

SAILS, INC.
FINANCIAL STATEMENTS
AS OF JUNE 30, 2017 AND 2016

TABLE OF CONTENTS

	Page No.	
AUDITOR'S REPORT	1	
FINANCIAL STATEMENTS		
STATEMENT OF FINANCIAL POSITION June 30, 2017 and 2016	2	
STATEMENT OF ACTIVITIES For years ended June 30, 2017 and 2016	3	
STATEMENT OF CHANGES IN NET ASSETS For years ended June 30, 2017 and 2016	4	
STATEMENT OF CASH FLOWS For year ended June 30, 2017	5	
NOTES TO THE FINANCIAL STATEMENTS	6-7	



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INDEPENDENT AUDITOR'S REPORT

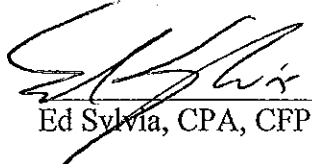
To the Board of Directors:

SAILS, INC.
10 Riverside Drive, Suite 102
Lakeville, MA 02347

We have audited the accompanying statements of financial position of SAILS, INC. (a nonprofit corporation) as of June 30, 2017 and 2016, and the related statements of activities and changes in net assets for the years then ended and cash flows for the year ended June 30, 2017. These financial statements are the responsibility of the Organization's management. 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SAILS, INC. as of June 30, 2017 and 2016, and the changes in its net assets for the years then ended and its cash flows for the year ended June 30, 2017 in conformity with principles generally accepted in the United States of America.


Ed Sylvia, CPA, CFP

August 17, 2017

SAILS, INC.
Statement of Financial Position
As of June 30

	<u>2017</u>	<u>2016</u>
Assets		
Current Assets		
Investments - Cash	\$ 84,668	\$ 50,948
Rockland Fed'l Trust	478,576	423,934
Rockland Trust Checking	47,566	61,335
Rockland Trust ECommerce Account	2,385	1,312
Accounts Receivable	29,348	4,574
Prepaid Expenses and Deferred Charges	16,396	16,396
Total Current Assets	<u>658,939</u>	<u>558,499</u>
Long Term Assets		
Furniture & Equipment	176,777	199,827
Accum Depr - Furniture & Equipment	(157,038)	(171,045)
Investments - Fixed Income Mutual Fund	207,092	196,558
Investments - US & Sate Government	310,830	314,638
Investments - Equity Mutual Funds	250,860	272,354
Investments - Corporate Bonds	167,267	165,820
Total Long Term Assets	<u>955,788</u>	<u>978,152</u>
Total Assets	<u>\$ 1,614,727</u>	<u>\$ 1,536,651</u>
Liabilities and Equity		
Liabilities		
Current Liabilities		
Deferred Revenue	\$ 62,574	\$ 57,522
Total Current Liabilities	<u>62,574</u>	<u>57,522</u>
Long-Term Liabilities		
Total Long-Term Liabilities	<u>-</u>	<u>-</u>
Total Liabilities	<u>62,574</u>	<u>57,522</u>
Net Assets		
Unrestricted	1,479,129	1,430,814
YTD Net Income (Loss)	73,024	48,315
Total Net Assets	<u>1,552,153</u>	<u>1,479,129</u>
Total Liabilities and Net Assets	<u>\$ 1,614,727</u>	<u>\$ 1,536,651</u>

The accompanying notes are an integral part of this statement

SAILS, INC.
Statement of Activities
For Years Ended June 30

	2017	2016
Revenue and Support		
Revenue-Direct Public Support	\$ 156	\$ 118
Revenue-Government Contributions (grants)	112,520	105,916
Revenue-Program Service Revenue	1,245,237	1,184,306
Total Revenue	<u>1,357,913</u>	<u>1,290,340</u>
Expenses		
Other Salaries & Wages	461,893	434,654
Other Employee Benefits	41,857	36,576
Payroll Taxes	36,323	35,169
Accounting Fees	7,592	7,469
Supplies	6,725	6,168
Telephone	4,624	3,908
Postage & Shipping	350	380
Occupancy	52,056	50,492
Equipment Rental & Maintenance	204,503	182,606
Printing & Publications	3,021	1,548
Travel	2,366	2,255
Depreciation - Ultra Tax	8,537	11,314
Catalog Services	45,016	48,784
Bank Fees	5,649	5,993
Insurance	5,605	5,318
Leased Lines	32,755	30,945
Electronic Database	186,586	169,574
Staff Training	7,245	8,009
Membership Services	185,530	196,493
Professional Services	2,935	4,732
Contractual Services	4,243	4,321
Miscellaneous	322	321
Dues & Subscriptions	6,445	4,603
Rounding	-	1
Total Expenses	<u>1,312,178</u>	<u>1,251,633</u>
Excess (deficiency) of revenue and support over expenses before other income (expense)	<u>45,735</u>	<u>38,707</u>
Other Income (Expense)		
Interest Income Savings Cash Accounts	1,795	1,686
Other Investment Income	26,000	7,922
Gain/(Loss) on Disposal of Equipment	(506)	-
Total Other Income (Expense)	<u>27,289</u>	<u>9,608</u>
Increase / Decrease in Net Assets	<u>\$ 73,024</u>	<u>\$ 48,315</u>

