

**GALWAY PUBLIC LIBRARY**  
**Financial Statements and**  
**Independent Auditor's Report**  
**June 30, 2021 and 2020**

**DRAFT**

**GALWAY PUBLIC LIBRARY**

**June 30, 2021 and 2020**

Financial Statements

Independent Auditor's Report .....	1
Statements of Financial Position .....	3
Statements of Activities .....	4
Statements of Functional Expenses .....	5
Statements of Cash Flows .....	6
Notes to Financial Statements .....	7

DRAFT



## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Galway Public Library

We have audited the accompanying financial statements of Galway Public Library (the "Library") (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years 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 the accrual basis of accounting for not-for-profit organizations as described in Note A; this includes determining that the accrual basis of accounting for not-for-profit organizations 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 of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Library as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with the accrual basis of accounting for not-for-profit organization's promulgated by the Financial Accounting Standards Board as described in Note A.

**Basis of Accounting**

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the accrual basis of accounting for not-for-profit entities as promulgated by the Financial Accounting Standards Board, which is a basis of accounting other than accounting principles generally accepted in the United States of America for governmental entities as promulgated by the Government Accounting Standards Board. Our opinion is not modified with respect to that matter.

Albany, New York

**DATE**

DRAFT

**GALWAY PUBLIC LIBRARY**

**Statements of Financial Position**

	June 30,	
	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 351,576	\$ 339,411
PROPERTY AND EQUIPMENT		
Land	110,206	110,206
Buildings and improvements	2,937,661	2,937,661
Furniture and fixtures	352,121	300,709
	<u>3,399,988</u>	<u>3,348,576</u>
Less accumulated depreciation	(190,943)	(83,881)
	<u>3,209,045</u>	<u>3,264,695</u>
	<u>\$ 3,560,621</u>	<u>\$ 3,604,106</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 18,222	\$ 1,527
Accrued payroll taxes	2,620	553
Accrued retirement	2,405	1,800
	<u>23,247</u>	<u>3,880</u>
NET ASSETS, without donor restrictions	<u>3,537,374</u>	<u>3,600,226</u>
	<u>\$ 3,560,621</u>	<u>\$ 3,604,106</u>

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

**GALWAY PUBLIC LIBRARY**

**Statements of Activities**

	Years Ended June 30,					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND SUPPORT</b>						
Tax revenue	\$ 184,680	\$ -	\$ 184,680	\$ 184,680	\$ -	\$ 184,680
Contributions and grants	58,205	-	58,205	346,130	-	346,130
Program income	3,026	-	3,026	2,959	-	2,959
Interest Income	643	-	643	2,301	-	2,301
Gain on sale of building	-	-	-	817	-	817
Net assets released from restrictions	-	-	-	137,322	(137,322)	-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>246,554</b>	<b>-</b>	<b>246,554</b>	<b>674,209</b>	<b>(137,322)</b>	<b>536,887</b>
<b>EXPENSES</b>						
Program services	227,123	-	227,123	191,068	-	191,068
Management and general	82,283	-	82,283	63,378	-	63,378
<b>TOTAL EXPENSES</b>	<b>309,406</b>	<b>-</b>	<b>309,406</b>	<b>254,446</b>	<b>-</b>	<b>254,446</b>
<b>CHANGES IN NET ASSETS</b>	<b>(62,852)</b>	<b>-</b>	<b>(62,852)</b>	<b>419,763</b>	<b>(137,322)</b>	<b>282,441</b>
Net assets at beginning of year	3,600,226	-	3,600,226	3,180,463	137,322	3,317,785
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 3,537,374</b>	<b>\$ -</b>	<b>\$ 3,537,374</b>	<b>\$ 3,600,226</b>	<b>\$ -</b>	<b>\$ 3,600,226</b>

