MILLBROOK LIBRARY

FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

	Page
Independent Auditor's Report	1-2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4-5
Statements of Cash Flows	6
Statements of Functional Expenses	7
Notes to Financial Statements	8-16

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Millbrook Library

Opinion

We have audited the accompanying financial statements of the Millbrook Library (a nonprofit organization), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, cash flows and functional expenses for the years 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 the Millbrook Library as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 the Millbrook Library and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 the Millbrook 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 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 the Millbrook 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 the Millbrook 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.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
May 11, 2026

ASSETS

	2025	2024
Current Assets		
Cash	$ 616,917	$ 631,318
Investments	754,716	686,282
Refund Receivable	809	-
Prepaid Expenses	3,971	3,692
Total Current Assets	1,376,413	1,321,292
Property and Equipment, Net	1,351,039	1,399,882
Other Assets		
Assets Restricted as to Use	12,230,903	10,917,231
Total Assets	$ 14,958,355	$ 13,638,405

LIABILITIES AND NET ASSETS

Liabilities		
Accounts Payable and Accrued Expenses	$ 40,517	$ 26,478
Net Assets		
Without Donor Restrictions - Investment in Capital Assets	1,351,039	1,399,882
Without Donor Restrictions - Operating	867,934	835,118
With Donor Restrictions	12,698,865	11,376,927
Total Net Assets	14,917,838	13,611,927
Total Liabilities and Net Assets	$ 14,958,355	$ 13,638,405

MILLBROOK LIBRARY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Support, Revenue and Reclassifications			
Real Property Taxes	$ 349,000	$ -	$ 349,000
Donations	107,728	41,000	148,728
Grants	33,072	21,750	54,822
Library Charges	2,396	-	2,396
Net Assets Released from Restrictions	306,752	(306,752)	-
Total Support, Revenue and Reclassifications	798,948	(244,002)	554,946
Expenditures			
Program	754,867	-	754,867
Management and General	117,961	-	117,961
Fundraising	16,215	-	16,215
Total Expenditures	889,043	-	889,043
Operating Loss Before Other Income	(90,095)	(244,002)	(334,097)
Other Income			
Investment Returns, Net	74,068	1,565,940	1,640,008
Change in Net Assets	(16,027)	1,321,938	1,305,911
Net Assets, Beginning of Year	2,235,000	11,376,927	13,611,927
Net Assets, End of Year	$ 2,218,973	$ 12,698,865	$ 14,917,838

MILLBROOK LIBRARY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support, Revenue and Reclassifications			
Real Property Taxes	$ 184,000	$ -	$ 184,000
Donations	49,537	27,200	76,737
Grants	27,695	15,800	43,495
Library Charges	2,687	-	2,687
Employee Retention Credit	21,932	-	21,932
Net Assets Released from Restrictions	225,311	(225,311)	-
Total Support, Revenue and Reclassifications	511,162	(182,311)	328,851
Expenditures			
Program	689,059	-	689,059
Management and General	106,402	-	106,402
Fundraising	8,672	-	8,672
Total Expenditures	804,133	-	804,133
Operating Loss Before Other Income	(292,971)	(182,311)	(475,282)
Other Income			
Investment Returns, Net	65,041	1,789,070	1,854,111
Change in Net Assets	(227,930)	1,606,759	1,378,829
Net Assets, Beginning of Year	2,462,930	9,770,168	12,233,098
Net Assets, End of Year	$ 2,235,000	$ 11,376,927	$ 13,611,927

	2025	2024
Cash Flows from Operating Activities:		
Change in Net Assets	$ 1,305,911	$ 1,378,829
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used In) Operating Activities:		
Depreciation	87,034	92,536
Unrealized and Realized Gain (Loss) on Investments Without Donor Restrictions	(58,075)	(48,155)
(Increase) Decrease in Operating Assets		
Refund Receivable	(809)	-
Prepaid Expenses	(279)	655
Assets Restricted as to Use	(1,313,672)	(1,606,759)
Increase (Decrease) in Operating Liabilities		
Accounts Payable and Accrued Expenses	14,039	7,269
Net Cash Provided By (Used In) Operating Activities	34,149	(175,625)
Cash Flows from Investing Activities:		
Proceed from Sale of Investments	50,897	602,136
Purchase of Investments	(61,256)	(809,343)
Purchase of Property and Equipment	(38,191)	(15,459)
Net Cash Used In Investing Activities	(48,550)	(222,666)
Net Change in Cash	(14,401)	(398,291)
Cash, Beginning of Year	631,318	1,029,609
Cash, End of Year	$ 616,917	$ 631,318

