

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

**FINANCIAL REPORT**  
**YEAR ENDED SEPTEMBER 30, 2023**



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

**CONTENTS**

	<b>PAGE</b>
Report of independent auditors .....	1
Statements of financial position .....	3
Statement of activities - 2023 .....	4
Statement of activities - 2022 .....	5
Statements of cash flows .....	6
Statement of functional expenses - 2023.....	7
Statement of functional expenses - 2022.....	8
Notes to financial statements .....	9



## REPORT OF INDEPENDENT AUDITORS

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

### ***Opinion***

We have audited the accompanying financial statements of THE BOOK ARTS PRESS, INC. d/b/a RARE BOOK SCHOOL (a nonprofit organization), which comprise the statements of financial position as of September 30, 2023 and 2022, and the related statements of activities, cash flows, and functional expenses for the years 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 BOOK ARTS PRESS, INC. d/b/a RARE BOOK SCHOOL as of September 30, 2023 and 2022 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.

### ***Basis for Opinion***

We conducted our audits 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 BOOK ARTS PRESS, INC. d/b/a RARE BOOK SCHOOL and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 THE BOOK ARTS PRESS, INC. d/b/a RARE BOOK SCHOOL's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

To the Board of Directors  
The Book Arts Press, Inc.

## **REPORT OF INDEPENDENT AUDITORS**

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

*Hantzman Wiebel, LLP*

Charlottesville, Virginia  
February 16, 2024

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

**STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2023 AND 2022**

**ASSETS**

	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
Cash and cash equivalents .....	\$ 987,631	\$ 606,289
Inventory .....	6,700	5,483
Unconditional promises to give, net .....	3,549,005	3,538,661
Other receivables .....	16,276	8,110
Prepaid expenses .....	13,019	28,195
Investments .....	16,473,846	14,591,413
Cash restricted for long-term purposes .....	751	1,195
Interest in charitable gift annuity.....	173,842	204,059
Property and equipment (net) .....	21,364	16,015
Collections (See notes to financial statements) .....	....	....
	<b>\$ 21,242,434</b>	<b>\$ 18,999,420</b>

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>		
Accounts payable .....	\$ 7,720	\$ 19,010
Accrued payroll .....	18,137	17,159
SBA loan (Paycheck Protection Program) .....	....	195,360
Tuition deposits .....	16,750	....
	42,607	231,529
<b>NET ASSETS</b>		
Without donor restrictions:		
Undesignated .....	1,204,987	1,014,895
Board-designated net assets .....	2,109,854	2,032,644
Property and equipment (net) .....	21,364	16,015
	3,336,205	3,063,554
With donor restrictions:		
Restricted by purpose or time .....	3,836,430	4,545,488
Restricted in perpetuity .....	14,027,192	11,158,849
	17,863,622	15,704,337
Total net assets .....	21,199,827	18,767,891
Total liabilities and net assets .....	<b>\$ 21,242,434</b>	<b>\$ 18,999,420</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, 2023**

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Revenue, gains, and other support:			
Individual contributions .....	\$ 638,178	\$ 2,982,940	\$ 3,621,118
Foundation/educational/governmental contributions .....	....	57,409	57,409
SBA PPP loan and accrued interest forgiveness .....	195,360	....	195,360
Donated services and in-kind contributions .....	481,758	....	481,758
Tuition and other program revenue (net of \$225,190 tuition reductions) .....	474,755	....	474,755
Merchandise sales revenue (net of \$4,344 cost of goods sold) .....	2,349	....	2,349
Investment income - net .....	37,389	160,598	197,987
Other revenue (loss) .....	5,362	( 4,762)	600
Change in valuation of charitable gift annuity .....	....	( 30,217)	( 30,217)
Net assets released from restrictions .....	1,006,683	( 1,006,683)	....
	<u>2,841,834</u>	<u>2,159,285</u>	<u>5,001,119</u>
Total revenue, gains, and other support .....			
Expenses:			
Program .....	2,074,445	....	2,074,445
Management and general .....	287,568	....	287,568
Fund-raising .....	207,170	....	207,170
	<u>2,569,183</u>	<u>....</u>	<u>2,569,183</u>
Total expenses .....			
Change in net assets .....	272,651	2,159,285	2,431,936
<b>NET ASSETS AT BEGINNING OF YEAR</b> .....	<u>3,063,554</u>	<u>15,704,337</u>	<u>18,767,891</u>
<b>NET ASSETS AT END OF YEAR</b> .....	<u>\$ 3,336,205</u>	<u>\$17,863,622</u>	<u>\$21,199,827</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, 2022**

