

BOSLER MEMORIAL LIBRARY

FINANCIAL REPORT

DECEMBER 31, 2015

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INDEPENDENT AUDITOR'S REPORT

Ladies and Gentlemen
Bosler Memorial Library
Carlisle, Pennsylvania

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities and net assets - modified cash basis of Bosler Memorial Library as of December 31, 2015 and 2014, and the related statements of activities - modified cash basis and cash flows - modified cash basis 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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

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 audits to obtain reasonable assurance about whether the financial statements are free of 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 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 assets, liabilities and net assets of Bosler Memorial Library as of December 31, 2015 and 2014, and its activities and its cash flows for the years then ended in accordance with the modified cash basis of accounting.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

A handwritten signature in cursive script that reads "Boyer & Ritten". The signature is written in black ink and is centered on the page.

Carlisle, Pennsylvania
March 10, 2016

BOSLER MEMORIAL LIBRARY

STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS December 31, 2015 and 2014

	2015	2014
ASSETS		
Cash and cash equivalents	\$ 318,489	\$ 460,214
Prepaid expenses	584	584
Land, buildings and equipment - net	6,852,615	6,910,267
Investments - G.B. Stuart Foundation Fund	50,000	-
Investments - Board Designated Endowment	888,518	874,388
Beneficial interest in perpetual trust	158,308	165,768
Total assets	\$ 8,268,514	\$ 8,411,221
LIABILITIES AND NET ASSETS		
Current Liabilities		
Payroll withholding and sales tax collected	\$ 2,783	\$ 2,740
Net Assets		
Unrestricted		
Board designated for endowment	888,518	874,388
Board designated for land, buildings and equipment	6,852,615	6,910,267
Board designated - other	303,130	-
Other unrestricted	3,025	420,449
Total unrestricted	8,047,288	8,205,104
Temporarily restricted	60,135	37,609
Permanently restricted	158,308	165,768
Total net assets	8,265,731	8,408,481
Total liabilities and net assets	\$ 8,268,514	\$ 8,411,221

See Notes to Financial Statements.

BOSLER MEMORIAL LIBRARY

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

Year Ended December 31, 2015

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Other Support				
Governmental support	\$ 672,816	\$ -	\$ -	\$ 672,816
Contributions	284,901	157,162	-	442,063
Library operations	70,357	-	-	70,357
Rental - net	(18,526)	-	-	(18,526)
Interest income	347	-	-	347
Investment income	24,017	-	-	24,017
Unrealized gain on beneficial interest in perpetual trust	-	-	(7,460)	(7,460)
Net assets released from restrictions	134,636	(134,636)	-	-
Total revenue and other support	1,168,548	22,526	(7,460)	1,183,614
Expenses				
Program services				
Adult programs	465,304	-	-	465,304
Juvenile programs	285,022	-	-	285,022
Reference program	238,583	-	-	238,583
Total program service expenses	988,909	-	-	988,909
Support services				
Fundraising	50,005	-	-	50,005
Management and general	146,316	-	-	146,316
Total support services	196,321	-	-	196,321
Total expenses	1,185,230	-	-	1,185,230
Changes in net assets before changes related to collection items not capitalized	(16,682)	22,526	(7,460)	(1,616)
Change in Net Assets Related to Collection Items Purchased but not Capitalized	(141,134)	-	-	(141,134)
Changes in net assets	(157,816)	22,526	(7,460)	(142,750)
Net Assets:				
Beginning	8,205,104	37,609	165,768	8,408,481
Ending	\$ 8,047,288	\$ 60,135	\$ 158,308	\$ 8,265,731

See Notes to Financial Statements.

BOSLER MEMORIAL LIBRARY

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS Year Ended December 31, 2014

