

**DEWITT COMMUNITY
LIBRARY ASSOCIATION, INC.**

**REPORT ON
AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTAL DATA**

For the Years Ended December 31, 2017 and 2016

DeWitt Community Library Association, Inc.

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
DeWitt Community Library Association, Inc.
DeWitt, New York

Report on the Financial Statements

We have audited the accompanying financial statements of DeWitt Community Library Association, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016 and the related statements of activities and changes in net assets 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.

Auditors' 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 auditors' 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.

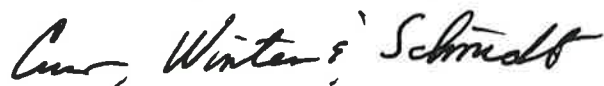
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of DeWitt Community Library Association, Inc. as of December 31, 2017 and 2016, and the results

of its activities and 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.

Report on Supplemental Information

Our audit was made for the purpose of forming an opinion on the basic financial statements as a whole. The schedules of functional expenses on page 14 are presented for the purpose of additional analysis and are not a required part of the basic 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 basic 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 basic financial statements as a whole.



East Syracuse, New York
March 8, 2018

DeWitt Community Library Association, Inc.
Statements of Financial Position
December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 1,025,796	\$ 798,815
Marketable securities	3,210	-
Grants receivable - current	406,748	-
Pledges receivable - current	13,803	26,408
Prepaid expenses	15,937	9,408
Total current assets	<u>1,465,494</u>	<u>834,631</u>
Property and Equipment, net:		
Property and equipment (less accumulated depreciation of \$140,403-2017, \$222,283-2016)	7,877,131	44,365
Acquisition costs and construction in progress	-	2,560,855
Leasehold improvements (less accumulated depreciation of \$70,285-2016)	-	476
Total property and equipment	<u>7,877,131</u>	<u>2,605,696</u>
Other assets:		
Board designated and restricted activity money market account	573,862	1,628,046
Grants receivable - noncurrent	250,000	-
Pledges receivable - noncurrent	1,000	16,583
Total other assets	<u>824,862</u>	<u>1,644,629</u>
Total assets	<u>\$ 10,167,487</u>	<u>\$ 5,084,956</u>
Liabilities and Net Assets		
Current Liabilities:		
Construction loan - current portion	\$ 23,654	\$ -
Accounts payable and accrued expense	724,047	522,720
Accrued payroll	13,024	10,104
Accrued benefits payable	22,664	20,133
Total current liabilities	<u>783,389</u>	<u>552,957</u>
Long-term Liabilities:		
Construction loan - net of current portion	<u>3,657,920</u>	<u>100,450</u>
Total long-term liabilities	<u>3,657,920</u>	<u>100,450</u>
Total liabilities	<u>4,441,309</u>	<u>653,407</u>
Net Assets:		
Unrestricted net assets:		
Board designated for building expenditures	573,862	1,628,046
Undesignated	4,477,555	2,760,512
Total unrestricted net assets	<u>5,051,417</u>	<u>4,388,558</u>
Temporarily restricted net assets:		
Temporarily restricted net assets for capital campaign	<u>674,761</u>	<u>42,991</u>
Total temporarily restricted net assets	<u>674,761</u>	<u>42,991</u>
Total net assets	<u>5,726,178</u>	<u>4,431,549</u>
Total liabilities and net assets	<u>\$ 10,167,487</u>	<u>\$ 5,084,956</u>

