



REPORT ON FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Cuba Circulating Library

Opinion

We have audited the accompanying financial statements of *Cuba Circulating Library* (a nonprofit organization), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of *Cuba Circulating Library* as of December 31, 2025, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of *Cuba Circulating Library* and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about *Cuba Circulating Library's* ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 *Cuba Circulating Library's* internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about *Cuba Circulating Library's* ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on 2024 Financial Statements and Supplementary Information

The accompanying 2024 financial statements of *Cuba Circulating Library* were previously reviewed by us, and we stated that we were not aware of any material modifications that should be made to those financial statements and supplementary information in order for them to be in accordance with accounting principles generally accepted in the United States of America in our report dated February 10, 2025, but we have not performed any procedures in connection with that review engagement since that date.

Bysiek CPA, PLLC

**BYSIEK CPA, PLLC
OLEAN, NY
FEBRUARY 28, 2026**

CUBA CIRCULATING LIBRARY
STATEMENTS OF FINANCIAL POSITION

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As of December 31,

	2025	2024
	(Audited)	(Reviewed)
Assets		
Current assets		
Cash and cash equivalents	\$ 212,648	\$ 123,923
Accounts receivable	-	175,329
Prepaid expenses	973	1,383
Total current assets	<u>213,621</u>	<u>300,635</u>
Property, plant and equipment		
Land	46,763	46,763
Building and improvements	1,387,673	1,150,899
Furniture and fixtures	117,419	117,419
Total	<u>1,551,855</u>	<u>1,315,081</u>
Less: accumulated depreciation	<u>(700,540)</u>	<u>(656,433)</u>
Property, plant and equipment, net	<u>851,315</u>	<u>658,648</u>
Investments	761,659	778,396
Total assets	<u>\$ 1,826,595</u>	<u>\$ 1,737,679</u>
Liabilities and Net Assets		
Current liabilities		
Accrued liabilities	\$ 734	\$ 5,832
Total liabilities	<u>734</u>	<u>5,832</u>
Net assets		
Without donor restrictions	1,778,380	1,704,854
With donor restrictions	47,481	26,993
Total net assets	<u>1,825,861</u>	<u>1,731,847</u>
Total liabilities and net assets	<u>\$ 1,826,595</u>	<u>\$ 1,737,679</u>

See accompanying notes and independent accountant's review report

For the Year Ended December 31,

	2025	2024
	(Audited)	(Reviewed)
Net assets without donor restrictions		
Support, revenue and gains		
Tax revenue	\$ 297,382	\$ 238,843
Contributions and gifts	3,660	21,060
Program fees	5,552	6,438
Investment income	15,898	53,919
Realized gains on sales of investments	118,003	32,271
Net assets released from restrictions	43,702	233,511
Total support and revenue	484,197	586,042
Expenses		
Program services	332,236	345,013
Management and general	61,081	60,081
Total expenses	393,317	405,094
Excess of support and revenue over expenses	90,880	180,948
Other changes in net assets without donor restrictions		
Unrealized gains (losses) on investments	(17,354)	4,900
Change in net assets without donor restrictions	73,526	185,848
Net assets with donor restrictions		
Gifts, grants and contributions	64,190	245,540
Net assets released from restrictions	(43,702)	(233,511)
Change in net assets with donor restrictions	20,488	12,029
Change in net assets	94,014	197,877
Net assets, beginning of year	1,731,847	1,533,970
Net assets, end of year	\$ 1,825,861	\$ 1,731,847

CUBA CIRCULATING LIBRARY
STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31,

	2025			2024		
	(Audited)			(Reviewed)		
	Program	Management		Program	Management	
	Services	and General	Total	Services	and General	Total
Salaries and wages	\$ 154,150	\$ 27,203	\$ 181,353	\$ 147,811	\$ 26,084	\$ 173,895
Payroll taxes and employee benefits	22,549	3,979	26,528	23,071	4,071	27,142
Library materials and supplies	32,612	-	32,612	30,004	-	30,004
Support services	9,434	1,665	11,099	9,250	1,632	10,882
Library programs	29,858	-	29,858	42,471	-	42,471
Professional fees	-	13,475	13,475	-	11,986	11,986
Office expenses	3,647	644	4,290	3,040	537	3,577
Utilities and telephone	10,651	1,880	12,530	9,962	1,758	11,720
Insurance	9,358	1,651	11,009	8,757	1,545	10,302
Repairs and maintenance	11,675	2,060	13,735	30,660	5,411	36,071
Travel	5,945	1,049	6,994	6,090	1,075	7,165
Depreciation	42,281	7,461	49,742	33,645	5,937	39,582
Advertising and promotion	78	14	92	242	43	285
Miscellaneous	-	-	-	10	2	12
Total expenses	\$ 332,236	\$ 61,081	\$ 393,317	\$ 345,013	\$ 60,081	\$ 405,094

