

CLAVERACK FREE LIBRARY AND READING
ROOM ASSOCIATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2015

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Certified Public Accountant

Susan G Baer, CPA PC
71 Link Road
Ghent, NY 12075
Telephone: 518-822-1673
www.NortheastCPA.com

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Claverack Free Library and Reading Room Association, Inc. Claverack, New York

I have audited the accompanying financial statements of Claverack Free Library and Reading Room Association, Inc. (a non-profit organization), which comprise the statement of assets, liabilities and net assets-income tax basis, of as of December 31, 2015 and 2014, the related statements of revenue, expenses and other changes in net assets-income tax basis, and the related statements of functional expenses-income tax basis for the years then ended, and the related notes to the financial statements.

Management's Responsibility of the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting Claverack Free Library and Reading Room Association, Inc. uses for income tax purposes; this includes determining that the income tax basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and the 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.

Auditors' Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted the 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 of 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 assets, liabilities and net assets of Claverack Free Library and Reading Room Association, Inc. as of December 31, 2015 and 2014, and its revenue, expenses and changes in net assets for the years then ended, in accordance with the basis of accounting Claverack Free Library and Reading Room Association, Inc. uses for income tax purposes described in Note A.

Basis of Accounting

I draw attention to Note A to the financial statements, which describes the basis of accounting. The financial statements are prepared on the basis of accounting Claverack Free Library and Reading Room Association, Inc. uses for income tax purposes, which is a basis of accounting other than accounting principles generally accepted in the United States of America. My opinion is not modified with respect to this matter.

SUSAN G BAER, CPA PC
Certified Public Accountant

Ghent, New York
August 3, 2016

CLAVERACK FREE LIBRARY AND READING ROOM ASSOCIATION, INC.
 STATEMENTS OF ASSETS, LIABILITIES AND
 NET ASSETS (INCOME TAX BASIS)
 December 31, 2015

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 160,317	\$ 212,185
Accounts receivable	23,562	25,559
Pledges receivable	16,567	13,215
Prepaid expenses	<u>1,584</u>	<u>2,145</u>
TOTAL CURRENT ASSETS	\$ 202,030	\$ 253,104
Marketable securities, at cost	400,151	395,882
Fixed assets, net of Depreciation of \$36,403	<u>1,269,142</u>	<u>1,263,761</u>
TOTAL ASSETS	<u>\$ 1,871,323</u>	<u>\$ 1,912,747</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 28,268	\$ 145,740
Accrued expenses	3,500	3,500
Payroll taxes and withholdings payable	<u>-</u>	<u>2,518</u>
TOTAL LIABILITIES	<u>\$ 31,768</u>	<u>\$ 151,758</u>
 NET ASSETS		
Unrestricted	\$ 1,251,002	\$ 1,271,944
Temporarily restricted	578,552	479,045
Permanently restricted	<u>10,000</u>	<u>10,000</u>
TOTAL NET ASSETS	<u>\$ 1,839,555</u>	<u>\$ 1,760,989</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,871,323</u>	<u>\$ 1,912,747</u>

The accompanying notes are an integral part of these financial statements.

CLAVERACK FREE LIBRARY AND READING ROOM ASSOCIATION, INC.
 STATEMENTS OF REVENUE, EXPENSES AND OTHER
 CHANGES IN NET ASSETS (INCOME TAX BASIS)
 FOR THE YEAR ENDED DECEMBER 31, 2015