	<b>WITHOUT DONOR RESTRICTIONS</b>	<b>WITH DONOR RESTRICTIONS</b>	<b>TOTAL</b>
Revenue, gains, and other support:			
Individual contributions .....	\$ 421,567	\$ 4,713,950	\$ 5,135,517
Foundation/educational/governmental contributions .....	110,000	151,966	261,966
Donated services and in-kind contributions .....	446,040	....	446,040
Tuition and other program revenue (net of \$282,420 tuition reductions).....	389,810	....	389,810
Merchandise sales revenue (net of \$1,758 cost of goods sold) .....	2,794	....	2,794
Investment income - net .....	( 92,690)	( 841,024)	( 933,714)
Other revenue (loss) .....	6,791	( 5,868)	923
Change in valuation of charitable gift annuity .....	....	( 31,360)	( 31,360)
Employee Retention Credit income .....	( 8,081)	....	( 8,081)
Net assets released from restrictions .....	<u>1,300,845</u>	<u>( 1,300,845)</u>	<u>....</u>
Total revenue, gains, and other support .....	<u>2,577,076</u>	<u>2,686,819</u>	<u>5,263,895</u>
Expenses:			
Program .....	1,949,842	....	1,949,842
Management and general .....	368,916	....	368,916
Fund-raising .....	<u>214,055</u>	<u>....</u>	<u>214,055</u>
Total expenses .....	<u>2,532,813</u>	<u>....</u>	<u>2,532,813</u>
Change in net assets .....	44,263	2,686,819	2,731,082
<b>NET ASSETS AT BEGINNING OF YEAR .....</b>	<u>3,019,291</u>	<u>13,017,518</u>	<u>16,036,809</u>
<b>NET ASSETS AT END OF YEAR .....</b>	<u><u>\$ 3,063,554</u></u>	<u><u>\$15,704,337</u></u>	<u><u>\$18,767,891</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, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets .....	\$ 2,431,936	\$ 2,731,082
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Endowment contributions - donor restricted .....	( 2,909,993)	( 2,506,337)
Net unrealized (gain) loss on investments .....	( 197,987)	933,714
Depreciation expense .....	3,842	14,485
SBA PPP loan and accrued interest forgiveness .....	( 195,360)	....
(Increase) decrease in assets:		
Inventory .....	( 1,217)	1,578
Unconditional promises to give .....	( 10,344)	( 1,852,493)
Other receivables .....	( 8,166)	69,280
Prepaid expenses .....	15,176	( 1,972)
Interest in charitable gift annuity.....	30,217	31,360
Increase (decrease) in liabilities:		
Accounts payable .....	( 11,290)	( 8,016)
Accrued payroll .....	978	4,781
Tuition deposits .....	16,750	....
Net cash provided by (used in) operating activities .....	<u>( 835,458)</u>	<u>( 582,538)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment .....	( 9,191)	....
Purchase of investments .....	( 3,059,351)	( 2,918,095)
Sale of investments .....	<u>1,374,905</u>	<u>528,985</u>
Net cash provided by (used in) investing activities .....	<u>( 1,693,637)</u>	<u>( 2,389,110)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Endowment contributions - donor restricted .....	<u>2,909,993</u>	<u>2,506,337</u>
Net cash provided by (used in) financing activities .....	<u>2,909,993</u>	<u>2,506,337</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b> .....	380,898	( 465,311)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b> .....	<u>607,484</u>	<u>1,072,795</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b> .....	<u><u>\$ 988,382</u></u>	<u><u>\$ 607,484</u></u>
<b>NON-CASH FINANCING ACTIVITIES</b>		
SBA PPP loan and accrued interest forgiveness .....	<u>\$ 195,360</u>	<u>\$ ....</u>
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>		
Amounts reported within the statements of financial position that sum to the total above:		
Cash and cash equivalents .....	\$ 987,631	\$ 606,289
Cash restricted for long-term purposes .....	<u>751</u>	<u>1,195</u>
Total cash, cash equivalents, and restricted cash .....	<u><u>\$ 988,382</u></u>	<u><u>\$ 607,484</u></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, 2023**