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

DeWitt Community Library Association, Inc.
Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>		<u>2016</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and support:					
Public tax levy	\$ 1,417,672	-	\$ 1,417,672	-	\$ 1,417,672
Other gifts and grants	9,562	-	9,585	-	9,585
New York State grants	-	567,473	-	155,762	155,762
Capital campaign - private gifts and grants	-	556,323	-	119,760	119,760
Interest income	2,006	-	6,303	-	6,303
Other income	23,235	-	28,976	-	28,976
Net assets released from restrictions satisfaction of time and purpose	492,026	(492,026)	283,966	(283,966)	-
Total revenues and support	1,944,501	631,770	1,746,502	(8,444)	1,738,058
Expenses:					
Program expense	1,047,991	-	883,237	-	883,237
Management and administrative	212,385	-	183,483	-	183,483
Fund raising	21,266	-	21,877	-	21,877
Total expenses	1,281,642	-	1,088,597	-	1,088,597
Increase (decrease) in net assets	662,859	631,770	657,905	(8,444)	649,461
Net assets - beginning of year	<u>4,388,558</u>	<u>42,991</u>	<u>3,730,653</u>	<u>51,435</u>	<u>3,782,088</u>
Net assets - end of year	\$ 5,051,417	\$ 674,761	\$ 4,388,558	\$ 42,991	\$ 4,431,549

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

DeWitt Community Library Association, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flow from operating activities:		
Change in total in net assets	\$ 1,294,629	\$ 649,461
Adjustments to reconcile net cash provided by operating activities:		
Depreciation	106,390	23,299
Loss on disposition of assets	14,868	
(Increase) decrease in operating assets		
Short-term certificates of deposit		662,000
Marketable securities	(3,210)	-
Grants receivable	(656,748)	3,886
Pledges receivable	28,188	(42,991)
Prepaid expenses	(6,529)	(632)
Increase (decrease) in operating liabilities		
Accounts payable and accrued expense	201,327	488,185
Accrued payroll	2,920	1,786
Accrued benefits payable	2,531	8,605
Net cash provided by operating activities	<u>984,366</u>	<u>1,793,599</u>
Cash flows from investing activities:		
Acquisition of property and improvements	(5,493,883)	(8,804)
Proceeds from disposition of assets	740	-
Acquisition costs and construction in progress	-	(2,187,287)
Increase in board designated money market account	1,054,184	663,561
Increase in board designated certificates of deposit	-	351,000
Net cash used in investing activities	<u>(4,438,959)</u>	<u>(1,181,530)</u>
Cash flows from financing activities:		
Proceeds from construction loan	3,681,574	100,450
Net cash provided by financing activities	<u>3,681,574</u>	<u>100,450</u>
Net increase in cash and cash equivalents	226,981	712,519
Cash and cash equivalents, beginning of year	<u>798,815</u>	<u>86,296</u>
Cash and cash equivalents, end of year	<u>\$ 1,025,796</u>	<u>\$ 798,815</u>
Supplemental disclosures of cash flows:		
Cash paid during the year for:		
Interest	<u>\$ 50,046</u>	<u>\$ -</u>

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

DeWitt Community Library Association, Inc.

Notes to Financial Statements

Note 1 – Nature of Operations

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 community of DeWitt, Jamesville and the surrounding Central New York area. In August 2017, the Library moved from its longstanding mall location where it had been a tenant for over 50 years and into a new 23,700 square foot building. Reflecting the more central location to its patron service area, the Library changed the name of the facility 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.

Financial Statement Presentation

Financial statement presentation follows the recommendation of ASC Topic 958, Not-for-Profit Entities. Under ASC Topic 958, 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 three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Library has no permanently restricted net assets. Unrestricted net assets are amounts that are not subject to donor-imposed stipulations and are available for operations. Temporarily restricted net assets are those whose use has been limited by donors and grantors to a specific time period or purpose. When a restriction expires as to both purpose and stipulated time, the temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from 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.

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.

Library Collections

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

DeWitt Community Library Association, Inc.

Notes to Financial Statements

Note 2 – Summary of Significant Accounting Policies (continued)

Marketable Securities

The Library has investments in marketable securities with readily determinable fair values that were received as donations. These investments are considered to be trading securities because of management's intent to convert the securities to cash to fund the Capital Campaign. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

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, marketable securities, accounts payable, accrued expenses 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:

	Years
Land and land improvements	0 – 15
Building and improvements	15-40
Equipment and furnishings	5 - 10

Depreciation expense of \$106,390 and \$23,299 has been recorded for 2017 and 2016, respectively. The financial statements also reflect a loss on assets from the old facility that were not moved to the new building, net of sale proceeds, of \$14,868.

