

**COMMUNITY LIBRARY OF  
DEWITT & JAMESVILLE**

**FINANCIAL STATEMENTS  
(and Independent Auditors' Report Thereon)**

**For the Years Ended December 31, 2021 and 2020**

# Community Library of DeWitt & Jamesville

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## INDEPENDENT AUDITORS' REPORT

**Board of Trustees**  
**Community Library of DeWitt & Jamesville**  
**DeWitt, New York**

### **Opinion**

We have audited the accompanying financial statements of Community Library of DeWitt & Jamesville (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Library of DeWitt & Jamesville as of December 31, 2021 and 2020, and the changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Community Library of DeWitt & Jamesville and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Library of DeWitt & Jamesville's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

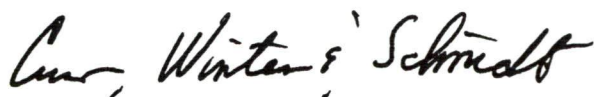
### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Community Library of DeWitt & Jamesville's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Library of DeWitt & Jamesville's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



East Syracuse, New York  
April 21, 2022

**Community Library of DeWitt & Jamesville**  
**Statements of Financial Position**  
**December 31, 2021 and 2020**

|   | <u>2021</u>         | <u>2020</u>         |
|---|---------------------|---------------------|
| <b>Assets</b>   |                     |                     |
| <b>Current Assets:</b>  |                     |                     |
| Cash and cash equivalents<br>(\$382,842 board designated for 2021 and \$406,813 for 2020)             | \$ 1,668,994        | \$ 1,623,425        |
| Prepaid expenses  | <u>21,299</u>       | <u>19,713</u>       |
| <b>Total current assets</b>   | <u>1,690,293</u>    | <u>1,643,138</u>    |
| <b>Property and Equipment, net:</b>   |                     |                     |
| Property and equipment (less accumulated<br>depreciation of \$1,219,318-2021, \$951,046-2020)         | <u>6,818,008</u>    | <u>7,086,280</u>    |
| <b>Total property and equipment</b>   | <u>6,818,008</u>    | <u>7,086,280</u>    |
| <b>Total assets</b>   | <u>\$ 8,508,301</u> | <u>\$ 8,729,418</u> |
| <b>Liabilities and Net Assets</b>   |                     |                     |
| <b>Current Liabilities:</b>   |                     |                     |
| Mortgage - current portion, net of debt closing costs \$10,045  | \$ 114,325          | \$ 92,445           |
| Accounts payable and accrued expense  | 19,931              | 22,621              |
| Accrued payroll   | 28,852              | 22,135              |
| Employee benefit plan accrual   | 110,451             | -                   |
| Accrued benefits payable  | <u>60,250</u>       | <u>21,403</u>       |
| <b>Total current liabilities</b>  | <u>333,809</u>      | <u>158,604</u>      |
| <b>Long-term Liabilities:</b>   |                     |                     |
| Mortgage - net of current portion and debt closing costs<br>(\$51,899 for 2021 and \$61,944 for 2020) | <u>3,293,277</u>    | <u>3,398,258</u>    |
| <b>Total long-term liabilities</b>  | <u>3,293,277</u>    | <u>3,398,258</u>    |
| <b>Total liabilities</b>  | <u>3,627,086</u>    | <u>3,556,862</u>    |
| <b>Net Assets:</b>  |                     |                     |
| <b>Without donor restrictions:</b>  |                     |                     |
| Board designated for building expenditures  | 382,842             | 406,813             |
| Undesignated  | <u>4,498,373</u>    | <u>4,765,743</u>    |
| <b>Total without donor restrictions</b>   | <u>4,881,215</u>    | <u>5,172,556</u>    |
| <b>Total net assets</b>   | <u>4,881,215</u>    | <u>5,172,556</u>    |
| <b>Total liabilities and net assets</b>   | <u>\$ 8,508,301</u> | <u>\$ 8,729,418</u> |

The accompanying notes are an integral part of these financial statements.