The accompanying notes are an integral part of this statement

SAILS, INC.
Statement of Changes in Net Assets
For the Years Ended June 30

	<u>2017</u>	<u>2016</u>
NET ASSETS at Beginning of Year	\$ 1,479,129	\$ 1,430,814
Add Excess (Deficiency) of Revenue and Support over Expenditures	<u>73,024</u>	<u>48,315</u>
NET ASSETS at End of Year	<u>\$ 1,552,153</u>	<u>\$ 1,479,129</u>

The accompanying notes are an integral part of this statement

SAILS, INC.
Statement of Cash Flows
For the Year Ended June 30, 2017

	<u>Source</u>	<u>Use</u>	<u>Net</u>
Cash from Operating Activities			
Changes in Net Assets	\$ 73,024		
Add Non-Cash Expense of Depreciation	8,537		
Increase in Accounts Receivable		\$ 24,774	
Increase in Deferred Revenue	5,052		
	\$ 86,613	\$ 24,774	
Net Cash provided by Operating Activities			\$ 61,839
Cash Flows from Investing Activities			
Decrease in Fixed Assets	\$ 506		
Increase in Fixed Income Mutual Funds		\$ 10,534	
Decrease in Government Funds	3,808		
Decrease in Equity Mutual Funds	21,494		
Increase in Corporate Stock		1,447	
	\$ 25,808	\$ 11,981	
Net Cash used by Investing Activities			13,827
Increases in Cash and Cash Equivalents			\$ 75,666
Cash and Cash Equivalents at End of Year			\$ 613,195
Cash and Cash Equivalents at Beginning of Year			537,529
Net Change in Cash and Cash Equivalents			\$ 75,666

The accompanying notes are an integral part of this statement

SAILS, INC.
Notes to Financial Statements
June 30, 2017

(1) Organization

SAILS, INC. is a not-for-profit corporation organized and incorporated in 1995. The Organization exists for the literary or educational purposes as specified in Section 501 (c) (3) of the Internal Revenue Code of 1954.

(2) Basis of Accounting

The financial statements are prepared in accordance with generally accepted accounting principles.

(3) Summary of Significant Accounting Policies

The financial statements of SAILS, INC. have been prepared on the accrual basis.

(4) Income Taxes

The corporation is exempt from Federal income taxes under the provision of Section 501 (c) (3) of the Internal Revenue Code. In addition, as a corporation organized under Chapter 180 of the Massachusetts General Laws, it is also exempt from Massachusetts income taxes.

(5) Depreciation

Furniture and fixtures are depreciated using the MACRS Alternative Depreciation method over a period of 7 or 10 years.

Equipment is depreciated using the MACRS Alternative Depreciation method over a period of 5 or 10 years.

Leasehold improvements are depreciated using the MACRS Straight Line method over a period of 39 years.

(6) Investments

Investments are presented in the financial statements in the aggregate.

	<u>Cost</u>	<u>Market</u>
Cash and Equivalents	\$ 84,668	\$ 84,668
U.S. Government Obligations	310,830	314,268
Corporate Bonds	167,267	159,959
Equity Mutual Funds	250,860	266,842
Fix Income Mutual Funds	207,092	198,608
Total Investments	<u>\$ 1,020,717</u>	<u>\$ 1,024,345</u>

SAILS, INC.
Notes to Financial Statements
June 30, 2017

(7) Deferred Revenue

The total deferred revenue for June 30, 2017 was \$62,574. This total consists of various library credits of \$2,280 deferred for future purchases of equipment. The Small Library in Networks grant (SLIN) for \$18,500 deferred to FYE18 to be used against assessment fees for the various eligible libraries. The Network Infrastructure Grant balance of \$41,794 will be used in the future for library equipment needed. Some of these deferred funds have been transferred to the investment account to gain interest until the funds are needed.

(8) Lease Commitments

SAILS, INC. leases a copy machine under a non-cancelable operating lease for a term of 60 months with monthly payments of \$119.50. The total lease expense for the year ended June 30, 2017 was \$1,434.

SAILS, INC. has entered into a 10 year lease with Canpro Investment Ltd. with a commencement date of October 1, 2013. In April 2013 a security deposit was made in the amount of \$16,395.66. The total rent expense for the year ended June 30, 2017 was \$52,056. The Organization will pay monthly rental payments as follows:

2017	4,357
2018	4,468
2019	4,602
2020	4,736
2021	4,882
2022	5,027
2023	5,183