Restricted Activity

Restricted Activity – Currently the Library has temporarily restricted balances due to gifts and grants that have yet to be received.

DeWitt Community Library Association, Inc.

Notes to Financial Statements

Note 2 – Summary of Significant Accounting Policies (continued)

Restricted Activity (continued)

A capital campaign “for a New Library for Jamesville and DeWitt” raised \$119,760 of donor pledges in 2016, of which \$42,991 remained uncollected at December 31, 2016. To that was added \$56,323 of 2017 pledges, with \$14,803 of total pledges remaining at December 31, 2017.

The Library had two grants approved by New York State agencies associated with the building project for the new Library. One State and Municipal Facilities Program (SAM) grant for \$250,000 was approved for a receipt date from the Dormitory Authority of NYS in February 2018. A Public Library Construction grant was awarded for \$317,473 toward HVAC equipment related to the new building. The Library received 90% of this grant in 2017 and the remainder of \$31,748 will be forthcoming in 2018.

The Library was also awarded a capital campaign related foundation grant of \$500,000, payable in four annual installments of \$125,000 commencing February 2017. The remaining \$375,000 is carried in temporarily net assets until the funds are received.

Money Market Account for Board Designated Purposes and Restricted Activity

The Library ended 2016 with a balance of \$1,628,046 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 annual budget process has a portion of taxpayer levy receipts set aside for building related expenditures. The Board periodically votes to release earnings from these funds for operations but otherwise the earnings remain with the designated funds. The funds have been substantially released as the building project has been completed and final retention payments were made subsequent to year-end. The Board is considering additional supplemental construction or furnishing enhancements for the 2018 year that will further draw on the board designated funds.

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

	<u>2017</u>	<u>2016</u>
January 1 investments	<u>\$ 1,628,046</u>	<u>\$ 2,642,607</u>
Board Designated activity, January 1	\$ 1,628,046	\$ 2,591,172
Budgeted allocation	136,000	344,929
Board approved expenditures	(1,192,190)	(1,311,762)
Net earnings retained	<u>2,006</u>	<u>3,707</u>
Board Designated, December 31	<u>573,862</u>	<u>1,628,046</u>
Restricted activity, January 1	42,991	51,435
SAM grant	250,000	155,762
HVAC grant	317,473	-
Donations and pledges for building	556,323	119,760
Portion of restricted funds fully expended	(492,026)	(283,966)
Restricted grants and pledges not yet received	<u>(674,761)</u>	<u>(42,991)</u>
Total investments, December 31	<u>\$ 573,862</u>	<u>\$ 1,628,046</u>

DeWitt Community Library Association, Inc.

Notes to Financial Statements

Note 2 – Summary of Significant Accounting Policies (continued)

Concentration of Revenue

The Association's principal source of funding is through a tax levy on residents in the Library's service area and residents paying tax to the Jamesville-DeWitt School District. It is recorded as revenue in the year received.

Reclassification

Certain prior year amounts have been reclassified to conform to the current year presentation. The reclassifications do not affect the changes in net assets for the years ended December 31, 2017 and 2016.

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.

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 1,382 and 1,355 hours of service in 2017 and 2016, respectively, and the Library would have had to pay clerks approximately \$13,000 and \$12,000 for December 31, 2017 and 2016, respectively, if volunteers were not available.

Note 3 – Cash and Investments Held

As described in Note 2 (Cash and Equivalents), current cash funds consist of cash held in non-interest-bearing checking accounts.

As described in Note 2 (Investments), the Board has designated assets to be set aside for building needs, that are invested in a money market account that bears interest at a low (under 1%) rate of interest.