**Community Library of DeWitt & Jamesville**  
**Statements of Activities**  
**For the Years Ended December 31, 2021 and 2020**

|  | <u>2021</u>                       | <u>2020</u>                    |                                   |
|--|-----------------------------------|--------------------------------|-----------------------------------|
|  | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Without Donor Restrictions</u> |
|  | <u>Restrictions</u>               | <u>Restrictions</u>            | <u>Restrictions</u>               |
|  | <u>Total</u>                      | <u>Total</u>                   | <u>Total</u>                      |
| <b>Revenues, gains and other support:</b>                              |                                   |                                |                                   |
| Public tax levy  | \$ 1,489,406                      | \$ -                           | \$ 1,460,202                      |
| Other gifts and grants   | 13,874                            | -                              | 10,144                            |
| Interest income  | 570                               | -                              | 1,254                             |
| Fundraising income less expenses of \$1,970                            | 12,604                            | -                              | 15,745                            |
| Other income   | 9,915                             | -                              | 7,288                             |
| Net assets released from restrictions satisfaction of time and purpose | -                                 | -                              | (125,700)                         |
| <b>Total revenues, gains, and other support</b>                        | <u>1,526,369</u>                  | <u>-</u>                       | <u>1,620,333</u>                  |
|  |                                   |                                | <u>(125,700)</u>                  |
|  |                                   |                                | <u>1,494,633</u>                  |
| <b>Expenses and losses:</b>  |                                   |                                |                                   |
| Program expense  | 1,359,704                         | -                              | 1,357,400                         |
| Management and administrative  | 429,825                           | -                              | 307,224                           |
| Fund raising   | 28,181                            | -                              | 25,731                            |
| <b>Total expenses and losses</b>                                       | <u>1,817,710</u>                  | <u>-</u>                       | <u>1,690,355</u>                  |
| <b>Decrease in net assets</b>  | <u>(291,341)</u>                  | <u>-</u>                       | <u>(70,022)</u>                   |
| Net assets - beginning of year   | <u>5,172,556</u>                  | <u>-</u>                       | <u>5,242,578</u>                  |
| <b>Net assets - end of year</b>  | <u>\$ 4,881,215</u>               | <u>\$ -</u>                    | <u>\$ 5,172,556</u>               |

The accompanying notes are an integral part of these financial statements.

**Community Library of DeWitt & Jamesville**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2021**

|   | <u>Support Services</u> |  |                     |                     |
|---|-------------------------|--|---------------------|---------------------|
|   | <u>Program Services</u> | <u>Management &amp; Administrative</u> | <u>Fund Raising</u> | <u>Total</u>        |
| Payroll   |                         |  |                     |                     |
| Librarians  | \$ 326,922              | \$ 119,717                             | \$ 13,814           | \$ 460,453          |
| Support staff   | 246,895                 | 28,378                                 | 8,514               | 283,787             |
| Payroll service   | -                       | 2,428                                  | -                   | 2,428               |
| FICA  | 41,292                  | 10,058                                 | 1,588               | 52,938              |
| Health insurance  | 27,174                  | 8,445                                  | 1,102               | 36,721              |
| Retirement  | 36,082                  | 9,372                                  | 1,406               | 46,860              |
| Insurance   | 20,672                  | 4,853                                  | 785                 | 26,310              |
| Unemployment reserve  | 18,549                  | 4,355                                  | 704                 | 23,608              |
| Telephone   | 5,503                   | 1,292                                  | 208                 | 7,003               |
| Utilities   | 39,147                  | 9,188                                  | -                   | 48,335              |
| Custodial   | 45,312                  | 10,634                                 | -                   | 55,946              |
| Postage   | 1,540                   | 361                                    | 60                  | 1,961               |
| Supplies  | 6,615                   | 1,552                                  | -                   | 8,167               |
| Books   | 59,636                  | -                                      | -                   | 59,636              |
| Electronic resources  | 26,465                  | -                                      | -                   | 26,465              |
| Periodicals   | 3,798                   | -                                      | -                   | 3,798               |
| Audios and CDs  | 8,338                   | -                                      | -                   | 8,338               |
| Videos and DVDs   | 20,280                  | -                                      | -                   | 20,280              |
| Kits and nontraditional   | 8,604                   | -                                      | -                   | 8,604               |
| Library system  | 32,303                  | -                                      | -                   | 32,303              |
| Programming   | 11,380                  | -                                      | -                   | 11,380              |
| Continuing education  | 2,837                   | -                                      | -                   | 2,837               |
| Miscellaneous   | 1,092                   | 256                                    | -                   | 1,348               |
| Public relations  | 719                     | -                                      | -                   | 719                 |
| Repairs and maintenance   | 20,746                  | 4,870                                  | -                   | 25,616              |
| Computer and support  | 6,640                   | 1,559                                  | -                   | 8,199               |
| Bank charges  | -                       | 105                                    | -                   | 105                 |
| Audit fee   | -                       | 11,250                                 | -                   | 11,250              |
| Professional fees   | -                       | 10,646                                 | -                   | 10,646              |
| Employee benefit plan accrual   | -                       | 110,451                                | -                   | 110,451             |
| Interest expense  | 115,750                 | 27,151                                 | -                   | 142,901             |
| <b>Expenses before depreciation and loss on disposition of assets</b> | <b>1,134,291</b>        | <b>376,921</b>                         | <b>28,181</b>       | <b>1,539,393</b>    |
| Depreciation and amortization   | 225,413                 | 52,904                                 | -                   | 278,317             |
| <b>Total</b>  | <b>\$ 1,359,704</b>     | <b>\$ 429,825</b>                      | <b>\$ 28,181</b>    | <b>\$ 1,817,710</b> |

