

**BOOK ARTS PRESS, INC.**  
**d/b/a RARE BOOK SCHOOL**  
**CHARLOTTESVILLE, VIRGINIA**

**FINANCIAL REPORT**  
**YEAR ENDED SEPTEMBER 30, 2019**



**BOOK ARTS PRESS, INC.**  
**d/b/a RARE BOOK SCHOOL**

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## REPORT OF INDEPENDENT AUDITORS

To the Board of Directors  
Book Arts Press, Inc.  
Charlottesville, Virginia

We have audited the accompanying financial statements of BOOK ARTS PRESS, INC. d/b/a RARE BOOK SCHOOL (a nonprofit organization), which comprise the statements of financial position as of September 30, 2019 and 2018, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

### ***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.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Directors  
Book Arts Press, Inc.

## **REPORT OF INDEPENDENT AUDITORS**

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BOOK ARTS PRESS, INC. d/b/a RARE BOOK SCHOOL as of September 30, 2019 and 2018 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Hantzmon Wiebel LLP*

Charlottesville, Virginia  
February 12, 2020

**BOOK ARTS PRESS, INC.**  
**d/b/a RARE BOOK SCHOOL**

**STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2019 AND 2018**

**ASSETS**

	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
Cash and cash equivalents .....	\$ 1,087,015	\$ 833,034
Inventory .....	7,124	6,964
Unconditional promises to give, net .....	1,223,512	232,258
Other receivables .....	4	5,230
Prepaid expenses .....	11,824	20,250
Investments .....	6,927,143	6,515,998
Cash restricted for long-term purposes .....	8,363	8,407
Property and equipment (net) .....	82,116	694,969
Collections (See notes to financial statements) .....	....	....
	<b>\$ 9,347,101</b>	<b>\$ 8,317,110</b>

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>		
Accounts payable .....	\$ 6,062	\$ 43,107
Accrued payroll .....	31,315	27,851
Tuition deposits .....	....	10,265
	37,377	81,223
<b>NET ASSETS</b>		
Without donor restrictions:		
Undesignated .....	866,970	1,260,883
Board-designated net assets .....	1,447,583	868,025
Property and equipment (net) .....	82,116	694,969
	2,396,669	2,823,877
With donor restrictions:		
Restricted by purpose or time .....	4,166,398	2,666,062
Restricted in perpetuity .....	2,746,657	2,745,948
	6,913,055	5,412,010
Total net assets .....	9,309,724	8,235,887
Total liabilities and net assets .....	<b>\$ 9,347,101</b>	<b>\$ 8,317,110</b>

(The accompanying notes are an integral part of these financial statements)

**BOOK ARTS PRESS, INC.**  
**d/b/a RARE BOOK SCHOOL**

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Revenue, gains, and other support:			
Individual contributions .....	\$ 383,615	\$ 422,296	\$ 805,911
Foundation/educational/governmental contributions .....	....	1,624,860	1,624,860
Donated services and in-kind contributions .....	499,959	....	499,959
Tuition and other program revenue (net of \$216,055 tuition reductions).....	543,280	....	543,280
Merchandise sales revenue (net of \$3,059 cost of goods sold) .....	2,186	....	2,186
Investment income - net .....	31,903	218,111	250,014
Net assets released from restrictions .....	764,222	( 764,222)	....
	<u>2,225,165</u>	<u>1,501,045</u>	<u>3,726,210</u>
Total revenue, gains, and other support .....			
Expenses:			
Program .....	1,542,910	....	1,542,910
Management and general .....	285,912	....	285,912
Fund-raising .....	280,633	....	280,633
	<u>2,109,455</u>	<u>....</u>	<u>2,109,455</u>
Total expenses .....			
Change in net assets before abandonment loss .....	115,710	1,501,045	1,616,755
Abandonment loss on leasehold improvements .....	( 542,918)	....	( 542,918)
Change in net assets after abandonment loss .....	( 427,208)	1,501,045	1,073,837
<b>NET ASSETS AT BEGINNING OF YEAR</b> .....	<u>2,823,877</u>	<u>5,412,010</u>	<u>8,235,887</u>
<b>NET ASSETS AT END OF YEAR</b> .....	<u>\$ 2,396,669</u>	<u>\$ 6,913,055</u>	<u>\$ 9,309,724</u>

(The accompanying notes are an integral part of this financial statement)

**BOOK ARTS PRESS, INC.**  
**d/b/a RARE BOOK SCHOOL**

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Revenue, gains, and other support:			
Individual contributions .....	\$ 791,208	\$ 1,523,127	\$ 2,314,335
Foundation/educational/governmental contributions .....	....	164,440	164,440
Donated services and in-kind contributions .....	462,439	....	462,439
Tuition and other program revenue (net of \$177,335 tuition reductions) .....	568,215	....	568,215
Merchandise sales revenue (net of \$4,300) cost of goods sold) .....	3,587	468	4,055
Investment income - net .....	70,925	298,197	369,122
Other revenue .....	44	102	146
Net assets released from restrictions .....	943,915	( 943,915)	....
	<u>2,840,333</u>	<u>1,042,419</u>	<u>3,882,752</u>
Total revenue, gains, and other support .....			
Expenses:			
Program .....	1,784,612	....	1,784,612
Management and general .....	254,367	....	254,367
Fund-raising .....	270,108	....	270,108
	<u>2,309,087</u>	<u>....</u>	<u>2,309,087</u>
Total expenses .....			
Change in net assets .....	531,246	1,042,419	1,573,665
<b>NET ASSETS AT BEGINNING OF YEAR</b> .....	<u>2,292,631</u>	<u>4,369,591</u>	<u>6,662,222</u>
<b>NET ASSETS AT END OF YEAR</b> .....	<u><u>\$ 2,823,877</u></u>	<u><u>\$ 5,412,010</u></u>	<u><u>\$ 8,235,887</u></u>

