



FAYETTEVILLE FREE LIBRARY

FINANCIAL STATEMENTS

June 30, 2024

FAYETTEVILLE FREE LIBRARY

June 30, 2024

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CERTIFIED PUBLIC ACCOUNTANTS PLLC

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Fayetteville Free Library
Fayetteville, New York

Opinion

We have audited the financial statements of Fayetteville Free Library, which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Fayetteville Free Library as of June 30, 2024 and 2023, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Fayetteville Free Library and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Fayetteville Free Library's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Fayetteville Free Library's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Fayetteville Free Library's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Syracuse, New York
September 10, 2024

FAYETTEVILLE FREE LIBRARY

Statements of Financial Position

| ASSETS | | June 30, | |
|--|--------------|--------------|--|
| | 2024 | 2023 | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 1,122,665 | 1,119,169 | |
| Accounts Receivable | 110,872 | 120,336 | |
| Prepaid and Other Assets | 676 | 38,014 | |
| Investments, at cost | 1,264,150 | 1,194,547 | |
| Total current assets | 2,498,363 | 2,472,066 | |
| Property and equipment, net | 1,031,375 | 1,163,686 | |
| Financing leases - right of use assets | 27,912 | 36,499 | |
| | \$ 3,557,650 | \$ 3,672,251 | |
| LIABILITIES AND NET ASSETS | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 77,536 | \$ 166,209 | |
| Current portion of mortgage note payable | 57,691 | 57,691 | |
| Current portion of finance lease obligations | 8,307 | 8,307 | |
| Accrued expenses | 60,920 | 53,232 | |
| Deferred Revenue | 4,100 | 5,550 | |
| Total current liabilities | 208,554 | 290,989 | |
| Long-term Liabilities: | | | |
| Finance lease obligation, net of current portion | 20,873 | 29,180 | |
| Mortgage note payable, net of current portion | 367,298 | 424,989 | |
| Total long-term liabilities | 388,171 | 454,169 | |
| Total liabilities | 596,725 | 745,158 | |
| Net assets: | | | |
| Net assets without donor restrictions | 1,496,775 | 1,532,545 | |
| Net assets without donor restrictions - board restricted | 1,464,150 | 1,394,548 | |
| Total net assets | 2,960,925 | 2,927,093 | |
| | \$ 3,557,650 | \$ 3,672,251 | |

The accompanying notes are an integral part of these financial statements

FAYETTEVILLE FREE LIBRARY

Statements of Activities

| | For the year ended June 30th, | |
|--|-------------------------------|---------------------|
| | 2024 | 2023 |
| Changes in net assets without donor restrictions: | | |
| Revenue and support: | | |
| Tax levies | \$ 1,995,796 | \$ 1,959,331 |
| Grant revenues | 3,258 | 3,251 |
| Contributions and sponsorship | 41,304 | 1,285,488 |
| Donated furniture and equipment | 23,211 | 17,465 |
| Program fees and other | 34,243 | 36,138 |
| Investment income | 119,413 | 6,206 |
| Total revenue and support without donor restrictions | 2,217,225 | 3,307,879 |
| Expenses: | | |
| Payroll - librarians | 610,295 | 604,858 |
| Payroll - support staff | 577,242 | 563,292 |
| Payroll taxes | 87,341 | 83,347 |
| Other employee benefits | 68,579 | 69,689 |
| Programs and materials | 254,011 | 264,230 |
| Information technology | 87,945 | 99,753 |
| Building and grounds | 281,332 | 333,599 |
| Interest and professional fees | 37,915 | 45,952 |
| Administrative | 37,835 | 33,505 |
| Depreciation and amortization | 140,898 | 139,448 |
| Total expenses | 2,183,393 | 2,237,673 |
| Increase in net assets without donor restrictions | 33,832 | 1,070,206 |
| Net assets at beginning of year | 2,927,093 | 1,856,887 |
| Net assets at end of year | \$ 2,960,925 | \$ 2,927,093 |