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

**GALWAY PUBLIC LIBRARY**

**Statements of Functional Expenses**

	Years Ended June 30,					
	2021			2020		
	Program Services	Management and General	Total	Program Services	Management and General	Total
FUNCTIONAL EXPENSES						
Depreciation	\$ 82,438	\$ 24,624	\$ 107,062	\$ 64,051	\$ 19,132	\$ 83,183
Salaries and wages	77,003	23,001	100,004	72,656	21,703	94,359
Supplies	16,070	9,021	25,091	9,876	2,632	12,508
Repairs and maintenance	10,492	4,497	14,989	6,401	2,743	9,144
Utilities	8,682	3,721	12,403	5,343	2,290	7,633
Program expense	11,233	-	11,233	14,858	-	14,858
Retirement	6,204	2,761	8,965	5,003	2,227	7,230
Payroll taxes	6,719	2,007	8,726	5,798	1,732	7,530
Insurance	5,491	2,354	7,845	5,906	2,531	8,437
Telephone	2,791	2,791	5,582	1,176	1,176	2,352
Professional fees	-	5,100	5,100	-	5,000	5,000
Postage and shipping	-	1,285	1,285	-	1,213	1,213
Publicity	-	794	794	-	999	999
Election expense	-	327	327	-	-	-
	<u>\$ 227,123</u>	<u>\$ 82,283</u>	<u>\$ 309,406</u>	<u>\$ 191,068</u>	<u>\$ 63,378</u>	<u>\$ 254,446</u>

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

**GALWAY PUBLIC LIBRARY**

**Statements of Cash Flows**

	Year Ended June 30,	
	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ (62,852)	\$ 282,441
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	107,062	83,183
Gain on sale of building	-	(817)
Change in operating assets and liabilities:		
Accounts payable	16,695	(149,998)
Accrued payroll taxes	2,067	(1,516)
Deferred revenue	-	-
Accrued retirement	605	(347)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>63,577</b>	<b>212,946</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(51,412)	(356,991)
Proceeds from sale of building	-	79,900
Proceeds from certificate of deposit	-	10,212
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(51,412)</b>	<b>(266,879)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>12,165</b>	<b>(53,933)</b>
Cash and cash equivalents at beginning of year	339,411	393,344
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 351,576</b>	<b>\$ 339,411</b>

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



# **GALWAY PUBLIC LIBRARY**

## **Notes to Financial Statements**

**June 30, 2021 and 2020**

### **NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of significant accounting policies applied by management in the preparation of the accompanying financial statements.

#### Activities

Galway Public Library (the "Library") is a school district library that provides services to residents within the geographical borders of the Galway Central School District located in Galway, New York.

#### Basis of Accounting

The financial statements of the Library have been prepared on the accrual basis of accounting for not-for-profit entities as promulgated by the Financial Accounting Standards Board (FASB), which is a comprehensive basis of accounting other than generally accepted accounting principles for local governments as promulgated by the Government Accounting Standards Board (GASB). GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Both FASB and GASB use the accrual basis of accounting, whereby, revenue is recorded when earned and expenses are recorded when obligations are incurred. However, the FASB basis does not present fund financial statements on the modified accrual basis of accounting, where revenue is recognized when measurable and available, or require the Library to record the Library's proportional share of the New York State Retirement System's net pension liability as required by GASB.

The Library presents its financial statements in accordance with FASB ASC 958, *Not-For-Profit Entities*. Under these provisions net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Library and changes therein are classified and reported as follows:

*Net assets without donor restrictions* – Net assets that are not subject to usage restrictions based on donor-imposed requirements. This class also includes net assets previously restricted when restrictions have expired or been met.

*Net assets with donor restrictions* – Net assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Library. Certain restrictions may be required to be maintained in perpetuity.

#### 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 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.

## **GALWAY PUBLIC LIBRARY**

### **Notes to Financial Statements--Continued**

#### **NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued**

##### Cash and Cash Equivalents

The Library's cash consists of cash on hand and demand deposits. New York State law governs the Library's investment policies. Resources must be deposited in FDIC insured commercial banks or trust companies located within the state. Permissible investments include obligations of the United States Treasury, United States agencies, and obligations of New York State or its localities. For the purposes of the statements of cash flows, the Library considers all cash and invested cash with original maturities not in excess of three months to be cash equivalents.

Collateral is required for demand deposits, time deposits, and certificates of deposit not covered by FDIC insurance. Deposits that are not covered by depository insurance are collateralized by accounts held by the pledging financial institution agent in the Library's name.

