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Julia L. Butterfield Memorial Library
Financial Statements
December 31, 2010

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JULIA L. BUTTERFIELD MEMORIAL LIBRARY

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Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the
Julia L. Butterfield Memorial Library

We have audited the accompanying statement of financial position of the Julia L. Butterfield Memorial Library (a nonprofit organization) as of December 31, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Julia L. Butterfield Memorial Library as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Michael R. Quis
Certified Public Accountant
Carmel, New York
August 31, 2011

JULIA L. BUTTERFIELD MEMORIAL LIBRARY
 STATEMENT OF FINANCIAL POSITION
 DECEMBER 31, 2010

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	<u>2010</u>
ASSETS	
Cash	\$ 21,116
Advance	1,553
Money Market	549
Certificate of Deposit - Restricted	15,000
Investments	397,189
Land, buildings, and equipment at cost, less accumulated depreciation of \$912,467	263,256
Collection of Artwork (Note 1)	<u>-</u>
TOTAL ASSETS	<u><u>698,663</u></u>
LIABILITIES	
Payroll Taxes Payable	(150)
Accrued Expenses Payable	<u>16,665</u>
TOTAL LIABILITIES	16,515
NET ASSETS	
Unrestricted	660,247
Temporarily Restricted	21,901
Permanently Restricted	-
TOTAL NET ASSETS	682,148
TOTAL LIABILITIES AND NET ASSETS	<u><u>698,663</u></u>

See accompanying notes and accountant's report.

JULIA L. BUTTERFIELD MEMORIAL LIBRARY
 STATEMENT OF ACTIVITIES
 YEAR ENDED DECEMBER 31, 2010

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	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES, GAINS, AND OTHER SUPPORT			
Town of Philipstown	\$ 276,000	\$ -	\$ 276,000
Putnam County	30,242	-	30,242
Dividends and Interest	14,648	-	14,648
Fines	1,727	-	1,727
Donations	2,432	-	2,432
Fundraising	8,590	-	8,590
Miscellaneous Grants	1,236	-	1,236
CD Interest	73	-	73
Friends	-	6,901	6,901
	<u>334,948</u>	<u>6,901</u>	<u>341,849</u>
TOTAL REVENUES, GAINS, AND OTHER SUPPORT			
EXPENSES			
Program Services	333,475	-	333,475
Supporting Services			
Management and General	40,078	-	40,078
Fundraising	964	-	964
	<u>374,517</u>	<u>-</u>	<u>374,517</u>
TOTAL EXPENSES			
Change in net assets from operations	(39,569)	6,901	(32,668)
Non-operating support and gains (loss):			
Long-term investment gain	7,500	-	7,500
	<u>(32,069)</u>	<u>6,901</u>	<u>(25,168)</u>
CHANGE IN NET ASSETS			
NET ASSETS AT BEGINNING OF YEAR	<u>692,316</u>	<u>15,000</u>	<u>707,316</u>
NET ASSETS AT END OF YEAR	<u>\$ 660,247</u>	<u>\$ 21,901</u>	<u>\$ 682,148</u>

See accompanying notes and accountant's report.

JULIA L. BUTTERFIELD MEMORIAL LIBRARY
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2010

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	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ (25,168)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	25,511
(Increase) decrease in operating assets	
Prepaid expenses	(635)
Increase (decrease) in operating liabilities	
Accrued Expenses Payable	9,735
Accounts Payable	-
	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	9,443
 CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Activity - Net	7,315
Payments for Capital Improvements	<u>(39,686)</u>
NET CASH USED BY INVESTING ACTIVITIES	(32,371)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(22,928)
BEGINNING CASH AND CASH EQUIVALENTS	<u>59,593</u>
ENDING CASH AND CASH EQUIVALENTS	<u><u>\$ 36,665</u></u>

See accompanying notes and accountant's report.

**JULIA L. BUTTERFIELD MEMORIAL LIBRARY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010**

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Note 1 – Nature of Activities and Significant Accounting Policies

Nature of Activities

Julia L. Butterfield Memorial Library provides Library services to the Town of Philipstown, New York. The Library is supported primarily through taxes collected by the Town of Philipstown. Approximately 80% of the Library's support for the year ended December 31, 2010, came from the Town of Philipstown.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Julia L. Butterfield Memorial Library that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Contributed Services

During the year ended December 31, 2010, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Julia L. Butterfield Memorial Library, but these services do not meet the criteria for recognition as contributed services.

Estimates

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

**JULIA L. BUTTERFIELD MEMORIAL LIBRARY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010**

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Property and Equipment

It is the Library's policy to capitalize property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Library reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method.

Collection of Artwork

The Library has a collection of art work presented for public exhibition and education that is being preserved for future generations. The proceeds from sales of any pieces of the collection are used to purchase other acquisitions. The collection is not capitalized or depreciated as part of capital assets.

Financial Statement Presentation

The Library is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Contributions

Under SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

Income Taxes

The Library is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

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NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010**

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are realized.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Julia L. Butterfield Memorial Library considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Note 2 – Investments

The Julia L. Butterfield Memorial Library held \$397,190 at December 31, 2010, in a Stock Fund as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Cash and Money Market	\$ 2,355	\$ 2,355	\$ -
US Equities	47,858	28,175	<19,683>
Fixed Income	322,223	323,427	1,204
Mixed Assets	28,627	25,746	<2,881>
Other Assets	<u>17,098</u>	<u>17,487</u>	<u>389</u>
Total	<u>\$ 418,161</u>	<u>\$ 397,190</u>	<u>\$ <20,971></u>

The following schedule summarizes the investment return and its classification in the statement of activities of the year ended December 31, 2010:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Interest and Dividend Income	\$ 14,720	\$ -	\$ 14,720
Net realized and unrealized gains (losses)	<u>7,500</u>	<u>-</u>	<u>7,500</u>
Total Investment Return	<u>\$ 22,220</u>	<u>\$ -</u>	<u>\$ 22,220</u>

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**JULIA L. BUTTERFIELD MEMEORIAL LIBRARY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010**

Note 3 – Property and Equipment

Property and equipment consist of the following:

	<u>2010</u>
Land, Building and Equipment	\$ 922,718
Computer Equipment	16,295
Book Inventory	149,000
Automation Equipment	15,000
Other Equipment	<u>72,710</u>
	1,175,723
Less accumulated depreciation	<u><912,467></u>
	<u>\$ 263,256</u>

Note 4 – Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of support and revenue, expenses, capital additions, and changes in fund balances. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Note 5 – Commitments

The Library receives a substantial amount of its support from federal, state and local governments. A reduction in the level of this support, if this were to occur, may have an effect on the library's programs and activities.

Note 6 – Evaluation of Subsequent Events

The Organization has evaluated subsequent events through August 31, 2011, the date which the financial statements were available to be issued.