(The accompanying notes are an integral part of this financial statement)

**BOOK ARTS PRESS, INC.**  
**d/b/a RARE BOOK SCHOOL**

**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets .....	\$ 1,073,837	\$ 1,573,665
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Endowment contributions - donor restricted .....	( 32,615)	( 1,370,459)
Net unrealized gain on investments .....	( 250,014)	( 369,122)
Abandonment loss on leasehold improvements .....	542,918	.....
Depreciation expense .....	69,936	93,327
(Increase) decrease in assets:		
Inventory .....	( 160)	788
Unconditional promises to give .....	( 991,254)	501,043
Other receivables .....	5,226	( 5,226)
Prepaid expenses .....	8,426	74,780
Increase (decrease) in liabilities:		
Accounts payable .....	( 37,045)	8,837
Accrued payroll .....	3,464	( 2,319)
Tuition deposits .....	( 10,265)	( 68,175)
Net cash provided by (used in) operating activities .....	<u>382,454</u>	<u>437,139</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments .....	( 737,985)	( 3,466,974)
Sale of investments .....	576,853	2,096,020
Decrease (increase) in cash restricted for long-term purposes .....	44	4,696
Net cash provided by (used in) investing activities .....	<u>( 161,088)</u>	<u>( 1,366,258)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Endowment contributions - donor restricted .....	<u>32,615</u>	<u>1,370,459</u>
Net cash provided by (used in) financing activities .....	<u>32,615</u>	<u>1,370,459</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b> .....	253,981	441,340
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b> .....	<u>833,034</u>	<u>391,694</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b> .....	<u>\$ 1,087,015</u>	<u>\$ 833,034</u>

(The accompanying notes are an integral part of these financial statements)



**BOOK ARTS PRESS, INC.**  
**d/b/a RARE BOOK SCHOOL**

**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	PROGRAM SERVICE			TOTAL PROGRAMS	MANAGEMENT AND GENERAL		FUND-RAISING	TOTAL
	COURSES AND LECTURES	COLLECTIONS	SCHOLARSHIPS AND FELLOWSHIPS		GENERAL	FUND-RAISING		
Salaries and wages .....	\$ 279,150	\$ 109,692	\$ 129,514	\$ 518,356	\$ 53,471	\$ 116,193	\$ 688,020	
Stipends .....	....	....	29,525	29,525	....	....	29,525	
Employee benefits and payroll taxes .....	78,608	23,611	34,843	137,062	5,806	30,955	173,823	
Advertising .....	2,848	2,011	2,011	6,870	....	....	6,870	
Collections and reference materials .....	....	36,781	....	36,781	....	....	36,781	
Conferences and meetings .....	10,939	10,906	15,395	37,240	10,936	14,833	63,009	
Equipment maintenance .....	....	....	....	....	1,058	....	1,058	
Fees and Alumni Hall charges .....	986	983	983	2,952	68,782	325	72,059	
Insurance .....	....	....	....	....	4,465	....	4,465	
Miscellaneous expenses .....	42	13	16	71	9	8,705	8,785	
Occupancy .....	21,775	4,366	5,540	31,681	3,026	5,481	40,188	
Postage and delivery .....	1,748	1,743	1,743	5,234	....	1,480	6,714	
Printing and publications .....	14,530	....	....	14,530	3,025	5,494	23,049	
Professional development .....	6,001	4,045	4,058	14,104	3,533	1,694	19,331	
Professional services .....	143,023	16,619	21,126	180,768	19,741	....	200,509	
Program development .....	2,400	....	2,500	4,900	....	....	4,900	
Software subscriptions .....	1,568	1,568	1,568	4,704	14,743	11,920	31,367	
Supplies and expenses .....	62,278	9,722	4,905	76,905	2,679	4,853	84,437	
Telecommunications .....	155	46	59	260	32	58	350	
Travel .....	94,027	7,807	46,303	148,137	9,948	14,576	172,661	
Depreciation expense .....	30,912	9,253	11,742	51,907	6,413	11,616	69,936	
Tuition reductions .....	....	....	216,055	216,055	....	....	216,055	
Cost of merchandise sold .....	3,059	....	....	3,059	....	....	3,059	
In-kind expenses:								
Salaries and wages .....	81,522	4,970	42,942	129,434	50,909	28,400	208,743	
Employee benefits and payroll taxes .....	23,496	1,418	15,311	40,225	18,531	8,102	66,858	
Donated goods and services .....	42,440	12,703	16,121	71,264	8,805	15,948	96,017	
Total expenses by function .....	901,507	258,257	602,260	1,762,024	285,912	280,633	2,328,569	
Less: expenses included with revenues on the statement of activities:								
Tuition reductions .....	....	....	( 216,055)	( 216,055)	....	....	( 216,055)	
Cost of merchandise sold .....	( 3,059)	....	....	( 3,059)	....	....	( 3,059)	
Total expenses included in the expense section on the statement of activities .....	\$ 898,448	\$ 258,257	\$ 386,205	\$ 1,542,910	\$ 285,912	\$ 280,633	\$ 2,109,455	

(The accompanying notes are an integral part of this financial statement)

