



Westchester Library System
Financial Statement Review
April 2020



NOTES FOR APRIL 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 \$534,000 during the month of April. \$46,000 in revenue was received, \$43,000 of which was from member library IT fees paid to WLS and approximately \$580,000 in (mostly recurring) expenses was paid out, including two payrolls. A notable expense was \$122,600 paid to Equinox for the annual hosting and support of the ILS. Although WLS received little revenue in April, this activity is consistent with the annual budget cycle.

Unconditional Promises to Give *(These are promises to give money to WLS without any restrictions attached.)* – This figure increased by almost \$310,000 during April, all of which was the result of recording County, State 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.)* – Accounts Receivable decreased by approximately \$39,000 in April driven primarily by member libraries paying invoices for technology 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 \$54,000 during April, driven by recognition of \$142,000 in expenses against the recording for \$196,000 in new prepaid expenses, primarily for hosting and maintenance of the ILS by Equinox.

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 \$238,000 during the period, almost exclusively driven by the recognition of IT revenues.

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	<u>4/30/2020</u>	<u>12/31/2019</u>	<u>YTD Change</u>	<u>YTD % Change</u>
Assets				
Current Assets				
Cash & Cash Equivalents	3,514,408	4,522,420	(1,008,012)	-22.3%
Unconditional Promises to Give	658,756	280,438	378,318	134.9%
Accounts Receivable	473,064	135,785	337,279	248.4%
Prepaid Expenses	752,733	464,403	288,330	62.1%
Security Deposits	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0%</u>
Total Current Assets	5,398,961	5,403,045	(4,084)	-0.1%
Long-term Assets				
Property & Equipment	<u>615,223</u>	<u>690,188</u>	<u>(74,966)</u>	<u>-10.9%</u>
Total Property & Equipment	<u>615,223</u>	<u>690,188</u>	<u>(74,966)</u>	<u>-10.9%</u>
Total Long-term Assets	<u>615,223</u>	<u>690,188</u>	<u>(74,966)</u>	<u>-10.9%</u>
Total Assets	<u>6,014,183</u>	<u>6,093,234</u>	<u>(79,050)</u>	<u>-1.3%</u>
Liabilities				
Short-term Liabilities				
Accounts Payable	496,950	432,563	64,387	14.9%
Deferred Revenue	<u>497,115</u>	<u>611,639</u>	<u>(114,524)</u>	<u>-18.7%</u>
Total Short-term Liabilities	994,065	1,044,202	(50,137)	-4.8%
Long-term Liabilities				
Capital Lease Obligations	0	0	0	0.0%
Deferred Rent	278,599	282,287	(3,687)	-1.3%
Post-Retirement Benefits Payable	<u>4,169,203</u>	<u>4,169,203</u>	<u>0</u>	<u>0.0%</u>
Total Long-term Liabilities	<u>4,447,802</u>	<u>4,451,490</u>	<u>(3,687)</u>	<u>-0.1%</u>
Total Liabilities	<u>5,441,868</u>	<u>5,495,692</u>	<u>(53,824)</u>	<u>-1.0%</u>
Net Assets				
Total Net Assets	<u>572,316</u>	<u>597,542</u>	<u>(25,226)</u>	<u>-4.2%</u>
Total Liabilities and Net Assets	<u>6,014,183</u>	<u>6,093,234</u>	<u>(79,050)</u>	<u>-1.3%</u>



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NOTES FOR APRIL 2020 INCOME STATEMENT

For the month of April, revenues fell short of budget by \$7,800; revenues year-to-date are approximately \$23,000 short of budget. Spending in April came in approximately \$37,000 over the monthly budget, however spending year-to-date for 2020 was approximately \$137,000 under the year-to-date budget. Lines with notable activity are discussed below.

