

# **New York Library Association**

**Auditor Communications  
June 30, 2016**



**BRYANS & GRAMUGLIA**  
CPAs, LLC



October 20, 2016

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, 2016. Professional standards require that we provide you with the following information related to our audit.

**Our Responsibility Under U.S. Generally Accepted Auditing Standards**

As stated in our engagement letter dated September 6, 2016, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we have considered the internal control of NYLA. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Our responsibility for the supplemental schedule information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplemental information in relation to the financial statements as a whole and to report on whether the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing communicated in the engagement letter and to the Director of Finance during the planning stage of the audit.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involves judgment about the number of transactions to be examined and the areas to be tested.

### **Scope and Timing of the Audit**

Our audit included obtaining an understanding of NYLA and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to NYLA or to acts by management or employees acting on behalf of NYLA. We generally communicate our significant findings at the conclusion of the audit. However, some matters would be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We would also communicate any internal control related matters that are required to be communicated under professional standards.

### **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 2015-2016. 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 estimate affecting the financial statements is management's estimate of depreciation.

The estimate of depreciation is based on management's determination of the useful life of 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 NYLA's 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 20, 2016.

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 the 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 changes from the 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 use of 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, 2016**



**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, 2016, 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 \$483,830 at June 30, 2016, an understatement of revenues of \$416,807, and an understatement of expenses of \$369,549 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, 2016, 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 2015 financial statements, and we expressed a qualified audit opinion on those audited financial statements in our report dated October 12, 2015. 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, 2015, 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 20, 2016

**New York Library Association**  
**Statement of Financial Position**  
**For the Year Ended June 30, 2016**  
**(With Comparative Totals for June 30, 2015)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2016 Totals</u>	<u>2015 Totals</u>
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 531,493	\$ -	\$ 531,493	\$ 444,619
Marketable securities	1,154,783	-	1,154,783	1,258,369
Due (to) from other funds	(114,369)	114,369	-	-
Accounts receivable	46,445	-	46,445	6,922
Prepaid expenses	27,052	-	27,052	28,412
Total Current Assets	<u>1,645,404</u>	<u>114,369</u>	<u>1,759,773</u>	<u>1,738,322</u>
<b>Property, Plant and Equipment</b>				
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>218,201</u>	<u>-</u>	<u>218,201</u>	<u>194,762</u>
Net Property, Plant and Equipment	<u>491,896</u>	<u>-</u>	<u>491,896</u>	<u>515,335</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,137,300</u>	<u>\$ 114,369</u>	<u>\$ 2,251,669</u>	<u>\$ 2,253,657</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Current Liabilities</b>				
Accounts payable	\$ 18,275	\$ -	\$ 18,275	\$ 44,379
Accrued expenses	28,205	-	28,205	23,024
Current portion of long-term debt	8,993	-	8,993	11,116
Deferred revenue	69,401	-	69,401	44,301
Due to sections	407,231	-	407,231	416,460
Due to roundtables	71,348	-	71,348	16,843
Due to groups	5,251	-	5,251	3,269
Total Current Liabilities	<u>608,704</u>	<u>-</u>	<u>608,704</u>	<u>559,392</u>
<b>Other Liabilities</b>				
Long-term debt, net of current portion	<u>180,324</u>	<u>-</u>	<u>180,324</u>	<u>189,410</u>
Total Liabilities	<u>789,028</u>	<u>-</u>	<u>789,028</u>	<u>748,802</u>
<b>Net Assets</b>				
Unrestricted				
Undesignated	<u>144,747</u>	<u>-</u>	<u>144,747</u>	<u>244,642</u>
Board designated				
Capital fund	47,302	-	47,302	47,302
Fund for future	1,079,072	-	1,079,072	1,041,001
Excelsior fund	43,362	-	43,362	61,836
NYLA 125 capital campaign fund	33,589	-	33,589	-
Sustainability fund	200	-	200	-
Total Board designated net assets	<u>1,203,525</u>	<u>-</u>	<u>1,203,525</u>	<u>1,150,139</u>
Total unrestricted net assets	<u>1,348,272</u>	<u>-</u>	<u>1,348,272</u>	<u>1,394,781</u>
Temporarily restricted net assets	<u>-</u>	<u>114,369</u>	<u>114,369</u>	<u>110,074</u>
Total Net Assets	<u>1,348,272</u>	<u>114,369</u>	<u>1,462,641</u>	<u>1,504,855</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 2,137,300</u>	<u>\$ 114,369</u>	<u>\$ 2,251,669</u>	<u>\$ 2,253,657</u>

