

BEEKMAN LIBRARY ASSOCIATION
FINANCIAL STATEMENTS
DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

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FINANCIAL STATEMENTS
DECEMBER 31, 2018
(with comparative totals for 2017)**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Beekman Library Association

We have audited the accompanying financial statements of the Beekman Library Association (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Beekman Library Association as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

The financial statements of the Beekman Library Association as of December 31, 2017 were audited by other auditors whose report dated May 18, 2018 expressed an unmodified audit opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Kirshon + Company P.C.

Kirshon & Company, P.C.
Poughkeepsie, NY
April 30, 2019

**BEEKMAN LIBRARY ASSOCIATION
 STATEMENTS OF FINANCIAL POSITION
 AS OF DECEMBER 31, 2018
 (WITH COMPARATIVE TOTALS FOR 2017)**

	2018	2017
ASSETS		
Cash and cash equivalents	\$ 357,912	\$ 330,699
Prepaid expenses	6,877	4,339
Property and equipment, net of accumulated depreciation (note 5)	1,037,744	1,063,710
TOTAL ASSETS	\$ 1,402,533	\$ 1,398,748
LIABILITIES		
Accounts payable	\$ 5,927	\$ 6,177
Accrued expenses	1,452	1,555
Long-Term Debt (note 7)	413,765	440,925
TOTAL LIABILITIES	421,144	448,657
NET ASSETS		
Without donor restrictions	981,235	946,333
With donor restrictions (note 10)	154	3,758
TOTAL NET ASSETS	981,389	950,091
TOTAL LIABILITIES AND NET ASSETS	\$ 1,402,533	\$ 1,398,748

See accompanying notes and independent auditors' report.

**BEEKMAN LIBRARY ASSOCIATION
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2018 Total</u>	<u>2017 Total</u>
REVENUE AND OTHER SUPPORT				
Grants and contracts	\$ 444,525	\$ 4,820	\$ 449,345	\$ 418,683
Contributions and library charges	51,335	5,701	57,036	44,831
Fundraising	11,893	-	11,893	7,580
Interest income	3,151	-	3,151	2,583
Net assets released from restrictions:				
Restrictions satisfied by payments	<u>14,125</u>	<u>(14,125)</u>	<u>-</u>	<u>-</u>
TOTAL REVENUE AND OTHER SUPPORT	<u>525,029</u>	<u>(3,604)</u>	<u>521,425</u>	<u>473,677</u>
EXPENSES				
Program expenses	428,170	-	428,170	408,143
Management and general	57,437	-	57,437	55,149
Fund Raising	<u>4,520</u>	<u>-</u>	<u>4,520</u>	<u>5,031</u>
TOTAL EXPENSES	<u>490,127</u>	<u>-</u>	<u>490,127</u>	<u>468,323</u>
INCREASE (DECREASE) IN NET ASSETS	<u>34,902</u>	<u>(3,604)</u>	<u>31,298</u>	<u>5,354</u>
NET ASSETS AT BEGINNING OF YEAR	946,333	3,758	950,091	944,737
NET ASSETS AT END OF YEAR	<u>\$ 981,235</u>	<u>\$ 154</u>	<u>\$ 981,389</u>	<u>\$ 950,091</u>

See accompanying notes and independent auditors' report.

**BEEKMAN LIBRARY ASSOCIATION
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2018 Total</u>	<u>2017 Total</u>
Salaries and wages	\$ 195,434	\$ 39,194	\$ 3,337	\$ 237,965	\$ 229,106
Employee benefits	2,931	2,637	293	5,861	6,163
Payroll taxes	19,394	2,998	255	22,647	22,159
Library books and materials	52,605	-	-	52,605	50,526
Occupancy	29,223	-	-	29,223	18,484
Insurance	4,864	-	-	4,864	4,943
Office Expense	7,973	420	-	8,393	9,685
Fundraising	-	-	635	635	1,189
Telephone and internet	5,472	288	-	5,760	6,141
Printing and publications	2,492	-	-	2,492	2,612
Postage	2,116	-	-	2,116	2,188
Professional fees	-	11,900	-	11,900	9,628
Travel	670	-	-	670	2,206
Repairs and maintenance	17,675	-	-	17,675	22,584
Dues	82	-	-	82	227
Interest expense	20,412	-	-	20,412	19,117
Micellaneous	18,654	-	-	18,654	16,526
Depreciation	48,173	-	-	48,173	44,839
TOTAL FUNCTIONAL EXPENSES	<u>\$428,170</u>	<u>\$ 57,437</u>	<u>\$ 4,520</u>	<u>\$490,127</u>	
FUNCTIONAL EXPENSES PRIOR YEAR	<u>\$408,143</u>	<u>\$ 55,149</u>	<u>\$ 5,031</u>		<u>\$468,323</u>

See accompanying notes and independent auditors' report.