	PROGRAM SERVICE				MANAGEMENT AND GENERAL	FUND-RAISING	TOTAL
	COURSES AND LECTURES	COLLECTIONS	SCHOLARSHIPS AND FELLOWSHIPS	TOTAL PROGRAMS			
Salaries and wages .....	\$ 453,819	\$ 182,366	\$ 97,464	\$ 733,649	\$ 66,633	\$ 89,204	\$ 889,486
Stipends .....	....	....	77,000	77,000	....	....	77,000
Employee benefits and payroll taxes .....	83,765	34,403	19,948	138,116	13,766	18,247	170,129
Advertising .....	810	808	808	2,426	....	....	2,426
Collections and reference materials .....	....	32,345	....	32,345	....	....	32,345
Conferences and meetings .....	22,452	22,385	68,526	113,363	10,009	14,494	137,866
Equipment maintenance .....	....	....	....	....	546	....	546
Fees and Alumni Hall charges .....	1,426	6,466	27,488	35,380	15,195	4,232	54,807
Insurance .....	....	....	....	....	6,092	....	6,092
Miscellaneous expenses .....	1,925	517	354	2,796	300	6,182	9,278
Occupancy .....	32,110	9,745	6,667	48,522	5,642	5,642	59,806
Postage and delivery .....	2,329	2,322	2,322	6,973	....	2,834	9,807
Printing and publications .....	24,262	....	....	24,262	7,639	1,544	33,445
Professional development .....	4,299	2,565	1,623	8,487	1,196	1,022	10,705
Professional services .....	180,830	21,273	34,893	236,996	31,070	....	268,066
Program development .....	10,738	....	5,000	15,738	....	....	15,738
Software subscriptions .....	4,025	3,971	3,971	11,967	28,285	14,142	54,394
Supplies and expenses .....	76,423	15,768	3,371	95,562	2,853	2,853	101,268
Telecommunications .....	1,924	795	544	3,263	460	460	4,183
Travel .....	80,965	15,362	88,572	184,899	7,070	7,070	199,039
Depreciation expense .....	1,767	730	499	2,996	423	423	3,842
Tuition reductions .....	....	....	225,190	225,190	....	....	225,190
Cost of merchandise sold .....	4,344	....	....	4,344	....	....	4,344
In-kind expenses:							
Salaries and wages .....	114,735	6,088	41,275	162,098	57,718	20,186	240,002
Employee benefits and payroll taxes .....	32,670	1,614	13,823	48,107	20,049	6,013	74,169
Donated goods and services .....	52,782	21,801	14,917	89,500	12,622	12,622	114,744
Total expenses by function .....	1,188,400	381,324	734,255	2,303,979	287,568	207,170	2,798,717
Less: Expenses included with revenues on the statement of activities:							
Tuition reductions .....	....	....	( 225,190)	( 225,190)	....	....	( 225,190)
Cost of merchandise sold .....	( 4,344)	....	....	( 4,344)	....	....	( 4,344)
Total expenses included in the expense section on the statement of activities .....	<u>\$ 1,184,056</u>	<u>\$ 381,324</u>	<u>\$ 509,065</u>	<u>\$ 2,074,445</u>	<u>\$ 287,568</u>	<u>\$ 207,170</u>	<u>\$ 2,569,183</u>

(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, 2022**

	PROGRAM SERVICE				MANAGEMENT AND		TOTAL
	COURSES AND LECTURES	COLLECTIONS	SCHOLARSHIPS AND FELLOWSHIPS	TOTAL PROGRAMS	GENERAL	FUND-RAISING	
Salaries and wages .....	\$ 390,321	\$ 161,221	\$ 157,060	\$ 708,602	\$ 108,572	\$ 95,621	\$ 912,795
Stipends .....	....	....	134,605	134,605	....	....	134,605
Employee benefits and payroll taxes .....	89,285	35,141	40,932	165,358	22,970	25,035	213,363
Advertising .....	989	986	986	2,961	....	....	2,961
Collections and reference materials .....	....	28,145	....	28,145	....	....	28,145
Conferences and meetings .....	16,468	16,419	25,777	58,664	9,716	14,036	82,416
Equipment maintenance .....	....	....	....	....	198	....	198
Fees and Alumni Hall charges .....	1,873	871	20,457	23,201	49,486	2,993	75,680
Insurance .....	....	....	....	....	4,916	....	4,916
Miscellaneous expenses .....	3,502	1,241	1,624	6,367	1,292	6,519	14,178
Occupancy .....	27,049	7,105	9,296	43,450	7,400	5,386	56,236
Postage and delivery .....	1,723	1,718	1,718	5,159	....	3,966	9,125
Printing and publications .....	22,224	....	....	22,224	6,207	2,995	31,426
Professional development .....	2,155	1,686	1,874	5,715	2,074	578	8,367
Professional services .....	159,131	23,674	33,412	216,217	28,791	....	245,008
Program development .....	489	....	2,500	2,989	....	....	2,989
Software subscriptions .....	3,560	3,512	3,512	10,584	25,019	12,509	48,112
Supplies and expenses .....	42,269	8,917	2,214	53,400	1,761	1,283	56,444
Telecommunications .....	82	29	38	149	30	22	201
Travel .....	77,212	11,978	83,159	172,349	6,045	4,758	183,152
Depreciation expense .....	5,898	2,090	2,735	10,723	2,177	1,585	14,485
Tuition reductions .....	282,420	....	....	282,420	....	....	282,420
Cost of merchandise sold .....	1,758	....	....	1,758	....	....	1,758
In-kind expenses:				....			
Salaries and wages .....	105,995	5,307	39,612	150,914	55,882	18,864	225,660
Employee benefits and payroll taxes .....	30,018	1,474	13,302	44,794	19,473	5,600	69,867
Donated goods and services .....	45,804	16,231	21,237	83,272	16,907	12,305	112,484
Total expenses by function .....	1,310,225	327,745	596,050	2,234,020	368,916	214,055	2,816,991
Less: Expenses included with revenues on the statement of activities:							
Tuition reductions .....	( 282,420)	....	....	( 282,420)	....	....	( 282,420)
Cost of merchandise sold .....	( 1,758)	....	....	( 1,758)	....	....	( 1,758)
Total expenses included in the expense section on the statement of activities .....	\$ 1,026,047	\$ 327,745	\$ 596,050	\$ 1,949,842	\$ 368,916	\$ 214,055	\$ 2,532,813

