

CLAVERACK FREE LIBRARY AND READING
ROOM ASSOCIATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

CLAVERACK FREE LIBRARY AND READING ROOM ASSOCIATION, INC.

TABLE OF CONTENTS

Independent Accountant's Review Report	1
Statement of Financial Position (Income Tax Basis)	3
Statement of Activities (Income Tax Basis)	4
Statement of Functional Expenses (Income Tax Basis)	5
Statement of Cash Flows (Income Tax Basis)	6
Notes to Financial Statements	7

ROBERT H. PATTERSON

CERTIFIED PUBLIC ACCOUNTANT

2602 NY ROUTE 23
HILLSDALE, NY 12529
518-938-1264

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Trustees of
Claverack Free Library and Reading Room Association, Inc.
PO Box 417
Claverack, NY 12513

I have reviewed the accompanying financial statements of Claverack Free Library and Reading Room Association, Inc., (a nonprofit organization), which comprise the statement of financial position-income tax basis as of December 31, 2020, and the related statements of activities-income tax basis and cash flows-income tax basis for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management's Responsibility for 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 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.

Accountant's Responsibility

My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with income tax basis of accounting. I believe that the results of my procedures provide a reasonable basis for my conclusion.

Accountant's Conclusion

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with income tax basis of accounting.

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.

Summarized Comparative Information

The Organization's 2019 financial statements were audited by Robert H. Patterson, CPA. In my opinion, dated September 30, 2020, the 2019 financial statements referred to presented fairly, in all material respects, the financial position of Claverack Free Library and Reading Room Association, Inc., as of December 31, 2019, and the statements of activities and its cash flows for the year 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*. No audit procedures have been performed since that date.



Hillsdale, New York
May 15, 2021

CLAVERACK FREE LIBRARY AND READING ROOM ASSOCIATION, INC.
STATEMENT OF FINANCIAL POSITION
(INCOME TAX BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
Cash and Cash Equivalents	\$ 242,092	\$ 128,265
Accounts Receivable	44,553	197,024
Pledges Receivable	0	3,000
Prepaid Expenses	8,082	10,615
Marketable Securities, at Fair Market Value	588,066	503,340
Fixed Assets, Net of Depreciation of \$104,407	2,846,038	2,921,347
TOTAL ASSETS	\$ 3,728,831	\$ 3,763,591
LIABILITIES		
Accounts Payable	2,365	16,402
Accrued Expenses	3,500	7,250
Payroll Taxes and Withholdings Payable	1,379	1,429
Line of Credit	-	100,000
TOTAL LIABILITIES	7,244	125,081
NET ASSETS		
Without donor restrictions	3,711,587	3,461,652
With donor restrictions	10,000	176,858
TOTAL NET ASSETS	3,721,587	3,638,510
TOTAL LIABILITIES AND NET ASSETS	\$ 3,728,831	\$ 3,763,591

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

CLAVERACK FREE LIBRARY AND READING ROOM ASSOCIATION, INC.
STATEMENT OF ACTIVITIES
(INCOME TAX BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Revenues and gains		
Grants:		
Governments Grants	\$ 79,168	\$ 68,419
Other Grants	88,358	12,559
Donations:		
General	84,367	16,368
Contributed Services	1,722	3,813
Special Fundraising Events, Net	1,312	15,662
Other Revenue:		
Net Realized Gains (Losses) on Investments	82,419	91,711
Investment Income	8,840	11,526
Miscellaneous Income	-	-
TOTAL REVENUE AND GAINS WITHOUT DONOR RESTRICTIONS	346,186	220,058
Net assets released from restrictions:		
Restrictions satisfied by new building completion	166,858	2,004,295
TOTAL REVENUE, GAINS, AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS	513,044	2,224,353
Expenses:		
Program Services	212,659	103,934
General & Administrative Expenses	46,662	32,333
Fundraising Expenses	3,788	4,074
TOTAL EXPENSES	263,109	140,341
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	249,935	2,084,012
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:		
Government Grant for New Building Project	(166,858)	826,100
Restrictions satisfied, new building completion	-	(2,004,295)
Special Fundraising Events, Net	-	(1,807)
Contributions, Other	-	122,030
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	(166,858)	(1,057,972)
INCREASE IN NET ASSETS	83,077	1,026,040
NET ASSETS AT BEGINNING OF YEAR	3,638,510	2,612,470
NET ASSETS AT END OF YEAR	\$ 3,721,587	\$ 3,638,510

