

**ASSOCIATES OF THE BOSTON PUBLIC LIBRARY**

**FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2010 and 2009  
TOGETHER WITH  
INDEPENDENT AUDITOR'S REPORT**

Associates of the Boston Public Library, Inc.  
Notes to the Financial Statements  
For the years ended June 30, 2010 and 2009

Table of Contents

Accountants' Report	3
Financial Statements:	
Statements of financial position	4
Statements of revenues, expenses, and Changes in net assets	5
Statements of functional expenses	6
Statements of cash flows	7
Notes to financial statements	8-11

**JOHN M. MONTICONE**  
Certified Public Accountant  
5 High Street, Suite 207  
Medford, Massachusetts 02155

Email: Jmonticone@aol.com

Telephone: (781) 395-0024

Fax: (781) 391-6097

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Associates of the Boston Public Library, Inc.  
Boston, Massachusetts

I have audited the Statement of Financial Position of the Associates of the Boston Public Library, Inc. (a non profit organization) as of June 30, 2010 and 2009, and the related statements of revenues, expenses and changes in net assets, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Associates of the Boston Public Library management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Associates of the Boston Public Library, Inc. as of June 30, 2010 and 2009 and the results of their operations and changes in financial position and its cash flow for the year ended in conformity with accounting principles generally accepted in the United States of America.

November 10, 2010  
Medford, Massachusetts

ASSOCIATES OF THE BOSTON PUBLIC LIBRARY, INC.  
STATEMENT OF FINANCIAL POSITION  
AS OF JUNE 30, 2010 AND 2009

ASSETS

	<u>2010</u>	<u>2009</u>
Current Assets:		
Cash and Cash Equivalents (Notes 2 and 4)	\$ 48,361	\$ 31,088
Investments (Note 5)	1,709,036	1,431,840
Prepaid Expenses	4,071	-
Total Current Assets	<u>1,761,468</u>	<u>1,462,928</u>
Equipment, net (Notes 2 and 6)	<u>1</u>	<u>1</u>
Total Assets	<u>\$ 1,761,469</u>	<u>\$ 1,462,929</u>

LIABILITIES AND FUND BALANCES

Current Liabilities:		
Grants Payable (Note 8)	<u>26,315</u>	<u>26,315</u>
Total Current Liabilities	<u>26,315</u>	<u>26,315</u>
Net Assets:		
Unrestricted	145,313	189,726
Temporarily restricted - McCullough Fund (Note 9)	1,369,102	1,186,549
Temporarily restricted - Other (Note 10)	<u>220,739</u>	<u>60,339</u>
Total Net Assets:	<u>1,735,154</u>	<u>1,436,614</u>
Total Liabilities and Net Assets	<u>\$ 1,761,469</u>	<u>\$ 1,462,929</u>

See accompanying notes to financial statements.  
See accountant's review letter.

ASSOCIATES OF THE BOSTON PUBLIC LIBRARY, INC.  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	Unrestricted	Temporarily Restricted McCullough Fund	Temporarily Restricted Other	<u>2010</u> Total	<u>2009</u> Total
Revenues:					
Donations	\$ 86,960	\$ 319,846	\$ 216,311	\$ 623,117	\$ 517,274
Membership Dues	23,830	-	-	23,830	28,405
Interest and Dividends (Net)	82	3,957	76	4,115	22,041
Realized/Unrealized Investments Losses		(9,351)	-	(9,351)	293
Satisfaction of program restrictions	130,535	(74,548)	(55,987)	-	-
Total Revenues	<u>241,407</u>	<u>239,904</u>	<u>160,400</u>	<u>641,711</u>	<u>568,013</u>
Expenses:					
Management and General	93,036			93,036	89,908
Fund Raising	-	57,351	-	57,351	68,820
Boston Library Conservation Program	161,207			161,207	62,027
Other Programs	31,577			31,577	54,301
Total Expenses	<u>285,820</u>	<u>57,351</u>	<u>-</u>	<u>343,171</u>	<u>275,056</u>
Increase (Decrease) in Net Assets	(44,413)	182,553	160,400	298,540	292,957
Net Assets, beginning of year (Note 3)	<u>189,726</u>	<u>1,186,549</u>	<u>60,339</u>	<u>1,436,614</u>	<u>1,143,657</u>
Net Assets, end of year	<u>\$ 145,313</u>	<u>\$ 1,369,102</u>	<u>\$ 220,739</u>	<u>\$ 1,735,154</u>	<u>\$ 1,436,614</u>

See accompanying notes to financial statements.  
See accountant's review letter.

