LYRASIS and Subsidiary

FINANCIAL STATEMENTS

June 30, 2017 and 2016

REPORT

CRI CARR RIGGS & INGRAM
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
LYRASIS and Subsidiary

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of LYRASIS and Subsidiary (LYRASIS), which comprise the consolidated statements of financial position as of June 30, 2017 and 2016, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of LYRASIS as of June 30, 2017 and 2016, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental consolidating statement of financial position and consolidating statement of activities for LYRASIS are presented for the purpose of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Carr, Riggs & Ingram, L.L.C

CARR, RIGGS & INGRAM, LLC

Atlanta, Georgia
August 15, 2017

FINANCIAL STATEMENTS

June 30,	**2017**	2016
Assets		
Current assets		
Cash and cash equivalents	**$ 5,645,494**	$ 6,544,108
Restricted cash	**1,064,573**	290,444
Investments - marketable securities	**16,685,103**	10,109,410
Receivables		
Member	**3,747,894**	1,956,767
Grants - federal	**2,899**	8,822
Other	**259,624**	169,336
	4,010,417	2,134,925
Deferred costs	**6,473,383**	6,128,692
Other prepaid expenses	**165,174**	127,417
Total current assets	**34,044,144**	25,334,996
Property and equipment		
Computer equipment	**100,914**	92,069
Furniture and fixtures	**284,814**	284,814
Computer software	**424,340**	424,340
	810,068	801,223
Less accumulated depreciation	**796,928**	772,742
	13,140	28,481
Other assets		
Intangible assets	**90,000**	130,000
Note Receivable	**222,000**	222,000
Total other assets	**312,000**	352,000
Total assets	**$ 34,369,284**	$ 25,715,477

The accompanying footnotes are an integral part of these statements.

June 30,	**2017**	2016
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	**$ 7,847,251**	$ 2,572,190
Member deposits	**5,240,517**	5,238,268
Deferred revenue	**10,636,356**	9,479,280
Unearned grant income	**1,004,679**	119,295
Current portion of deferred gain on sale of building	**148,600**	140,420
Total current liabilities	**24,877,403**	17,549,453
Deferred gain on sale of building, less current portion	**665,201**	876,831
Total liabilities	**25,542,604**	18,426,284
Net assets, unrestricted		
Board designated for future operations	**2,234,017**	2,234,017
Undesignated	**6,592,663**	5,055,176
Total net assets, unrestricted	**8,826,680**	7,289,193
Total liabilities and net assets	**$ 34,369,284**	$ 25,715,477

The accompanying footnotes are an integral part of these statements.

Consolidated Statements of Activities

Years ended June 30,	**2017**	2016
Revenues and support		
Sales of services and products	**$ 75,458,849**	$ 72,998,242
Membership dues	**1,224,872**	1,258,026
Grant - other	**951,299**	1,024,725
Grant - federal	**3,547**	128,468
Rent income	**-**	280,019
Other revenues	**213,070**	48,890
Total revenues and support	**77,851,637**	75,738,370
Operating expenses		
Cost of sales	**71,375,264**	68,858,283
Salaries	**4,090,863**	4,111,010
Fringe benefits	**857,282**	821,191
Depreciation and amortization	**64,185**	200,217
Building operations	**248,440**	321,210
Office operations	**41,768**	58,483
Data processing supplies and maintenance	**105,504**	92,690
Travel and conferences	**484,522**	499,579
Telephone	**72,567**	72,036
Professional fees	**532,291**	421,113
Property taxes	**-**	61,782
Advertising and promotion	**13,224**	20,333
Other	**30,327**	31,811
Total operating expenses	**77,916,237**	75,569,738
Operating income (loss)	**(64,600)**	168,632
Other gains (losses)		
Investment income (loss)	**1,392,118**	(53,379)
Gain on sale of building	**198,869**	1,473,004
Interest on note receivable	**11,100**	-
Abortive merger costs	**-**	(70,459)
Total other gains (losses)	**1,602,087**	1,349,166
Change in net assets, unrestricted	**1,537,487**	1,517,798
Net assets, unrestricted at beginning of year	**7,289,193**	5,771,395
Net assets, unrestricted at end of year	**$ 8,826,680**	$ 7,289,193

The accompanying footnotes are an integral part of these statements.