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Other Support				
Governmental support	\$ 702,569	\$ -	\$ -	\$ 702,569
Contributions	835,784	42,955	-	878,739
Library operations	72,350	-	-	72,350
Rental - net	(18,267)	-	-	(18,267)
Interest income	407	-	-	407
Investment income	59,016	-	-	59,016
Unrealized gain on beneficial interest in perpetual trust	-	-	1,799	1,799
Net assets released from restrictions	110,473	(110,473)	-	-
Total revenue and other support	1,762,332	(67,518)	1,799	1,696,613
Expenses				
Program services				
Adult programs	551,843	-	-	551,843
Juvenile programs	234,604	-	-	234,604
Reference program	175,261	-	-	175,261
Total program service expenses	961,708	-	-	961,708
Support services				
Fundraising	79,363	-	-	79,363
Management and general	132,796	-	-	132,796
Total support services	212,159	-	-	212,159
Total expenses	1,173,867	-	-	1,173,867
Changes in net assets before changes related to collection items not capitalized	588,465	(67,518)	1,799	522,746
Change in Net Assets Related to Collection Items Purchased but not Capitalized	(118,511)	-	-	(118,511)
Changes in net assets	469,954	(67,518)	1,799	404,235
Net Assets:				
Beginning	7,735,150	105,127	163,969	8,004,246
Ending	<u>\$ 8,205,104</u>	<u>\$ 37,609</u>	<u>\$ 165,768</u>	<u>\$ 8,408,481</u>

See Notes to Financial Statements.

BOSLER MEMORIAL LIBRARY**STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS
Years Ended December 31, 2015 and 2014**

	2015	2014
Cash Flows From Operating Activities		
Changes in net assets	\$ (142,750)	\$ 404,235
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	251,260	245,263
Net realized and unrealized gains (loss) on investments	4,722	(12,276)
Purchased collections not capitalized	141,134	118,511
Changes in account balances:		
(Decrease) increase in:		
Taxes withheld and collected	43	(1,091)
Net cash provided by operating activities	254,409	754,642
Cash Flows From Investing Activities		
Purchase of property and equipment	(193,608)	(118,181)
Purchase of investments	(1,884,975)	(662,365)
Purchased collections not capitalized	(141,134)	(118,511)
Proceeds from sale of investments	1,823,583	723,241
Net cash used in investing activities	(396,134)	(175,816)
Cash Flows From Financing Activities		
Repayment of long-term debt	-	(271,000)
Cash used in financing activities	-	(271,000)
Net increase (decrease) in cash and cash equivalents	(141,725)	307,826
Cash and Cash Equivalents:		
Beginning	460,214	152,388
Ending	\$ 318,489	\$ 460,214

See Notes to Financial Statements.

BOSLER MEMORIAL LIBRARY

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activity and Significant Accounting Policies

Nature of Activity: The Bosler Memorial Library provides public library service to the residents of the Carlisle area. The goal is to provide the broadest possible offering of books and other materials to meet the patrons' needs for information, culture, education and leisure. The Library provides free loans of books, periodicals, spoken cassettes, videos and other library materials. Librarians assist patrons in locating materials to answer reference or information questions, both on-site and via telephone. Inter-library loan service is available to provide patrons materials which are not available on-site. A variety of children's and adult programs are offered to promote reading and learning.

Basis of Accounting: The Library's policy is to maintain its accounting records and to prepare its financial statements on the modified basis of cash that includes recording of depreciation and amortization on long-lived assets, liabilities for the acquisition of long-lived assets, payroll withholdings and accrual of payroll taxes and sales taxes. Under this basis, revenue is recognized when received rather than when earned, and expenses are generally recognized when paid rather than when the liability is incurred. Consequently, accounts receivable, accounts payable, and accrued expenses, other than those mentioned above, are not included in the financial statements. If expenditure results in the acquisition of an asset having an estimated useful life which extends substantially beyond the year of acquisition, the expenditure is capitalized and depreciated or amortized over the estimated useful life of the asset.

Income Taxes: The Library qualifies under Section 501(c)(3) of the Internal Revenue Code and thus is exempt from federal income tax on activities related to its exempt purpose.

Management has assessed the Library's exposure to income taxes at the entity level as a result of uncertain tax positions taken in current and previously filed tax returns. Examples of tax positions taken at the entity level include continuing validity of its exempt organization status, potential filing requirement for unrelated business income and other tax positions that could result in income tax liabilities to the Library upon examination by taxing authorities. Presently, management believes that it is more likely than not that its tax positions will be sustained upon examination, including any appeals and litigation, such that the Library has no exposure to income tax liabilities from uncertain tax positions. The Library is no longer subject to federal or state and local income tax examination by tax authorities for years before 2012.

Use of Estimates: The preparation of financial statements on the basis of cash receipts and disbursements requires the use of estimates based on management's knowledge and experience. Due to their prospective nature, actual results could differ from those estimates.

