

**AUDITED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

**DEWITT COMMUNITY LIBRARY ASSOCIATION, INC.**

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

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

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

In planning and performing our audit of the financial statements for the year ended December 31, 2013, we considered Dewitt Community Library Association, Inc.'s internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit, we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. This letter does not affect our report dated February 25, 2014 on the financial statements.

We will review the status of these comments during our next audit engagement. We have already discussed these comments with Library personnel, and we will be pleased to discuss these comments in further detail at your convenience. Our comments are summarized on the following page.

We wish to thank the Director, the Library staff and Treasurer for their support and assistance during our audit.

This report is intended solely for the information and use of the Board of Trustees, and others within the organization.

*Averson & Klinetop, LLP*

Averson & Klinetop, LLP  
East Syracuse, New York  
February 25, 2014

Vacation accruals were carried over in amounts greater than the normal handbook carryover limit due to staff turnover and staffing constraints at the end of the year. Efforts should be made to have all staff with excess carryover time schedule to take this carryover time so there is not a build up of vacation time owed. Additionally, the handbook does not make it clear that a part time employee who qualifies for vacation time but does not work 70 hours per pay period, is entitled to any less a carryover than a full time employee. The policy should be amended to reflect a prorated carryover for part time employees.

The New York Nonprofit Revitalization Act requires that a nonprofit organization to have oversight of financial audits and conflict of interest policies, both of which the Library had in place at December 31, 2013. It also requires that a nonprofit with 20 or more employees and annual revenue over \$1 million must adopt specific whistleblower policies for reporting illegal or fraudulent activity. The Act is effective July 1, 2014.

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, 2013 and 2012 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.

Independent Auditors' 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, 2013 and 2012, 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  
February 25, 2014

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

	<u>2013</u>	<u>2012</u>
<b><u>ASSETS</u></b>		
Current Assets		
Cash and Cash Equivalents, including interest-bearing accounts--Notes A, B and H	\$ 443,801	\$ 205,325
Investments--Notes A, B and H	249,000	420,000
Prepaid expenses	8,325	16,317
TOTAL CURRENT ASSETS	<u>701,126</u>	<u>641,642</u>
Other Assets		
Cash and Cash Equivalents, interest bearing--Notes A, B and H	1,464,974	1,064,595
Investments--Notes A, B and H	824,000	936,000
Escrow Deposit	10,000	-
Furniture and equipment (less accumulated depreciation of \$147,042-2013, \$156,999-2012) --Note A	93,110	108,776
Leasehold improvements (less accumulated depreciation of \$54,539-2013, \$45,221-2012) --Notes A and F	<u>15,704</u>	<u>25,022</u>
TOTAL ASSETS	<u>\$3,108,914</u> =====	<u>\$2,776,035</u> =====
<b><u>LIABILITIES AND FUND BALANCES</u></b>		
Current Liabilities		
Accounts payable and accrued expense	\$ 6,475	\$ 5,578
Accrued payroll	3,872	3,106
Accrued benefits payable--Notes D and E	<u>18,598</u>	<u>19,119</u>
TOTAL CURRENT LIABILITIES	<u>28,945</u>	<u>27,803</u>
Net Assets		
Board designated for building expenditures --Notes A, B and F	2,258,974	1,960,595
Undesignated	<u>780,995</u>	<u>745,926</u>
TOTAL UNRESTRICTED NET ASSETS	<u>3,039,969</u>	<u>2,706,521</u>
Restricted Net Assets		
Temporarily restricted for specific programs--Note A	-	1,711
Temporarily restricted net assets for building expansion --Notes A and F	<u>40,000</u>	<u>40,000</u>
TOTAL TEMPORARILY RESTRICTED NET ASSETS	<u>40,000</u>	<u>41,711</u>
TOTAL NET ASSETS	<u>3,079,969</u>	<u>2,748,232</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$3,108,914</u> =====	<u>\$2,776,035</u> =====