**BOOK ARTS PRESS, INC.**  
**d/b/a RARE BOOK SCHOOL**

**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	PROGRAM SERVICE				MANAGEMENT		TOTAL
	COURSES AND LECTURES	COLLECTIONS	SCHOLARSHIPS AND FELLOWSHIPS	TOTAL PROGRAMS	AND GENERAL	FUND-RAISING	
Salaries and wages .....	\$ 287,098	\$ 124,748	\$ 135,898	\$ 547,744	\$ 52,115	\$ 121,968	\$ 721,827
Stipends .....	....	....	29,891	29,891	....	....	29,891
Employee benefits and payroll taxes .....	64,582	26,946	31,723	123,251	5,122	24,478	152,851
Advertising .....	3,041	2,885	2,886	8,812	....	....	8,812
Collections and reference materials .....	....	41,926	....	41,926	....	....	41,926
Conferences and meetings .....	54,925	17,948	13,389	86,262	5,548	10,692	102,502
Equipment maintenance .....	....	....	....	....	930	....	930
Fees and Alumni Hall charges .....	1,023	1,020	1,020	3,063	55,245	1,925	60,233
Insurance .....	....	....	....	....	4,470	....	4,470
Miscellaneous expenses .....	128	51	50	229	27	5,679	5,935
Occupancy .....	35,343	5,683	5,609	46,635	3,049	5,134	54,818
Postage and delivery .....	1,850	1,845	1,845	5,540	....	3,967	9,507
Printing and publications .....	19,908	....	....	19,908	3,575	4,948	28,431
Professional development .....	2,195	1,679	2,183	6,057	2,191	159	8,407
Professional services .....	137,635	16,809	58,419	212,863	17,988	....	230,851
Program development .....	10,205	....	5,000	15,205	....	....	15,205
Software subscriptions .....	6,747	6,706	6,747	20,200	10,100	10,100	40,400
Supplies and expenses .....	60,704	10,305	5,898	76,907	3,206	5,398	85,511
Telecommunications .....	168	67	66	301	36	61	398
Travel .....	91,080	15,217	125,101	231,398	6,300	11,320	249,018
Depreciation expense .....	39,440	15,726	15,520	70,686	8,437	14,204	93,327
Tuition reductions .....	....	....	177,335	177,335	....	....	177,335
Cost of merchandise sold .....	4,300	....	....	4,300	....	....	4,300
In-kind expenses:				....			
Salaries and wages .....	78,953	4,812	41,650	125,415	49,387	27,495	202,297
Employee benefits and payroll taxes .....	22,511	1,359	14,739	38,609	17,844	7,768	64,221
Donated goods and services .....	41,127	16,399	16,184	73,710	8,797	14,812	97,319
Total expenses by function .....	962,963	312,131	691,153	1,966,247	254,367	270,108	2,490,722
Less: expenses included with revenues on the statement of activities:							
Tuition reductions .....	....	....	( 177,335)	( 177,335)	....	....	( 177,335)
Cost of merchandise sold .....	( 4,300)	....	....	( 4,300)	....	....	( 4,300)
Total expenses included in the expense section on the statement of activities .....	<u>\$ 958,663</u>	<u>\$ 312,131</u>	<u>\$ 513,818</u>	<u>\$ 1,784,612</u>	<u>\$ 254,367</u>	<u>\$ 270,108</u>	<u>\$ 2,309,087</u>

(The accompanying notes are an integral part of this financial statement)

**BOOK ARTS PRESS, INC.**  
**d/b/a RARE BOOK SCHOOL**

**NOTES TO FINANCIAL STATEMENTS**

**NATURE OF ACTIVITIES**

Book Arts Press, Inc. (the Organization), which was incorporated in Virginia, provides continuing professional education for research librarians and archivists, academics, antiquarian booksellers, conservators and bookbinders, and book collectors. The Organization is supported primarily from direct public support, investment income, donated services, and donated in-kind contributions.

**DESCRIPTION OF PROGRAM SERVICES AND SUPPORTING ACTIVITIES**

The Organization's mission is to strengthen global communities of the book and advance the study of cultural heritage. It aims to achieve its mission through the following goals:

**Courses and Lectures:**

**Curriculum** - Maintain core strengths of current educational program while broadening the scope of offerings to include new modes of librarianship, bibliography, and book history.

**Faculty** - Retain and recruit internationally-recognized faculty, diverse in gender, age, profession, nationality, and ethnicity, and engage those pioneering new expertise in textual heritage.

**Sustainability** - Ensure long-term sustainability of Rare Book School's staffing and programs through endowment and annual giving.

**Strategic Collaborations** - Strengthen communities of textual heritage by partnering with scholarly societies, professional associations, bibliographical organizations, and the collecting institutions that support their work.

**Collections:**

**Stewardship** - Ensure the responsible stewardship of the current teaching collections while building the collections in concert with the Organization's emerging programs.

**Access** - Increase access to the Rare Book School collections.

**Scholarships and Fellowships:**

**Students** - Grow communities of textual heritage through scholarship and fellowship programs to support practitioners who are early-stage librarians, economically disadvantaged, and/or from underrepresented communities and professions.

**BOOK ARTS PRESS, INC.**  
**d/b/a RARE BOOK SCHOOL**

**NOTES TO FINANCIAL STATEMENTS**

**Management and General Services** - These services provide the functions necessary to maintain an equitable employment program and ensure an adequate working environment; provide coordination and articulation of the Organization's program services; provide for administrative functioning of the Board of Directors; maintain competent professional services; and manage the financial and budgetary responsibilities of the Organization.

**Fund-Raising Services** - These services provide the structure necessary to encourage and secure private financial support from individuals, foundations, and corporations.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Accounting***

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with U. S. generally accepted accounting principles.

***Financial Statement Presentation***

The Organization is required to report information regarding its financial position according to two classes of net assets as follows:

**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 Board-designated endowment, and other designated funds (including reserves).

**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 that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires; that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

***Accounting Estimates***

The preparation of financial statements in conformity with U. S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of public support, revenue, other sources, and expenses during the reporting period. Actual results could differ from those estimates.

**BOOK ARTS PRESS, INC.**  
**d/b/a RARE BOOK SCHOOL**

**NOTES TO FINANCIAL STATEMENTS**

Significant estimates that affect the Organization's financial statements include collectability and discounting of unconditional promises to give, valuation of investments, functional expense allocations, and the valuation of donated services and in-kind contributions.