(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 (GAAP).

***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 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.

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.

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

**NOTES TO FINANCIAL STATEMENTS**

***Revenue Recognition***

The Organization follows the guidance of FASB Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, and all subsequent amendments to the ASU (collectively, ASC 606), which (1) creates a single framework for recognizing revenue from contracts with customers that fall within its scope and (2) revises when it is appropriate to recognize a gain (loss) from the transfer of nonfinancial assets. A significant portion of the Organization's revenue comes from pledges and contributions received from donors, and other sources such as investment income, that are outside the scope of ASC 606. The Organization's revenues that fall within the scope of ASC 606 include tuition revenue. The income from this source is recognized as the Organization satisfies its performance obligations to its customers.

Student tuition for courses is recorded as revenue during the period in which the related academic services are rendered. Tuition received in advance of services rendered are categorized as deferred revenue and reported within accounts payable and other liabilities in the statement of financial position. Payments for tuition are typically due 30 days before the course is scheduled to begin.

Institutional scholarships and fellowships are awarded to students to defray the costs of courses, which reduce the amount of revenue recognized. Scholarships awarded to students amounted to \$225,190 and \$282,420 for the years ended September 30, 2023 and 2022, respectively.

See the **REVENUE FROM CONTRACTS WITH CUSTOMERS** note for further discussion on the Organization's accounting policies for revenue sources within the scope of ASC 606.

***Contributions***

Contributions of cash and other assets, including unconditional pledges, are recorded as revenue based upon any donor-imposed restrictions, on the date of the donors' commitment or gift. Contributions of other assets are recorded at the estimated fair value at the date of gift. Unconditional pledges are recorded at the estimated present value on the date of the commitment, which approximates fair value, net of an allowance for uncollectible amounts. Conditional pledges are not recognized as revenue until such time as the conditions are substantially met.

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 statement of activities as net assets released from restrictions.

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

**NOTES TO FINANCIAL STATEMENTS**

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, 2023 and 2022 was 2.5% and 4%, respectively. Management feels that the rate is representative of the market rate for each year.

***Other Receivables***

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

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

**NOTES TO FINANCIAL STATEMENTS**

***Investments***

The majority of the Organization's investments are managed by the University of Virginia Investment Management Company (UVIMCO), a not-for-profit corporation organized to invest funds on behalf of the University and the University-Associated Organizations. The Organization holds a pro-rata share of the UVIMCO long-term investment pool and records its portion of the net asset value (NAV) and investment income, as reported by UVIMCO, in the accompanying financial statements. The NAV is utilized as a practical expedient estimate of fair value.

Certain cash withdrawal restrictions exist with respect to the Organization's investment in UVIMCO. Investments representing up to 4% of the Organization's investment may be redeemed on a quarterly basis with at least 120 days' prior written notice. A special redemption of up to 20% of the Organization's investment can be made with 12 months' written notice. Further, the Organization can also request a full redemption of its entire investment in proportional annual withdrawals over a five-year period with appropriate written notification.

The Organization's other investments include fixed maturity securities such as certificates of deposit and government bonds. The Organization uses the market value reported by the fund manager to determine the fair value of its investments in fixed maturity securities.

***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***

U. S. 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.

***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.

***Advertising***

The Organization expenses advertising costs as incurred.



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

**NOTES TO FINANCIAL STATEMENTS**

***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 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 16, 2024, 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.

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.