MILLBROOK LIBRARY

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	December 31, 2025				December 31, 2024			
	Program	**Management and General**	**Fundraising**	**Total**	**Program**	**Management and General**	**Fundraising**	**Total**
Salaries	$ 312,126	$ 67,233	$ 4,368	$ 383,727	$ 293,899	$ 62,741	$ 4,064	$ 360,704
Payroll Taxes	24,542	6,487	447	31,476	23,300	6,159	424	29,883
Employee Benefits	79,376	20,982	1,446	101,804	67,795	17,920	1,235	86,950
Depreciation	82,682	4,352	-	87,034	87,909	4,627	-	92,536
Utilities	30,091	1,584	-	31,675	27,538	1,449	-	28,987
Building and Grounds	67,942	3,576	-	71,518	57,398	3,021	-	60,419
Collection Development	36,743	-	-	36,743	34,892	-	-	34,892
Insurance	18,857	992	-	19,849	17,341	913	-	18,254
Mid-Hudson Library Fees	9,762	-	-	9,762	8,891	-	-	8,891
Program Expenses	42,173	-	-	42,173	30,704	-	-	30,704
Professional Fees	35,436	9,367	645	45,448	16,030	4,237	292	20,559
Office	8,215	2,171	150	10,536	15,536	4,106	283	19,925
Communications	3,583	947	65	4,595	3,969	1,049	72	5,090
Conferences and Meetings	1,021	270	19	1,310	681	180	12	873
Public Relations	2,318	-	-	2,318	3,176	-	-	3,176
Fundraising	-	-	9,075	9,075	-	-	2,290	2,290
Total	$ 754,867	$ 117,961	$ 16,215	$ 889,043	$ 689,059	$ 106,402	$ 8,672	$ 804,133

See accompanying notes and independent auditor's report.

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Millbrook Library (the Library) is a nonprofit library established in 1901. The mission of the library is to be a dynamic lifelong learning center that provides free and open access to ideas and information for our community. The Library is affiliated with the Mid-Hudson Library System.

Basis of Accounting and Reporting

The financial statements of the Library have been prepared on the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred. The basis of accounting is in accordance with accounting principles generally accepted in the United States of America. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Cash

For purposes of the statements of financial position classification and the statements of cash flows, the Library considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash.

Investments

Investments are carried at fair value. Realized and unrealized gains and losses are reflected in the Statement of Activities.

Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Library reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Library reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over lives ranging from 5 to 40 years.

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

Net assets of the Library, and changes therein, are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may be met either by actions of the Library and/or the passage of time, or may be perpetual.

Revenue and Revenue Recognition

Revenue is recognized when earned. Contributions are reported at fair value at the date the contribution is received. Contributions are recorded as without donor restrictions or with donor restrictions depending on the existence or nature of any donor/grantor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same reporting period are shown as revenue without donor restrictions. Conditional contributions are not recognized until the conditions on which they depend have been substantially met.

Revenue on cost reimbursement grants and contracts is recognized to the extent actual expenditures have been incurred in compliance with the specific grant requirements. Other grant and contract revenue is recognized in the period earned if on a fee for services basis. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred.

Revenue from contracts with customers is recognized in accordance with a five-step model as follows:

- Identify the contract with the customer
- Identify the performance obligation(s) in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligation(s) in the contract
- Recognize revenue when earned or as performance obligation(s) are satisfied

Contract Assets

Amounts related to services provided to customers which have not been billed and that do not meet the conditions of an unconditional right to payment at the end of the reporting period are contract assets. Contract asset balances consist primarily of services provided to customers who are still receiving services at the end of the year. There were no contract assets for the years ended December 31, 2025 and 2024.

