

# **MARS AREA PUBLIC LIBRARY ASSOCIATION**

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**FINANCIAL REPORT**

**DECEMBER 31, 2020**

**MARS AREA PUBLIC LIBRARY ASSOCIATION**

**DECEMBER 31, 2020**

**TABLE OF CONTENTS**

	<b><u>Page Number</u></b>
<b>Accountant's Review Report</b>	<b>3</b>
<b>Statement of Financial Position</b>	<b>4</b>
<b>Statement of Activities</b>	<b>5</b>
<b>Statement of Functional Revenues and Expenses</b>	<b>6</b>
<b>Statement of Cash Flows</b>	<b>7</b>
<b>Notes to Financial Statements</b>	<b>8</b>

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

### To the Board of Directors of Mars Area Public Library Association

We have reviewed the accompanying financial statements of Mars Area Public Library Association (the "Organization"), which comprise the Statement of Assets, Liabilities, and Net Assets as of December 31, 2020, the related statements of Revenues, Expenses, and Changes in Net Assets, the Statement of Functional Expenses and Statement of 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 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 Standard 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.

### 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.

*Bonus Accounting LLC*

\_\_\_\_\_  
Firm's Signature

Chicora, PA

\_\_\_\_\_  
City, State

2/28/2021

\_\_\_\_\_  
Report Date

**MARS AREA PUBLIC LIBRARY ASSOCIATION**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2020**

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**ASSETS**

**CURRENT ASSETS:**

Cash and cash equivalents	\$239,700
Pledges receivable	<u>48,600</u>
Total current assets	<u>288,300</u>

**PROPERTY AND EQUIPMENT:**

Land and building	772,764
Furniture and equipment	98,650
Exhaustible collection of books and materials	<u>174,113</u>
Total Property and equipment	<u>1,045,525</u>
Less accumulated depreciation	<u>625,894</u>
Property and equipment, net	<u>419,631</u>
Total assets	<u><u>\$707,932</u></u>

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accrued and withheld payroll liabilities	<u>3,463</u>
Total Current Liabilities	<u>3,463</u>

**NET ASSETS:**

Without Donor Restrictions	
Available for operations	284,837
Net investment in property and equipment	419,631
With Donor Restrictions	<u>-</u>
Total Net Assets	<u>704,468</u>
Total Liabilities and Net Assets	<u><u>\$ 707,932</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, 2020**

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	<b>Total</b>
<b>Changes in net assets without donor restrictions:</b>	
<b>SUPPORT AND REVENUES</b>	
State and local governments	\$ 220,273
Fees, fines and licenses	51,507
Investment income	228
Contributions and memorials	3,639
PPP Loan Forgiven	25,500
Net assets released from restrictions	-
Total support and revenues	301,147
 <b>EXPENSES</b>	
Salary and wages	123,360
Occupancy costs	9,517
Depreciation expense	60,025
Employee benefits and taxes	10,227
Library materials and supplies	15,463
Repairs and maintenance	11,467
Professional fees	7,324
Office supplies and postage	4,091
Insurance	2,717
Telephone	1,572
Program expenses	6,616
Total expenses	252,379
 <b>CHANGE IN NET ASSETS</b>	48,767
 NET ASSETS, BEGINNING OF YEAR	655,701
 NET ASSETS, END OF YEAR	\$ 704,468

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, 2020**

	<u>Program</u>	<u>Fundraising</u>	<u>Administration</u>	<u>Total</u>
<b>SUPPORT AND REVENUES</b>				
State and local governments	\$ 220,273	\$ -	\$ -	\$ 220,273
Fees, fines and licenses	51,507	-	-	51,507
Investment income	228	-	-	228
Contributions and memorials	3,639	-	-	3,639
PPP Loan Forgiven	25,500	-	-	25,500
Net assets released from restrictions	-	-	-	-
Total support and revenues	<u>\$ 301,146</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 301,147</u>
<b>EXPENSES:</b>				
Salary and wages	\$ 118,242	\$ -	\$ 5,118	\$ 123,360
Occupancy costs	9,517	-	-	9,517
Depreciation expense	60,025	-	-	60,025
Employee benefits and taxes	9,204	-	1,023	10,227
Library materials and supplies	15,463	-	-	15,463
Repairs and maintenance	11,467	-	-	11,467
Professional fees	-	-	7,324	7,324
Office supplies and postage	4,091	-	-	4,091
Insurance	2,717	-	-	2,717
Telephone	1,415	-	157	1,572
Program expenses	6,616	-	-	6,616
Total expenses	<u>\$ 238,757</u>	<u>\$ -</u>	<u>\$ 13,622</u>	<u>\$ 252,379</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, 2020**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in Net Assets	\$ 48,767
Adjustments to Reconcile Change in Net Assets to net cash provided by operating activities:	
Pledges receivable	(48,600)
Depreciation	60,025
Accrued and withheld payroll liabilities	<u>3,463</u>
<b>Net cash provided by operating activities</b>	<u>63,655</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Purchases of equipment	<u>(133,067)</u>
<b>Net cash used in investing activities</b>	<u>(133,067)</u>
INCREASE IN CASH	(69,411)
CASH - BEGINNING OF YEAR	<u>309,111</u>
<b>CASH - END OF YEAR</b>	<u><u>\$ 239,700</u></u>

See Notes To Financial Statements and Accountant's Report.

# **MARS AREA PUBLIC LIBRARY ASSOCIATION**

## **NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2020**

### **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 asset 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, 2020, the carrying amount of the Library's deposits was \$239,700 and the bank balance was \$241,783. The bank balance was covered by Federal Depository Insurance of \$250,000.

## PROPERTY AND EQUIPMENT

Land and building	\$ 772,764
Furniture and equipment	98,650
Exhaustible collection of books and materials	<u>174,113</u>
Total Property and equipment	1,045,525
Accumulated depreciation	<u>(625,894)</u>
Net balance as of December 31, 2020	<u>\$ 419,631</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 February 28, 2021 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, 2020.