

New York Library Association

Auditor Communications
June 30, 2017



BRYANS & GRAMUGLIA
CPAs, LLC



October 25, 2017

To the Councilors of
New York Library Association
6021 State Farm Road
Guilderland, New York 12084

We have audited the financial statements of New York Library Association (NYLA) for the year ended June 30, 2017, and have issued our report thereon dated October 25, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 5, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by NYLA are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2016 – 2017. We noted no transactions entered into by NYLA during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period, except for the two issues that have been described in Note 2 to the financial statements.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements is management's estimate of depreciation.

Management's estimate of depreciation is based on management's determination of the useful life on an asset. We evaluated the key factors and assumptions used to develop the estimate of depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 25, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to NYLA's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as NYLA's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters—Supplemental Information

With respect to supplemental information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplemental information to the underlying accounting records used to prepare the financial statements or to the financial statement themselves.

This information is intended solely for the Councilors and management of New York Library Association and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Bryans & Gramuglia CPAs, LLC

Albany, New York

New York Library Association

**Financial Statements
Year Ended June 30, 2017**



BRYANS & GRAMUGLIA
CPAs, LLC

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Independent Auditors' Report

To the Councilors of
New York Library Association

Report on the Financial Statements

We have audited the accompanying financial statements of New York Library Association (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, 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 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 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 qualified audit opinion.

Basis for Qualified Opinion

As explained in Note 2 to the financial statements, New York Library Association prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America with the exception of membership dues revenue. This revenue is recognized when received instead of when earned. The effects on the accompanying financial statements due to this departure from accounting principles generally accepted in the United States of America have not been determined.

As also explained in Note 2 to the financial statements, New York Library Association does not include the assets, liabilities, net assets, revenues and expenses of its Sections, Roundtables and Groups in its financial statements. Instead, this information is summarized in the accompanying notes to the financial statements. Accounting principles generally accepted in the United States of America require that all assets, liabilities, net assets, revenues, and expenses of an entity and its segments be included in its financial statements. As demonstrated in Note 9, the effect of this departure from accounting principles generally accepted in the United States of America is an understatement of net assets of \$557,743 at June 30, 2017, an understatement of revenues of \$427,115, and an understatement of expenses of \$353,202 for the year then ended.

Qualified Opinion

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of New York Library Association as of June 30, 2017, 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.

Other Matter - Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information on pages 16 through 20 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited New York Library Association's 2016 financial statements, and we expressed a qualified audit opinion on those audited financial statements in our report dated October 20, 2016. In our opinion, except for the effects described in the Basis for Qualified Opinion paragraph, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Bryans & Gramuglia CPAs, LLC