Note 4 – Grants Receivable

The Library solicited both public and private grant funding for its building project. Grants receivable include the balances of two approved New York State grants with balances totaling \$281,748. A private foundation \$500,000 grant was received, payable in four installments, with three annual installments remaining at December 31, 2017.

DeWitt Community Library Association, Inc.

Notes to Financial Statements

Note 5 – Pledges Receivable

Unconditional pledges receivable as of December 31, 2017, are expected to be collected as follows:

One year or less	\$ 13,803
One to five years	<u>1,000</u>
Total pledges receivable	<u>\$ 14,803</u>

The pledges were made in support of the new facility project.

Note 6 – Marketable Securities

Level 1 investments are recorded at fair value based upon quoted market prices. The investment portfolio is in the custody of and managed by Community Investment Services. At December 31, 2017 investments were as follows:

	<u>Cost</u>	<u>Market</u>
Corporate equities	\$ 3,197	\$ 3,210

Investment income is summarized as follows:

Investment income	\$ 32
Unrealized gains	<u>13</u>
Total investment income	<u>\$ 45</u>

Note 7 – Property and Equipment

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

	<u>2017</u>	<u>2016</u>
Land	\$ 831,850	\$ -
Land improvements	184,358	-
Building and improvements	6,137,479	-
Equipment and furnishings	863,847	266,648
Leasehold improvements	-	<u>70,761</u>
Total	\$ 8,017,534	\$ 337,409
Less accumulated depreciation	<u>(140,403)</u>	<u>(292,568)</u>
Property and equipment, net	<u>\$ 7,877,131</u>	<u>\$ 44,841</u>

Note 8 – Line of Credit

The Library has a bank line of credit for \$50,000 bearing interest at the prime rate (4.5% at December 31, 2017). The line was not used in either 2017 or 2016; the balance on the line of credit at December 31, 2017 and 2016 was \$0.

DeWitt Community Library Association, Inc.

Notes to Financial Statements

Note 9 – Construction Loan – 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 is 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%. The closing documents are in process for this permanent mortgage commitment.

Included as an offset to the construction loan payable is the \$100,450 closing costs that will be expensed over the life of the permanent mortgage over an anticipated 10-year period.

The construction loan is presented in the Statement of Financial Position to reflect the loan balance, as if the permanent mortgage financing was in place at December 31, 2017, net of the closing costs, as follows:

Approximate principal payments on the mortgage are as follows:

2018	\$	32,024
2019		92,300
2020		96,200
2021		100,300
2022		104,500
Thereafter		<u>3,356,700</u>
Loan balance at December 31		3,782,024
Less: debt closing costs		<u>100,450</u>
Loan balance, less debt closing costs	\$	3,681,574
Presented as: Current portion		<u>(23,654)</u>
Long term		<u>\$ 3,657,920</u>

Interest expense for 2017 was \$50,046. Capitalized interest included in the cost of property and equipment during the pre-opening construction period, was \$29,850 for December 31, 2017, and \$524 for December 31, 2016.

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

Note 10 – Income Tax Status

DeWitt Community Library Association, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law.

DeWitt Community Library Association, Inc.

Notes to Financial Statements

Note 10 – Income Tax Status (continued)

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, 2017 or 2016. 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 2014 and beyond remain subject to examination by the Internal Revenue Service.

Note 11 – Retirement Plan

The Library has a retirement plan covering eligible employees with over 1,000 hours of annual service whereby the Library contributes 5% of eligible wages. Contributions for 2017 and 2016 amounted to approximately \$26,000 and \$22,000, respectively. The Library has adopted a TIAA-CREF prototype plan that additionally permits employee contributions through payroll reduction.

Note 12 – Vacation Accrual

Employees of the Association 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.

Note 13 – Leases

The Library had occupied space since 1962 under lease agreements, as modified multiple times over the years and as last modified June 27, 2016, that extended the term of the lease to August 2017. Rent expense through August 2017 was \$40,847 and the landlord also charged for utilities. The Library vacated the leasehold in August 2017.

