

MATTITUCK-LAUREL LIBRARY

FINANCIAL STATEMENTS

DECEMBER 31, 2023

MATTITUCK-LAUREL LIBRARY
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DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Mattituck-Laurel Library
Mattituck, New York

We have audited the accompanying financial statements of Mattituck-Laurel Library (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022 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 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 misstatements.

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 Mattituck-Laurel Library'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 Mattituck-Laurel Library'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.

Members of American Institute of Certified Public Accountants,
New York State Society of Certified Public Accountants

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mattituck-Laurel Library as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Covati & Janhsen CPAs, P.C.

Covati & Janhsen CPAs, P.C.

Port Jefferson, New York
November 5, 2024

**MATTITUCK-LAUREL LIBRARY
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,**

ASSETS

| | <u>2023</u> | <u>2022</u> |
|--|-------------------------|-------------------------|
| <u>Current Assets:</u> | | |
| Cash | \$ 1,054,991 | \$ 901,332 |
| Grants Receivable | <u>-0-</u> | <u>22,424</u> |
| Total Current Assets | 1,054,991 | 923,756 |
| <u>Property and Equipment, Net of Accumulated Depreciation</u> of \$3,644,510 and \$3,434,970, Respectively | <u>1,988,009</u> | <u>2,069,610</u> |
| TOTAL ASSETS | <u>\$ 3,043,000</u> | <u>\$ 2,993,366</u> |

LIABILITIES AND NET ASSETS

| | | |
|--------------------------------------|-------------------------|-------------------------|
| <u>Current Liabilities:</u> | | |
| Accounts Payable | 3,508 | 1,999 |
| Mortgage Loan Payable | <u>85,169</u> | <u>79,398</u> |
| Total Current Liabilities | 88,677 | 81,397 |
| <u>Long Term Liabilities:</u> | | |
| Mortgage Loan Payable | <u>64,870</u> | <u>228,152</u> |
| Total Liabilities | 153,547 | 309,549 |
| <u>Net Assets:</u> | | |
| <u>Without Donor Restrictions</u> | | |
| Non-Designated Net Assets | 2,546,412 | 2,362,109 |
| Board Designated Net Assets | <u>343,041</u> | <u>321,708</u> |
| Total Net Assets | <u>2,889,453</u> | <u>2,683,817</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 3,043,000</u> | <u>\$ 2,993,366</u> |

See accompanying notes and independent auditor's report.

**MATTITUCK-LAUREL LIBRARY
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31,**

| | <u>2023</u> | <u>2022</u> |
|---|---------------------|---------------------|
| <u>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:</u> | | |
| <u>Revenues:</u> | | |
| <u>Program Services:</u> | | |
| Tax Revenue | \$ 1,583,343 | \$ 1,550,124 |
| Charges for Library Services | <u>7,099</u> | <u>6,938</u> |
| Total Program Services | 1,590,442 | 1,557,062 |
| <u>Support Services:</u> | | |
| Donations | 55,595 | 39,032 |
| Grants | -0- | 22,424 |
| Interest Income | 288 | 254 |
| Other | <u>27,281</u> | <u>8,253</u> |
| Total Support Services | <u>83,164</u> | <u>69,963</u> |
| Total Revenue Without Donor Restrictions | 1,673,606 | 1,627,025 |
| <u>Expenses:</u> | | |
| <u>Program Services:</u> | | |
| Library Services | 1,314,858 | 1,321,439 |
| <u>Support Services:</u> | | |
| Management and General Operations | <u>153,112</u> | <u>165,588</u> |
| Total Expenses | 1,467,970 | 1,487,027 |
| <u>Other Income and Expenses:</u> | | |
| Loss on Disposal of Asset | <u>-0-</u> | <u>(6,588)</u> |
| Increase in Net Assets without Donor Restrictions | 205,636 | 133,410 |
| Net Assets Without Donor Restrictions - Beginning of Year | <u>2,683,817</u> | <u>2,550,407</u> |
| NET ASSETS WITHOUT DONOR RESTRICTIONS - END OF YEAR | <u>\$ 2,889,453</u> | <u>\$ 2,683,817</u> |

See accompanying notes and independent auditor's report.