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

CLAVERACK FREE LIBRARY AND READING ROOM ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES (INCOME TAX BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019

	2020			2019				
	LIBRARY PROGRAM	MANAGEMENT GENERAL	FUNDRAISING	TOTAL	LIBRARY PROGRAM	MANAGEMENT GENERAL	FUNDRAISING	TOTAL
Payroll	\$ 34,000	\$ 24,643	\$ -	\$ 58,643	\$ 34,000	\$ 16,765	\$ -	\$ 50,765
Program Expense	23,857	-	-	23,857	26,969	-	-	26,969
Depreciation Expense	75,309	-	-	75,309	15,689	-	-	15,689
Occupancy	60,898	-	-	60,898	14,936	-	-	14,936
Professional Fees	-	11,900	-	11,900	-	7,250	-	7,250
Office and Library Supplies	5,959	-	-	5,959	3,511	-	-	3,511
Mid Hudson Library Fees	5,378	-	-	5,378	3,947	-	-	3,947
Insurance	-	6,078	-	6,078	-	4,825	-	4,825
Fundraising Expenses	-	-	3,788	3,788	-	-	4,074	4,074
Payroll Taxes	3,621	1,108	-	4,729	3,202	870	-	4,072
Bank and Credit Card Charges	-	2,876	-	2,876	-	2,570	-	2,570
Telephone	2,586	-	-	2,586	1,097	-	-	1,097
Employee Benefit	1,051	57	-	1,108	583	53	-	636
TOTAL EXPENSES	\$ 212,659	\$ 46,662	\$ 3,788	\$ 263,109	\$ 103,934	\$ 32,333	\$ 4,074	\$ 140,341

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

CLAVERACK FREE LIBRARY AND READING ROOM ASSOCIATION, INC.
STATEMENT OF CASH FLOWS (INCOME TAX BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 83,077	\$ 1,026,040
Adjustments to reconcile increase in net assets:		
Depreciation	75,309	15,689
Decrease/(Increase) in Prepaid Expenses	2,532	(3,452)
Decrease/(Increase) in Accounts Receivable	152,471	(84,592)
(Decrease)/Increase in Accounts Payable	(17,787)	13,969
(Decrease)/Increase in line of credit	(100,000)	100,000
(Decrease)/Increase in Taxes Payable	(50)	260
Decrease in Pledges Receivable	3,000	1,000
	198,552	1,068,914
NET CASH PROVIDED BY OPERATING ACTIVITIES		
Adjustments to Reconcile Change in Net Assets:		
Investment into New Library Building	-	(1,115,668)
Investment Valuation Adjustment to Fair Market Value	(55,247)	(78,563)
Change in Marketable Securities	(29,478)	7,765
	(84,725)	(1,186,466)
Net Cash Provided (Used) by Investing Activities		
Total Adjustments:	113,827	(117,552)
Beginning cash, cash equivalents, and restricted cash	128,265	245,817
Ending cash, cash equivalents, and restricted cash	\$ 242,092	\$ 128,265

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, 2020 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 modified accelerated cost recovery system over the estimated useful life of the asset.

Marketable Securities

Investments in equity and debt securities are stated at fair market value. Contributions of securities are valued at their fair market values 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 2018, 2019, and 2020, are subject to examination by the Internal Revenue Service.

