

FRIENDS FOR THE PUBLIC LIBRARY
FINANCIAL STATEMENTS
AND
INDEPENDENT ACCOUNTANT'S REPORT

Years Ended June 30, 2016 and 2015

FINDELL & COMPANY, P.C.
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Friends for the Public Library
Albuquerque, New Mexico

We have audited the accompanying financial statements of Friends for the Public Library (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities 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 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 Friends for the Public Library as of June 30, 2016 and 2015, 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.



Findell & Company, P.C.
Certified Public Accountants

Albuquerque, New Mexico
October 18, 2016

FRIENDS FOR THE PUBLIC LIBRARY
 STATEMENTS OF FINANCIAL POSITION
 June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 52,450	\$ 88,645
Investments in marketable securities (Note 3)	<u>430,555</u>	<u>435,896</u>
TOTAL CURRENT ASSETS	483,005	524,541
PROPERTY AND EQUIPMENT (Note 4)	8,383	15,081
OTHER ASSETS		
Ebay sales receivable	-	1,420
Deposits	<u>1,000</u>	<u>1,000</u>
	<u>1,000</u>	<u>2,420</u>
TOTAL ASSETS	\$ <u>492,388</u>	\$ <u>542,042</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 11,363	\$ 8,178
Credit cards payable	1,796	6,816
Fiscal agent liability	17,982	8,610
Accrued expenses	<u>3,405</u>	<u>2,600</u>
TOTAL CURRENT LIABILITIES	34,546	26,204
NET ASSETS		
Unrestricted net assets	353,510	360,342
Temporarily restricted net assets (Note7)	<u>104,332</u>	<u>155,496</u>
TOTAL NET ASSETS	<u>457,842</u>	<u>515,838</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>492,388</u>	\$ <u>542,042</u>

See accompanying notes.

FRIENDS FOR THE PUBLIC LIBRARY
STATEMENT OF ACTIVITIES
Year Ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES AND SUPPORT			
Book sales revenue	\$ 174,223	\$ -	\$ 174,223
Contributions	7,525	1,766	9,291
Online Sales	12,453	-	12,453
Membership dues	7,720	-	7,720
Investment income, net	15,615	-	15,615
Other income	3,823	-	3,823
Net assets released from donor restrictions	<u>52,930</u>	<u>(52,930)</u>	<u>-</u>
TOTAL REVENUES AND SUPPORT	274,289	(51,164)	223,125
EXPENSES			
Program services	229,152	-	229,152
General and administrative	46,160	-	46,160
Book sales expense	<u>5,809</u>	<u>-</u>	<u>5,809</u>
TOTAL EXPENSES	<u>281,121</u>	<u>-</u>	<u>281,121</u>
CHANGE IN NET ASSETS	(6,832)	(51,164)	(57,996)
BEGINNING NET ASSETS	<u>360,342</u>	<u>155,496</u>	<u>515,838</u>
ENDING NET ASSETS	<u><u>\$ 353,510</u></u>	<u><u>\$ 104,332</u></u>	<u><u>\$ 457,842</u></u>

See accompanying notes.

FRIENDS FOR THE PUBLIC LIBRARY
STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES AND SUPPORT			
Book sales revenue	\$ 180,194	\$ -	\$ 180,194
Contributions	6,304	6,145	12,449
Online Sales	5,356	-	5,356
Membership dues	7,295	-	7,295
Investment income, net	8,591	-	8,591
Other income	1,600	-	1,600
Net assets released from donor restrictions	<u>6,389</u>	<u>(6,389)</u>	<u>-</u>
TOTAL REVENUES AND SUPPORT	215,729	(244)	215,485
EXPENSES			
Program services	154,646	-	154,646
General and administrative	65,691	-	65,691
Book sales expense	<u>6,860</u>	<u>-</u>	<u>6,860</u>
TOTAL EXPENSES	<u>227,197</u>	<u>-</u>	<u>227,197</u>
CHANGE IN NET ASSETS	(11,468)	(244)	(11,712)
BEGINNING NET ASSETS	<u>371,810</u>	<u>155,740</u>	<u>527,550</u>
ENDING NET ASSETS	<u><u>\$ 360,342</u></u>	<u><u>\$ 155,496</u></u>	<u><u>\$ 515,838</u></u>

See accompanying notes.

