



FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

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JUNE 30, 2018 AND 2017

TABLE OF CONTENTS

	<u>Page No.</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6
SUPPLEMENTARY INFORMATION	
INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION	10
Statements of Functional Expenses	11

Independent Auditor's Report

October 25, 2018

To the Finance Committee of the Board of Trustees of
Central New York Library Resources Council

Report on the Financial Statements

We have audited the accompanying financial statements of Central New York Library Resources Council, which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the

reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Central New York Library Resources Council as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Dannible + McKee, LLP

CENTRAL NEW YORK LIBRARY RESOURCES COUNCIL

STATEMENTS OF FINANCIAL POSITION

	<u>June 30,</u>	
<u>Assets</u>	<u>2018</u>	<u>2017</u>
Cash and cash equivalents (Note 1)	\$ 1,194,818	\$ 1,133,703
Restricted cash (Note 1)	49,699	-
Grants receivable (Note 1)	-	35,393
Accounts receivable (Note 1)	22,888	29,061
Prepaid expenses	1,664	1,790
Furniture and equipment, net (Notes 1 and 2)	<u>6,090</u>	<u>3,630</u>
Total assets	<u>\$ 1,275,159</u>	<u>\$ 1,203,577</u>
 <u>Liabilities and Net Assets</u> 		
Accounts payable	\$ 10,885	\$ 2,403
Accrued expenses and other liabilities	48,455	51,133
New York Heritage Fund payable (Note 1)	49,699	-
Deferred revenue (Note 1)	<u>63,561</u>	<u>151,321</u>
Total liabilities	172,600	204,857
Unrestricted net assets (Note 1)	<u>1,102,559</u>	<u>998,720</u>
Total liabilities and net assets	<u>\$ 1,275,159</u>	<u>\$ 1,203,577</u>

See accompanying notes to financial statements.

CENTRAL NEW YORK LIBRARY RESOURCES COUNCIL

STATEMENTS OF ACTIVITIES

	<u>Year ended June 30,</u>	
	<u>2018</u>	<u>2017</u>
Support and revenue:		
State aid	\$ 376,429	\$ 376,225
Government grants	362,199	301,070
Special purpose funds	14,137	34,160
Marketed services	15,000	21,971
Memberships	22,440	20,527
Service income	8,887	8,077
Workshop registrations	363	6,630
Other income	3,358	4,695
Interest	<u>1,141</u>	<u>1,041</u>
Total support and revenue	<u>803,954</u>	<u>774,396</u>
Expenses:-		
Program services	559,745	516,852
Support services:		
Management and general	78,462	105,148
Membership	<u>61,908</u>	<u>81,676</u>
Total expenses	<u>700,115</u>	<u>703,676</u>
Change in net assets	103,839	70,720
Net assets, beginning of year	<u>998,720</u>	<u>928,000</u>
Net assets, end of year	<u>\$ 1,102,559</u>	<u>\$ 998,720</u>

See accompanying notes to financial statements.

CENTRAL NEW YORK LIBRARY RESOURCES COUNCIL

STATEMENTS OF CASH FLOWS

	<u>Year ended June 30,</u>	
	<u>2018</u>	<u>2017</u>
<u>Reconciliation of change in net assets to net cash provided by operating activities</u>		
Change in net assets	\$ 103,839	\$ 70,720
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,377	4,305
Loss on sale of furniture and equipment	-	763
Decrease in grants receivable	35,393	23,948
(Increase) decrease in accounts receivable	6,173	(21,877)
(Increase) decrease in prepaid expenses	126	(588)
Return of security deposit (Note 2)	-	1,854
Increase (decrease) in accounts payable	8,482	(7,584)
Increase (decrease) in accrued expenses and other liabilities	(2,678)	1,504
Increase (decrease) in deferred revenue	<u>(87,760)</u>	<u>45,967</u>
Net cash provided by operating activities	<u>65,952</u>	<u>119,012</u>
Cash flows from investing activities:		
Purchase of furniture and equipment	(4,837)	-
Proceeds from sale of furniture and equipment	<u>-</u>	<u>1,000</u>
Net cash provided by (used for) investing activities	<u>(4,837)</u>	<u>1,000</u>
Net increase in cash and cash equivalents	61,115	120,012
Cash and cash equivalents, beginning of year	<u>1,133,703</u>	<u>1,013,691</u>
Cash and cash equivalents, end of year	<u>\$ 1,194,818</u>	<u>\$ 1,133,703</u>
<u>Supplemental disclosure of cash flow information:</u>		
Cash received during the year for interest	<u>\$ 1,141</u>	<u>\$ 1,041</u>

See accompanying notes to financial statements.

