

THE NEW HARTFORD PUBLIC LIBRARY

FINANCIAL STATEMENTS

Year ended December 31, 2008
With comparative totals for 2007

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GRUVER, ZWEIFEL & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS

4 ASSOCIATE DRIVE
ONEONTA, NEW YORK 13820
(607) 432-8700
Fax: (607) 432-5122
www.gzscpa.com

7936 SENECA TURNPIKE
CLINTON, NEW YORK 13323
(315) 797-7781
Fax: (315) 797-0305
www.gzscpa.com

To the Board of Trustees
The New Hartford Public Library
New Hartford, New York

We have reviewed the accompanying statements of financial position of The New Hartford Public Library (a nonprofit organization) as of December 31, 2008 and 2007, and the related statements of activities and cash flows for the year ended December 31, 2008, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of The New Hartford Public Library. The prior year summarized comparative information has been derived from the organization's 2007 reviewed financial statements and, in our report dated September 17, 2008, we stated that, with the exception of the matter described in the fourth paragraph, we were not aware of any material modifications that should be made to the financial statements in order for them to be in conformity with generally accepted accounting principles.

A review consists principally of inquiries of organization personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, with the exception of the matter described in the following paragraph, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

As disclosed in Note 3 to the 2007 financial statements, generally accepted accounting principles require that property and equipment and exhaustible collections costs be capitalized and depreciated over the estimated useful lives of the assets. The accompanying 2007 financial statements do not reflect the proper cost basis or accumulated depreciation of all property and equipment and exhaustible collections costs. The effects of this departure from generally accepted accounting principles on the accompanying 2007 financial statements has not been determined.

Our reviews were made for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with generally accepted accounting principles. The information included in the accompanying schedule of functional expenses is presented only for supplementary analysis purposes. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we are not aware of any material modifications that should be made thereto.

Gruver, Zweifel & Scott, LLP

Clinton, New York
September 2, 2009

MEMBERS: American Institute of Certified Public Accountants, New York State Society of Certified Public Accountants
National Conference of CPA Practitioners

THE NEW HARTFORD PUBLIC LIBRARY

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THE NEW HARTFORD PUBLIC LIBRARY

STATEMENTS OF FINANCIAL POSITION

December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
Current assets:		
Cash	\$ 159,672	\$ 182,852
Cash - Donor restricted	86,039	71,800
Accounts receivable	603	666
Contributions receivable	17,033	46,918
Prepaid expenses	<u>3,380</u>	<u>11,841</u>
Total current assets	266,727	314,077
Property and equipment, net	2,900,717	2,842,079
Contributions receivable, noncurrent	<u>12,150</u>	<u>26,883</u>
Total assets	<u>\$ 3,179,594</u>	<u>\$ 3,183,039</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 8,954	\$ 55,795
Accrued expenses	26,345	28,449
Unearned revenue	<u>1,200</u>	<u>-</u>
Total current liabilities	<u>36,499</u>	<u>84,244</u>
Net assets:		
Unrestricted:		
Board designated	94,500	94,500
Undesignated	<u>2,933,372</u>	<u>2,906,194</u>
Total unrestricted net assets	3,027,872	3,000,694
Temporarily restricted	<u>115,223</u>	<u>98,101</u>
Total net assets	<u>3,143,095</u>	<u>3,098,795</u>
Total liabilities and net assets	<u>\$ 3,179,594</u>	<u>\$ 3,183,039</u>

See accompanying notes and accountants' report.

THE NEW HARTFORD PUBLIC LIBRARY

STATEMENT OF ACTIVITIES

Year ended December 31, 2008
With comparative totals for 2007

	Unrestricted	Temporarily Restricted	Total All Funds	
			2008	2007
Revenues and other support:				
Town allocation	\$ 511,150	\$ -	\$ 511,150	\$ 474,000
County funds	56,807	-	56,807	155,256
Local library service aid	6,555	-	6,555	6,739
Fines and fees	49,488	-	49,488	42,240
Interest income	740	1,045	1,785	21,200
Contributions	6,578	48,972	55,550	127,810
Grants	-	107,151	107,151	65,020
Miscellaneous income	4,456	1,874	6,330	10,933
Special events	-	2,664	2,664	2,469
Net assets released from restrictions:				
Restrictions satisfied by payments	144,584	(144,584)	-	-
Total revenues and other support	780,358	17,122	797,480	905,667
Expenses:				
Program services	584,855	-	584,855	487,488
Management and general	166,821	-	166,821	130,975
Fundraising	1,504	-	1,504	12,427
Total expenses	753,180	-	753,180	630,890
Change in net assets	27,178	17,122	44,300	274,777
Net assets, beginning of year	3,000,694	98,101	3,098,795	2,824,018
Net assets, end of year	\$ 3,027,872	\$ 115,223	\$ 3,143,095	\$ 3,098,795

See accompanying notes and accountants' report.