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

**NOTES TO FINANCIAL STATEMENTS**

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

	<b>2023</b>	<b>2022</b>
Financial assets at year end:		
Cash and cash equivalents .....	\$ 987,631	\$ 606,289
Unconditional promises to give, gross (excluding discount) .....	3,794,005	3,583,246
Other receivables .....	16,276	8,110
Investments .....	<u>16,473,846</u>	<u>14,591,413</u>
Total financial assets .....	21,271,758	18,789,058
Less: Amounts not available to be used within one year:		
Receivables scheduled to be collected in more than one year .....	(100)	(2,600)
Donor-imposed restrictions:		
Endowment fund investments .....	(12,411,343)	(9,656,336)
Unconditional promises to give restricted for endowment .....	(3,673,589)	(3,468,059)
Add back: Amounts available for appropriation within one year .....	329,969	239,621
Other donor restrictions .....	(1,866,035)	(2,579,942)
Add back: Amounts available for expenditure within one year .....	810,730	862,267
Board designations:		
Board-designated endowment .....	(983,425)	(1,010,662)
Add back: Amounts available for appropriation within one year .....	32,914	25,325
Board-designated reserves .....	(417,224)	(406,890)
Other Board-designated funds .....	(709,205)	(615,092)
Add back: Amounts available for appropriation within one year .....	<u>416,382</u>	<u>437,532</u>
Financial assets available to meet cash needs for general expenditures within one year .....	<u>\$ 2,800,832</u>	<u>\$ 2,614,222</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.

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, 2023, this fund held the equivalent of six months of senior staff salary costs. Total available liquid funds as of September 30, 2023 represented approximately ten months of total operating expenses.

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

**NOTES TO FINANCIAL STATEMENTS**

**PAYCHECK PROTECTION PROGRAM LOAN**

Under a loan agreement dated March 31, 2021, the Organization received loan proceeds in the amount of \$195,360 as part of a second loan from the Small Business Administration (SBA) Paycheck Protection Program. As with its original loan, the loan principal and accrued interest are forgivable within 24 months as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, and certain operating expenses, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the 24-week period. In July 2023, the Organization learned that the loan met the conditions for loan forgiveness in full and the Organization recorded the forgiveness of the debt at that time.

**UNCONDITIONAL PROMISES TO GIVE**

The Organization has unconditional promises to give as of September 30, 2023 and 2022 as follows:

	<b>2023</b>	<b>2022</b>
Without donor restrictions .....	\$ 49,109	\$ 30,525
With donor restrictions:		
Restricted by time or purpose .....	71,307	84,662
Restricted in perpetuity .....	<u>3,673,589</u>	<u>3,468,059</u>
Total promises to give .....	<u>\$3,794,005</u>	<u>\$3,583,246</u>
Expected to be collected in less than one year .....	\$ 640,905	\$2,468,614
Expected to be collected within one to five years ...	2,353,100	614,632
Expected to be collected after five years .....	<u>800,000</u>	<u>500,000</u>
Total before discounts .....	3,794,005	3,583,246
Less: Discounts on pledges receivable .....	<u>(245,000)</u>	<u>(44,585)</u>
Net promises to give recorded .....	<u>\$3,549,005</u>	<u>\$3,538,661</u>

Changes in unconditional promises to give for the years ended September 30, 2023 and 2022 are as follows:

	<b>2023</b>	<b>2022</b>
Balance, beginning of year .....	\$3,538,661	\$1,686,168
New pledges .....	2,674,369	4,306,947
Payments received .....	(2,453,610)	(2,411,644)
Change in discount .....	(200,415)	(42,810)
Write-off of uncollectible promises to give .....	<u>(10,000)</u>	<u>.....</u>
Balance, end of year .....	<u>\$3,549,005</u>	<u>\$3,538,661</u>

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

**NOTES TO FINANCIAL STATEMENTS**

Management reviews its collection experience in determining the need for an allowance for uncollectible unconditional promises to give. There were \$10,000 and \$0 in unconditional promises to give deemed uncollectible and written off during the years ended September 30, 2023 and 2022, respectively. An allowance for uncollectible promises to give was not deemed necessary at September 30, 2023 and 2022.

**PROPERTY AND EQUIPMENT**

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

	<b>2023</b>	<b>2022</b>
Furniture and fixtures .....	\$ 69,714	\$ 69,714
Equipment and software .....	<u>315,864</u>	<u>306,674</u>
	385,578	376,388
Less: Accumulated depreciation .....	<u>(364,214)</u>	<u>(360,373)</u>
Net property and equipment .....	<u>\$ 21,364</u>	<u>\$ 16,015</u>

**INVESTMENTS**

The Organization’s investments are deposited with the University of Virginia Alumni Association. The Organization has long-term investments held and managed by UVIMCO, as well as short- and mid-term funds invested for operating purposes and managed by Wells Fargo Advisors. 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, 2023 and 2022 is as follows:

	<b>2023</b>	<b>2022</b>
Wells Fargo Advisors – short-term pool.....	\$ 1,759,536	\$ 2,380,487
Wells Fargo Advisors - mid-term pool.....	423,102	152,657
UVIMCO - long-term pool .....	14,480,967	11,104,946
Cash invested in long-term endowment.....	103,431	1,069,606
Due to operating account.....	<u>(293,190)</u>	<u>(116,283)</u>
Total .....	<u>\$16,473,846</u>	<u>\$14,591,413</u>

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.

