



MARS AREA PUBLIC LIBRARY ASSOCIATION

FINANCIAL REPORT

DECEMBER 31, 2022

MARS AREA PUBLIC LIBRARY ASSOCIATION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Mars Area Public Library Association

We have Audited the accompanying financial statements of Mars Area Public Library Association (a non-profit organization), which comprise the balance sheet as of December 31, 2022, and the related statements of activities, functional revenues and expenses, and cash flows for the year 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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 Mars Area Public Library Association as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Bonus Accounting LLC

Butler, Pennsylvania
September 21, 2023

**MARS AREA PUBLIC LIBRARY ASSOCIATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022**

ASSETS

Current assets:	
Cash and cash equivalents	\$278,186
Pledges receivable	<u>40,346</u>
Total current assets	<u>318,532</u>
Property and equipment:	
Land and building	795,943
Furniture and equipment	128,366
Exhaustible collection of books and materials	<u>235,633</u>
Total property and equipment	<u>1,159,942</u>
Less accumulated depreciation	<u>(760,928)</u>
Property and equipment, net	<u>399,014</u>
Total assets	<u><u>\$ 717,546</u></u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	2,937
Accrued and withheld payroll liabilities	<u>750</u>
Total current liabilities	<u>3,687</u>
Net assets:	
Without donor restrictions	
Available for operations	314,845
Net investment in property and equipment	<u>399,014</u>
Total without donor restrictions	713,859
With donor restrictions	<u>-</u>
Total net assets	<u>713,859</u>
Total liabilities and net assets	<u><u>\$ 717,546</u></u>

See Notes To Financial Statements and Accountant's Report.

**MARS AREA PUBLIC LIBRARY ASSOCIATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Total
Changes in net assets without donor restrictions:	
Support and revenues:	
State and local governments	\$ 207,160
Fees, fines and licenses	24,484
Investment income	52
Contributions and memorials	77,349
Net assets released from restrictions	-
Total support and revenues without donor restrictions	309,045
Expenses:	
Advertising	103
Depreciation expense	70,196
Dues and memberships	1,276
Insurance	3,012
Library materials and supplies	13,669
Miscellaneous	640
Occupancy costs	30,471
Office supplies and postage	1,721
Payroll and taxes	164,906
Professional fees	6,722
Program expenses	14,463
Telephone	1,947
Total expenses	309,126
Increase in net assets without donor restrictions	(81)
Changes in assets with restrictions:	-
Increase in net assets	(81)
Net assets, beginning of year	713,940
Net assets, end of year	\$ 713,859

See Notes To Financial Statements and Accountant's Report.

**MARS AREA PUBLIC LIBRARY ASSOCIATION
STATEMENT OF FUNCTIONAL REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Program</u>	<u>Fundraising</u>	<u>Administration</u>	<u>Total</u>
Support and revenues:				
State and local governments	\$ 207,160	\$ -	\$ -	\$ 207,160
Fees, fines, licenses, and programming	15,339	9,145	-	24,484
Investment income	52	-	-	52
Contributions and memorials	77,349	-	-	77,349
Net assets released from restrictions	-	-	-	-
Total support and revenues	<u>\$ 299,900</u>	<u>\$ 9,145</u>	<u>\$ -</u>	<u>\$ 309,045</u>
Expenses:				
Advertising	\$ -	\$ -	\$ 103	\$ 103
Depreciation expense	70,196	-	-	70,196
Dues and memberships	-	-	1,276	1,276
Insurance	3,012	-	-	3,012
Library materials and supplies	13,669	-	-	13,669
Miscellaneous	-	-	640	640
Occupancy costs	30,471	-	-	30,471
Office supplies and postage	-	-	1,721	1,721
Payroll and taxes	158,407	-	6,499	164,906
Professional fees	-	-	6,722	6,722
Program expenses	8,675	5,788	-	14,463
Telephone	1,752	-	195	1,947
Total expenses	<u>\$ 286,182</u>	<u>\$ 5,788</u>	<u>\$ 17,156</u>	<u>\$ 309,126</u>

See Notes To Financial Statements and Accountant's Report.