THE NEW HARTFORD PUBLIC LIBRARY

STATEMENT OF CASH FLOWS

Year ended December 31, 2008
With comparative totals for 2007

	<u>2008</u>	<u>2007</u>
Cash flows provided by operating activities:		
Change in net assets	\$ 44,300	\$ 274,777
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	108,145	55,445
(Increase) decrease in operating assets:		
Accounts receivable	63	-
Contributions receivable	44,618	115,564
Prepaid expenses	8,461	(3,883)
Increase (decrease) in operating liabilities:		
Accounts payable	(46,841)	54,466
Accrued expenses	(2,104)	5,161
Unearned revenue	1,200	(263)
Contributions restricted for capital funds	(88,513)	(239,967)
Other income restricted for capital funds	(112,127)	(231,930)
 NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	 <u>(42,798)</u>	 <u>29,370</u>
 Cash flows used by investing activities:		
Purchase of property and equipment	<u>(166,783)</u>	<u>(1,186,267)</u>
 NET CASH USED BY INVESTING ACTIVITIES	 <u>(166,783)</u>	 <u>(1,186,267)</u>
 Cash flows provided by financing activities:		
Net proceeds from contributions and other income restricted for: Capital funds	 <u>200,640</u>	 <u>471,897</u>
 NET CASH PROVIDED BY FINANCING ACTIVITIES	 <u>200,640</u>	 <u>471,897</u>
 NET DECREASE IN CASH	 (8,941)	 (685,000)
 Cash, beginning of year	 <u>254,652</u>	 <u>939,652</u>
 CASH, END OF YEAR	 <u>\$ 245,711</u>	 <u>\$ 254,652</u>

See accompanying notes and accountants' report.

THE NEW HARTFORD PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 NATURE OF ACTIVITIES

The New Hartford Public Library (the "Library") is a voluntary, not-for-profit municipal corporation organized under the laws of the Education Department of the State of New York. The Library provides literary and informational materials and programs to patrons from the Greater New Hartford, New York area. It is supported through donor contributions, government grants, and patron services.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

Financial statement presentation follows generally accepted accounting principles. Under these principles, 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. There were no permanently restricted assets as of December 31, 2008 and 2007.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP).

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Library considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. At December 31, 2008 and 2007, there were no cash equivalents available for operating purposes.

Property and Equipment

Property and equipment acquired subsequent to 1998 are recorded at cost. The carrying amount of assets and related accumulated depreciation are removed from the accounts when such assets are disposed of and the resulting gain or loss incurred is reported in operations. As explained in Note 3, all other assets were charged to expense as incurred. Maintenance and repairs are also charged to expense as incurred. Major renewal or betterments that extend the lives or increase the value of the assets are capitalized. The Library capitalizes all expenditures in excess of \$500 for property and equipment at cost.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. In addition, depreciation related to the building addition is charged to occupancy expense in the statement of functional expenses. Total depreciation charged to expense in 2008 and 2007 was \$108,145 and \$55,445, respectively.

THE NEW HARTFORD PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Collections

The Library has collections of non-circulating library materials including books and other items. These collections are maintained by the Library under curatorial care and are held for public exhibition, education, and research. Because the value of the existing collections is not readily determinable, the Library has not capitalized them and recognized them as assets on the statements of financial position. The cost of collections purchased by the Library is expensed in the year of purchase. Proceeds from insurance recoveries of non-circulating collections are used to acquire other items for collections.

The costs of circulating books and other library materials are not recorded as collections, but are charged as an expense in the year purchased because the useful lives of such items are relatively short.

Restricted and Unrestricted Revenue and Support

In accordance with generally accepted accounting principles, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Under these principles, such contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon satisfaction of the restriction.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction.

When a donor restriction expires, that is, when a stipulated time restriction ended or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from 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 as classified by the Internal Revenue Service as other than a private foundation.

The Library reviews the components of revenues, gains and other support and analyzes whether the position that the organization takes with regard to a particular item of income would meet the definition of an uncertain tax position under generally accepted accounting principles.

Functional Allocation of Expenses

The cost of providing materials and programs has been summarized on a functional basis in the statement of activities.

THE NEW HARTFORD PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Comparative Totals

The amounts shown for the year ended December 31, 2007 in the accompanying financial statements are included to provide a basis for comparison with 2008 and present summarized totals only. Accordingly, the 2007 totals are not intended to present all information necessary for a fair presentation in conformity with generally accepted accounting principles.

NOTE 3 RESTRICTED CASH

Restricted cash represents amounts for which a purpose restriction placed by the donor has not yet been satisfied. (See Note 6).

NOTE 4 CONTRIBUTIONS RECEIVABLE

Unconditional promises to give are recorded as receivables and revenue when received. The Library distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. Contributions receivable consists of pledges for the 2007 building addition. An allowance was deemed unnecessary as management believes all are collectible. Amounts due within one year are \$17,033. Amounts due after one year are \$12,150. The receivables were not discounted because the amount was deemed insignificant. The contributions receivable approximate its fair value.