	2015	2014
UNRESTRICTED NET ASSETS		
Grants:		
Government grants	\$ 58,176	\$ 55,754
Other Grants	9,493	11,400
Donations:		
General	14,219	10,610
Contributed Services	448	417
Special Fundraising events, net	11,345	9,969
Other Revenue:		
Net realized gains on investments	1,528	3,976
Investment Income	17,003	23,726
Miscellaneous income	310	268
TOTAL SUPPORT AND REVENUE	<u><u>\$ 112,522</u></u>	<u><u>\$ 116,118</u></u>
Expenses:		
Program services	79,501	81,664
General & administrative expenses	19,104	20,490
Fundraising expenses	4,329	3,351
TOTAL EXPENSES	<u><u>\$ 102,934</u></u>	<u><u>\$ 105,505</u></u>
INCREASE IN UNRESTRICTED NET ASSETS	<u><u>\$ 9,588</u></u>	<u><u>\$ 10,613</u></u>
 TEMPORARILY RESTRICTED NET ASSETS		
Contributions for new building project	\$ 57,340	\$ 62,573
Government grant for new building project	300	22,250
Special fundraising events, net	11,138	8,244
Contributions, other	198	1,704
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	<u><u>\$ 68,976</u></u>	<u><u>\$ 94,771</u></u>
INCREASE IN NET ASSETS	<u><u>\$ 78,564</u></u>	<u><u>\$ 105,384</u></u>
NET ASSETS AT BEGINNING OF YEAR	<u><u>1,760,989</u></u>	<u><u>1,655,605</u></u>
NET ASSETS AT END OF YEAR	<u><u>\$ 1,839,553</u></u>	<u><u>\$ 1,760,989</u></u>

The accompanying notes are an integral part of these financial statements.

CLAVERACK FREE LIBRARY AND READING ROOM ASSOCIATION, INC.
 STATEMENTS OF FUNCTIONAL EXPENSES (INCOME TAX BASIS)
 FOR THE YEAR ENDED DECEMBER 31, 2015

	TOTAL	LIBRARY PROGRAM	MANAGEMENT GENERAL	FUNDRAISING
Payroll	\$ 43,953	\$ 36,701	\$ 7,252	\$ -
Circulating materials	12,274	12,274	-	-
Insurance	6,082	-	6,082	-
Grounds maintenance	5,598	5,598	-	-
Utilities	5,261	5,261	-	-
Payroll taxes	3,949	3,297	652	-
Professional fees	3,719	-	3,719	-
Other fund raising expenses	3,429	-	-	3,429
Inter-library fees	3,312	3,312	-	-
Public programs	3,098	3,098	-	-
Office and library supplies	3,063	3,063	-	-
Repairs and maintenance	2,984	2,984	-	-
Automation expenses	1,602	1,602	-	-
Postage and shipping	1,121	-	221	900
Telephone	738	738	-	-
Workers compensation insurance	727	607	120	-
Investment management fees	675	-	675	-
Computer and internet expenses	594	594	-	-
Bank and credit card charges	383	-	383	-
Dues and fees	372	372	-	-
TOTAL EXPENSES	\$ 102,934	\$ 79,501	\$ 19,104	\$ 4,329

The accompanying notes are an integral part of these financial statements.

CLAVERACK FREE LIBRARY AND READING ROOM ASSOCIATION, INC.
 STATEMENTS OF FUNCTIONAL EXPENSES (INCOME TAX BASIS)
 FOR THE YEAR ENDED DECEMBER 31, 2014

	TOTAL	LIBRARY PROGRAM	MANAGEMENT GENERAL	FUNDRAISING
Payroll	\$ 48,648	\$ 40,621	\$ 8,027	\$ -
Circulating materials	14,247	14,247	-	-
Insurance	5,994	-	5,994	-
Utilities	4,589	4,589	-	-
Payroll taxes	4,165	3,478	687	-
Public programs	4,069	4,069	-	-
Professional fees	3,950	-	3,950	-
Inter-library fees	3,334	3,334	-	-
Office and library supplies	2,980	2,980	-	-
Repairs and maintenance	2,615	2,615	-	-
Other fund raising expenses	2,402	-	-	2,402
Grounds maintenance	1,833	1,833	-	-
Automation expenses	1,736	1,736	-	-
Postage and shipping	1,467	-	518	949
Telephone	827	827	-	-
Workers compensation insurance	811	677	134	-
Investment management fees	795	-	795	-
Bank and credit card charges	385	-	385	-
Dues and fees	348	348	-	-
Computer and internet expenses	310	310	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	\$ 105,505	\$ 81,664	\$ 20,490	\$ 3,351

The accompanying notes are an integral part of these financial statements.

