

# DRAFT

**MOHAWK VALLEY LIBRARY SYSTEM  
SCHENECTADY, NEW YORK**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2014**

**MOHAWK VALLEY LIBRARY SYSTEM**

**TABLE OF CONTENTS**

**DECEMBER 31, 2014**

**DRAFT**

Independent Accountant's Review Report	Page	1
Statements of Assets, Liabilities, and Net Assets – Cash Basis	Page	2
Statements of Support and Revenue, Expenses, and Changes in Net Assets – Cash Basis	Page	3
Notes to Financial Statements	Pages	4 – 6
<b>SUPPLEMENTAL INFORMATION</b>		
Schedule I – Statements of Functional Expenses	Page	7

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To The President and Members of  
the Board of Directors  
Mohawk Valley Library System  
Schenectady, New York

We have reviewed the accompanying statements of assets, liabilities, and net assets – cash basis – of Mohawk Valley Library System (the System), (an educational corporation) as of December 31, 2014 and 2013 and the related statements of support and revenue, expenses, and changes in net assets – cash basis – for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the 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 review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the cash basis of accounting disclosed in Note 1.

Our reviews were made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with the basis of accounting disclosed in Note 1. The information included in the accompanying Schedule I is presented only for supplementary analysis purposes and is not a required part of the basic financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the reviews of the basic financial statements, and we did not become aware of any material modifications that should be made to such information.

(Date)  
Albany, New York

**DRAFT**

**MOHAWK VALLEY LIBRARY SYSTEM  
STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS - CASH BASIS  
DECEMBER 31, 2014 AND 2013**

**ASSETS**

	<u>2014</u>	<u>2013</u>
<b>CURRENT ASSETS</b>		
Cash		
Unrestricted	\$ 554,357	\$ 546,479
Restricted	180,920	89,485
Total Current Assets	<u>735,277</u>	<u>635,964</u>
<b>TOTAL ASSETS</b>	<u>\$ 735,277</u>	<u>\$ 635,964</u>

**LIABILITIES AND NET ASSETS**

<b>NET ASSETS</b>		
Unrestricted:		
Board Designated	156,949	161,542
Undesignated	397,408	384,937
Total Unrestricted Net Assets	<u>554,357</u>	<u>546,479</u>
Temporarily Restricted	180,920	89,485
Total Net Assets	<u>735,277</u>	<u>635,964</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 735,277</u>	<u>\$ 635,964</u>

**MOHAWK VALLEY LIBRARY SYSTEM**  
**STATEMENTS OF SUPPORT AND REVENUE, EXPENSES,**  
**AND CHANGES IN NET ASSETS - CASH BASIS**  
**YEARS ENDED DECEMBER 31, 2014 AND 2013**