Consolidated Statements of Cash Flows

Years ended June 30,		**2017**		2016
Operating activities				
Change in net assets	**$**	**1,537,487**	$	1,517,798
Adjustments to reconcile change in net assets to net cash provide by (used in) operating activities				
Depreciation and amortization		**64,185**		200,217
Net realized and unrealized gain on investments		**(1,478,527)**		262,395
Gain on sale of property		**(203,450)**		(1,473,004)
(Increase) decrease in assets and increase (decrease) in liabilities				
Restricted cash		**(774,129)**		843,444
Receivables		**(1,875,492)**		1,689,703
Deferred costs and prepaid expenses		**(382,448)**		1,060,815
Deferred lease incentive		**-**		12,881
Accounts payable and accrued liabilities		**5,275,061**		(2,629,827)
Member deposits		**2,250**		(1,374,931)
Deferred revenue		**1,157,076**		(1,702,701)
Unearned grant income		**885,384**		(950,257)
Net cash provided by (used in) operating activities		**4,207,397**		(2,543,467)
Investing activities				
Purchase of property and equipment		**(8,845)**		(268,434)
Net sales (purchases) of investments - marketable securities		**(5,097,166)**		247,013
Proceeds from sales of property and equipment		**-**		4,363,685
Net cash provided by (used in) investing activities		**(5,106,011)**		4,342,264
Net increase (decrease) in cash and cash equivalents		**(898,614)**		1,798,797
Cash and cash equivalents at beginning of year		**6,544,108**		4,745,311
Cash and cash equivalents at end of year	**$**	**5,645,494**	$	6,544,108

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, 2017 and 2016.

The accompanying footnotes are an integral part of these statements.

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 that dates 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 accompanying consolidated financial statements include the accounts of LYRASIS and its wholly owned real estate holding company, 1438, Inc., hereinafter jointly referred to as LYRASIS. The preparation of these consolidated 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 consolidated 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 consolidated financial statements follows.

Financial Statement Presentation

The consolidated 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 three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. LYRASIS considers all of its net assets to be unrestricted net assets. In addition, LYRASIS is required to present a statement of cash flows.

Principles of Consolidation

The consolidated financial statements include the accounts of LYRASIS and its wholly-owned real estate holding company 1438, Inc. As of June 15, 2016, LYRASIS sold its principal building located at 1438 West Peachtree Street. The operations of 1438, Inc. were dissolved as of March 31, 2017.

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 at June 30, 2017 and 2016, of approximately $50,000 and $75,000 respectively, is adequate. These amounts are included in the member receivables balance in the accompanying consolidated statements of financial position.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

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

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, 2017 and 2016, was $1,064,573 and $290,444, 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, 2017 and 2016.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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 2). To further reduce credit risk, LYRASIS routinely assesses the financial strength and diversification of the investments.

Investment Expenses

Expenses related to investment income, including custodial fees and investment advisory fees, amounted to approximately $30,000 and $67,000 during the years ended June 30, 2017 and 2016, respectively. These expenses have been netted with investment income in the consolidated statement of activities.

Advertising

Advertising costs are expensed as incurred. Advertising expense was approximately $13,000 and $20,000 for the years ended June 30, 2017 and 2016, respectively.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

While in operations, 1438, Inc. was exempt from federal income taxes under the provisions of §501(c)(2) of the Internal Revenue Code.

Reclassifications

Certain reclassifications have been made to the 2016 consolidated financial statements in order to be in conformity with classifications used in the 2017 consolidated financial statements.

NOTE 2: INVESTMENTS - MARKETABLE SECURITIES

Investments at June 30, 2017 and 2016, 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 consolidated statement 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 $16,685,000 and $10,109,000 as of June 30, 2017 and 2016, respectively.

NOTE 2: INVESTMENTS - MARKETABLE SECURITIES (CONTINUED)

The following tables set forth by level, within the fair value hierarchy, investments in marketable securities at fair value as of June 30, 2017 and 2016:

June 30, 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Mutual funds	**$ 16,685,103**	**$ -**	**$ -**	**$ 16,685,103**
	$ 16,685,103	**$ -**	**$ -**	**$ 16,685,103**

June 30, 2016	Level 1	Level 2	Level 3	Total
Mutual funds	$ 6,040,081	$ -	$ -	$ 6,040,081
Preferred shares	214,504	-	-	214,504
Asset backed securities	15,503	-	-	15,503
Corporate bonds	129,936	-	-	129,936
Certificates of deposit	199,731	-	-	199,731
Common stock	3,509,655	-	-	3,509,655
	$ 10,109,410	$ -	$ -	$ 10,109,410