CLAVERACK FREE LIBRARY AND READING ROOM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Claverack Free Library and Reading Room Association, Inc. (the "Library") is located in Claverack, New York within Columbia County, and was organized as a not-for-profit corporation without capital stock under the laws of the State of New York. The Library provides patrons and children with materials and resources needed for independent learning, research and recreational reading. The Library's support comes primarily from municipal grants and contributions from the general public.

Basis of Accounting

The Library's policy is to prepare its financial statements on the income tax basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. The Library maintains its books according to the accrual method of accounting.

Cash and Cash Equivalents

The Library maintains cash in bank deposit accounts that, at times, exceed federally insured limits. The Library has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents. At December 31, 2015 cash on deposit in an interest-bearing account with one financial institution did not exceed the FDIC limits.

Cash equivalents consist of all temporary investments with an original maturity of three months or less.

Fixed Assets

Acquisitions of property and equipment and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair market value at the date of donation. Depreciation is computed using the straight line method over the estimated useful life of the asset.

Marketable Securities

Investments in equity and debt securities are stated at cost. Contributions of securities are valued at their fair market value as of the date of the contribution.

Investment income is reported as an increase in unrestricted net assets unless the donor placed restrictions on the income's use. Income that is restricted is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. Gains and losses are reflected as increases or decreases in unrestricted net assets unless the donor or relevant laws placed temporary or permanent restrictions on those gains and losses. Donor-restricted investment income and gains whose restrictions are met in the same reporting period are reported as unrestricted income.

CLAVERACK FREE LIBRARY AND READING ROOM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

**NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires during 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 restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets.

Income Taxes

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

The Library's Form 990, Return of Organization Exempt from Income Tax, for the years ending 2013, 2014, and 2015, are subject to examination by the Internal Revenue Service, generally for three years after having been filed.

Estimates

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

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

NOTE B - CASH AND CASH EQUIVALENTS

The balances comprising cash and cash equivalents at December 31 are as follows:

	2015	2014
Cash on hand	\$ 80	\$ 80
Checking Accounts	147,128	196,939
Cash in brokerage accounts	13,002	15,085
Money market accounts	107	81
TOTAL CASH AND CASH EQUIVALENTS	\$ 160,317	\$ 212,185

CLAVERACK FREE LIBRARY AND READING ROOM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE C - MARKETABLE SECURITIES

Marketable securities consist of mutual funds traded on national stock exchanges. Securities are reported at cost for financial statement purposes. Cost and market value are as follows:

	COST	MARKET VALUE
Equity Funds	\$ 259,754	\$ 285,650
Hedge Funds	55,049	46,712
Bond Funds	46,717	46,624
Real Estate Funds	20,781	24,637
Tangible Asset Funds	17,851	9,459
TOTAL INVESTMENTS	\$ 400,151	\$ 413,082

	COST	MARKET VALUE
Equity Funds	\$ 251,619	\$ 292,075
Hedge Funds	54,213	50,744
Bond Funds	51,482	52,495
Real Estate Funds	21,082	25,029
Tangible Asset Funds	17,486	12,638
TOTAL INVESTMENTS	\$ 395,882	\$ 432,981

Unrealized gain on marketable securities at December 31, 2015 and 2014 was \$12,930 and \$37,101, respectively.

Marketable securities are held in two trust accounts in which the principal is held in trust and income from these investments is available for operating expenses of the Library. Therefore, the investments are classified as non-current in the statement of assets, liabilities and net assets.

The initial bequest of one of the trusts in the amount of \$10,000 is a permanently restricted endowment. The income of the other trust is available for all operating expenses of the Library, as needed, without restriction.

