 273,261	\$	\$	\$ 273,261
Common Equity Securities	3,889,727			3,889,727
Exchange Traded Funds	3,252,423			3,252,423
Fixed Income Mutual Funds	2,322,564	1,185,264		3,507,828
Equity Mutual Funds	1,499,524			1,499,524
Other			1,064,870	1,064,870
	<u>\$11,231,422</u>	<u>\$1,185,264</u>	<u>\$1,064,870</u>	<u>\$13,487,633</u>

The responsibility for investment strategy and asset allocation is vested in the Pension Committee. The Pension Committee is responsible for determining what types of assets will be allowed and prohibited as investments for the plan and also what the allocation among these allowable investments will be. The investment strategy will seek to provide; conservation of capital, current income from dividends and interest, and long term growth.

The Committee is also authorized to delegate certain responsibilities to professional experts in various fields. Wells Fargo Advisors has been retained as the investment advisor and custodian.



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**NOTE 8 - DEFINED CONTRIBUTION PLAN**

The Library has adopted a Governmental Money Purchase Plan for all full time employees hired on or after January 1, 2020, and any individual who transfers their balance from The Ferguson Library Employees' Pension Plan. New hires become eligible when they complete ninety (90) days of service. Individuals who transfer their account balance are eligible the day the transfer is completed.

The plan requires mandatory 4% contributions by both the employer and the employee based on W-2 Compensation minus any overtime and bonus. Vesting is on a graduated scale with 0% in years 0-2 and 100% after year 7. Individuals hired prior to January 1, 2020 who transfer their account balances are 100% vested immediately. The Library's contribution to the plan for the year ended June 30, 2022 was \$389,004.

**NOTE 9 - NOTEPAYABLE-EVERSOURCE ENERGY**

On December 21, 2020 The Library entered into an agreement with The Connecticut Light and Power Company D/B/A Eversource Energy (Eversource). The Library agreed to install energy efficient equipment at the Harry Bennett Branch. Eversource in its capacity as manager of the Connecticut Energy Efficiency Fund (CEEF) would provide a \$50,000 incentive and finance the remaining \$42,623.66 for the equipment. The project was completed in March of 2021.

The loan is interest free and requires forty-four (44) payments of \$968.72 beginning in September of 2021.

Amounts due over the remaining three years are as follows:

<b><u>Fiscal Year Ending</u></b>	<b><u>Amount</u></b>
June 30, 2023	11,625
June 30, 2024	11,625
June 30, 2025	<u>9,687</u>
	<u>\$32,937</u>

In addition, in March of 2022, Eversource has agreed to finance the Energy Efficiency Project installation. This note is in the amount of \$91,568.31 and will cover the remaining costs of the projection to get all energy efficient equipment in place and running.

The loan is interest free and requires forty-eight (48) payments of \$1,907.67 beginning in April of 2022.

Amounts due over the remaining four years are as follows:

<b><u>Fiscal Year Ending</u></b>	<b><u>Amount</u></b>
June 30, 2023	22,892
June 30, 2024	22,892
June 30, 2025	22,892
June 30, 2026	<u>17,169</u>
	<u>\$85,845</u>

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**NOTE 10 - FASB ASC 606 REVENUE FROM CONTRACTS WITH CUSTOMERS**

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606 Revenue From Contracts with Customers in the Accounting Standards Codification (ASC). Topic 606 requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods and services. Topic 606 also requires a contract liability to be recorded when an entity has the right to receive payment in advance of the satisfaction of performance obligations. Financial statements prepared using generally accepted accounting principles must follow the Topic 606 Guidelines.

The Library has various revenue sources. Unconditional contributions (restricted or unrestricted) would not be subject to the guidelines of FASB Topic 606. Fines, equipment income and passport fees would not be subject to the Topic 606 guidelines as the income is recognized at the time the service is fulfilled. Municipal funding and rental fees are recognized ratably on a month by month basis which would adhere to Topic 606 guidelines for recognition.

