

**LAGRANGE ASSOCIATION LIBRARY**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

**For the Year Ended December 31, 2022**

LaGrange Association Library

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*Independent Auditor's Report*

To the Board of Trustees of  
LaGrange Association Library

***Opinion***

We have audited the financial statements of LaGrange Association Library, which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of LaGrange Association Library as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of LaGrange Association Library and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about LaGrange Association Library's ability to continue as a going concern for one year after the date that the financial statements are issued.

## *Independent Auditor's Report - (Continued)*

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 LaGrange Association Library's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about LaGrange Association Library's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control related matters that we identified during the audit.

*Frank E. Malara, CPA*

Frank E. Malara, CPA, P.C.  
Armonk, New York  
September 19, 2023

LaGrange Association Library  
Statement of Financial Position  
December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Totals
<b>Assets</b>			
Current Assets:			
Cash and cash equivalents	\$ 225,606	\$ -	\$ 225,606
Investments	-	349,986	349,986
Insurance claim receivable	28,584	-	28,584
Prepaid expenses	3,848	-	3,848
Total current assets	<u>258,038</u>	<u>349,986</u>	<u>608,024</u>
Property and equipment, net of accumulated depreciation of \$140,955	786,468	-	786,468
Right of use asset	2,097,732	-	2,097,732
	<u>2,884,200</u>	<u>-</u>	<u>2,884,200</u>
Other asset - security deposit	9,064	-	9,064
Total Assets	<u>\$ 3,151,302</u>	<u>\$ 349,986</u>	<u>\$ 3,501,288</u>
<b>Liabilities and Net Assets</b>			
Current Liabilities:			
Accounts payable and accrued expenses	\$ 20,397	\$ -	\$ 20,397
Operating lease liability	36,794	-	36,794
Total current liabilities	<u>57,191</u>	<u>-</u>	<u>57,191</u>
Other liability - operating lease liability, net of current portion	2,060,938	-	2,060,938
Net Assets:			
Without donor restrictions	1,033,173	-	1,033,173
With donor restrictions	-	349,986	349,986
Total net assets	<u>1,033,173</u>	<u>349,986</u>	<u>1,383,159</u>
Total Liabilities and Net Assets	<u>\$ 3,151,302</u>	<u>\$ 349,986</u>	<u>\$ 3,501,288</u>

The notes to the financial statements are an integral part of these statements.

LaGrange Association Library  
Statement of Activities  
For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Totals
<b>Revenue, Support and Reclassifications:</b>			
Property taxes	\$ 792,409	\$ -	\$ 792,409
Capital campaign	-	58,951	58,951
Grants and other aid	7,715	-	7,715
Contributions	412	-	412
Passport fees	30,449	-	30,449
Fundraising revenue	19,704	-	19,704
Insurance claim	28,584	-	28,584
Other miscellaneous income	8,287	-	8,287
Investment loss, net	-	(30,170)	(30,170)
Interest income	50	-	50
	<u>887,610</u>	<u>28,781</u>	<u>916,391</u>
Reclassifications:			
Net assets released from restrictions	30,000	(30,000)	-
Transfer of Board designated funds	(26,000)	26,000	-
Transfer of donor restricted funds	(67,035)	67,035	-
	<u>(63,035)</u>	<u>63,035</u>	<u>-</u>
Net reclassifications			
<b>Expenses:</b>			
Programs	837,270	-	837,270
Management and general	14,671	4,000	18,671
Fundraising	-	-	-
	<u>851,941</u>	<u>4,000</u>	<u>855,941</u>
Total expenses			
Change in net assets	(27,366)	87,816	60,450
Net assets - beginning of year	<u>1,060,539</u>	<u>262,170</u>	<u>1,322,709</u>
Net assets - end of year	<u>\$ 1,033,173</u>	<u>\$ 349,986</u>	<u>\$ 1,383,159</u>

The notes to the financial statements are an integral part of these statements.

LaGrange Association Library  
Statement of Functional Expenses  
For the Year Ended December 31, 2022

	<u>Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Totals</u>
Salaries and benefits	\$ 406,233	\$ -	\$ -	\$ 406,233
Professional fees	-	18,671	-	18,671
Programs, books and periodicals	97,267	-	-	97,267
Occupancy	228,126	-	-	228,126
Information technology	8,408	-	-	8,408
Insurance	7,192	-	-	7,192
Office expenses	21,749	-	-	21,749
Repairs and maintenance	6,321	-	-	6,321
Telephone and internet	3,732	-	-	3,732
Travel	682	-	-	682
Dues and subscriptions	15,148	-	-	15,148
Advertising	617	-	-	617
Depreciation	41,795	-	-	41,795
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenses	<u>\$ 837,270</u>	<u>\$ 18,671</u>	<u>\$ -</u>	<u>\$ 855,941</u>

The notes to the financial statements are an integral part of these statements.

