



***FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITORS' REPORT  
YEARS ENDED DECEMBER 31, 2017 AND 2016***

DRAFT

## CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Statements of Functional Expenses	5 - 6
Notes to Financial Statements	7 - 15

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## INDEPENDENT AUDITORS' REPORT

To The Board of Trustees of  
Westchester Library System  
Tarrytown, New York

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Westchester Library System which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, cash flows and functional expenses 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 audits 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 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 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 Westchester Library System as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Saddle Brook, New Jersey

April XX, 2018

WESTCHESTER LIBRARY SYSTEM  
STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31,	
	2017	2016
Cash	\$ 3,794,703	\$ 3,691,561
Grants receivable	250,000	280,522
Accounts and other receivables	99,752	72,116
Prepaid expenses	568,037	701,656
Computer inventory	42,597	31,090
Property and equipment, net	936,832	881,548
Intangible assets	10,000	
	<u>\$ 5,701,921</u>	<u>\$ 5,658,493</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 449,887	\$ 470,535
Deferred revenue	624,430	646,284
Deferred rent	293,556	146,026
Post-retirement benefits payable	4,380,908	4,023,673
	<u>5,748,781</u>	<u>5,286,518</u>
Net assets:		
Unrestricted:		
Undesignated	3,667,374	3,711,655
Accumulated post-retirement benefits	(4,380,908)	(4,023,673)
Board designated	491,986	487,853
	<u>(221,548)</u>	<u>175,835</u>
Temporarily restricted	174,688	196,140
	<u>(46,860)</u>	<u>371,975</u>
Total net assets	<u>(46,860)</u>	<u>371,975</u>
Total liabilities and net assets	<u>\$ 5,701,921</u>	<u>\$ 5,658,493</u>

The accompanying notes are an integral part  
of these financial statements.

WESTCHESTER LIBRARY SYSTEM

STATEMENTS OF ACTIVITIES

	Year ended December 31, 2017		Year ended December 31, 2016	
	Unrestricted	Temporarily restricted	Total	Total
Operating support and revenues:				
Support and revenues:				
Governmental support:				
State grants	\$ 2,234,011	\$ 238,266	\$ 2,472,277	\$ 2,438,624
County grants	1,000,000	17,460	1,017,460	1,017,460
Federal grants				166,414
Total governmental support	3,234,011	255,726	3,489,737	3,622,498
Private support:				
Contributions	6,466	147,425	153,891	238,632
Special events, net of direct expenses of \$13,158 and \$15,733 for 2017 and 2016, respectively	(496)		(496)	(1,592)
Total private support	5,970	147,425	153,395	237,040
Total governmental and private support	3,239,981	403,151	3,643,132	3,859,538
Revenues:				
Member technology fees	2,732,114		2,732,114	2,727,764
Interest income	9,708		9,708	6,854
Other revenue	42,585		42,585	42,961
Total revenues	2,784,407		2,784,407	2,777,579
Net assets released from restrictions	424,603	(424,603)		(545,184)
Total operating support and revenues	6,448,991	(21,452)	6,427,539	6,637,117
Operating expenses:				
Program services:				
Technology	2,800,601		2,800,601	2,557,599
Public service	2,628,543		2,628,543	2,612,132
Total program services	5,429,144		5,429,144	5,169,731
Supporting services:				
Management and general	1,077,267		1,077,267	1,158,169
Fundraising	155,965		155,965	159,055
Total supporting services	1,233,232		1,233,232	1,317,224
Total operating expenses	6,662,376		6,662,376	6,486,955
Change in net assets before changes in post-retirement benefit obligation	(213,385)	(21,452)	(234,837)	150,162
Changes in post-retirement benefit obligation other than periodic costs	(183,998)		(183,998)	231,088
Change in net assets	(397,383)	(21,452)	(418,835)	381,250
Net assets, beginning of year	175,835	196,140	371,975	(9,275)
Net assets, end of year	\$ (221,548)	\$ 174,688	\$ (46,860)	\$ 371,975

The accompanying notes are an integral part of these financial statements.