Albany, New York

October 25, 2017

New York Library Association
Statement of Financial Position
For the Year Ended June 30, 2017
(With Comparative Totals for June 30, 2016)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2017 Totals</u>	<u>2016 Totals</u>
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 383,317	\$ -	\$ 383,317	\$ 531,493
Marketable securities	1,302,174	-	1,302,174	1,154,783
Due (to) from other funds	(105,178)	105,178	-	-
Accounts receivable	2,776	-	2,776	46,445
Prepaid expenses	28,793	-	28,793	27,052
Total Current Assets	<u>1,611,882</u>	<u>105,178</u>	<u>1,717,060</u>	<u>1,759,773</u>
Property, Plant and Equipment				
Land	27,500	-	27,500	27,500
Buildings and improvements	607,599	-	607,599	607,599
Furniture and fixtures	16,389	-	16,389	16,389
Equipment	58,609	-	58,609	58,609
Total	<u>710,097</u>	<u>-</u>	<u>710,097</u>	<u>710,097</u>
Less accumulated depreciation	<u>240,247</u>	<u>-</u>	<u>240,247</u>	<u>218,201</u>
Net Property, Plant and Equipment	<u>469,850</u>	<u>-</u>	<u>469,850</u>	<u>491,896</u>
TOTAL ASSETS	<u>\$ 2,081,732</u>	<u>\$ 105,178</u>	<u>\$ 2,186,910</u>	<u>\$ 2,251,669</u>
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable	\$ 44,273	\$ -	\$ 44,273	\$ 18,275
Accrued expenses	21,225	-	21,225	28,205
Current portion of long-term debt	-	-	-	8,993
Deferred revenue	60,175	-	60,175	69,401
Due to sections	470,941	-	470,941	407,231
Due to roundtables	78,167	-	78,167	71,348
Due to groups	8,635	-	8,635	5,251
Total Current Liabilities	<u>683,416</u>	<u>-</u>	<u>683,416</u>	<u>608,704</u>
Other Liabilities				
Long-term debt, net of current portion	-	-	-	180,324
Total Liabilities	<u>683,416</u>	<u>-</u>	<u>683,416</u>	<u>789,028</u>
Net Assets				
Unrestricted				
Undesignated	<u>264,090</u>	<u>-</u>	<u>264,090</u>	<u>144,747</u>
Board designated				
Capital fund	47,302	-	47,302	47,302
Fund for future	1,055,806	-	1,055,806	1,079,072
Excelsior fund	31,118	-	31,118	43,362
NYLA 125 capital campaign fund	-	-	-	33,589
Sustainability fund	-	-	-	200
Total Board designated net assets	<u>1,134,226</u>	<u>-</u>	<u>1,134,226</u>	<u>1,203,525</u>
Total unrestricted net assets	<u>1,398,316</u>	<u>-</u>	<u>1,398,316</u>	<u>1,348,272</u>
Temporarily restricted net assets	<u>-</u>	<u>105,178</u>	<u>105,178</u>	<u>114,369</u>
Total Net Assets	<u>1,398,316</u>	<u>105,178</u>	<u>1,503,494</u>	<u>1,462,641</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,081,732</u>	<u>\$ 105,178</u>	<u>\$ 2,186,910</u>	<u>\$ 2,251,669</u>

New York Library Association
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2017
(With Comparative Totals for the Year Ended June 30, 2016)

	Unrestricted		Temporarily Restricted	2017 Totals	2016 Totals
	Undesignated	Board Designated			
Support and Revenue					
Conference	\$ 308,294	\$ -	\$ -	\$ 308,294	\$ 255,266
Scholarship Fund event	-	-	8,974	8,974	9,450
Membership dues	209,255	60,817	-	270,072	266,570
Fund contributions	-	507	13,228	13,735	16,257
Dewey Fellowship	-	-	-	-	3,900
Disaster Relief fund	-	-	53	53	301
Lake Placid Scholarship	-	-	-	-	5,400
Grant revenue	-	-	-	-	-
Bulletin advertising	-	-	-	-	860
Continuing education	34,256	-	-	34,256	44,011
Promotional item sales	4,903	-	-	4,903	2,998
Interest and dividends	14,411	37,293	-	51,704	55,792
Marketing revenue	2,013	-	-	2,013	8,162
Committees	8,457	-	-	8,457	8,198
Other revenue	43,749	-	26,524	70,273	85,510
NYLA 125 capital campaign fund	-	775	-	775	37,366
Net assets released from restrictions:					
Satisfaction of purpose restrictions	57,259	-	(57,259)	-	-
Satisfaction of time restrictions	711	-	(711)	-	-
Total Support and Revenue	<u>683,308</u>	<u>99,392</u>	<u>(9,191)</u>	<u>773,509</u>	<u>800,041</u>
Expenses					
General and administrative	598,553	73,101	-	671,654	675,630
Conference	128,661	-	-	128,661	100,526
Committees	24,519	-	-	24,519	50,501
Interest expense	3,565	-	-	3,565	9,878
Total Expenses	<u>755,298</u>	<u>73,101</u>	<u>-</u>	<u>828,399</u>	<u>836,535</u>
Income (Loss) from Operations	<u>(71,990)</u>	<u>26,291</u>	<u>(9,191)</u>	<u>(54,890)</u>	<u>(36,494)</u>
Non-operating income (expense)					
Realized gain (loss) on sale of marketable securities, net	-	13,036	-	13,036	(21,975)
Unrealized gain (loss) on marketable securities, net	5,279	77,428	-	82,707	16,255
Total Non-operating income (expense)	<u>5,279</u>	<u>90,464</u>	<u>-</u>	<u>95,743</u>	<u>(5,720)</u>
Change in Net Assets	<u>(66,711)</u>	<u>116,755</u>	<u>(9,191)</u>	<u>40,853</u>	<u>(42,214)</u>
Net Assets, Beginning of Year	144,747	1,203,525	114,369	1,462,641	1,504,855
Net Assets Designated by the Board	186,054	(186,054)	-	-	-
Net Assets, End of Year	<u>\$ 264,090</u>	<u>\$ 1,134,226</u>	<u>\$ 105,178</u>	<u>\$ 1,503,494</u>	<u>\$ 1,462,641</u>