LaGrange Association Library  
Statement of Cash Flows  
For the Year Ended December 31, 2022

**Cash flows from operating activities:**

Change in net assets	\$ 60,450
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	41,795
Unrealized loss on investments	36,147
Realized gain on sale of donated securities	(32)
Changes in operating assets and liabilities	
Insurance claim receivable	(28,584)
Prepaid expenses	(3,848)
Accounts payable and accrued expenses	9,112
	<u>115,040</u>
Net cash provided by operating activities	<u>115,040</u>

**Cash flows from investing activities:**

Acquisition of property and equipment	(40,645)
Purchase of investments	(122,964)
Reinvested dividends	(5,977)
Proceeds from sale of donated securities	5,010
	<u>(164,576)</u>
Net cash used in investing activities	<u>(164,576)</u>

**Net change in cash and cash equivalents** (49,536)

Cash and cash equivalents - beginning of year 275,142

Cash and cash equivalents - end of year \$ 225,606

Supplemental Disclosure:

Non-cash transactions

Right of use asset obtained in exchange for operating lease liability	<u><u>\$ 2,097,732</u></u>
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The notes to the financial statements are an integral part of these statements.



LaGrange Association Library  
Notes to Financial Statements  
December 31, 2022

Note 1 - Organization

LaGrange Association Library (the “Library”) seeks to serve the Town of LaGrange as well as the surrounding areas. The Library provides opportunities for cultural, educational and recreational enrichment to the residents of the LaGrange community.

The Library was granted an Absolute Charter in 1982 pursuant to the Education Law of the State of New York and is exempt from federal income taxes under 501(a) of the Internal Revenue Code as a Library described in Section 501(c)(3). The Library is structured as an “Association Library” and is operated for the free use of the public.

Note 2 - Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America 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 those estimates.

Basis of Presentation

The accompanying financial statements are presented on the accrual basis of accounting. Accordingly, revenue is recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation

Net assets are classified based on the presence or absence of donor-imposed restrictions. Resources for various purposes are classified for accounting and reporting purposes into net asset categories established according to nature and purpose as follows:

**Without donor restrictions** - consist of resources available for the general support of the Library’s operations. Net assets without donor restriction may be used at the discretion of the Library’s management and Board of Trustees.

LaGrange Association Library  
Notes to Financial Statements  
December 31, 2022

Note 2 - Summary of Significant Accounting Policies - (continued)

Financial Statement Presentation - (continued)

**With donor restrictions** - net assets that are subject to stipulations imposed by donors and grantors. Some donor imposed restrictions represent amounts restricted by donors for specific activities of the Library or to be used at some future date. The Library records contributions as with donor restrictions if they are received with donor stipulations that limit their use either through purpose or time restrictions. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Amounts restricted by donors for the Library's operating programs whose restrictions are met in the same reporting period are reported as net assets without donor restrictions.

Revenue from Contracts with Customers

The Library adopted the U.S. GAAP revenue recognition guidance which provides a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. The revenue recognition guidance does not apply to how contributions and promises to give are recognized, as they are specifically scoped out of the guidance. Revenue from contracts with customers consist of passport fees and other miscellaneous income. Passport fees and other miscellaneous income are recognized at a point in time.

The core principle of the guidance is that an entity should recognize revenue from the transfer of promised goods or services to customers in an amount that reflects the consideration the entity expects to receive for those promised goods or services to customers.

Contributions

The Library adopted ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made ("ASU 2018-08). This guidance provides a framework for evaluating whether grants should be accounted for as exchange transactions or as nonexchange transactions. Analysis of the various provisions of this standard resulted in no significant changes in the way the Library recognizes contributions.

LaGrange Association Library  
Notes to Financial Statements  
December 31, 2022

Note 2 - Summary of Significant Accounting Policies - (continued)

Budgetary Data and Property Taxes

The Board of Trustees approves the annual budget of the Library. The amount of funding received from the Town of LaGrange is negotiated with the Town Council each year.

Property tax revenue received from the Town of LaGrange is for the programs and operations of the Library and is classified as net assets without donor restrictions in the statement of activities.

Revenue Recognition

As shown on the accompanying statement of activities, the Library has several revenue sources including property taxes, capital campaign, grants and other aid and contributions. The Library has reviewed its various revenue sources and concluded that each of its contracts (oral or written) include a single performance obligation that is satisfied at a point in time.

