

**MATTITUCK-LAUREL LIBRARY**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2022**

**MATTITUCK-LAUREL LIBRARY**  
**INDEX TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

<u>Independent Auditor's Report</u>	1
<u>Audited Financial Statements:</u>	
Statements of Financial Position - December 31, 2022 and 2021	3
Statements of Activities - For the Years Ended December 31, 2022 and 2021	4
Statements of Functional Expenses - For the Years Ended December 31, 2022 and 2021	5
Statements of Cash Flows - For the Years Ended December 31, 2022 and 2021	6
<u>Notes to Financial Statements</u>	7

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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, 2022 and 2021 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, 2022 and 2021, 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

August 29, 2023

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

ASSETS

	2022	2021
<u>Current Assets:</u>		
Cash	\$ 901,332	\$ 1,005,167
Grants Receivable	22,424	-0-
Total Current Assets	923,756	1,005,167
<u>Property and Equipment, Net of Accumulated Depreciation</u> of \$3,434,970 and \$3,239,406, Respectively	2,069,610	2,083,919
 TOTAL ASSETS	 \$ 2,993,366	 \$ 3,089,086

LIABILITIES AND NET ASSETS

<u>Current Liabilities:</u>		
Accounts Payable	1,999	6,015
Mortgage Loan Payable	79,398	71,328
Total Current Liabilities	81,397	77,343
 <u>Long Term Liabilities:</u>		
Mortgage Loan Payable	228,152	461,336
Total Liabilities	309,549	538,679
 <u>Net Assets:</u>		
<u>Without Donor Restrictions</u>		
Non-Designated Net Assets	2,362,109	2,151,896
Board Designated Net Assets	321,708	398,511
Total Net Assets	2,683,817	2,550,407
 TOTAL LIABILITIES AND NET ASSETS	 \$ 2,993,366	 \$ 3,089,086

See accompanying notes and independent auditor's report.

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

	<u>2022</u>	<u>2021</u>
<u>Revenues:</u>		
<u>Program Services:</u>		
Tax Revenue	\$ 1,550,124	\$ 1,525,884
Charges for Library Services	<u>6,938</u>	<u>5,399</u>
Total Program Services	1,557,062	1,531,283
<u>Support Services:</u>		
Donations	39,032	18,683
Grants	22,424	201,807
Interest Income	254	279
Other	<u>8,253</u>	<u>12,528</u>
Total Support Services	<u>69,963</u>	<u>233,297</u>
Total Revenue	1,627,025	1,764,580
<u>Expenses:</u>		
<u>Program Services:</u>		
Library Services	1,321,439	1,173,532
<u>Support Services:</u>		
Management and General Operations	<u>165,588</u>	<u>140,086</u>
Total Expenses	1,487,027	1,313,618
<u>Other Income and Expenses:</u>		
Loss on Disposal of Asset	<u>( 6,588)</u>	<u>-0-</u>
Change in Net Assets	\$ 133,410	\$ 450,962
Net Assets Without Donor Restrictions - Beginning of Year	<u>2,550,407</u>	<u>2,099,445</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS - END OF YEAR	<u>2,683,817</u>	<u>\$ 2,550,407</u>

See accompanying notes and independent auditor's report.

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

	2022	2021
<u>Program Services:</u>		
<u>Library Program Services:</u>		
Personnel	\$ 850,953	\$ 771,329
Books and Related Subjects	67,921	66,541
Building and Occupancy	102,515	63,844
Insurance	28,181	28,324
Depreciation	185,140	166,391
Office Equipment and Supplies	34,101	35,116
Dues, Licenses and Memberships	35,200	36,147
Printing and Postage	13,525	3,183
Miscellaneous	3,903	2,657
Total Library Program Services	1,321,439	1,173,532
 TOTAL PROGRAM SERVICES	 \$ 1,321,439	 \$ 1,173,532
 <u>Support Services:</u>		
<u>Management and General Operations:</u>		
Personnel	\$ 84,160	\$ 76,285
Building and Occupancy	11,391	7,094
Insurance	1,799	1,808
Office Equipment and Supplies	3,789	3,902
Professional Fees	24,314	26,964
Depreciation	20,571	18,488
Interest Expense	14,043	4,953
Printing and Postage	712	-0-
Miscellaneous	4,809	592
Total Management and General Operations Expenses	165,588	140,086
 TOTAL SUPPORT SERVICES	 \$ 165,588	 \$ 140,086

See accompanying notes and independent auditor's report.