##### Property and Equipment

Property and equipment are recorded at cost and depreciation is recorded on the straight-line method. The estimated useful lives of the assets range from 5 to 40 years. Expenditures for additions, renewals, or betterments are capitalized; expenditures for maintenance and repairs are charged to expenses as incurred. When property and equipment are retired or otherwise disposed of, their cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is credited or charged to activities.

##### Contributions

Contributions, including unconditional promises to give, are recorded in the period received. Contributions received are recorded as increases in net assets with donor restrictions or net assets without donor restrictions depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the statement of activities as net assets released from restrictions. However, if a donor restriction is fulfilled in the same time period in which the contribution is received, the Library reports the support as an increase in net assets without donor restrictions.

##### Grant Revenue

Revenue from grant agreements is recognized when eligible expenses relative to the grant agreement or contract are incurred.

##### Property Taxes

Library tax assessments are levied annually as a separate item on the same assessment as the Galway Central School District and is approved by the school district voters. Taxes are collected by the Galway Central School district and transmitted to the library when collected. The total amount of the levied taxes is paid to the library prior to its year end. Property tax revenue is recognized when levied.

## **GALWAY PUBLIC LIBRARY**

### **Notes to Financial Statements--Continued**

#### **NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued**

##### Tax Exempt Status

The Library is an exempt organization under the Internal Revenue Code Section 501(c)(3).

The Library has adopted the provision of ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Management evaluated the Library's tax positions, including interest and penalties attributable thereto, and concluded that the Library had taken no tax positions that required adjustment in its financial statements as of June 30, 2021.

The Library's information return filings are subject to audit by various taxing authorities. The Library is no longer subject to examinations by taxing authorities for the years ending before June 30, 2018, and currently, there are no examinations in process nor has the Library been informed of any pending examination.

##### 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 activities. Accordingly, certain costs have been allocated among the programs and supporting service benefited. The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Library. Expenses directly related to a program are charged to that program. The Library has a review process to allocate other expenses based on the proportion of services and work performed in direct support of each particular program. The portion not directly attributable to any particular program, but providing for overall support, is charged to management and general expenses.

##### Reclassification

Certain amounts for the year ended June 20, 2020 have been reclassified to conform to the presentation for the year ended June 30, 2021. These reclassifications has no effect on the changes in net assets or net assets.

##### Subsequent Events

The Library evaluates transactions that occur subsequent to year end for potential recognition or disclosure in the financial statements through the date on which the financial statements are available to be issued. The financial statements were available to be issued on **DATE**.

**GALWAY PUBLIC LIBRARY**

**Notes to Financial Statements--Continued**

**NOTE B--LIQUIDITY AND AVAILABILTIY RESOURCES**

As part of the Library's liquidity management, it invests cash in excess of daily requirements in its money market accounts or other cash equivalents. The Library manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures. Adherence to the operating budgets allows the Library to meet its liabilities and other obligations as they become due. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise of the following:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 351,576	\$ 339,441

**NOTE C--NET ASSETS WITH DONOR RESTRICTIONS**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows for the year ended June 30:

	<u>2021</u>	<u>2020</u>
Subject to expenditures for specific purposes:		
Purchase of building	<u>\$ -</u>	<u>\$ 137,322</u>

**NOTE D--RETIREMENT PLAN**

The Library's employees participate in a pension benefit plan provided through New York State Employees' Retirement System ("ERS"). The ERS is a cost-sharing multi-employer defined benefit plan administered by the New York State and Local Retirement Systems. Plan benefits, including retirement and disability benefits, annual cost-of-living adjustment and death benefits to plan members and beneficiaries are provided under the provisions of the New York State Retirement Social Security Law and are guaranteed under the State Constitution. The ERS issues a financial report that includes financial statements and required supplementary information for the ERS that is available to the public.

Library employees contribute annually to the ERS based on a percentage rate of salary and payroll. The rates, which vary according to the employees' date of hire, include normal, administrative, supplemental pension contributions and prior service cost. Substantially all Library employees are covered by this pension plan.

The Library's contributions to this plan were \$8,965 and \$7,230 for the years ended June 30, 2021 and 2020, respectively.