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		2012		
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	Total
Revenues and Support					
Public grant J-D Proposition	\$1,281,785	-	\$1,281,785	-	\$1,256,652
Other gifts and grants	22,948	1,840	24,788	2,810	24,260
Interest income	6,414	-	6,414	-	2,840
Other income	38,575	-	38,575	-	51,312
Net assets released from restrictions	3,551	(3,551)	-	(1,810)	-
Total Revenues and Support	1,353,273	(1,711)	1,351,562	1,000	1,335,064
Expenses					
Program expense	872,201	-	872,201	-	871,354
Management and administrative	137,267	-	137,267	-	153,754
Fund raising	10,357	-	10,357	-	12,553
Total Expenses	1,019,825	-	1,019,825	-	1,037,661
Increase (Decrease) in Net Assets	333,448	(1,711)	331,737	1,000	297,403
Net Assets, Beginning of Year	2,706,521	41,711	2,748,232	40,711	2,450,829
Net Assets, End of Year	\$3,039,969	\$ 40,000	\$3,079,969	\$ 41,711	\$2,748,232

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>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES	\$ 331,737	\$ 297,403
Increase (decrease) in net assets		
Adjustments to reconcile increase in net assets to net cash used by operations	39,686	36,145
Depreciation		
Decrease (increase) in operating assets	7,992	1,482
Prepaid expenses		
Increase (decrease) in operating liabilities	897	(6,889)
Accounts payable and accrued expense	766	(15,017)
Accrued payroll	(521)	7,578
Accrued benefits payable	<u>380,557</u>	<u>320,702</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM (FOR) INVESTING ACTIVITIES	(14,702)	(22,896)
Acquisition of furniture, equipment and improvements	(10,000)	-
Escrow Deposit		
Redemption of Certificates of Deposit with maturities greater than three months	1,751,000	248,000
Purchase of Certificates of Deposit with maturities greater than three months	<u>(1,468,000)</u>	<u>(1,356,000)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>258,298</u>	<u>(1,130,896)</u>
INCREASE (DECREASE) IN CASH	638,855	(810,194)
CASH, Beginning of year	<u>1,269,920</u>	<u>2,080,114</u>
CASH, End of year	\$1,908,775 =====	\$1,269,920 =====

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

DEWITT COMMUNITY LIBRARY ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013 AND 2012

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, 2013 AND 2012

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 \$39,686 and \$36,145 has been recorded for 2013 and 2012, 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>2013</u>	<u>2012</u>
January 1,	\$1,960,595	\$1,667,551
Budgeted Allocation	305,940	318,290
Board Approved Expenditures	(8,108)	(27,807)
Net Earnings Retained	<u>547</u>	<u>2,561</u>
December 31,	<u>\$2,258,974</u>	<u>\$1,960,595</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. Designated gifts for specific library activities from the 2010 annual appeal of \$711 and a restricted gift of \$1,000 received December, 2012 were carried over and spent in 2013. At December 31, 2013 there are no receipts still temporarily restricted for 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 over 1,600 and 2,000 hours of service in 2013 and 2012, respectively and the Library would have had to pay clerks approximately \$13,000 and \$15,000 in 2013 and 2012, respectively if volunteers were not available.

Donated Items-Event: Included in Other Income in 2012 are proceeds from an event and fundraiser auction. Sponsors donated \$1,650 and an additional \$3,070 was raised through ticket sales and auctioned materials. The expenses of \$2,229 associated with the event are included in fundraising expense. Donors of merchandise estimated their goods and services to be valued at approximately \$4,000 retail. No

DEWITT COMMUNITY LIBRARY ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013 AND 2012

value was placed by the Library in these financial statements for the donated items. No event took place in 2013.

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.

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, 2013 several investments in 6 month certificates were held with maturities through February or March, 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, 2013 or 2012. 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 2009 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 2013 and 2012 amounted to \$20,759 and \$22,155, 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.