**New York Library Association**  
**Statement of Activities and Changes in Net Assets**  
**For the Year Ended June 30, 2016**  
**(With Comparative Totals for the Year Ended June 30, 2015)**

	Unrestricted		Temporarily	2016	2015
	Undesignated	Board Designated	Restricted	Totals	Totals
<b>Support and Revenue</b>					
Conference	\$ 255,266	\$ -	\$ -	\$ 255,266	\$ 294,792
Scholarship Fund event	-	-	9,450	9,450	8,960
Membership dues	211,157	55,413	-	266,570	234,159
Fund contributions	-	708	15,549	16,257	4,234
Dewey Fellowship	-	-	3,900	3,900	3,900
Disaster Relief fund	-	-	301	301	1,474
Lake Placid Scholarship	-	-	5,400	5,400	5,400
Grant revenue	-	-	-	-	160,678
Bulletin advertising	860	-	-	860	1,537
Continuing education	44,011	-	-	44,011	27,478
Promotional item sales	2,998	-	-	2,998	3,455
Interest and dividends	19,184	36,608	-	55,792	56,285
Marketing revenue	8,162	-	-	8,162	11,392
Committees	8,198	-	-	8,198	10,921
Other revenue	69,816	-	15,694	85,510	38,859
NYLA 125 capital campaign fund	-	37,366	-	37,366	-
Net assets released from restrictions:					
Satisfaction of purpose restrictions	45,288	-	(45,288)	-	-
Satisfaction of time restrictions	711	-	(711)	-	-
Total Support and Revenue	665,651	130,095	4,295	800,041	863,524
<b>Expenses</b>					
General and administrative	590,540	85,090	-	675,630	614,413
Conference	100,526	-	-	100,526	142,594
Committees	50,501	-	-	50,501	34,094
Interest expense	9,878	-	-	9,878	10,735
Total Expenses	751,445	85,090	-	836,535	801,836
<b>Income (Loss) from Operations</b>	(85,794)	45,005	4,295	(36,494)	61,688
<b>Non-operating income (expense)</b>					
Realized gain (loss) on sale of marketable securities, net	(2,602)	(19,373)	-	(21,975)	30,841
Unrealized gain (loss) on marketable securities, net	(11,499)	27,754	-	16,255	(66,150)
Total Non-operating income (expenses)	(14,101)	8,381	-	(5,720)	(35,309)
<b>Change in Net Assets</b>	(99,895)	53,386	4,295	(42,214)	26,379
Net Assets, Beginning of Year	244,642	1,150,139	110,074	1,504,855	1,478,476
Net Assets Designated by the Board	-	-	-	-	-
<b>Net Assets, End of Year</b>	\$ 144,747	\$ 1,203,525	\$ 114,369	\$ 1,462,641	\$ 1,504,855

See accompanying notes to financial statements.

**New York Library Association**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2016**  
**(With Comparative Totals for the Year Ended June 30, 2015)**

