

FRIENDS FOR THE PUBLIC LIBRARY
FINANCIAL STATEMENTS
AND
INDEPENDENT ACCOUNTANT'S REPORT
Years Ended June 30, 2015 and 2014

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 statements of financial position of Friends for the Public Library (a nonprofit organization) as of June 30, 2015 and 2014, and the related statements of activities and changes in net assets 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 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 evaluation 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, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.


Findell & Company, P.C.
Certified Public Accountants

Albuquerque, New Mexico
October 21, 2015

FRIENDS FOR THE PUBLIC LIBRARY
 STATEMENTS OF FINANCIAL POSITION
 June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 88,645	\$ 81,029
Investments in marketable securities (Note 3)	<u>435,896</u>	<u>475,546</u>
TOTAL CURRENT ASSETS	524,541	556,575
PROPERTY AND EQUIPMENT (Note 4)	15,081	9,485
OTHER ASSETS		
Ebay sales receivable	1,420	-
Deposits	<u>1,000</u>	<u>1,000</u>
	<u>2,420</u>	<u>1,000</u>
TOTAL ASSETS	<u>\$ 542,042</u>	<u>\$ 567,060</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 8,178	\$ 13,003
Credit cards payable	6,816	1,835
Fiscal agent liability	8,610	22,125
Accrued expenses	<u>2,600</u>	<u>2,547</u>
TOTAL CURRENT LIABILITIES	26,204	39,510
NET ASSETS		
Unrestricted net assets		
Board designated reserve	12,000	12,000
Undesignated	<u>348,342</u>	<u>359,810</u>
Total unrestricted	360,342	371,810
Temporarily restricted net assets (Note7)	<u>155,496</u>	<u>155,740</u>
TOTAL NET ASSETS	<u>515,838</u>	<u>527,550</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 542,042</u>	<u>\$ 567,060</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
Library events	-	-	-
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>227,198</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>\$ 360,342</u>	<u>\$ 155,496</u>	<u>\$ 515,838</u>

See accompanying notes.

FRIENDS FOR THE PUBLIC LIBRARY
STATEMENT OF ACTIVITIES
Year Ended June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES AND SUPPORT			
Book sales revenue	\$ 195,831	\$ -	\$ 195,831
Contributions	8,662	4,054	12,716
Grants	4,332	-	4,332
Membership dues	6,290	-	6,290
Investment income, net	39,214	-	39,214
Library events	-	-	-
Other income	1,952	-	1,952
Net assets released from donor restrictions	<u>9,454</u>	<u>(9,454)</u>	<u>-</u>
TOTAL REVENUES AND SUPPORT	265,735	(5,400)	260,335
EXPENSES			
Program services	242,330	-	242,330
General and administrative	44,050	-	44,050
Book sales expense	<u>8,557</u>	<u>-</u>	<u>8,557</u>
TOTAL EXPENSES	<u>294,937</u>	<u>-</u>	<u>294,937</u>
CHANGE IN NET ASSETS	(29,202)	(5,400)	(34,602)
BEGINNING NET ASSETS	<u>401,012</u>	<u>161,140</u>	<u>562,152</u>
ENDING NET ASSETS	<u>\$ 371,810</u>	<u>\$ 155,740</u>	<u>\$ 527,550</u>

See accompanying notes.

FRIENDS FOR THE PUBLIC LIBRARY
 STATEMENTS OF CASH FLOWS
 Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets (loss)	\$ (11,712)	\$ (34,602)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	5,955	4,415
Unrealized loss (gain) on investment	(1,190)	27,977
(Increase) decrease in		
Prepaid expenses	-	-
Increase (decrease) in		
Accounts payable	8,180	6,235
Credit cards payable	6,816	1,835
Fiscal agent liabilities	8,610	22,125
Accrued expenses	<u>2,600</u>	<u>51</u>
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	19,259	28,036
 CASH FLOWS FROM INVESTING ACTIVITIES		
Net change in marketable securities retirements (investments)	<u>(11,643)</u>	<u>(160,524)</u>
NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES	(11,643)	(160,524)
 NET (DECREASE) INCREASE IN CASH	7,616	(132,488)
 CASH BEGINNING OF YEAR	<u>81,029</u>	<u>213,517</u>
 CASH AT END OF YEAR	\$ <u>88,645</u>	\$ <u>81,029</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.

Revenues and Other Support

The Organization's primary source of revenues 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 book sales 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 certificate 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 expense of \$10,550 and \$16,182 during the years ended June 30, 2015 and 2014 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 conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses and during the reporting period. Actual results could differ from these 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, 2015 and has evaluated its tax positions taken for all open tax years. Currently, the 2012, 2013 and 2014 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 consist of fixed income securities and mutual funds held with a national brokerage firm. The cost, approximate market value, and net unrealized gains on investments as of June 30, 2015 and 2014, are as follows:

	<u>2015</u>	<u>2014</u>
Market value of investments	\$ 435,896	\$ 475,546
Cost of investments	<u>390,090</u>	<u>431,540</u>
Net unrealized gain (loss)	<u>\$ 45,806</u>	<u>\$ 44,006</u>

FRIENDS FOR THE PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – FAIR VALUE MEASUREMENT

Accounting principles generally accepted in the United States of America, as they relate to fair value measurements, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820-10-50-2 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Investment Entity has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from the corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for assets and liabilities measured at fair value.

Marketable securities: Valued at the fair market value of the shares held by the Organization at the end of the year.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

FRIENDS OF THE PUBLIC LIBRARY
 NOTES TO FINANCIAL STATEMENTS

NOTE 4 – FAIR VALUE MEASUREMENT (continued)

The following table presents the fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30, 2015 and 2014:

Assets at Fair value as of June 30, 2015

	Level 1	Level 2	Level 3	Total
Marketable securities	\$ <u>435,896</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>435,896</u>

Assets at Fair value as of June 30, 2014

	Level 1	Level 2	Level 3	Total
Marketable securities	\$ <u>475,546</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>475,546</u>

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2015</u>	<u>2014</u>
Bookstore - main library	\$ 42,572	\$ 42,572
Computer equipment	<u>15,678</u>	<u>4,128</u>
	58,250	46,700
Less accumulated depreciation	<u>(43,169)</u>	<u>(37,214)</u>
Net property and equipment	\$ <u>15,081</u>	\$ <u>9,485</u>

Depreciation expense totaled \$5,955 and \$4,415 for the years ended June 30, 2015 and 2014, 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>2015</u>	<u>2014</u>
Estate donation-library renovations and program support	\$ 138,668	\$ 144,432
Grants and other donations with a temporarily restricted purpose	<u>16,828</u>	<u>11,308</u>
	<u>\$ 155,496</u>	<u>\$ 155,740</u>

Net assets released from restrictions totaled \$6,389 and \$9,454 for the years ended June 30, 2015 and 2014 and included temporarily restricted grant monies used for their restricted purpose and interest payments from the pledge trust receivable of unconditional promises to give.

In addition, the board of directors for the Organization has established funds as a board designated reserve in unrestricted net assets for future projects consisting of \$12,000 and \$12,000 as of June 30, 2015 and 2014, respectively.

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, 2015 or 2014.

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, 2015 as follows:

Grant revenue	\$ 31,635
Expenses	<u>(23,025)</u>
	<u>\$ 8,610</u>

FRIENDS FOR THE PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 11 – SUBSEQUENT EVENTS

The Organization has evaluated events occurring through the date of the report and has determined that there are no subsequent events in need of disclosure.