The accompanying notes are an integral part of these financial statements.

**Community Library of DeWitt & Jamesville**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2020**

|   | <u>Support Services</u> |  |                     |                     |
|---|-------------------------|--|---------------------|---------------------|
|   | <u>Program Services</u> | <u>Management &amp; Administrative</u> | <u>Fund Raising</u> | <u>Total</u>        |
| Payroll   |                         |  |                     |                     |
| Librarians  | \$ 314,818              | \$ 115,285                             | \$ 13,302           | \$ 443,405          |
| Support staff   | 230,117                 | 26,450                                 | 7,935               | 264,502             |
| Payroll service   | -                       | 2,098                                  | -                   | 2,098               |
| FICA  | 39,445                  | 9,608                                  | 1,517               | 50,570              |
| Health insurance  | 26,367                  | 8,195                                  | 1,069               | 35,631              |
| Retirement  | 19,076                  | 4,955                                  | 743                 | 24,774              |
| Insurance   | 22,410                  | 5,260                                  | 851                 | 28,521              |
| Telephone   | 4,960                   | 1,164                                  | 188                 | 6,313               |
| Utilities   | 26,135                  | 6,134                                  | -                   | 32,269              |
| Custodial   | 45,571                  | 10,695                                 | -                   | 56,266              |
| Postage   | 3,254                   | 763                                    | 126                 | 4,142               |
| Supplies  | 4,727                   | 1,109                                  | -                   | 5,836               |
| Collection agency fees  | -                       | 143                                    | -                   | 143                 |
| Books   | 72,121                  | -                                      | -                   | 72,121              |
| Electronic resources  | 42,001                  | -                                      | -                   | 42,001              |
| Periodicals   | 7,703                   | -                                      | -                   | 7,703               |
| Audios and CDs  | 8,766                   | -                                      | -                   | 8,766               |
| Videos and DVDs   | 25,773                  | -                                      | -                   | 25,773              |
| Kits and nontraditional   | 10,020                  | -                                      | -                   | 10,020              |
| Library system  | 29,752                  | -                                      | -                   | 29,752              |
| Programming   | 10,744                  | -                                      | -                   | 10,744              |
| Continuing education  | 1,412                   | -                                      | -                   | 1,412               |
| Miscellaneous   | 2,006                   | 471                                    | -                   | 2,477               |
| Public relations  | 3,760                   | -                                      | -                   | 3,760               |
| Repairs and maintenance   | 50,468                  | 11,846                                 | -                   | 62,314              |
| Computer and support  | 9,035                   | 2,121                                  | -                   | 11,156              |
| Bank charges  | -                       | 86                                     | -                   | 86                  |
| Audit fee   | -                       | 11,250                                 | -                   | 11,250              |
| Consulting fees   | -                       | 8,176                                  | -                   | 8,176               |
| Interest expense  | 121,472                 | 28,494                                 | -                   | 149,966             |
| <b>Expenses before depreciation and loss on disposition of assets</b> | <b>1,131,913</b>        | <b>254,303</b>                         | <b>25,731</b>       | <b>1,411,947</b>    |
| Depreciation and amortization   | 225,487                 | 52,921                                 | -                   | 278,408             |
| <b>Total</b>  | <b>\$ 1,357,400</b>     | <b>\$ 307,224</b>                      | <b>\$ 25,731</b>    | <b>\$ 1,690,355</b> |

The accompanying notes are an integral part of these financial statements.