	<u>2016</u>	<u>2015</u>
<b>Cash Flows From Operating Activities</b>		
Change in Net Assets	\$ (42,214)	\$ 26,379
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	23,439	23,551
Realized (gain) loss on sale of marketable securities, net	21,975	(30,841)
Unrealized (gain) loss on marketable securities, net	(16,255)	66,150
(Increase) decrease in assets:		
Accounts receivable	(39,523)	70,789
Prepaid expenses	1,360	(1,544)
Increase (decrease) in liabilities:		
Accounts payable	(26,104)	(2,943)
Accrued expenses	5,181	975
Deferred revenue	25,100	(18,163)
Due to sections	(9,229)	8,901
Due to roundtables	54,505	930
Due to groups	1,982	2,229
Net Cash Provided (Used) by Operating Activities	<u>217</u>	<u>146,413</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of investments	(174,392)	(202,117)
Proceeds from sales of investments	272,258	182,632
Acquisition of property, plant and equipment	-	-
Net Cash Provided (Used) by Investing Activities	<u>97,866</u>	<u>(19,485)</u>
<b>Cash Flows From Financing Activities</b>		
Repayment of long-term debt	(11,209)	(10,352)
Net Cash Provided (Used) by Financing Activities	<u>(11,209)</u>	<u>(10,352)</u>
<b>Net Increase (Decrease) in Cash</b>	86,874	116,576
Cash and Cash Equivalents, Beginning of Year	<u>444,619</u>	<u>328,043</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 531,493</u>	<u>\$ 444,619</u>
<b>Supplemental Information</b>		
Cash paid for interest	<u>\$ 9,878</u>	<u>\$ 10,735</u>

**New York Library Association  
Notes to Financial Statements  
June 30, 2016 (With Comparative for 2015)**

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**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, 2016 and 2015. There was no bad debt expense for the years ended June 30, 2016 and 2015.

**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 \$23,439 and \$23,551 for the years ended June 30, 2016 and 2015, 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, 2016 and 2015.

***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 \$24,484 and \$20,090 for the years ended June 30, 2016 and 2015, 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

***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.

In 2011, NYLA received a multi-year Digital Literacy grant through the Office of Cyber Security (OCS) of the New York State Division of Homeland Security and Emergency Services. Under the grant, NYLA is to conduct workshops for librarians throughout the state. Grant revenues are recognized when earned. The grant closed December 31, 2014.

***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 2015 - 2016 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, 2013, 2014, and 2015 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 2015***

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, 2015, from which the summarized information was derived.

**New York Library Association**  
**Notes to Financial Statements**  
**June 30, 2016 (With Comparative for 2015)**

**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, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Mutual funds	\$ 521,614	\$ 708,765
Equities	549,193	465,998
Certificates of deposit (cost which approximates fair value)	<u>83,976</u>	<u>83,606</u>
Total	<u>\$ 1,154,783</u>	<u>\$ 1,258,369</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, 2016 and 2015 are as follows:

**Fair Value Measurements at Reporting Date Using:**

<u>June 30, 2016</u>	<u>Fair Value</u>	<b>Quoted Prices in Active Markets for Identical Assets ( Level 1 )</b>
Investments (see Note 3)	<u>\$ 1,154,783</u>	<u>\$ 1,154,783</u>

<u>June 30, 2015</u>	<u>Fair Value</u>	<b>Quoted Prices in Active Markets for Identical Assets ( Level 1 )</b>
Investments (see Note 3)	<u>\$ 1,258,369</u>	<u>\$ 1,258,369</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>2016</u>	<u>2015</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	\$ 200,526
Less: current installments	<u>8,993</u>	<u>11,116</u>
Long-Term Debt, Net of Current Installments	<u>\$ 180,324</u>	<u>\$ 189,410</u>

Long-term debt is payable in each of the next five years and thereafter as follows:

2017	\$ 8,993
2018	12,500
2019	13,139
2020	13,812
2021	14,518
Thereafter	126,355

**6. OPERATING LEASES**

NYLA leases office equipment under operating leases with monthly payments that expire at various dates through August 2016.

Lease expense \$2,087 for the years ended June 30, 2016 and 2015.

**New York Library Association**  
**Notes to Financial Statements**  
**June 30, 2016 (With Comparative for 2015)**

**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 \$16,295 and \$16,073, respectively, for the years ended June 30, 2016 and June 30, 2015.