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

	2020	2019
Cash on hand	\$ 80	\$ 80
Checking Accounts	230,767	103,304
Cash in brokerage accounts	11,245	24,881
Money market accounts	-	-
TOTAL CASH AND CASH EQUIVALENTS	\$ 242,092	\$ 128,265

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 fair market value for financial statement purposes. Cost and market value are as follows:

2020	Cost	Market Value
Equity Funds	\$ 334,536	\$ 471,912
Bond Funds	112,280	116,154
Hedge Funds	-	-
Tangible Asset Funds	-	-
TOTAL INVESTMENTS	\$ 446,816	\$ 588,066

2019	Cost	Market Value
Equity Funds	\$ 311,604	\$ 393,335
Bond Funds	105,732	110,005
Hedge Funds	-	-
Tangible Asset Funds	-	-
TOTAL INVESTMENTS	\$ 417,336	\$ 503,340

Unrealized gain on marketable securities at December 31, 2020 and 2019 was \$141,250 and \$86,003, 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 I inputs). There were no changes in valuation techniques in the year ended December 31, 2020. 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, 2020.

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, 2020 are as follows:

	Quoted Prices in Active Markets for Identical Assets (Level 1)
Marketable Securities	\$ 588,066
TOTAL INVESTMENTS	<u>588,066</u>

Investment return for the year ended December 31, 2019 is summarized as follows:

Interest and dividend income	8,839
Net realized and unrealized losses	
On investments carried at fair value	<u>27,172</u>
TOTAL UNRESTRICTED INVESTMENT INCOME	<u>\$ 36,011</u>

NOTE D – FIXED ASSETS

Fixed assets consist of the following at December 31:

	2020	2019
Capitalized new building development costs	\$ 2,937,036	\$ 2,937,036
Library Building	<u>13,409</u>	<u>13,409</u>
TOTAL FIXED ASSETS	2,950,445	2,950,445
Less: Accumulated depreciation	<u>(104,407)</u>	<u>(29,098)</u>
FIXED ASSETS, NET	<u>\$ 2,846,038</u>	<u>\$ 2,921,347</u>

Depreciation expense for the years ended December 31, 2020 and 2019 was \$75,309 and \$15,689 respectively.

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

NOTE E – FINANCING ACTIVITIES

In June 2019 the Library entered into a line of credit agreement with an anonymous donor of \$100,000. The line was made available to complete the building renovation. The full amount was drawn down on June 24, 2019 and was outstanding as of December 31, 2019. The line bears a less than 1% (\$575) interest rate payable each year the line is outstanding. The full line of credit ends on December 31, 2020. The line of credit has been paid in full as of December 31, 2020.

NOTE F - NET ASSETS

Donor restricted net assets consist of donations and grants to the Library designated for the new building renovation capital project. \$166,858 had been restricted to pay the line of credit and outstanding amounts owed in relation to the building renovation. The full amount of \$166,858 has been released from restrictions as of December 31, 2020.

Permanently restricted net assets consist of an endowment of \$10,000 held in trust for the Library with all income paid out for use in its general operations. This amount is in donor restricted net assets.

NOTE G - CONTRIBUTED SERVICES & USE OF FACILITIES

In 2020, 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 2019, 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 H -SPECIAL FUND-RAISING EVENTS

Special event income, net consists of the following for the year:

The Gross revenue for fund raising events in 2020 was \$1,312, which was due to impact from COVID-19.

NOTE J - SUBSEQUENT EVENTS

In preparing these financial statements, the Library has evaluated events and transactions for potential recognition or disclosure through May 15, 2021, the date the financial statements were available to be issued. The organization had the following subsequent events:

During March 2020, a global pandemic was declared by the World Health Organization related to the rapidly growing outbreak of a novel strain of coronavirus (COVID-19). The pandemic has significantly impacted the economic conditions in the U.S., accelerating

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

NOTE J - SUBSEQUENT EVENTS (CONTINUED)

during the first half of March, as federal, state and local governments react to the public health crisis, creating significant uncertainties in the U.S. economy. This situation is rapidly changing and additional impacts may arise that we are not aware of currently. While the disruption is expected to be temporary, there is uncertainty around the duration.