

**AUDITED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

**DEWITT COMMUNITY LIBRARY ASSOCIATION, INC.**

**A&K**  
**AVERSON & KLINETOP, LLP**  
Certified Public Accountants

DEWITT COMMUNITY LIBRARY ASSOCIATION, INC.

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Averson & Klinetop, LLP  
Certified Public Accountants  
6320 Fly Road, Suite 108  
East Syracuse, NY 13057

Independent Auditor's 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, 2014 and 2013 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.

**Auditor's Responsibility**

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

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

Independent Auditor's Report, Cont'd

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, 2014 and 2013, 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.

*Averson & Klinetop, LLP*

Averson & Klinetop, LLP  
East Syracuse, New York  
January 29, 2015

DEWITT COMMUNITY LIBRARY ASSOCIATION, INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31,

<u>ASSETS</u>	<u>2014</u>	<u>2013</u>
<b>Current Assets</b>		
Cash and Cash Equivalents, including interest-bearing accounts--Notes A, B and H	\$ 278,461	\$ 443,801
Investments--Notes A, B and H	457,000	249,000
Prepaid expenses	9,724	8,325
TOTAL CURRENT ASSETS	<u>745,185</u>	<u>701,126</u>
<b>Other Assets</b>		
Cash and Cash Equivalents, interest bearing--Notes A, B and H	1,895,260	1,464,974
Investments--Notes A, B and H	693,000	824,000
Escrow Deposit--Note G	10,000	10,000
Pre Acquisition Development Costs--Note G	16,379	-
Furniture and equipment (less accumulated depreciation of \$173,790-2014, \$147,042-2013) --Note A	74,073	93,110
Leasehold improvements (less accumulated depreciation of \$63,857-2014, \$54,539-2013) --Notes A and F	<u>6,386</u>	<u>15,704</u>
TOTAL ASSETS	\$3,440,283 =====	\$3,108,914 =====
<b><u>LIABILITIES AND FUND BALANCES</u></b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expense	\$ 9,605	\$ 6,475
Accrued payroll	4,550	3,872
Accrued benefits payable--Notes D and E	<u>16,735</u>	<u>18,598</u>
TOTAL CURRENT LIABILITIES	<u>30,890</u>	<u>28,945</u>
<b>Net Assets</b>		
Board designated for building expenditures --Notes A, B, F and G	2,558,260	2,258,974
Undesignated	<u>811,133</u>	<u>780,995</u>
TOTAL UNRESTRICTED NET ASSETS	<u>3,369,393</u>	<u>3,039,969</u>
<b>Restricted Net Assets</b>		
Temporarily restricted for specific programs--Note A	-	-
Temporarily restricted net assets for building expansion --Notes A, F and G	<u>40,000</u>	<u>40,000</u>
TOTAL TEMPORARILY RESTRICTED NET ASSETS	<u>40,000</u>	<u>40,000</u>
TOTAL NET ASSETS	<u>3,409,393</u>	<u>3,079,969</u>
TOTAL LIABILITIES AND NET ASSETS	\$3,440,283 =====	\$3,108,914 =====

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

DEWITT COMMUNITY LIBRARY ASSOCIATION, INC.  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEAR ENDED DECEMBER 31,

2013

2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and Support						
Public Grant J-D Proposition	\$1,310,717	-	\$1,310,717	\$1,281,785	-	\$1,281,785
Other gifts and grants	20,047	5,435	25,482	22,948	1,840	24,788
Interest income	6,525	-	6,525	6,414	-	6,414
Other income	34,974	-	34,974	38,575	-	38,575
Net assets released from restrictions	5,435	(5,435)	-	3,551	(3,551)	-
Total Revenues and Support	<u>1,377,698</u>	<u>-</u>	<u>1,377,698</u>	<u>1,353,273</u>	<u>(1,711)</u>	<u>1,351,562</u>
Expenses						
Program expense	886,139	-	886,139	872,201	-	872,201
Management and administrative	151,649	-	151,649	137,267	-	137,267
Fund raising	10,486	-	10,486	10,357	-	10,357
Total Expenses	<u>1,048,274</u>	<u>-</u>	<u>1,048,274</u>	<u>1,019,825</u>	<u>-</u>	<u>1,019,825</u>
Increase (Decrease) in Net Assets	329,424	-	329,424	333,448	(1,711)	331,737
Net Assets, Beginning of Year	<u>3,039,969</u>	<u>40,000</u>	<u>3,079,969</u>	<u>2,706,521</u>	<u>41,711</u>	<u>2,748,232</u>
Net Assets, End of Year	\$3,369,393	\$ 40,000	\$3,409,393	\$3,039,969	\$ 40,000	\$3,079,969
	=====	=====	=====	=====	=====	=====