**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, 2016. At times during the year ended June 30, 2016, 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, 2016 and 2015, which are not included in NYLA's financial statements, are detailed below:

<b><u>2016</u></b>	<b><u>Sections</u></b>	<b><u>Roundtables</u></b>	<b><u>Groups</u></b>
Assets			
Due from unrestricted fund	\$ 407,231	\$ 71,348	\$ 5,251
Net Assets	\$ 407,231	\$ 71,348	\$ 5,251
 <b><u>2015</u></b>	 <b><u>Sections</u></b>	 <b><u>Roundtables</u></b>	 <b><u>Groups</u></b>
Assets			
Due from unrestricted fund	\$ 416,460	\$ 16,843	\$ 3,269
Net Assets	\$ 416,460	\$ 16,843	\$ 3,269

**New York Library Association**  
**Notes to Financial Statements**  
**June 30, 2016 (With Comparative for 2015)**

**9. SECTIONS, ROUNDTABLES AND GROUPS**

The revenues and expenses of the Sections, Roundtables and Groups are detailed below for the years ended June 30, 2016 and 2015:

<b><u>2016</u></b>	<b><u>Revenues</u></b>	<b><u>Expenses</u></b>
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	95,075	103,647
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>
<b><u>2015</u></b>	<b><u>Revenues</u></b>	<b><u>Expenses</u></b>
Sections		
Academic and Special Libraries Section	\$ 6,022	\$ 3,286
Center for the Book	30,935	26,954
Friends Library Section (FLS)	2,793	2,251
Library Administration and Management Section	13,949	14,827
Public Libraries Section	20,704	26,934
Reference and Adult Service Section	9,631	8,164
Section on Management of Information		
Resources and Technology	5,618	4,838
Section of School Librarians	137,095	138,231
Youth Services Section	43,483	35,351
Suffolk County Library Association and Related Divisions	107,550	108,043
Total	<u>\$ 377,780</u>	<u>\$ 368,879</u>
Roundtables	<u>\$ 4,665</u>	<u>\$ 3,735</u>
Groups	<u>\$ 2,961</u>	<u>\$ 732</u>

**New York Library Association**  
**Notes to Financial Statements**  
**June 30, 2016 (With Comparative for 2015)**

**10. TEMPORARILY RESTRICTED NET ASSETS**

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

	<u>2016</u>	<u>2015</u>
Purpose restrictions		
Disaster Relief Fund	\$ 7,233	\$ 7,932
Intellectual Freedom Fund	11,274	10,950
Legal Defense Fund	2,152	1,011
Mary Bobinski Award Fund	22,800	24,000
Scholarship Fund/Dewey Fellowship	<u>53,906</u>	<u>48,466</u>
	<u>97,365</u>	<u>92,359</u>
Time restrictions		
Capital grant	<u>17,004</u>	<u>17,715</u>
Total temporarily restricted net assets	<u>\$ 114,369</u>	<u>\$ 110,074</u>

**11. EVALUATION OF SUBSEQUENT EVENTS**

New York Library Association has evaluated subsequent events through October 20, 2016, 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, 2016**  
**( With Comparative Totals for the Year Ended June 30, 2015)**

	<u>2016</u>	<u>2015</u>
<b>DUE TO SECTIONS</b>		
Academic and Special Libraries Section (ASLS)	\$ 20,078	\$ 20,911
Center for the Book (CB)	12,039	23,620
Friends Library Section (FLS)	4,115	3,528
Library Administration and Management Section (LAMS)	9,367	14,368
Public Libraries Section (PLS)	61,720	63,524
Reference and Adult Services Section (RASS)	16,907	13,706
Section of School Librarians (SSL)	169,936	153,656
Section on Management of Information Resources and Technology (SMART)	13,827	12,731
Youth Services Section (YSS)	81,488	84,090
Suffolk County Library Association (SCLA) and Related Divisions	17,754	26,326
Total Due to Sections	<u>\$ 407,231</u>	<u>\$ 416,460</u>
<b>DUE TO ROUNDTABLES</b>		
Bibliographic Instruction (BIRT)	\$ 823	\$ 683
Correctional Outreach (CORT)	2,210	1,434
Ethnic Services (ESRT)	3,466	3,392
Finding Inspiration in Literature and Movies (FILM)	1,609	1,424
Government Documents (GIRT)	2,611	2,471
Intellectual Freedom (IFRT)	1,869	1,546
Library Services to Special Population (RLSP)	384	329
Making STEAM (MSRT)	352	155
New Members (NMRT)	417	591
Pop Culture (PCRT)	510	140
ParaLibrarians (PLRT)	191	86
Retiree Roundtable (RRT)	1,731	1,545
Rural Libraries Roundtable (RLRT)	1,556	1,220
Social Responsibilities (SRRT)	2,012	1,827
School Librarians of Southern Tier - East (SLST)	19,048	-
Eastern New York School Library Media Specialists Association (ENYSLMA)	32,559	-
Total Due to Roundtables	<u>\$ 71,348</u>	<u>\$ 16,843</u>
<b>DUE TO GROUPS</b>		
Library Friends Group	<u>\$ 5,251</u>	<u>\$ 3,269</u>