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

NOTE 3: RETIREMENT PLAN

LYRASIS has several defined contribution pension plans in which substantially all employees of LYRASIS are eligible to participate. Under the requirements of the plans, the employees may contribute up to 5% of their regular salary (as defined), and LYRASIS contributes up to 7% of the employee's regular salary (as defined) for the purchase of individual deferred annuity contracts from an insurance company. LYRASIS' pension expenses were approximately $220,000 and $195,000 for the years ended June 30, 2017 and 2016, respectively.

NOTE 4: MAJOR SUPPLIERS

For the years ended June 30, 2017 and 2016, approximately 32% and 43% of LYRASIS' costs of sales were from two and three suppliers, respectively. LYRASIS' accounts payable as of June 30, 2017 and 2016, included approximately $1,206,000 and $36,000 due to these suppliers, respectively.

NOTE 5: 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 5 year non-cancelable operating lease agreement concurrent with the sale of 1438 West Peachtree (Notes 9 and 10) 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, 2017, are as follows:

Year ending June 30,		
2018	$	169,740
2019		173,984
2020		178,333
2021		182,791
	$	704,848

Rent expense was approximately $165,600 during the year ended June 30, 2017.

NOTE 6: LINE OF CREDIT

In April of 2017, the Organization entered into a revolving line of credit agreement with a bank, with a credit limit of $3,000,000. Interest is due monthly at the 1-month LIBOR rate plus 1.75%. This line of credit matures in April of 2020. Total balance as of June 30, 2017 was $100. All cash brokerage accounts of the Organization serve as collateral for this line of credit.

NOTE 7: FEDERAL GRANTS

LYRASIS has been awarded federal grants by the National Endowment for the Humanities (NEH) during the years ended June 30, 2017 and 2016. The NEH grants represent funding for a regional preservation education and training program, which was developed by LYRASIS. LYRASIS receives funding under this grant after expenditures are made. Additionally, LYRASIS has been awarded a federal grant from the Institute of Museum and Library Services (IMLS) during the year ended June 30, 2017. LYRASIS was selected by IMLS to receive the National Leadership Grant for Libraries Program Award.

NOTE 8: OTHER GRANTS

During the years ended June 30, 2017 and 2016, 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; Preservation of Photographic Collections at Historically Black Colleges and Universities (HBCUs); provision of programs to support Emergency Preparedness for Performing Arts Organizations; and the LYRASIS Leadership Forums Program.

NOTE 9: 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 5 year period. In addition a 60-month lease-back agreement for a portion of the building was executed concurrently with the sale (Note 10).

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 consolidated statement of activities. The remaining $1,017,251 of the gain on sale was deferred for the promissory note and sale-leaseback transaction (Note 10). During the year ended June 30, 2017, LYRASIS recognized an additional $203,450 of the deferred gain related to the sale of the building. Final expenses incurred, at year-end related to ownership of the building amount to $4,581 bringing total gain recognized at year-end to $198,869. A total of $813,800 of the deferred gain on sale of building remained outstanding as of June 30, 2017.

NOTE 10: SALE-LEASEBACK

During 2016, LYRASIS, entered into a sale-leaseback transaction with respect to the building located at 1438 West Peachtree Street (Note 9). The company entered into a 5 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 11: SUBSEQUENT EVENTS

Subsequent events have been evaluated through August 15, 2017, which is the date that the consolidated financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