See accompanying notes to financial statements.

New York Library Association
Statement of Cash Flows
For the Year Ended June 30, 2017
(With Comparative Totals for the Year Ended June 30, 2016)

	<u>2017</u>	<u>2016</u>
Cash Flows From Operating Activities		
Change in Net Assets	\$ 40,853	\$ (42,214)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	22,047	23,439
Realized (gain) loss on sale of marketable securities, net	(13,036)	21,975
Unrealized (gain) loss on marketable securities, net	(82,707)	(16,255)
(Increase) decrease in assets:		
Accounts receivable	43,669	(39,523)
Prepaid expenses	(1,741)	1,360
Increase (decrease) in liabilities:		
Accounts payable	25,998	(26,104)
Accrued expenses	(6,980)	5,181
Deferred revenue	(9,226)	25,100
Due to sections	63,710	(9,229)
Due to roundtables	6,819	54,505
Due to groups	3,384	1,982
Net Cash Provided (Used) by Operating Activities	<u>92,790</u>	<u>217</u>
Cash Flows From Investing Activities		
Purchase of investments	(165,977)	(174,392)
Proceeds from sales of investments	114,328	272,258
Acquisition of property, plant and equipment	-	-
Net Cash Provided (Used) by Investing Activities	<u>(51,649)</u>	<u>97,866</u>
Cash Flows From Financing Activities		
Repayment of long-term debt	(189,317)	(11,209)
Net Cash Provided (Used) by Financing Activities	<u>(189,317)</u>	<u>(11,209)</u>
Net Increase (Decrease) in Cash	(148,176)	86,874
Cash and Cash Equivalents, Beginning of Year	<u>531,493</u>	<u>444,619</u>
Cash and Cash Equivalents, End of Year	<u>\$ 383,317</u>	<u>\$ 531,493</u>
Supplemental Information		
Cash paid for interest	<u>\$ 3,565</u>	<u>\$ 9,878</u>

New York Library Association
Notes to Financial Statements
June 30, 2017 (With Comparative for 2016)

1. NATURE OF OPERATIONS

New York Library Association (NYLA), incorporated on November 19, 1929, is a not-for-profit organization whose primary objectives are the development and improvement of library and information services and the promotion of library and information professionalism throughout the State of New York.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) for not-for-profit entities, except as noted below.

NYLA recognizes revenue from membership dues when received. U.S. GAAP requires revenue to be recognized when earned. In addition, NYLA does not report the assets, liabilities, net assets, revenues and expenses of its Sections, Roundtables and Groups in the financial statements. U.S. GAAP requires that all assets, liabilities, net assets, revenues, and expenses of all segments of an entity in its financial statements.

Cash and Cash Equivalents

For purposes of the statements of financial position and cash flows, NYLA considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents include time deposits and certificates of deposit within the three month timeframe.

Risks and Uncertainties

Investment securities are exposed to various risks, such as interest rate, market economic conditions, world affairs and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect the net assets of NYLA.