**Community Library of DeWitt & Jamesville**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2021 and 2020**

|  | <u>2021</u>         | <u>2020</u>         |
|--|---------------------|---------------------|
| <b>Cash flow from operating activities:</b>                          |                     |                     |
| Change in total in net assets  | \$ (291,341)        | \$ (195,722)        |
| Adjustments to reconcile net cash provided by operating activities:  |                     |                     |
| Depreciation and amortization  | 278,317             | 278,408             |
| Decrease (increase) in operating assets:                             |                     |                     |
| Grants receivable  | -                   | 125,000             |
| Pledges receivable   | -                   | 700                 |
| Prepaid expenses   | (1,586)             | 725                 |
| (Decrease) increase in operating liabilities:                        |                     |                     |
| Accounts payable and accrued expense                                 | (2,690)             | (4,965)             |
| Accrued payroll  | 6,717               | 3,360               |
| Employee benefit plan accrual  | 110,451             | -                   |
| Accrued benefits payable   | 38,847              | 6,797               |
| <b>Net cash provided by operating activities</b>                     | <u>138,715</u>      | <u>214,303</u>      |
| <b>Cash flows from investing activities:</b>                         |                     |                     |
| Acquisition of property and improvements                             | -                   | (6,335)             |
| <b>Net cash used in investing activities</b>                         | <u>-</u>            | <u>(6,335)</u>      |
| <b>Cash flows from financing activities:</b>                         |                     |                     |
| Payments on long term debt   | (93,146)            | (95,788)            |
| <b>Net cash used in financing activities</b>                         | <u>(93,146)</u>     | <u>(95,788)</u>     |
| <b>Net increase in cash, cash equivalents and restricted cash</b>    | 45,569              | 112,180             |
| <b>Cash, cash equivalents and restricted cash, beginning of year</b> | <u>1,623,425</u>    | <u>1,511,245</u>    |
| <b>Cash, cash equivalents and restricted cash, end of year</b>       | <u>\$ 1,668,994</u> | <u>\$ 1,623,425</u> |
| <b>Supplemental disclosures of cash flows:</b>                       |                     |                     |
| <b>Cash paid during the year for:</b>                                |                     |                     |
| Interest   | <u>\$ 142,901</u>   | <u>\$ 149,966</u>   |

The accompanying notes are an integral part of the these financial statements.

# Community Library of DeWitt & Jamesville

## Notes to Financial Statements

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### Note 1 – Nature of Operations

The Community Library of DeWitt & Jamesville (formerly the DeWitt Community Library Association, Inc.) is a nonprofit organization, chartered by the State of New York as a free association library and is a member library of the Onondaga County Public Library System whose purpose is to provide quality library service to the communities of DeWitt, Jamesville, and the surrounding Central New York area. In August 2017, the Community Library of DeWitt & Jamesville (the Library) moved from its long-standing mall location where it had been a tenant for over 50 years and into a new 23,700 square foot building. The Library's charter, issued by the NYS Board of Regents and on behalf of the New York State Education Department, was amended on June 12, 2018, to officially change the name of the Library to "Community Library of DeWitt & Jamesville."

### Note 2 – Summary of Significant Accounting Policies

#### Basis of Accounting

The financial statements of the Library have been prepared utilizing the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

#### Revenue Recognition

The Library has adopted FASB ASU 2014-09, Revenue from Contracts with Customers. This ASU requires the recognition of revenue related to the transfer of goods or services to customers (patrons) in an amount that reflects the consideration to which the Library expects to be entitled to in exchange for those goods and services. The Library's significant revenue stream is as follows:

The Library recognizes fines, copier/printing charges, book sales and other program revenue for the year to which it relates. Revenues are provided principally by the tax levy, fundraising and the operation of the Library. All other revenues are recognized when the sale is completed.