BOSLER MEMORIAL LIBRARY

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activity and Significant Accounting Policies (Continued)

Contributions: Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor's stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

Gifts of land, buildings and equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service or as the assets are used in the Organization's activities.

Inexhaustible Collections and Books: Because the values of the existing inexhaustible collections, including research books, are not readily determinable, the Library has not capitalized them and does not sell these items. Books used in the circulating library have not been capitalized because their estimated useful lives are less than one year.

Cash and Cash Equivalents: For purposes of the Statements of Cash Flows, the Library considers all highly-liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Property, Equipment and Depreciation: Property and equipment are stated at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the individual assets.

Investments: The Library reports investments in equity securities with readily determinable fair values and all investments in debt securities at fair values with gains and losses included in the Statements of Activities.

Donated Materials: All materials donated to the Library are recorded at their estimated fair market value when received. Donated materials consisted of the following:

	2015	2014
Program Services		
Books	\$ 43,201	\$ 9,166
Audiovisual materials	5,024	868
Management and General		
Office supplies	4,145	-
	<u>\$ 52,370</u>	<u>\$ 10,034</u>

BOSLER MEMORIAL LIBRARY

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activity and Significant Accounting Policies (Continued)

Capital Campaign Pledges: During 2010, the Library sponsored a capital campaign. The contributions are restricted for the new building expansion. Pledges receivable as of December 31, 2015 and 2014, were \$23,999 and \$163,371, respectively.

Subsequent Events: In preparing these financial statements, the Library has evaluated events and transactions for potential recognition through March 10, 2016, the date the financial statements were available to be issued.

Note 2. Land, Buildings and Equipment

Land, buildings and equipment at December 31, 2015 and 2014, consisted of the following:

	2015	2014
Land	\$ 84,499	\$ 84,499
Building	793,746	793,746
Building - Capital Campaign expansion	6,400,593	6,210,510
Furniture and equipment	234,665	235,665
Furniture and equipment - Capital Campaign expansion	487,458	487,458
Land improvements	20,467	16,942
Land - West Street	56,700	56,700
	<hr/> 8,078,128	<hr/> 7,885,520
Less accumulated depreciation	(1,225,513)	(975,253)
	<hr/>	<hr/>
Land, Buildings and Equipment - Net	<u>\$ 6,852,615</u>	<u>\$ 6,910,267</u>

Note 3. Temporarily Restricted - Net Assets

Temporarily restricted - net assets as of December 31, 2015 and 2014, are available for the following purposes:

	2015	2014
Specific books and materials	\$ 2,170	\$ 13,109
Educational improvement programs	5,524	24,500
Computers	2,441	-
GB Stuart Foundation restricted fund	50,000	-
	<hr/> \$ 60,135	<hr/> \$ 37,609

BOSLER MEMORIAL LIBRARY

NOTES TO FINANCIAL STATEMENTS

Note 4. Board Designated - Other Net Assets

The board has designated the following unrestricted net asset balance as of December 31, 2015:

	Amount
Board designated - other	
Capital Improvements	\$ 68,965
Operational Reserve	192,264
Technology and Equipment	37,203
Staff Continuing Education	4,698
	<u>\$ 303,130</u>

Note 5. Investments - Board Designated Endowment

Investments are carried at market value. Realized and unrealized gains and losses are reported in the Statements of Activities. The total investments maintained by the Library consists of two account, the Board Designated endowment fund and the G.B. Stuart Foundation Fund.

The Library's investment endowment fund is classified as unrestricted, board-designated as of December 31, 2015 and 2014, in the amount of \$888,518 and \$874,388, respectively.

In December 2015, the Library received a contribution in the amount of \$50,000 from the G.B. Stuart Foundation. This amount was added to the investments account but the contribution comes with a time restriction. The Library is allowed to withdraw 1% of the fair market value each quarter per year.