Accounts Receivable and Bad Debts

Accounts receivable are 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 on individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. NYLA considered accounts receivable to be fully collectible, and accordingly, no allowance for doubtful accounts exists for the years ended June 30, 2017 and 2016. There was no bad debt expense for the years ended June 30, 2017 and 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Property, Plant and Equipment and Depreciation

Property, plant and equipment purchased using NYLA funds are stated at acquisition cost less accumulated depreciation. Donated assets are recorded at fair market value at the date of donation less accumulated depreciation. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations on a straight-line basis over their estimated lives, which vary from five to thirty years.

Depreciation expense was \$22,047 and \$23,439 for the years ended June 30, 2017 and 2016, respectively.

Maintenance and repairs are charged to operations when incurred; betterments and renewals are capitalized. When property, plant and equipment is sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations.

Long-lived assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire long-lived assets are reported as restricted support. It is NYLA's policy to imply a time restriction based on the useful lives of those assets, on donations of long-lived assets that are restricted as to their use by the donor. Accordingly, those donations are recorded as support increasing temporarily restricted net assets. NYLA reclassifies temporarily restricted net assets to unrestricted net assets each year for the amount of the donated long-lived assets' depreciation expense.

Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the excess of the asset's carrying amount over the fair value of the asset. No impairment loss was recorded for long-lived assets during the years ended June 30, 2017 and 2016.

Accrued Vacation

NYLA accrues a liability for accumulated vacation leave up to the maximum allowable for its employees. The amount allowed depends on job classification, length of service and other factors. Accrued vacation was \$12,957 and \$24,484 for the years ended June 30, 2017 and 2016, respectively, and is included in the accrued expenses line of the Statement of Financial Position.

Net Assets – Unrestricted

Unrestricted net assets represent resources over which the Board of Directors of NYLA has discretionary control. The resources can be used to carry out the operations of NYLA in accordance with its by-laws.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Net Assets – Unrestricted

Unrestricted net assets of NYLA consist of both undesignated funds and Board Designated funds. Board designated funds consist of the following:

- Capital Fund – funds to be used for future capital improvements
- Fund for the Future – funds to provide NYLA with future stability*
- Excelsior Fund – funds to be used for lobbying activities
- NYLA 125 Capital Campaign Fund – Funds to be used for the infrastructure to advance libraries in the future*
- Sustainability Fund – Funds to be used to create leadership and provide tools to make libraries sustainable*

* = Funds were used in 2017 to retire long-term debt and for other designated purposes

Net Assets – Temporarily Restricted

Temporarily restricted net assets are assets subject to donor-imposed stipulations that will be met by the fulfillment of the purpose restriction or the passage of time. All donor-restricted support is reported as increases in temporarily restricted net assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire or are met in the same year in which the contributions are recognized.

Recognition of Revenue

Workshop and conference fees are recognized when earned on the date of the events.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Income Taxes

NYLA is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. NYLA qualifies for charitable contribution deductions and has been classified as an organization other than a private foundation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Income Taxes

The Financial Accounting Standards Board (FASB) issued FASB ASC 740-10 which requires entities to disclose in their financial statements the nature of any uncertainty in their tax position. For tax-exempt entities, their tax-exempt status itself is deemed to be an uncertainty, since events could potentially occur to jeopardize their tax-exempt status. However, NYLA has no knowledge of events or circumstances that would jeopardize its tax-exempt status.

NYLA has implemented FASB ASC 740-10 and its current accounting policy for evaluating uncertain tax positions is in accordance with generally accepted accounting principles. NYLA has not recognized any benefits from uncertain tax positions in 2016 - 2017 and believes it has no uncertain tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within 12 months of the statement of financial position date.

NYLA evaluated its tax position and concluded that all of the positions taken by NYLA would more likely than not be sustained upon examination, based on technical merits. The information returns of NYLA for the years ended June 30, 2014, 2015, and 2016 are subject to examination by tax authorities, generally for three years after they were filed.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Comparative Totals Summarized Financial Information for 2016

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the NYLA's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

New York Library Association
Notes to Financial Statements
June 30, 2017 (With Comparative for 2016)

3. INVESTMENTS

Investments are carried on the financial statements at fair value based on readily determinable market prices and consist of the following at June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Mutual funds	\$ 646,824	\$ 521,614
Equities	621,895	549,193
Certificates of deposit (cost which approximates fair value)	<u>33,455</u>	<u>83,976</u>
Total	<u>\$ 1,302,174</u>	<u>\$ 1,154,783</u>

Interest is accrued as earned and dividends are recognized as of the dividend declaration date.

