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**Julia L. Butterfield Memorial Library  
Financial Statements  
December 31, 2011**

# JULIA L. BUTTERFIELD MEMORIAL LIBRARY

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DECEMBER 31, 2011

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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, 2011, 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, 2011, 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, 2012

**JULIA L. BUTTERFIELD MEMORIAL LIBRARY  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2011**

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	<u>2011</u>
<b>ASSETS</b>	
Cash	\$ (991)
Advance	753
Money Market	-
Certificate of Deposit - Restricted	15,000
Investments	405,348
Land, buildings, and equipment at cost, less accumulated depreciation of \$939,397	237,597
Collection of Artwork (Note 1)	-
	<hr/>
<b>TOTAL ASSETS</b>	<b>\$ 657,707</b>
	<hr/> <hr/>
<b>LIABILITIES</b>	
Payroll Taxes Payable	\$ (10)
Accrued Expenses Payable	1,898
	<hr/>
<b>TOTAL LIABILITIES</b>	<b>1,888</b>
<b>NET ASSETS</b>	
Unrestricted	620,066
Temporarily Restricted	35,753
Permanently Restricted	-
	<hr/>
<b>TOTAL NET ASSETS</b>	<b>655,819</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 657,707</b>
	<hr/> <hr/>

See accompanying notes and accountant's report.

**JULIA L. BUTTERFIELD MEMORIAL LIBRARY  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2011**

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	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2011 Total</u>
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Town of Philipstown	\$ 276,000	\$ -	\$ 276,000
Putnam County	31,842	-	31,842
Dividends and Interest	15,383	-	15,383
Fines	1,383	-	1,383
Donations	2,329	-	2,329
Fundraising	7,039	-	7,039
Miscellaneous Grants	4,414	-	4,414
CD Interest	28	-	28
Friends	-	13,852	13,852
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	338,418	13,852	352,270
<b>EXPENSES</b>			
Program Services	330,870	-	330,870
Supporting Services			
Management and General	40,230	-	40,230
Fundraising	513	-	513
	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	371,613	-	371,613
Change in net assets from operations	(33,195)	13,852	(19,343)
Non-operating support and gains (loss):			
Long-term investment gain (loss)	(6,986)	-	(6,986)
CHANGE IN NET ASSETS	(40,181)	13,852	(26,329)
NET ASSETS AT BEGINNING OF YEAR	<hr/>	<hr/>	<hr/>
	660,247	21,901	682,148
NET ASSETS AT END OF YEAR	<u>\$ 620,066</u>	<u>\$ 35,753</u>	<u>\$ 655,819</u>

See accompanying notes and accountant's report.

**JULIA L. BUTTERFIELD MEMORIAL LIBRARY  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2011**

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	<u>2011</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Increase (decrease) in net assets	\$ (26,329)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	26,930
(Increase) decrease in operating assets	
Prepaid expenses	800
Increase (decrease) in operating liabilities	
Accrued Expenses Payable	(12,665)
Accounts Payable	<u>(1,962)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(13,226)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment Activity - Net	(8,159)
Payments for Capital Improvements and Computer Equipment	<u>(1,271)</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>(9,430)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(22,656)</b>
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	<u>36,665</u>
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<b><u>\$ 14,009</u></b>

See accompanying notes and accountant's report.

**JULIA L. BUTTERFIELD MEMORIAL LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011**

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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 79% of the Library's support for the year ended December 31, 2011, 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, 2011, 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, 2011**

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.

**JULIA L. BUTTERFIELD MEMORIAL LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011**

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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 \$405,348 at December 31, 2011, in a Stock Fund as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Cash and Money Market	\$ 64,510	\$ 64,510	\$ -
US Equities	48,245	28,362	<19,883>
Fixed Income	272,092	273,171	1,079
Mixed Assets	29,897	25,581	<4,316>
Other Assets	<u>17,098</u>	<u>13,724</u>	<u>&lt;3,374&gt;</u>
Total	<u>\$ 431,842</u>	<u>\$ 405,348</u>	<u>\$ &lt;26,494&gt;</u>

The following schedule summarizes the investment return and its classification in the statement of activities of the year ended December 31, 2011:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Interest and Dividend Income	\$ 15,411	\$ -	\$ 15,411
Net realized and unrealized gains (losses)	<u>&lt;6,986&gt;</u>	<u>-</u>	<u>&lt;6,986&gt;</u>
Total Investment Return	<u>\$ 8,425</u>	<u>\$ -</u>	<u>\$ 8,425</u>

**JULIA L. BUTTERFIELD MEMEORIAL LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011**

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**Note 3 – Property and Equipment**

Property and equipment consist of the following:

	<u>2011</u>
Land, Building and Equipment	\$ 922,718
Computer Equipment	17,566
Book Inventory	149,000
Automation Equipment	15,000
Other Equipment	<u>72,710</u>
	1,176,994
Less accumulated depreciation	<u>&lt;939,397&gt;</u>
	<u>\$ 237,597</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, 2012, the date which the financial statements were available to be issued.