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

DEWITT COMMUNITY LIBRARY ASSOCIATION, INC.  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31,

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 329,424	\$ 331,737
Adjustments to reconcile increase in net assets to net cash used by operations		
Depreciation	36,066	39,686
Decrease (increase) in operating assets		
Prepaid expenses	(1,399)	7,992
Increase (decrease) in operating liabilities		
Accounts payable and accrued expense	3,130	897
Accrued payroll	678	766
Accrued benefits payable	(1,863)	(521)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>366,036</u>	<u>380,557</u>
CASH FLOWS FROM (FOR) INVESTING ACTIVITIES		
Acquisition of furniture, equipment and improvements	(7,711)	(14,702)
Escrow Deposit	-	(10,000)
Pre Acquisition Development Costs	(16,379)	-
Redemption of Certificates of Deposit with maturities greater than three months	2,496,000	1,751,000
Purchase of Certificates of Deposit with maturities greater than three months	<u>(2,573,000)</u>	<u>(1,468,000)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(101,090)</u>	<u>258,298</u>
INCREASE (DECREASE) IN CASH	264,946	638,855
CASH, Beginning of year	<u>1,908,775</u>	<u>1,269,920</u>
CASH, End of year	\$2,173,721 =====	\$1,908,775 =====

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

DEWITT COMMUNITY LIBRARY ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014 AND 2013

NOTE A--Summary of Significant Accounting Policies

Nature of Operations: Dewitt Community Library Association, Inc. is a nonprofit organization and 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.

The Association's principal source of funding is through the Jamesville-Dewitt School District Library Proposition. (See Note G). It is recorded as revenue in the year received.

Method 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 recommendations of the Financial Accounting Standards Board ASC 958 that provides codified authoritative accounting guidance for Not-For-Profit Entities.

The Library is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Such net asset categories are dependent on the existence and nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time purpose restrictions and are reported in the Statement of Activities as net assets released from restrictions. A description of the net asset categories is summarized below under Other Assets and Restricted Activity.

Use of Estimates in the Preparation of Financial Statements: Management of the organization uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that management uses.

Cash and Cash Equivalents: Cash and cash equivalents reported in the statement of cash flows represent operating and interest bearing savings accounts or certificates of deposit with an original maturity of three months or less. Such cash includes assets that are temporarily restricted or have been Board designated for specific purposes or long term projects if the cash also has a maturity of three months or less (See Note B).

Library Books: 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  
 YEAR ENDED DECEMBER 31, 2014 AND 2013

Fixed Assets: Furniture and equipment are stated at cost, less accumulated depreciation. Depreciation is provided using the straight-line method based on the estimated useful lives (3 to 15 years) of the assets. Depreciation expense of \$36,066 and \$39,686 has been recorded for 2014 and 2013, respectively.

Other Assets: The Board of Trustees has continued to set aside certain funds for potential major capital acquisitions. Such funds are called Board Designated Funds and although not legally restricted, are internally intended for designated purposes. The Board through its budget process has allocated Library Proposition receipts to be set aside for building related expenses. The Board also approved use of certain of these funds for building related expenditures and special needs. The Board periodically votes to release earnings from these funds for operations but otherwise the earnings remain with the designated funds. The activity of the Board Designated Fund for the years ended December 31, follows:

	<u>2014</u>	<u>2013</u>
January 1,	\$2,258,974	\$1,960,595
Budgeted Allocation	331,986	305,940
Board Approved Expenditures	(16,829)	(8,108)
Net Earnings Retained (Distr'd)	<u>(15,871)</u>	<u>547</u>
December 31,	<u>\$2,558,260</u>	<u>\$2,258,974</u>
	=====	=====

Restricted Activity: A restricted bequest of \$40,000 was received in 2009 to be used toward "the expansion of library facilities". This contribution is included in Temporarily Restricted Net Assets. At December 31, 2014 or 2013, there are no receipts still temporarily restricted for program activities.