CENTRAL NEW YORK LIBRARY RESOURCES COUNCIL

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of significant accounting policies

Nature of activities - Central New York Library Resources Council (the “Council”) is a tax-exempt corporation under Section 501(c)(3) of the Internal Revenue Code. The Council is an educational organization chartered by the University of the State of New York Education Department. The purpose of the Council is to develop and enhance reference and research resources and services, and promote interlibrary cooperation, communication and transportation of materials within the region of the Council. The Council also aims to achieve collaboration with institutions and organizations both within and outside of the immediate geographic area.

Basis of accounting - The financial statements have been prepared on the accrual basis of accounting, which recognizes income when earned and expenses when incurred.

Basis of presentation - The accompanying financial statements have been prepared in accordance with Financial Accounting Standards Board (FASB) authoritative guidance on financial statements of not-for-profit organizations. Under this guidance, the Council is required to report information regarding its assets, liabilities, revenues and expenses according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Unrestricted net assets - Unrestricted net assets consist of the net assets of the Council that are neither temporarily restricted nor permanently restricted by donor-imposed stipulations. These amounts are available for the support of operations. The Council has no temporarily or permanently restricted net assets as of June 30, 2018 and 2017.

Revenue recognition - Revenue from various government contracts is recognized as expenses are incurred and, subsequently, vouchered to the appropriate governmental entity. Revenue from state aid, which provides subsidy for the operations of the Council, is recognized at the time of award.

Membership in the Council requires the payment of annual membership dues. Deferred revenue is recorded when membership dues are billed. Revenue is recognized monthly as earned. Workshop program revenue is recognized at the time of the program.

Cash and cash equivalents - The Council considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Restricted cash - During fiscal 2018, the Council has taken on the role of Custodian for the New York Heritage Fund (the “Fund”). Amounts held on behalf of the Fund are recorded as restricted cash with a corresponding payable. Amounts paid or received on behalf of the Fund are recorded against these accounts.

Grants receivable - Grants receivable consists of amounts due from various governmental entities. Grant funds are considered earned when the Council has incurred expenditures in

conformity with the grant agreement. No provision has been made for uncollectible accounts, as the Council considers all accounts to be collectible.

Accounts receivable - Accounts receivable consists of amounts due from members. No provision has been made for uncollectible accounts, as the Council considers all accounts to be collectible.

Furniture and equipment - Furniture and equipment are recorded at cost or, for donated assets, at the estimated fair market value at the date of acquisition. Depreciation for financial statement purposes is computed on the straight-line method over the assets' estimated useful lives. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. When items of furniture and equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in change in net assets.

Deferred revenue - Deferred revenue represents cash advances received for cost reimbursement grants for which expenditures have not yet been incurred and annual membership dues received, but not yet earned.

Financial instruments and credit risks - The Council maintains cash balances at one financial institution. Cash balances in excess of the amount insured by the Federal Deposit Insurance Corporation (FDIC) are subject to credit risk.

Income taxes - Pursuant to FASB guidance related to not-for-profit entities, the Council is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC) and has been determined not to be a private foundation under Section 509(a) of the IRC.

The Council has reviewed its operations for uncertain tax positions and believes there are no significant exposures. The Council will include interest on income tax liabilities in interest expense and penalties in operations if such amounts arise. The Council is no longer subject to Federal or state examinations by tax authorities for the closed tax years before 2014.

Expense allocation - The costs of program and support services have been summarized on a functional basis in the statements of activities. The costs are functionalized on a direct basis where possible. Indirect costs are allocated based on an estimate of the time spent by the Council's management and staff in each functional area.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure 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.

Subsequent events - Management has evaluated subsequent events through October 25, 2018, the date which the financial statements were available for issue.

Note 2 - Furniture and equipment and lease commitments

Furniture and equipment consisted of the following:

	<u>June 30,</u>	
	<u>2018</u>	<u>2017</u>
Computers and office equipment	\$ 20,628	\$ 17,769
Office furniture	<u>9,896</u>	<u>7,918</u>
	30,524	25,687
Less - Accumulated depreciation	<u>24,434</u>	<u>22,057</u>
	<u>\$ 6,090</u>	<u>\$ 3,630</u>

Depreciation expense of \$2,377 and \$4,305 for the fiscal years ended June 30, 2018 and 2017, respectively, has been included in expenses in the statements of activities.