BEEKMAN LIBRARY ASSOCIATION
 STATEMENTS OF CASH FLOWS
 FOR THE YEAR ENDED DECEMBER 31, 2018
 (WITH COMPARATIVE TOTALS FOR 2017)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 31,298	\$ 5,354
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	48,173	44,839
CHANGE IN OPERATING ASSETS AND LIABILITIES		
<i>(Increase) Decrease in:</i>		
Prepaid items and other assets	(2,538)	142
<i>Increase (Decrease) in:</i>		
Accounts payable	(250)	1,168
Accrued interest	(103)	(100)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	76,580	51,403
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of fixed assets	(22,207)	(20,936)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(22,207)	(20,936)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Long-Term Debt	(27,160)	(28,459)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(27,160)	(28,459)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	27,213	2,008
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	330,699	328,691
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 357,912	\$ 330,699
<i>Supplemental Disclosure of Cash Flow Information:</i>		
Interest Paid	\$ 20,515	\$ 19,217

See accompanying notes and independent auditors' report.

BEEKMAN LIBRARY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(with comparative totals for 2017)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Beekman Library Association (the 'Organization') is a non-profit corporation operating in Dutchess County, New York. The Organization is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization operates as a full service library, serving the residents of the Town of Beekman within eastern Dutchess County.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables and payables. Revenues are recognized when earned, and expenses are recognized when incurred.

Basis of Presentation

The Organization follows the guidance of the *Not-for-profit Entities* topic of the FASB Codification. Under this topic, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions or restricted gifts whose restrictions were met during the year.

Net Assets With Donor Restrictions - Net assets that are subject to donor-imposed restrictions expected to be met either by the Library's actions or passage of time. Certain restrictions may need to be maintained in perpetuity.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect reported assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Reclassifications

Certain amounts reported in 2017 have been reclassified to conform to the 2018 presentation.

BEEKMAN LIBRARY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(with comparative totals for 2017)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Promises to Give

Pledges are recorded as contributions when a donor makes a promise, whether oral or written, to give cash or other assets to the Organization that are, in substance, unconditional. All donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of restrictions. When a restriction expires, these assets are reclassified to net assets without donor restrictions.

Determination of whether uncollectible promises to give should be written off or provided for is made based on management's review of promises remaining unpaid at year end. Any promise deemed uncollectible which is not provided for, is adjusted against contribution income.

Amortization of discounts on pledges receivable, if any, are included in contribution income.

The Organization has no unconditional promises to give at December 31, 2018 or 2017.

Fixed Assets

All acquisitions of fixed assets and all expenditures for repairs, maintenance and replacements costing in excess of \$500 that materially prolong the useful lives of assets are capitalized. Fixed assets are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). However, the Library remains subject to tax on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the financial statements taken as a whole.

Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Organization's tax returns will not be challenged by the taxing authorities and that the Organization will not be subject to additional tax, penalties and interest as a result of such challenge. The Library is no longer subject to examination by the U.S. Federal taxing authorities for the years prior to December 31, 2015.

BEEKMAN LIBRARY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(with comparative totals for 2017)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Revenue Recognition

Contributions received are recorded as unrestricted or restricted support, when received, and depending on the existence and/or nature of any donor restrictions. When a restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions restricted for future use due to donor-imposed restrictions are accounted for as increases to net assets with donor restrictions.

Functional expenses

Directly-identifiable costs are charged to program expenses. Other costs are allocated based on budgets or management estimates.

Advertising Costs

Advertising costs are expensed as incurred.

NOTE 2 ADOPTION OF ACCOUNTING PRONOUNCEMENT

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 requires changes to the financial reporting model of organizations who follow the non-for-profit reporting model. The changes include reducing the classes of net assets from three classes to two – net assets with donor restrictions and net assets without donor restrictions. The ASU also requires changes in the way certain information is reported and aggregated, including required disclosures about liquidity and availability of resources. The new standard is effective for the Organization's fiscal year ended December 31, 2018 and thereafter and must be applied on a retrospective basis. The Organization adopted the ASU effective January 1, 2018. Adoption of the ASU did not result in any reclassifications or restatements to net assets or changes to net assets.

NOTE 3 CONCENTRATIONS OF CREDIT RISK

The Library maintains its cash balances with three financial institutions. At times the cash balances may be in excess of FDIC insurance limits. Management believes that no significant concentration of credit risk exists with respect to its cash and cash equivalents.