#### Financial Statement Presentation

Financial statement presentation follows the recommendation of FASB ASC 958-205-05-6 *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-205-05-6, the Library is required to report information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. In addition, the Library is required to present a statement of cash flows.

#### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Library Collections

Library books, periodicals, and other library materials are charged to operations in the year in which they are acquired.

# Community Library of DeWitt & Jamesville

## Notes to Financial Statements

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### Note 2 – Summary of Significant Accounting Policies (continued)

#### Cash and Cash Equivalents

For purposes of the statement of cash flows, the Library uses the indirect method of reporting net cash flows from operating activities and considers all short-term investments with an original maturity of three months or less to be cash equivalents.

#### Fair Value Measurement

Accounting guidance establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels are defined as follows:

- Level 1 – Quoted market prices in active markets for identical assets or liabilities
- Level 2 – Observable market-based inputs or unobservable inputs that are corroborated by market data
- Level 3 – Unobservable inputs

The respective carrying value of certain financial instruments approximated their fair value. These instruments include cash and cash equivalents, accounts receivable, accounts payable and notes payable. Fair values were assumed to approximate carrying values for these financial instruments since they are short-term in nature or the interest rates earned or paid approximate current market rates.

#### Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. It is the Library's policy to capitalize all property and equipment with a useful life of more than one year. Depreciation is provided using the straight-line method based on the estimated useful lives, as follows:

|                            | <u>Years</u> |
|----------------------------|--------------|
| Land and land improvements | 0 – 15       |
| Building and improvements  | 15 - 40      |
| Equipment and furnishings  | 5 - 10       |

Depreciation expense of \$268,272 and \$268,363 has been recorded for 2021 and 2020, respectively.

#### Donor Restricted Activity

Restricted Activity – The Library had net assets with donor restrictions due to gifts and grants that were received.

The Library was awarded a capital campaign related foundation grant of \$500,000, payable in four annual installments of \$125,000 commencing February 2017. The Library received the second installment in 2018. The Library received the third installment in 2019. The remaining \$125,000 was received in 2020.

# Community Library of DeWitt & Jamesville

## Notes to Financial Statements

### Note 2 – Summary of Significant Accounting Policies (continued)

#### Money Market Account for Board Designated Purposes and Restricted Activity

The Library ended 2021 and 2020 with a balance of \$382,842 and \$406,813, respectively in a board designated fund for the Library building expansion. Such funds that are called Board Designated are not legally restricted but are internally intended for designated purposes. The Board periodically votes to release earnings from these funds for operations but otherwise the earnings remain with the designated funds. The funds were substantially released as the building project was completed and final retention payments were made in 2018.

The activity of the money market account that holds restricted and board designated funds for the years ended December 31, follows:

|  | <u>2021</u>       | <u>2020</u>       |
|--|-------------------|-------------------|
| January 1 investments                      | \$ 406,813        | \$ 417,089        |
| Board Designated activity, January 1       | \$ 406,813        | \$ 417,089        |
| Budgeted allocation/transfers              | (23,971)          | (10,276)          |
| Net earnings retained                      | -                 | -                 |
| Board Designated, December 31              | <u>382,842</u>    | <u>406,813</u>    |
| Restricted activity, January 1             | -                 | 125,700           |
| Portion of restricted funds fully expended | -                 | (125,700)         |
| Restricted investments, December 31        | -                 | -                 |
| Total investments, December 31             | <u>\$ 382,842</u> | <u>\$ 406,813</u> |

#### Concentration of Revenue

The Library's principal source of funding is through a tax levy on residents in the Library's service area and other residents paying tax to the Jamesville-DeWitt School District. The tax is collected by the Jamesville-DeWitt School District on behalf of the Library in accordance with section 259 of the New York State Education Law.

#### Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Those expenses include employee salaries and benefits and other administrative expenses such as system-wide automation services, insurances, depreciation and facility maintenance costs. Employee benefits were allocated based on payroll paid and employee census in the functional areas and the administrative expenses were allocated based on estimates of program usage.