The Library's investments, classified as such on the statements of assets, liabilities and net assets, consist of a Board Designated endowment fund established for the administration of existing and future gifts and contributions to the Bosler Memorial Library and to memorialize and secure those funds for the future benefits of the community. The endowment includes funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Commonwealth of Pennsylvania has not enacted a version of the UPMIFA, or a version of the Uniform Management of Institutional Funds Act (UPMIFA). Governing law resides in 15 Pa. C.S. §5548 "Investment of Trust Funds." The Library has interpreted relevant law as requiring the donor-restricted endowment fund, absent explicit donor stipulations to the contrary, to be managed with the long-term objective of at least maintaining the real value (after inflation) of the funds. The Library classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

BOSLER MEMORIAL LIBRARY

NOTES TO FINANCIAL STATEMENTS

Note 5. Investments - Board Designated Endowment (Continued)

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Library in a manner consistent with the standard of prudence prescribed by relevant law. Pennsylvania law permits the Board of Directors to make an election to annually appropriate for expenditure a selected percentage between 2% and 7% of the fair value of the assets related to donor-restricted endowment funds averaged over a period of three preceding years, provided the Board has determined that such percentage is consistent with the long-term preservation of the real value of such assets.

Return Objectives and Risk Parameters

The Library has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to maintain expenditures supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested based on the standards of a “Prudent Man” that is intended to produce results that exceed the standard indices for each investment classification on an annual basis.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, the Library relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Library’s investment fund asset mix is invested among equities, fixed income and cash equivalents. The Board has determined an asset mix strategy to improve the probability of achieving enhanced real (inflation protected) rates of return.

Spending Policy

The spending policy of the Library is set to provide, as closely as possible, equitable benefit from the endowment for current and future programs. A spending policy has been adopted to fairly meet programmatic requirements of the endowment. The Library appropriates funds determined on a total return basis, e.g. interest, dividends, and appreciation of the principal. Distributions from principal can be made in whole or in part, by a vote of at least 75% of the Board of Directors of the Library and by supplying the Trustee 90 day’s written notice of its intention. The Board must then reaffirm its intention no less than one month and no more than 45 days from the date of the original notice.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original gift amount maintained as permanently restricted net assets. There were no such deficiencies as of December 31, 2015 and 2014. Pennsylvania law allows for the aggregation of endowments, therefore endowments with deficiencies are netted with gains and accounted for within temporarily restricted net assets.

BOSLER MEMORIAL LIBRARY

NOTES TO FINANCIAL STATEMENTS

Note 5. Investments - Board Designated Endowment (Continued)

Net Asset Classifications of Investments

	2015		
	Unrestricted	Temporarily restricted	Total
G.B. Stuart Foundation fund	\$ -	\$ 50,000	\$ 50,000
Board designated endowment fund	888,518	-	888,518
Total investment funds	<u>\$ 888,518</u>	<u>\$ 50,000</u>	<u>\$ 938,518</u>

	2014		
	Unrestricted	Temporarily restricted	Total
G.B. Stuart Foundation fund	\$ -	\$ -	\$ -
Board-designated endowment fund	874,388	-	874,388
Total investment funds	<u>\$ 874,388</u>	<u>\$ -</u>	<u>\$ 874,388</u>

Changes in endowment net assets for the years ended December 31, 2015 and 2014:

	2015	2014
Endowment net assets,		
Beginning of year	\$ 874,388	\$ 924,787
Investment return:		
Interest and dividend income	15,659	43,326
Net realized and unrealized gains and losses	2,738	10,477
Investment-related fees	(9,006)	(9,330)
Total investment return	<u>9,391</u>	<u>44,473</u>
Board designated transfer	59,879	21,505
Appropriation of endowment assets for expenditure	<u>(55,140)</u>	<u>(116,377)</u>
	<u>\$ 888,518</u>	<u>\$ 874,388</u>

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NOTES TO FINANCIAL STATEMENTS

Note 6. Beneficial Interest in Perpetual Trust

The Library is a beneficiary of the Samuel C. Hertzler perpetual trust and is entitled to a 1/8 interest in the income of the trust to be used for work among women. The trust is held by M&T Investment Group with quarterly investment income payments distributed to the Library.

The value of the split-interest agreement as of December 31, 2015 and 2014, is \$158,308 and \$165,768, respectively. These values reflect a net increase (decrease) of (\$7,460) and \$1,799 for the years ended December 31, 2015 and 2014, respectively. Income received from the split-interest agreements for the years ended December 31, 2015 and 2014, was \$5,620 and \$5,213, respectively.

Note 7. Fair Value Measurements

The FASB's authoritative guidance on fair value measurements establishes a framework for measuring fair value, and expands disclosure about fair value measurements. This guidance enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. Under this guidance, assets and liabilities carried at fair value must be classified and disclosed in one of the following three categories:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The assets that are recorded at fair value on a recurring basis are investments including the Endowment Fund and split-interest trusts. The Organization has no financial liabilities or non-financial items that are recorded at fair value on a recurring basis. Following is a description of the valuation methodologies used for assets measured at fair value.