**MATTITUCK-LAUREL LIBRARY
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31,**

| | <u>2023</u> | <u>2022</u> |
|--|-------------------------|-------------------------|
| <u>Program Services:</u> | | |
| <u>Library Program Services:</u> | | |
| Personnel | \$ 798,906 | \$ 850,953 |
| Books and Related Subjects | 90,388 | 67,921 |
| Building and Occupancy | 103,753 | 102,515 |
| Insurance | 27,963 | 28,181 |
| Depreciation | 188,586 | 185,140 |
| Office Equipment and Supplies | 33,059 | 34,101 |
| Dues, Licenses and Memberships | 40,500 | 35,200 |
| Printing and Postage | 29,056 | 13,525 |
| Miscellaneous | <u>2,647</u> | <u>3,903</u> |
| Total Library Program Services | <u>1,314,858</u> | <u>1,321,439</u> |
| TOTAL PROGRAM SERVICES | <u>\$ 1,314,858</u> | <u>\$ 1,321,439</u> |
| <u>Support Services:</u> | | |
| <u>Management and General Operations:</u> | | |
| Personnel | \$ 79,013 | \$ 84,160 |
| Building and Occupancy | 11,528 | 11,391 |
| Insurance | 1,785 | 1,799 |
| Office Equipment and Supplies | 3,673 | 3,789 |
| Professional Fees | 23,865 | 24,314 |
| Depreciation | 20,954 | 20,571 |
| Interest Expense | 7,571 | 14,043 |
| Printing and Postage | 1,529 | 712 |
| Miscellaneous | <u>3,194</u> | <u>4,809</u> |
| Total Management and General Operations Expenses | <u>153,112</u> | <u>165,588</u> |
| TOTAL SUPPORT SERVICES | <u>\$ 153,112</u> | <u>\$ 165,588</u> |

See accompanying notes and independent auditor's report.

**MATTITUCK-LAUREL LIBRARY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,**

| | <u>2023</u> | <u>2022</u> |
|--|-------------------------|-----------------------|
| <u>Cash Flows From Operating Activities:</u> | | |
| Cash Received from Governments and Donors | \$ 1,695,742 | \$ 1,604,347 |
| Cash Paid to Suppliers and Employees | (1,249,350) | (1,271,289) |
| Interest Received | 288 | 254 |
| Interest Paid | (7,571) | (14,043) |
| Net Cash Flows Provided By Operating Activities | 439,109 | 319,269 |
| <u>Cash Flows From Investing Activities:</u> | | |
| Payments for Purchases of Property and Equipment | (127,939) | (197,990) |
| <u>Cash Flows From Financing Activities</u> | | |
| Repayment of Note Payable | (157,511) | (225,114) |
| Net Increase (Decrease) in Cash Balance | 153,659 | (103,835) |
| Cash Balance - Beginning of Year | <u>901,332</u> | <u>1,005,167</u> |
| CASH BALANCE - END OF YEAR | <u>\$ 1,054,991</u> | <u>\$ 901,332</u> |
| RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES: | | |
| Increase in Net Assets without Donor Restrictions | \$ 205,636 | \$ 133,410 |
| <u>Adjustments to Reconcile Change in Net Assets to Net Cash Flows Provided By Operating Activities:</u> | | |
| Depreciation | 209,540 | 205,711 |
| Loss on Disposal of Asset | -0- | 6,588 |
| <u>Change in Operating Assets and Liabilities:</u> | | |
| Grants Receivable | 22,424 | (22,424) |
| Accounts Payable | <u>1,509</u> | <u>(4,016)</u> |
| Total Adjustments | <u>233,473</u> | <u>185,859</u> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>\$ 439,109</u> | <u>\$ 319,269</u> |

See accompanying notes and independent auditor's report.

MATTITUCK-LAUREL LIBRARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 1 - Summary of Significant Accounting Policies

Organization

Mattituck-Laurel Library (the "Organization") was chartered on March 31, 1910 by the University of the State of New York and qualifies as a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code and, as such, its income is not subject to federal or state income taxes. The Organization is a community service organization that was established to offer library services to the residents of Mattituck and surrounding towns. The Organization is primarily funded by real estate tax revenues. The Board of Trustees is responsible for preparation of the annual budget, disbursement of funds, maintenance of assets and overseeing management control. The Organization's management is responsible for the day to day operations.

