

**COMMUNITY LIBRARY OF
DEWITT & JAMESVILLE**

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

For the Years Ended December 31, 2019 and 2018

Community Library of DeWitt & Jamesville

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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, 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.

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.

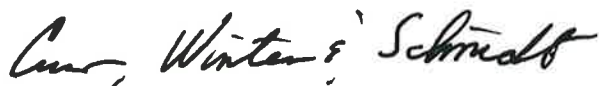
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Library of DeWitt & Jamesville as of December 31, 2019 and 2018, 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.

Emphasis of Matter

As discussed in Note 5, the Library adopted the Financial Accounting Standards Board's Accounting Standards update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities* as of and for the year ended December 31, 2018. The requirements of the ASU have been applied to all periods presented. Our opinion is not modified with respect to this matter.



East Syracuse, New York
October 2, 2020

Community Library of DeWitt & Jamesville
Statements of Financial Position
December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 1,094,156	\$ 1,008,685
Grants receivable - current	125,000	143,994
Pledges receivable - current	700	4,420
Prepaid expenses	<u>20,438</u>	<u>17,351</u>
Total current assets	<u>1,240,294</u>	<u>1,174,450</u>
Property and Equipment, net:		
Property and equipment (less accumulated depreciation of \$682,683-2019, \$414,496-2018)	<u>7,348,308</u>	<u>7,612,911</u>
Total property and equipment	<u>7,348,308</u>	<u>7,612,911</u>
Other assets:		
Board designated and restricted activity money market account	417,089	448,749
Grants receivable - noncurrent	<u>-</u>	<u>125,000</u>
Total other assets	<u>417,089</u>	<u>573,749</u>
Total assets	<u>\$ 9,005,691</u>	<u>\$ 9,361,110</u>
Liabilities and Net Assets		
Current Liabilities:		
Construction loan - current portion	\$ 88,355	\$ 84,367
Accounts payable and accrued expense	27,586	80,755
Accrued payroll	18,775	16,354
Accrued benefits payable	<u>14,606</u>	<u>18,545</u>
Total current liabilities	<u>149,322</u>	<u>200,021</u>
Long-term Liabilities:		
Construction loan - net of current portion	<u>3,488,091</u>	<u>3,574,364</u>
Total long-term liabilities	<u>3,488,091</u>	<u>3,574,364</u>
Total liabilities	<u>3,637,413</u>	<u>3,774,385</u>
Net Assets:		
With donor restrictions:		
Capital campaign	<u>125,700</u>	<u>273,414</u>
Without donor restrictions:		
Board designated for building expenditures	417,089	448,749
Undesignated	<u>4,825,489</u>	<u>4,864,562</u>
Total without donor restrictions	<u>5,242,578</u>	<u>5,313,311</u>
Total net assets	<u>5,368,278</u>	<u>5,586,725</u>
Total liabilities and net assets	<u>\$ 9,005,691</u>	<u>\$ 9,361,110</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, 2019 and 2018

	<u>2019</u>		<u>2018</u>	
	<u>Without</u>	<u>With</u>	<u>Without</u>	<u>With</u>
	<u>Donor</u>	<u>Donor</u>	<u>Donor</u>	<u>Donor</u>
	<u>Restrictions</u>	<u>Restrictions</u>	<u>Restrictions</u>	<u>Restrictions</u>
	<u>Total</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>
Revenues, gains and other support:				
Public tax levy	\$ 1,460,202	\$ -	\$ 1,417,672	\$ -
Other gifts and grants	25,368	-	33,199	-
New York State grants	-	-	-	3,847
Capital campaign - private gifts and grants	-	-	-	2,526
Interest income	3,172	-	2,835	-
Fundraising income less expenses of \$1,739	18,276	-	9,402	-
Other income	17,684	-	221,782	-
Net assets released from restrictions				(407,720)
satisfaction of time and purpose	147,714	(147,714)	407,720	(401,347)
Total revenues, gains, and other support	<u>1,672,416</u>	<u>(147,714)</u>	<u>2,092,610</u>	<u>1,691,263</u>
Expenses and losses:				
Program expense	1,398,548	-	1,478,799	-
Management and administrative	318,642	-	327,942	-
Fund raising	25,959	-	23,975	-
Total expenses and losses	<u>1,743,149</u>	<u>-</u>	<u>1,830,716</u>	<u>1,830,716</u>
(Decrease) increase in net assets	(70,733)	(147,714)	261,894	(401,347)
Net assets - beginning of year	5,313,311	273,414	5,051,417	674,761
Net assets - end of year	<u>\$ 5,242,578</u>	<u>\$ 125,700</u>	<u>\$ 5,313,311</u>	<u>\$ 273,414</u>
			<u>\$</u>	<u>\$</u>
			<u>5,368,278</u>	<u>5,586,725</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, 2019