The income and unrealized gains or losses related to the unrestricted investments are considered unrestricted for reporting purposes.

4. FAIR VALUE MEASUREMENTS

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at June 30, 2017 and 2016 are as follows:

<u>Fair Value Measurements at Reporting Date Using:</u>		
		Quoted Prices in Active Markets for Identical Assets (Level 1)
<u>June 30, 2017</u>	<u>Fair Value</u>	
Investments (see Note 3)	<u>\$ 1,302,174</u>	<u>\$ 1,302,174</u>
		Quoted Prices in Active Markets for Identical Assets (Level 1)
<u>June 30, 2016</u>	<u>Fair Value</u>	
Investments (see Note 3)	<u>\$ 1,154,783</u>	<u>\$ 1,154,783</u>

4. FAIR VALUE MEASUREMENTS

FASB ASC 820, Fair Value Measurements, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels: Level 1 inputs consisting of quoted prices in active markets for identical assets and liabilities have the highest priority, Level 2 consists of other observable inputs other than Level 1 prices, and Level 3 inputs consist of unobservable inputs and have the lowest priority.

NYLA uses appropriate valuation techniques based on the available inputs to measure the fair value of its financial instruments. When available, NYLA measures fair value using Level 1 and Level 2 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

Level 1 Fair Value Measurements

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

5. LONG-TERM DEBT

Long-term debt consists of the following at June 30:

	<u>2017</u>	<u>2016</u>
Note payable to the Capital District Community Loan Fund, Inc., interest at 5%, monthly payments of \$1,757 through and with a balloon payment due September 2022, secured by property.	\$ -	\$ 189,317
Less: current installments	-	8,993
Long-Term Debt, Net of Current Installments	<u>\$ -</u>	<u>\$ 180,324</u>

The note was paid off early in 2016-17 using board designated funds.

6. OPERATING LEASES

NYLA leases office equipment under operating leases with monthly payments that expire at various dates through June 2023.

Lease expense was \$1,948 and \$2,087 for the years ended June 30, 2017 and 2016, respectively.

7. PENSION PLAN

NYLA sponsors a noncontributory 403(b) pension plan covering all employees and a tax-deferred annuity (TDA) plan. Employees become eligible for the TDA after completing one year of service. NYLA contributes 5% of salaries for the first through fifth years of service, and 10% thereafter. Pension expense was \$20,474 and \$16,295, respectively, for the years ended June 30, 2017 and June 30, 2016.

New York Library Association
Notes to Financial Statements
June 30, 2017 (With Comparative for 2016)

8. CONCENTRATION OF CREDIT RISK

NYLA maintains its cash balances in financial institutions located in and around Albany, New York. Accounts at these institutions were insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA) up to \$250,000 during the year ended June 30, 2017. At times during the year ended June 30, 2017, NYLA may have had bank deposits in excess of amounts insured by the FDIC or NCUA.

9. SECTIONS, ROUNDTABLES AND GROUPS

The Council of NYLA may authorize the establishment of a Roundtable, Section or Group, whose bylaws and activities cannot be in conflict with the Bylaws of the New York Library Association.