Use of Estimates

The presentation 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 revenue and expenses during the reporting period. Actual results could differ from these estimates.

Basis of Accounting

The books of account are maintained on the accrual basis of accounting. Revenue is recorded as earned and expenses are recorded when incurred.

Basis of Presentation

Financial statement presentation follows the recommendations of Accounting Standards Codification (ASC) 958-210-45-9, Financial Statements of Not-for-Profit Organizations. Under these standards, the Organization is required to report information regarding its financial position and activities according to two classes of net assets; with donor restrictions and without donor restrictions.

See independent auditor's report.

MATTITUCK-LAUREL LIBRARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 1 - Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

| | |
|----------------------------|--|
| With Donor Restrictions | A donor stipulation that specifies a use for a contributed asset that is more specific than broad limits resulting from the following: <ul style="list-style-type: none">- The nature of the Organization- The environment in which it operates- The purposes specified in its articles of incorporation or bylaws |
| Without Donor Restrictions | The part of Net Assets of the Organization that is not subject to donor-imposed restrictions |

As of December 31, 2023 and 2022, the Organization does not have any net assets with donor restrictions.

Net Program Service Revenue

The Organization records net program service revenue based upon revenue received from the Mattituck-Cutchoque School District based on an annual budget submitted by the Board of Trustees. Upon approval, the amount is disbursed by the school district. The Organization also charges for the use of its publicly available office equipment.

Revenue may be recognized at a "point in time" or "over time". Revenue is generally recognized at a point in time if the revenue is based solely on a transfer of goods or the completion of a service. Revenue is recognized over time when the goods or services are produced and ownership of them is transferred over a period of time. All of the Organization's revenue is recognized as point in time revenue.

All sources of revenue are funded by the public, the majority of which is paid through the Town of Southold. These revenues are dependent on the public's view of the necessity and continued use of the Organization's services.

Donated Services

No amounts have been reflected in the financial statements for donated services. The Organization pays all library staff.

See independent auditor's report.

MATTITUCK-LAUREL LIBRARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 1 - Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment are stated at cost. Those assets acquired by gift are carried at fair market value established at the date of acquisition. Expenditures for additions, renewals, and betterments are capitalized; expenditures for maintenance and repairs are charged to expenses as incurred. Depreciation is computed using the straight line method over the useful life of the asset.

Estimated useful lives are as follows:

| <u>Asset Classification</u> | <u>Depreciable Life</u> |
|-----------------------------|-------------------------|
| Buildings and Structures | 20-50 years |
| Permanent Fixtures | 10 years |
| Furnishings and Equipment | 5 years |
| Computer Equipment | 5 years |
| Library Materials | 5 years |
| Telephone System | 10 years |

The costs of fully depreciated assets still in use are included in the respective asset and accumulated depreciation accounts. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts, and the resulting gain or loss is included in determining the results of operations.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Those expenses include depreciation and insurance. Depreciation is allocated based on the use of the asset being depreciated. Insurance is allocated based on the subject of each policy.

Income Tax Status

The Organization is exempt from federal income taxes under Internal Revenue Code Section 501(c) (3) and applicable New York State law. The Organization files its Form 990 with federal and state authorities in New York State. As of fiscal year ended December 31, 2023, tax years subsequent to December 31, 2019, remain subject to examination by all tax jurisdictions.

See independent auditor's report.

MATTITUCK-LAUREL LIBRARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 1 - Summary of Significant Accounting Policies (Continued)

Subsequent Events

The Company has evaluated events and transactions that occurred through November 5, 2024, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

Compensated Absences

The Organization allows full-time employees to accrue both sick and vacation time. Sick time can be carried forward for a maximum of six weeks and vacation time is not permitted to be carried forward to subsequent years. Part-time employees only accrue vacation time, which cannot be carried forward to subsequent years. The Organization does not accrue compensated absences as it is deemed immaterial.

Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Note 2 - Availability of Organization's Financial Assets

The Organization has \$1,054,991 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure consisting of checking and money market accounts. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. Although the Organization's total financial assets do not exceed one year of expenditures, which were \$1,467,970 for the year ended December 31, 2023, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization's primary source of revenue is tax revenue received from the Mattituck-Cutchoque School District each year which is based on a budget submitted by the Organization. In addition, as part of its liquidity management, the Organization keeps its cash in money market accounts, which are available immediately.

See independent auditor's report.

MATTITUCK-LAUREL LIBRARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 3 - Property and Equipment

Property and equipment consists of the following as of December 31,:

| | 2023 | 2022 |
|----------------------------------|-------------------------|-------------------------|
| Land | \$ 2,000 | \$ 2,000 |
| Building and Structures | 2,744,335 | 2,744,335 |
| Permanent Fixtures | 191,825 | 191,825 |
| Furnishings and Equipment | 186,943 | 182,249 |
| Computer Equipment | 88,624 | 86,224 |
| Library Materials | 2,406,715 | 2,285,870 |
| Telephone System | <u>12,077</u> | <u>12,077</u> |
| Total Property and Equipment | 5,632,519 | 5,504,580 |
| Accumulated Depreciation | <u>(3,644,510)</u> | <u>(3,434,970)</u> |
| Net Property and Equipment | <u>\$ 1,988,009</u> | <u>\$ 2,069,610</u> |

Depreciation expense for the years ended December 31, 2023 and 2022 was \$209,540 and \$205,711 respectively.

Note 4 - Board Designated Assets

The Board of Directors of the Organization has designated certain assets to be set aside for certain future expenditures. These designations are non-binding, the Board may re-designate these assets among the categories, or to the general operating account at any time as they deem necessary. The Board Designated Net Assets are as follows as of December 31,:

| | 2023 | 2022 |
|-----------------------------------|-----------------------|-----------------------|
| Building Reserve | <u>\$ 343,041</u> | <u>\$ 321,708</u> |
| Total Board Designated Assets | <u>\$ 343,041</u> | <u>\$ 321,708</u> |

Note 5 - Commitments and Contingencies

The Organization's cash balances are deposited in various accounts at one financial institution which is covered by the Federal Deposit Insurance Corporation ("FDIC"). The FDIC insures interest bearing accounts at these institutions up to a balance of \$250,000. In the normal course of business, the Company has deposits that exceed the insured balances. The possibility of loss exists if a bank holding excess balances were to fail. The Organization has \$818,214 in bank deposits that exceed the insured limits as of December 31, 2023.

See independent auditor's report.

**MATTITUCK-LAUREL LIBRARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 6 - Concentration Risk

For the years ended December 31, 2023 and 2022, the Organization received revenue from one school district totaling \$1,583,343 and \$1,550,124, respectively. This represents 92.5% and 95.3%, respectively, of total revenues and gains. The loss of funding from this school district could have a material adverse effect on the Organization.

Note 7 - Mortgage Loan Payable

The Organization has a mortgage loan payable to a financial institution dated September 21, 2021 payable in monthly installments of \$7,430, which includes principal and interest at 3.6%. The final payment is due July 18, 2025. The loan is secured by the Organization's building assets. Interest expense on this loan for the years ended December 31, 2023 and 2022 was \$7,571 and \$14,043, respectively.

Maturities over the next five years for installment loans payable are as follows:

| | Principal Due |
|--------------------------------------|------------------|
| For the Year Ended December 31, 2024 | \$ 85,169 |
| For the Year Ended December 31, 2025 | 64,870 |
| Total Future Principal Payments | \$ 150,039 |

Note 8 - Pension Plan

The Organization sponsors a defined contribution plan for employees who work at least 1,000 hours per year and have one year of service with the organization. The organization contributes 7% of an eligible employee's compensation as defined by the plan. Eligible employees are immediately vested. Pension expense for the years ended December 31, 2023 and 2022 was \$41,152 and \$40,831, respectively. This is presented in Personnel on the Statements of Functional Expenses in these financial statements.

Note 9 - Related Party Transactions

The Organization receives donations from Friends of the Mattituck Free Library, Inc., an affiliated tax exempt organization, which provides fundraising efforts to support library programs offered to the public. Donations received from this Organization totaled \$10,000 and \$10,000 for the years ended December 31, 2023 and 2022, respectively.

See independent auditor's report.