	2014			2013				
	<u>Unrestricted</u>	<u>Board Designated</u>	<u>Temporarily Restricted</u>	<u>2014 Totals</u>	<u>Unrestricted</u>	<u>Board Designated</u>	<u>Temporarily Restricted</u>	<u>2013 Totals</u>
<b>SUPPORT AND REVENUE</b>								
Grants								
State Aid	\$ 1,019,531	\$ -	\$ 165,292	\$ 1,184,823	\$ 1,075,413	\$ -	\$ 74,334	\$ 1,149,747
Federal Aid	-	-	-	-	15,120	-	-	15,120
Miscellaneous Grants	11,529	-	566	12,095	3,799	-	201	4,000
JA Reimbursements	288,266	-	-	288,266	286,092	-	-	286,092
Other Support	60,705	-	-	60,705	61,106	-	-	61,106
Interest	1,854	-	-	1,854	870	-	-	870
Library Reimbursements	7,363	-	1,345	8,708	3,389	-	1,221	4,610
Miscellaneous Income	276	-	-	276	910	-	-	910
Net Assets Released								
From Restrictions	80,361	(4,593)	(75,768)	-	61,471	-	(61,471)	-
Total Support and Revenue	<u>1,469,885</u>	<u>(4,593)</u>	<u>91,435</u>	<u>1,556,727</u>	<u>1,508,170</u>	<u>-</u>	<u>14,285</u>	<u>1,522,455</u>
<b>EXPENSES</b>								
Program Service	1,277,474	-	-	1,277,474	1,294,370	-	-	1,294,370
Management and General	179,940	-	-	179,940	174,495	-	-	174,495
Total Expenses	<u>1,457,414</u>	<u>-</u>	<u>-</u>	<u>1,457,414</u>	<u>1,468,865</u>	<u>-</u>	<u>-</u>	<u>1,468,865</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	12,471	(4,593)	91,435	99,313	39,305	-	14,285	53,590
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>384,937</u>	<u>161,542</u>	<u>89,485</u>	<u>635,964</u>	<u>345,632</u>	<u>161,542</u>	<u>75,200</u>	<u>582,374</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 397,408</u>	<u>\$ 156,949</u>	<u>\$ 180,920</u>	<u>\$ 735,277</u>	<u>\$ 384,937</u>	<u>\$ 161,542</u>	<u>\$ 89,485</u>	<u>\$ 635,964</u>

**MOHAWK VALLEY LIBRARY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

DRAFT

**NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING AND REPORTING  
POLICIES**

**Organization**

The Mohawk Valley Library System (the System), formerly Mohawk Valley Library Association, was chartered by the Board of Regents of the State of New York on December 18, 1959. The Board of Trustees is responsible for the overall operations of the system. Funding for the Mohawk Valley Library System is provided through State aid and Federal grants through the Division of Library Development of the State Education Department. The System provides support services, materials, and grants to improve and enhance member library services.

**Method of Accounting and Presentation**

The System's policy is to prepare its financial statements on the cash basis of accounting; consequently, certain revenues are recognized when received rather than when earned, and certain expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred. Fixed assets, payroll taxes, and related liabilities are recognized as expenses when paid. This method of presentation is a comprehensive basis of accounting which is not in accordance with accounting principles generally accepted in the United States of America.

The financial statement presentation follows the recommendation of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-205, "Financial Statements of Not-for-Profit Organizations". Under FASB ASC 958-205, non-profit organizations are required to report information regarding their financial position and activities according to three classes of net assets, if applicable: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Accordingly, net assets of the system and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

Temporary-Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the System and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of statement of activities and changes in net assets.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the System. Generally, the donors of these assets permit the System to use all or part of the income earned on any related investments for general or specific purposes. The System has no Permanently Restricted Net Assets as of December 31, 2013.

**Income Taxes**

Mohawk Valley Library System is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and comparable state laws and has been classified as an organization that is not a private foundation.

**NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING AND REPORTING  
POLICIES (Continued)**

**Use of Estimates**

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

**Functional Allocation of Expenses**

The costs of providing the System's services have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among programs and supporting services benefited.

**NOTE 2 - CONCENTRATION OF CREDIT RISK**

At December 31, 2014, financial instruments that potentially subject Mohawk Valley Library System to concentrations of credit risk consist principally of cash and cash equivalents in financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation limits.

**NOTE 3 - BOARD DESIGNATION OF NET ASSETS**

Board-designated net assets at December 31, 2014 and 2013 consist of:

Designated for Vehicles, Equipment, Automation, and Building	\$136,949
Designated for Unemployment Self-Insurance	<u>20,000</u>
<b>TOTAL DESIGNATED NET ASSETS</b>	<b><u>\$156,949</u></b>

**NOTE 4 - EMPLOYEE BENEFITS**

Eligible employees participate in the New York State Employees' Retirement System. The Retirement System provides various plans and options, some of which require employee contributions. The Retirement System calculates the cost of retirement benefits based on its fiscal year April 1 to March 31, and bills the Library System in February for the following year. Retirement expenditures during the year ended December 31, 2014 and 2013 totaled \$83,813 and \$81,992 respectively.

