

CLAVERACK FREE LIBRARY AND READING
ROOM ASSOCIATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

CLAVERACK FREE LIBRARY AND READING ROOM ASSOCIATION, INC.

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ROBERT H. PATTERSON

CERTIFIED PUBLIC ACCOUNTANT

Responsive and caring

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

We 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 as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows 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, we 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 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.

Accountant's Responsibility

Our 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 us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Claverack Free Library and Reading Room Association, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Robert H. Patterson, Certified Public Accountant

Hillsdale, NY

August 4, 2023

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CLAVERACK FREE LIBRARY AND READING ROOM ASSOCIATION, INC.
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
Cash and Cash Equivalents	\$ 329,827	\$ 291,355
Accounts Receivable	27,698	23,808
Pledges Receivable	0	0
Prepaid Expenses	9,795	7,260
Marketable Securities, at Fair Market Value	471,263	644,609
Fixed Assets, Net of Depreciation of \$301,667	2,695,420	2,770,730
TOTAL ASSETS	<u>\$ 3,534,003</u>	<u>\$ 3,737,762</u>
LIABILITIES		
Accounts Payable	2,684	1,305
Accrued Expenses	4,200	3,500
Payroll Taxes and Withholdings Payable	2,023	1,252
Unearned Rent	10,660	10,660
TOTAL LIABILITIES	<u>19,567</u>	<u>16,717</u>
NET ASSETS		
Without donor restrictions	3,514,436	3,711,045
With donor restrictions		10,000
TOTAL NET ASSETS	<u>3,514,436</u>	<u>3,721,045</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,534,003</u>	<u>\$ 3,737,762</u>

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

CLAVERACK FREE LIBRARY AND READING ROOM ASSOCIATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Revenues and gains		
Grants:		
Governments Grants	\$ 78,929	\$ 79,129
Other Grants	87,917	37,166
Donations:		
General	81,726	89,269
Contributed Services		
Special Fundraising Events, Net	7,752	5,247
Other Revenue:		
Net Realized Gains (Losses) on Investments	(119,645)	75,144
Investment Income	10,474	9,931
Rental Income	28,428	18,768
TOTAL REVENUE AND GAINS WITHOUT DONOR RESTRICTIONS	<u>175,582</u>	<u>314,654</u>
Net assets released from restrictions:		
Restrictions satisfied of endowment	<u>10,000</u>	
TOTAL REVENUE, GAINS, AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS	<u>185,582</u>	<u>314,654</u>
Expenses:		
Program Services	305,936	243,627
General & Administrative Expenses	76,254	71,569
Fundraising Expenses		
TOTAL EXPENSES	<u>382,190</u>	<u>315,197</u>
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(196,609)	(543)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:		
Government Grant for New Building Project		
Restrictions satisfied, new building completion		
Special Fundraising Events, Net		
Endowment	<u>(10,000)</u>	
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	<u>(10,000)</u>	
INCREASE/(DECREASE) IN NET ASSETS	(206,609)	(543)
NET ASSETS AT BEGINNING OF YEAR	<u>3,721,044</u>	<u>3,721,587</u>
NET ASSETS AT END OF YEAR	<u>\$ 3,514,436</u>	<u>\$ 3,721,044</u>

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

CLAVERRACK FREE LIBRARY AND READING ROOM ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021

	2022				2021			
	LIBRARY PROGRAM	MANAGEMENT GENERAL	FUNDRAISING	TOTAL	LIBRARY PROGRAM	MANAGEMENT GENERAL	FUNDRAISING	TOTAL
Payroll	\$ 37,628	\$ 39,726	\$	\$ 77,353	\$ 35,200	\$ 28,872	\$	\$ 64,072
Program Expense	14,860			14,860	8,075			8,075
Depreciation Expense	75,309	16,904		92,213	75,309	29,738		105,047
Occupancy	126,777			126,777	82,204			82,204
Professional Fees		4,200		4,200		3,500		3,500
Office and Library Supplies	6,217			6,217	4,178			4,178
Mid Hudson Library Fees	4,139			4,139	4,923			4,923
Insurance		6,044		6,044		7,523		7,523
Collection Purchases	17,312			17,312	16,397			
Friends Expense	12,306			12,306	3,026			
Printing and Mailing	5,349			5,349	5,168			5,168
Payroll Taxes	3,405	3,595		7,000	5,752			5,752
Bank and Credit Card Charges		4,784		4,784		1,937		1,937
Telephone	1,995			1,995	2,034			2,034
Employee Benefit	640	1,001		1,641	1,361			1,361
TOTAL EXPENSES	\$ 305,936	\$ 76,254	\$	\$ 382,190	\$ 243,627	\$ 71,569	\$	\$ 315,197