FRIENDS FOR THE PUBLIC LIBRARY
 STATEMENTS OF CASH FLOWS
 Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets (loss)	\$ (57,996)	\$ (11,712)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	6,698	5,955
Unrealized loss (gain) on investment	(4,684)	(1,190)
(Increase) decrease in		
Ebay sales receivable	1,420	-
Increase (decrease) in		
Accounts payable	3,185	8,180
Credit cards payable	(5,020)	6,816
Fiscal agent liabilities	9,372	8,610
Accrued expenses	805	2,600
	<u> </u>	<u> </u>
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	(46,220)	19,259
 CASH FLOWS FROM INVESTING ACTIVITIES		
Net change in marketable securities investments	<u>10,025</u>	<u>(11,643)</u>
NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES	<u>10,025</u>	<u>(11,643)</u>
 NET (DECREASE) INCREASE IN CASH	(36,195)	7,616
 CASH BEGINNING OF YEAR	<u>88,645</u>	<u>81,029</u>
CASH AT END OF YEAR	\$ <u>52,451</u>	\$ <u>88,645</u>

See accompanying notes.

FRIENDS FOR THE PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS

NOTE 1: DESCRIPTION OF ORGANIZATION

Friends for the Public Library, (the Organization) is a nonprofit organization whose primary objective is to raise funds to support the public library systems of the City of Albuquerque and Bernalillo County, New Mexico and to encourage and support education and literacy programs through the library system.

The Organization is exempt from income tax under Section 501(c)(3) of U.S. Internal Revenue Code and comparable state law, and contributions to it are tax deductible within limitations prescribed by the Code.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described as follows:

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payable, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board and its Accounting Standards Codification (ASC) 958-205, “Financial Statements of Not-for-Profit Organizations.” Under ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Expense Allocations

Expenses and support services have been allocated to programs based upon estimates and calculations determined by management.

Revenue and Other Support

The Organizations primary source of revenue is sales of used books transferred to the Organization from the public library system. The Organization conducts monthly book sales and maintains a bookstore at the main branch of the library. The books sold at the bookshop and online are transferred to the Organization from the public library at the time of sale. All unsold books remain the property of the public library. The Organization also obtains funding from membership fees, private donations, special fund-raisers, and grants offered by various individuals and organizations interested in supporting the library and its programs.

FRIENDS FOR THE PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

The Organization has adopted the provisions of ASC 958-605, *Accounting for Contributions Received and Contributions Made*. In accordance with the statement, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence or nature of any donor restriction. In-kind donations are recorded as contributions at estimated fair market value on the date of the donation.

Program and Grant Distributions

The Organization provides funding to the Albuquerque public library system to assist primarily in educational and literacy programs offered through the libraries.

Cash and Cash Equivalents

The Organization considers cash and cash equivalents to include checking and savings accounts and certificates of deposit with a maturity of three months or less.

Investments

The Organization follows ASC 958-320, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Under this provision, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the statement of activities.

Property and Equipment

Expenditures for property and equipment in excess of \$500 are capitalized at cost. Donated assets that are to be used by the Organization are capitalized at their fair market value on the date of the gift. Depreciation is computed using the straight-line method over the useful lives of the assets.

Advertising Expense

Advertising costs of \$15,783 and \$10,550 during the years ended June 30, 2016 and 2015 were expensed as incurred.

FRIENDS FOR THE PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities, and the reported amounts of revenues and expenses and during the reporting period. Accordingly, actual results may differ from those estimates.

Income Taxes

The Organization has received tax exempt status under Code Section 501(c)(3) of the Internal Revenue Code. The Organization has adopted accounting principles generally accepted in the United States of America as they relate to uncertain tax positions for the year ended June 30, 2016 and has evaluated its tax positions taken for all open tax years. Currently, the 2013, 2014 and 2015 tax years are open and subject to examination by the Internal Revenue Service and New Mexico Taxation and Revenue Department. However, the Organization is not currently under audit nor has the Organization been contacted by any of these jurisdictions. Management believes that the activities of the Organization are within their tax-exempt purpose, and that there are no uncertain tax positions.