WESTCHESTER LIBRARY SYSTEM

STATEMENTS OF CASH FLOWS

	Year ended December 31,	
	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ (418,835)	\$ 381,250
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	199,963	115,311
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Grants receivable	30,522	56,722
Accounts and other receivables	(27,636)	(1,864)
Prepaid expenses	133,619	(250,253)
Computer inventory	(11,507)	706
Security deposits		35,737
Increase (decrease) in:		
Accounts payable	(20,648)	48,911
Deferred revenue	(21,854)	(5,465)
Deferred rent	147,530	146,026
Post retirement benefits payable	357,235	(92,675)
Net cash provided by operating activities	<u>368,389</u>	<u>434,406</u>
Cash flows from investing activities:		
Purchase of intangibles	(10,000)	
Purchases of property and equipment	<u>(255,247)</u>	<u>(702,770)</u>
Net cash used in investing activities	<u>(265,247)</u>	<u>(702,770)</u>
Net increase (decrease) in cash	103,142	(268,364)
Cash, beginning of year	<u>3,691,561</u>	<u>3,959,925</u>
Cash, end of year	<u>\$ 3,794,703</u>	<u>\$ 3,691,561</u>

The accompanying notes are an integral part of these financial statements.

WESTCHESTER LIBRARY SYSTEM

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended December 31, 2017 and 2016

	Program services				Total
	Technology		Public service		
	2017	2016	2017	2016	
Salaries	\$ 873,663	\$ 859,281	\$ 1,001,209	\$ 960,058	\$ 1,874,872
Fringe benefits	338,322	315,050	369,287	348,351	707,609
Total salaries and related expenses	1,211,985	1,174,331	1,370,496	1,308,409	2,582,481
Professional fees	6,443	5,355	996	515	7,439
Equipment	111,593	113,435	736	1,450	112,329
Books, film, etc.	95,016	129,828	91,289	129,828	186,305
Periodicals	63,202	11,125	60,724	11,125	123,926
Rent and utilities	118,507	101,525	150,204	140,983	268,711
Repairs and maintenance	423,294	347,733	3,646	5,383	426,940
Supplies	2,949	5,342	13,533	18,217	16,482
Telephone and internet	317,662	304,434	400	292	318,062
Printing and postage	130	863	42,621	26,461	42,751
Database	198,216	201,360	256,822	261,129	455,038
Professional development	4,897	2,899	59,594	52,650	64,491
Travel	8,575	8,498	9,745	9,113	18,320
Memberships	370	646	843	603	1,213
Contractual services	37,884	38,317	159,925	271,887	197,809
Delivery service		615	404,688	370,096	404,688
Insurance	10,560	8,673			10,560
Miscellaneous	3,352	2,600	2,281	3,991	5,633
Depreciation	185,966	100,020			185,966
Total operating expenses	\$ 2,800,601	\$ 2,557,599	\$ 2,628,543	\$ 2,612,132	\$ 5,429,144
					\$ 5,169,731

The accompanying notes are an integral part of these financial statements.

WESTCHESTER LIBRARY SYSTEM  
STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended December 31, 2017 and 2016