ASSOCIATES OF THE BOSTON PUBLIC LIBRARY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	Management General	Fundraising	Gifts To The Boston Public Library	Other Programs	<u>2010</u> Total	<u>2009</u> Total
Salaries	\$ 64,167		10,920	\$ -	\$ 75,087	\$ 61,667
Payroll Taxes, etc.	8,073		-	-	8,073	6,901
Accounting Fees/Payroll Proc. Fees	4,686				4,686	5,735
Board Expenses	1,138				1,138	1,041
Consultants	4,840				4,840	3,087
Supplies	1,361				1,361	1,085
Telephone	800				800	742
Postages and Shipping	1,675			464	2,139	657
Membership expense	-				-	794
Printing	1,421			5,085	6,506	1,131
Marketing			50		50	-
Computer Related Expenses	191				191	2,601
Event Related		57,351	-	26,028	83,379	117,873
Sub-Contractors's, Consultants, and Expenses - Collections, Conservation and Restoration.			128,456		128,456	45,814
Grant/Writer-in-Residence	-		21,781	-	21,781	21,461
Insurance Expenses	1,316				1,316	888
Other	3,368		-		3,368	3,579
<b>Total Operating Expenses</b>	<b>\$ 93,036</b>	<b>\$ 57,351</b>	<b>\$ 161,207</b>	<b>\$ 31,577</b>	<b>\$ 343,171</b>	<b>\$ 275,056</b>

See accompanying notes to financial statements.  
See accountant's review letter.

ASSOCIATES OF THE BOSTON PUBLIC LIBRARY, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Cash Flows from operating activities:		
Increase in net assets	\$ 298,540	\$ 292,957
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Realized/Unrealized investment losses (gains)	4,982	-
Decrease (Increase) in Prepaid Expenses	(4,071)	
Increase (Decrease) in grants payable	<u>-</u>	<u>(12,000)</u>
Net cash provided by/(used in) operating activities	<u>299,451</u>	<u>280,957</u>
Cash Flows from investing activities:		
Investments (purchases) reductions	<u>(282,178)</u>	<u>(289,441)</u>
Net cash used in investing activities	<u>(282,178)</u>	<u>(289,441)</u>
Net increase (decrease) in cash and cash equivalents	17,273	(8,484)
Cash and cash equivalents, beginning of year	<u>31,088</u>	<u>39,572</u>
Cash and cash equivalents, end of year	\$ <u><u>48,361</u></u>	\$ <u><u>31,088</u></u>

See accompanying notes to financial statements.  
See accountant's review letter.

Associates of the Boston Public Library, Inc.  
Notes to the Financial Statements  
For the years ended June 30, 2010 and 2009

**1. Organization and Purposes**

Associates of the Boston Public Library, Inc. (the “Organization”) is a private, not-for-profit corporation organized to promote and support the Boston Public Library through sponsorship of readings by recently published authors, hosting benefits, and presenting special events for members and the public. The Organization also provides funding for the acquisition and exhibition of rare and important books, prints and manuscripts, and for the restoration and conservation of items in the Special Collections of the Library in Copley Square.

**2. Summary of Significant Accounting Policies**

**Revenue and Expense Recognition**

The Organization maintains its accounts on the accrual basis of accounting whereby revenues are recognized in the appropriate net asset class as earned and expenses recognized as incurred.

**Estimates and Assumptions**

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

**Cash and Cash Equivalents**

For purposes of the statement of cash flows the Organization considers all money market and savings accounts, which have no maturity requirements to be cash equivalents.

