



# **FAYETTEVILLE FREE LIBRARY**

## **FINANCIAL STATEMENTS**

**June 30, 2021**

**FAYETTEVILLE FREE LIBRARY**

**June 30, 2021**

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Fayetteville Free Library  
Fayetteville, New York

We have audited the accompanying financial statements of Fayetteville Free Library, which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, 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.

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 Fayetteville Free Library as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Grossman St Amant CPAs*

Syracuse, New York  
November 11, 2021

**FAYETTEVILLE FREE LIBRARY**

**Statements of Financial Position**

**ASSETS**

	June 30,	
	2021	2020
<b>Current assets:</b>		
Cash and cash equivalents	\$ 1,070,169	695,221
Accounts Receivable	110,872	84,249
Inventory	1,990	3,295
Prepaid and Other Assets	29,391	26,167
Total current assets	1,212,422	808,932
<b>Property and equipment, net</b>	1,444,758	1,557,418
	\$ 2,657,180	\$ 2,366,350

**LIABILITIES AND NET ASSETS**

<b>Current liabilities:</b>		
Accounts payable	\$ 133,929	\$ 78,348
Current portion of mortgage note payable	52,721	26,954
Current portion of capital lease obligations	6,936	27,166
Accrued expenses	33,420	30,595
Total current liabilities	227,006	163,063
<b>Long-term Liabilities:</b>		
Capital lease obligation, net of current portion	9,102	16,038
Mortgage note payable, net of current portion	537,857	296,356
Total long-term liabilities	546,959	312,394
Total liabilities	773,965	475,457
<b>Net assets:</b>		
Net assets without donor restrictions	1,683,215	1,890,893
Net assets without donor restrictions - board restricted	200,000	-
Total net assets	1,883,215	1,890,893
	\$ 2,657,180	\$ 2,366,350

The accompanying notes are an integral part of these financial statements

**FAYETTEVILLE FREE LIBRARY**

**Statements of Activities**

	For the year ended June 30th,	
	2021	2020
<b>Changes in net assets without donor restrictions:</b>		
<b>Revenue and support:</b>		
Tax levies	\$ 1,894,382	\$ 1,859,060
Grant revenues	2,955	3,034
Contributions and sponsorship	40,573	18,500
Donated furniture and equipment	4,104	-
Library fines and fees	3,448	28,066
Investment income	2,957	12,326
Cafe revenue	705	30,795
Total revenue and support without donor restrictions	<b>1,949,124</b>	1,951,781
<b>Expenses:</b>		
Payroll - librarians	470,797	561,279
Payroll - support staff	392,584	415,712
Payroll taxes	78,385	76,060
Other employee benefits	59,043	54,684
Programs and materials	202,279	200,750
Information technology	74,143	65,291
Cafe expense	3,423	16,162
Building and grounds	466,277	288,264
Interest and professional fees	40,232	48,840
Administrative	18,282	12,442
Depreciation and amortization	151,357	166,593
Total expenses	<b>1,956,802</b>	1,906,077
<b>(Decrease) increase in net assets without donor restrictions</b>	<b>(7,678)</b>	45,704
Net assets at beginning of year	<b>1,890,893</b>	1,845,189
<b>Net assets at end of year</b>	<b>\$ 1,883,215</b>	\$ 1,890,893

The accompanying notes are an integral part of these financial statements

**FAYETTEVILLE FREE LIBRARY**

**Statements of Cash Flows**

	<b>For the Year Ended June 30th,</b>	
	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (7,678)	\$ 45,704
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	151,357	166,593
Changes in:		
Accounts receivable	(26,623)	(84,224)
Inventory	1,305	391
Prepaid expenses	(3,224)	(21,140)
Accounts payable, accrued expenses and other liabilities	58,406	12,430
Net cash provided by operating activities	<u>173,543</u>	<u>119,754</u>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	<u>(38,697)</u>	<u>-</u>
<b>Cash flows from financing activities:</b>		
Principal payments on mortgages	(26,954)	(53,893)
Proceeds from second mortgage	300,000	-
Principal payments on second mortgage	(5,778)	-
Payments on capital leases	(27,166)	(40,544)
Net cash provided (used) by financing activities	<u>240,102</u>	<u>(94,437)</u>
Net increase in cash	374,948	25,317
Cash and cash equivalents at beginning of year	<u>695,221</u>	<u>669,904</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 1,070,169</u>	<u>\$ 695,221</u>
<b>Supplemental disclosures of cash flow information:</b>		
Cash paid during the year for interest	<u>\$ 17,772</u>	<u>\$ 17,205</u>

