# LYRASIS

# **FINANCIAL STATEMENTS**

June 30, 2019 and 2018



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# **INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees LYRASIS

# **Report on the Financial Statements**

We have audited the accompanying financial statements of LYRASIS, which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

# Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

# Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of 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 LYRASIS as of June 30, 2019 and 2018, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

# **Change in Accounting Principle**

As discussed in Note 1 to the financial statements, management has adopted Financial Accounting Standards Board ASU 2016-14, *Not-for-Profit Entities* (Topic 958); this new standard requires changes to be made in how net assets are classified based on donor restrictions and has added multiple new disclosures. Our opinion is not modified with respect to that matter.

Can, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Atlanta, Georgia September 30, 2019

# **FINANCIAL STATEMENTS**

LYRASIS Statements of Financial Position

June 30,	2019		2018
Assets			
Current assets			
Cash and cash equivalents	\$ 1,582,226	\$	1,395,799
Restricted cash	1,032,967	,	1,980,574
Investments - marketable securities	21,625,741		21,455,868
Receivables, net			
Member	2,784,159	)	3,998,315
Other	203,514		169,366
	2,987,673		4,167,681
Deferred costs	5,518,400	)	6,353,213
Other prepaid expenses	294,939		293,034
Total current assets	33,041,946		35,646,169
Property and equipment			
Computer equipment	106,615		106,615
Furniture and fixtures	298,298		298,298
Computer software	424,340	)	424,340
	829,253		829,253
Less accumulated depreciation	812,950		805,684
	16,303		23,569
Other assets			
Intangible assets	10,000	)	50,000
Note receivable	222,000		222,000
Total other assets	232,000	)	272,000
Total assets	\$ 33,290,249	\$	35,941,738

LYRASIS Statements of Financial Position (Continued)

June 30,	2019			2018		
Liabilities and Net Assets						
Current liabilities						
Accounts payable and accrued liabilities	\$	4,816,297	\$	5,979,143		
Member deposits		4,782,735		5,653,302		
Deferred revenue		10,258,669		11,232,933		
Unearned grant income		906,247		1,326,691		
Current portion of deferred gain on sale of building		168,574		158,356		
Total current liabilities		20,932,522		24,350,425		
Deferred gain on sale of building, less current portion		401,273		569,847		
Total liabilities		21,333,795		24,920,272		
Net assets, without donor restrictions						
Board designated for future operations		1,500,000		1,300,000		
Undesignated		10,456,454		9,721,466		
Total net assets		11,956,454		11,021,466		
Total liabilities and net assets	\$	33,290,249	\$	35,941,738		

LYRASIS Statements of Activities

Years ended June 30,	2019	2018
Revenues and support		
Sales of services and products	\$ 76,357,795	\$ 76,644,533
Membership dues	1,227,087	1,226,110
Grant - other	1,434,751	883,771
Grant - federal	-	93,314
Other revenues	182,166	85,985
Total revenues and support	79,201,799	78,933,713
Operating expenses		
Cost of sales	70,790,122	71,879,505
Salaries	5,208,465	4,361,617
Fringe benefits	1,152,801	938,300
Depreciation and amortization	47,265	48,757
Facilities lease	245,391	257,015
Office operations	119,835	120,898
Data processing supplies and maintenance	176,261	151,573
Travel and meetings	678,639	575,277
Professional fees	478,271	407,680
Grant and subgrant awards	533,647	167,226
Other	57,830	18,618
Total operating expenses	79,488,527	78,926,466
Operating income (loss)	(286,728)	7,247
Other gains (losses)		
Investment income	1,150,998	2,090,286
Gain on sale of building	158,356	85,598
Acquisition costs for Fedora Commons, Inc.	(99 <i>,</i> 876)	-
Interest on note receivable	12,238	11,655
Total other gains	1,221,716	2,187,539
Change in net assets, without donor restrictions	934,988	2,194,786
Net assets at beginning of year	11,021,466	8,826,680
Net assets at end of year	\$ 11,956,454	\$ 11,021,466

The accompanying footnotes are an integral part of these statements.

