THE NEW HAVEN FREE PUBLIC LIBRARY FOUNDATION, INCORPORATED

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017
The New Haven Free Public Library Foundation, Incorporated
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Year Ended June 30, 2017

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FINANCIAL STATEMENTS

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The Board of Directors  
The New Haven Free Public Library Foundation, Incorporated  
New Haven, Connecticut  

I have audited the accompanying financial statements of The New Haven Free Public Library Foundation, Incorporated (a nonprofit organization), which comprise the statement of assets, liabilities and net assets – cash basis as of June 30, 2017, the related statement of revenues, expenses and changes in net assets – cash basis 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 the modified cash basis of accounting as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in these circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor’s Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the Independent 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit.
Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets – cash basis of The New Haven Free Public Library Foundation, Incorporated as of June 30, 2017, and revenues, expenses and changes in net assets – cash basis for the year then ended, in accordance with the cash basis of accounting as described in Note 1.

Basis of Accounting

I draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. My opinion is not modified with respect to that matter.

Milford, Connecticut
September 12, 2017
The New Haven Free Public Library Foundation, Incorporated
Statement of Assets, Liabilities and Net Assets – Cash Basis
June 30, 2017

Assets

<table>
<thead>
<tr>
<th>Current Assets:</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents</td>
<td>$195,739</td>
<td>$3,552</td>
<td>$199,291</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$195,739</td>
<td>$3,552</td>
<td>$199,291</td>
</tr>
</tbody>
</table>

Liabilities and Net Assets

Liabilities

<table>
<thead>
<tr>
<th>Current Liabilities:</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued and Withheld Taxes</td>
<td>$---</td>
<td>---</td>
<td>$---</td>
</tr>
<tr>
<td>Total Current Liabilities</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
</tbody>
</table>

Net Assets

| Unrestricted Net Assets             | 195,739      | 195,739                |
| Temporarily Restricted Net Assets   | ---          | $3,552                 | 3,552       |
| Total Net Assets                    | 195,739      | 3,552                  | 199,291     |
| Total Liabilities and Net Assets    | $195,739     | $3,552                 | $199,291    |

-See Independent Auditor’s Report and Notes to the Financial Statements-
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The New Haven Free Public Library Foundation, Incorporated  
Statement of Revenues, Expenses and Changes in Net Assets – Cash Basis  
Year Ended June 30, 2017

<table>
<thead>
<tr>
<th>Public Support and Revenue:</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants</td>
<td>$58,116</td>
<td>$---</td>
<td>$58,116</td>
</tr>
<tr>
<td>Contributions</td>
<td>191,634</td>
<td>---</td>
<td>191,634</td>
</tr>
<tr>
<td>Fundraising</td>
<td>41,273</td>
<td>---</td>
<td>41,273</td>
</tr>
<tr>
<td>Investment Income</td>
<td>---</td>
<td>403</td>
<td>403</td>
</tr>
<tr>
<td><strong>Total Public Support and Revenues</strong></td>
<td><strong>291,023</strong></td>
<td><strong>403</strong></td>
<td><strong>291,426</strong></td>
</tr>
</tbody>
</table>

Expenditures:

<table>
<thead>
<tr>
<th>Expenditure</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants</td>
<td>165,116</td>
<td>---</td>
<td>165,116</td>
</tr>
<tr>
<td>Fundraising</td>
<td>20,837</td>
<td>---</td>
<td>20,837</td>
</tr>
<tr>
<td>Wages</td>
<td>55,615</td>
<td>---</td>
<td>55,615</td>
</tr>
<tr>
<td>Payroll Taxes</td>
<td>5,317</td>
<td>---</td>
<td>5,317</td>
</tr>
<tr>
<td>Insurance</td>
<td>1,970</td>
<td>---</td>
<td>1,970</td>
</tr>
<tr>
<td>Payroll Service</td>
<td>560</td>
<td>---</td>
<td>560</td>
</tr>
<tr>
<td>Office Supplies</td>
<td>2,571</td>
<td>---</td>
<td>2,571</td>
</tr>
<tr>
<td>Professional Fees</td>
<td>12,800</td>
<td>---</td>
<td>12,800</td>
</tr>
<tr>
<td>Outside Services</td>
<td>4,340</td>
<td>---</td>
<td>4,340</td>
</tr>
<tr>
<td>Merchant Fees</td>
<td>918</td>
<td>40</td>
<td>958</td>
</tr>
<tr>
<td>Dues and Subscriptions</td>
<td>385</td>
<td>---</td>
<td>385</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td><strong>270,429</strong></td>
<td><strong>40</strong></td>
<td><strong>270,469</strong></td>
</tr>
</tbody>
</table>

Increase (Decrease) in Net Assets  
20,594  
363  
20,957

Net Assets, July 1, 2016  
175,145  
3,189  
178,334

Net Assets, June 30, 2017  
$195,739  
$3,552  
$199,291

-See Independent Auditor’s Report and Notes to the Financial Statements-
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The New Haven Free Public Library Foundation, Incorporated
Notes to the Financial Statements
Year Ended June 30, 2017

Note 1 – Nature of the Organization and Summary of Significant Accounting Policies

The New Haven Free Public Library Foundation, Incorporated (the Organization), a not-for-profit corporation established under the laws of the State of Connecticut, primary purpose is to work collaboratively with the New Haven Free Public Library (the Library) to raise funds to support major initiatives and innovative projects that enhance the services of the Library to the residents of New Haven, Connecticut.

Accounting method:

The Organization prepares its financial statements on the cash basis of accounting. Under this method, revenue is recognized when received rather than when earned, and expenses are recognized when paid rather than when the related obligation is incurred. Modifications to the cash basis of accounting result in management’s decision to record property and equipment and related depreciation, notes payable, prepaid expenses and advances to employees in the accompanying statement of assets, liabilities, and net assets — modified cash basis. In addition, certain in-kind donations are recorded in the accompanying statement of revenues, expenses and changes in net assets - cash basis.

Financial statement presentation:

The Organization has adopted Statement of Financial Accounting Standards (SFAS) No. 117, “Financial Statements of Not-for-Profit Organizations”. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. As permitted by the statement, the Organization does not use fund accounting.

Investments:

The Organization has adopted SFAS No. 124, “Accounting for Certain Investments Held by Not-for-Profit Organizations.” Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued 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 increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

-See Independent Auditor’s Report-
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Income Tax Status:

The Organization is a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

On January 1, 2009, the Organization adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more likely than not be sustained upon examination by taxing authorities. The Organization has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates.

The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in material adverse effects on the Organization’s financial condition, results of operations or cash flows.

Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions as of June 30, 2017.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to 2011.

The Organization’s policy is to classify income tax related interest and penalties in interest expense and other expenses, respectively.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

-See Independent Auditor’s Report-

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The New Haven Free Public Library Foundation, Incorporated

Notes to the Financial Statements

Year Ended June 30, 2017

Note 2 – Related Party Transactions/Commitments

The Organization and the Library entered into an agreement in November, 2011. In accordance with this agreement, the Organization will raise funds for the Library and handle associated items. The Library provides office space, office equipment and utilities to the Organization. The agreement is through November, 2017 and is renewable in one year terms.

In addition to the above, certain members of the Board of Directors of the Organization are also members of the Board of Directors and are employees of the Library.

Note 3 – Contingencies

The Organization has received grants for specific purposes that are subject to review, audit, and adjustment by the grantor agencies. Such audits could lead to requests for reimbursement to such agencies for any expenditures or claims disallowed under the terms of the agreements. Management believes such disallowances, if any, will not be material to the financial statements.

Note 4 – Subsequent Events

Subsequent events have been evaluated through September 12, 2017, which is the date the financial statements were available to be issued.