The net assets of the Sections, Roundtables and Groups at June 30, 2017 and 2016, which are not included in NYLA's financial statements, are detailed below:

<u>2017</u>	<u>Sections</u>	<u>Roundtables</u>	<u>Groups</u>
Assets			
Due from unrestricted fund	\$ 470,941	\$ 78,167	\$ 8,635
Net Assets	\$ 470,941	\$ 78,167	\$ 8,635
 <u>2016</u>	 <u>Sections</u>	 <u>Roundtables</u>	 <u>Groups</u>
Assets			
Due from unrestricted fund	\$ 407,231	\$ 71,348	\$ 5,251
Net Assets	\$ 407,231	\$ 71,348	\$ 5,251

New York Library Association
Notes to Financial Statements
June 30, 2017 (With Comparative for 2016)

9. SECTIONS, ROUNDTABLES AND GROUPS

The revenues and expenses of the Sections, Roundtables and Groups are detailed below for the years ended June 30, 2017 and 2016:

<u>2017</u>	<u>Revenues</u>	<u>Expenses</u>
Sections		
Academic and Special Libraries Section	\$ 4,846	\$ 9,163
Center for the Book	34,786	29,526
Friends Library Section (FLS)	2,599	1,994
Library Administration and Management Section	17,608	9,453
Public Libraries Section	23,531	18,811
Reference and Adult Service Section	8,429	4,966
Section on Management of Information		
Resources and Technology	5,216	3,719
Section of School Librarians	145,187	123,101
Youth Services Section	39,565	30,363
Suffolk County Library Association and Related Divisions	<u>102,771</u>	<u>89,732</u>
Total	<u>\$ 384,538</u>	<u>\$ 320,828</u>
Roundtables	<u>\$ 21,532</u>	<u>\$ 14,713</u>
Groups	<u>\$ 21,045</u>	<u>\$ 17,661</u>
<u>2016</u>	<u>Revenues</u>	<u>Expenses</u>
Sections		
Academic and Special Libraries Section	\$ 6,079	\$ 6,912
Center for the Book	19,003	30,584
Friends Library Section (FLS)	2,282	1,695
Library Administration and Management Section	11,969	16,970
Public Libraries Section	27,775	29,579
Reference and Adult Service Section	8,993	5,792
Section on Management of Information		
Resources and Technology	4,245	3,149
Section of School Librarians	141,089	124,809
Youth Services Section	37,864	40,466
Suffolk County Library Association and Related Divisions	<u>95,075</u>	<u>103,647</u>
Total	<u>\$ 354,374</u>	<u>\$ 363,603</u>
Roundtables	<u>\$ 57,989</u>	<u>\$ 3,484</u>
Groups	<u>\$ 4,444</u>	<u>\$ 2,462</u>

New York Library Association
Notes to Financial Statements
June 30, 2017 (With Comparative for 2016)

10. TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2017</u>	<u>2016</u>
Purpose restrictions		
Disaster Relief Fund	\$ 7,286	\$ 7,233
Intellectual Freedom Fund	11,607	11,274
Legal Defense Fund	1,577	2,152
Mary Bobinski Award Fund	21,600	22,800
Scholarship Fund/Dewey Fellowship	<u>46,815</u>	<u>53,906</u>
	88,885	97,365
 Time restrictions		
Capital grant	<u>16,293</u>	<u>17,004</u>
 Total temporarily restricted net assets	 <u>\$ 105,178</u>	 <u>\$ 114,369</u>

11. EVALUATION OF SUBSEQUENT EVENTS

New York Library Association has evaluated subsequent events through October 25, 2017, the date which the financial statements were available to be issued.

New York Library Association
Due to Sections, Roundtables and Groups
For the Year Ended June 30, 2017
(With Comparative Totals for the Year Ended June 30, 2016)