**New York Library Association**  
**Schedule of General and Administrative Expenses**  
**For the Year Ended June 30, 2016**  
**(With Comparative Totals for the Year Ended June 30, 2015)**

	<b>Unrestricted</b>		<b>2016</b>	<b>2015</b>
	<b>Undesignated</b>	<b>Board Designated</b>	<b>Totals</b>	<b>Totals</b>
Salaries	\$ 285,882	\$ -	\$ 285,882	\$ 302,576
Employee benefits	40,301	-	40,301	38,780
Payroll taxes	23,039	-	23,039	25,288
Professional development	1,737	-	1,737	1,866
Total Salaries and Related Expenses	350,959	-	350,959	368,510
Advocacy initiatives	16,138	-	16,138	3,428
American Library Association	4,139	-	4,139	6,131
Bank charges	13,796	7,425	21,221	21,827
Bulletin	1,200	-	1,200	1,600
Council and Executive board	8,787	-	8,787	8,840
Depreciation	23,439	-	23,439	23,551
Dewey Fellowship	2,862	-	2,862	1,713
Disaster Relief fund expense	-	-	-	-
Excelsior (lobbying fees)	-	73,888	73,888	46,609
Equipment rental and maintenance	6,492	-	6,492	5,103
Grant expenses	-	-	-	10,885
Insurance	8,713	-	8,713	9,992
IT fund expense	-	-	-	-
NYLA 125 capital campaign fund	-	3,777	3,777	-
Marketing	5,199	-	5,199	5,971
Membership database	11,241	-	11,241	14,726
Occupancy	12,551	-	12,551	14,353
Postage	5,942	-	5,942	2,531
Printing	1,236	-	1,236	310
Professional services	9,325	-	9,325	9,246
Scholarship	8,200	-	8,200	7,200
Scholarship Fund event	3,812	-	3,812	3,841
Supplies	4,507	-	4,507	8,332
Telephone	5,542	-	5,542	5,631
Travel	1,775	-	1,775	3,060
Website	124	-	124	121
Miscellaneous	84,561	-	84,561	30,902
Total General and Administrative Expenses	\$ 590,540	\$ 85,090	\$ 675,630	\$ 614,413

**New York Library Association**  
**Schedule of Conference Revenues and Expenses**  
**For the Year Ended June 30, 2016**  
**(With Comparative Totals for the Year Ended June 30, 2015)**