NOTE 3 – INVESTMENTS IN MARKETABLE SECURITIES

Investments primarily consist of cash, certificates of deposit, corporate equities and mutual funds held with a national brokerage firm. The cost, approximate market value, and net unrealized gains on investments as of June 30, 2016 and 2015, are as follows:

	<u>2016</u>	<u>2015</u>
Market value of investments	\$ 430,555	\$ 435,896
Cost of investments	<u>385,243</u>	<u>390,090</u>
Net unrealized gain (loss)	<u>\$ 45,312</u>	<u>\$ 45,806</u>

FRIENDS FOR THE PUBLIC LIBRARY
 NOTES TO FINANCIAL STATEMENTS

NOTE 4 – FAIR VALUE MEASUREMENTS

The Organization’s investments are reported at fair value in the accompanying statements of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. The Organization’s management determines valuation policies. Although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to measure fair value of certain financial instruments could result in different fair value at the reporting date.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs are unobservable and have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 inputs are used for investments for which Level 1 inputs were not available. Level 3 inputs would only be used if Level 1 or Level 2 inputs were not available. There are no assets requiring the use of Level 2 or Level 3 inputs for the periods presented.

Level 1 Fair Value Measurements

The fair values of corporate stocks and mutual funds are based on the closing price in the active market where the individual securities are traded.

Level 2 Fair Value Measurements

Investments in certificates of deposit are based on net realizable value after any applicable early termination fees and include accrued interest earned.

The following tables set forth, by level within the fair value hierarchy, the organization’s investments at fair value as of June 30, 2016 and 2015:

Assets at Fair value as of June 30, 2016

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 13,023	\$ -	\$ -	\$ 13,023
Certificates of deposit	-	61,461	-	61,461
Corporate equities	31,215	-	-	31,215
Mutual funds	324,856	-	-	324,856
Total investments at fair value	\$ 369,094	\$ 61,461	\$ -	\$ 430,555

FRIENDS OF THE PUBLIC LIBRARY
 NOTES TO FINANCIAL STATEMENTS

NOTE 4 – FAIR VALUE MEASUREMENT (continued)

Assets at Fair value as of June 30, 2015

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 126,681	\$ -	\$ -	\$ 126,681
Certificates of deposit	-	48,185	-	48,185
Corporate equities	372	-	-	372
Mutual funds	<u>260,658</u>	<u>-</u>	<u>-</u>	<u>260,658</u>
Total investments at fair value	<u>\$ 387,711</u>	<u>\$ 48,185</u>	<u>\$ -</u>	<u>\$ 435,896</u>

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	<u>2016</u>	<u>2015</u>
Bookstore - main library	\$ 42,572	\$ 42,572
Computer equipment	<u>15,678</u>	<u>15,678</u>
	58,250	58,250
Less accumulated depreciation	<u>(49,867)</u>	<u>(43,169)</u>
Net property and equipment	<u>\$ 8,383</u>	<u>\$ 15,081</u>

Depreciation expense totaled \$6,698 and \$5,955 for the years ended June 30, 2016 and 2015, respectively.

NOTE 6 – CONCENTRATION OF CREDIT RISK

The Organization maintains a portion of its cash deposits with an investment firm with a branch office located in Albuquerque, New Mexico. At various times these cash deposits exceed SIPC insured amounts. Management does not consider there to be significant risk to be associated with these excess deposits.

FRIENDS FOR THE PUBLIC LIBRARY
 NOTES TO FINANCIL STATEMENTS

NOTE 7 – DONATED SERVICES

No amounts have been reflected in the statements for donated services, since no objective basis is available to measure the value of such services under the criteria for recognition under ASC 958-605. Nevertheless, a substantial number of volunteers have donated significant amounts of their time to the Organization’s programs.

NOTE 8 – NET ASSETS

Temporarily restricted net assets consist of the following as of June 30:

	<u>2016</u>	<u>2015</u>
Estate donation-library renovations and program support	\$ 92,092	\$ 138,668
Grants and other donations with a temporarily restricted purpose	<u>12,240</u>	<u>16,828</u>
	<u>\$ 104,332</u>	<u>\$ 155,496</u>

Net assets released from restrictions totaled \$52,930 and \$6,389 for the years ended June 30, 2016 and 2015 and included temporarily restricted grant monies used for their restricted purpose.

NOTE 9 – STATEMENT OF CASH FLOWS SUPPLEMENTAL DISCLOSURE

There were no noncash investing or financing activities and no cash was expended for interest or taxes during the years ended June 30, 2016 or 2015.

NOTE 10 – FISCAL AGENT LIABILITY

The Organization received a grant from the FINRA Investor Education Foundation for two years with the purpose of serving the financial and investor education needs of library patrons. The grant had a balance as of June 30, 2016 as follows:

Grant receipts	\$ 31,635
Expenses	<u>(13,653)</u>
	<u>\$ 17,982</u>

NOTE 11 – DATE OF MANAGEMENT’S REVIEW

Subsequent events were evaluated through October 18, 2016, which is the date the financial statements were available to be issued.