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

	<u>2022</u>	<u>2021</u>
<u>Cash Flows From Operating Activities:</u>		
Cash Received from Governments and Donors	\$ 1,604,347	\$ 1,764,301
Cash Paid to Suppliers and Employees	( 1,271,289)	( 1,117,771)
Interest Received	254	279
Interest Paid	( 14,043)	( 4,953)
Net Cash Flows Provided By Operating Activities	319,269	641,856
<u>Cash Flows From Investing Activities:</u>		
Payments for Purchases of Property and Equipment	( 197,990)	( 780,515)
<u>Cash Flows From Financing Activities</u>		
Proceeds from Note Payable	-0-	550,000
Repayment of Note Payable	( 225,114)	( 17,336)
Net Cash Flows Provided by (Used In) Financing Activities	( 225,114)	532,664
Net Increase (Decrease) in Cash Balance	( 103,835)	394,005
Cash Balance - Beginning of Year	<u>1,005,167</u>	<u>611,162</u>
CASH BALANCE - END OF YEAR	<u>\$ 901,332</u>	<u>\$ 1,005,167</u>
 RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:		
Change in Net Assets	\$ 133,410	\$ 450,962
<u>Adjustments to Reconcile Change in Net Assets to Net Cash Flows Provided By Operating Activities:</u>		
Depreciation	205,711	184,879
Loss on Disposal of Asset	6,588	-0-
<u>Change in Operating Assets and Liabilities:</u>		
Grants Receivable	( 22,424)	-0-
Accounts Payable	( 4,016)	6,015
Total Adjustments	<u>185,859</u>	<u>190,894</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 319,269</u>	<u>\$ 641,856</u>

See accompanying notes and independent auditor's report.



**MATTITUCK-LAUREL LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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, 2022**

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"><li>- The nature of the Organization</li><li>- The environment in which it operates</li><li>- The purposes specified in its articles of incorporation or bylaws</li></ul>
Without Donor Restrictions	The part of Net Assets of the Organization that is not subject to donor-imposed restrictions

As of December 31, 2022 and 2021, 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, 2022**

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, 2022, tax years subsequent to December 31, 2018, remain subject to examination by all tax jurisdictions.

See independent auditor's report.

**MATTITUCK-LAUREL LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

Note 1 - Summary of Significant Accounting Policies (Continued)

Subsequent Events

The Company has evaluated events and transactions that occurred through August 29, 2023, 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 \$923,756 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 and grants receivable. 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 \$1,487,027 for the year ended December 31, 2022, 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, 2022**

Note 3 - Property and Equipment

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

	<u>2022</u>	<u>2021</u>
Land	\$ 2,000	\$ 2,000
Building and Structures	2,744,335	2,693,391
Permanent Fixtures	191,825	191,825
Furnishings and Equipment	182,249	170,849
Computer Equipment	86,224	87,255
Library Materials	2,285,870	2,165,928
Telephone System	<u>12,077</u>	<u>12,077</u>
Total Property and Equipment	5,504,580	5,323,325
Accumulated Depreciation	<u>( 3,434,970)</u>	<u>( 3,239,406)</u>
Net Property and Equipment	<u>\$ 2,069,610</u>	<u>\$ 2,083,919</u>

Depreciation expense for the years ended December 31, 2022 and 2021 was \$205,711 and \$184,879, 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,:

	<u>2022</u>	<u>2021</u>
Building Reserve	\$ 321,708	\$ 398,511
Total Board Designated Assets	<u>\$ 321,708</u>	<u>\$ 398,511</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 \$663,796 in bank deposits that exceed the insured limits as of December 31, 2022.

See independent auditor's report.

**MATTITUCK-LAUREL LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

Note 6 - Concentration Risk

For the years ended December 31, 2022 and 2021, the Organization received revenue from one school district totaling \$1,550,124 and \$1,525,884, respectively. This represents 95.3% and 86.5%, 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 on September 21, 2028. The loan is secured by the Organization's building assets. Interest expense on this loan for the years ended December 31, 2022 and 2021 was \$14,043 and \$4,953, respectively.

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

	Principal Due
For the Year Ended December 31, 2023	\$ 79,398
For the Year Ended December 31, 2024	82,304
For the Year Ended December 31, 2025	85,316
For the Year Ended December 31, 2026	<u>60,532</u>
 Total Future Principal Payments	 <u>\$ 307,550</u>

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, 2022 and 2021 was \$40,831 and \$39,850, 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 \$3,500 for the years ended December 31, 2022 and 2021, respectively.

See independent auditor's report.