



Westchester Library System
Financial Statement Review
March 2020

NOTES FOR MARCH 2020 BALANCE SHEET

CURRENT ASSETS *(This section indicates the organization's liquidity by showing what assets WLS holds in cash and what assets will be available in cash in the near future.)*

Cash & Cash Equivalents *(This line shows the total cash in WLS's bank accounts, investment accounts and petty cash.)* – WLS's cash position declined by approximately \$282,000 during the month of March. \$369,000 in revenue was received including \$325,000 in IT fees and \$19,950 in BTOP (Broadband Technology Opportunities Program) fees from 2019. Approximately \$651,000 in (mostly recurring) expenses was paid out, including three payrolls during this month as opposed to the usual two.

Unconditional Promises to Give *(These are promises to give money to WLS without any restrictions attached.)* – This figure increased by almost \$99,500 during March, all of which was the result of recording County and eRate revenue for the period.

Accounts Receivable *(These are monies owed to the organization by another party. For WLS, it usually refers to monies owed by the member libraries.)* – Receivables were reduced by \$335,000 in March primarily through the receipt of IT fees.

Prepaid Expenses *(These are expenses that WLS has paid in advance for goods or services that have not yet been received or used.)* – This figure increased by approximately \$4,500 during April, driven by recognition of \$146,500 in expenses against the recording for \$151,000 in new prepaid expenses, primarily for rent, insurance, maintenance and database expenses.

SHORT TERM LIABILITIES *(Shows WLS's near-term obligations.)*

Deferred Revenue *(Funds received in advance for expenses not yet incurred.)* – This figure decreased by approximately \$445,500 during the period, the result of recognition of IT and NYS revenues.

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	<u>3/31/2020</u>	<u>12/31/2019</u>	<u>YTD Change</u>	<u>YTD % Change</u>
Assets				
Current Assets				
Cash & Cash Equivalents	4,048,188	4,522,420	(474,232)	-10.5%
Unconditional Promises to Give	349,077	280,438	68,639	24.5%
Accounts Receivable	512,205	135,785	376,420	277.2%
Prepaid Expenses	698,490	464,403	234,087	50.4%
Security Deposits	<u>0</u>	<u>0</u>	<u>0</u>	0.0%
Total Current Assets	5,607,959	5,403,045	204,914	3.8%
Long-term Assets				
Property & Equipment	<u>633,964</u>	<u>690,188</u>	<u>(56,224)</u>	-8.2%
Total Property & Equipment	<u>633,964</u>	<u>690,188</u>	<u>(56,224)</u>	-8.2%
Total Long-term Assets	<u>633,964</u>	<u>690,188</u>	<u>(56,224)</u>	-8.2%
Total Assets	<u>6,241,923</u>	<u>6,093,234</u>	<u>148,690</u>	2.4%
Liabilities				
Short-term Liabilities				
Accounts Payable	414,894	432,563	(17,669)	-4.1%
Deferred Revenue	<u>735,365</u>	<u>611,639</u>	<u>123,726</u>	20.2%
Total Short-term Liabilities	1,150,259	1,044,202	106,057	10.2%
Long-term Liabilities				
Capital Lease Obligations	0	0	0	0.0%
Deferred Rent	279,521	282,287	(2,766)	-1.0%
Post-Retirement Benefits Payable	<u>4,169,203</u>	<u>4,169,203</u>	<u>0</u>	
Total Long-term Liabilities	<u>4,448,724</u>	<u>4,451,490</u>	<u>(2,766)</u>	-0.1%
Total Liabilities	<u>5,598,983</u>	<u>5,495,692</u>	<u>103,291</u>	1.9%
Net Assets				
Total Net Assets	<u>642,940</u>	<u>597,542</u>	<u>45,399</u>	7.6%
Total Liabilities and Net Assets	<u>6,241,923</u>	<u>6,093,234</u>	<u>148,690</u>	2.4%



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NOTES FOR MARCH 2020 INCOME STATEMENT

For the month of March, revenues fell short of budget by \$5,000; revenues year-to-date are approximately \$15,000 short of budget. Spending in March came in approximately \$57,500 below the monthly budget; spending year-to-date for 2020 was approximately \$190,000 less than the year to date budget. Lines with notable activity are discussed below.