Revenues:

The end of April marks the end of the first 1/3 of the WLS fiscal year. Revenues for the month of April fell short of the monthly budget by \$7,800 and revenues fall short of budget by approximately \$23,000 for the year-to-date. There are two lines with notable variances. *Fund Raising & Contributions* was approximately \$8,000 under budget and can be attributed to the impacts of the COVID-19 pandemic on activities in this area. *Other Revenues with Restrictions* fell short by \$2,250 for the month and \$7,750 for the year-to-date. This was directly related to program revenues that are budgeted over the year but are actually received entirely in the second half of the year. When the program begins in July and revenues are recorded, this deficit will be offset.

Expenses:

Expenses during April came in approximately \$37,000 more than the monthly budget; however year-to-date, expenses are more than \$137,000 under budget, before depreciation. Notable variances in individual lines are discussed below.

Equipment – The *Equipment* line is overspent by \$133,000 for the month and \$117,000 for the year-to-date. This deficit can be directly attributed to two large purchases of network equipment to address performance issues identified during the recent network evaluations. However, WLS will closely monitor this line throughout the year and will also be part of a larger evaluation of the entire IT budget following the audit process currently underway.

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.

Delivery – This line has a recoded expense of \$8,200 for April. However, the delivery service did not operate in April; this expense was for the week of March 14 which was processed in April.

While the closures related to the pandemic have led to additional expenses as noted above, the Income Statement also shows notable surpluses in *Delivery* (\$26,000) and *Contractual Services* (\$30,000) as well as smaller surpluses in *Repairs and Maintenance* (\$9,000), *Professional Development* (\$5,000), *Travel* (\$1,100), and *Postage & Printing* (\$2,800). This is primarily due to the office closure and services either being delayed or not used.



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Financial Statement Review April 2020

	Current Period		Current Period	Current Year		YTD Budget	Total Budget
	4/30/2020	Budget	Budget Variance	Actual	YTD Budget	Variance	
Revenue							
State Revenues without Restrictions	193,731	193,742	(11)	775,029	774,967	62	2,324,900
County Revenues without	85,800	84,583	1,217	343,200	338,333	4,867	1,015,000
Federal Revenues without	13,750	13,750	0	55,000	55,000	0	165,000
Member Technology Fees	237,150	235,392	1,758	948,729	941,567	7,162	2,824,700
Fund Raising & Contributions	729	8,667	(7,938)	6,937	34,667	(27,729)	104,000
Interest	1,033	1,667	(634)	9,026	6,667	2,360	20,000
WEBS & Other	2,350	2,333	17	7,530	9,333	(1,803)	28,000
Government Revenues with	17,848	17,850	(2)	71,408	71,400	8	236,000
Other Revenues with Restrictions	1,667	3,917	(2,250)	7,917	15,667	(7,750)	47,000
Total Revenue	554,058	561,900	(7,842)	2,224,776	2,247,600	(22,824)	6,764,600
Expenditures							
Salaries	191,756	191,983	227	769,717	767,933	(1,783)	2,303,800
Fringe Benefits	95,684	100,625	4,941	389,782	402,500	12,718	1,207,500
Professional Fees	903	9,158	8,255	18,764	36,633	17,869	109,900
Equipment	117,822	4,567	(113,256)	135,359	18,267	(117,092)	54,800
Library Materials	74,739	64,050	(10,689)	287,161	264,480	(22,681)	775,700
Rent and Utilities	27,552	28,833	1,281	111,809	115,333	3,525	346,000
Repairs and Maintenance	32,187	41,163	8,976	135,746	175,193	39,448	504,500
Supplies	1,987	3,150	1,163	9,277	12,600	3,323	37,800
Telephone and Internet	27,805	31,900	4,095	114,632	127,600	12,968	382,800
Printing and Postage	1,761	4,558	2,798	8,384	18,233	9,850	54,700
Bibliographic Fees	6,563	6,042	(521)	24,428	24,167	(261)	72,500
Professional Development	237	5,625	5,388	31,911	35,500	3,589	80,500
Travel	1,990	3,108	1,119	8,502	12,433	3,931	37,300
Memberships	0	1,775	1,775	1,265	9,500	8,235	23,700
Contractual Services	10,455	40,508	30,053	33,916	162,033	128,117	486,100
Delivery Service	8,208	34,833	26,625	87,428	139,333	51,906	418,000
Special Events	1,000	833	(167)	1,018	3,333	2,315	10,000
Insurance	5,133	2,083	(3,050)	9,008	8,333	(675)	25,000
Miscellaneous	95	2,100	2,005	3,502	8,400	4,898	25,200
Total Expenditures	605,878	576,897	(28,981)	2,181,608	2,341,807	160,199	6,955,800
Net Revenue Before Depreciation	(51,820)	(14,997)	(36,824)	43,168	(94,207)	137,375	(191,200)
Non-Cash Activity							
Depreciation	18,741	0	(18,741)	74,966	0	(74,966)	0
Unrealized Gain/Loss on	63	0	(63)	(6,571)	0	6,571	0
Total Non-Cash Activity	18,804	0	(18,804)	68,394	0	(68,394)	0
Net Revenue	(70,625)	(14,997)	(55,628)	(25,226)	(94,207)	68,981	(191,200)