SUPPORT SERVICES

	<u>Program</u> <u>Services</u>	<u>Management &</u> <u>Administrative</u>	<u>Fund</u> <u>Raising</u>	<u>Total</u>
Payroll				
Librarians	\$ 312,493	\$ 114,434	\$ 13,204	\$ 440,131
Support staff	233,376	26,825	8,047	268,248
Payroll service	-	2,234	-	2,234
FICA	40,858	9,953	1,571	52,382
Health insurance	26,238	8,155	1,064	35,457
Retirement	24,254	6,300	945	31,499
Insurance	21,845	5,128	829	27,802
Telephone	5,305	1,245	201	6,751
Utilities	25,352	5,951	-	31,303
Occupancy	-	-	-	-
Custodial	45,723	10,731	-	56,454
Postage	2,533	594	98	3,225
Supplies	9,684	2,272	-	11,956
Collection agency fees	-	340	-	340
Books	80,977	-	-	80,977
Electronic resources	32,897	-	-	32,897
Periodicals	7,689	-	-	7,689
Audios and CDs	14,167	-	-	14,167
Videos and DVDs	33,157	-	-	33,157
Kits and nontraditional	4,476	-	-	4,476
Library system	29,168	-	-	29,168
Programming	15,645	-	-	15,645
Continuing education	4,000	-	-	4,000
Miscellaneous	7,821	1,835	-	9,656
Public relations	5,838	-	-	5,838
Repairs and maintenance	56,426	13,244	-	69,670
Computer and support	9,112	2,139	-	11,251
Bank charges	-	181	-	181
Audit fee	-	6,500	-	6,500
Consulting fees	-	18,567	-	18,567
Interest expense	124,169	29,126	-	153,295
Expenses before depreciation and loss on disposition of assets	1,173,203	265,754	25,959	1,464,916
Depreciation and amortization	225,345	52,888	-	278,233
Total	\$ 1,398,548	\$ 318,642	\$ 25,959	\$ 1,743,149

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, 2018

SUPPORT SERVICES

	<u>Program</u> <u>Services</u>	<u>Management &</u> <u>Administrative</u>	<u>Fund</u> <u>Raising</u>	<u>Total</u>
Payroll				
Librarians	\$ 267,150	\$ 97,830	\$ 11,288	\$ 376,268
Support staff	249,873	28,721	8,616	287,210
Payroll service	-	1,924	-	1,924
FICA	38,218	9,310	1,470	48,998
Health insurance	18,979	5,899	769	25,647
Retirement	22,160	5,756	863	28,779
Insurance	18,387	4,316	698	23,401
Telephone	5,278	1,238	201	6,717
Utilities	27,092	6,359	-	33,451
Occupancy	-	-	-	-
Custodial	44,440	10,430	-	54,870
Postage	1,811	425	70	2,306
Supplies	11,997	2,815	-	14,812
Collection agency fees	-	448	-	448
Books	68,160	-	-	68,160
Electronic resources	33,870	-	-	33,870
Periodicals	7,784	-	-	7,784
Audios and CDs	16,329	-	-	16,329
Videos and DVDs	30,586	-	-	30,586
Kits and nontraditional	5,410	-	-	5,410
Library system	28,596	-	-	28,596
Programming	16,063	-	-	16,063
Continuing education	4,511	-	-	4,511
Miscellaneous	2,150	504	-	2,654
Public relations	4,004	-	-	4,004
Repairs and maintenance	201,275	47,244	-	248,519
Computer and support	7,981	1,874	-	9,855
Bank charges	-	100	-	100
Audit fee	-	11,000	-	11,000
Consulting fees	-	10,395	-	10,395
Interest expense	117,923	27,662	-	145,585
Expenses before depreciation and loss on disposition of assets	<u>1,250,027</u>	<u>274,250</u>	<u>23,975</u>	<u>1,548,252</u>
Depreciation and amortization	228,772	53,692	-	282,464
Total	<u>\$ 1,478,799</u>	<u>\$ 327,942</u>	<u>\$ 23,975</u>	<u>\$ 1,830,716</u>