Revenues:

Shortfalls in revenue for the month and year-to-date are primarily driven by the Other Revenues line, where no revenues have been recorded to date except those related to the LIU Certificate Program. This is the line which includes the BTOP (Broadband Technology Opportunities Program) grant in which WLS serves as project manager for New Rochelle Public Library's program.

There was also a shortfall of approximately \$5,000 in Fund Raising and Contributions. The budget assumes that approximately \$8,600 would be raised each month, when in reality, the monies raised will fluctuate monthly. However, the activity in March 2020 is similar to activity in the same period last year. Additionally, the impacts from the COVID-19 pandemic forced the cancellation of the Spring event which reduced the amount received for ticket sales and sponsorships. The pandemic has also had a significant impact on the economy and is expected to have an impact on this line for the remainder of the year.

Expenses:

Spending in March came in approximately \$57,500 below the monthly budget; spending year-to-date for 2020 was approximately \$190,000 less than the year to date budget.

Salaries – Spending in this line is more than \$6,700 over budget for March and \$2,000 for the year. The overspending in March is entirely driven by hourly payroll expenses. The budget assumes approximately \$9,500 in hourly payroll expense each month, when in reality, the use of hourly staff at WLS can fluctuate month-to-month related to activity in specific programs such as the current work to support the 2020 Census. In addition, the line reflects hourly expenses reported for three payrolls as opposed to the usual two payrolls. So although the line is overspent for March, it is not anticipated to be overspent at year-end.

Fringe Benefits – This line is overspent by approximately \$5,000 for the month of March, but underspent by more than \$7,700 for the year and thus far does not indicate that it will be overspent for the year. The overspending includes quarterly payments to those retirees who receive reimbursement for their Part B expenses.

Equipment – This line was under budget by approximately \$5,700 for the month of March and \$3,800 year-to-date. This was primarily driven by the purchase of 40 laptops to support the 2020 Census. WLS will monitor this line throughout the year to ensure it comes in within budget at year-end.



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NOTES FOR MARCH 2020 INCOME STATEMENT (continued)

Library Materials – This line shows a deficit of approximately \$11,000. Since the social isolation associated with the COVID-19 pandemic, WLS arranged to allow for increased usage of e-content by library users, which resulted in greater activity in this line and accompanying increased expenses.

Professional Development – This line shows a deficit of approximately \$9,000 for March and \$1,800 year-to-date. This was primarily driven by a \$13,050 payment for the LIU Palmer School Certificate program. Although the line is overspent for March, it is not anticipated to be overspent at year-end.

While the closures related to the pandemic have led to additional expenses as noted above, the Income Statement also shows surpluses in Delivery (\$25,000) and Contractual Services (\$39,000). This is primarily due to the office closure and services either being delayed or not used.



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Financial Statement Review
March 2020