# LYRASIS Statements of Functional Expenses

Year ended June 30, 2019

	General and				<b>-</b>
	Program	Ad	ministrative		Total
Cost of sales	\$ 70,790,122	\$	-	\$	70,790,122
Salaries	2,489,003		2,719,462		5,208,465
Fringe benefits	523,911		628,890		1,152,801
Depreciation and amortization	-		47,265		47,265
Facilities lease	629		244,762		245,391
Office operations	47,546		72,289		119,835
Data processing supplies and maintenance	103,389		72,872		176,261
Travel and meetings	286,836		391,803		678,639
Professional fees	289,004		189,267		478,271
Grant and subgrant awards	533,647		-		533,647
Other	49,942		7,888		57,830
	\$ 75,114,029	\$	4,374,498	\$	79,488,527

# LYRASIS Statements of Functional Expenses (Continued)

Year ended June 30, 2018

	General and				
	Program	Ad	ministrative		Total
Cost of sales	\$ 71,879,505	\$	-	\$	71,879,505
Salaries	1,771,106		2,590,511		4,361,617
Fringe benefits	369,464		568,836		938,300
Depreciation and amortization	-		48,757		48,757
Facilities lease	292		256,723		257,015
Office operations	43,280		77,618		120,898
Data processing supplies and maintenance	77,482		74,091		151,573
Travel and meetings	268,141		307,136		575,277
Professional fees	297,196		110,484		407,680
Grant and subgrant awards	167,226		-		167,226
Other	17,618		1,000		18,618
	\$ 74,891,310	\$	4,035,156	\$	78,926,466

LYRASIS Statements of Cash Flows

Years ended June 30,		2019	2018
Operating activities			
Change in net assets	\$	<b>934,988</b> \$	2,194,786
Adjustments to reconcile change in net assets to net cash	Ŷ	<b>994,900</b>	2,134,700
used in operating activities			
Depreciation and amortization		47,265	48,757
Net realized and unrealized gain on investments		(891,778)	(1,773,596)
Gain on sale of property		(158,356)	(85,598)
(Increase) decrease in assets and increase (decrease)		(/	(//
in liabilities			
Receivables		1,180,009	(157,264)
Deferred costs and prepaid expenses		832,908	(7,690)
Accounts payable and accrued liabilities		(1,162,846)	(1,868,108)
Member deposits		870,567	(412,785)
Deferred revenue		(2,715,398)	1,422,147
Unearned grant income		(420,444)	322,012
Net cash used in operating activities		(1,483,085)	(317,339)
Investing activities			
Purchase of property and equipment		-	(19,186)
Net sales (purchases) of investments - marketable securities		721,905	(2,997,169)
		734 005	
Net cash provided by (used in) investing activities		721,905	(3,016,355)
Net decrease in cash and cash equivalents		(761,180)	(3,333,694)
Cash and cash equivalents and restricted cash at			
beginning of year		3,376,373	6,710,067
Cash and cash equivalents and restricted cash at			
end of year	\$	<b>2,615,193</b> \$	3,376,373

Supplemental schedule of non-cash investing and financing activities and certain cash flow information:

There were no non-cash investing and financing activities during the years ended June 30, 2019 and 2018.

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

LYRASIS partners with member libraries and cultural heritage organizations to create, access and manage information with an emphasis on digital content, while building and sustaining collaboration, enhancing operations and technology, and increasing buying power. A non-profit membership organization, LYRASIS was established in April 2009 with a collective history of legacy networks dating back to 1936. LYRASIS continues its mission of supporting information professionals by offering creative solutions and increased savings opportunities. With a diverse membership and large in scale, LYRASIS works closely with library and cultural heritage organization professionals and their staff to build and maintain valued relationships, making frequent connections with site visits, conferences and e-communications.

The preparation of the accompanying financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from those estimates.

A summary of the significant accounting policies of LYRASIS applied in the preparation of the accompanying financial statements follows.

#### Financial Statement Presentation

The financial statements have been prepared in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities* (ASC 958). Under ASC 958, LYRASIS is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions or without donor restrictions. LYRASIS considers all of its net assets to be without donor restriction. In addition, LYRASIS is required to present a statement of cash flows and information about functional allocation of expenses, and liquidity.

# Allowance for Doubtful Accounts

LYRASIS provides an allowance for doubtful accounts equal to the estimated collection losses that will be incurred in the collection of all receivables. The estimated losses, if any, are based upon historical collection experience coupled with a review of the current status of existing receivables. In management's opinion, the allowance for doubtful accounts of approximately \$50,000 at June 30, 2019 and 2018, is adequate. These amounts are included in the member receivables balance in the accompanying statements of financial position.

#### Cash and Cash Equivalents

For the purposes of the statement of cash flows, LYRASIS considers all highly liquid debt instruments purchased with a maturity date of three months or less to be cash equivalents.

# NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

# Cash and Cash Equivalents (continued)

Certain grants awarded to LYRASIS require unexpended funds to be maintained in separate bank accounts. As such, the use of these funds has been restricted for current grant program purposes. The amount of restricted cash at June 30, 2019 and 2018 was \$1,032,967 and \$1,980,574, respectively.

#### Intangible Assets

As of October 1, 2009, NELINET, Inc. (NELINET) was combined with LYRASIS whereby the net assets of NELINET were transferred to LYRASIS. A portion of the net assets, as determined by an independent appraiser, was recorded as a member list. This total of \$400,000 is being amortized to operations over ten years. Amortization expense for this member list was \$40,000 for each of the years ended June 30, 2019 and 2018.

#### Property, Equipment, Depreciation

Property and equipment with a cost in excess of \$2,000 and a useful life in excess of one year is capitalized. Depreciation is provided in amounts sufficient to charge the cost of depreciable assets to operations over their estimated useful lives using the straight-line method. Repairs and maintenance are expensed as incurred; betterments are capitalized and depreciated over the estimated useful lives of the asset.

Upon sale or retirement of depreciable assets, the related cost and accumulated depreciation are removed from the accounts. Any gain or loss on the sale, or retirement of assets is typically included in current earnings, with the exception of gain deferral in relation to a sale leaseback transaction.

The estimated useful lives of various classes of assets are as follows:

Class of Asset	Estimated Useful Lives (years)
Computer equipment	3
Furniture and fixtures	5-10
Computer software	3-5

#### **Revenue and Direct Cost Recognition**

Revenue is recognized as services are provided. Deferred revenues represent annual dues and database licensing fees that are recognized over the annual membership period and over the period the services are provided, respectively.

Member deposits represent current year prepayments by member libraries for subsequent year subscription and bibliographic services. These prepayments are refundable to the member if not used for services. The deposits are recognized as revenue over the period the services are provided.

# NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *Revenue and Direct Cost Recognition (continued)*

LYRASIS recognizes the cost of sales for reference products at the time revenue is recognized for providing services. Deferred costs represent costs incurred to provide database licensing to members. These costs are matched to the database licensing revenues and recognized over the life of the database license subscription period.

Unearned grant income represents funds received from grantor agencies that have not yet been expended for their intended purpose.

# Cost of Sales

Cost of sales primarily consists of purchased on-line cataloging and licensing services for members.

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

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Personnel expenses, which are allocated, are based on estimates of time and purpose. Other costs have been allocated based on direct usage of materials and resources.

#### Concentrations of Credit Risk

Financial instruments, which potentially subject LYRASIS to concentrations of credit risk, are principally receivables and investments. Concentration of credit risk is limited due to the members comprising LYRASIS' member base and the profession in which its members operate. To reduce risk, LYRASIS routinely assesses the financial strength of its members and, as a consequence, believes that its receivables credit risk exposure is limited. Concentration of credit risk with respect to investments is limited due to the diversified nature of LYRASIS' investment portfolio (Note 3). To further reduce credit risk, LYRASIS routinely assesses the financial strength and diversification of the investments.

#### Advertising

Advertising costs are expensed as incurred. Advertising expense was approximately \$8,000 for both the years ended June 30, 2019 and 2018.

# Tax Status

LYRASIS is exempt from federal income taxes under the provisions of \$501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has also determined that LYRASIS is not a private foundation as defined by \$509(a)(1) of the Code.

# NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Reclassifications

Certain reclassifications have been made to the 2018 financial statement presentation to correspond to the current year's format. Total net assets and changes in net assets are unchanged due to these reclassifications.

# Change in Accounting Principle

On August 18, 2016, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities* (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities.* The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about the expenses and investment return. LYRASIS has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force)*, which provides guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows. For nonpublic entities, this guidance is effective for fiscal years beginning after December 15, 2018. Early adoption is permitted. LYRASIS has implemented ASU 2016-18 and has adjusted the presentation in these financial statements accordingly.

# NOTE 2: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Financial assets at year end:	
Cash and cash equivalents	\$ 2,615,193
Accounts receivable, net	2,987,673
Investments - marketable securities	21,625,741
Total financial assets	27,228,607
Less amounts not available for use:	
Cash and cash equivalents, with contract restrictions	1,032,967
Total amounts not available for use	1,032,967
	\$ 26,195,640

# LYRASIS Notes to Financial Statements

# NOTE 2: LIQUIDITY AND AVAILABILITY (CONTINUED)

LYRASIS' liquidity management policy has structured its financial assets to be available for general expenditures and other obligations as they become due. LYRASIS has certain contract-restricted assets limited to use for grant program purposes. Accordingly, these assets have been included in the qualitative information above for financial assets to meet general expenditures within one year. In addition, LYRASIS has a \$6,000,000 line of credit available to meet cash flow needs at June 30, 2019 (Note 7).