***Contributions***

Contributions received are recorded as support without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions.

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 statements of activities as net assets released from restrictions.

The Organization reports gifts of land, buildings, and equipment as net assets without donor restrictions, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. In the absence of explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

***Cash and Cash Equivalents***

For purposes of reporting cash flows, the Organization considers all cash accounts that are not subject to withdrawal restrictions or penalties, and all highly-liquid instruments purchased with a maturity of three months or less, to be cash equivalents. Cash equivalents held by investment managers in connection with long-term investment objectives are reported as investments in the statement of financial position. Cash in bank accounts exceeding federally-insured limits is subject to credit risk.

***Inventory***

The inventory of goods available for sale is stated at the lower of cost (determined on a first-in, first-out basis) or net realizable value. Donated inventory is stated at fair market value at the time of receipt. Fair market value is the cost the Organization would incur to purchase the inventory.

***Unconditional Promises to Give***

The Organization values its multi-year unconditional promises to give at fair value. Management believes that the use of fair value measuring reduces the cost of measuring its multi-year unconditional promises to give in periods subsequent to their receipt and provides equal or better information to users of its financial statements than if those unconditional promises to give were measured using present value techniques and historical discount rates. Under this method, the Organization applies one discount rate to all multi-year receivables. The Organization estimates its discount rate at the end of each reporting year. The Organization's discount rate at September 30, 2019 and 2018 was 2%. Management feels that the rate is representative of the market rate for each year.

**BOOK ARTS PRESS, INC.**  
**d/b/a RARE BOOK SCHOOL**

**NOTES TO FINANCIAL STATEMENTS**

***Other Receivables***

Other receivables consist of reimbursements due to the Organization from the University of Virginia for research, and amounts due from vendors.

***Investments***

The Organization's investments are carried at their fair market value based upon the values reported by the investment pools used by the Organization. The Organization has invested funds in investment pools with a University of Virginia-related organization. The University-related organization invests the funds with third parties. The value of the Organization's investments is subject to market investment risks and the investment policies of the University of Virginia and the University-related organization. Increases or decreases in fair market values are recorded as increases or decreases in net assets without donor restrictions or net assets with donor restrictions in the year incurred, based on the existence of any donor-imposed restriction.

Alternative investments, such as the investments managed by the University of Virginia Investment Management Company (UVIMCO), are reported at net asset value (NAV) per share of the investment as a practical expedient for a fair value measurement if (a) the underlying investment manager's calculation of NAV is fair value based and (b) the NAV has been calculated by the fund manager as of the Organization's fiscal year-end date of September 30<sup>th</sup>.

***Property and Equipment***

Fixed assets are stated at cost and are depreciated on a straight-line basis over their estimated useful lives. Donated property is recorded at fair market value (based on independent appraisals or comparisons to sales of similar assets), and recognized as income when received. Estimated useful lives of the various assets are as follows:

Furniture and fixtures	5 - 7 years
Equipment and software	3 - 7 years

Fixed assets are defined by the Organization as assets with an initial individual cost of more than \$3,000 and an estimated useful life in excess of one year. The cost and accumulated depreciation on fixed assets are eliminated from the accounts when disposed of or sold, and any resulting gain or loss is included in revenue and expenses.

***Collections***

In accordance with accounting standards, expenditures for and contributions of works of art, historical treasures, and similar assets that are held as part of collections are not recorded as assets. Purchases of collection items are recorded as decreases in net assets without donor restrictions in the year in which the items are acquired, or as decreases in net assets with donor restrictions if the assets used to purchase the items were restricted by donors.

**BOOK ARTS PRESS, INC.**  
**d/b/a RARE BOOK SCHOOL**

**NOTES TO FINANCIAL STATEMENTS**

The Organization recognizes an item as a collection item if the item meets the following criteria:

1. The item is held for public exhibition, education, or research in furtherance of public service rather than for financial gain.
2. The item is protected, kept unencumbered, and preserved.
3. The proceeds from the sale of the collection item are to be used to acquire other collection items and provide for the direct care of existing collections.

***Fair Values of Financial Instruments***

Generally accepted accounting principles establish guidelines for measuring fair value, establish a framework for measuring fair value, and require certain disclosures regarding fair value measurement. Under current accounting standards, the fair value framework requires the categorization of assets and liabilities into three levels based upon the assumptions (inputs) used to price the assets or liabilities. Level 1 provides the most objective measure of fair value, whereas Level 3 generally requires significant management or fund manager judgment. The three levels are defined as follows:

Level 1 Unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2 Observable inputs other than those included in Level 1. For example, quoted prices for similar assets or liabilities in active markets or quoted prices for identical assets or liabilities in inactive markets.

Level 3 Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability.

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Subtopic 820-10, investments that are measured at fair value using the net asset value per share (NAV) practical expedient are not classified in the fair value hierarchy.

***Functional Allocation of Expenses***

The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited.

The statement of functional expenses reports certain categories of expenses that are attributed to more than one program or supporting functions. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, benefits, payroll taxes, occupancy, and office expenses. The expenses are allocated on the basis of time and effort spent on program services, management and general, and fund-raising.

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**NOTES TO FINANCIAL STATEMENTS**

***Advertising***

The Organization expenses advertising costs as incurred.

***Income Taxes***

The Organization has received a tax determination letter from the Internal Revenue Service and is exempt from Federal and Virginia income taxes under Section 501(c)(3) of the Internal Revenue Code and related sections of the Virginia code.

The Organization has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with guidance established by the FASB and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Organization.

***Risks and Uncertainties***

Investment securities are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risk in the near term would materially affect the amounts reported in the statement of financial position and the statement of activities.