See accompanying notes and independent accountant's review report

For the Year Ended December 31,

	2025	2024
	(Audited)	(Reviewed)
Cash flows from operating activities		
Change in net assets	\$ 94,014	\$ 197,877
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	44,107	39,582
Restricted contributions	(64,190)	(245,540)
Reinvested income	(15,898)	(53,919)
Realized (gains) losses on sales of investments	(118,003)	(32,271)
Unrealized (gains) losses on investments	17,354	(4,900)
Changes in:		
Accounts receivable	175,329	(175,329)
Prepaid expenses	410	(1,383)
Accrued expenses	(5,098)	3,873
Net cash provided by (used in) operating activities	128,025	(272,010)
Cash flows from investing activities		
Net (purchases) sales of investments	133,284	51,382
Purchases of property and equipment	(236,774)	(112,695)
Net cash used in investing activities	(103,490)	(61,313)
Cash flows from financing activities		
Restricted contributions	64,190	245,540
Net cash provided by financing activities	64,190	245,540
Net change in cash	88,725	(87,783)
Cash at beginning of year	123,923	211,706
Cash at end of year	\$ 212,648	\$ 123,923

NOTE 1: NATURE OF ORGANIZATION

Cuba Circulating Library is a not-for-profit organization located in Cuba, New York. Its purpose is the education of area residents primarily through the circulation of books and periodicals and writing and reading programs. The Library's support comes primarily from a real property tax levy received through the Cuba-Rushford School District.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES**A. Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Thus, revenues are recognized when earned and expenses as incurred.

B. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards Codification Topic 958, *Financial Statements of Not-for-Profit Organizations*. Under Topic 958, the Library is required to report information regarding its financial position and activities according to two classes of net assets:

1) Net Assets Without Donor Restrictions

- Net assets that are not subject to any donor-imposed time or purpose restrictions and may be expended for any purpose in performing the primary objectives of the Library. These net assets may be used at the discretion of the Library's management and the board of directors.

2) Net Assets With Donor Restrictions

- Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Library or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the accompanying financial statements.

C. Cash and Cash Equivalents

For purposes of reporting cash flows, the Library considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Library's cash balances did not exceed Federal Deposit Insurance Corporation (FDIC) insurance limits during the years ending December 31, 2025 and 2024.

D. Accounts Receivable

Accounts receivable include qualifying grant expenditures that have been earned and vouchered for but not yet received as of December 31. Such amounts totaled \$0 and \$175,329 as of December 31, 2025 and 2024, respectively, and represent an accumulation of reimbursable costs for the Library's ongoing capital project.

E. Investments

Cuba Circulating Library's investments are reported at fair market value. Gains and losses on investments are as increases or decreases in net assets in the accompanying financial statements.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONT)

F. Capitalization and Depreciation

Purchases and gifts of property and equipment are capitalized while expenditures for repairs and maintenance are expensed as incurred. Depreciation is provided for using the straight-line method over the estimated service lives of the assets ranging from 5 to 39 years.

G. Revenue Recognition

Contributions are recognized when the donor makes an unconditional promise to give to **Cuba Circulating Library**. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

H. Program Revenue

Revenues from programs and fees are recognized when performance obligations under the terms of contracts are satisfied over time through the conduct of the programs in accordance with ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). For the years ended December 31, 2025 and 2024, **Cuba Circulating Library** recognized the corresponding revenue in the accompanying financial statements when services were rendered and performance obligations met.

I. Contributed Services

During the years ended December 31, 2025 and 2024, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization.

J. Expense Allocation (Functional Expenses)

Expenses are summarized and categorized based on their functional classification as either program or supporting services. Expenses that are readily identifiable to a specific program or supporting service are charged directly to that service. Expenses attributable to more than one program or supporting service are allocated based on estimated usage, square footage, or employment related expenses, which when not directly related to a program, are allocated based on estimates of time and effort.

K. Income Tax Status

The Library is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, therefore, no provision for income taxes is reflected in the financial statements. Tax returns for the past three years remain open for examination by taxing authorities.

L. Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from the estimates.

M. Reclassifications

Certain accounts in the financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CON'T)

N. Liquidity Management

As of December 31, 2025 and 2024, *Cuba Circulating Library* had approximately \$213,000 and \$124,000 of financial assets available within one year of the statement of financial position. None of these financial assets are subject to donor or contractual restrictions that make them unavailable for general expenditures within one year.

O. Endowment

The library's endowment was established by donations made directly to the Library. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of explicit donor-imposed restrictions. The New York Prudent Management of Institutional Funds Act (NYPMIFA) removes the prohibition on appropriations below the historic dollar value of endowment funds absent explicit donor stipulations to the contrary. In accordance with NYPMIFA, *Cuba Circulating Library* considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund.
- The purposes of the donor-restricted endowment fund.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the library.
- Alternatives to expenditure of the endowment fund.
- The investment policies of the library.

P. Subsequent Events

Library management has evaluated events and transactions as of the date of this report.

NOTE 3: INVESTMENTS AND FAIR VALUE MEASUREMENTS

Cuba Circulating Library's investments are reported at fair value in the accompanying statements of financial position. Generally accepted accounting principles establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. These valuation techniques are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent resources, while unobservable inputs reflect market assumptions. These types of inputs create the following fair value hierarchy: Level 1 inputs consist of quoted prices for identical instruments in active markets; Level 2 inputs consist of quoted prices in active markets for similar assets or liabilities or quoted prices in inactive markets for identical or similar assets or liabilities and model-derived valuations whose significant inputs are observable; Level 3 consists of instruments whose significant inputs are unobservable. All of the Organization's investments are valued using Level 1 inputs. The cost and fair value of investments owned by *Cuba Circulating Library* at December 31, 2025 and 2024 are summarized as follows:

	2025		2024	
	Cost Basis	Fair Value	Cost Basis	Fair Value
Money market	\$ 5,271	\$ 5,271	\$ 10,013	\$ 10,013
Mutual funds	654,530	736,388	653,670	768,383
Total	\$ 659,801	\$ 761,659	\$ 656,247	\$ 778,396

NOTE 4: ENDOWMENT

Cuba Circulating Library's endowment includes both donor-restricted funds and funds designated by the Board to function as endowments. The donor-restricted endowment as of December 31, 2025 and 2024 consisted of \$10,000 which is restricted in perpetuity. The board-designated endowment had a balance of \$751,659 and \$768,396 as of December 31, 2025 and 2024, respectively. The Library has interpreted the applicable provisions of New York Not-for-Profit Corporation Law to mean that the classification of appreciation on restricted endowment gifts, beyond the original gift amount, follows the donor's restrictions on the use of the related income. Changes in endowment net assets for the years ended December 31, 2025 and 2024 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance, December 31, 2023	\$ 728,688	\$ 10,000	\$ 738,688
Interest and dividends	53,919	-	53,919
Unrealized gains	4,900	-	4,900
Realized gains	32,271	-	32,271
Deposits (withdrawals), net	(51,382)	-	(51,382)
Balance, December 31, 2024	\$ 768,396	\$ 10,000	\$ 778,396
Interest and dividends	18,540	-	18,540
Unrealized losses	(17,354)	-	(17,354)
Realized gains	118,003	-	118,003
Investment fees	(4,357)	-	(4,357)
Deposits (withdrawals), net	(131,569)	-	(131,569)
Balance, December 31, 2025	\$ 751,659	\$ 10,000	\$ 761,659

NOTE 5: PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following at December 31:

	2025	2024
Land	\$ 46,763	\$ 46,763
Building and improvements	1,387,673	1,150,899
Furniture and fixtures	117,419	117,419
Total property, plant and equipment	1,551,855	1,315,081
Less: accumulated depreciation	(700,540)	(656,433)
Net book value	\$ 851,315	\$ 658,648

Depreciation expense totaled approximately \$50,000 and \$40,000 for the years ended December 31, 2025 and 2024, respectively.

NOTE 6: NET ASSETS

Net assets include the following as of December 31, 2025:

With donor restrictions:

Perpetually restricted	\$ 10,000	
Purpose restricted	<u>37,481</u>	
		47,481

Without donor restrictions:

Designated	\$ 751,659	
Undesignated	<u>1,016,721</u>	
		<u>1,778,380</u>

Total net assets		<u>\$1,825,861</u>
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