#### Donated Services

The Library receives donated services from unpaid volunteers who assist with Library routine functions. No amounts have been recognized in the statement of activities since the criteria for recognition under FASB ASC 958-605 have not been satisfied. However, volunteers provided approximately 495 and 445 hours of service in 2021 and 2020, respectively, and the Library would have had to pay clerks approximately \$6,200 and \$5,600 for December 31, 2021 and 2020, respectively, if volunteers were not available.

# Community Library of DeWitt & Jamesville

## Notes to Financial Statements

### Note 3 – Liquidity and Availability of Financial Assets

The Library has \$1,668,994 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of \$1,668,994. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Library has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

### Note 4 – Grants Receivable

The Library solicited both public and private grant funding for its building project. A private foundation \$500,000 grant was received, payable in four installments, with the last annual installment being received in 2020.

### Note 5 – Pledges Receivable

The Organization received pledges in support of the new facility project. As of December 31, 2021 and 2020, the balance of pledges receivable was \$0.

### Note 6 – Property and Equipment

Land, buildings, and equipment and the related accumulation of depreciation consisted of the following at December 31:

|                               | <u>2021</u>         | <u>2020</u>         |
|-------------------------------|---------------------|---------------------|
| Land                          | \$ 831,850          | \$ 831,850          |
| Land improvements             | 184,358             | 184,358             |
| Building and improvements     | 6,137,479           | 6,137,479           |
| Equipment and furnishings     | <u>883,639</u>      | <u>883,639</u>      |
| Total                         | 8,037,326           | 8,037,326           |
| Less accumulated depreciation | <u>(1,219,318)</u>  | <u>(951,046)</u>    |
| Property and equipment, net   | <u>\$ 6,818,008</u> | <u>\$ 7,086,280</u> |

### Note 7 – Mortgage

On November 16, 2016, the Library closed on financing for the construction and mortgage of its new facility. The aggregate amount of the financing was to be \$5,150,000 divided between a construction loan of \$4,300,000 at 4.08% and an excess mortgage of \$850,000 at 3.37%, both convertible to a permanent mortgage. At December 31, 2016, \$100,450 of the construction loan had been drawn to pay the November 16th closing costs.

During 2017, the construction loan was used for the general contractor's payments and at December 31, 2017, the balance of the construction loan was \$3,782,024. Subsequent to year end, and after additional construction payments were financed, the Library and lender agreed to paydown and convert the loan to a permanent mortgage of \$3,825,000. The first payment was due March 1, 2018, maturing after ten years on February 1, 2028, amortized over 300 months at \$20,471 per month including interest at 4.08%.

# Community Library of DeWitt & Jamesville

## Notes to Financial Statements

### Note 7 – Mortgage (continued)

Included as an offset to the mortgage payable is the \$100,450 closing costs that will be amortized over a ten-year period, beginning March 1, 2018. The balance of the closing costs at December 31, 2021 is \$61,944. The annual amortization was \$10,045 for 2021 and 2020. The closing costs are netted against the current and non-current portions of the mortgage.

In October 2021, the Library refinanced the mortgage. The mortgage was refinanced for \$3,479,382 at a fixed interest rate of 3.50%. The interest rate resets in November 2026, November 2031, and November 2036 to be equal to 250 basis points in excess of the most recent yield expressed as a percentage on United States Treasury obligations with a constant 5 year maturity, with a floor of 3.50%. The first payment was due December 1, 2021, maturing after twenty years on November 1, 2041, at \$20,319 per month.

The mortgage subjects the Library to certain loan covenants. Included in these covenants, the Library is required to maintain a ratio of its net income, less any distributions or withdrawals, plus depreciation, amortization and interest expense, to the total of all contractual debt service payments required to be made for such fiscal year per the terms of any loan, capital lease or other debt obligation that was outstanding at any time during such fiscal year, of no less than 1.05 to 1.0. The loan covenants become effective for the year ending December 31, 2022.

Approximate principal payments on the mortgage and amortization of the debt closing costs are as follows:

|                                       |                     |
|---------------------------------------|---------------------|
| 2022.....                             | \$ 124,370          |
| 2023.....                             | 128,794             |
| 2024.....                             | 133,375             |
| 2025.....                             | 138,118             |
| 2026.....                             | 143,031             |
| 2027.....                             | 148,118             |
| Thereafter.....                       | <u>2,653,740</u>    |
| Loan balance at December 31           | 3,469,546           |
| Less: debt closing costs              | <u>(61,944)</u>     |
| Loan balance, less debt closing costs | 3,407,602           |
| Presented as: Current portion         | <u>(114,325)</u>    |
| Long term                             | <u>\$ 3,293,277</u> |

Interest expense at December 31, 2021 and 2020 was \$142,901 and \$149,966, respectively.