Common stock, and fixed income funds: Valued at the closing price reported on the active market on which the individual securities are traded.

Beneficial interest in perpetual and remainder trusts: Fair value of the beneficial interest in perpetual trusts was based on the percentage ownership of the respective trust assets, which approximates the present value of the estimated future cash flows to be received from the trusts. The present value method is utilized as the underlying assets of each individual trust are not in control of the Organization.

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NOTES TO FINANCIAL STATEMENTS

Note 7. Fair Value Measurements (Continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets measured at fair value on a recurring basis as of years ended December 31, 2015 and 2014:

2015	Level 1	Level 2	Level 3	2015
Fixed income funds				
Intermediate Term Bond Funds	\$ 149,966	\$ -	\$ -	\$ 149,966
Short-term Bond Funds	37,212	-	-	37,212
	187,178	-	-	187,178
Equities				
Stocks	133,891	-	-	133,891
	133,891	-	-	133,891
Cash and cash equivalents	617,449	-	-	617,449
Beneficial interest in perpetual trust	-	-	158,308	158,308
Total investments, at fair value	\$ 938,518	\$ -	\$ 158,308	\$ 1,096,826
2014	Level 1	Level 2	Level 3	2014
Fixed income funds				
High Income Bond Fund	\$ 56,348	\$ -	\$ -	\$ 56,348
International Bond Fund	22,107	-	-	22,107
Intermediate Term Bond Funds	144,353	-	-	144,353
Short-term Bond Funds	26,089	-	-	26,089
	248,897	-	-	248,897
Equities				
Domestic equity mutual funds	511,610	-	-	511,610
Global/Intl mutual funds	91,121	-	-	91,121
Closed End Equity Mutual Fund	14,850	-	-	14,850
	617,581	-	-	617,581
Cash and cash equivalents	7,910	-	-	7,910
Beneficial interest in perpetual trust	-	-	165,768	165,768
Total investments, at fair value	\$ 874,388	\$ -	\$ 165,768	\$ 1,040,156

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NOTES TO FINANCIAL STATEMENTS

Note 7. Fair Value Measurements (Continued)

The table below sets forth a summary of changes in the fair value of the Organization's Level 3 assets for the years ended December 31, 2015 and 2014.

	2015	2014
Balance, beginning of year	\$ 165,768	\$ 163,699
Purchases, sales, issuances and settlements (net)	3,990	7,282
Investment income distributions	(11,450)	(5,213)
Balance, end of year	<u>\$ 158,308</u>	<u>\$ 165,768</u>

Note 8. Notes Payable

On July 31, 2012, the Library entered into a note payable with M&T Bank in the amount of \$2,500,000, for the payment of the building expansion project. The maximum term of the note was 23 years. Interest only, at 3.25%, was to be paid for the first three years. For the next 20 years, regular monthly payments were required including interest at the Wall Street rate.

With the loan funds available, the Library could afford to pay building expansion expenses without significant impact on day-to-day operations, while donor pledges were paid over several years. Due to the success of the Capital Campaign, and the receipt of Cumberland County Housing and Redevelopment Authority grant funds as reimbursement for the building expansion, the Library was able to make large monthly payments on the loan's principal balance in 2013. In 2014, the loan was paid in full.

Note 9. Government Grants

In 2013, the Library received \$2,437,500 from the Cumberland County Housing and Redevelopment Authority as reimbursement for funds spent in the Building Expansion. In 2014, the Library received an additional \$62,500 from the Cumberland County Housing and Redevelopment authority to total \$2,500,000. All the funds were spent in the Building Expansion.

Note 10. Operations

Continuation of an entity's operations is usually assumed in financial accounting in the absence of evidence to the contrary. However, an operation which depends primarily on support from agencies of the government is always subject to legislative action which could significantly affect the amount of support it receives.

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NOTES TO FINANCIAL STATEMENTS

Note 11. Pension Plan

The Library participates in a 403-B Tax Deferred Annuity Plan in conjunction with local non-profit organizations. This contributory Plan covers all employees who meet the minimum wage and service requirements. The Library expenses its contributions as paid. The Library contributes an amount equal to 2% of each permanent employee's annual salary after one year. Pension expense was \$7,611 and \$7,276, for December 31, 2015 and 2014, respectively.