The accompanying notes are an integral part of these financial statements

# FAYETTEVILLE FREE LIBRARY

## Notes to Financial Statements

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### 1. Organization and Significant Accounting Policies

#### Organization

Fayetteville Free Library (the Library) is a member of the Onondaga County Public Library System. The Library is chartered by the New York State Education Department (NYSED) as a Free Association Library. As such, the Library is governed by the Association, which encompasses the community within its charter to serve areas as determined by NYSED. The Library is free from governance or the authority of any village, town, county, or state body or organization. Its purpose is to provide library services to the Village of Fayetteville, New York and surrounding community. The Library is a tax-exempt corporation under Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization, which is not a private foundation under Section 509(a) of the Internal Revenue Code.

#### Classification of Net Assets

The net assets have been classified as without donor restriction or with donor restriction based on the existence and/or nature of any donor imposed restrictions. When the donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with restrictions are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from donor restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as contributions and net assets without restriction.

#### Liquidity

As part of the Library's management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Library invests cash in excess of daily requirements whenever possible.

#### Availability of Resources

At June 30, 2021, the Library has \$1,181,041 of financial assets available within 1 year of the balance sheet date to meet cash needs for general expenditures consisting of cash and cash equivalents and other current assets. None of the financial assets are subject to contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

#### Cash and Cash Equivalents

The Library considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash equivalents were \$1,070,169 and 695,221, for the year ended June 30, 2021 and 2020, respectively.



## FAYETTEVILLE FREE LIBRARY

### Notes to Financial Statements

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#### 1. Organization and Significant Accounting Policies (continued)

##### Property and Equipment

Property and equipment is recorded at cost if purchased, or if donated, fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from 3 to 40 years. When property is retired or otherwise disposed of, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is recorded in the Statement of Activities. The Library capitalizes all significant items purchased with a useful life greater than two years, and improvements that increase the useful life of existing property and equipment.

##### Programs and Materials

Library materials, including books, compact disks, digital video disks, and other materials are expensed as acquired.

##### Capital Leases

The assets and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are depreciated over the lesser of their related lease terms or their estimated useful lives. Depreciation of assets under capital leases is included in depreciation expense.

The Library currently applies the accounting principles of ASC 840, Leases. ASC 840 was superseded by ASU No. 2016-02, Leases (Topic 842) and will become applicable to the Library for fiscal year beginning July 1, 2021. The Library will be required to recognize a right-of-use asset and a lease liability of outstanding capital leases in accordance with Topic 842.

##### Revenue Recognition

The Organization has adopted FASB ASU 2014-09, Revenue from Contracts with Customers. This ASU requires the recognition of revenue related to the transfer of goods or services to customers in an amount that reflects the consideration to which the Organization expects to be entitled to in exchange for those goods or services, as well as additional qualitative and quantitative disclosures about revenues. The Organization's significant revenue streams are as follows:

The School District Library Proposition applies to a July 1 to June 30 fiscal year, and is received in October of each year. When received, Proposition revenue is recognized on a straight-line over the fiscal year that the Proposition relates to. Voters approved the year ending June 30, 2022 proposition totaling \$1,922,798 on May 18, 2021.

# FAYETTEVILLE FREE LIBRARY

## Notes to Financial Statements

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### 1. **Organization and Significant Accounting Policies** (continued)

#### **Revenue Recognition** (continued)

The Library records contributions as revenues when received. Contributions are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills are recorded at their fair values in the period received.

#### **Functional Allocation of Expenses**

The costs of providing the various programs have been summarized on a functional basis in the statement of functional expenses. Certain costs have been allocated among the programs benefited, based on management's estimates of time spent, occupancy, or usage. Costs specifically identified to a program are charged directly to that program.

#### **Retirement Plans**

The Library maintains a Section 403(b) deferred compensation retirement plan, which covers all eligible employees. The Library contributes 2% of a participant's eligible wages per year to the plan. Retirement plan expense was \$17,799 and \$16,882 for the year ended June 30, 2021 and 2020, respectively.

#### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions for the reporting period and as of the financial statement date. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and the reported amounts of revenues and expenses. Actual results could differ from these estimates.