Functional Allocation of Expenses: The costs of providing the various programs and 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 1,400 and 1,600 hours of service in 2014 and 2013, respectively, and the Library would have had to pay clerks approximately \$11,000 and \$13,000 in 2014 and 2013, respectively, if volunteers were not available.

Note B-Cash and Investments Held

As described in Note A (Cash and Equivalents), current cash funds in excess of immediate needs are invested in savings accounts and short term (three month or less) certificates that bear interest at low (under 1%) rates of interest.

DEWITT COMMUNITY LIBRARY ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014 AND 2013

As described in Note A (Other Assets), the Board has designated assets to be set aside for future building expansion needs. Savings accounts and short term certificates are treated as cash equivalents when original maturities are three months or less. At December 31, 2014 several investments in 6 and 9 month certificates were held with maturities ranging from February to August, 2014.

The market value of certificates approximates cost. The Library intends to hold all certificates to maturity and the certificates are recorded at cost.

NOTE C--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.

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, 2014 or 2013. 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 2011 and beyond remain subject to examination by the Internal Revenue Service.

NOTE D--Retirement Plan

The Library has a retirement plan covering eligible employees with over 1,000 hours of service whereby the Library contributes 5% of eligible wages. Contributions for 2014 and 2013 amounted to \$ 22,965 and \$20,759, respectively. The Library has adopted a TIAA-CREF prototype plan that additionally permits employee contributions through payroll reduction.

NOTE E--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 F--Leases

The Library occupies a facility under a lease agreement, as modified in September, 2014, that extended the lease to July, 2016. The lease has been modified several times since 1975, and currently calls for the landlord to charge for rent plus utilities. Rent currently is \$61,260 for 2012 - 2015, and \$35,735 for 2016 through July. After July, 2016 the Library may renegotiate for month to month rent.

DEWITT COMMUNITY LIBRARY ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014 AND 2013

To the extent that the lease expires July, 2016, the Library Board continues to evaluate options for a long term permanent location for the Library facility.

NOTE G--Commitments and Contingencies

In December, 2013, the Library made a refundable escrow deposit of \$10,000 related to a purchase offer on property that is a potential building site for the Library. The offer is contingent on the results of various reports and studies and in 2014 was amended to extend the offer through June 11, 2015. The Board's facilities committee has been proceeding with each phase of the evaluation process, requiring full Board approval for each additional expenditure. The Library has recorded such expenditures as pre-acquisition development costs in the statement of financial position, until this building site is acquired or abandoned.

In December, 2014, the Library contracted with an architectural firm to develop a building plan for the site at a cost not to exceed \$411,355. The Library may cancel the contract after various phases, one of which is the pre-design plan phase (including Town planning board meetings) costing \$137,500. The Town's approval of the site for construction of a new library building is contingent upon an acceptable plan to the Town Board, along with other environmental impact issues.

The Library obtains the majority of its funding from a tax levy approved by the voters of the Jamesville-Dewitt Central School District and collected by the School District. In April, 2012, an action was brought by a petitioner in the District to halt the Library from seeking and collecting funds through the voting and School District tax collection process. In May, 2012, the New York Commissioner of Education denied petitioner's request as it related to the 2012 budget vote. Legal counsel was hired and has advised the Library that, based on the prior decisions of the New York Commissioner of Education, the Library's defenses are meritorious. Nonetheless, as of the date the statements are available to be issued, no determination has been forthcoming from the Commissioner's office on the resolution of this matter. To date, the Library has incurred legal fees of \$26,731 - 2012 and \$1,333 - 2013, and should the petitioner further appeal any decision favorable to the Library, additional legal expenses may be incurred.