Grants that require some sort of performance measure or obligation would be subject to Topic 606 guidelines and require an adjustment for a contract liability in the amount of revenue not recognized for the unfulfilled performance obligations.

The Library had no uncompleted contracts at July 1, 2021 so no retrospective adjustment has been made. Further at June 30, 2022 there were also no uncompleted contracts requiring adjustment.

**NOTE 11 - LEASE COMMITMENTS**

On April 1, 2019 the Library entered into an agreement with Winfield Street Stamford, LLC to lease 1,730 square feet of retail space located on the first floor and 90 square feet of storage space. The lease term is for five years beginning April 1<sup>st</sup> 2019 and ending March 31, 2024 with the ability to extend the lease for three (3) additional five (5) year terms.

The original lease stated that in addition to the basic rent, tenant would pay an annual sum equal to 10% of gross revenues over the annual basic rent times ten (10). The additional rent payment shall be capped at fifteen (15) % of basic rent. Tenant is also responsible for all usage charges for water, electricity and other utilities.

With the onset of the COVID 19 pandemic and it's continued effect on the world economy, the original lease has been modified four times. The latest terms commencing as of September 1, 2021 call for monthly rent payments of \$4,000 and \$525 for utilities. These amounts shall run through the original lease term.

The annual rents for the remaining initial term are as follows:

<u>Year</u>	<u>Amount</u>
June 30, 2023	\$48,000
March 31, 2024	\$36,000

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**NOTE 12 - CONCENTRATION OF CREDIT RISK**

The Library maintains its cash balances at one financial institution. At times during the year the balance on deposit may be in excess of Federal Deposit Insurance Corporation (FDIC) limits. At June 30, 2022 the Library had deposit balances of \$1,602,875 which were in excess of FDIC insurance limits.

**NOTE 13 - RELATED PARTIES**

The Ferguson Library Foundation Inc. and the Friends of the Ferguson Library are organizations whose sole purpose is to support the Ferguson Library by making contributions for programs and operations. The organizations have made the following contributions to the library:

	<u>2022</u>	<u>2021</u>
Ferguson Library Foundation, Inc.	\$ 52,000	\$ 69,500
Friends of the Ferguson Library	\$ 136,769	\$ 98,856

**NOTE 14 - PAYCHECK PROTECTION PROGRAM LOAN**

On April 24, 2020 the library received \$1,150,400 under the Paycheck Protection Program (PPP) created as part of the relief efforts related to COVID-19 and administrated by the Small Business Administration. The Library was able to meet all requirements and on January 6, 2021 received forgiveness for the entire amount of the loan.

**NOTE 15 - AVAILABILITY AND LIQUIDITY**

The following represents the Library's financial assets at June 30, 2022 available to meet general expenditures.

Cash and cash equivalents	\$ 1,603,675
Accounts Receivable	79,421
Interest in Net Assets of the Ferguson Foundation, Inc.	<u>150,000</u>
Total Financial Assets	<u>1,833,096</u>
Less amounts not available to be used within one year	
Net assets with donor restrictions	316,822
Accounts Receivable - City of Stamford	<u>73,163</u>
	<u>389,985</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,443,111</u>

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**NOTE 16 - COVID-19 PANDEMIC**

In March 2020, the World Health Organization declared the outbreak of COVID-19 to be a pandemic. The COVID-19 pandemic is having widespread, rapidly evolving, and unpredictable impacts on global society, economies, and financial markets. While the effects of COVID-19 are not reflected in the Library's financial statements, there is substantial uncertainty in the nature and degree of its effects over time. The extent to which the COVID-19 pandemic impacts the Library going forward will depend on numerous evolving factors which cannot be reliably predicted, including the duration and scope of the pandemic; governmental, business, and individuals' actions in response to the pandemic; and the impact on economic activity including the possibility of recession or further financial market instability.

**NOTE 17 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through February 17, 2023 the date which the financial statements were available for issue. In June 2021 The Library transferred \$150,000 of the expected surplus for the fiscal year to the Ferguson Library Foundation. In early 2023 these funds have been requested to be returned to The Library to be used for general operations.