In 2018 and 2017, the Organization received approximately 79% and 81%, respectively, of its total revenue and support through one donor. A significant reduction in revenue and support from these grants could have an adverse effect on the programs and services offered by the Organization. Management believes that the Organization will continue to receive support from this donor for the foreseeable future and therefore believes that no significant concentration of credit risk exists regarding this donor.

BEEKMAN LIBRARY ASSOCIATION
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2018
 (with comparative totals for 2017)

NOTE 4 LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<u>2018</u>	<u>2017</u>
Financial assets at year end	\$ 357,912	\$ 330,699
Less those unavailable for general expenditures within one year due to:		
Donor-imposed purpose restrictions:	(154)	(3,758)
Board-designated capital project reserve:	(47,116)	(59,106)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 310,642</u>	<u>\$ 267,835</u>

NOTE 5 FIXED ASSETS

Fixed assets represent acquisitions by the Organization with its own funds and consist of the following:

	<u>2018</u>	<u>2017</u>
Building and improvements	\$ 1,499,612	\$ 1,487,406
Furniture and fixtures	34,509	30,406
Equipment	61,646	55,748
Less: accumulated depreciation	<u>(558,023)</u>	<u>(509,850)</u>
	<u>\$ 1,037,744</u>	<u>\$ 1,063,710</u>

Depreciation expense for the years ended December 31, 2018 and 2017 were \$48,173 and 44,839, respectively.

NOTE 6 OPERATING LEASES

The Organization leases the land on which the building is located from the Town of Beekman. The lease term is for ninety-nine years with escalating lease payments and ends on April 30, 2101. The Town of Beekman will provide all maintenance to the grounds around the Library but does not provide sewer services. The annual lease expense as of December 31, 2018 and 2017 was \$5,209 and \$5,044, respectively. The Town of Beekman did not invoice the Library in either year. As a result, no amounts were paid or accrued relating to this lease agreement.

**BEEKMAN LIBRARY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(with comparative totals for 2017)**

NOTE 7 NOTE PAYABLE

The Organization has a promissory note to Hudson Valley Federal Credit Union secured by the building located in Hopewell Junction, New York. The amounts outstanding at December 31, 2018 and 2017 were \$413,765 and \$440,925 respectively. Principal and interest payments of \$3,973 are due monthly. The interest rate at December 31, 2018 was 4.21% per annum. The mortgage is payable on demand but if no demand is made, the note matures on November 1, 2019.

Under the terms of the promissory note and mortgage agreement, the Library is subject to certain financial and other covenants. As of December 31, 2018, Management believes the Library was in compliance with all covenants.

Maturities of long-term debt are as follows for the year ending December 31, 2018:

2019	\$413,765
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The Organization is currently in the process of refinancing the note and expects to close in July 2019, prior to the maturity date of the original note.

NOTE 8 EMPLOYEE BENEFITS

The Library offers medical healthcare coverage to all employees meeting certain requirements. The Library pays up to \$5,000 for participating employees. The employees are responsible for any additional cost of coverage. During the years ending December 31, 2018 and 2017 the Library remitted \$4,583 and \$5,000, respectively.

NOTE 9 NON-CASH DONATIONS

Non-cash donations represent donations of property, services, marketable securities and other items, recorded at their respective fair market value as of the donation date. Offsetting amounts are also included in expenses. The values of non-cash donations, used to support projects completed in accordance with the mission of the Organization, and included in the financial statements for 2018 and 2017, are \$10,459 and \$8,644, respectively.

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization in accomplishing its objectives; however, these are not recognized in the financial statements because they did not meet the criteria for recognition under generally accepted accounting principles.

**BEEKMAN LIBRARY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(with comparative totals for 2017)**

NOTE 10 RESTRICTIONS ON NET ASSETS

A portion of the Organization's net assets consist of grants with donor-imposed, purpose restrictions, as follows:

	<u>2018</u>	<u>2017</u>
Memorials	\$ -	\$ 2
Capital Projects Grants	-	151
Donations for Equipment	-	2,500
Donations for Robotics	<u>154</u>	<u>1,105</u>
Total	<u>\$ 154</u>	<u>\$ 3,758</u>

The Board has also designated funds to be used specifically for capital projects, or additions to library services, facilities, grounds or technologies. The funds allocated for this purpose were \$47,116 and \$59,106 at December 31, 2018 and 2017, respectively. These funds are included in net assets without donor restrictions as no donor-imposed restriction exists.

NOTE 11 PRIOR PERIOD INFORMATION

The financial statements include prior-year summarized, comparative information in total but not by activity class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Organization's financial statements for the year ended December 31, 2017 from which the summarized information was derived.

NOTE 12 SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 30, 2019, the date the financial statements were available to be issued. Other than the pending mortgage refinancing discussed in Note 7, no significant subsequent events have been identified that would require adjustment of or disclosure in the accompanying financial statements.