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

CLAVERACK FREE LIBRARY AND READING ROOM ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase/(Decrease) in net assets	\$ (206,609)	\$ (542)
Adjustments to reconcile increase in net assets:		
Depreciation	92,213	105,047
Decrease/(Increase) in Prepaid Expenses	(2,535)	822
Decrease/(Increase) in Unearned Rent		10,660
Decrease/(Increase) in Accounts Receivable	(3,890)	20,744
(Decrease)/Increase in Accounts Payable	2,079	(1,060)
(Decrease)/Increase in line of credit		
(Decrease)/Increase in Taxes Payable	771	(127)
Decrease in Pledges Receivable		
NET CASH PROVIDED BY OPERATING ACTIVITIES	(117,970)	135,544
Adjustments to Reconcile Change in Net Assets:		
Investment into Old Library Building	(16,904)	(29,736)
Investment Valuation Adjustment to Fair Market Value	104,760	26,946
Change in Marketable Securities	68,586	(83,491)
Net Cash Provided (Used) by Investing Activities	156,442	(86,281)
Total Adjustments:	38,472	49,263
Beginning cash, cash equivalents, and restricted cash	291,355	242,092
Ending cash, cash equivalents, and restricted cash	<u>\$ 329,827</u>	<u>\$ 291,355</u>

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

CLAVERACK FREE LIBRARY AND READING ROOM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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 prepares its financial statements on the accrual basis of accounting, in accordance with generally accepted accounting principles. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Library and changes therein are classified and reported as follows:

Without Donor Restriction Net Assets:

Without donor restriction net assets are net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

With Donor Restriction Net Assets:

With donor restriction net assets are net assets subject to donor-imposed stipulations, which require that they be maintained by the Library until the stipulation is met. Generally, the donors of these assets permit the Library to use all or part of the income they earned on any related investments for general or specific purposes.

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, 2022 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

CLAVERACK FREE LIBRARY AND READING ROOM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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

the following estimated useful lives:

Equipment, Furniture, and Fixtures	5 years
Buildings	39 years

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 places 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 place 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.

Contributions

All contributions are available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purpose are reported as with donor restriction would increase that net asset class. When a with donor restriction expires, the with donor restricted net assets are reclassified to without donor restricted net assets and reported in the Statement of Activities as net assets released from restrictions. The Library has \$-0- and \$10,000 of donor restricted net assets at December 31, 2022 and 2021.

Contributed Services

No amounts have been reflected in the financial statements for donated services. The Library generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Library in meeting its purpose.

Functional Allocation of Expenses

The costs of providing library programs, administrative management and general, and fundraising expenses are summarized on a functional basis in the statement of functional expenses. The Library's administration expenses are allocated to the various programs based on space occupied, time expended, and budgeted allowable share of overhead.

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.

CLAVERACK FREE LIBRARY AND READING ROOM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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

The Library's Form 990, Return of Organization Exempt from Income Tax, for the years ending 2022, 2021, and 2020, are subject to examination by the Internal Revenue Service.

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 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.

Newly Adopted Accounting Pronouncement

The Library has adopted FASB Accounting Standards Update (ASU) No. 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets for its fiscal year ended December 31, 2022. This guidance is intended to increase the transparency of contributed nonfinancial assets for not-for-profit entities through enhanced presentation and disclosure.

