

**Julia L. Butterfield Memorial Library  
Financial Statements  
December 31, 2012**

**JULIA L. BUTTERFIELD MEMORIAL LIBRARY**

**TABLE OF CONTENTS**

**DECEMBER 31, 2012**

	<u>Page</u>
Independent Auditor's Report	1-2
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6-9

**MICHAEL R. QUIS, C.P.A., M.B.A.**  
**CERTIFIED PUBLIC ACCOUNTANT**

1822 Route 6  
Carmel, NY 10512

Member, American Institute of CPAs  
Member, New York State Society of CPAs  
**INDEPENDENT AUDITOR'S REPORT**

Phone: (845) 225-0448  
Fax: (845) 225-3382

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

I have audited the accompanying financial statements of the Julia L. Butterfield Memorial Library (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities 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**

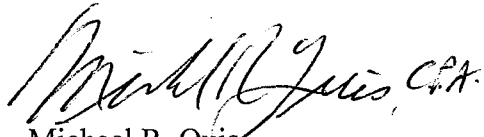
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Opinion

In my 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, 2012, 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.

A handwritten signature in black ink that reads "Michael R. Quis, CPA". The signature is written in a cursive style.

Michael R. Quis  
Certified Public Accountant  
Carmel, New York  
September 30, 2013

**JULIA L. BUTTERFIELD MEMORIAL LIBRARY  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2012**

2012

**ASSETS**

Cash	\$	25,762
Advance		743
Money Market		1
Certificate of Deposit - Restricted		15,000
Investments		392,453
Land, buildings, and equipment at cost, less accumulated depreciation of \$966,565		212,811
Collection of Artwork (Note 1)		

		<u>\$ 646,770</u>
--	--	-------------------

**LIABILITIES**

Payroll Taxes Payable	\$	298
Accrued Expenses Payable		<u>4,658</u>

		4,956
--	--	-------

**NET ASSETS**

Unrestricted		599,075
Temporarily Restricted		27,739
Permanently Restricted		<u>15,000</u>

		641,814
--	--	---------

		<u>\$ 646,770</u>
--	--	-------------------

**JULIA L. BUTTERFIELD MEMORIAL LIBRARY  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2012**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2012 Total</u>
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>				
Town of Philipstown	\$ 276,000	\$ -	\$ -	\$ 276,000
Putnam County	31,408	-	-	31,408
Dividends and Interest	13,300	-	-	13,300
Fines	691	-	-	691
Donations	2,397	-	-	2,397
Fundraising	14,358	-	-	14,358
Miscellaneous Grants	1,199	-	-	1,199
Friends	-	6,986	-	6,986
	<u>339,353</u>	<u>6,986</u>	<u>-</u>	<u>346,339</u>
<b>EXPENSES</b>				
Program Services	328,290	-	-	328,290
Supporting Services				
Management and General	35,138	-	-	35,138
Fundraising	3,841	-	-	3,841
	<u>367,269</u>	<u>-</u>	<u>-</u>	<u>367,269</u>
Change in net assets from operations	(27,916)	6,986	-	(20,930)
Non-operating support and gains (loss):				
Long-term investment gain (loss)	13,160	-	-	13,160
CHANGE IN NET ASSETS	(14,756)	6,986	-	(7,770)
NET ASSETS AT BEGINNING OF YEAR	<u>613,831</u>	<u>20,753</u>	<u>15,000</u>	<u>649,584</u>
NET ASSETS AT END OF YEAR	<u>\$ 599,075</u>	<u>\$ 27,739</u>	<u>\$ 15,000</u>	<u>\$ 641,814</u>

See accompanying notes and accountant's report.

**JULIA L. BUTTERFIELD MEMORIAL LIBRARY  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2012**

	<u>2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Increase (decrease) in net assets	\$ (7,770)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	27,168
(Increase) decrease in operating assets	
Prepaid expenses	10
Increase (decrease) in operating liabilities	
Accrued Expenses Payable	-
Accounts Payable	<u>(3,166)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>16,242</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment Activity - Net	12,896
Payments for Capital Improvements and Computer Equipment	<u>(2,382)</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>10,514</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>26,756</b>
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	<u>14,009</u>
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<u><u>\$ 40,765</u></u>

See accompanying notes and accountant's report.

**JULIA L. BUTTERFIELD MEMORIAL LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

**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, 2012, 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, 2012, 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, 2012**

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, 2012**

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**

During 2012 the Julia L. Butterfield Memorial Library moved its investments held with RBC Wealth Management to Wells Fargo Advisors. The Julia L. Butterfield Memorial Library held \$392,452 at December 31, 2012, in a Stock Fund as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Cash and Sweep Balances	\$ 12,931	\$ 12,931	\$ -
Stocks, Options and ETFs	36,416	24,204	<12,212>
Fixed Income	277,552	286,257	8,705
Mutual Funds	<u>75,961</u>	<u>69,061</u>	<u>&lt;6,900&gt;</u>
Total	<u>\$ 402,860</u>	<u>\$ 392,453</u>	<u>\$ &lt;10,407&gt;</u>

The following schedule summarizes the investment return and its classification in the statement of activities of the year ended December 31, 2012:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Interest and Dividend Income	\$ 13,300	\$ -	\$ 13,300
Net realized and unrealized gains (losses)	<u>13,160</u>	<u>-</u>	<u>13,160</u>
Total Investment Return	<u>\$ 26,460</u>	<u>\$ -</u>	<u>\$ 26,460</u>

**JULIA L. BUTTERFIELD MEMEORIAL LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

**Note 3 – Property and Equipment**

Property and equipment consist of the following:

	<u>2012</u>
Land, Building and Equipment	\$ 922,718
Computer Equipment	19,948
Book Inventory	149,000
Automation Equipment	15,000
Other Equipment	<u>72,710</u>
	1,179,376
Less accumulated depreciation	<u>&lt;966,565&gt;</u>
	<u>\$ 212,811</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 – Prior Period Adjustments**

Certain errors resulting in an understatement of previously reported accounts payable were discovered during the current year. Accordingly, an adjustment of \$6,235 was made during 2012 to increase accounts payable as of the beginning of the year. A corresponding entry was made to reduce previously reported net assets. The effect of the restatement on net income for 2011 was a decrease of \$6,235.

**Note 7 – Evaluation of Subsequent Events**

The Organization has evaluated subsequent events through September 30, 2013, the date which the financial statements were available to be issued.