	<u>2017</u>	<u>2016</u>
DUE TO SECTIONS		
Academic and Special Libraries Section (ASLS)	\$ 15,761	\$ 20,078
Center for the Book (CB)	17,300	12,039
Friends Library Section (FLS)	4,719	4,115
Library Administration and Management Section (LAMS)	17,522	9,367
Public Libraries Section (PLS)	66,441	61,720
Reference and Adult Services Section (RASS)	20,370	16,907
Section of School Librarians (SSL)	192,022	169,936
Section on Management of Information Resources and Technology (SMART)	15,324	13,827
Youth Services Section (YSS)	90,689	81,488
Suffolk County Library Association (SCLA) and Related Divisions	30,793	17,754
Total Due to Sections	<u>\$ 470,941</u>	<u>\$ 407,231</u>
DUE TO ROUNDTABLES		
Bibliographic Instruction (BIRT)	\$ 943	\$ 823
Correctional Outreach (CORT)	2,217	2,210
Ethnic Services (ESRT)	3,523	3,466
Finding Inspiration in Literature and Movies (FILM)	1,754	1,609
Government Documents (GIRT)	2,634	2,611
Intellectual Freedom (IFRT)	2,059	1,869
Library Access Roundtable (LAR)	604	384
Making STEAM (MSRT)	822	352
New Members (NMRT)	-	417
Pop Culture (PCRT)	1,154	510
ParaLibrarians (PLRT)	293	191
Retiree Roundtable (RRT)	1,698	1,731
Rural Libraries Roundtable (RLRT)	2,503	1,556
Social Responsibilities (SRRT)	2,172	2,012
School Librarians of Southern Tier - East (SLST)	16,701	19,048
Central New York School Libraries (CNYSL)	3,230	-
Local History Roundtable (LHRT)	125	-
Rochester Area School Libraries (RASL)	4,852	-
Eastern New York School Library Media Specialists Association (ENYSLMA)	30,883	32,559
Total Due to Roundtables	<u>\$ 78,167</u>	<u>\$ 71,348</u>
DUE TO GROUPS		
Library Group	<u>\$ 8,635</u>	<u>\$ 5,251</u>

New York Library Association
Schedule of General and Administrative Expenses
For the Year Ended June 30, 2017
(With Comparative Totals for the Year Ended June 30, 2016)

	Unrestricted		2017 Totals	2016 Totals
	Undesignated	Board Designated		
Salaries	\$ 298,075	\$ -	\$ 298,075	\$ 285,882
Employee benefits	42,394	-	42,394	40,301
Payroll taxes	28,645	-	28,645	23,039
Professional development	1,300	-	1,300	1,737
Total Salaries and Related Expenses	370,414	-	370,414	350,959
Advocacy initiatives	23,340	-	23,340	16,138
American Library Association	8,018	-	8,018	4,139
Bank charges	24,472	-	24,472	21,221
Bulletin	-	-	-	1,200
Council and Executive board	7,155	-	7,155	8,787
Depreciation	22,047	-	22,047	23,439
Dewey Fellowship	3,066	-	3,066	2,862
Disaster Relief fund expense	-	-	-	-
Excelsior (lobbying fees)	-	73,061	73,061	73,888
Equipment rental and maintenance	7,442	-	7,442	6,492
Insurance	7,744	-	7,744	8,713
IT fund expense	-	-	-	-
NYLA 125 capital campaign fund	-	40	40	3,777
Marketing	3,764	-	3,764	5,199
Membership database	11,326	-	11,326	11,241
Occupancy	12,622	-	12,622	12,551
Postage	6,702	-	6,702	5,942
Printing	567	-	567	1,236
Professional services	8,500	-	8,500	9,325
Scholarship	8,200	-	8,200	8,200
Scholarship Fund event	5,998	-	5,998	3,812
Supplies	5,172	-	5,172	4,507
Telephone	6,007	-	6,007	5,542
Travel	3,395	-	3,395	1,775
Website	367	-	367	124
Continuing Education	2,967	-	2,967	-
Miscellaneous	49,268	-	49,268	84,561
Total General and Administrative Expenses	\$ 598,553	\$ 73,101	\$ 671,654	\$ 675,630

New York Library Association
Schedule of Conference Revenues and Expenses
For the Year Ended June 30, 2017
(With Comparative Totals for the Year Ended June 30, 2016)