#### **NOTE 3: INVESTMENTS - MARKETABLE SECURITIES**

Investments at June 30, 2019 and 2018, are recorded at fair value based on quoted market prices in accordance with FASB ASC 820, *Fair Value Measurements and Disclosures* (ASC 820). LYRASIS' investments represent funds held for future operational or capital needs. Changes in the fair value of investments held at the end of the year are reflected in the statements of activities as unrealized gain/loss on investments. Realized gains and losses on the sale of investments are recorded based upon the difference between the proceeds and the basis of the investments. The fair value of the investments is determined by the specific-identification method. Interest income and dividends are recognized when earned.

ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price).

ASC 820 classifies inputs used to measure fair value into the following hierarchy:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.

*Level 2* – Unadjusted quoted prices in active markets for similar assets or liabilities, or unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

Level 3 – Unobservable inputs for the asset or liability.

Assets measured at fair value on a recurring basis comprise investments totaling approximately \$21,626,000 and \$21,456,000 as of June 30, 2019 and 2018, respectively.

The following tables set forth by level, within the fair value hierarchy, investments in marketable securities at fair value as of June 30, 2019 and 2018:

June 30, 2019	Level 1	Level 2		Level 3	Total
Mutual funds	\$ 21,625,741	\$	- \$	-	\$ 21,625,741
June 30, 2018	Level 1	Level 2		Level 3	Total
Mutual funds	\$ 21,455,868	\$	- \$	-	\$ 21,455,868

# NOTE 3: INVESTMENTS - MARKETABLE SECURITIES (CONTINUED)

Generally, for all investments, fair value is determined by reference to quoted market prices and other relevant information generated by market transactions.

#### NOTE 4: RETIREMENT PLAN

LYRASIS has several defined contribution plans in which substantially all employees of LYRASIS are eligible to participate. Under the requirements of the plans, employees may contribute up to 5% of their regular salary (as defined), and LYRASIS contributes up to 8% of the employee's regular salary. LYRASIS' plan expenses were approximately \$402,000 and \$316,000 for the years ended June 30, 2019 and 2018, respectively.

#### NOTE 5: MAJOR SUPPLIERS

For the years ended June 30, 2019 and 2018, approximately 39% and 41% of LYRASIS' costs of sales were from three suppliers. LYRASIS' accounts payable as of June 30, 2019 and 2018, included approximately \$307,728 and \$2,489,000 due to these suppliers, respectively.

# NOTE 6: COMMITMENTS AND CONTINGENCIES

LYRASIS has cash deposits with a certain financial institution in excess of federally insured limits. If this financial institution were not to honor its contractual liability, LYRASIS could incur losses. Management is of the opinion that there is no risk of loss because of the financial strength of the financial institution.

LYRASIS entered into a five year non-cancelable operating lease agreement concurrent with the sale of 1438 West Peachtree (Notes 10 and 11) on June 15, 2016. This lease has been classified as an operating lease in accordance with FASB ASC 840, Leases.

Future minimum lease payments under the non-cancelable operating lease as of June 30, 2019, are as follows:

Year ending June 30,		
2020	\$ 178,333	
2021	182,791	
	\$ 361,124	

For the years ended June 30, 2019 and 2018, rent expense was approximately \$185,100 and \$169,700, respectively.

#### NOTE 7: LINE OF CREDIT

In April of 2017, LYRASIS entered into a revolving line of credit agreement with a bank, with a credit limit of \$3,000,000. In June of 2019, the line of credit increased to \$6,000,000 and the maturity date was extended through June 2022. Interest is due monthly at the 1-month LIBOR rate plus 1.75%. Total balance as of June 30, 2019 and 2018 was \$0. All cash brokerage accounts of LYRASIS serve as collateral for this line of credit.

#### **NOTE 8: FEDERAL GRANTS**

LYRASIS was awarded federal grants by the Institute of Museum and Library Services (IMLS) during the year ended 2018. LYRASIS was selected by IMLS to receive the National Leadership Grant for Libraries Program Award. Total grant awards were expended prior to April 30, 2018.