#### **Income Taxes**

The Library is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation within the meaning of Section 509(a) of the Code.

The Library evaluates all significant tax positions as required by accounting principles generally accepted in the United States of America. As of June 30, 2021, the Library does not believe it has taken any tax positions that would require the recording of any additional tax liability nor does it believe there are any unrealized tax benefits that would either increase or decrease within the next year.

The Library's information returns can be subject to examination by taxing authorities for a period of three years from the date they are filed. As of June 30, 2021, tax years ending June 30, 2018, 2019 and 2020 are subject to examination.

# FAYETTEVILLE FREE LIBRARY

## Notes to Financial Statements

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### 1. Organization and Significant Accounting Policies (continued)

#### Income Taxes (continued)

It is the Library's policy to recognize any interest and penalties as expenses in the year they are assessed.

#### Employee Retention Credit

The Employee Retention Credit under the CARES Act is a refundable tax credit equal to 70% of up to \$10,000 of qualifying wages paid by the Library. The credit was for business that were financially impacted by COVID-19. The Library recognized \$238,687 and \$84,422 from the tax credit during fiscal year 2021 and 2020, respectively, which is reflected as a reduction of employee payroll expenses in the statement of activities.

### 2. Mortgage Payable

The Library has two mortgage note payables from M&T Bank, secured by the property located at 300 Orchard Street, Fayetteville, New York. The Library obtained a fixed monthly payment of \$3,429 and matures March 1, 2030, with a current interest at 4.5% per annum. Additionally, the Library obtained a fixed monthly payment of \$3,119 and matures March 1, 2031, with a current interest at 4.5% per annum. Future principal payments are summarized as follows:

2022	52,721
2023	55,177
2024	57,691
2025	60,435
2026	63,251
thereafter	<u>301,303</u>
Less: current portion	<u>(52,721)</u>
	<u>\$ 537,857</u>

The building was purchased subject to the exclusive use, through an easement agreement, of the building's upper floor (the "Reserved Area") to operate the Stickley Museum, a private furniture museum. The Stickley Museum is not affiliated with the Library and is independently operated. No financial activities of the Stickley Museum are reflected in these financial statements, although the Stickley Company, which operates the museum, has a donation agreement with the Library as further described in Note 5.

### 3. Capital Lease Obligations

The Library has equipment under a lease agreement that is considered to be a capital lease. The Library reviews each of its lease agreements to determine whether or not such leases are properly classified either as an operating or capital lease. The Library has two leases as of June 30, 2021 considered capital leases.

**FAYETTEVILLE FREE LIBRARY**

**Notes to Financial Statements**

**3. Capital Lease Obligations (continued)**

The Library currently applies the accounting principles of ASC 840, Leases. ASC 840 was superseded by ASU No. 2016-02, Leases (Topic 842) and will become applicable to the Library for fiscal year beginning July 1, 2021. The Library will be required to recognize a right-of-use asset and a lease liability for operating leases in accordance with Topic 842. Future minimum lease payments on these capital leases are:

	2022	6,936
	2023	6,936
	2024	3,645
	2025	-
	2026	-
	thereafter	-
Less: interest		<u>(1,479)</u>
		<u>\$ 16,038</u>

**4. Property and Equipment**

Property and equipment consisted of the following at June 30:

	<b>2021</b>	<b>2020</b>
Land	\$ 90,000	\$ 90,000
Building	797,522	797,522
Loan acquisition costs	-	13,117
Capitalized interest	-	31,839
Building improvements	2,035,489	1,996,793
Furniture & equipment under capital leases	<u>134,972</u>	<u>134,972</u>
	3,057,983	3,064,243
Less: Accumulated depreciation and amortization	<u>(1,613,225)</u>	<u>(1,506,825)</u>
	<u>\$ 1,444,758</u>	<u>\$ 1,557,418</u>

The following is an analysis of the leased equipment, under capital leases, as included within property and equipment:

<b>Description</b>	<b>2021</b>	<b>2020</b>
HP Computers	\$ 104,261	\$ 104,261
Canon Copier	17,985	17,985
Canon Patron Copier	<u>12,726</u>	<u>12,726</u>
	134,972	134,972
Less: accumulated depreciation	<u>(120,778)</u>	<u>(94,364)</u>
	<u>\$ 14,194</u>	<u>\$ 40,608</u>