DEWITT COMMUNITY LIBRARY ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013 AND 2012

NOTE F--Leases

The Library occupies a facility under a lease agreement expiring July, 2015. Through September, 2010 rent was being charged at a rate of \$61,770 per year plus utilities. At October 1, 2010 the lease was modified to a monthly rent of \$5,105 as a result of an agreement that the Library would maintain a HEVAC component for its space. Rents under the current lease are \$61,260 for 2012 - 2014, and \$35,735 for 2015 through July.

To the extent that the lease expires July, 2015, 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. The Board's facilities committee will be proceeding with each phase of the evaluation process, requiring full Board approval for each such expenditure. No material commitments have been made through the release date of the statement.

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, 2013). The Library did not borrow against the line of credit in either 2013 or 2012.

DEWITT COMMUNITY LIBRARY ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013 AND 2012

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

At December 31, 2013 the Library had a balance in one financial institution (brokerage) of approximately \$2.921 million. The Library's Treasurer monitors deposits that may at times exceed amounts covered by FDIC or SPIC and directs the brokerage to purchase products with other financial institutions to minimize credit risk. At December 31, 2013, the composition of the deposits held at the brokerage was spread among FDIC protected financial institutions such that substantially all deposits were FDIC protected.

NOTE I--Subsequent Events

Management has evaluated subsequent events through February 25, 2014, 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 Auditors' 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, 2013 and 2012, and have issued our report thereon dated February 25, 2014, 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 10 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  
February 25, 2014

**DEWITT COMMUNITY LIBRARY ASSOCIATION, INC.**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2013, WITH COMPARATIVE TOTALS FOR 2012**

	<u>SUPPORT SERVICES</u>			<u>2013</u>	<u>2012</u>
	<u>Program</u> <u>Services</u>	<u>Management &amp;</u> <u>Administrative</u>	<u>Fund</u> <u>Raising</u>	<u>Total</u>	<u>Total</u>
Payroll					
Librarians	\$ 207,079	\$ 66,287	\$ 2,105	\$ 275,471	281,750
Support Staff	223,300	19,423	4,316	247,039	241,638
Payroll Service	-	1,630	-	1,630	1,865
Audit Fee	-	10,000	-	10,000	10,000
FICA	31,105	6,016	446	37,567	38,486
Health Insurance	14,592	3,538	338	18,468	18,495
Retirement	16,397	4,041	321	20,759	22,155
Insurance	9,723	1,936	145	11,804	11,169
Telephone	3,068	611	46	3,725	3,635
Utilities	26,620	543	-	27,163	41,370
Rent Paid	60,046	1,224	-	61,270	61,270
Custodial	31,498	643	-	32,141	32,082
Postage	1,445	288	1,601	3,334	3,092
Supplies	5,612	8,131	1,016	14,759	12,467
Collection Expense	-	847	-	847	680
Books	78,138	-	-	78,138	72,036
Electronic Resources	10,288	-	-	10,288	9,966
Periodicals	6,828	-	-	6,828	6,910
Audios & CDs	17,715	-	-	17,715	20,584
Videos & DVDs	30,325	-	-	30,325	29,286
Computer Library System	25,901	-	-	25,901	20,935
Projects	7,444	-	-	7,444	6,676
Conference	2,937	150	-	3,087	3,183
Miscellaneous	1,541	307	23	1,871	1,360
Public Relations	3,335	-	-	3,335	5,191
Repairs & Maintenance	13,797	877	-	14,674	12,273
Computer & Support	4,510	966	-	5,476	4,796
Bank Charges	-	907	-	907	1,075
Depreciation	38,892	794	-	39,686	36,145
Consulting Fees	65	6,775	-	6,840	360
Legal Fees	-	1,333	-	1,333	26,731
<b>Total</b>	<u>\$ 872,201</u>	<u>\$ 137,267</u>	<u>\$ 10,357</u>	<u>\$1,019,825</u>	<u>1,037,661</u>

See independent auditors' report on supplementary information.  
-11-