LYRASIS and Subsidiary
Consolidating Statement of Financial Position

June 30, 2017

	LYRASIS	1438, Inc.	Combined	Eliminating Journal Entries	Consolidated Balance
Assets					
Current assets					
Cash and cash equivalents	$ 5,645,494	$ -	$ 5,645,494	$ -	$ 5,645,494
Restricted cash	1,064,573	-	1,064,573	-	1,064,573
Investments - marketable securities	16,685,103	-	16,685,103	-	16,685,103
Receivables					
Member	3,747,894	-	3,747,894	-	3,747,894
Grants - federal	2,899	-	2,899	-	2,899
Other	259,624	-	259,624	-	259,624
	4,010,417	-	4,010,417	-	4,010,417
Deferred costs	6,473,383	-	6,473,383	-	6,473,383
Other prepaid expenses	165,174	-	165,174	-	165,174
Total current assets	34,044,144	-	34,044,144	-	34,044,144
Property and equipment					
Computer equipment	100,914	-	100,914	-	100,914
Furniture and fixtures	284,814	-	284,814	-	284,814
Computer software	424,340	-	424,340	-	424,340
	810,068	-	810,068	-	810,068
Less accumulated depreciation	796,928	-	796,928	-	796,928
	13,140	-	13,140	-	13,140
Other assets					
Intangible assets	90,000	-	90,000	-	90,000
Notes Receivable	222,000	-	222,000		222,000
	312,000	-	312,000	-	312,000
Total assets	$ 34,369,284	$ -	$ 34,369,284	$ -	$ 34,369,284

June 30, 2017

	LYRASIS	1438, Inc.	Combined	Eliminating Journal Entries	Consolidated Balance
Liabilities and Net Assets					
Current liabilities					
Accounts payable and accrued liabilities	$ 7,847,251	$ -	$ 7,847,251	$ -	$ 7,847,251
Member deposits	5,240,517	-	5,240,517	-	5,240,517
Deferred revenue	10,636,356	-	10,636,356	-	10,636,356
Unearned grant income	1,004,679	-	1,004,679	-	1,004,679
Deferred gain	148,600	-	148,600	-	148,600
Total current liabilities	24,877,403	-	24,877,403	-	24,877,403
Deferred gain	665,201	-	665,201	-	665,201
Total liabilities	25,542,604	-	25,542,604	-	25,542,604
Net assets, unrestricted					
Board designated for future operations	2,234,017	-	2,234,017	-	2,234,017
Undesignated	6,592,663	-	6,592,663	-	6,592,663
Total net assets, unrestricted	8,826,680	-	8,826,680	-	8,826,680
Total liabilities and net assets	$ 34,369,284	$ -	$ 34,369,284	$ -	$ 34,369,284

Year ended June 30, 2017

	LYRASIS	1438, Inc.	Combined	Eliminating Journal Entries	Consolidated Balance
Revenues and support					
Sales of services and products	$ 75,458,849	$ -	$ 75,458,849	$ -	$ 75,458,849
Membership dues	1,224,872	-	1,224,872	-	1,224,872
Grant - other	951,299	-	951,299	-	951,299
Grant - federal	3,547	-	3,547	-	3,547
Other revenues	213,070	-	213,070	-	213,070
Total revenues and support	77,851,637	-	77,851,637	-	77,851,637
Operating expenses					
Cost of sales	71,375,264	-	71,375,264	-	71,375,264
Salaries	4,090,863	-	4,090,863	-	4,090,863
Fringe benefits	857,282	-	857,282	-	857,282
Depreciation and amortization	64,185	-	64,185	-	64,185
Building operations	248,440	-	248,440	-	248,440
Office operations	41,768	-	41,768	-	41,768
Data processing supplies and maintenance	105,504	-	105,504	-	105,504
Travel and conferences	484,522	-	484,522	-	484,522
Telephone	72,567	-	72,567	-	72,567
Professional fees	532,291	-	532,291	-	532,291
Advertising and promotion	13,224	-	13,224	-	13,224
Other	30,327	-	30,327	-	30,327
Total operating expenses	77,916,237	-	77,916,237	-	77,916,237

Year ended June 30, 2017

	LYRASIS	1438, Inc.	Combined	Eliminating Journal Entries	Consolidated Balance
Operating income (loss)	(64,600)	-	(64,600)	-	(64,600)
Other gains (losses)					
Investment gains	1,392,118	-	1,392,118	-	1,392,118
Gain on sale of building	50,862	148,007	198,869	-	198,869
Interest on note receivable	2,775	8,325	11,100	-	11,100
Total other gains (losses)	1,445,755	156,332	1,602,087	-	1,602,087
Changes in net assets,	1,381,155	156,332	1,537,487	-	1,537,487
Contribution of 1438, Inc. net assets to Lyrasis	2,196,353	(2,196,353)	-	-	-
Net assets, unrestricted at June 30, 2016	5,249,172	2,040,021	7,289,193	-	7,289,193
Net assets, unrestricted at June 30, 2017	$ 8,826,680	$ -	$ 8,826,680	$ -	$ 8,826,680