Note 12. Concentrations of Credit Risk

The Library maintains its cash balances in one financial institution. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2015 and 2014, the uninsured cash balances were \$94,692 and \$236,097, respectively.

Note 13. Lease Commitments

In 2013, the Library entered into a four-year lease agreement for a copier machine with monthly lease payments of \$310.

The following table summarizes future lease payments required:

Year	Amount
2016	\$ 3,719
2017	930
	<u>\$ 4,649</u>

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NOTES TO FINANCIAL STATEMENTS

Note 14. Functional Expenses

	2015		
	Programs		
	Adult	Juvenile	Reference
Salaries	\$ 221,494	\$ 168,192	\$ 123,533
Payroll taxes	19,696	14,957	10,985
Employee benefits	17,725	13,460	9,886
Depreciation	110,247	36,481	56,732
Utilities and telephone	33,518	11,091	17,248
Building and grounds maintenance	11,148	8,465	6,217
Insurance	15,655	5,180	8,056
Interest	-	-	-
Professional fees	1,072	814	350
Trust administrative fees	-	-	-
Programs and public relations	19,970	15,163	-
Accounting and payroll	-	-	-
Equipment rental and maintenance	2,172	1,649	1,211
Postage	291	221	95
Office expense	7,682	5,833	2,505
Supplies and collection maintenance	1,017	771	565
Printing	1,211	919	395
Miscellaneous	714	542	233
Dues and memberships	1,197	909	391
Travel and conferences	410	311	134
Shipping - collections	85	64	47
Bank charges	-	-	-
Total expenses	\$ 465,304	\$ 285,022	\$ 238,583

Support Services		
Fundraising	Management and General	Totals
\$ 20,109	\$ 66,928	\$ 600,256
1,788	5,952	53,378
1,609	5,356	48,036
9,750	20,607	233,817
2,964	6,266	71,087
1,012	3,369	30,211
1,384	2,927	33,202
-	-	-
220	659	3,115
-	9,040	9,040
375	-	35,508
-	15,981	15,981
197	657	5,886
3,031	31	3,669
68	814	16,902
-	-	2,353
3,978	128	6,631
2,843	75	4,407
340	127	2,964
337	43	1,235
-	-	196
-	7,356	7,356
\$ 50,005	\$ 146,316	\$ 1,185,230

BOSLER MEMORIAL LIBRARY**NOTES TO FINANCIAL STATEMENTS****Note 14. Functional Expenses (Continued)**

	2014		
	Programs		
	Adult	Juvenile	Reference
Salaries	\$ 214,188	\$ 122,984	\$ 118,886
Payroll taxes	18,719	10,748	10,390
Employee benefits	22,944	13,174	12,735
Depreciation	167,676	38,274	12,758
Utilities and telephone	53,467	12,205	4,068
Building and grounds maintenance	11,046	6,342	6,131
Insurance	20,391	6,274	1,569
Interest	1,656	951	919
Professional fees	648	369	204
Trust administrative fees	-	-	-
Programs and public relations	20,164	11,342	-
Accounting and payroll	-	-	-
Equipment rental and maintenance	3,745	2,150	2,079
Postage	1,748	995	551
Office expense	4,638	2,640	1,462
Supplies and collection maintenance	369	211	203
Printing	1,061	604	334
Miscellaneous	1,915	1,090	604
Dues and memberships	782	445	247
Travel and conferences	6,624	3,770	2,087
Shipping - collections	62	36	34
Bank charges	-	-	-
Total expenses	\$ 551,843	\$ 234,604	\$ 175,261

Support Services		
Fundraising	Management and General	Totals
\$ 53,802	\$ 67,264	\$ 577,124
4,702	5,879	50,438
5,763	7,205	61,821
2,050	7,063	227,821
654	2,252	72,646
2,775	3,469	29,763
282	2,855	31,371
416	520	4,462
48	91	1,360
-	9,346	9,346
-	-	31,506
-	16,680	16,680
941	1,176	10,091
3,508	247	7,049
-	656	9,396
-	-	783
3,639	151	5,789
-	271	3,880
395	111	1,980
388	938	13,807
-	-	132
-	6,622	6,622
\$ 79,363	\$ 132,796	\$ 1,173,867