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

Community Library of DeWitt & Jamesville
Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flow from operating activities:		
Change in total in net assets	\$ (218,447)	\$ (139,453)
Adjustments to reconcile net cash provided by operating activities:		
Depreciation and amortization	278,233	282,464
Decrease (increase) in operating assets:		
Marketable securities	-	3,210
Grants receivable	143,994	387,754
Pledges receivable	3,720	10,383
Prepaid expenses	(3,087)	(1,414)
(Decrease) increase in operating liabilities:		
Accounts payable and accrued expense	(53,169)	(643,292)
Accrued payroll	2,421	3,330
Accrued benefits payable	(3,939)	(4,119)
Net cash provided by (used in) operating activities	<u>149,726</u>	<u>(101,137)</u>
Cash flows from investing activities:		
Acquisition of property and improvements	<u>(3,585)</u>	<u>(9,872)</u>
Net cash used in investing activities	<u>(3,585)</u>	<u>(9,872)</u>
Cash flows from financing activities:		
Payments on long term debt	(92,330)	(74,190)
Proceeds from construction loan	-	42,975
Net cash used in financing activities	<u>(92,330)</u>	<u>(31,215)</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	53,811	(142,224)
Cash, cash equivalents and restricted cash, beginning of year	<u>1,457,434</u>	<u>1,599,658</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 1,511,245</u>	<u>\$ 1,457,434</u>
Supplemental disclosures of cash flows:		
Cash paid during the year for:		
Interest	<u>\$ 153,295</u>	<u>\$ 145,585</u>

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

Community Library of DeWitt & Jamesville

Notes to Financial Statements

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 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. 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.

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.

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.

Community Library of DeWitt & Jamesville

Notes to Financial Statements

Note 2 – Summary of Significant Accounting Policies (continued)

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 \$268,188 and \$274,093 has been recorded for 2019 and 2018, respectively.

Donor Restricted Activity

Restricted Activity – Currently the Library has net assets with donor restrictions due to gifts and grants that have yet to be received.

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. An additional \$1,000 was added to the campaign as a matching gift in 2018. The total pledges remaining at December 31, 2019 is \$700.

Community Library of DeWitt & Jamesville

Notes to Financial Statements

Note 2 – Summary of Significant Accounting Policies (continued)

Donor Restricted Activity (continued)

In 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 in 2017 and received from the Dormitory Authority of NYS in January 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 was received in November of 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 Library received the second installment in 2018. The Library received the third installment in 2019. The remaining \$125,000 is carried in net assets with donor restrictions until the funds are received.

Money Market Account for Board Designated Purposes and Restricted Activity

The Library ended 2019 and 2018 with a balance of \$417,089 and \$448,749, 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 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 in 2018.

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

	<u>2019</u>	<u>2018</u>
January 1 investments	\$ 448,749	\$ 573,862
Board Designated activity, January 1	\$ 448,749	\$ 573,862
Budgeted allocation/transfers	(34,832)	7,354
Board approved expenditures	-	(134,947)
Net earnings retained	<u>3,172</u>	<u>2,480</u>
Board Designated, December 31	<u>417,089</u>	<u>448,749</u>
Restricted activity, January 1	273,414	674,761
Donations and pledges for building	-	6,373
Portion of restricted funds fully expended	(147,714)	(407,720)
Restricted grants and pledges not yet received	<u>(125,700)</u>	<u>(273,414)</u>
Restricted investments	-	-
Total investments, December 31	<u>\$ 417,089</u>	<u>\$ 448,749</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.