Note 14 – Commitments and Contingencies

The Library building project was substantially complete at the end of 2017 with a balance of approximately \$700,000 remaining to be paid on contractor final retention and other incidentals. Additional building enhancements have been identified that will be planned for the 2018 year. The costs of the project were kept below budget and additional grant funding sources were obtained, resulting in the permanent mortgage being \$475,000 below the initial projection.

Note 15 – Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

At December 31, 2017, the Library had a balance in a money market and checking account with one financial institution of \$1,638,956. At December 31, 2017, the composition of the deposits held exceeded the FDIC limit of \$250,000 by \$1,388,956. Management believes there is no significant risk with respect to such deposits.

Grants and pledges receivable also expose the Library to credit risk. Management believes that the sources of grants and the size of private individual gifts receivable minimize the risk of loss from such receivable balances.

DeWitt Community Library Association, Inc.

Notes to Financial Statements

Note 16 – Subsequent Events

In accordance with FASB Accounting Standards Codification Topic 855, Subsequent Events, the Organization has evaluated subsequent events through March 8, 2018, which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of March 8, 2018, have been incorporated into these financial statements herein.

DeWitt Community Library Association, Inc.
Schedules of Functional Expenses
For the Year Ended December 31, 2017 and Comparative Totals for 2016

	<u>SUPPORT SERVICES</u>			<u>2017</u>	<u>2016</u>
	<u>Program Services</u>	<u>Management & Administrative</u>	<u>Fund Raising</u>	<u>Total</u>	<u>Total</u>
Payroll					
Librarians	\$ 230,965	\$ 83,068	\$ 9,027	\$ 323,060	\$ 317,145
Support Staff	234,396	26,151	8,649	269,196	259,222
Payroll Service	-	1,831	-	1,831	1,782
FICA	33,793	8,233	1,351	43,377	41,336
Health Insurance	21,345	6,727	880	28,952	23,892
Retirement	20,134	5,191	664	25,989	22,323
Insurance	12,878	3,023	489	16,390	13,754
Telephone	4,628	1,086	176	5,890	4,633
Utilities	29,057	6,820	-	35,877	34,870
Rent paid	33,083	7,764	-	40,847	61,270
Custodial	35,165	8,253	-	43,418	35,299
Postage	780	183	30	993	2,268
Supplies	12,626	2,963	-	15,589	10,263
Collection agency fees	-	626	-	626	394
Books	61,468	-	-	61,468	68,273
Electronic resources	30,962	-	-	30,962	26,284
Periodicals	4,732	-	-	4,732	8,276
Audios and CDs	12,279	-	-	12,279	11,833
Videos and DVDs	31,787	-	-	31,787	28,585
Kits and nontraditional	3,237	-	-	3,237	1,489
Library system	28,036	-	-	28,036	28,645
Programming	9,701	-	-	9,701	11,010
Continuing education	2,937	-	-	2,937	3,964
Miscellaneous	3,078	722	-	3,800	3,540
Public relations	3,505	-	-	3,505	4,586
Repairs and maintenance	20,701	4,859	-	25,560	19,595
Computer and support	5,571	1,308	-	6,879	6,299
Bank charges	-	20	-	20	304
Audit fee	-	11,000	-	11,000	11,000
Consulting fees	-	-	-	-	3,000
Legal fees	-	-	-	-	164
Interest expense	40,537	9,509	-	50,046	-
Moving expense	22,400	-	-	22,400	-
Expenses before depreciation and loss on disposition of assets	949,781	189,337	21,266	1,160,384	1,065,298
Depreciation	86,167	20,223	-	106,390	23,299
Loss on disposition of fixed assets	12,043	2,825	-	14,868	-
Total	\$ 1,047,991	\$ 212,385	\$ 21,266	\$ 1,281,642	\$ 1,088,597

The accompanying footnotes are an integral part of the audited financial statements.