	Management and general		Supporting services		Total		Total program and supporting services	
	2017	2016	2017	2016	2017	2016	2017	2016
Salaries	\$ 373,133	\$ 417,206	\$ 102,422	\$ 107,179	\$ 475,555	\$ 524,385	\$ 2,350,427	\$ 2,343,724
Fringe benefits	537,751	510,461	37,027	35,662	574,778	546,123	1,282,387	1,209,524
Total salaries and related expenses	910,884	927,667	139,449	142,841	1,050,333	1,070,508	3,632,814	3,553,248
Professional fees	22,107	24,835			22,107	24,835	29,546	30,705
Equipment	9,601	10,623			9,601	10,623	121,930	125,508
Books, film, etc.							186,305	259,656
Periodicals							123,926	22,250
Rent and utilities	57,191	48,242	10,284	8,382	67,475	56,624	336,186	299,132
Repairs and maintenance	8,891	9,573	2,388		11,279	9,573	438,219	362,689
Supplies	7,311	8,649	290		7,601	8,649	24,083	32,208
Telephone and internet	2,979	3,035	1,642	2,712	4,621	5,747	322,683	310,473
Printing and postage	8,022	22,164		1,771	8,022	23,935	50,773	51,259
Database							455,038	462,489
Professional development	3,156	4,858			3,156	4,858	67,647	60,407
Travel	5,438	7,390	1,617	3,054	7,055	10,444	25,375	28,055
Memberships	11,254	10,449	295	295	11,549	10,744	12,762	11,993
Contractual services	4,653	30,299			4,653	30,299	202,462	340,503
Delivery service	525	19,465			525	19,465	405,213	390,176
Insurance	10,828	10,693			10,828	10,693	21,388	19,366
Miscellaneous	430	4,936			430	4,936	6,063	11,527
Depreciation	13,997	15,291			13,997	15,291	199,963	115,311
Total operating expenses	\$ 1,077,267	\$ 1,158,169	\$ 155,965	\$ 159,055	\$ 1,233,232	\$ 1,317,224	\$ 6,662,376	\$ 6,486,955

The accompanying notes are an integral part of these financial statements.



WESTCHESTER LIBRARY SYSTEM

NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

1. Summary of significant accounting policies

This summary of significant accounting policies of Westchester Library System (the Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America as promulgated in *FASB Accounting Standards Codification* (the Codification), and have been consistently applied in the preparation of the financial statements.

Nature of the Organization

The Westchester Library System coordinates the efforts of a cooperative of the 38 public libraries serving Westchester County. Its purpose is to provide cost-effective centralized services that reflect economies of scale or specialized expertise which the individual member library cannot afford. The Organization encourages the coordination and sharing of resources among members, provides and supports the technological infrastructure used by member libraries, offers staff development and training for Organization and member library staff and provides advocacy at the local, county, state, and national levels to improve awareness of funding for libraries.

Financial statement presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. The Board has resolved that certain unrestricted funds be held as "Board Designated" that may only be expended at the Board's discretion.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. There were no permanently restricted assets as of December 31, 2017 or 2016.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support and revenues and expenses during the period. Accordingly, actual results could differ from those estimates.

WESTCHESTER LIBRARY SYSTEM

NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

1. Summary of significant accounting policies (continued)

Cash

Cash consists of demand deposit accounts.

Computer inventory

Inventories consist of personal computers and other types of computer equipment that are purchased by the Organization for its members. The items are sold to the members at the Organization's cost. The items are carried at cost, determined on a first-in, first-out basis.

Prepaid expenses

Funds disbursed for expenses that will be incurred in future periods are recorded as prepaid expenses.

Property and equipment

Property and equipment are stated at cost. Depreciation is provided on the straight-line method at rates based on the following estimated useful lives:

Furniture and equipment	3 - 10 years
Leasehold improvements	10 years

The cost of assets sold or otherwise disposed of and the accumulated depreciation thereon are eliminated from the accounts and the resulting gain or loss is reflected in income except for assets traded where no cash is received. Expenditures for maintenance and repairs are charged to expenses as incurred; replacements and betterments in excess of \$5,000 that extend the useful lives are capitalized.

Intangible assets

Intangible assets consist of a mobile library application with an estimated useful life of five years. Amortization will be computed using the straight-line method. The mobile application was put in service in January 2018. There was no amortization expense as of the year ended December 31, 2017. Estimated amortization expense for each of the next five years ended December 31 is as follows: 2018 - \$2,000; 2019 - \$2,000; 2020 - \$2,000; 2021 - \$2,000; and 2022 - \$2,000.

Income taxes

The Organization is a not-for-profit corporation that has been granted exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is also exempt from state income tax. As such, no provision for federal or state income taxes has been made in these financial statements.

Uncertain tax positions

As of December 31, 2017, management believes that, based on evaluation of the Organization's tax positions, any liability as a result of uncertain tax positions would not be material. Management continually evaluates expiring statutes of limitations, changes in tax law, and new authoritative rulings to assist in evaluating the Organization's tax positions. Accrued interest and penalties associated with uncertain tax positions, if any, would be recognized as part of the income tax provision. Income tax returns are filed in the U.S. federal jurisdiction and state jurisdictions. U.S. federal and state income tax returns prior to fiscal year 2014 are closed.