The accompanying notes are an integral part of these financial statements

FAYETTEVILLE FREE LIBRARY

Statements of Cash Flows

| | For the Year Ended June 30th, | |
|---|--------------------------------------|----------------------------|
| | 2024 | 2023 |
| Cash flows from operating activities: | | |
| Change in net assets | \$ 33,832 | \$ 1,070,206 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Depreciation and amortization | 140,898 | 139,448 |
| Changes in: | | |
| Accounts receivable | 9,464 | (9,464) |
| Prepaid expenses | 37,338 | (4,002) |
| Accounts payable, accrued expenses and other liabilities | (82,435) | 63,287 |
| Net cash provided by operating activities | <u>139,097</u> | <u>1,259,475</u> |
| Cash flows from investing activities: | | |
| Purchase of investments | (3,370,365) | (1,194,547) |
| Sale of Investments | 3,300,762 | - |
| Net cash used by investing activities | <u>(69,603)</u> | <u>(1,194,547)</u> |
| Cash flows from financing activities: | | |
| Principal payments on mortgages | (30,872) | (29,524) |
| Principal payments on second mortgage | (26,819) | (25,653) |
| Payments on finance leases | (8,307) | (8,118) |
| Net cash used by financing activities | <u>(65,998)</u> | <u>(63,295)</u> |
| Net increase in cash | 3,496 | 1,633 |
| Cash and cash equivalents at beginning of year | <u>1,119,169</u> | <u>1,117,536</u> |
| Cash and cash equivalents at end of year | <u>\$ 1,122,665</u> | <u>\$ 1,119,169</u> |
| Supplemental disclosures of cash flow information: | | |
| Cash paid during the year for interest | <u>\$ 20,884</u> | <u>\$ 25,855</u> |

The accompanying notes are an integral part of these financial statements

FAYETTEVILLE FREE LIBRARY

Notes to Financial Statements

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, 2023, the Library has \$2,386,815 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 \$200,000, for the year ended June 30, 2024 and 2023.

FAYETTEVILLE FREE LIBRARY

Notes to Financial Statements

1. Organization and Significant Accounting Policies (continued)

Investments

The Library accounts for investments at fair value in accordance with FASB ASC 820, Fair Value Measurement. The fair value of publicly traded fixed income and equity securities is based upon quoted market prices and exchange rates, if applicable. The net appreciation or depreciation in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation or depreciation on those investments, is recognized in the statements of activities.

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.

Finance Leases

The right of use assets are amortized over the lesser of their related lease terms or their estimated useful lives. Amortization of the right of use assets is included in depreciation expense.

Revenue Recognition

The Organization has applied FASB Topic 606, Revenue from Contracts with Customers and FASB Topic 958-605, Revenue Recognition. These topics 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 basis over the fiscal year that the Proposition relates to. Voters approved the year ending June 30, 2024 proposition totaling \$1,996,558 on May 2, 2023.

FAYETTEVILLE FREE LIBRARY

Notes to Financial Statements

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 \$21,645 and \$18,745 for the year ended June 30, 2024 and 2023, 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, 2024, 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, 2024, tax years ending June 30, 2021, 2022 and 2023 are subject to examination.

FAYETTEVILLE FREE LIBRARY

Notes to Financial Statements

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 has receivable of \$110,872 recorded within accounts receivable pertaining to the credit.

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:

| | | |
|-----------------------|----|-------------------|
| 2025 | \$ | 60,435 |
| 2026 | | 63,251 |
| 2027 | | 66,199 |
| 2028 | | 69,259 |
| 2029 | | 72,513 |
| thereafter | | <u>93,332</u> |
| Less: current portion | | <u>60,435</u> |
| | | <u>\$ 364,554</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 7.

FAYETTEVILLE FREE LIBRARY

Notes to Financial Statements

2. Finance Lease Liability

The Library has equipment under lease agreements that are considered to be a finance type lease. The Library has two leases as of June 30, 2024 considered finance type leases.

The Library used the implicit rate in the lease contracts (3.4% and 7.8%) to determine the present value of lease payments over the lease term. Future minimum lease payments (average of 50 months remaining lease term) on these finance type leases are:

| | |
|----------------|------------------|
| 2025 | \$ 9,924 |
| 2026 | 9,924 |
| 2027 | 9,924 |
| 2028 | 1,654 |
| 2029 | - |
| Less: interest | <u>(3,863)</u> |
| | <u>\$ 27,563</u> |

Supplemental Statement of Financial Position information related to finance leases was as follows as of June 30,

| | <u>2024</u> | <u>2023</u> |
|--------------------------|------------------|------------------|
| Right of use asset | \$ 45,086 | \$ 109,452 |
| Accumulated amortization | <u>(17,174)</u> | <u>(72,953)</u> |
| | <u>\$ 27,912</u> | <u>\$ 36,499</u> |

The amortization expense recognized for the right-of-use assets related to the finance leases was \$8,587 in 2024 and 2023. Interest expense recognized for the finance lease liability was \$1,725 and \$2,191 in 2024 and 2023, respectively.