The Council had a lease agreement to rent office space through April 30, 2017, that was not renewed. The related security deposit was returned upon expiration of the lease and the Council entered a lease for new office space through April 30, 2022. Rent expense for the fiscal years ended June 30, 2018 and 2017, was approximately \$35,000 and \$37,000, respectively.

The Council also leases office equipment under an operating lease that expires during fiscal 2020. Lease expense for the fiscal years ended June 30, 2018 and 2017, was approximately \$2,300 both years.

Future minimum non-cancelable lease payments under these agreements are as follows:

2019	\$ 40,328
2020	38,582
2021	38,000
2022	<u>31,667</u>
	<u>\$ 148,577</u>

Note 3 - Employee benefit plan

The Council participates in the Teachers Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF), a 403(b) plan. Eligible employees contribute 3% and the Council contributes 9% of eligible employees' salaries. The annual contributions are immediately vested and applied to individual annuities issued to each participant by TIAA-CREF. Employee defined contribution pension plan expense was approximately \$21,000 and \$25,000 in fiscal 2018 and 2017, respectively.

Note 4 - CLRC consortial database fees

The Council acts as an agent for its members when it receives money from them, which is then used to pay database subscriptions for those members. Accordingly, the funds received and disbursed are excluded from the Council's revenue and expenses in the accompanying statements of activities.

Note 5 - Contingencies and concentration of risk

Financial awards from governmental entities in the form of grants are subject to special audit. Such audits could result in claims against the Council for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this time. Economic conditions may affect the Council's ability to collect funds. The Council's funding is dependent on many factors, including state appropriations. Potential cuts to the Council's funding may be significant.

Approximately 85% and 87% of the Council's revenue was derived from the State of New York and related entities in fiscal 2018 and 2017, respectively.

SUPPLEMENTARY INFORMATION

Independent Auditor's Report on Supplementary Information

October 25, 2018

To the Finance Committee of the Board of Trustees of
Central New York Library Resources Council

We have audited the financial statements of Central New York Library Resources Council as of and for the years ended June 30, 2018 and 2017, and have issued our report thereon dated October 25, 2018, which contained an unmodified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole.

The statements of functional expenses for the years ended June 30, 2018 and 2017, are presented for purposes of additional analysis and are not a required part of the 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 information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Dannible + McKee, LLP

CENTRAL NEW YORK LIBRARY RESOURCES COUNCIL

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED JUNE 30,

	2018				2017			
		Support Services				Support Services		
	Program services	Management and general	Membership	Total	Program services	Management and general	Membership	Total
Expenses:								
Salaries	\$ 208,431	\$ 25,033	\$ 31,896	\$ 265,360	\$ 201,858	\$ 40,120	\$ 46,180	\$ 288,158
Electronic resources	206,217	-	-	206,217	139,560	208	69	139,837
Payroll taxes and benefits	43,226	8,893	9,709	61,828	48,878	12,933	15,924	77,735
Rent	22,642	8,708	3,483	34,833	23,869	9,181	3,672	36,722
Professional fees	6,900	20,508	-	27,408	956	26,566	159	27,681
Travel	13,236	1,423	4,914	19,573	21,600	1,427	4,839	27,866
Telecommunications	16,283	1,180	393	17,856	22,184	998	343	23,525
Subscriptions and dues	13,755	1,077	359	15,191	8,740	1,086	362	10,188
Outreach	2,526	1,189	6,635	10,350	3,529	1,892	7,588	13,009
Equipment	4,554	2,950	395	7,899	3,732	1,211	11	4,954
Continuing education	6,298	-	-	6,298	13,613	-	1,091	14,704
Delivery services	5,669	-	-	5,669	7,057	-	-	7,057
Office expense	3,883	722	700	5,305	8,857	1,016	648	10,521
Insurance	-	4,964	-	4,964	-	3,774	-	3,774
Training	1,820	138	2,687	4,645	5,300	535	-	5,835
Rentals and maintenance	2,043	1,143	625	3,811	1,176	755	470	2,401
Depreciation	2,140	237	-	2,377	3,875	430	-	4,305
Postage	122	84	112	318	92	92	122	306
Miscellaneous	-	213	-	213	-	2,352	-	2,352
Utilities	-	-	-	-	1,289	496	198	1,983
Loss on sale of assets	-	-	-	-	687	76	-	763
Total expenses	<u>\$ 559,745</u>	<u>\$ 78,462</u>	<u>\$ 61,908</u>	<u>\$ 700,115</u>	<u>\$ 516,852</u>	<u>\$ 105,148</u>	<u>\$ 81,676</u>	<u>\$ 703,676</u>