

# DRAFT

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

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

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, 2020 and 2019 and the related statements of support and revenue, expenses, and changes in net assets – cash basis and functional expenses – 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 the cash basis of accounting; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible 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.

***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.

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Joint Automation Council  
MVLS/SALS Joint Automation Project

***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.

Date

Albany, New York

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MVLS/SALS JOINT AUTOMATION PROJECT  
STATEMENTS OF ASSETS, LIABILITIES, AND  
NET ASSETS - CASH BASIS  
DECEMBER 31, 2020 AND 2019

ASSETS

	<u>2020</u>	<u>2019</u>
<b>CURRENT ASSETS</b>		
Cash	<u>\$543,714</u>	<u>\$ 499,642</u>
<b>TOTAL ASSETS</b>	<u>\$543,714</u>	<u>\$ 499,642</u>

LIABILITIES AND NET ASSETS

<b>NET ASSETS</b>		
Without Donor Restrictions	<u>\$543,714</u>	<u>\$ 499,642</u>
Total Net Assets	<u>543,714</u>	<u>499,642</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$543,714</u>	<u>\$ 499,642</u>

**MVLS/SALS JOINT AUTOMATION PROJECT  
STATEMENTS OF SUPPORT AND REVENUE, EXPENSES,  
AND CHANGES IN NET ASSETS - CASH BASIS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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	<b>2020</b>	<b>2019</b>
<b>UNRESTRICTED SUPPORT AND REVENUE:</b>		
Member Library Fees	\$ 706,065	\$ 723,759
Member Library Purchase Reimbursements	143,740	343,714
State Automation	277,711	259,750
Cataloging Fees	21,258	20,246
Other Revenue	3,684	-
Interest	632	572
 Total Unrestricted Support and Revenue	 1,153,090	 1,348,041
 <b>EXPENSES</b>		
Program Services	936,580	1,033,467
Management and General	172,438	168,385
 Total Expenses	 1,109,018	 1,201,852
 <b>INCREASE IN NET ASSETS</b>	 44,072	 146,189
 <b>NET ASSETS - BEGINNING OF YEAR</b>	 499,642	 353,453
 <b>NET ASSETS - END OF YEAR</b>	 \$ 543,714	 \$ 499,642

**MVLS/SALS JOINT AUTOMATION PROJECT  
STATEMENTS OF FUNCTIONAL EXPENSES - CASH BASIS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<b>2020</b>			<b>2019</b>		
	<b>Program Services</b>	<b>Management And General</b>	<b>2020 Totals</b>	<b>Program Services</b>	<b>Management And General</b>	<b>2019 Totals</b>
Salaries and Related Expenses	\$ 367,099	\$ 122,366	\$ 489,465	\$ 361,954	\$ 120,651	\$ 482,605
Employee Benefits	126,706	42,235	168,941	121,571	40,524	162,095
Member Library Purchases	167,418	-	167,418	328,403	-	328,403
Software and Software Maintenance	99,845	-	99,845	72,675	-	72,675
Polaris Hosting	48,576	-	48,576	16,598	-	16,598
Telephone Circuits and Installations	47,963	-	47,963	64,222	-	64,222
Cataloging	21,258	-	21,258	20,246	-	20,246
Other Professional Fees	12,583	4,194	16,777	7,238	2,413	9,651
Equipment Purchases	16,497	-	16,497	15,022	-	15,022
Syndetics Content	11,842	-	11,842	-	-	-
Utilities	5,636	1,879	7,515	6,405	2,135	8,540
Hardware Maintenance	5,866	-	5,866	11,143	-	11,143
Travel	2,187	729	2,916	4,742	1,580	6,322
Insurance	1,956	652	2,608	1,956	652	2,608
Building Repairs and Maintenance	667	222	889	738	246	984
Office and Library Supplies	398	133	531	235	78	313
Membership Dues	83	28	111	319	106	425
<b>Total Expenses</b>	<b>\$ 936,580</b>	<b>\$ 172,438</b>	<b>\$ 1,109,018</b>	<b>\$ 1,033,467</b>	<b>\$ 168,385</b>	<b>\$ 1,201,852</b>

**MVLS/SALS JOINT AUTOMATION PROJECT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

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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, non-profit organizations are required to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

**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 Organization 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 statements of activities.



**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.

**Functional Allocation of Expenses**

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

Expenses that are allocated are allocated based on time and effort.

**New Accounting Pronouncement**

FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, changes the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The adoption of this standard did not have a material impact on the revenue recognized by the Project for the periods ending December 31, 2020 and 2019.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The adoption of this standard did not have a material impact on the revenue recognized by the Project for the periods ending December 31, 2020 and 2019.

**NOTE 2 – NET ASSETS**

Net assets without donor restrictions for the years ended December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Undesignated	\$543,714	\$499,642
Total	<u>\$543,714</u>	<u>\$499,642</u>

**MVLS/SALS JOINT AUTOMATION PROJECT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

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**NOTE 3 – AVAILABILITY AND LIQUIDITY**

The following represents the Organization’s financial assets at December 31, 2020 and 2019:

Financial Assets at Year End:	<u>2020</u>	<u>2019</u>
Cash	\$543,714	\$499,642
Total Financial Assets	<u>543,714</u>	<u>499,642</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$543,714</u>	<u>\$499,642</u>

The Organization’s goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$275,000). As part of its liquidity plan, excess cash is invested in short-term investments including certificate of deposit account registry service (CDARS) accounts.

**NOTE 4 – 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 5 – RELATED PARTY TRANSACTIONS**

At December 31, 2020, 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, 2020 and 2019 consist of:

	<u>2020</u>	<u>2019</u>
Funds Received From Related Party (MVLS) – Joint Automation Project	\$427,211	\$597,922
Funds Received From Related Party (SALS) – Joint Automation Project	\$711,274	\$742,107
Expenses Paid to Related Party (SALS) – Administrative Expenses	\$329,312	\$661,651
Expenses Paid to Related Party (MVLS) – Administrative Expenses	\$ -	\$ -

**NOTE 6 – COMMITMENTS AND CONTINGENCIES**

**Events Occurring After Reporting Date**

The Project has evaluated events and transactions that occurred between December 31, 2020 and **Date**, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

The United States is presently in the midst of a national health emergency related to a virus commonly known as Novel Coronavirus (COVIC-19). The overall consequences of COVID-19 on a national, regional, and local level are unknown, but it has the potential to result in a significant economic impact. New York State has projected a 20% cut in funding for the System in 2020. The full impact of this situation on the System and its future financial position and results of operations is not presently determinable.