NOTE 5 PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows:

	<u>2008</u>	<u>2007</u>
Land	\$ 96,460	\$ 96,460
Land improvements	135,422	112,393
Building and improvements	2,886,641	2,816,247
Furniture, fixtures and equipment	<u>291,479</u>	<u>218,120</u>
	3,410,002	3,243,220
Less: Accumulated depreciation	<u>(509,285)</u>	<u>(401,141)</u>
Net property and equipment	<u>\$ 2,900,717</u>	<u>\$ 2,842,079</u>

THE NEW HARTFORD PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS

NOTE 6 NET ASSETS

A. Board Designated Unrestricted Net Assets

The Library's board has designated unrestricted net assets to be used toward building improvements. At December 31, 2008 and 2007, designated net assets for building purposes was \$94,500.

B. Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes:

	<u>2008</u>	<u>2007</u>
Childrens programs	\$ 11,795	\$ 8,489
Building maintenance and improvements	41,665	26,712
Garden maintenance	<u>61,763</u>	<u>62,900</u>
Total	<u>\$ 115,223</u>	<u>\$ 98,101</u>

Included in temporarily restricted net assets is cash for which a time or purpose restriction placed by the donor is not yet satisfied.

NOTE 7 RETIREMENT PLAN – DEFINED BENEFIT

The Library participates in the New York State Employees' Retirement System (NYSERS). This is a cost-sharing, multiple employer, public employee retirement system. The system offers a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

Retirement and Society Security Law (NYSRSSL) governs obligations of employers and employees to contribute, and benefits to employees. As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller serves as sole trustee and administrative head of the System) shall adopt and may amend rules and regulations for the administration and transactions of the business of the System and has custody and control of its funds. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Governor Alfred E. Smith State Office Building, Albany, New York 12244.

The System is noncontributory, except for employees who joined the System after July 27, 1976, who contribute 3% of their salary, except that employees in the System more than ten years are no longer required to contribute. For NYSERS, the Comptroller certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund.

THE NEW HARTFORD PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS

NOTE 7 RETIREMENT PLAN – DEFINED BENEFIT (Cont.)

NYSERS provides retirement benefits as well as death and disability benefits. New York State

The Library is required to contribute at an actuarially determined rate. The Library's contributions made to the System were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years were:

2008	\$15,485
2007	16,694
2006	15,944

NOTE 8 FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

Cash

The Library maintains cash balances at financial institutions located in central New York. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at December 31, 2008 and \$100,000 at December 31, 2007. At December 31, 2008 and 2007, the Library had uninsured cash balances of \$-0- and \$147,904, respectively. However, this amount is backed by securities pledged by a financial institution held in a third party custodian account. New York State General Municipal Law requires collateral on amounts over FDIC insured balances.

Contributions Receivable

The Library solicited contributions for its building addition. These promises received represent promises to pay at a later date. Its' donors ability to honor their promises is dependent upon general economic conditions. The maximum amount of loss approximates the carrying value.

NOTE 9 RECLASSIFICATIONS

Certain amounts relating to 2007 have been reclassified to confirm to the 2008 reporting format.

THE NEW HARTFORD PUBLIC LIBRARY

SCHEDULE OF FUNCTIONAL EXPENSES

Year ended December 31, 2008
With comparative totals for 2007

	Program Services	Management and General	Fundraising	Total All Funds	
				2008	2007
Compensation and related expenses:					
Salaries	\$ 264,092	\$ 74,487	\$ -	\$ 338,579	\$ 303,712
Payroll taxes and fringe benefits	42,916	18,392	-	61,308	55,553
	<u>307,008</u>	<u>92,879</u>	<u>-</u>	<u>399,887</u>	<u>359,265</u>
Serials and microfilms	9,200	-	-	9,200	9,214
Books	69,068	-	-	69,068	63,889
Depreciation	75,702	32,443	-	108,145	55,445
Utilities	24,447	10,478	-	34,925	29,967
Contracts expense	28,282	-	-	28,282	29,530
Supplies	14,269	6,115	-	20,384	13,775
Recordings	15,952	-	535	16,487	11,176
Miscellaneous expense	-	5,261	100	5,361	5,776
Equipment and software	304	1,018	-	1,322	1,697
Telephone	1,302	558	-	1,860	1,469
Postage	4,187	1,047	41	5,275	4,270
Professional fees	-	3,350	-	3,350	2,725
Insurance	14,393	6,169	-	20,562	9,747
Building expenses	15,564	6,670	-	22,234	19,004
Education	2,241	-	-	2,241	924
Printing	2,936	734	828	4,498	12,694
Travel and conferences	-	49	-	49	123
Dues	-	50	-	50	200
	<u>-</u>	<u>50</u>	<u>-</u>	<u>50</u>	<u>200</u>
Total expenses	<u>\$ 584,855</u>	<u>\$ 166,821</u>	<u>\$ 1,504</u>	<u>\$ 753,180</u>	<u>\$ 630,890</u>

See accompanying notes and accountants' report.