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

FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

MOHAWK VALLEY LIBRARY SYSTEM

TABLE OF CONTENTS

DECEMBER 31, 2020 AND 2019

DRAFT

Independent Accountant's Review Report	Pages 1 - 2
Statements of Assets, Liabilities, and Net Assets – Cash Basis	Page 3
Statements of Support and Revenue, Expenses, and Changes in Net Assets – Cash Basis	Page 4
Statements of Functional Expenses – Cash Basis	Page 5
Notes to Financial Statements	Pages 6 – 9

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Mohawk Valley Library System

We have reviewed the accompanying financial statements of Mohawk Valley Library System (the System), (an educational corporation) 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 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.

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Board of Directors
Mohawk Valley Library System

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

DRAFT

MOHAWK VALLEY LIBRARY SYSTEM
STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS - CASH BASIS
DECEMBER 31, 2020 AND 2019

ASSETS

	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash		
Unrestricted	\$ 859,927	\$ 862,392
Restricted	<u>238,912</u>	<u>226,362</u>
Total Current Assets	<u>1,098,839</u>	<u>1,088,754</u>
TOTAL ASSETS	<u>\$ 1,098,839</u>	<u>\$ 1,088,754</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
SBA PPP Loan	<u>\$ 95,700</u>	<u>\$ -</u>
Total Current Liabilities	<u>95,700</u>	<u>-</u>
NET ASSETS		
Without Donor Restrictions:		
Board Designated	139,997	139,997
Undesignated	<u>624,230</u>	<u>722,395</u>
Total Without Donor Restrictions	<u>764,227</u>	<u>862,392</u>
With Donor Restrictions	<u>238,912</u>	<u>226,362</u>
Total Net Assets	<u>1,003,139</u>	<u>1,088,754</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,098,839</u>	<u>\$ 1,088,754</u>

MOHAWK VALLEY LIBRARY SYSTEM
STATEMENTS OF SUPPORT AND REVENUE, EXPENSES,
AND CHANGES IN NET ASSETS - CASH BASIS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020				2019			
	Without Donor Restrictions		With Donor Restrictions	2020 Totals	Without Donor Restrictions		With Donor Restrictions	2019 Totals
	Unrestricted	Board Designated			Unrestricted	Board Designated		
SUPPORT AND REVENUE								
Grants								
State Aid	\$ 825,005	\$ -	\$ 146,672	\$ 971,677	\$ 1,079,443	\$ -	\$ 193,370	\$ 1,272,813
Miscellaneous Grants	34,611	-	5,036	39,647	21,258	-	601	21,859
JA Reimbursements	316,054	-	-	316,054	469,419	-	-	469,419
Other Support	92,693	-	-	92,693	86,614	-	-	86,614
Interest	2,652	-	-	2,652	2,689	-	-	2,689
Library Reimbursements	1,895	-	1,993	3,888	9,378	-	582	9,960
Miscellaneous Income	866	-	-	866	366	-	-	366
Net Assets Released								
From Restrictions	141,151	-	(141,151)	-	158,516	-	(158,516)	-
Total Support and Revenue	<u>1,414,927</u>	<u>-</u>	<u>12,550</u>	<u>1,427,477</u>	<u>1,827,683</u>	<u>-</u>	<u>36,037</u>	<u>1,863,720</u>
EXPENSES								
Program Service	1,357,439	-	-	1,357,439	1,615,541	-	-	1,615,541
Management and General	155,653	-	-	155,653	193,170	-	-	193,170
Total Expenses	<u>1,513,092</u>	<u>-</u>	<u>-</u>	<u>1,513,092</u>	<u>1,808,711</u>	<u>-</u>	<u>-</u>	<u>1,808,711</u>
INCREASE (DECREASE) IN NET ASSETS	(98,165)	-	12,550	(85,615)	18,972	-	36,037	55,009
NET ASSETS - BEGINNING OF YEAR	<u>722,395</u>	<u>139,997</u>	<u>226,362</u>	<u>1,088,754</u>	<u>703,423</u>	<u>139,997</u>	<u>190,325</u>	<u>1,033,745</u>
NET ASSETS - END OF YEAR	<u>\$ 624,230</u>	<u>\$ 139,997</u>	<u>\$ 238,912</u>	<u>\$ 1,003,139</u>	<u>\$ 722,395</u>	<u>\$ 139,997</u>	<u>\$ 226,362</u>	<u>\$ 1,088,754</u>