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

**NOTES TO FINANCIAL STATEMENTS**

As of June 30, 2023 and 2022, UVIMCO’s Long-Term Pool was comprised of the following investments:

	<u>% OF NAV</u>	
	<b>2023</b>	<b>2022</b>
Public equity funds .....	27.0%	24.5%
Long/short equity funds .....	11.4	11.9
Private equity funds .....	26.2	28.2
Real assets .....	15.1	14.6
Absolute return.....	9.8	7.7
Marketable alternatives and credit.....	3.8	3.9
Fixed income .....	6.3	6.1
Cash and accruals, net .....	<u>0.4</u>	<u>3.1</u>
Total .....	<u>100.0%</u>	<u>100.0%</u>

**ENDOWMENT**

The Organization’s endowment consists of several 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.

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

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

**NOTES TO FINANCIAL STATEMENTS**

Endowment net asset classification by type of fund as of September 30, 2023 is as follows:

	<b>WITHOUT DONOR RESTRICTIONS</b>	<b>WITH DONOR RESTRICTIONS</b>	<b>TOTAL</b>
Board-designated endowment funds .....	\$ 983,425	\$ .....	\$ 983,425
Donor-restricted endowment funds .....	<u>.....</u>	<u>12,411,343</u>	<u>12,411,343</u>
Total funds.....	<u>\$ 983,425</u>	<u>\$12,411,343</u>	<u>\$13,394,768</u>

Changes in endowment net assets for the year ended September 30, 2023 are as follows:

	<b>WITHOUT DONOR RESTRICTIONS</b>	<b>WITH DONOR RESTRICTIONS</b>	<b>TOTAL</b>
Endowment net assets, beginning of year.....	\$ 1,010,662	\$ 9,656,336	\$10,666,998
Net appreciation .....	2,992	91,986	94,978
Transfers of funds to endowment .....	.....	2,909,993	2,909,993
Appropriation of endowment assets for expenditure.....	<u>(30,229)</u>	<u>(246,972)</u>	<u>(277,201)</u>
Endowment net assets, end of year .....	<u>\$ 983,425</u>	<u>\$12,411,343</u>	<u>\$13,394,768</u>

Endowment net asset classification by type of fund as of September 30, 2022 is as follows:

	<b>WITHOUT DONOR RESTRICTIONS</b>	<b>WITH DONOR RESTRICTIONS</b>	<b>TOTAL</b>
Board-designated endowment funds .....	\$ 1,010,662	\$ .....	\$ 1,010,662
Donor-restricted endowment funds .....	<u>.....</u>	<u>9,656,336</u>	<u>9,656,336</u>
Total funds.....	<u>\$ 1,010,662</u>	<u>\$ 9,656,336</u>	<u>\$10,666,998</u>

Changes in endowment net assets for the year ended September 30, 2022 are as follows:

	<b>WITHOUT DONOR RESTRICTIONS</b>	<b>WITH DONOR RESTRICTIONS</b>	<b>TOTAL</b>
Endowment net assets, beginning of year.....	\$ 774,275	\$ 8,049,638	\$ 8,823,913
Net depreciation .....	(57,523)	(738,646)	(796,169)
Transfers of funds to endowment .....	308,623	2,506,337	2,814,960
Appropriation of endowment assets for expenditure.....	<u>(14,713)</u>	<u>(160,993)</u>	<u>(175,706)</u>
Endowment net assets, end of year .....	<u>\$ 1,010,662</u>	<u>\$ 9,656,336</u>	<u>\$10,666,998</u>

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

**NOTES TO FINANCIAL STATEMENTS**

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.

From time to time, the fair value associated with individual donor-restricted endowment funds may fall below the amount required to be maintained by donors or by law. At September 30, 2023, two funds fell below such amounts. The funds, with original gift values of \$200,000 and \$50,000, fair values of \$187,909 and \$49,204, and deficiencies of \$12,091 and \$796, respectively, were reported in net assets with donor restrictions. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of the contributions establishing these donor-restricted endowment funds. The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law and has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations. As the funds had been invested less than a year, there was no budgeted appropriation for expenditure in the year ended September 30, 2023, and no funds were appropriated during the year.

**INTEREST IN CHARITABLE GIFT ANNUITIES**

The Organization is named as a charitable beneficiary of a charitable gift annuity. This gift agreement is issued, administered, and held by an outside trustee and the Organization has no control over these assets. Receivables from gift annuity agreements are valued at the present value of the future cash flows expected to be received by the Organization upon a defined termination event. The term of each agreement is based on the life expectancy of the donor, and the receivables are revalued each year based on amortization of the original discount and changes in the value of the trust assets. The value of the underlying trust assets is provided by the outside trustee each year.