The mortgage is secured by the property at 5110 Jamesville Road in the Town of DeWitt.

### Note 8 – Income Tax Status

The Library is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law. The Library is obligated to pay income tax on its unrelated business income (as defined), if any. The Library had no unrelated business income for the years ended December 31, 2021 or 2020. As a not-for-profit organization, the Library is required to file federal tax returns annually. These returns may be selected for examination by the Internal Revenue Service, subject to a statute of limitations, to determine whether or not the Library has properly maintained its tax-exempt status. The Library's tax returns for the years 2018 and beyond remain subject to examination by the Internal Revenue Service.

# Community Library of DeWitt & Jamesville

## Notes to Financial Statements

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### **Note 9 – Retirement Plan**

The Library has a retirement plan covering eligible employees with over six months of employment whereby the Library contributes 5% of eligible wages. Contributions for 2021 and 2020 amounted to approximately \$46,860 and \$24,774 respectively. The Library has adopted a TIAA-CREF prototype plan that additionally permits employee contributions through payroll reduction.

### **Note 10 – Vacation Accrual**

Employees of the Library are entitled to paid vacation depending on length of service and other factors. On termination, any accrued vacation is payable to the terminating employee. Sick leave is not accrued because it does not vest; employees are not paid for any sick leave balance at termination of employment. The balance of the vacation accrual at December 31, 2021 and 2020 is \$20,476 and \$18,373, respectively.

### **Note 11 – Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits**

At December 31, 2021, the Library had a balance in a money market and checking account with one financial institution of \$1,673,203. At December 31, 2021, the composition of the deposits held exceeded the FDIC limit of \$250,000 by \$1,423,203. Management believes there is no significant risk with respect to such deposits.

### **Note 12 – Employee Benefit Plan Contingent Accrual**

During 2021, the Library received notification from the Internal Revenue Service (IRS) in regards to the late filing of the Form 5500 (Annual Return of Employee Benefit Plan) for the 2019 plan year. The Library subsequently filed the 2019 Form 5500 during 2021. The IRS has imposed a penalty, with interest amounting to \$110,451. The amount has been included on the Statements of Financial Position as, "Employee benefit plan accrual" at December 31, 2021. The Library is currently working with the IRS to have this penalty reduced.

### **Note 13 – Unemployment Insurance Contingency**

The Library has elected the reimbursement method for Unemployment Insurance. Under the reimbursement method, the Library does not have to pay unemployment insurance tax, but they must reimburse New York State for any unemployment benefits paid to former employees. At December 31, 2021, the balance of the reserve set up by the Library is \$23,608.

### **Note 14 – COVID-19 Impact**

The Library's public building operations were suspended in March 2020 to comply with New York State's mandatory shut-down of non-essential businesses due to COVID-19. During this time, the Library continued to offer virtual services, collections, and programming. The Library commenced with curbside pickup in June 2020 and browsing appointments in March 2021. The Library continues to evaluate and expand services offered while monitoring requirements and recommendations that protect the health of employees and the community.

# Community Library of DeWitt & Jamesville

## Notes to Financial Statements

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### **Note 14 – COVID-19 Impact (continued)**

The Library made significant reductions in certain areas of operating expenses while increasing purchases of electronic resources, kits and nontraditional Library materials to meet the changing needs of its members. Additionally, the Library suspended its charging of fines resulting in a decrease of \$7,600 of other income in 2020; this suspension of fines continued throughout the first half of 2021 when it was made a permanent elimination of fines.

### **Note 15 – Subsequent Events**

In 2022, the Library obtained a bank line of credit for \$50,000 bearing interest at the prime rate (3.25% at December 31, 2021).

In accordance with FASB Accounting Standards Codification Topic 855, Subsequent Events, the Organization has evaluated subsequent events through April 21, 2022, which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of April 21, 2022, have been incorporated into these financial statements herein.