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Income Statement – April 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.

Revenues:

In April 2020 revenue was approximately \$15,000 less than 2019. 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.

For Fundraising and Contributions, revenues received as of April 30 of each year has been inconsistent as has the budget. The budget for this line was reduced in 2018 and again in 2019, and raised in 2020. However, the COVID-19 pandemic has had an impact on the ability for WLS to engage in activities related to this line.

In *Other Revenues* monies received as of April 30, 2019 is about \$11,000 greater than revenues received at this time in 2018 and \$12,000 greater than revenue received in 2020. This can be largely attributed to the focus on raising monies for identified strategic initiatives in 2019.

Income Statement – April 2020 3-Year Comparison (Continued)

Expenses:

Expenses before depreciation for April 2020 were \$39,000 more than expenses for April 2018 and \$58,000 more than April 2019. Differences between 2020, 2019 and 2018 were due to a number of factors:

Equipment – Spending of significantly more than the monthly budget in this line for April 2020 as compared to significant underspending of this line for the same period in 2018 and 2019 illustrates purchases that occur as larger, discrete transactions while the budget is evenly distributed across the year. Also recorded were unplanned purchases in April 2020 that were in response to needs identified in the performance evaluations of the computer network.

Library Materials – Although expenses in this line recorded for April 2020 were \$5,000 more than April 2019 and \$3,000 less than April 2018, the individual transactions which comprise this line had significant differences between the three years. In 2020 spending for pay-per-use eContent was more than \$8,000 higher than in the same period in 2019 and \$11,000 than in 2018. This can be attributed to both a steady increase in popularity and use of this model of eContent but also to WLS's increasing the number of items patrons have been allowed to consume from these services during the pandemic.

Repairs and Maintenance – Spending in this line was \$4,500 lower in 2020 than in 2018. This is primarily driven by a lower monthly cost to maintain the ILS (\$13,000). Significantly lower expenses in this line in April 2019 was driven by the fact that WLS did not record a maintenance expense for the ILS due to the timing of the receipt of the invoice.

Travel – Expenses for travel fell more than 50% in April each year from 2018 to 2020, due to different factors each year. Travel was limited in April 2019 due to the focus on migration of the ILS at that time. Travel costs were significantly reduced in April 2020 due to the pandemic.

Contractual Services – Expenses of \$18,818 were recorded for April 2019 as compared with \$12,893 in April 2018. This was directly related to a \$5,300 in additional expenses for WEBS programming. In 2020, the recorded expense of \$10,455 was comprised of only \$900 related to WEBS. The remaining expense was professional IT services and the contract for hosting network equipment at the WLS data center.

Delivery – While expenses of \$31,000 and \$32,000 were recognized in April 2018 and April 2019, respectively, falling in line with the budgets for those periods, only \$8,200 of expense was recognized in April 2020 and this was from an invoice from the week of March 14 that was not processed until April.