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and Revenue Recognition (Continued)

Contract Liabilities

Contract liabilities represent revenue that has been deferred for the funds advanced by third party payors for the Library's contracts received related to services that have not yet been provided to customers. Contract liabilities consist of payments made by funding and other sources for the Library's contracts for services not yet performed that are expected to be performed within the next fiscal year. There were no contract liabilities for the years ended December 31, 2025 and 2024.

Expense Allocation

The financial statements report certain categories of expenses that are attributable to program, management and general and fundraising. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries and employee benefits, when requiring allocation are based on estimates of time and effort, occupancy and other expenses not directly charged are allocated using acceptable methods.

Estimates

The preparation of financial statements in accordance 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. Accordingly, actual results could differ from those estimates.

Income Taxes

The Library is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value

The Accounting Standards Codification requires expanded disclosures about fair value measurements and establishes a three-level hierarchy for fair value measurements based on the observable inputs to the valuation of an asset or liability at the measurement date. Fair value is defined as the price that the Library would receive upon selling an asset or pay to transfer a liability in an orderly transaction between market participants. The guidance establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable prices that are based on inputs not quoted on active markets, but corroborated by market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate that value:

Cash, refund receivable, prepaid expenses, accounts payable and accrued expenses - The carrying amounts approximate fair value because of the short maturity of these instruments.

Investments and Assets Restricted as to Use - Investments are stated at fair value determined using quoted prices in active markets for identical assets (Level 1).

Property and Equipment - No attempts have been made to determine the fair value of property and equipment.

Accounting for Uncertainty in Income Taxes

The Accounting Standards Codification requires entities to disclose in their financial statements the nature of any uncertainty in their tax position. The Library has not recognized any benefits or liabilities from uncertain tax positions in 2025 and believes it has no uncertain tax positions for which it is reasonably possible that will significantly increase or decrease net assets. Generally, federal and state authorities may examine the Library's tax returns for three years from the date of filing; consequently, tax returns for the years prior to 2022 are no longer subject to examination by tax authorities.

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

Management has evaluated subsequent events or transactions as to potential material impact on operations or financial position occurring through May 11, 2026, the date the financial statements were available to be issued. No such events or transactions were noted.

2. INVESTMENTS

Investments at fair value determined using quoted prices in active markets for identical assets (Level 1) were as follows:

	December 31, 2025		
	Cost	Fair Value	Unrealized Gain (Loss)
Cash	$ 237,797	$ 237,797	$ -
Mutual Funds - Equity	120,494	117,886	(2,608)
Mutual Funds - Fixed Income	285,267	399,033	113,766
	$ 643,558	$ 754,716	$ 111,158

	December 31, 2024		
	Cost	Fair Value	Unrealized Gain (Loss)
Cash	$ 227,049	$ 227,049	$ -
Mutual Funds - Equity	269,922	336,971	67,049
Mutual Funds - Fixed Income	133,096	122,262	(10,834)
	$ 630,067	$ 686,282	$ 56,215

Investment returns, net (without donor restrictions) were comprised of the following:

	2025	2024
Interest and Dividend Income	$ 23,139	$ 23,050
Realized Gain (Loss) on Sale of Investments	3,132	8,153
Unrealized Gain (Loss) on Investments Held	54,943	40,002
Investment Fees	(7,146)	(6,164)
	$ 74,068	$ 65,041

3. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following:

	2025	2024
Land	$ 13,500	$ 13,500
Building and Improvements	2,830,770	2,799,773
Furniture and Equipment	210,700	205,951
Capitalized Construction	61,600	-
Construction in Progress	2,444	61,600
Total at Cost	3,119,014	3,080,824
Accumulated Depreciation	(1,767,975)	(1,680,942)
Property and Equipment, Net	$ 1,351,039	$ 1,399,882

Depreciation expense was $87,034 and $92,536 for the years ended December 31, 2025 and 2024, respectively.

