

# DRAFT

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

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2014**

**MVLS/SALS JOINT AUTOMATION PROJECT**

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**DECEMBER 31, 2014**

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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

We have reviewed the accompanying statements of assets, liabilities, and net assets – cash basis – of MVLS/SALS Joint Automation Project (the Project), 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 review 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

**MVLS/SALS JOINT AUTOMATION PROJECT  
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                  | \$459,850        | \$542,879        |
| <b>TOTAL ASSETS</b>   | <u>\$459,850</u> | <u>\$542,879</u> |

**LIABILITIES AND NET ASSETS**

|   |                  |                  |
|---|------------------|------------------|
| <b>NET ASSETS</b>                       |                  |                  |
| Unrestricted:                           |                  |                  |
| Undesignated                            | \$459,850        | \$542,879        |
| Total Unrestricted Net Assets           | <u>459,850</u>   | <u>542,879</u>   |
| <b>TOTAL LIABILITIES AND NET ASSETS</b> | <u>\$459,850</u> | <u>\$542,879</u> |

**MVLS/SALS JOINT AUTOMATION PROJECT  
STATEMENTS OF SUPPORT AND REVENUE, EXPENSES,  
AND CHANGES IN NET ASSETS - CASH BASIS  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

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|   | <b>2014</b>    | <b>2013</b>    |
|---|----------------|----------------|
| <b>UNRESTRICTED SUPPORT<br/>AND REVENUE:</b>  |                |                |
| Member Library Fees                           | \$ 660,196     | \$ 707,537     |
| Member Library Purchase Reimbursements        | 162,436        | 220,619        |
| State Automation                              | 149,700        | 128,334        |
| Other Revenue                                 | -              | 5,377          |
| Interest                                      | 512            | 550            |
| <br>Total Unrestricted Support<br>and Revenue | <br>972,844    | <br>1,062,417  |
| <br><b>EXPENSES</b>                           |                |                |
| Automation Expenses                           | 891,631        | 750,993        |
| Member Library Purchases                      | 164,242        | 179,114        |
| <br>Total Expenses                            | <br>1,055,873  | <br>930,107    |
| <br><b>INCREASE IN NET ASSETS</b>             | <br>(83,029)   | <br>132,311    |
| <br><b>NET ASSETS - BEGINNING OF YEAR</b>     | <br>542,879    | <br>410,568    |
| <br><b>NET ASSETS - END OF YEAR</b>           | <br>\$ 459,850 | <br>\$ 542,879 |

**MVLS/SALS JOINT AUTOMATION PROJECT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

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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, 2014 and 2013.

**MVLS/SALS JOINT AUTOMATION PROJECT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**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, 2013, 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, 2014 and 2013 consist of:

|   | <u>2014</u> | <u>2013</u> |
|---|-------------|-------------|
| Funds Received From Related Party (MVLS) – Joint Automation Project | \$348,407   | \$357,854   |
| Funds Received From Related Party (SALS) – Joint Automation Project | \$598,176   | \$617,359   |
| Expenses Paid to Related Party (SALS) – Administrative Expenses     | \$523,504   | \$525,383   |
| Expenses Paid to Related Party (MVLS) – Administrative Expenses     | \$ 410      | \$ 13,752   |

**NOTE 4 - COMMITMENTS AND CONTINGENCIES**

**Events Occurring After Reporting Date**

The Project 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.

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**SUPPLEMENTAL INFORMATION**



**MVLS/SALS JOINT AUTOMATION PROJECT  
SCHEDULE OF AUTOMATION EXPENSES  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

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**SCHEDULE I**

|                                     | <u>2014</u>       | <u>2013</u>       |
|-------------------------------------|-------------------|-------------------|
| <b>EXPENSES:</b>                    |                   |                   |
| Salaries                            | \$ 397,518        | \$ 368,984        |
| Employee Benefits                   | 145,862           | 141,555           |
| Software and Software Maintenance   | 88,229            | 72,314            |
| Telephone Circuits and Installation | 58,784            | 60,310            |
| Database Expense                    | 41,924            | 40,703            |
| Equipment                           | 84,017            | 17,617            |
| Syndetics Content                   | 10,265            | 4,983             |
| Hardware Maintenance                | 10,937            | 6,059             |
| Travel                              | 10,555            | 6,417             |
| Utilities                           | 9,673             | 9,000             |
| Professional Fees                   | 29,172            | 14,146            |
| Insurance                           | 2,435             | 2,600             |
| Building Maintenance                | 450               | 2,000             |
| Generator Maintenance               | 767               | 1,005             |
| Office and Library Materials        | 528               | 2,410             |
| Postage and Freight - Migration     | 210               | 600               |
| Dues and Subscriptions              | <u>305</u>        | <u>290</u>        |
| <b>TOTAL AUTOMATION EXPENSES</b>    | <u>\$ 891,631</u> | <u>\$ 750,993</u> |