MOHAWK VALLEY LIBRARY SYSTEM
STATEMENTS OF FUNCTIONAL EXPENSES - CASH BASIS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019		
	Program Services	Management And General	2020 Totals	Program Services	Management And General	2019 Totals
Other Contractual Costs	\$ 578,737	\$ -	\$ 578,737	\$ 690,226	\$ -	\$ 690,226
Salaries and Related Expenses	309,537	103,179	412,716	378,184	126,061	504,245
Cash Grants to Member Libraries	181,187	-	181,187	218,057	-	218,057
Employee Benefits	116,159	38,720	154,879	133,580	44,526	178,106
Library Materials	125,740	-	125,740	119,272	-	119,272
Building Repairs and Maintenance	11,260	3,752	15,012	12,164	4,055	16,219
Other Professional Fees	7,304	2,435	9,739	24,729	8,243	32,972
Insurance	6,788	2,263	9,051	6,497	2,166	8,663
Utilities	4,077	1,359	5,436	5,619	1,873	7,492
Library Reimbursements	4,815	-	4,815	8,473	-	8,473
Membership Dues	3,010	1,003	4,013	4,877	1,626	6,503
Repairs and Maintenance	2,925	975	3,900	2,297	766	3,063
Telephone	2,537	846	3,383	2,349	783	3,132
Travel	2,507	836	3,343	5,550	1,850	7,400
Postage and Freight	492	164	656	332	111	443
Office and Library Supplies	364	121	485	1,046	348	1,394
Equipment Purchases	-	-	-	2,012	670	2,682
Printing	-	-	-	277	92	369
Total Expenses	\$ 1,357,439	\$ 155,653	\$ 1,513,092	\$ 1,615,541	\$ 193,170	\$ 1,808,711

**MOHAWK VALLEY LIBRARY SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

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 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, where by 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.

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 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 System 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 System for the periods ending December 31, 2020 and 2019.

NOTE 2 – RELATED PARTY TRANSACTIONS

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

	<u>2020</u>	<u>2019</u>
State Automation Aid	\$ 62,231	\$ 77,257
Funds Paid to Related Party for Goods and Services	<u>335,816</u>	<u>442,603</u>
TOTAL EXPENSES PAID TO RELATED PARTY	<u>\$398,047</u>	<u>\$519,860</u>

**MOHAWK VALLEY LIBRARY SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

DRAFT

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	\$1,098,839	\$1,088,754
Total Financial Assets	<u>1,098,839</u>	<u>1,088,754</u>
Less Net Assets with Purpose Restrictions to be Met in Less Than a Year:		
Donor Restricted	238,912	226,362
Board Restricted	<u>139,997</u>	<u>139,997</u>
	<u>378,909</u>	<u>366,359</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$719,930</u>	<u>\$722,395</u>

The Organization’s goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$380,000). 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 – NET ASSETS

Net assets with donor restrictions were as follows for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Specific Purpose		
New York State Aid – Member Library Support	\$231,883	\$225,179
Private Aid – Member Library Support	5,036	601
Local System Aid – Member Library Support	<u>1,993</u>	<u>582</u>
Total	<u>\$238,912</u>	<u>\$226,362</u>

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

	<u>2020</u>	<u>2019</u>
Undesignated	\$624,230	\$722,395
Board Designated:		
Vehicles, Equipment, Automation and Building	119,997	119,997
Unemployment Self-Insurance	<u>20,000</u>	<u>20,000</u>
Total	<u>\$764,227</u>	<u>\$862,392</u>

Net assets released from net assets with donor restrictions are as follows:

	<u>2020</u>	<u>2019</u>
New York State Aid – Member Library Support	\$139,968	\$157,600
Private Aid – Member Library Support	601	549
Local System Aid – Member Library Support	<u>582</u>	<u>367</u>
Total	<u>\$141,151</u>	<u>\$158,516</u>

NOTE 5 – 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, 2020 and 2019 totaled \$66,129 and \$65,833 respectively.

NOTE 6 – 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.

Events Occurring After Reporting Date

The System 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

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, 2017 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.