#### NOTE 9: OTHER GRANTS

During the years ended June 30, 2019 and 2018, LYRASIS managed several grants from private foundations. The Andrew W. Mellon Foundation awarded several grants of various amounts to support projects such as the stewardship of Collectionspace, an open source collections management system meeting the needs of museums, historical societies, biological collections and other collections holding organizations; Sloan Foundation research into academic e-reading platforms; provision of programs to support Emergency Preparedness for Performing Arts Organizations; and the IMLS, forum on software sustainability.

# NOTE 10: DISPOSAL OF LONG LIVED ASSETS

On June 15, 2016, LYRASIS sold its principal building located at 1438 West Peachtree Street, Atlanta, GA to 1438 West Peachtree Partners, LLC, in return for consideration given of \$4,750,000. A portion of the total consideration comprised a balloon note in the amount of \$222,000 to be paid at the conclusion of a five year period. In addition a 60-month lease-back agreement for a portion of the building was executed concurrently with the sale (Note 11).

The net book value of the building at the date of sale was \$2,107,665. Including executory costs of \$152,080, the sale of the building resulted in a gain of \$2,490,255. During the year of sale, LYRASIS recognized \$1,473,004 of the "Gain on Sale of Building" in the statement of activities. The remaining \$1,017,251 of the gain on sale was deferred for the promissory note and sale-leaseback transaction (Note 11). During the years ended June 30, 2019 and 2018, LYRASIS recognized an additional \$158,356 and \$85,589 of the deferred gain related to the sale of the building, respectively. A total of \$569,847 of the deferred gain on sale of building remained outstanding as of June 30, 2019.

#### NOTE 11: SALE-LEASEBACK

During 2016, LYRASIS, entered into a sale-leaseback transaction with respect to the building located at 1438 West Peachtree Street (Note 10). The company entered into a five year operating lease for a portion of the building with a third party. The gain from the sale-leaseback was deferred and is being amortized as a reduction of rental expense over the life of the operating lease agreement.

#### NOTE 12: RESEARCH AND DEVELOPMENT

LYRASIS continues to invest in research and development programs to further the library community. Expenses associated with this program are related to identifying new ideas, vetting of new ideas and implementation of new ideas. These costs have been recorded to their natural classification within the statements of activities. For the years ended June 30, 2019 and 2018, LYRASIS spent approximately \$628,000 and \$321,000 in Research and Development across four initiatives, respectively.

Catalyst Fund – LYRASIS invested \$275,616 during the year ended June 30, 2019, in the LYRASIS Catalyst Fund, a Grant like award program established to fund new ideas and innovative projects submitted by LYRASIS members. It was designed as a direct result of members' interest in expanding opportunities to share expertise and collaborate on innovations with potential for community-wide impact.

Leadership Forums - LYRASIS invested \$76,819 during the year ended June 30, 2019, into its Leadership Forums, which are smaller, more nimble, gatherings across the US, Canada and soon the globe, to discuss, explore and workshop ideas, problems and potential solutions that might be funded. Experts from the LYRASIS team and from the LYRASIS membership bring new concepts, trends and ideas to be discussed. Typically, there are 4-8 meetings each year. Output is shared and posted for discussion.

LYRASIS Learning - LYRASIS invested \$122,126 during the year ended June 30, 2019, in its LYRASIS Learning platform, a continuing education platform that gives Members access to the entire catalog of LYRASIS archived training as well as unlimited live classes. For an annual price Members get unlimited access to an evolving portfolio of old and new content.

Planning and Design – LYRASIS invested \$155,539 during the year ended June 30, 2019, in planning and design improving existing open source software, platforms or developing new ones.

	2019	2018
Catalyst Fund	\$ 275,616	\$ 207,540
Leadership Forums	76,819	73,537
LYRASIS Learning	120,126	39,936
Planning and Design	155,539	-
	\$ 628,100	\$ 321,013

#### NOTE 13: SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 30, 2019, which is the date that the financial statements were available to be issued.

#### **DuraSpace Acquisition**

On July 1, 2019, LYRASIS acquired Fedora Commons, Inc., dba DuraSpace, a not-for-profit organization, which provides open source software. The intent of the acquisition was to combine resources and continue to promote the charitable purposes of each party. At the date of acquisition, assets acquired by LYRASIS totaled \$1,878,790 and liabilities assumed totaled \$1,914,255. Incurred expenses related to the acquisition prior to the year ended June 30, 2019, totaled \$99,876, which has been disclosed in the statement of activities.