Grants and contributions of cash and other assets are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets.

Cash and Cash Equivalents

Cash and cash equivalents include money market funds.

Accounts Receivable

Accounts receivable is stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that remain outstanding after management has used reasonable collection efforts are written off through a reduction in the valuation allowance and accounts receivable. As of December 31, 2022, there were no accounts receivable. An allowance for doubtful accounts has not been deemed necessary by management.

LaGrange Association Library  
Notes to Financial Statements  
December 31, 2022

Note 2 - Summary of Significant Accounting Policies - (continued)

Investment Valuation and Income Recognition

Investments are carried at fair value with changes therein recognized in the statement of activities. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of the change in net assets.

Fair Value Measurements

The Library follows U.S. GAAP guidance on Fair Value Measurements which defines fair value and established a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Property and Equipment

Property and equipment are carried at cost, if purchased, or at their estimated fair value on the date of receipt, if contributed. Depreciation is computed using the straight-line method over the estimated useful lives of the assets which range from 4-39 years. Significant renewals and betterments in excess of \$500 with a useful life greater than one year are capitalized.

Impairment of Long-Lived Assets

The Library reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In performing a review for impairment, the Library compares the carrying value of the asset with their estimated future undiscounted cash flows. If it is determined that an impairment has occurred, the loss would be recognized during that period.

The impairment loss is calculated as the difference between the asset carrying values and the present value of the estimated net cash flows or comparable market values, giving consideration to recent operating performance and pricing trends. As a result of its review, the Library does not believe that any material impairment currently exists related to its long-lived assets.

LaGrange Association Library  
Notes to Financial Statements  
December 31, 2022

Note 2 - Summary of Significant Accounting Policies - (continued)

In-Kind Support

A number of the members of the Board of Trustees have contributed significant amounts of their time to the affairs of the Library, however, these services, if not professional in nature, have not been reflected in the financial statements unless the services provided represent the value of services provided by an otherwise salaried employee. The Library receives, without charge, the services of various volunteers. The value of those services is not recognized in the accompanying financial statements because they did not meet the criteria for recognition.

Collections

The Library has extensive research collections of library materials, including books, periodicals and other items. These collections are maintained under curatorial care and are held for research, education and public exhibition in furtherance of public service. The cost of collections purchased by the Library is charged to expense when incurred, and donated collection items are not recorded. The value of the Library's research collections cannot be determined.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses are allocated based on the basis of estimates of time and effort or purpose and function. Such allocations are determined by management. The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Personnel costs	Time and effort
Professional services	Full time equivalent
Office expenses	Time and effort
Technology and utilities	Time and effort
Travel	Time and effort
Depreciation	Square footage
Other	Time and effort

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs approximated \$600 for the year ended December 31, 2022.

LaGrange Association Library  
Notes to Financial Statements  
December 31, 2022

Note 2 - Summary of Significant Accounting Policies - (continued)

Accounting for Uncertainty in Income Taxes

The Library recognizes the effects of income tax positions only when they are more likely than not to be sustained. Management has determined that the Library had no uncertain tax positions that would require financial statement recognition and/or disclosure. The Library's Form 990, Return of Organization Exempt from Income Tax for the years ended December 31, 2021, 2020 and 2019 are subject to examination by the IRS, generally for three years after they were filed. The Library did not recognize any tax related interest and/or penalties in the accompanying financial statements but would record any such interest and/or penalties as a component of other expense.

Liquidity and Availability of Resources

The following reflects the Library's financial assets as of the statements of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of December 31, 2022:

Financial assets at year-end:	
Cash and cash equivalents	\$ 225,606
Investments	<u>349,986</u>
	575,592
Less:	
Purpose restricted net assets - capital campaign	<u>(349,986)</u>
Financial assets available to meet general	
expenditures over the next year	<u><u>\$ 225,606</u></u>

Note 3 - Concentration of Credit Risk

The Library maintains its cash and cash equivalent balances in one financial institution. Certain balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per institution. At December 31, 2022, there were no uninsured amounts.

LaGrange Association Library  
Notes to Financial Statements  
December 31, 2022

Note 4 - Investments

Certain contributions with donor restrictions and Board designated assets have been invested in securities held in a brokerage account. The capital campaign is underway for building expansion and renovation to provide optimal services to all ages in the LaGrange community, the establishment and purpose for which are further discussed in Note 6.