4. ASSETS RESTRICTED AS TO USE

Assets restricted as to use consist of a bank administered charitable trust for the benefit of the Library established in 1929. The trustee makes annual distributions to the Library approximately equal to the investment income earned by the Trust. Distributions to the Library were $250,000 and $180,000 for the years ended December 31, 2025 and 2024, respectively, which are reflected in net assets released from restrictions on the statement of activities. The Library has no access to any funds held by the trust other than the distributions of investment income. Other related fees totaled $2,268 and $2,311 for the years ended December 31, 2025 and 2024, respectively.

Investments held by the Trust, at fair value determined using quoted prices in active markets for identical assets (Level 1) were as follows at December 31, 2025 and 2024:

	2025		
	Cost	Fair Value	Unrealized Gain (Loss)
Cash	$ 1,528,521	$ 1,528,521	$ -
Equities	2,793,409	8,731,275	5,937,866
Corporate Bonds	1,547,620	1,569,829	22,209
Mutual Bonds	96,073	96,099	26
U.S. Government Agency Bonds	200,000	198,956	(1,044)
Mutual Funds - Fixed Income	121,924	106,223	(15,701)
	$ 6,287,547	$ 12,230,903	$ 5,943,356

4. ASSETS RESTRICTED AS TO USE (CONTINUED)

	2024		
	Cost	Fair Value	Unrealized Gain (Loss)
Cash	$ 1,329,855	$ 1,329,855	$ -
Certificate of Deposit	50,000	50,046	46
Equities	2,701,423	7,523,145	4,821,722
Corporate Bonds	1,600,628	1,574,839	(25,789)
Mutual Bonds	146,160	141,377	(4,783)
U.S. Government Agency Bonds	200,000	196,147	(3,853)
Mutual Funds - Fixed Income	121,924	101,822	(20,102)
	$ 6,149,990	$ 10,917,231	$ 4,767,241

Investment returns, net (with donor restrictions) were comprised of the following:

	2025	2024
Interest and Dividend Income	$ 295,872	$ 283,198
Realized Gain on Sale of Securities	136,564	892,777
Unrealized Gain on Securities Held	1,176,115	653,457
Investment Fees	(42,611)	(40,362)
	$ 1,565,940	$ 1,789,070

5. RESTRICTED NET ASSETS

Restricted net assets consist of the following:

	2025	2024
Purpose Restricted Net Assets (Included in Cash)	$ 467,962	$ 459,696
Perpetually Restricted Net Assets	12,230,903	10,917,231
	$ 12,698,865	$ 11,376,927

5. RESTRICTED NET ASSETS (CONTINUED)

Purpose restricted net assets had the following activity for the year:

	Balance at January 1, 2025	Restricted Contributions	Released from Restrictions	Balance at December 31, 2025
Capital Improvements Non-Fiction Room	$ 28,387	$ -	$ -	$ 28,387
Capital Improvement Porch and Gallery	75,000	-	-	75,000
Technology Upgrades	1,735	-	-	1,735
Youth Services	11,816	1,000	5,800	7,016
Construction Grant	329,074	5,000	-	334,074
Other	13,684	56,750	48,684	21,750
	$ 459,696	$ 62,750	$ 54,484	$ 467,962

	Balance at January 1, 2024	Restricted Contributions	Released from Restrictions	Balance at December 31, 2024
Capital Improvements Non-Fiction Room	$ 28,387	$ -	$ -	$ 28,387
Capital Improvement Porch and Gallery	75,000	-	-	75,000
Technology Upgrades	1,735	-	-	1,735
Youth Services	12,816	1,800	2,800	11,816
Construction Grant	325,574	3,500	-	329,074
Other	16,184	37,700	40,200	13,684
	$ 459,696	$ 43,000	$ 43,000	$ 459,696

6. CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Library to concentration of credit risk consist primarily of cash in a financial institution. Cash held in a financial institution exceeded Federal Deposit Insurance Corporation limits at times during the year. These deposits are with reputable banks, and management believes there is no substantial risk of loss.

7. LIQUIDITY

The Library's liquidity management policy is to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

7. LIQUIDITY (CONTINUED)

The Library has financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, liabilities and other obligations of:

	2025
Cash	$ 616,917
Investments	754,716
Less: Purpose Restricted Net Assets	(467,962)
Net Financial Assets Available to Meet Cash Needs within One Year	$ 903,671

None of the net financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.