This ASU requires that nonfinancial assets are presented as separate line items in the statement of activities and disclosures including disaggregation of the amount contributed by category, a description of the donor restriction, and valuation techniques for the nonfinancial assets received. The adoption did not have a material impact on reported net assets as of December 31, 2022.

NOTE B-CASHAND CASH EQUIVALENTS

	2022	2021
Cash on hand	\$ 80	\$ 80
Checking Accounts	315,928	280,245
Cash in brokerage accounts	13,819	11,030
Money market accounts		
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 329,827</u>	<u>\$ 291,355</u>

CLAVERACK FREE LIBRARY AND READING ROOM ASSOCIATION, INC.
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DECEMBER 31, 2022 AND 2021

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:

2022	Cost	Market Value
Equity Funds	\$ 351,347	\$ 370,058
Bond Funds	110,372	101,205
Hedge Funds		
Tangible Asset Funds		
TOTAL INVESTMENTS	\$ 461,719	\$ 471,263

2021	Cost	Market Value
Equity Funds	\$ 404,332	\$ 508,210
Bond Funds	134,918	136,399
Hedge Funds		
Tangible Asset Funds		
TOTAL INVESTMENTS	\$ 539,250	\$ 644,609

Unrealized gain on marketable securities as of December 31, 2022 and 2021 was \$9,544 and \$105,359, 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, 2022. 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, 2022.

CLAVERACK FREE LIBRARY AND READING ROOM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE C - MARKETABLE SECURITIES (CONTINUED)

Fair value measurements for investments reported at fair value on a recurring basis as of December 31, 2022 are as follows:

	Quoted Prices in Active Markets for Identical Assets (Level)
Marketable Securities	\$ 471,263
TOTAL INVESTMENTS	<u>471,263</u>

Investment return for the year ended December 31, 2022 is summarized as follows:

Interest and dividend income	10,474
Net realized and unrealized losses	
On investments carried at fair value	<u>(119,645)</u>
TOTAL UNRESTRICTED INVESTMENT INCOME/(LOSS)	\$ <u>(109,171)</u>

NOTE D - FIXED ASSETS

Fixed assets consist of the following As of December 31:

	2022	2021
Capitalized new building development costs	\$ 2,937,036	\$ 2,937,036
0 Id Library Building	<u>60,051</u>	<u>43,148</u>
TOTAL FIXED ASSETS	2,997,087	2,980,184
Less: Accumulated depreciation	<u>(301,667)</u>	<u>(209,454)</u>
FIXED ASSETS, NET	<u><u>\$ 2,695,420</u></u>	<u><u>\$ 2,770,730</u></u>

Depreciation expense for the years ended December 31, 2022 and 2021 was \$92,213 and \$105,047 respectively.

CLAVERACK FREE LIBRARY AND READING ROOM ASSOCIATION, INC.
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NOTE E - NET ASSETS

The Library requested and was granted a release of restriction of funds held in trust since April 28, 1928. The original principal amount of \$10,000 was a donor restricted net asset until March of 2022. The balance of the account was liquidated and the Library received \$26,239, which includes the original restricted amount of \$10,000. Restricted net assets as of December 31, 2022 are \$0.

NOTE F - CONTRIBUTED SERVICES & USE OF FACILITIES

In 2022, 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 2022, 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 year:

The net revenue for fund raising events in 2022 was \$7,752.

NOTE H -DESCRIPTION OF LEASING INCOME AND ARRANGEMENTS

The Library leases a building at 629 Route 23B, known as the former Claverack Library Building, in Claverack, NY, to the Town of Claverack, a local government. The total lease amount is \$56,856 and the agreement is for two years. The payments are to be made every 6 months in the amount of \$14,214.

NOTE I - SUBSEQUENT EVENTS

In preparing these financial statements, the Library has evaluated events and transactions for potential recognition or disclosure through August 4, 2023, the date the financial statements were available to be issued. The following subsequent event occurred:

On May 15, 2023, the Library renewed the lease of the building at 629 Route 23B, to the Town of Claverack, a local government, in the amount of \$14,400 every 6 months.