Investments held for the Building Fund are with donor restrictions and include the earnings from the investments. Investments held for the Building Fund consisted of the following at December 31, 2022:

	<u>Cost</u>	<u>Fair Value</u>
Mutual funds	\$ 231,193	\$ 195,046
Treasury money market	<u>154,940</u>	<u>154,940</u>
Totals	<u>\$ 386,133</u>	<u>\$ 349,986</u>

Investment loss consists of the following for the year ended December 31, 2022:

Reinvested dividends	\$ 5,977
Unrealized loss on investments	<u>(36,147)</u>
	<u>\$ (30,170)</u>

Note 5 - Property and Equipment

Property and equipment consist of the following at December 31, 2022:

Leasehold improvements	\$ 697,737
Furniture, fixtures and equipment	125,464
Shelving	<u>104,222</u>
	927,423
Accumulated depreciation	<u>(140,955)</u>
	<u>\$ 786,468</u>

Depreciation expense for the year ended December 31, 2022 was \$41,795.

LaGrange Association Library  
Notes to Financial Statements  
December 31, 2022

Note 6 - Net Assets With Donor Restrictions

Net assets with donor restrictions were restricted for the following purposes at December 31:

Subject to expenditure for specified purpose:

Building fund/capital campaign	<u>\$ 349,986</u>
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During the year ended December 31, 2022, net assets with donor restrictions includes \$26,000 designated by the Board of Trustees towards the building fund. There were \$4,000 of building expenditures during the year ended December 31, 2022.

Building Fund/Capital Campaign:

The current physical plant has the capacity to expand into nearly 4,000 square feet of available space to add a much-needed children’s program room, toddler play area, increased collection space for adult and youth materials, a larger Community room, quiet study areas, a passport application office, and more.

Note 7 - Fair Value Measurements

“Fair Value Measurements and Disclosures” establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. “Fair Value Measurements and Disclosures” defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price” in an orderly transaction between market participants). In determining fair value, the Center uses various valuation approaches, including market, income and/or cost approaches. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) measurements, and the lowest priority to unobservable inputs (Level 3 measurements).

Level 1 inputs:

Valuation inputs are quoted market prices in active markets for identical assets or liabilities that are accessible at the measurement date (e.g., equity securities traded on the New York Stock Exchange).

Level 2 inputs:

Valuation inputs are from other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly (e.g., quoted market prices of similar assets or liabilities in active markets, or quoted market prices for identical or similar assets or liabilities in markets that are not active).



LaGrange Association Library  
Notes to Financial Statements  
December 31, 2022

Note 7 - Fair Value Measurements - (continued)

Level 3 inputs:

Valuation inputs are unobservable (e.g., use of an appraisal or valuation of the entity's own data) and should be used to measure fair value to the extent that observable inputs are not available.

The financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying assets and liabilities.

Investments in mutual fund with readily determinable fair values are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increased in unrestricted net assets if the restriction are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

The following are major categories of investments measured at fair value and categorized by the fair value hierarchy for those investments measured at fair value at December 31, 2022:

Quoted Prices in Active Market for Identical Assests (Level 1)	
Mutual funds	\$ 195,046
Treasury money market	<u>154,940</u>
	<u>\$ 349,986</u>

Note 8 - Retirement Plan

The Library sponsors a 403(b) retirement plan that allows employees to make pre-tax elective contributions. The assets are held for each employee in an individual account maintained by an investment firm. There are no matching contributions from the Library.

Note 9 - Economic Dependency

The Library receives a substantial amount of its support from State and local governments. For the year ended December 31, 2022, revenue from State and local governments approximated 89% of the Library's total operating revenue. A significant reduction in the level of this support, if it were to occur, would have a negative effect on the Library's programs and activities.

LaGrange Association Library  
Notes to Financial Statements  
December 31, 2022

Note 10 - Commitment

During 2019, the Library entered into a lease agreement for the Library space with a lease term of 15 years which expires October 2034. For the year ended December 31, 2022, the lease agreement is payable in monthly installments of \$14,978 with 2% escalations annually. For this lease, a right-of-use asset and operating lease liability were recognized using the risk-free discount rate of 2.52%. Operating lease expense was \$179,732 for the year ended December 31, 2022.

Future minimum lease payments under the operating lease as of December 31, 2022 are as follows:

Total minimum lease payments	\$ 2,439,803
Less: amounts representing interest	(342,071)
Less: operating lease liability - current	<u>(36,794)</u>
Total operating lease liability - long term	<u><u>\$ 2,060,938</u></u>

Note 11 - Subsequent Events

Management has evaluated subsequent events through September 19, 2023, the date which the financial statements were available to be issued. Management has determined that there are no subsequent events that require disclosure in these financial statements.