	Current Period		Current Period	Current Year		YTD Budget	Total Budget
	3/31/2020	Budget	Budget Variance	Actual	YTD Budget	Variance	
Revenue							
State Revenues without	193,764	193,742	22	581,298	581,225	73	2,324,900
County Revenues without	85,800	84,583	1,217	257,400	253,750	3,650	1,015,000
Federal Revenues without	13,750	13,750	0	41,250	41,250	0	165,000
Member Technology Fees	237,587	235,392	2,195	711,579	706,175	5,404	2,824,700
Fund Raising & Contributions	3,594	8,667	(5,073)	6,208	26,000	(19,792)	104,000
Interest	813	1,667	(853)	7,994	5,000	2,994	20,000
WEBS & Other	2,350	2,333	17	5,180	7,000	(1,820)	28,000
Government Revenues with	17,852	17,850	2	53,560	53,550	10	236,000
Other Revenues with Restrictions	1,667	3,917	(2,250)	6,250	11,750	(5,500)	47,000
Total Revenue	557,177	561,900	(4,723)	1,670,719	1,685,700	(14,981)	6,764,600
Expenditures							
Salaries	198,756	191,983	(6,773)	577,961	575,950	(2,011)	2,303,800
Fringe Benefits	105,770	100,625	(5,145)	294,098	301,875	7,777	1,207,500
Professional Fees	1,130	9,158	8,028	17,861	27,475	9,614	109,900
Equipment	10,262	4,567	(5,695)	17,537	13,700	(3,837)	54,800
Library Materials	75,152	64,040	(11,112)	212,422	200,430	(11,992)	775,700
Rent and Utilities	29,152	28,833	(319)	84,256	86,500	2,244	346,000
Repairs and Maintenance	32,504	41,163	8,659	103,558	134,030	30,472	504,500
Supplies	1,253	3,150	1,897	7,290	9,450	2,160	37,800
Telephone and Internet	28,894	31,900	3,006	86,827	95,700	8,873	382,800
Printing and Postage	1,573	4,558	2,985	6,623	13,675	7,052	54,700
Bibliographic Fees	5,970	6,042	72	17,864	18,125	261	72,500
Professional Development	14,745	5,625	(9,120)	31,674	29,875	(1,799)	80,500
Travel	1,659	3,108	1,450	6,513	9,325	2,812	37,300
Memberships	100	1,775	1,675	1,265	7,725	6,460	23,700
Contractual Services	858	40,508	39,651	23,461	121,525	98,064	486,100
Delivery Service	9,701	34,833	25,132	79,219	104,500	25,281	418,000
Special Events	0	833	833	18	2,500	2,482	10,000
Insurance	1,745	2,083	338	3,875	6,250	2,375	25,000
Miscellaneous	210	2,100	1,890	3,407	6,300	2,893	25,200
Total Expenditures	519,433	576,887	57,454	1,575,730	1,764,910	189,180	6,955,800
Net Revenue before Depreciation	37,744	(14,987)	52,731	94,989	(79,210)	174,199	(191,200)
Non-Cash Activity							
Depreciation	18,741	0	(18,741)	56,224	0	(56,224)	0
Unrealized Gain/Loss on	(6,190)	0	6,190	(6,634)	0	6,634	0
Total Non-Cash Activity	12,551	0	(12,551)	49,590	0	(49,590)	0
Net Revenue	25,193	(14,987)	40,180	45,399	(79,210)	124,609	(191,200)



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Income Statement – March-2020 3-Year Comparison

“Housekeeping” reminders:

1. In 2019, some revenue lines were re-labeled as follows:

<u>2019 & 2020</u>	<u>2018</u>
State Revenues Without Restrictions*	Grants State
County revenues without Restrictions**	Grants County
Federal Revenues without Restrictions	Grants Federal
Government Revenues with Restrictions	Restricted Grants
Other Revenues with Restrictions***	Restricted Other

2. In 2018, no monies were budgeted in the Grants Federal line. Now that WLS has again applied for and is receiving eRate monies, these revenues were included in the 2019 and 2020 budgets.

* State Revenues without Restrictions – This line is one of the primary sources of funding for WLS operations. Unrestricted revenue have no external restrictions imposed and may be used for general expenses or any legal purpose appropriate to the organization.

** County Revenues without Restrictions – As noted above, these revenues may be used for general expenses or any legitimate purpose of the organization.

*** Fundraising & Contributions/Restricted Grants/Restricted Other – Restricted funds are monies set aside for a particular purpose as a result of designated giving. They are permanently restricted to that purpose and cannot be used for other expenses of the nonprofit.

Finally, there was no finance report prepared for the March 2018 meeting; therefore this month’s report compares only 2020 and 2019 activity.

Revenues:

In March 2020 revenue increased by approximately \$13,000 over 2019, the result of recognition of eRate monies. 2019 was the first year that WLS would again receive eRate monies after a hiatus of several years and as a result, eRate revenues were not recognized in March because WLS did not know the amount which would be awarded.

Expenses:

Expenses for March 2020 were \$20,000 less than expenses for March 2019. Differences between 2020 and 2019 were due to a number of factors:



Income Statement – March-2020 3-Year Comparison (continued)

Salaries & Fringe Benefits – Additional costs in salaries in 2020 was primarily driven by an additional staff person in Outreach, the addition of hourly staff to perform certain duties previously performed by independent contractors as well as additional hourly staff time being used to accommodate the 2020 Census.

Library Materials – Although expenses in this line recorded for March 2020 were \$11,000 less than March 2019, the individual transactions which comprise this line had significant difference between the two years. In 2020 spending for pay-per-use eBooks was \$4,500 higher than in 2019. However, due to the timing of invoices for certain online databases the spending in this line was higher in 2019.

Repairs and Maintenance – Higher spending in 2019 compared to 2020 was primarily driven by the fact that WLS recorded both the final expense for SIRSI as well as the first expense for Equinox in 2019.