Alternative investments, such as the investments held by the University of Virginia Investment Management Company (UVIMCO), are not readily marketable and are carried at net asset value as provided by the investment manager. These investments are not Federal Deposit Insurance Corporation (FDIC) insured, and are subject to credit or investment risk. (See **INVESTMENTS** note.) The Organization believes the carrying amount of these investments is a reasonable estimate of fair value. The amounts the Organization will ultimately realize could differ materially from the reported amounts, and significant fluctuations in fair values could occur from year to year.

***Subsequent Events***

Management has evaluated subsequent events through February 12, 2020, which is the date the financial statements were available to be issued.

**LIQUIDITY AND AVAILABILITY OF FUNDS**

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.



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**NOTES TO FINANCIAL STATEMENTS**

The Organization manages its cash available to meet general expenditures under the following guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets to fund near-term operating needs, and
- Maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be met.

The table below presents financial assets available for general expenditures within one year at September 30:

	<b>2019</b>	<b>2018</b>
Financial assets at year end:		
Cash and cash equivalents .....	\$1,087,015	\$ 833,034
Unconditional promises to give, net .....	1,223,512	232,258
Other accounts receivable .....	4	5,230
Investments.....	<u>6,927,143</u>	<u>6,515,998</u>
Total financial assets.....	9,237,674	7,586,520
Less: Amounts not available to be used within one year:		
Receivables scheduled to be collected in more than one year...	(142,790)	(79,317)
Donor-imposed restrictions:		
Endowment fund .....	(3,370,201)	(3,288,097)
Add back: Amounts available for appropriation expenditure in one year .....	79,121	70,490
Other donor restrictions.....	(3,542,854)	(2,123,921)
Add back: Amounts available for expenditure in following year.....	726,428	854,921
Board designations:		
Board-designated endowment .....	(422,540)	(428,606)
Add back: Amounts available for appropriation expenditure in one year .....	14,996	15,850
Board-designated reserves .....	(254,797)	(251,161)
Other Board-designated funds.....	(770,246)	(188,258)
Add back: Amounts available for appropriation expenditure in one year .....	<u>383,881</u>	<u>44,800</u>
Financial assets available to meet cash needs for general expenditures within one year.....	<u>\$1,938,672</u>	<u>\$2,213,221</u>

Amounts available for general expenditures within one year include the Board-approved appropriation from endowment funds for the following year, as well as donor-restricted amounts that are available for general expenditure in the following year. Although not intended for use in the upcoming year, amounts set aside for operating and other reserves, and Board-designated endowments, could also be drawn upon if the governing board were to approve that action.

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Endowment funds are subject to appropriation for annual spending approved by the Board during the budget process, currently based on 4% of the average of 12 trailing quarters.

Occasionally, the Board may designate a portion of operating surplus to its contingency fund, which has a target minimum equal to six months of full-time senior staff salary costs (including benefits). As of September 30, 2019, this fund held the equivalent of 7.8 months of senior staff salary costs. Total available liquid funds as of September 30, 2019 represented approximately 9 months of total operating expenses.

**UNCONDITIONAL PROMISES TO GIVE**

The Organization has unconditional promises to give as of September 30, 2019 and 2018 as follows:

	<b>2019</b>	<b>2018</b>
Without donor restrictions.....	\$ 10,300	\$ 51,677
With donor restrictions:		
Restricted by time or purpose .....	1,165,664	102,120
Restricted in perpetuity .....	<u>47,548</u>	<u>78,461</u>
Total promises to give.....	<u><b>\$1,223,512</b></u>	<u><b>\$ 232,258</b></u>
Expected to be collected in less than one year .....	\$1,086,722	\$ 156,941
Expected to be collected within one to five years .....	142,790	79,317
Expected to be collected after five years .....	<u>.....</u>	<u>.....</u>
Total before discounts .....	1,229,512	236,258
Less: Discounts on pledges receivable .....	<u>(6,000)</u>	<u>(4,000)</u>
Net promises to give recorded .....	<u><b>\$1,223,512</b></u>	<u><b>\$ 232,258</b></u>

Changes in unconditional promises to give for the years ended September 30, 2019 and 2018 are as follows:

	<b>2019</b>	<b>2018</b>
Balance, beginning of year.....	\$ 232,258	\$ 733,301
New pledges .....	1,889,400	121,565
Payments received .....	(895,994)	(627,588)
Change in discount .....	(2,000)	5,000
Write-off of uncollectible promises to give .....	<u>(152)</u>	<u>(20)</u>
Balance, end of year .....	<u><b>\$1,223,512</b></u>	<u><b>\$ 232,258</b></u>

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**NOTES TO FINANCIAL STATEMENTS**

Management reviews its collection experience in determining the need for an allowance for uncollectible unconditional promises to give. There were \$152 and \$20 in unconditional promises to give deemed uncollectible and written off during the years ended September 30, 2019 and 2018, respectively. An allowance for uncollectible promises to give was not deemed necessary at September 30, 2019 and 2018.

**PROPERTY AND ABANDONMENT LOSS**

The following is a summary of the Organization’s fixed assets for the years ended September 30:

	<b>2019</b>	<b>2018</b>
Furniture and fixtures .....	\$ 69,714	\$ 69,714
Equipment and software .....	303,375	303,375
Leasehold improvements .....	<u>....</u>	<u>807,202</u>
	373,089	1,180,291
Less: Accumulated depreciation .....	( 290,973)	( 485,322)
Net property and equipment .....	<u>\$ 82,116</u>	<u>\$ 694,969</u>

As of September 30, 2018, leasehold improvements, net of accumulated depreciation, included \$542,918 related to improvements made to the first floor of Alderman Library occupied by the Organization. During the year ended September 30, 2019, the Organization determined that it would vacate the leased space. Although the Organization expects to move back into Alderman Library in the future, it will be to a different location in the building. Therefore, an abandonment loss on the net book value of the leasehold improvements of \$542,918 was recognized and reported separately on the statement of activities for the year ended September 30, 2019.