A reconciliation of the change in the interest in charitable gift annuities for the years ended September 30, 2023 and 2022 is as follows:

	<b>2023</b>	<b>2022</b>
Balance, beginning of year .....	\$204,059	\$235,419
Contributions .....	....	....
Change in valuation.....	<u>(30,217)</u>	<u>(31,360)</u>
Balance, end of year.....	<u>\$173,842</u>	<u>\$204,059</u>

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

**NOTES TO FINANCIAL STATEMENTS**

**NET ASSETS WITHOUT DONOR RESTRICTIONS**

As of September 30, 2023 and 2022, net assets without donor restrictions were available for the following purposes:

	<b>2023</b>	<b>2022</b>
Undesignated .....	<u>\$1,204,987</u>	<u>\$1,014,895</u>
Designated by the governing board for specific purposes:		
Board endowment.....	983,425	1,010,662
Reserves.....	417,224	406,890
Scholarships .....	178,265	302,495
Cataloging Initiative.....	9,080	20,550
Comprehensive campaign and special projects.....	<u>521,860</u>	<u>292,047</u>
	<u>2,109,854</u>	<u>2,032,644</u>
Property and equipment, net .....	<u>21,364</u>	<u>16,015</u>
Total net assets without donor restrictions.....	<u>\$3,336,205</u>	<u>\$3,063,554</u>

**NET ASSETS WITH DONOR RESTRICTIONS**

As of September 30, 2023 and 2022, net assets with donor restrictions were available for the following purposes or periods:

	<b>2023</b>	<b>2022</b>
Subject to expenditure for specified purpose:		
Programming related to critical bibliography .....	\$ 908,167	\$ 1,065,049
Public press and other public programs .....	32,577	30,834
Scholarships .....	56,477	61,864
Global Book Histories and Diversity Initiatives .....	529,224	839,124
Office renovations .....	953	1,397
Faculty and staff support.....	158,121	217,542
Cataloging Initiative .....	127,749	184,839
Collections acquisitions .....	<u>17,160</u>	<u>18,707</u>
Total subject to expenditure for specified purpose ...	<u>1,830,428</u>	<u>2,419,356</u>
Subject to the passage of time:		
Contributions restricted by time.....	<u>20,000</u>	<u>....</u>
Endowment funds restricted in perpetuity:		
For general use.....	10,357,657	7,529,061
For fellowships and scholarships .....	3,145,693	3,075,729
For collections stewardship.....	50,000	50,000
For lecture series.....	<u>300,000</u>	<u>300,000</u>
Total endowment funds restricted in perpetuity .....	<u>13,853,350</u>	<u>10,954,790</u>



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

**NOTES TO FINANCIAL STATEMENTS**

	2023	2022
Subject to the Organization's spending policy and appropriation:		
Investment earnings restricted until appropriated .....	<u>\$ 1,986,002</u>	<u>\$ 2,126,132</u>
Other assets to be invested in perpetuity .....	<u>173,842</u>	<u>204,059</u>
Total net assets with donor restrictions .....	<u><u>\$17,863,622</u></u>	<u><u>\$15,704,337</u></u>

**FAIR VALUE MEASUREMENTS**

The fair values of the Organization's assets are categorized in accordance with GAAP at September 30, 2023 as follows:

	LEVEL 1	LEVEL 2	LEVEL 3	INVESTMENTS AT NAV	TOTAL
Unconditional promises to give - net.....	\$ ....	\$ ....	\$ 3,549,005	\$ ....	\$ 3,549,005
Interest in charitable gift annuities .....	\$ ....	\$ ....	\$ 173,842	\$ ....	\$ 173,842
UVIMCO long-term pool.....	\$ ....	\$ ....	\$ ....	\$14,480,967	\$14,480,967
Wells Fargo Advisors pools:					
Money market.....	\$ 234,921	\$ ....	\$ ....	\$ ....	\$ 234,921
United States Treasuries.....	\$ 1,176,836	\$ ....	\$ ....	\$ ....	\$ 1,176,836
Certificates of deposit.....	\$ 413,305	\$ ....	\$ ....	\$ ....	\$ 413,305
Agency and corporate bonds.....	\$ ....	\$ 357,576	\$ ....	\$ ....	\$ 357,576

The fair values of the Organization's assets are categorized in accordance with GAAP at September 30, 2022 as follows:

	LEVEL 1	LEVEL 2	LEVEL 3	INVESTMENTS AT NAV	TOTAL
Unconditional promises to give - net.....	\$ ....	\$ ....	\$ 3,538,661	\$ ....	\$ 3,538,661
Interest in charitable gift annuities .....	\$ ....	\$ ....	\$ 204,059	\$ ....	\$ 204,059
UVIMCO long-term pool.....	\$ ....	\$ ....	\$ ....	\$11,104,946	\$11,104,946
Wells Fargo Advisors pools:					
Money market.....	\$ 697,896	\$ ....	\$ ....	\$ ....	\$ 697,896
United States Treasuries.....	\$ 1,292,853	\$ ....	\$ ....	\$ ....	\$ 1,292,853
Certificates of deposit.....	\$ 120,639	\$ ....	\$ ....	\$ ....	\$ 120,639
Agency and corporate bonds.....	\$ ....	\$ 421,756	\$ ....	\$ ....	\$ 421,756

In accordance with Subtopic 820-10, the FASB allows for investments that are measured at fair value using the net asset value (NAV) to be excluded from the fair value hierarchy (Levels 1, 2, and 3) as a way of simplifying the reporting requirement (also known as a practical expedient). The fair value amounts presented in the investments measured at NAV category are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

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

**NOTES TO FINANCIAL STATEMENTS**

**CASH RESTRICTED FOR LONG-TERM PURPOSES**

At September 30, 2023 and 2022, cash restricted for long-term purposes included the following:

	<b>2023</b>	<b>2022</b>
Restricted for renovation of office and classroom space .....	<u>\$ 751</u>	<u>\$ 1,195</u>

**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, 2023 and 2022, the Organization purchased library collections totaling \$32,345 and \$28,145, respectively.

**OPERATING LEASE**

During the year ended September 30, 2019, the Organization entered into a formal three-year lease agreement with the University of Virginia for office space, requiring payments of \$3,500 per month in the first year, with an annual escalation provision of 3%.

In April 2022, the Organization extended its lease agreement with the University of Virginia; the new agreement will expire on April 30, 2024 and, other than extending its term period, follows the same terms and conditions as the original lease. Payments for this leased office space agreement amounted to and \$45,226 and \$47,514 for the years ended September 30, 2023 and 2022, respectively.

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

Year ending September 30, 2024 .....	<u>\$ 26,772</u>
Total future minimum payments...	<u>\$ 26,772</u>

**REVENUE FROM CONTRACTS WITH CUSTOMERS**

For each of the classes of contracts that fall under the scope of revenue from contracts with customers, the Organization has determined that either a single performance obligation exists or the multiple performance obligations that exist are satisfied at the same point in time. Therefore, for each contract, the Organization recognizes the entire transaction price as revenue once the performance obligation(s) have been completed. In determining the transaction price for each class of contract, the Organization considers the need to adjust for items of variable consideration, such as discounts. Based on the absence of such items or infrequency of occurrence, the Organization has determined that the effect of variable consideration on transaction prices would be immaterial and has not adjusted any transaction prices accordingly. The Organization had no contract assets at September 30, 2023, 2022, or 2021. Contract liabilities consist of pre-payments on tuition. Contract liabilities amounted to \$16,750 at September 30, 2023. There were no contract liabilities at September 30, 2022 or 2021.

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

**NOTES TO FINANCIAL STATEMENTS**

**CONTRIBUTED NONFINANCIAL ASSETS**

The Organization received the following contributions of nonfinancial assets for the years ended September 30, 2023 and 2022:

	<b>2023</b>	<b>2022</b>
Salaries and benefits .....	\$314,171	\$295,527
Office and classroom space .....	114,743	112,483
Expenses paid by affiliate .....	<u>52,844</u>	<u>38,030</u>
	<u>\$481,758</u>	<u>\$446,040</u>

Contributed salaries and benefits represent those paid by an affiliated organization. For measurement purposes in the financial statements, these donated salaries and benefits have been measured at cost. Of the contributed salaries and wages, \$162,098 and \$150,914 were allocated to program service expenses for the years ended September 30, 2023 and 2022, respectively.

The Organization occupies, without charge, certain offices located on Ivy Road. The fair value of the offices used for the years ended September 30, 2023 and 2022, based on rates the landlord would charge for the same space, was \$114,743 and \$112,483, respectively.

The expenses paid by the affiliate are reported within the appropriate expense line item within the statement of functional expenses. These expenses include operational expenses for administrative fees, office rent, supplies, and internet services.

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, 2023 and 2022, the value of these appraised collections amounted to \$203,880 and \$240,300, 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.

**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 \$17,288 and \$25,395 for the years ended September 30, 2023 and 2022, respectively.

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

**NOTES TO FINANCIAL STATEMENTS**

**CONCENTRATIONS**

During the year ended September 30, 2023, the Organization received approximately 58% of its support from two donors. As of September 30, 2023, approximately 67% of the balance of promises to give was from three donors.

During the year ended September 30, 2022, the Organization received approximately 72% of its support from two donors. As of September 30, 2022, approximately 90% of the balance of promises to give was from two donors.