**NOTE 5 - COMMITMENTS AND CONTINGENCIES**

All expenses and revenue claimed as allowable under grants and contracts are subject to government audit and only upon conclusion of such audit can the final amount of revenue and expenses be determined. Any adjustments made in connection with these government audits are recognized in the year they become known.

**NOTE 5 - COMMITMENTS AND CONTINGENCIES (Continued)**

**Events Occurring After Reporting Date**

The System has evaluated events and transactions that occurred between December 31, 2014 and (Date), which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

**NOTE 6 - RELATED PARTY TRANSACTIONS**

At December 31, 2014 and 2013, the System was involved in various transactions with the Joint Automation Project, which is related through a common sharing of office space, personnel, and various administrative costs. Transactions and balances with the related party at December 31, 2014 and 2013 consist of:

	<u>2014</u>	<u>2013</u>
State Automation Aid	\$ 64,850	\$64,167
Funds Paid to Related Party for Goods and Services	<u>304,330</u>	<u>293,970</u>
<b>TOTAL EXPENSES PAID TO RELATED PARTY</b>	<u>\$369,180</u>	<u>\$358,137</u>

**NOTE 7 - INCOME TAXES**

The System files Form 990 Return of Organizations Exempt From Income Tax. The System has adopted the provisions of FASB ASC 740-10 and as a result has identified its exemption from income tax under Section 501(c)(3) as a tax position which falls within the scope of this FASB ASC section. The System does not believe this tax position will result in any change to its financial position. These returns are subject to examination by tax jurisdictions (generally for three years from the filing date), and as a result, returns for the years subsequent to the year ended December 31, 2010 remain subject to examination. No interest or penalties related to income taxes have been recognized in the Statement of Financial Position or Statement of Activities.

# DRAFT

**SUPPLEMENTAL INFORMATION**

**MOHAWK VALLEY LIBRARY SYSTEM  
STATEMENTS OF FUNCTIONAL EXPENSES  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

**SCHEDULE I**

	<b>2014</b>			<b>2013</b>		
	<b>Program Services</b>	<b>Management And General</b>	<b>2014 Totals</b>	<b>Program Services</b>	<b>Management And General</b>	<b>2013 Totals</b>
Salaries and Related Expenses	\$ 320,274	\$ 106,758	\$ 427,032	\$ 314,188	\$ 104,729	\$ 418,917
Cash Grants to Member Libraries	138,614	-	138,614	222,969	-	222,969
Employee Benefits	141,815	47,272	189,087	151,934	50,645	202,579
Other Contractual Costs	471,446	-	471,446	469,318	-	469,318
Library Materials	119,246	-	119,246	73,258	-	73,258
Other Professional Fees	33,563	11,188	44,751	19,629	6,543	26,172
Equipment Purchases	6,793	2,265	9,058	455	151	606
Travel	5,404	1,801	7,205	6,008	2,002	8,010
Utilities	8,516	2,839	11,355	7,597	2,532	10,129
Insurance	5,844	1,948	7,792	5,874	1,958	7,832
Building Repairs and Maintenance	6,490	2,163	8,653	4,417	1,472	5,889
Library Reimbursements	8,351	-	8,351	5,323	-	5,323
Repairs and Maintenance	2,105	702	2,807	3,266	1,089	4,355
Office and Library Supplies	1,539	513	2,052	4,520	1,506	6,026
Miscellaneous	3,680	1,226	4,906	2,942	979	3,921
Telephone	1,698	566	2,264	1,676	558	2,234
Postage and Freight	305	102	407	461	153	614
Legal Fees	1,791	597	2,388	535	178	713
<b>Total Expenses</b>	<b>\$ 1,277,474</b>	<b>\$ 179,940</b>	<b>\$ 1,457,414</b>	<b>\$ 1,294,370</b>	<b>\$ 174,495</b>	<b>\$ 1,468,865</b>