	<b>Unrestricted</b>		<b>Temporarily Restricted</b>	<b>2016 Totals</b>	<b>2015 Totals</b>
	<b>Undesignated</b>	<b>Board Designated</b>			
<b>Revenues</b>					
Program advertising	\$ 500	\$ -	\$ -	\$ 500	\$ 6,000
Equipment	160	-	-	160	1,230
Exhibit	70,650	-	-	70,650	111,588
Hotel and housing	6,548	-	-	6,548	3,138
Hotel rebates	4,311	-	-	4,311	7,988
Local arrangements	530	-	-	530	330
Meals and reception	47,968	-	-	47,968	47,912
Registration	121,187	-	-	121,187	112,749
Sponsorship	2,950	-	-	2,950	3,250
Miscellaneous	462	-	-	462	607
Total Conference Revenues	<u>\$ 255,266</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 255,266</u>	<u>\$ 294,792</u>
<b>Expenses</b>					
Administrative	\$ 5,042	\$ -	\$ -	\$ 5,042	\$ 4,171
Decorator	4,863	-	-	4,863	5,799
Equipment rental	250	-	-	250	23,000
Exhibit hall rental	6,500	-	-	6,500	10,500
Hotel and housing	5,884	-	-	5,884	5,606
Local arrangements	368	-	-	368	100
Meals and reception	53,910	-	-	53,910	66,860
Photographer	1,350	-	-	1,350	1,656
Program	12,306	-	-	12,306	12,500
Refunds	1,777	-	-	1,777	-
Speaker fees	1,000	-	-	1,000	7,200
Supplies	2,659	-	-	2,659	3,772
Transportation	4,617	-	-	4,617	920
Miscellaneous	-	-	-	-	510
Total Conference Expenses	<u>\$ 100,526</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,526</u>	<u>\$ 142,594</u>

**New York Library Association**  
**Schedule of Committees Revenues and Expenses**  
**For the Year Ended June 30, 2016**  
**(With Comparative Totals for the Year Ended June 30, 2015)**

	<b>Unrestricted</b>		<b>2016</b>	<b>2015</b>
	<b>Undesignated</b>	<b>Board Designated</b>	<b>Totals</b>	<b>Totals</b>
<b>Revenues</b>				
Legislative sponsorships	\$ 8,198	\$ -	\$ 8,198	\$ 10,921
<b>Expenses</b>				
Continuing education	\$ 23,145	\$ -	\$ 23,145	\$ 18,939
Legal defense fund	13,720	-	13,720	-
Disaster relief fund	1,000	-	1,000	-
Civil service task force	622	-	622	626
Legislative	11,966	-	11,966	14,332
Membership	48	-	48	197
Total Committees Expenses	\$ 50,501	\$ -	\$ 50,501	\$ 34,094

**New York Library Association  
Liquid Fund Balance Calculation  
For the Year Ended June 30, 2016  
(With Comparative Totals for the Year Ended June 30, 2015)**

	<u>2016</u>	<u>2015</u>
<b>Liquid Unrestricted Assets</b>		
Cash and cash equivalents	\$ 531,493	\$ 444,619
Marketable securities	1,154,783	1,258,369
Accounts receivable	46,445	6,922
Total Liquid Unrestricted Assets	<u>1,732,721</u>	<u>1,709,910</u>
 <b>Less Funds Held for Others:</b>		
Intellectual Freedom	(11,274)	(10,950)
Disaster Relief Fund	(7,233)	(7,932)
Scholarship Funds	(48,466)	(48,466)
Mary Bobinski Award	(22,800)	(24,000)
Legal Defense Fund	(2,152)	(1,011)
Excelsior Fund	(43,362)	(61,836)
Capital Fund	(47,302)	(47,302)
Sustainability Fund	(200)	-
NYLA 125 Capital Campaign Fund	(33,589)	-
Designated, Fund for the Future	(1,079,072)	(1,041,001)
Due to Sections	(407,231)	(416,460)
Due to Roundtables	(71,348)	(16,843)
Due to Groups	(5,251)	(3,269)
Total Funds Held for Others	<u>(1,779,280)</u>	<u>(1,679,070)</u>
 <b>Less Liabilities to be Paid</b>		
Accounts payable	(18,275)	(44,379)
Accrued expenses	(28,205)	(23,024)
Deferred revenue	(69,401)	(44,301)
Loan payable, current portion	(8,993)	(11,116)
Total Liabilities to be Paid	<u>(124,874)</u>	<u>(122,820)</u>
 <b>LIQUID FUND BALANCE</b>	 <u><u>\$ (171,433)</u></u>	 <u><u>\$ (91,980)</u></u>