WESTCHESTER LIBRARY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017 and 2016

1. Summary of significant accounting policies (continued)

Functional allocation of expenses

The costs of providing various programs and support services have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain expenses have been allocated among the programs and supporting services based on management's best estimates.

Allowance for doubtful receivables

The Organization determines whether an allowance for uncollectible receivables should be provided, based on management's assessments of the age of the Organization's receivables, current economic conditions and historical experience. As of December 31, 2017 and 2016, the Organization determined that an allowance was not necessary.

Deferred revenue

Funds received that have not been earned as of the year end dates are reflected as deferred revenue.

Contributions

Contributions, including unconditional pledges, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Contributions are recognized when the conditions on which they depend are substantially met. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Reclassifications

Certain reclassifications have been made to the 2016 financial statements to conform to the 2017 presentation.

2. Risks and uncertainties

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash, accounts and other receivables and grants receivable. The Organization maintains its cash in bank deposit accounts, the balances of which, at times, may exceed federally insured limits. In order to limit their exposure, the Organization and the bank have entered into a collateral and control agreement. Under that agreement, the bank has agreed to secure funds not insured by the Federal Deposit Insurance Corporation by pledging securities as defined in New York State statutes. Concentrations of credit risk with respect to accounts and other receivables are limited due to the number of libraries comprising the Organization's member base and the generally short payment terms. Credit risk with respect to grants receivable are limited due to the fact that grants are received from governmental organizations.

3. Significant source of support

During the years ended December 31, 2017 and 2016, the Organization received approximately 38% and 37%, respectively, of its total support and revenues from grants from the State of New York and approximately 16% and 15%, respectively, from Westchester County Grants.

WESTCHESTER LIBRARY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017 and 2016

4. Cash

The Organization's cash accounts are comprised of the following:

	December 31,	
	2017	2016
Interest bearing accounts	\$ 3,794,503	\$ 3,691,361
Non-interest bearing accounts	200	200
	\$ 3,794,703	\$ 3,691,561

5. Grants receivable

Grants receivable are all due within a year of the respective balance sheet date and consist of the following:

	December 31,	
	2017	2016
Institute of Museum and Library Services	\$	\$ 30,522
Westchester County	250,000	250,000
	\$ 250,000	\$ 280,522

6. Property and equipment

Property and equipment consists of the following:

	December 31,	
	2017	2016
Furniture and equipment	\$ 1,569,267	\$ 1,314,020
Leasehold improvements	99,857	99,857
	1,669,124	1,413,877
Less accumulated depreciation	732,292	532,329
	\$ 936,832	\$ 881,548

Depreciation expense for the year ended December 31, 2017 and 2016 was \$199,963 and \$115,311, respectively. During the year ended December 31, 2016, \$2,454,120 of fully depreciated furniture and equipment and leasehold improvements were written off.

7. Deferred rent

During the year 2016, the Organization moved to a new facility and entered into an operating lease that has escalations throughout the term of the lease. The Organization received twelve months of free rent in year one. The Organization records rent expense on a straight-line basis and the difference between rent expense and the lower rental amounts actually paid to the landlord is reported as deferred rent in the accompanying statement of financial position. As of December 31, 2017 and 2016, deferred rent amounted to \$293,556 and \$146,026, respectively.

WESTCHESTER LIBRARY SYSTEM  
NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

8. Post-retirement benefits

The Organization provides post-retirement benefits to eligible past and present employees. Eligibility includes those who have retired or will retire at age 55 or thereafter, and who have been employed by the Organization for at least ten years of service prior to retirement. Effective December 15, 2007, the employer subsidy has been capped and frozen at the 2008 annual premiums.

The accumulated post-retirement benefit obligation is calculated using discount rates of 3.47% and 3.92% for the years ended December 31, 2017 and 2016, respectively.

The following table presents the changes in the accumulated benefit obligation.