FAYETTEVILLE FREE LIBRARY

Notes to Financial Statements

4. Property and Equipment

Property and equipment consisted of the following at June 30:

| | 2024 | 2023 |
|--|---------------------|---------------------|
| Land | \$ 90,000 | \$ 90,000 |
| Building | 797,522 | 797,522 |
| Building improvements | 2,031,781 | 2,031,781 |
| | 2,919,303 | 2,919,303 |
| Less: Accumulated depreciation and amortization | (1,887,928) | (1,755,617) |
| | \$ 1,031,375 | \$ 1,163,686 |

5. Investments

Investments are presented in the financial statements at cost and are subject to normal market fluctuations. Investments are summarized as follows at June 30:

| | June 30, 2024 | | June 30, 2023 | |
|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Cost | Fair Value | Cost | Fair Value |
| | Money Market funds | \$ 4,576 | \$ 4,576 | \$ 3,513 |
| U.S. Treasury Bills | 1,259,573 | 1,266,991 | 1,191,034 | 1,206,503 |
| | \$ 1,264,149 | \$ 1,271,567 | \$ 1,194,547 | \$ 1,210,016 |

Investment fees amounted to \$1,690 and \$1,021 for the years ended June 30, 2024 and 2023, respectively and are recorded within professional service expenses in the statements of functional expenses.

6. Fair Value Measurements

The Library's investments are reported at fair value in the accompanying statements of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Library believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

FAYETTEVILLE FREE LIBRARY

Notes to Financial Statements

6. Fair Value Measurements (continued)

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs are unobservable and have the lowest priority. The Library uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Library measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 2 or 3 inputs were utilized in 2024 or 2023.

Level 1 Fair Value Measurements

The fair values of cash equivalents and publicly traded mutual fund and equity securities are based on the closing price reported in the active market where the individual securities are traded, when available.

The following table set forth by level, within the fair value hierarchy, the Library's investments at fair value as of June 30, 2024:

| June 30, 2024 | Assets Measured at Fair Value | Fair Value Hierarchy Level | | |
|---------------------|----------------------------------|----------------------------|-------------|-------------|
| | | Level 1 | Level 2 | Level 3 |
| Money Market funds | \$ 4,576 | \$ 4,576 | \$ - | \$ - |
| U.S. Treasury Bills | 1,266,991 | 1,266,991 | - | - |
| Total investments | <u>\$ 1,271,567</u> | <u>\$ 1,271,567</u> | <u>\$ -</u> | <u>\$ -</u> |

7. 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 \$424,989 as of June 30, 2024. 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.

FAYETTEVILLE FREE LIBRARY

Notes to Financial Statements

7. **Building Arrangement** (continued)

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 \$9,722 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 2002, the Library and Stickley Company reached an agreement of an annual \$10,000 in kind contribution of furniture with no fundraiser requirement for periods September 1, 2012 and thereafter. 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 \$23,211 and \$17,465 for the year ended June 30, 2024 and 2023 respectively, in accordance with the donation agreement.

8. **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 \$1,995,796 and \$1,959,331 for the year ended June 30, 2024 and 2023 respectively. This represents approximately 90% and 59% of total support and revenues for the years ended June 30, 2024 and 2023, respectively.

9. **Subsequent Events**

The Organizations have evaluated subsequent events through September 10, 2024, 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.

FAYETTEVILLE FREE LIBRARY

Notes to Financial Statements

10. Functional Expenses

A summary of expenses by function for the year ended June 30, 2024 with summarized, comparative information for the year ended June 30, 2023 is as follows:

| | Year Ended June 30, 2024 | | | Year Ended June 30, 2023 |
|--------------------------------|--------------------------|-------------|--------------|--------------------------------|
| | Program | Management | Total | Total |
| | | and General | | |
| Payroll - librarians | \$ 439,412 | \$ 170,883 | \$ 610,295 | \$ 604,858 |
| Payroll - support staff | 392,525 | 184,717 | 577,242 | \$ 563,292 |
| Payroll taxes | 61,139 | 26,202 | 87,341 | \$ 83,347 |
| Other employee benefits | 68,579 | - | 68,579 | \$ 69,689 |
| Programs and materials | 254,011 | - | 254,011 | \$ 264,230 |
| Information technology | 87,945 | - | 87,945 | \$ 99,753 |
| Building and grounds | 281,332 | - | 281,332 | \$ 333,599 |
| Interest and professional fees | 13,270 | 24,645 | 37,915 | \$ 45,952 |
| Administrative | 13,242 | 24,593 | 37,835 | \$ 33,505 |
| Depreciation and amortization | 140,898 | - | 140,898 | \$ 139,448 |
| | \$ 1,752,353 | \$ 431,040 | \$ 2,183,393 | \$ 2,237,673 |

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.