## FAYETTEVILLE FREE LIBRARY

### Notes to Financial Statements

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#### 5. Building Arrangement

**A) Purchase option:** The Library exercised its option to purchase (under a former lease arrangement) its building from Ace, Inc. (the former Fayetteville Stickley Factory) in 2002 for which two mortgages with a financing institution exists totaling \$590,578 as of June 30, 2021. The purchase agreement required the library to enter into an operation and easement agreement allowing the Ace, Inc. the perpetual right to the exclusive use and occupancy of the upper-most floor (the "reserved area") throughout the building to be solely used for (1) operation of a museum with storage and display of museum quality furniture; (2) sales incidental to said museum operation; (3) storage of furniture, artifacts and records related to said museum operation; and (4) private receptions and meetings and for no other purposes.

**B) Donation agreement:** The operation and easement agreement requires the Library to maintain and pay for all utilities and maintenance of the reserved area (which is being operated as the Stickley Museum, a private furniture museum). In connection with the operation and easement agreement, a donation agreement was entered into between the Stickley Company and the Library in consideration of the additional expense the Library may incur in connection with the maintenance and utilities associated with the use and occupancy of the reserved area. The Library estimates the operating costs for the Reserved Area was approximately \$7,900 based on an allocation of costs associated with the use of such Reserved Area. No rental agreement was entered into by the Library and Stickley Company. In 2012, the Library and Stickley Company reached an agreement of an annual \$10,000 in kind contribution of furniture with no fundraiser requirement. The annual in kind contributions required by this donation agreement shall cease when Stickley Company or its successors shall no longer use and occupy the Reserved Area. The Stickley Company donated furniture and equipment totaling \$4,104 and \$0 for the year ended June 30, 2021 and 2020 respectively, in accordance with the donation agreement.

#### 6. Concentrations

The Library receives a substantial amount of its support from appropriations voted upon in a local taxing district. Under New York State law, an annual appropriation shall be levied and collected yearly until a vote changes such appropriation. Total support from appropriations was \$1,894,382 and \$1,859,060 for the year ended June 30, 2021 and 2020, respectively. This represents approximately 97% and 95% of total support and revenues for the years ended June 30, 2021 and 2020, respectively.

#### 7. Risks and Uncertainties

In March 2020, the World Health Organization categorized Coronavirus Disease 2019 ("COVID-19") as a pandemic, and the President of the United States declared the COVID-19 outbreak a national emergency. The spread of this virus globally in 2020 and 2021 has caused business disruption domestically in the United States, the area in which the Organizations operate. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of this pandemic.

## FAYETTEVILLE FREE LIBRARY

### Notes to Financial Statements

#### 8. Subsequent Events

The Organizations have evaluated subsequent events through November 11, 2021, which is the date the financial statements were available to be issued. There were no material subsequent events that require recognition or additional disclosures in the combined financial statements.

#### 9. Functional Expenses

A summary of expenses by function for the year ended June 30, 2021 with summarized, comparative information for the year ended June 30, 2020 is as follows:

	Year Ended June 30, 2021			Year Ended June 30, 2020
	Program	Management and General	Total	Total
Payroll - librarians	\$ 338,974	\$ 131,823	\$ 470,797	\$ 561,279
Payroll - support staff	266,957	125,627	392,584	\$ 415,712
Payroll taxes	54,869	23,516	78,385	\$ 76,060
Other employee benefits	59,043	-	59,043	\$ 54,684
Programs and materials	202,279	-	202,279	\$ 200,750
Information technology	74,143	-	74,143	\$ 65,291
Cafe expense	3,423	-	3,423	\$ 16,162
Building and grounds	466,277	-	466,277	\$ 288,264
Interest and professional fees	14,081	26,151	40,232	\$ 48,840
Administrative	6,399	11,883	18,282	\$ 12,442
Depreciation and amortization	151,357	-	151,357	\$ 166,593
	\$ 1,637,802	\$ 319,000	\$ 1,956,802	\$ 1,906,077

The Library reports its expenses in three categories (1) program, (2) management and general and (3) fundraising. Program service expenses include direct and indirect costs related to the Library's programs and operations. Management and General relate to the overall direction of the Library and include expenses for activities such as business management and general recordkeeping. Fundraising expenses are costs that constitute an appeal for financial support, which would include costs to induce others to contribute money, time, and materials. Certain costs have been allocated among the different categories based on management's estimate of time spent, occupancy, or usage.