



FINANCIAL STATEMENTS

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JUNE 30, 2019 AND 2018

## 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 Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7

## Independent Auditor's Report

October 10, 2019

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, 2019 and 2018, and the related statements of activities, functional expenses 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, 2019 and 2018, 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>2019</u>	<u>2018</u>
Cash and cash equivalents (Note 1)	\$ 1,252,486	\$ 1,194,818
Restricted cash (Note 1)	56,706	49,699
Accounts receivable (Note 1)	5,589	22,888
Prepaid expenses	811	1,664
Furniture and equipment, net (Notes 1 and 2)	<u>16,516</u>	<u>6,090</u>
Total assets	<u>\$ 1,332,108</u>	<u>\$ 1,275,159</u>
 <u>Liabilities and Net Assets</u> 		
Accounts payable	\$ 2,140	\$ 10,885
Accrued expenses and other liabilities	46,455	48,455
New York Heritage Fund payable (Note 1)	56,706	49,699
Deferred revenue (Note 1)	<u>99,520</u>	<u>63,561</u>
Total liabilities	204,821	172,600
Net assets without donor restrictions (Note 1)	<u>1,127,287</u>	<u>1,102,559</u>
Total liabilities and net assets	<u>\$ 1,332,108</u>	<u>\$ 1,275,159</u>

See accompanying notes to financial statements.

CENTRAL NEW YORK LIBRARY RESOURCES COUNCIL

STATEMENTS OF ACTIVITIES

	<u>Year ended June 30,</u>	
	<u>2019</u>	<u>2018</u>
Support and revenue:		
State aid	\$ 380,158	\$ 376,429
Government grants	267,306	362,199
Special purpose funds	742	14,137
Marketed services	21,352	15,000
Memberships	18,863	22,440
Service income	4,257	8,887
Workshop registrations	59	363
Other income	-	3,358
Interest	1,104	1,141
Total support and revenue	<u>693,841</u>	<u>803,954</u>
Expenses:-		
Program services	499,687	559,745
Support services:		
Management and general	92,840	78,462
Membership	76,586	61,908
Total expenses	<u>669,113</u>	<u>700,115</u>
Change in net assets	24,728	103,839
Net assets, beginning of year	<u>1,102,559</u>	<u>998,720</u>
Net assets, end of year	<u>\$ 1,127,287</u>	<u>\$ 1,102,559</u>

See accompanying notes to financial statements.

CENTRAL NEW YORK LIBRARY RESOURCES COUNCIL

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED JUNE 30,

	2019				2018			
	Program services	Support Services		Total	Program services	Support Services		Total
		Management and general	Membership			Management and general	Membership	
Expenses:								
Salaries	\$ 236,609	\$ 29,904	\$ 44,000	\$ 310,513	\$ 208,431	\$ 25,033	\$ 31,896	\$ 265,360
Electronic resources	101,963	-	-	101,963	206,217	-	-	206,217
Payroll taxes and benefits	65,206	23,934	16,557	105,697	43,226	8,893	9,709	61,828
Rent	24,700	9,500	3,800	38,000	22,642	8,708	3,483	34,833
Professional fees	16,868	18,922	216	36,006	6,900	20,508	-	27,408
Travel	11,761	1,344	4,493	17,598	13,236	1,423	4,914	19,573
Telecommunications	3,546	1,354	462	5,362	16,283	1,180	393	17,856
Subscriptions and dues	13,572	444	148	14,164	13,755	1,077	359	15,191
Outreach	2,580	650	5,599	8,829	2,526	1,189	6,635	10,350
Equipment	1,223	252	-	1,475	4,554	2,950	395	7,899
Continuing education	5,188	-	-	5,188	6,298	-	-	6,298
Delivery services	4,814	-	-	4,814	5,669	-	-	5,669
Office expense	6,554	534	775	7,863	3,883	722	700	5,305
Insurance	-	3,871	-	3,871	-	4,964	-	4,964
Training	200	355	-	555	1,820	138	2,687	4,645
Rentals and maintenance	1,190	774	476	2,440	2,043	1,143	625	3,811
Depreciation	3,668	407	-	4,075	2,140	237	-	2,377
Postage	45	45	60	150	122	84	112	318
Miscellaneous	-	550	-	550	-	213	-	213
Total expenses	<u>\$ 499,687</u>	<u>\$ 92,840</u>	<u>\$ 76,586</u>	<u>\$ 669,113</u>	<u>\$ 559,745</u>	<u>\$ 78,462</u>	<u>\$ 61,908</u>	<u>\$ 700,115</u>

See accompanying notes to financial statements.