**INVESTMENTS**

The Organization’s investments are deposited with the University of Virginia Fund through the University of Virginia Alumni Association. The Organization has pooled investment funds held and managed by the University of Virginia Investment Management Company as well as cash invested for operating purposes administered by the University of Virginia Alumni Association. Investment fair market values and investment returns are generally dependent on the overall performance of financial markets and are subject to substantial fluctuations based on current market conditions. A summary of the fair market value of the Organization’s investments at September 30, 2019 and 2018 is as follows:

	<b>2019</b>	<b>2018</b>
Cash invested for operating purposes .....	\$1,529,265	\$ 882,005
Wells Fargo - Mid-term pool .....	471,115	565,470
University of Virginia Investment Management Company -		
Long-Term Pool .....	4,710,927	4,839,396
Cash invested in long-term endowment .....	<u>215,836</u>	<u>229,127</u>
Total .....	<u>\$6,927,143</u>	<u>\$6,515,998</u>

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Cash invested for operating purposes was deposited with Wells Fargo for the years ended September 30, 2019 and 2018, with no withdrawal restrictions.

The mid-term pool is invested with Wells Fargo through the University of Virginia Alumni Association. The mid-term pool was comprised of the following investments at September 30, 2019 and 2018:

	<u>% OF NAV</u>	
	<u>2019</u>	<u>2018</u>
Cash and currency, net .....	....%	0.03%
Agency Discounts .....	0.15	0.18
Money Market Funds.....	19.74	1.99
U. S. Government Bonds.....	15.08	17.81
Agency Bonds.....	18.38	22.83
Certificates of Deposit.....	15.68	20.70
Corporate Bonds .....	27.78	36.46
T-Bill .....	3.15	....
Other.....	<u>0.04</u>	<u>....</u>
 Total.....	 <u>100.00%</u>	 <u>100.00%</u>

The majority of the Organization’s investments are held by the University of Virginia Investment Management Company (UVIMCO) in its Long-Term Pool. UVIMCO is a not-for-profit corporation organized to invest funds on behalf of the Rector and Visitors of the University of Virginia and University-related foundations. The Organization’s assets deposited with UVIMCO are held in the custody and control of UVIMCO on behalf of the Organization within investment pools and, as such, the Organization does not hold individual investments in this fund. The Organization holds shares of the Long-Term Pool and, as such, only investment returns and investment fees are reported by UVIMCO to the Organization, based on its respective share of the pool.

The Long-Term Pool invests primarily in investment funds, limited partnerships, limited liability companies, or non-U. S. corporations, referred to collectively as investment funds. Accounting standards permit, as a practical expedient, UVIMCO to measure the fair value of the Long-Term Pool fund investments as its pro-rata interest in the net asset value (NAV) of such investment funds as reported by the external fund management, if the NAV is prepared on a fair value basis as of September 30th. If UVIMCO determines that a manager-provided NAV does not properly represent fair value, UVIMCO independently estimates the fair value of the investment considering, without limitation, the nature of underlying securities, valuation procedures utilized by the external manager, marketability, liquidity, restrictions on disposition, recent purchases or sales of the same or similar securities by UVIMCO or other investors, pending transactions, and potential risks of the individual investment.

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UVIMCO classifies fund investments according to the investment strategy of the underlying manager. In the normal course of business, the external fund managers and UVIMCO personnel trade various financial instruments and enter into various investment activities with off-balance-sheet risk. These include, but are not limited to, short-selling activities, written options contracts, and equity swaps. The risk to the Organization for each of these various investment activities is limited to the value of the Organization’s investment in UVIMCO. As of September 30, 2019 and 2018, UVIMCO’s Long-Term Pool was comprised of the following investments:

	<u>% OF NAV</u>	
	<b>2019</b>	<b>2018</b>
Public equity funds .....	28.8%	27.9%
Long/short equity funds .....	20.1	19.8
Private equity funds .....	18.5	17.7
Real estate .....	4.8	4.5
Resources .....	5.4	6.5
Marketable alternatives and credit .....	12.1	13.1
Fixed income .....	6.7	8.3
Cash and currency, net .....	<u>3.6</u>	<u>2.2</u>
Total .....	<u>100.0%</u>	<u>100.0%</u>

Certain cash withdrawal restrictions exist with respect to the Organization’s investment in the Long-Term Pool. Effective July 1, 2019, UVIMCO’s withdrawal notification requirements and redemption limitations were modified. Under this new policy, redemptions are permitted on a quarterly basis with 120 days’ advance written notice. The maximum quarterly redemption amount cannot exceed 4% of the value of the Foundation’s total interest in the pool. The amended policy allows for the Foundation to submit Special Redemptions with advance written notice of at least 365 days. These Special Redemptions cannot exceed 20% of the Organization’s total number of shares held as of the redemption notice date. Full redemption may be made over no less than a five-year period. UVIMCO reserves the right to suspend all withdrawals in the event of extraordinary circumstances as described in its amended policies.