Community Library of DeWitt & Jamesville

Notes to Financial Statements

Note 2 – Summary of Significant Accounting Policies (continued)

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 1,402 and 1,811 hours of service in 2019 and 2018, respectively, and the Library would have had to pay clerks approximately \$16,500 and \$18,000 for December 31, 2019 and 2018, respectively, if volunteers were not available.

Note 3 – Liquidity and Availability of Financial Assets

The Library has \$1,636,945 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash \$1,511,245 and receivables \$125,700. 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. The Library has a \$50,000 line of credit available to supplement its cash need.

Note 4 – Cash, Cash Equivalents and Restricted Cash

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position that sum to the total of the same such amounts shown in the statement of cash flows. Restricted cash is for building expenditures.

Cash and cash equivalents	\$ 1,094,156
Board designated money market account	417,089
Cash, cash equivalents and restricted cash	<u>\$ 1,511,245</u>

Note 5 – Adoption of New Accounting Pronouncements

For the year ended December 31, 2018, the Library adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-18 – *Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force)*. This ASU requires that the reconciliation of the beginning-of-period and end-of-period amounts shown in the statement of cash flows include cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. We have evaluated the effect that this guidance will have on our financial statements and related disclosures and determined it will not have a material impact.

Community Library of DeWitt & Jamesville

Notes to Financial Statements

Note 5 – Adoption of New Accounting Pronouncements (continued)

For the year ended December 31, 2018, the Library adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This 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 between not-for-profit entities. The changes required by the update have been applied to all periods presented. A key change required by ASU 2016-14 are the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions.

Note 6 – 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 one annual installments remaining at December 31, 2019.

Note 7 – Pledges Receivable

Unconditional pledges receivable as of December 31, 2019, are expected to be collected as follows:

One year or less	\$ 700
One to five years	-
Total pledges receivable	<u>\$ 700</u>

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

Note 8 – Property and Equipment

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

	<u>2019</u>	<u>2018</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>877,304</u>	<u>873,720</u>
Total	8,030,991	8,027,407
Less accumulated depreciation	<u>(682,683)</u>	<u>(414,496)</u>
Property and equipment, net	<u>\$ 7,348,308</u>	<u>\$ 7,612,911</u>

Note 9 – Line of Credit

The Library has a bank line of credit for \$50,000 bearing interest at the prime rate (5.25% at December 31, 2019). The line was not used in either 2019 or 2018; the balance on the line of credit at December 31, 2019 and 2018 was \$0.

Community Library of DeWitt & Jamesville

Notes to Financial Statements

Note 10 – 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 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%.

Included as an offset to the construction loan 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, 2019 is \$82,034.

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

2020.....	\$	98,400
2021.....		102,490
2022.....		106,751
2023.....		111,189
2024.....		115,811
Thereafter		<u>3,123,839</u>
Loan balance at December 31		3,658,480
Less: debt closing costs		<u>(82,034)</u>
Loan balance, less debt closing costs	\$	3,576,446
Presented as: Current portion		<u>(88,355)</u>
Long term		<u>\$ 3,488,091</u>

Interest expense at December 31, 2019 and 2018 was \$153,295 and \$145,585, respectively. Capitalized interest included in the cost of property and equipment during the pre-opening construction period totaled \$29,850 at December 31, 2017.

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

Note 11 – Income Tax Status

Community Library of DeWitt & Jamesville 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, 2019 or 2018. 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 2016 and beyond remain subject to examination by the Internal Revenue Service.

Community Library of DeWitt & Jamesville

Notes to Financial Statements

Note 12 – 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 2019 and 2018 amounted to approximately \$31,500 and \$29,000, respectively. The Library has adopted a TIAA-CREF prototype plan that additionally permits employee contributions through payroll reduction.

Note 13 – 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, 2019 and 2018 is \$11,654 and 14,120, respectively.

Note 14 – Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

At December 31, 2019, the Library had a balance in a money market and checking account with one financial institution of \$1,544,254. At December 31, 2019, the composition of the deposits held exceeded the FDIC limit of \$250,000 by \$1,294,254. 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.

Note 15 – Subsequent Events

In accordance with FASB Accounting Standards Codification Topic 855, Subsequent Events, the Organization has evaluated subsequent events through October 2, 2020, which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of October 2, 2020, have been incorporated into these financial statements herein.

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 continues to evaluate and expand services offered.