

MARS AREA PUBLIC LIBRARY ASSOCIATION

**FINANCIAL REPORT
DECEMBER 31, 2019**

**Mars Area Public Library Association
December 31, 2019**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Mars Area Public Library Association
Mars, Pennsylvania

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, 2019, 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 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, 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, 2019, 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.



Cranberry Township, Pennsylvania
February 7, 2020

Mars Area Public Library Association
Statement of Financial Position
December 31, 2019

Assets:	
Cash and cash equivalents	\$ 309,111
Property and equipment, net	<u>346,590</u>
Total assets	<u><u>\$ 655,701</u></u>
Liabilities:	<u>\$ -</u>
Net assets:	
Without Donor Restrictions:	
Available for operations	309,111
Net investment in property and equipment	<u>346,590</u>
Total without donor restrictions	655,701
With Donor Restrictions	
Total net assets	<u>655,701</u>
Total liabilities and net assets	<u><u>\$ 655,701</u></u>

See accompanying notes and accountant's report.

Mars Area Public Library Association
Statement of Activities
Year Ended December 31, 2019

	Total
Changes in net assets without donor restrictions:	
Revenues and gains:	
State and local governments	\$205,303
Fees, fines and licenses	10,552
Investment income	705
Contributions and memorials	46,176
Net assets released from restrictions	-
Total revenues and gains without donor restrictions	262,736
Expenses:	
Salary and wages	124,050
Occupancy costs	10,936
Depreciation expense	60,019
Employee benefits and taxes	9,867
Library materials and supplies	20,926
Repairs and maintenance	11,557
Professional fees	5,067
Office supplies and postage	5,715
Insurance	3,040
Telephone	1,312
Program expenses	9,390
Total expenses	261,879
Increase in net assets without donor restrictions	857
Changes in assets with restrictions:	-
Increase in net assets	857
Net assets at beginning of year	654,844
Net assets at end of year	\$655,701

See accompanying notes and accountant's report.

Mars Area Public Library Association
Statement of Functional Revenues and Expenses
Year Ended December 31, 2019

	<u>Operations</u>	<u>Fund Raising</u>	<u>Administration</u>	<u>Total</u>
Support and revenue:				
State and local governments	\$ 185,616	\$ -	\$ 19,687	\$ 205,303
Fees, fines and licenses	10,552	-	-	10,552
Investment income	705	-	-	705
Contributions and memorials	7,474	38,702	-	46,176
Net assets released from restrictions	-	-	-	-
Total support and revenue	<u>\$ 204,347</u>	<u>\$ 38,702</u>	<u>\$ 19,687</u>	<u>\$ 262,736</u>
Expenses:				
Salary and wages	\$ 111,650	\$ -	\$ 12,400	124,050
Occupancy costs	9,836	-	1,100	10,936
Depreciation expense	60,019	-	-	60,019
Employee benefits and taxes	8,877	-	990	9,867
Library materials and supplies	20,926	-	-	20,926
Repairs and maintenance	11,557	-	-	11,557
Professional fees	-	-	5,067	5,067
Office supplies and postage	2,633	3,082	-	5,715
Insurance	3,040	-	-	3,040
Telephone	1,182	-	130	1,312
Program expenses	9,390	-	-	9,390
Total expenses	<u>\$ 239,110</u>	<u>\$ 3,082</u>	<u>\$ 19,687</u>	<u>\$ 261,879</u>

See accompanying notes and accountant's report.

Mars Area Public Library Association
Statement of Cash Flows
Year Ended December 31, 2019

Operating activities:	
Change in net assets	\$ 857
Adjustments to reconcile change in net assets to cash provided by operating activities:	
Accrued payroll and payroll taxes payable	(3,152)
Depreciation	<u>60,019</u>
Net cash provided by operating activities	<u>57,724</u>
Investing activities:	
Acquisition of property and equipment	<u>(30,122)</u>
Net cash used in investing activities	<u>(30,122)</u>
Financing activities:	<u>-</u>
Net increase in cash	27,602
Cash and cash equivalents, beginning of year	<u>281,509</u>
Cash and cash equivalents, end of year	<u>\$309,111</u>

See accompanying notes and accountant's report.

Mars Area Library Association
Notes to Financial Statements
December 31, 2019

Nature of Activities and Significant Accounting Policies

Nature of Activities

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 Financial Statement Presentation

The accompanying financial statements are presented on the accrual basis of accounting and have been prepared to focus on the Library as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions.

Assets with restrictions result from:

1. Temporarily Restricted - Contributions and other inflows of assets whose use by the Library is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Library pursuant to those stipulations.
2. Permanently Restricted - Contributions and other inflows of assets whose use by the Library is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Library.

Grants

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

Contributions

In accordance with 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.

Mars Area Library Association
Notes to Financial Statements
December 31, 2019

Nature of Activities and Significant Accounting Policies (Cont.)

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 those 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, 2019, the carrying amount of the Library's deposits was \$309,111 and the bank balance was \$310,945. \$250,000 of the bank balance was covered by Federal Depository Insurance.

Property and Equipment

Land and building	\$ 676,699
Furniture and equipment	90,881
Exhaustible collection of books and materials	<u>144,879</u>
	912,459
Accumulated depreciation	<u>(565,869)</u>
Net balance as of December 31, 2019	<u>\$ 346,590</u>

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.