Fair values for all investments are determined by reference to quoted market prices in active markets for identical assets (Level 1 inputs). There were no changes in valuation techniques in the year ended December 31, 2015. The Association recognizes transfers into and out of levels within the fair value hierarchy at the end of the reporting period. There were no transfers between levels in the year ended December 31, 2015.

CLAVERACK FREE LIBRARY AND READING ROOM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE C - MARKETABLE SECURITIES (CONTINUED)

Fair value measurements for investments reported at fair value on a recurring basis at December 31, 2015 are as follows:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	
Marketable Securities	\$	399,792
TOTAL INVESTMENTS	\$	399,792

Investment return for the year ended December 31, 2014 is summarized as follows:

Interest and dividend income	\$	17,003
Net realized and unrealized losses On investments carried at fair value		1,528
TOTAL UNRESTRICTED INVESTMENT INCOME	\$	18,531

NOTE D - FIXED ASSETS

Fixed assets consist of the following at December 31:

	2015	2014
Capitalized new building development costs	\$ 1,269,142	\$ 1,263,761
Library Building	13,409	13,409
Equipment	22,994	22,994
TOTAL FIXED ASSETS	\$ 1,305,545	\$ 1,300,164
Less: Accumulated depreciation	36,403	36,403
FIXED ASSETS, NET	\$ 1,269,142	\$ 1,263,761

Depreciation expense for the years ended December 31, 2015 and 2014 was \$0 and \$0, respectively. The new library building (see NOTE H) is not yet completed and has not been occupied as of the date of these financial statements. Therefore, no depreciation is being taken on the building at present.

CLAVERACK FREE LIBRARY AND READING ROOM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE E - NET ASSETS

Temporarily restricted net assets consist of donations and grants to the Library designated for the new building renovation capital project.

Permanently restricted net assets consist of an endowment held in trust for the Library with all income paid out for use in its general operations.

NOTE F - CONTRIBUTED SERVICES & USE OF FACILITIES

In 2015, the Library received, at no charge, the services of individuals providing two programs for the general public and contributed facility space. The value of these contributed services was estimated to be \$0.

In 2014, the Library received, at no charge, the services of individuals providing adult and children's programs for the general public. The value of these contributed services was estimated to be \$0.

NOTE G - SPECIAL FUND RAISING EVENTS

Special event income, net consists of the following for the years ended: December 31, 2015 and 2014.

December 31, 2015	GROSS REVENUE	EXPENSES	NET RECEIVED
Garden Party	\$ 15,619	\$ 4,481	\$ 11,138
Fall Festival	5,455	1,386	4,069
Spring Festival	6,449	859	5,590
Chocolate Fundraiser	350	198	152
	\$ 27,873	\$ 6,924	\$ 20,949
SPECIAL EVENTS, NET	\$ 27,873	\$ 6,924	\$ 20,949

December 31, 2014	GROSS REVENUE	EXPENSES	NET RECEIVED
Garden Party	\$ 9,581	\$ 1,337	\$ 8,244
Fall Festival	5,495	893	4,602
Spring Festival	4,686	808	3,878
Chocolate Fundraiser	422	292	149
	\$ 20,204	\$ 3,330	\$ 16,873
SPECIAL EVENTS, NET	\$ 20,204	\$ 3,330	\$ 16,873

CLAVERACK FREE LIBRARY AND READING ROOM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE H - PURCHASE OF NEW LIBRARY BUILDING

On November 22, 2010, the Library purchased a former firehouse to serve as its future library facility. The building was occupied by the fire company until December 2011. The Library is in the process of raising funds through its Capital Campaign to do a complete and extensive renovation of the new building. It is too early in the process to set a time frame for the occupation of the new facility.

NOTE I - SUBSEQUENT EVENTS

In preparing these financial statements, the Library has evaluated events and transactions for potential recognition or disclosure through August 3, 2016, the date the financial statements were available to be issued. The Library did not have any subsequent events requiring reporting or disclosure in the financial statements.