	December 31,	
	2017	2016
Changes in accumulated post-retirement benefit obligation:		
Accumulated post-retirement benefit obligation at January 1	\$ 4,023,673	\$ 4,116,348
Service cost	82,085	74,071
Interest cost	161,162	162,353
Plan participant contributions	57,784	17,870
Medicare Part D subsidy received		
Actuarial (gain) loss	329,840	(94,247)
Benefits paid	(273,636)	(252,722)
Accumulated post-retirement benefit obligation, December 31	<u>\$ 4,380,908</u>	<u>\$ 4,023,673</u>
Change in plan assets:		
Fair value of plan assets, January 1	\$	\$
Employer contributions	177,110	217,293
Employee contributions	57,784	17,870
Medicare Part B reimbursement paid to retirees	38,742	17,559
Medicare Part D subsidy received		
Benefits paid	(273,636)	(252,722)
Fair value of plan assets, December 31	<u>\$</u>	<u>\$</u>
Funded status:		
Unfunded benefit obligation	<u>\$ 4,380,908</u>	<u>\$ 4,023,673</u>
	December 31,	
	2017	2016
Components of net periodic benefit cost:		
Service cost	\$ 82,085	\$ 74,071
Interest cost	161,162	162,353
Amortization of transition obligation		
Amortization of prior service cost		
Amortization of actuarial loss	145,842	136,841
	<u>\$ 389,089</u>	<u>\$ 373,265</u>

WESTCHESTER LIBRARY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017 and 2016

8. Post-retirement benefits (continued)

The following are the actuarial assumptions and effects:

	December 31,	
	2017	2016
Medical trend rate next year	5.00%	5.00%
Ultimate trend rate	5.00%	5.00%
Year ultimate trend rate is achieved	2009	2009
Discount rate used to value end of year accumulated post-retirement benefit obligations	3.47%	3.92%
Discount rate used to value end of year net periodic post-retirement benefit costs	3.92%	4.09%
Effect of a 1% increase in healthcare cost trend rate on:		
a. Interest cost plus service cost	\$ 26,269	\$ 21,947
b. Accumulated post-retirement benefits	361,509	276,568
Effect of a 1% decrease in health:		
a. Interest cost plus service cost	(19,801)	(16,569)
b. Accumulated post-retirements benefits	(282,222)	(217,788)

The Organization's estimate of future benefit payments, net of employee contributions, are as follows:

Year ending December 31:	
2018	\$ 218,793
2019	211,949
2020	208,978
2021	206,316
2022	213,065
2023 - 2027	1,139,568

9. Commitments and contingencies

Office lease

The Organization moved to a new facility in July 2016. The Organization leases its office facilities under an operating lease expiring on June 30, 2027. The lease provides for minimum annual rental payments as follows:

Year ending December 31:	
2018	\$ 292,626
2019	299,784
2020	306,942
2021	314,100
2022	321,258
Thereafter	1,533,347
	<u>\$ 3,068,057</u>

The Organization's rent expense, including escalation charges, for the years ended December 31, 2017 and 2016 was \$335,626 and \$299,011, respectively.

WESTCHESTER LIBRARY SYSTEM  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2017 and 2016

9. Commitments and contingencies (continued)

Copier lease

In June 2016, the Organization entered into a four year lease expiring May 31, 2021. The monthly lease payments for the equipment are \$760. Minimum lease payments for the subsequent years are as follows:

Year ending December 31:		
2018	\$	9,120
2019		9,120
2020		9,120
2021		<u>3,800</u>
	\$	<u>31,160</u>

10. Government grants and contracts

The Organization operates under various contracts with government agencies which generally cover a one-year period, subject to annual renewals. The terms of these contracts allow the grantors the right to audit the costs incurred thereunder and adjust contract funding based upon the amount of program income received. Any costs disallowed by the grantor would be absorbed by the Organization and any adjustments by grantors would be recorded when amounts are known, however, it is the opinion of management that disallowances, if any, would be immaterial and adjustments, if any, would not have a material adverse effect on the financial position of the Organization.