**Concentrations of Credit Risk**

Financial instruments, which potentially expose the Organization to concentrations of credit risk, consist primarily of cash and cash equivalents and grants receivable. Certain cash accounts contain balances in excess of the FDIC insurance limit.

**Equipment and Depreciation**

Property and equipment is stated at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the assets.

See Independent Accountant's Report -8-



Associates of the Boston Public Library, Inc.  
Notes to the Financial Statements  
For the years ended June 30, 2010 and 2009

**Income Taxes**

The Organization is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code.

**Functional Expenses**

The Organization allocates its expenses on a functional basis to its various programs and support services. Expenses that can be identified with a specific program or support service are allocated to such functional expense category.

**3. Accounting and Reporting**

**Financial Statement Presentation**

The Organization presents the Financial Statements in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, not-for-profit organizations are required to report information regarding their financial position and activities according to three classes of net assets: temporarily restricted net assets, unrestricted net assets, and permanently restricted net assets.

**Contributions**

The Organization has also adopted AFAS No. 116 "Accounting for Contributions Received and Contributions Made." In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted revenues depending on the existence and/or nature of any donor restriction.

**4. Cash and Cash Equivalents**

Cash and cash equivalents Consists of the following:

	<u>2010</u>	<u>2009</u>
Operating checking account	\$ 48,361	\$31,087
Total Cash and Cash equivalents	<u>\$ 48,361</u>	<u>\$31,087</u>

See Independent Accountant's Report

Associates of the Boston Public Library, Inc.  
Notes to the Financial Statements  
For the years ended June 30, 2010 and 2009

**5. Investments**

Investments are reflected at market and are all publicly traded these are summarized as follows:

	<u>Cost</u>	<u>Market</u>
Bonds	\$ 531,512	\$ 540,216
Stocks	676,013	665,138
Cash Equivalents	<u>503,682</u>	<u>503,682</u>
	<u>\$ 1,711,207</u>	<u>\$ 1,709,036</u>

Associates of the Boston Public Library, Inc. records its investments at fair market value. Interest, dividends and fund distributions are recorded when earned. Gains and losses are recognized as incurred or based on market value changes during the period. Investments are not insured and are subject to ongoing market fluctuations.

Transactions from the investments accounts are summarized as follows:

Balance as of June 30, 2009	\$ 1,431,840
Additions:	
Donations	440,000
Investment Income	4,114
Transfers to Operating Account:	<u>(157,567)</u>
Balance before Gains and (Losses) for 2010:	1,718,387
Net Realized and Unrealized Gains and (Losses) for 2010:	<u>(9,351)</u>
Balance as of June 30, 2010:	<u>\$1,709,036</u>

**6. Donated Services and Facilities**

The Organization receives donated products and services from a variety of unpaid volunteers assisting the Organization with fundraising and programming events. There were no transactions recognized in the accompanying statements of revenues, expenses and change in net assets because of the criteria for recognition of such volunteer effort under SFAS No. 116 have not been satisfied.

The Organization occupies part of the Boston Public Library located at Copley Square under a month-to-month arrangement. No rent is paid by the Organization. An estimate of the fair value of the annual rental has not been determined, and therefore, no contribution or expense amount is included in the statement of revenues, expenses, and change in net assets.

See Independent Accountant's Report

Associates of the Boston Public Library, Inc.  
Notes to the Financial Statements  
For the years ended June 30, 2010 and 2009

**7. Equipment**

Equipment consists of the following:

Equipment	\$16,035
Less: Accumulated Depreciation	<u>(16,034)</u>
	<u>\$ 1</u>

**8. Grants Payable**

The grants payable consists of grants awarded by the Board of Directors in prior years out of unrestricted funds, which will be paid in a subsequent year.

The grants still owed are summarized as follows:

Boston Public Library	<u>\$26,315</u>
	<u>\$26,315</u>

**9. Temporarily Restricted Net Assets - McCullough Fund**

This represents funding which may be used for conservation and preservation of rare books and other treasures in the Boston Public Library.

**10. Temporarily Restricted - Other**

This represents funding received in fiscal year June 30, 2009 for conservation, preservation and cataloging of the treasures of the Boston Public Library.

See Independent Accountant's Report