**ENDOWMENT**

The Organization’s endowment consists of four funds established for a variety of purposes. This endowment includes donor-restricted endowment funds as well as funds without donor restrictions that have been designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

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The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the retention (preservation) of the 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 Organization retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity is subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

Endowment net asset classification by type of fund as of September 30, 2019 is as follows:

	<b>WITHOUT DONOR RESTRICTIONS</b>	<b>WITH DONOR RESTRICTIONS</b>	<b>TOTAL</b>
Board-designated endowment funds .....	\$ 422,540	\$ ....	\$ 422,540
Donor-restricted endowment funds .....	<u>.....</u>	<u>3,370,201</u>	<u>3,370,201</u>
Total funds.....	<u>\$ 422,540</u>	<u>\$3,370,201</u>	<u>\$3,792,741</u>

Changes in endowment net assets for the year ended September 30, 2019 are as follows:

	<b>WITHOUT DONOR RESTRICTIONS</b>	<b>WITH DONOR RESTRICTIONS</b>	<b>TOTAL</b>
Endowment net assets, beginning of year.....	\$ 428,606	\$3,288,089	\$3,716,695
Net appreciation .....	9,784	145,614	155,398
Transfers of funds to endowment .....	....	32,615	32,615
Appropriation of endowment assets for expenditure.....	( <u>15,850</u> )	( <u>96,117</u> )	( <u>111,967</u> )
Endowment net assets, end of year .....	<u>\$ 422,540</u>	<u>\$3,370,201</u>	<u>\$3,792,741</u>

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Endowment net asset classification by type of fund as of September 30, 2018 is as follows:

	<b>WITHOUT DONOR RESTRICTIONS</b>	<b>WITH DONOR RESTRICTIONS</b>	<b>TOTAL</b>
Board-designated endowment funds .....	\$ 428,606	\$ ....	\$ 428,606
Donor-restricted endowment funds .....	<u>.....</u>	<u>3,288,089</u>	<u>3,288,089</u>
Total funds.....	<u>\$ 428,606</u>	<u>\$3,288,089</u>	<u>\$3,716,695</u>

Changes in endowment net assets for the year ended September 30, 2018 are as follows:

	<b>WITHOUT DONOR RESTRICTIONS</b>	<b>WITH DONOR RESTRICTIONS</b>	<b>TOTAL</b>
Endowment net assets, beginning of year ...	\$ 416,609	\$1,741,559	\$2,158,168
Net appreciation .....	25,526	232,836	258,362
Transfers of funds to endowment .....	....	1,370,503	1,370,503
Appropriation of endowment assets for expenditure .....	( 13,529)	( 56,809)	( 70,338)
Endowment net assets, end of year .....	<u>\$ 428,606</u>	<u>\$3,288,089</u>	<u>\$3,716,695</u>

While safety of principal is a key objective of the endowment, the endowment investments should be positioned to maximize long-term total returns consistent with prudent levels of risk. Investment returns are expected to preserve or enhance the real value of the endowment to provide adequate funds to sufficiently support designated Organization activities. The endowment’s portfolio is expected to achieve a total return of 5% plus inflation and investment-related expenses. Performance against this objective would be measured over rolling periods of at least five years.

(See **LIQUIDITY AND AVAILABILITY OF FUNDS** note.) The true endowment spending amount is determined by the Board of Directors. If, in any given year, the total investment return is less than the planned distribution, accumulated gains may be utilized to cover the deficit. It is the Organization’s policy, with respect to true endowments, to limit the payout to accumulated earnings; however, in the absence of explicit donor restrictions, the Board may elect to spend principal from such funds in a year in which returns fall short of the targeted payout.

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**NOTES TO FINANCIAL STATEMENTS**

**NET ASSETS WITHOUT DONOR RESTRICTIONS**

As of September 30, 2019 and 2018, net assets without donor restrictions were available for the following purposes:

	<b>2019</b>	<b>2018</b>
Undesignated .....	<u>\$ 866,970</u>	<u>\$1,260,883</u>
Designated by the governing board for specific purposes:		
Board endowment.....	422,540	428,606
Reserves.....	254,797	251,161
Scholarships .....	283,171	128,907
Cataloging Initiative.....	29,997	29,997
Comprehensive campaign and special projects .....	<u>457,078</u>	<u>29,354</u>
	<u>1,447,583</u>	<u>868,025</u>
Fixed assets.....	<u>82,116</u>	<u>694,969</u>
Total net assets without donor restrictions .....	<u>\$2,396,669</u>	<u>\$2,823,877</u>

**NET ASSETS WITH DONOR RESTRICTIONS**

As of September 30, 2019 and 2018, net assets with donor restrictions were available for the following purposes or periods:

	<b>2019</b>	<b>2018</b>
Subject to expenditure for specified purpose:		
Programming relating to critical bibliography .....	\$1,143,897	\$1,221,568
Public press program .....	28,537	51,255
Scholarships .....	375,435	133,290
Global Book Histories and Diversity Initiatives .....	1,592,617	157,084
Office renovations .....	8,565	8,609
Accelerating Excellence funds .....	146	272,244
Campaign seed fund .....	200,000	....
Cataloging Initiative .....	108,919	150,920
Collections acquisitions .....	<u>6,182</u>	<u>8,982</u>
	<u>3,464,298</u>	<u>2,003,952</u>



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	<b>2019</b>	<b>2018</b>
Subject to the passage of time:		
Contributions restricted by time.....	<u>\$ 30,000</u>	<u>\$ 40,000</u>
Subject to the Organization’s spending policy and appropriation:		
Endowment funds restricted in perpetuity:		
For general use .....	2,665,877	2,665,294
For scholarships .....	30,780	30,655
For collections stewardship .....	50,000	50,000
Investment earnings restricted until appropriated .....	<u>672,100</u>	<u>622,109</u>
	<u>3,418,757</u>	<u>3,368,058</u>
Total net assets with donor restrictions .....	<u>\$6,913,055</u>	<u>\$5,412,010</u>

**FAIR VALUE MEASUREMENTS**

The fair values of the Organization’s assets are categorized in accordance with GAAP at September 30, 2019 as follows:

	<b>LEVEL 1</b>	<b>LEVEL 2</b>	<b>LEVEL 3</b>	<b>TOTAL</b>
Unconditional promises to give - net .....	<u>\$ .....</u>	<u>\$ .....</u>	<u>\$1,223,512</u>	<u>\$1,223,512</u>

The fair values of the Organization’s assets are categorized in accordance with GAAP at September 30, 2018 as follows:

	<b>LEVEL 1</b>	<b>LEVEL 2</b>	<b>LEVEL 3</b>	<b>TOTAL</b>
Unconditional promises to give - net .....	<u>\$ .....</u>	<u>\$ .....</u>	<u>\$ 232,258</u>	<u>\$ 232,258</u>

**Unconditional promises to give - net** - Fair value was estimated by discounting the estimated future cash flows using the applicable discount rate.