The Library has a bank line of credit for \$50,000 bearing interest at prime + 1.0% (4.25% at December 31, 2014). The Library did not borrow against the line of credit in either 2014 or 2013.

DEWITT COMMUNITY LIBRARY ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014 AND 2013

NOTE H--Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

At December 31, 2014 the Library had a balance in one financial institution (brokerage) of approximately \$3.262 million. The Library's Treasurer monitors deposits that may at times exceed amounts covered by FDIC or SIPC and directs the brokerage to purchase products with other financial institutions to minimize credit risk. At December 31, 2014, the composition of the deposits held at the brokerage in certificates of deposit was spread among FDIC protected financial institutions such that substantially all deposits were FDIC protected, except for three banks where CDs exceeded FDIC limits. Management believes there is no significant risk with respect to such deposits.

NOTE I--Subsequent Events

Management has evaluated subsequent events through January 29, 2015, the date the financial statements were available to be issued.

Averson & Klinetop, LLP  
Certified Public Accountants  
6320 Fly Road, Suite 108  
East Syracuse, NY 13202

Independent Auditor's Report on  
Supplementary Information

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

We have audited the financial statements of Dewitt Community Library Association, Inc. as of and for the years ended December 31, 2014 and 2013, and have issued our report thereon dated January 29, 2015, which contained an unmodified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses on page 11 is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Averson & Klinetop, LLP*

Averson & Klinetop, LLP  
East Syracuse, New York  
January 29, 2015

DEWITT COMMUNITY LIBRARY ASSOCIATION, INC.  
 SCHEDULE OF FUNCTIONAL EXPENSES  
 YEAR ENDED DECEMBER 31, 2014, WITH COMPARATIVE TOTALS FOR 2013

	<u>SUPPORT SERVICES</u>			<u>2014</u>	<u>2013</u>
	<u>Program</u>	<u>Management &amp;</u>	<u>Fund</u>	<u>Total</u>	<u>Total</u>
	<u>Services</u>	<u>Administrative</u>	<u>Raising</u>		
Payroll					
Librarians	\$ 203,168	\$ 80,066	\$ 2,164	\$ 285,398	275,471
Support Staff	226,889	19,956	4,435	251,280	247,039
Payroll Service	-	1,769	-	1,769	1,630
FICA	31,389	7,137	465	38,991	37,567
Health Insurance	15,615	5,160	390	21,165	18,468
Retirement	17,635	5,001	329	22,965	20,759
Insurance	10,104	2,350	155	12,609	11,804
Telephone	3,148	732	48	3,928	3,725
Utilities	34,174	697	-	34,871	27,163
Rent Paid	60,046	1,224	-	61,270	61,270
Custodial	30,215	617	-	30,832	32,141
Postage	588	137	1,686	2,411	3,334
Supplies	5,563	8,763	814	15,140	14,759
Collection Expense	-	761	-	761	847
Books	74,643	-	-	74,643	78,138
Electronic Resources	20,212	-	-	20,212	10,288
Periodicals	7,205	-	-	7,205	6,828
Audios & CDs	14,711	-	-	14,711	17,715
Videos & DVDs	33,688	-	-	33,688	30,325
Computer Library System	26,419	-	-	26,419	25,901
Projects	10,955	-	-	10,955	7,444
Conference	2,872	979	-	3,851	3,087
Miscellaneous	1,113	1,876	-	2,989	1,871
Public Relations	2,814	-	-	2,814	3,335
Repairs & Maintenance	12,692	1,116	-	13,808	14,674
Computer & Support	3,901	907	-	4,808	5,476
Bank Charges	-	890	-	890	907
Depreciation	35,380	686	-	36,066	39,686
Audit Fee	-	10,000	-	10,000	10,000
Consulting Fees	1,000	375	-	1,375	6,840
Legal Fees	-	450	-	450	1,333
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total	\$ 886,139	\$ 151,649	\$ 10,486	\$1,048,274	1,019,825
	=====	=====	=====	=====	=====

See independent auditors' report on supplementary information.