

**Friends of the  
Bernardsville Public Library Inc.**

**Financial Statements**

**December 31, 2011 and 2010**

**WASILEWSKI & KEATING, P.C.**

CERTIFIED PUBLIC ACCOUNTANTS

117 SOUTH MAPLE AVENUE

BASKING RIDGE, NEW JERSEY 07920

PHONE: (908) 953-0919 - FAX.: (908) 953-0557

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Friends of the Bernardsville Public Library, Inc.  
1 Anderson Hill Rd.  
Bernardsville, NJ 07924

We have compiled the accompanying statement of Assets, Liabilities and Net Assets (modified cash basis) of Friends of the Bernardsville Public Library, Inc. (a nonprofit organization) as of December 31, 2011 and 2010 and the related statements of Revenues and Expenses and Cash Flows (modified cash basis) for the years then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with the modified cash basis of accounting.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting and for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

*Wasilewski & Keating, P.C.*

July 13, 2012



FRIENDS OF THE BERNARDSVILLE PUBLIC LIBRARY, INC.  
 STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS  
 AS AT DECEMBER 31, 2011 AND 2010  
 (MODIFIED CASH BASIS)

ASSETS

	<u>2011</u>	<u>2010</u>
CASH AND CASH EQUIVALENTS:		
Checking account	\$ 26,903	\$ 13,452
Debit card account	1,296	--
Money market accounts	131,292	175,498
Petty Cash account	--	100
Cash in custodian account-Fidelity Investments	<u>24,653</u>	<u>24,650</u>
TOTAL CASH AND CASH EQUIVALENTS	<u>184,144</u>	<u>213,700</u>
INVESTMENTS-At Fair Market Values:		
Mutual Funds	<u>150,493</u>	<u>151,094</u>
TOTAL INVESTMENTS	<u>150,493</u>	<u>151,094</u>
TOTAL ASSETS	<u>\$ 334,637</u>	<u>\$ 364,794</u>

LIABILITIES AND NET ASSETS

LIABILITIES:	<u>NONE</u>	<u>NONE</u>
NET ASSETS:		
Unrestricted	98,133	109,217
Permanently restricted	<u>236,504</u>	<u>255,577</u>
TOTAL NET ASSETS	<u>334,637</u>	<u>364,794</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 334,637</u>	<u>\$ 364,794</u>

See accompanying notes and accountants' compilation report.

FRIENDS OF THE BENARDSVILLE PUBLIC LIBRARY, INC.  
STATEMENT OF REVENUE AND EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2011 AND 2010  
(MODIFIED CASH BASIS)

	2011			2010		
	Unrestricted	Permanently Restricted	Total	Unrestricted	Permanently Restricted	Total
<b>PUBLIC SUPPORT &amp; REVENUES:</b>						
Contributions	\$ 26,218	\$ --	\$ 26,218	\$ 30,597	\$ --	\$ 30,597
Special Events	700	--	700	930	--	930
Book rental fees	243	--	243	324	--	324
Interest and Dividends	5,008	--	5,008	6,441	--	6,441
Net appreciation/(depreciation) in fair value of investments	(340)	(4,673)	(5,013)	172	11,919	12,091
Net assets released from restrictions - Satisfaction of purpose restrictions	<u>14,400</u>	<u>(14,400)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>TOTAL PUBLIC SUPPORT &amp; REVENUES</b>	<u>46,229</u>	<u>(19,073)</u>	<u>27,156</u>	<u>38,464</u>	<u>11,919</u>	<u>50,383</u>
<b>EXPENSES:</b>						
Programs	52,836	--	52,836	38,811	--	38,811
Administration	3,799	--	3,799	2,750	--	2,750
Fundraising	<u>678</u>	<u>--</u>	<u>678</u>	<u>818</u>	<u>--</u>	<u>818</u>
<b>TOTAL EXPENSES</b>	<u>57,313</u>	<u>--</u>	<u>57,313</u>	<u>42,379</u>	<u>--</u>	<u>42,379</u>
<b>INCREASE/(DECREASE) IN NET ASSETS</b>	(11,084)	(19,073)	(30,157)	(3,915)	11,919	8,004
<b>NET ASSETS-BEGINNING OF YEAR</b>	<u>109,217</u>	<u>255,577</u>	<u>364,794</u>	<u>113,132</u>	<u>243,658</u>	<u>356,790</u>
<b>NET ASSETS-END OF YEAR</b>	<u>\$ 98,133</u>	<u>\$ 236,504</u>	<u>\$ 334,637</u>	<u>\$ 109,217</u>	<u>\$ 255,577</u>	<u>\$ 364,794</u>

See accompanying notes and accountants' compilation report.