Supplies – While the March 2020 expense was more than double that of 2019, the 2019 expenses in this line were offset by the recognition of reimbursement on supplies sold to libraries. The large barcode label order that caused this in 2019 was completed later that year and usually shows this offset in February, as it did in 2020.

Travel – March 2020 expenses were approximately \$1,100 higher than those of March 2019. This can be attributed to travel expenses from February for which invoices were paid in March. Additionally, this includes expenses for attendance at a conference which is held every other year (PLA) and therefore would not have a comparable expense for the same period in 2019.

Contractual Services – Expenses of \$858 were recorded for March 2020 as compared with \$9,254 in March 2019. Several factors can be attributed to this including the hiring of a part-time employee in 2020 to perform the tasks previously performed by a contractor paid in this line in 2019, and expenses related to the Evergreen migration that were recognized in this line.

Delivery – While expenses of \$40,000 were recognized in March 2019, representing an overspending of the monthly budget due to paying for five weeks of service in that month, only \$9,700 of expenses were recorded in March 2020. The underspending in 2020 represents only having incurred delivery charges for 1/3 of the month due to the current pandemic.



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Financial Statement Review March 2020 Revenue and Expenses compared with March 2019

	Current			Current		
	Current	Period Budget	Variance	Current	Period Budget	Variance
	3/31/2020	Period Budget	Variance	3/31/2019	Period Budget	Variance
Revenue						
State Revenues without	193,764	193,742	22	193,671	193,667	4
County Revenues without	85,800	84,583	1,217	84,583	84,583	0
Federal Revenues without	13,750	13,750	0	0	13,333	(13,333)
Member Technology Fees	237,587	235,392	2,195	237,844	235,600	2,244
Fund Raising & Contributions	3,594	8,667	(5,073)	3,619	5,167	(1,548)
Interest	813	1,667	(853)	1,224	1,000	224
WEBS & Other	2,350	2,333	17	2,250	2,317	(67)
Government Revenues with	17,852	17,850	2	17,843	19,642	(1,799)
Other Revenues with Restrictions	1,667	3,917	(2,250)	3,104	4,275	(1,171)
Total Revenue	557,177	561,900	(4,723)	544,137	559,583	(15,446)
Expenditures						
Salaries	198,756	191,983	(6,773)	178,602	202,900	24,298
Fringe Benefits	105,770	100,625	(5,145)	88,446	101,125	12,679
Professional Fees	1,130	9,158	8,028	654	3,033	2,379
Equipment	10,262	4,567	(5,695)	11,046	18,300	7,254
Library Materials	75,152	64,040	(11,112)	86,260	67,533	(18,727)
Rent and Utilities	29,152	28,833	(319)	27,552	28,833	1,281
Repairs and Maintenance	32,504	41,163	8,659	52,967	46,175	(6,792)
Supplies	1,253	3,150	1,897	482	3,592	3,109
Telephone and Internet	28,894	31,900	3,006	30,133	30,000	(133)
Printing and Postage	1,573	4,558	2,985	1,641	5,725	4,084
Bibliographic Fees	5,970	6,042	72	7,045	6,042	(1,003)
Professional Development	14,745	5,625	(9,120)	2,751	6,300	3,549
Travel	1,659	3,108	1,450	547	3,142	2,594
Memberships	100	1,775	1,675	290	925	635
Contractual Services	858	40,508	39,651	9,254	12,225	2,971
Delivery Service	9,701	34,833	25,132	40,041	33,875	(6,166)
Special Events	0	833	833	0	833	833
Insurance	1,745	2,083	338	1,705	2,083	378
Miscellaneous	210	2,100	1,890	125	1,300	1,175
Total Expenditures	519,433	576,887	57,454	539,542	573,942	34,399
Net Revenue before Depreciation	37,744	(14,987)	52,731	4,595	(14,358)	18,953
Non-Cash Activity						
Depreciation	18,741	0	(18,741)	20,287	0	(20,287)
Unrealized Gain/Loss on	(6,190)	0	6,190			
Total Non-Cash Activity	12,551	0	(12,551)	20,287	0	(20,287)
Net Revenue	25,193	(14,987)	40,180	(15,692)	(14,358)	(1,333)

Note: There were no financial reports prepared for March-2018.