**CASH RESTRICTED FOR LONG-TERM PURPOSES**

At September 30, 2019 and 2018, cash restricted for long-term purposes included the following:

	<b>2019</b>	<b>2018</b>
Renovation of office and classroom space .....	<u>\$ 8,363</u>	<u>\$ 8,407</u>

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**NOTES TO FINANCIAL STATEMENTS**

**COLLECTIONS**

As noted in the **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**, the Organization expenses the cost of collection items. The acquisition and preservation of collections is essential in fulfilling the Organization’s mission of providing continuing professional education for research librarians and archivists, academics, antiquarian booksellers, conservators and bookbinders, and book collectors. The Organization assumes the responsibility of preserving and maintaining, at the highest level, its historic collections. During the years ended September 30, 2019 and 2018, the Organization purchased library collections totaling \$36,781 and \$41,926, respectively.

**OPERATING LEASE**

During the year ended September 30, 2016, the Organization entered into a formal three-year lease agreement with the University of Virginia Foundation for development office space. The lease required monthly payments of \$2,069 in year one, with an annual escalation amount of 3% in the second and third years of the lease term. The lease commenced on May 1, 2016 and expired on April 30, 2019. In May of 2019, the Organization and the University of Virginia Foundation entered into a new lease agreement, which was subsequently amended on July 1, 2019 to include additional office space. The current lease agreement expires on April 30, 2022, requires monthly payments of \$3,500 per month in the first year, and includes an annual escalation provision of 3%. Payments related to this leased office space amounted to \$30,256 and \$25,895 for the years ended September 30, 2019 and 2018, respectively.

Future minimum payments relating to this lease agreement are as follows:

2020 .....	\$ 42,315
2021 .....	43,584
2022 .....	<u>33,418</u>
 Total future minimum payments .....	 <u>\$119,317</u>

During the year ended September 30, 2015, the Organization entered into a formal lease agreement with the University of Virginia for classroom and office space. This space was previously occupied by the Organization but no formal agreement was in place. No monthly, annual, or term rent or security deposit is required and the lease term ends on June 30, 2033, with two additional one-year renewals available. The value of the rent-free space is recorded as an in-kind contribution and expensed by the Organization (see **DONATED SERVICES AND IN-KIND CONTRIBUTIONS** note). During the year ended September 30, 2019, the Organization determined that it would vacate the leased space. In the future, the Organization expects to enter into a new “rent-free” lease agreement with the University of Virginia. (See **PROPERTY AND ABANDONMENT LOSS** note.)

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**NOTES TO FINANCIAL STATEMENTS**

**DONATED SERVICES AND IN-KIND CONTRIBUTIONS**

The value of donated services and in-kind contributions received by the Organization for the years ended September 30, 2019 and 2018 consisted of the following:

	<b>2019</b>	<b>2018</b>
Salaries and benefits .....	\$275,967	\$266,518
Office and classroom space .....	95,539	97,319
Expenses paid by affiliate .....	<u>128,453</u>	<u>98,602</u>
	<u>\$499,959</u>	<u>\$462,439</u>

Donated salaries and benefits represent those paid by an affiliated organization. Of the donated salaries and wages, \$129,434 and \$125,415 were allocated to program service expenses for the years ended September 30, 2019 and 2018, respectively.

Although the value of donated books and related materials is not included in the financial statements, the Organization does track the amount of these in-kind contributions for which appraisals were obtained. In the years ended September 30, 2019 and 2018, the value of these appraised collections amounted to \$361,140 and \$47,865, respectively. Many donated books and other materials are received by the Organization for which appraisals were not obtained; determining the value of these gifts would be too costly and time-consuming for the Organization.

The expenses paid by the affiliate are reported within the appropriate expense line item within the statement of functional expenses.

**RETIREMENT PLAN**

The Organization has a 403(b) retirement plan. All full-time employees who have completed one year of service may participate in the plan. Participants may defer amounts from their salary, not to exceed \$16,500 per year. All full-time employees participating in the plan receive an employer contribution up to 5% of gross compensation. Employer contributions were \$13,086 and \$15,447 for the years ended September 30, 2019 and 2018, respectively.

**CONCENTRATIONS**

During the year ended September 30, 2019, the Organization received approximately 61% of its support from one donor.

During the year ended September 30, 2018, the Organization received approximately 40% of its support from one donor.

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**SIGNIFICANT CONTRIBUTION WITH DONOR RESTRICTION**

During the year ended September 30, 2019, the Organization received one contribution in the amount of \$1,500,000, which is restricted for the creation and activities of a fellowship for diversity and cultural heritage. As of September 30, 2019, \$750,000 of this award had been received; the remaining balance is expected in July 2020. The contribution has been invested in a mid-term pool, and it must be spent out over a five and one-half-year period, by December 31, 2024. Any unexpended proceeds must be returned to the contributing organization.

**RECLASSIFICATION OF PRIOR-YEAR PRESENTATION**

Certain prior-year amounts have been reclassified for consistency with the current-year presentation. These reclassifications had no effect on net assets. An adjustment has been made to the statement of activities and statement of functional expenses for the fiscal year ended September 30, 2018 to exclude the value of donated collections from revenues and expenses. The value of donated collections for the year ended September 30, 2018 was \$47,865. This change in classification does not affect previously reported net assets.