FRIENDS OF THE BERNARDSVILLE PUBLIC LIBRARY, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010  
(MODIFIED CASH BASIS)

	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase/(Decrease) in net assets	\$ (30,157)	\$ 8,004
Adjustments to reconcile increase/(decrease) in net assets to net cash used by operating activities		
(Gain)/Loss on investment securities	5,013	(12,091)
Donated securities included in contributions	<u>--</u>	<u>--</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>(25,144)</u>	<u>(4,087)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Investment Securities	(4,412)	(5,100)
Sale of Investment Securities	<u>--</u>	<u>3,445</u>
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>(4,412)</u>	<u>(1,655)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase/(Decrease) in accounts payable	<u>--</u>	<u>--</u>
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<u>--</u>	<u>--</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(29,556)	(5,742)
<b>CASH AND CASH EQUIVALENTS-BEGINNING OF YEAR</b>	<u>213,700</u>	<u>219,442</u>
<b>CASH AND CASH EQUIVALENTS-END OF YEAR</b>	<u>\$ 184,144</u>	<u>\$ 213,700</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Interest Paid	NONE	NONE
Income Taxes	NONE	NONE

See accompanying notes and accountants' compilation report.

FRIENDS OF THE BERNARDSVILLE PUBLIC LIBRARY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010

Friends of the Bernardsville Library, Inc. ("the Association") was organized to assist and promote the Free Public Library of the Borough of Bernardsville, County of Somerset, State of New Jersey.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The Association's policy is to keep its books and prepare its financial statements on a modified cash basis of accounting; consequently, certain revenue is recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

Basis of Presentation-Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements for Not-For-Profit Organization. Under SFAS No. 117, the Association is required to report information regarding its unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Estimates- The preparation of these financial statements requires the Association's management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Federal Income Tax-The Association is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Contributed Services-The Association receives a certain amount of services donated by its members in carrying out the organization's activities. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under SFAS No. 116.

NOTE 2 INVESTMENTS

Investments at fair value as of December 31, 2011 and 2010 are summarized as follows:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>December 31, 2011</u>			
Mutual Funds	\$ 13,850	\$ 136,643	\$ 150,493
Total	<u>\$ 13,850</u>	<u>\$ 136,643</u>	<u>\$ 150,493</u>
<u>December 31, 2010</u>			
Mutual Funds	\$ 9,777	\$ 141,317	\$ 151,094
Total	<u>\$ 9,777</u>	<u>\$ 141,317</u>	<u>\$ 151,094</u>

FRIENDS OF THE BERNARDSVILLE PUBLIC LIBRARY, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2011 AND 2010

NOTE 3 PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets represent funds the Association received as a beneficiary under the Last Will and Testament of Ruth M. Blumenschine. The will restricted the use of the funds to the capital improvements of the Bernardsville Public Library.

NOTE 4 CASH AND CASH CONCENTRATION

The statement of Position as of December 31, 2011 and 2010 included cash in checking accounts and certificates of deposit at various banks. These accounts were within of federally insured limits at December 31, 2011 and 2010.

NOTE 5 FAIR VALUE MEASUREMENT

The Association's investments are reported at fair value in the accompanying statement of assets, liabilities and net assets. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Association uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Association measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

Level 1 Fair Value Measurements

The fair value of mutual funds and money market accounts are based on quoted market prices.

The following tables set forth, by level within the fair value hierarchy, the Association's investments at fair value as of December 31, 2011 and 2010.

	<u>Fair Value Measurement at Reporting Date Using:</u>	
	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
<u>December 31, 2011</u>		
Mutual Funds		
Domestic Stock Funds	\$ 31,022	\$ 31,022
Balanced Funds	54,073	54,073
Fixed Income Funds	<u>65,398</u>	<u>65,398</u>
Total	<u>\$150,493</u>	<u>\$150,493</u>

FRIENDS OF THE BERNARDSVILLE PUBLIC LIBRARY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010

Fair Value Measurement at Reporting Date Using:

Quoted Prices in Active  
Markets for Identical  
Assets (Level 1)

Fair Value

December 31, 2010

Mutual Funds

Domestic Stock Funds	\$ 34,515	\$ 34,515
Balanced Funds	53,179	53,179
Fixed Income Funds	<u>63,400</u>	<u>63,400</u>
Total	<u>\$151,094</u>	<u>\$151,094</u>