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**MVLS/SALS JOINT AUTOMATION PROJECT
SCHENECTADY, NEW YORK**

FINANCIAL STATEMENTS

DECEMBER 31, 2017

MVLS/SALS JOINT AUTOMATION PROJECT

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Joint Automation Council
MVLS/SALS Joint Automation Project
Schenectady, NY

We have reviewed the accompanying financial statements of MVLS/SALS Joint Automation Project (the Project), which comprise the statements of assets, liabilities and net assets-cash basis as of December 31, 2017 and 2016 and the related statements of support and revenue, expenses, and changes in net assets – cash basis – for the years then ended, and the related notes to the financial statements. 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's Responsibility for the Financial Statements

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

Accountant's Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, 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.

Basis of Accounting

We draw your attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Supplementary Information

The supplementary information included in the Schedules I – Schedule of Automation Expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the information and, accordingly, do not express an opinion on such information.

(Date)
Albany, New York

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MVLS/SALS JOINT AUTOMATION PROJECT
STATEMENTS OF ASSETS, LIABILITIES, AND
NET ASSETS - CASH BASIS
DECEMBER 31, 2017 AND 2016

ASSETS

	<u>2017</u>	<u>2016</u>
CURRENT ASSETS		
Cash	<u>\$334,383</u>	<u>\$ 304,111</u>
TOTAL ASSETS	<u>\$334,383</u>	<u>\$ 304,111</u>

LIABILITIES AND NET ASSETS

NET ASSETS		
Unrestricted:		
Undesignated	<u>\$334,383</u>	<u>\$ 304,111</u>
Total Unrestricted Net Assets	<u>334,383</u>	<u>304,111</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$334,383</u>	<u>\$ 304,111</u>

**MVLS/SALS JOINT AUTOMATION PROJECT
STATEMENTS OF SUPPORT AND REVENUE, EXPENSES,
AND CHANGES IN NET ASSETS - CASH BASIS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

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	2017	2016
UNRESTRICTED SUPPORT AND REVENUE:		
Member Library Fees	\$ 657,956	\$ 661,992
Member Library Purchase Reimbursements	281,685	230,844
State Automation	153,000	153,000
Cataloging Fees	39,339	-
Interest	389	471
 Total Unrestricted Support and Revenue	 1,132,369	 1,046,307
 EXPENSES		
Automation Expenses	902,587	841,908
Member Library Purchases	199,510	302,767
 Total Expenses	 1,102,097	 1,144,675
 INCREASE IN NET ASSETS	 30,272	 (98,368)
 NET ASSETS - BEGINNING OF YEAR	 304,111	 402,479
 NET ASSETS - END OF YEAR	 \$ 334,383	 \$ 304,111

**MVLS/SALS JOINT AUTOMATION PROJECT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

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

Organization

Background Information

The Joint Automation Project (the Project) was established in 1984. That agreement provided the basis of the creation of a joint automation system, governed by a Joint Automation Governance Board. On March 25, 2003, the Mohawk Valley Library System (MVLS) and the Southern Adirondack Library System (SALS) executed a new agreement replacing the 1984 document. The new agreement created a Joint Automation Council governing the Project. The purpose of the Project is to create an equal partnership in the operation of the Joint Automation Project; assure equity of access to all aspects of the computer project by members of both Systems, as well as equity of ownership and direction for the Project; and direct joint automation resources to project purposes. The main funding comes from fees charged to the library members of the MVLS and SALS.

Method Accounting and Presentation

The Project'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, the Project is required to report information regarding its 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 Project and changes therein are classified and reported as follows:

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

Temporarily-Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Project 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 Project. Generally, the donors of these assets permit the Project to use all or part of the income earned on any related investments for general or specific purposes.

The project has no Temporarily or Permanently Restricted Net Assets as of December 31, 2017 and 2016.

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**MVLS/SALS JOINT AUTOMATION PROJECT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

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

Income Taxes

MVLS/SALS Joint Automation Project is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code as part of the Mohawk Valley Library System's status.

Use of Estimates

The preparation of financial statements in conformity with the cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject MVLS/SALS Joint Automation Project to concentrations of credit risk consist principally of cash in financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation limits.

NOTE 3 – RELATED PARTY TRANSACTIONS

At December 31, 2017, the MVLS, SALS Joint Automation Project was involved in various transactions with Southern Adirondack Library System and Mohawk Valley Library System, which are related through a common sharing of office space, personnel, and various administrative costs. Transactions and balances with related parties at December 31, 2017 and 2016 consist of:

	<u>2017</u>	<u>2016</u>
Funds Received From Related Party (MVLS) – Joint Automation Project	\$436,772	\$420,813
Funds Received From Related Party (SALS) – Joint Automation Project	\$686,993	\$618,657
Expenses Paid to Related Party (SALS) – Administrative Expenses	\$605,226	\$586,937
Expenses Paid to Related Party (MVLS) – Administrative Expenses	\$ 906	\$ -

NOTE 4 – COMMITMENTS AND CONTINGENCIES

Events Occurring After Reporting Date

The Project has evaluated events and transactions that occurred between December 31, 2017 and (Date), which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

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SUPPLEMENTAL INFORMATION

**MVLS/SALS JOINT AUTOMATION PROJECT
SCHEDULE OF AUTOMATION EXPENSES
YEARS ENDED DECEMBER 31, 2017 AND 2016**

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SCHEDULE I

	<u>2017</u>	<u>2016</u>
EXPENSES:		
Salaries	\$ 441,820	\$ 426,879
Employee Benefits	148,684	144,604
Software and Software Maintenance	99,698	94,608
Telephone Circuits and Installation	65,693	57,545
Database Expense	51,142	44,475
Data Linking	20,700	-
Cataloging	18,639	-
Syndetics Content	11,217	10,890
Hardware Maintenance	10,898	6,592
Equipment	8,596	31,135
Travel	8,288	4,879
Utilities	7,967	7,923
Professional Fees	4,572	6,158
Insurance	2,555	2,897
Generator Maintenance	1,017	1,146
Office and Library Materials	688	658
Dues and Subscriptions	413	210
Building Maintenance	-	<u>1,309</u>
 TOTAL AUTOMATION EXPENSES	 <u>\$ 902,587</u>	 <u>\$ 841,908</u>