11. Letter of credit and line of credit

During the years ended December 31, 2017 and 2016, the Organization had an Irrevocable Stand-by Letter of Credit with a financing institution in the amount of \$4,000,000 and \$4,250,000. The Irrevocable Stand-by Letter of Credit expires on June 07, 2018. The full amount is available in one withdrawal only. There were no borrowings during the years and no amounts were outstanding at both December 31, 2017 and 2016.

The Organization has a \$500,000 revolving Line of Credit agreement with a financing institution with a maturity date of August 28, 2018. The interest rate on the line is 5%. There were no borrowings during the years and no amounts were outstanding at both December 31, 2017 and 2016.

WESTCHESTER LIBRARY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017 and 2016

12. Temporarily restricted net assets and net assets released from restrictions

Temporarily restricted net assets for use in future and for specific programs are available for the following purposes:

	December 31,	
	2017	2016
State Correction Aid	\$ 34,121	\$ 38,533
Coordinated Outreach Services Program	5,412	14,371
County Correctional Facilities Library Aid	32,577	29,554
Gates Staying Connected Training Program	5,094	5,094
Bruni Verges Memorial Fund	4,231	4,231
People and Stories	2,096	2,096
Battle of the Books	1,884	1,491
MiniGrants	43,001	21,568
TASC Connect	5,000	5,000
Marketing and Professional Development	13,000	
Early Literacy	10,000	
Adult Literacy	7,515	
Family Literacy	10,146	
BTOP	611	
Patron Stories		10,852
Community Dialogue on Criminal Justice Issues		40,000
Creative aging programs		23,350
	\$ 174,688	\$ 196,140

Temporarily restricted net assets were released from donor restrictions as follows by incurring expense satisfying the restricted purpose or by passage of time. The net assets released from restriction were as follows:

	December 31,	
	2017	2016
Coordinated Outreach Services Program	\$ 165,030	\$ 167,058
State Correction Aid	35,513	27,325
BTOP	33,395	32,720
LIU Certificate	40,450	40,984
Westchester Senior Out Speaking	17,460	17,460
Learning Ambassadors	12,300	7,414
Family Literacy	14,749	12,558
Adult Literacy	8,488	8,073
County Corrections Aid	7,172	7,656
Creative aging programs	23,350	1,650
Battle of the Books	2,607	1,509
MiniGrants	5,567	23,932
TASC Connect	10,000	10,000
Patron Stories	8,522	14,148
Community Dialogue on Criminal Justice Issues	40,000	
IMLS Creative Aging		166,414
Maurice J. Freedman Scholarship Fund		6,283
	\$ 424,603	\$ 545,184



WESTCHESTER LIBRARY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017 and 2016

13. Board-designated

The fund consists of board-designated special purpose funds. The funds are restricted by the Board of Trustees to cover shortfalls in cash flows and may be used for new initiatives and services as determined by the Board of Trustees.

The Board of Trustees is responsible for the long-term investment policies for board-designated funds. Appropriations of such funds require Board approval.

Changes in board-designated net assets were as follows for the year ended December 31:

	2017 Unrestricted	2016 Unrestricted
Board-designated funds, beginning of year	\$ 487,853	\$ 487,361
Interest income	4,133	492
Board-designated funds, end of year	\$ 491,986	\$ 487,853

The Organization has adopted investment and spending policies for board-restricted net assets that attempt a predictable stream of funding to protect the purchasing power of the fund. Under this policy, as approved by the Board of Trustees, the board-restricted net assets are invested in a manner that is intended to preserve the funds in a risk adverse environment. The Board authorizes the use of these funds to assist the Organization in managing cash flow during the course of the year.

14. Pass-through grants

The Organization is a party to certain agency transactions whereby grants are passed through the Organization to their intended beneficiaries. Pass-through grants were as follows:

	December 31,	
	2017	2016
Central Library Aid	\$ 66,927	\$ 66,209
Local Library Services Aid	279,694	279,542
Westchester Community College	96,220	2,943
Grants in Aid	37,500	179,699
Member Library	208	24,636
	\$ 480,549	\$ 553,029

15. Subsequent events

Subsequent events have been evaluated through April XX, 2018, which is the date the financial statements were available to be issued.