**MARS AREA PUBLIC LIBRARY ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Cash flows from operating activities	
Change in net assets	\$ (81)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Pledges receivable	(40,007)
Depreciation	70,196
Accounts payable	(13,238)
Accrued and withheld payroll liabilities	<u>(5,140)</u>
Net cash provided by operating activities	<u>11,730</u>
Cash flows from investing activities	
Purchases of equipment	<u>(72,040)</u>
Net cash used in investing activities	<u>(72,040)</u>
Net decrease in cash	(60,310)
Cash and cash equivalents, beginning of year	<u>338,496</u>
Cash and cash equivalents, end of year	<u><u>\$ 278,186</u></u>

See Notes To Financial Statements and Accountant's Report.

MARS AREA PUBLIC LIBRARY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Mars Area Library Association (Library) is a not-for profit corporation exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. The Library operates under a Board of Directors and provides library service to residents of the Mars Area School District, Butler County, Pennsylvania.

BASIS OF ACCOUNTING

The financial statements of the Library have been prepared on the accrual basis of accounting and, accordingly, report all significant receivables, payables, and other liabilities as prescribed by accounting principles generally accepted in the United States of America (“GAAP”).

FINANCIAL STATEMENT PRESENTATION

Accounting Standards require the Library to report the information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The following is a description of the two net asset categories:

NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets not subject to donor-imposed stipulations are classified as without donor restrictions. Board designated net assets are net assets without donor restrictions that have been set aside by the Board of Directors for specific purposes. Contributions received with donor-imposed restrictions that are met in the same year in which contributions are received are classified as contributions without donor restrictions.

NET ASSETS WITH DONOR RESTRICTIONS

Net assets subject to donor-imposed stipulations that may or will be met, either by action of the Library and/or the passage of time, or are those for which donors require the funds to be maintained permanently. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

GRANTS

The Library records income from unrestricted operating grants in the period designated by the grantor.

CONTRIBUTIONS

In accordance with the Statement of Financial Accounting Standards (SFAS) No. 116, contributions received are recorded as unrestricted or temporarily restricted support depending on the existence or nature of any donor-imposed stipulations. The Library receives contributions from the public that are correctly recognized as unrestricted or temporarily restricted support in the statement of activities.

DONATED SERVICES

A substantial number of volunteers have donated significant amounts of their time to staff the Library. The value of non-specialized donated services is not recorded in the financial statements. Donated materials and specialized services are recorded as contributions in the financial statements.

USE OF ESTIMATES

The preparation of the financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and the 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. Accordingly, actual amounts could differ from the estimates.

FIXED ASSETS

Collections of books, audiotapes, and videotapes that are exhaustible are capitalized at their cost, and are depreciated over a five-year life. Building, equipment, furniture and fixtures are reported at cost in the financial statements, and are depreciated over their estimated useful lives of between five and forty years. Materials with an estimated useful life of less than one year are not capitalized. Depreciation is calculated on a straight-line basis for all fixed assets.

CASH AND CASH EQUIVALENTS

The Library considers all highly liquid debt instruments that are near cash in nature to be cash equivalents for purposes of financial reporting.

At December 31, 2022, the carrying amount of the Library's deposits was \$278,186 and the bank balance was \$282,045. The bank balances were not fully covered by the Federal Depository Insurance of \$250,000 and exceeded the amount by \$32,045.

PROPERTY AND EQUIPMENT

Land and building	\$ 795,943
Furniture and equipment	128,366
Exhaustible collection of books and materials	<u>235,633</u>
Total Property and equipment	1,159,942
Accumulated depreciation	<u>(760,928)</u>
Net balance as of December 31, 2022	<u>\$ 399,014</u>

INCOME TAX STATUS

The Library is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and, therefore, has made no provision for federal income taxes in the accompanying financial statements. In general, the Library's tax positions for open tax years remain subject to examination by the tax authorities in the jurisdictions in which the Library operates.

SUBSEQUENT EVENTS

In preparing these financial statements, the Library has evaluated events and transactions for potential recognition or disclosure through September 21, 2023 the date the financial statements were available to be issued.

RISK MANAGEMENT

The Library is exposed to various risks of loss related to, theft of, damage to, and destruction of assets; errors and omissions; injuries to service providers; and natural disasters. The Library purchases commercial insurance for claims in excess of coverage provided by the funds and for other risks of loss.

2. MAJOR CONTRIBUTOR

Funds relating to grants from Adams Township totaled \$160,000 for the year ended December 31, 2022.