CENTRAL NEW YORK LIBRARY RESOURCES COUNCIL

STATEMENTS OF CASH FLOWS

	<u>Year ended June 30,</u>	
	<u>2019</u>	<u>2018</u>
<u>Increase (decrease) in cash and cash equivalents</u>		
Cash flows from operating activities:		
Cash received from grants and members	\$ 747,099	\$ 708,061
Cash paid to suppliers and employees	<u>(674,930)</u>	<u>(642,109)</u>
Net cash provided by operating activities	<u>72,169</u>	<u>65,952</u>
Cash flows from investing activities:		
Purchase of furniture and equipment	<u>(14,501)</u>	<u>(4,837)</u>
Net cash used for investing activities	<u>(14,501)</u>	<u>(4,837)</u>
Net increase in cash and cash equivalents	57,668	61,115
Cash and cash equivalents, beginning of year	<u>1,194,818</u>	<u>1,133,703</u>
Cash and cash equivalents, end of year	<u>\$ 1,252,486</u>	<u>\$ 1,194,818</u>
<u>Supplemental disclosure of cash flow information:</u>		
Cash received during the year for interest	<u>\$ 1,104</u>	<u>\$ 1,141</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 two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

New accounting Pronouncement - On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – “*Presentation of Financial Statements of Not-for-Profit Entities.*” The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources and the lack of consistency in the type of information provided about expenses and investment return. The Council has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Net assets without donor restrictions - Net assets without donor restrictions are not subject to donor-imposed restrictions. These amounts are available for the support of operations. The Council has no net assets with donor restrictions as of June 30, 2019 and 2018.

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 took 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.

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 2015.

Expense allocation - The costs of program and support services have been summarized on a functional basis in the statements of functional expenses. 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 10, 2019, 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>2019</u>	<u>2018</u>
Computers and office equipment	\$ 35,129	\$ 20,628
Office furniture	<u>9,896</u>	<u>9,896</u>
	45,025	30,524
Less - Accumulated depreciation	<u>28,509</u>	<u>24,434</u>
	<u>\$ 16,516</u>	<u>\$ 6,090</u>

Depreciation expense of \$4,075 and \$2,377 for the fiscal years ended June 30, 2019 and 2018, respectively, has been included in expenses in the statements of activities.

The Council has a lease agreement to rent office space. Rent expense for the fiscal years ended June 30, 2019 and 2018, was approximately \$38,000 and \$35,000, respectively.

The Council also leases office equipment under an operating lease. Lease expense for the fiscal years ended June 30, 2019 and 2018, was approximately \$2,300 in both years.

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

2020	\$ 40,526
2021	39,944
2022	33,611
2023	1,944
2024	<u>1,944</u>
	<u>\$ 117,969</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 \$27,000 and \$21,000 in fiscal 2019 and 2018, 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 93% and 92% of the Council's revenue was derived from the State of New York and related entities in fiscal 2019 and 2018, respectively.

Note 6 - Availability and liquidity

The following represents the Council's financial assets at June 30:

	<u>2019</u>	<u>2018</u>
Financial assets at year-end		
Cash and cash equivalents	\$ 1,252,486	\$ 1,194,818
Accounts receivable	<u>5,589</u>	<u>22,888</u>
	1,258,075	1,217,706
Less: Amounts not available to be used for operations within one year	<u>-</u>	<u>-</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,258,075</u>	<u>\$ 1,217,706</u>

The Council's goal is generally to maintain financial assets to meet 180 days of operating expenses (approximately \$328,000). The Council keeps most of their cash and cash equivalents in a money market account and transfer funds to the checking account as needed.