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Financial Statement Review April 2020 Revenue and Expenses compared with April 2019 & 2018

	Current Period			Current Period			Current Period		
	4/30/2020	Budget	Budget Variance	4/30/2019	Budget	Budget Variance	4/30/2018	Budget	Budget Variance
Revenue									
State Revenues without Restrictions	193,731	193,742	(11)	193,666	193,667	(0)	191,775	191,775	0
County Revenues without Restrictions	85,800	84,583	1,217	84,583	84,583	0	83,333	83,333	0
Federal Revenues without Restrictions	13,750	13,750	0	0	13,333	(13,333)			
Member Technology Fees	237,150	235,392	1,758	237,354	235,600	1,754	230,000	231,008	(1,008)
Fund Raising & Contributions	729	8,667	(7,938)	7,448	5,167	2,282	2,992	19,500	(16,508)
Interest	1,033	1,667	(634)	1,472	1,000	472	868	500	368
WEBS & Other	2,350	2,333	17	2,475	2,317	158	2,800	2,983	(183)
Government Revenues with Restrictions	17,848	17,850	(2)	17,842	19,642	(1,800)	17,900	19,625	(1,725)
Other Revenues with Restrictions	1,667	3,917	(2,250)	25,198	4,275	20,923	11,510	1,667	9,843
Total Revenue	554,058	561,900	(7,842)	570,039	559,583	10,455	541,179	550,392	(9,213)
Expenditures									
Salaries	191,756	191,983	227	197,668	202,900	5,233	194,595	198,075	3,480
Fringe Benefits	95,684	100,625	4,941	107,175	101,125	(6,050)	99,875	98,855	(1,019)
Professional Fees	903	9,158	8,255	1,199	3,033	1,834	3,078	1,992	(1,087)
Equipment	117,822	4,567	(113,256)	9,717	18,300	8,583	4,655	17,700	13,045
Library Materials	74,739	64,050	(10,689)	69,415	67,805	(1,609)	77,927	64,042	(13,886)
Rent and Utilities	27,552	28,833	1,281	27,552	28,833	1,281	27,689	28,133	444
Repairs and Maintenance	32,187	41,163	8,976	16,483	35,175	18,692	36,722	39,083	2,361
Supplies	1,987	3,150	1,163	1,269	3,592	2,323	1,200	3,092	1,892
Telephone and Internet	27,805	31,900	4,095	30,514	30,000	(514)	26,697	29,917	3,220
Printing and Postage	1,761	4,558	2,798	4,949	5,725	776	3,555	4,533	978
Bibliographic Fees	6,563	6,042	(521)	6,357	6,042	(315)	5,721	5,833	112
Professional Development	237	5,625	5,388	18,565	6,300	(12,265)	27,999	4,192	(23,808)
Travel	1,990	3,108	1,119	3,211	3,142	(70)	6,073	3,017	(3,057)
Memberships	0	1,775	1,775	0	825	825	140	800	660
Contractual Services	10,455	40,508	30,053	18,818	12,225	(6,593)	12,893	10,767	(2,126)
Delivery Service	8,208	34,833	26,625	32,033	33,875	1,842	31,100	32,792	1,692
Special Events	1,000	833	(167)	1,600	833	(767)	6,054	9,000	2,946
Insurance	5,133	2,083	(3,050)	1,047	2,083	1,036	403	2,083	1,681
Interest	0	0	0	0	0	0	0	42	42
Miscellaneous	95	2,100	2,005	446	1,300	854	349	1,142	792
Total Expenditures	605,878	576,897	(28,981)	548,018	563,114	15,096	566,727	555,089	(11,638)
Net Revenue Before Depreciation	(51,820)	(14,997)	(36,824)	22,020	(3,530)	25,551	(25,548)	(4,697)	(20,851)
Non-Cash Activity									
Depreciation	18,741	0	(18,741)	20,287	0	(20,287)	20,343	0	(20,343)
Unrealized Gain/Loss on Investments	63	0	(63)	0	0	0	0	0	0
Total Non-Cash Activity	18,804	0	(18,804)	20,287	0	(20,287)	20,343	0	(20,343)
Net Revenue	(70,625)	(14,997)	(55,628)	1,734	(3,530)	5,264	(45,891)	(4,697)	(41,194)