	Unrestricted		Temporarily Restricted	2017 Totals	2016 Totals
	Undesignated	Board Designated			
Revenues					
Program advertising	\$ 4,075	\$ -	\$ -	\$ 4,075	\$ 500
Equipment	60	-	-	60	160
Exhibit	111,558	-	-	111,558	70,650
Hotel and housing	3,450	-	-	3,450	6,548
Hotel rebates	8,466	-	-	8,466	4,311
Local arrangements	420	-	-	420	530
Meals and reception	29,814	-	-	29,814	47,968
Registration	150,275	-	-	150,275	121,187
Sponsorship	-	-	-	-	2,950
Miscellaneous	176	-	-	176	462
Total Conference Revenues	<u>\$ 308,294</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 308,294</u>	<u>\$ 255,266</u>
Expenses					
Administrative	\$ 5,435	\$ -	\$ -	\$ 5,435	\$ 5,042
Decorator	5,965	-	-	5,965	4,863
Equipment rental	13,878	-	-	13,878	250
Exhibit hall rental	11,013	-	-	11,013	6,500
Hotel and housing	4,150	-	-	4,150	5,884
Local arrangements	405	-	-	405	368
Meals and reception	57,329	-	-	57,329	53,910
Photographer	1,500	-	-	1,500	1,350
Program	9,404	-	-	9,404	12,306
Refunds	1,058	-	-	1,058	1,777
Speaker fees	3,783	-	-	3,783	1,000
Supplies	5,125	-	-	5,125	2,659
Transportation	1,300	-	-	1,300	4,617
Hospitality	6,947	-	-	6,947	-
Security	564	-	-	564	-
Marketing	805	-	-	805	-
Total Conference Expenses	<u>\$ 128,661</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,661</u>	<u>\$ 100,526</u>

New York Library Association
Schedule of Committees Revenues and Expenses
For the Year Ended June 30, 2017
(With Comparative Totals for the Year Ended June 30, 2016)

	Unrestricted		2017	2016
	Undesignated	Board Designated	Totals	Totals
Revenues				
Legislative sponsorships	\$ 8,457	\$ -	\$ 8,457	\$ 8,198
Expenses				
Continuing education	\$ 2,535	\$ -	\$ 2,535	\$ 23,145
Legal defense fund	13,471	-	13,471	13,720
Disaster relief fund	-	-	-	1,000
Civil service task force	185	-	185	622
Legislative	7,254	-	7,254	11,966
Web	23	-	23	-
Membership	1,051	-	1,051	48
Total Committees Expenses	\$ 24,519	\$ -	\$ 24,519	\$ 50,501

**New York Library Association
Liquid Fund Balance Calculation
For the Year Ended June 30, 2017
(With Comparative Totals for the Year Ended June 30, 2016)**

	<u>2017</u>	<u>2016</u>
Liquid Unrestricted Assets		
Cash and cash equivalents	\$ 383,317	\$ 531,493
Marketable securities	1,302,174	1,154,783
Accounts receivable	2,776	46,445
Total Liquid Unrestricted Assets	<u>1,688,267</u>	<u>1,732,721</u>
 Less Funds Held for Others:		
Intellectual Freedom	(11,607)	(11,274)
Disaster Relief Fund	(7,286)	(7,233)
Scholarship Funds	(46,815)	(48,466)
Mary Bobinski Award	(21,600)	(22,800)
Legal Defense Fund	(1,577)	(2,152)
Excelsior Fund	(31,118)	(43,362)
Capital Fund	(47,302)	(47,302)
Sustainability Fund	-	(200)
NYLA 125 Capital Campaign Fund	-	(33,589)
Designated, Fund for the Future	(1,055,806)	(1,079,072)
Due to Sections	(470,941)	(407,231)
Due to Roundtables	(78,167)	(71,348)
Due to Groups	(8,635)	(5,251)
Total Funds Held for Others	<u>(1,780,854)</u>	<u>(1,779,280)</u>
 Less Liabilities to be Paid		
Accounts payable	(44,273)	(18,275)
Accrued expenses	(21,225)	(28,205)
Deferred revenue	(60,175)	(69,401)
Loan payable, current portion	-	(8,993)
Total Liabilities to be Paid	<u>(125,673)</u>	<u>(124,874)</u>
 LIQUID FUND BALANCE	 <u><u>\$ (218,260)</u></u>	 <u><u>\$ (171,433)</u></u>

