



***FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITORS' REPORT***

***YEARS ENDED DECEMBER 31, 2023 AND 2022***

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## INDEPENDENT AUDITORS' REPORT

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

### ***Opinion***

We have audited the accompanying financial statements of Westchester Library System (a nonprofit organization), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

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, 2023 and 2022, 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.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Westchester Library System and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Westchester Library System's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Westchester Library System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Westchester Library System's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Dorfman Abrams Morris, LLC*

Saddle Brook, New Jersey

April 1, 2024

# WESTCHESTER LIBRARY SYSTEM

## BALANCE SHEETS

### ASSETS

	December 31,	
	2023	2022
Cash	\$ 3,579,574	\$ 3,973,017
Investments	1,103,100	1,051,364
Grants receivable	346,714	333,377
Accounts and other receivables	124,245	126,397
Prepaid expenses	961,145	723,226
Computer inventory	5,855	44,346
Property and equipment, net	453,920	572,228
Operating lease right-of-use assets, net	923,257	1,155,488
Total assets	<u>\$ 7,497,810</u>	<u>\$ 7,979,443</u>

### LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 599,268	\$ 699,491
Deferred revenue	1,106	6,686
Operating lease obligations	1,104,346	1,372,554
Post-retirement benefit obligation	3,983,425	3,856,991
Total liabilities	<u>5,688,145</u>	<u>5,935,722</u>
Net assets:		
Without donor restrictions	1,597,454	1,620,493
With donor restrictions	212,211	423,228
Total net assets	<u>1,809,665</u>	<u>2,043,721</u>
Total liabilities and net assets	<u>\$ 7,497,810</u>	<u>\$ 7,979,443</u>

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

WESTCHESTER LIBRARY SYSTEM

STATEMENTS OF ACTIVITIES

	Year ended December 31, 2023		Year ended December 31, 2022	
	Without donor restrictions	With donor restrictions	Total	
Operating support and revenues:				
Support and revenues:				
Governmental support:				
State grants	\$ 2,329,046	\$ 376,382	\$ 2,705,428	\$ 2,698,853
Government grants	1,304,005		1,304,005	199,250
County grants	3,633,051	376,382	4,009,433	1,218,696
Total governmental support				4,116,799
Private support:				
Contributions of cash and other financial assets	249	105,733	105,982	336,157
Total governmental and private support	3,633,300	482,115	4,115,415	4,452,956
Revenues:				
Member technology fees	2,669,588		2,669,588	2,776,740
Interest income	84,421		84,421	15,903
Investment income	46,551		46,551	4,804
Other revenue	9,670		9,670	26,831
Total revenues	2,810,230		2,810,230	2,824,278
Net assets released from restrictions	693,132	(693,132)		(800,995)
Total operating support and revenues	7,136,662	(211,017)	6,925,645	7,277,234
Operating expenses:				
Program services:				
Technology	2,506,120		2,506,120	2,629,876
Public service	3,191,450		3,191,450	3,149,857
Total program services	5,697,570		5,697,570	5,779,733
Supporting services:				
Management and general	1,233,882		1,233,882	1,379,446
Fundraising	86,950		86,950	108,164
Total supporting services	1,320,832		1,320,832	1,487,610
Total expenses	7,018,402		7,018,402	7,267,343
Change in net assets from operations	118,260	(211,017)	(92,757)	9,891
Nonoperating activities:				
Investment return - realized and unrealized gains	5,185		5,185	8,658
Gain on disposal of property and equipment	(146,484)		(146,484)	13,000
Post-retirement benefit obligation other than periodic costs	(141,299)		(141,299)	1,211,813
Total nonoperating activities				1,233,471
Change in net assets	(23,039)	(211,017)	(234,056)	1,243,362
Net assets, beginning of year	1,620,493	423,228	2,043,721	800,359
Net assets, end of year	\$ 1,597,454	\$ 212,211	\$ 1,809,665	\$ 2,043,721

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

# WESTCHESTER LIBRARY SYSTEM

## STATEMENTS OF CASH FLOWS

	Year ended December 31,	
	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ (234,056)	\$ 1,243,362
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	183,809	172,410
Amortization of intangible asset		2,000
Amortization of operating leases right-of-use assets	232,231	220,174
Operating lease liability obligations	(268,208)	(3,108)
Pension and post-retirement benefit obligations other than net periodic pension costs	146,484	(1,211,813)
Deferred rent		(245,925)
Unrealized gain on investments	(5,185)	(8,658)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Grants receivable	(13,337)	(41,307)
Accounts and other receivables	2,152	80,463
Prepaid expenses	(237,919)	(291,657)
Computer inventory	38,491	47,541
Increase (decrease) in:		
Accounts payable and accrued expenses	(100,223)	(141,515)
Deferred revenue	(5,580)	(514)
Operating lease liability obligations		
Post-retirement benefits payable	(20,050)	176,253
Net cash used by operating activities	(281,391)	(2,294)
Cash flows from investing activities:		
Purchase of investments	(46,551)	(4,803)
Purchases of property and equipment	(65,501)	(414,835)
Net cash used in investing activities	(112,052)	(419,638)
Net decrease in cash	(393,443)	(421,932)
Cash, beginning of year	3,973,017	4,394,949
Cash, end of year	<u>\$ 3,579,574</u>	<u>\$ 3,973,017</u>

### Supplemental Disclosure of Non-Cash Operating Activities

Right-of-use asset acquired from incurring lease obligation	<u>\$</u>	<u>\$ 1,375,662</u>
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The accompanying notes are an integral part  
of these financial statements.

WESTCHESTER LIBRARY SYSTEM

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended December 31, 2023 and 2022

	Program services				
	Technology		Public service		Total
	2023	2022	2023	2022	
Salaries	\$ 834,441	\$ 834,640	\$ 1,018,442	\$ 1,060,253	\$ 1,852,883
Fringe benefits	251,335	312,732	285,168	317,454	536,503
					\$ 1,894,893
					630,186
Total salaries and related expenses	1,085,776	1,147,372	1,303,610	1,377,707	2,389,386
					2,525,079
Periodicals			647,884	549,407	647,884
Hardware and software maintenance			34,028	5,517	573,119
Delivery service	539,091	448,215	444,813	484,359	444,813
Contractual services			181,799	164,592	300,170
Rent and utilities	118,371	252,787	124,034	124,823	258,424
Telephone and internet	134,390	133,815	15,049	22,044	344,075
Database	329,026	283,118	214,867	202,658	214,867
Equipment	53,167	160,277	31,476	12,670	84,643
Books, film, etc.			84,424	31,075	84,424
Professional fees	33,693	10,442	578	2,995	34,271
Printing and postage	39	197	51,536	100,638	51,575
Professional development	5,339	580	34,883	46,517	40,222
Travel	17,991	10,415	12,644	8,158	30,635
Insurance	14,883	13,252	3,632		18,515
Memberships	500	333	4,269	5,886	4,769
Supplies	738	5,024	1,738	10,584	2,476
Miscellaneous	4,072	4,859	186	227	4,258
Depreciation	169,044	157,190			169,044
Intangible asset amortization		2,000			
					2,000
Total operating expenses	\$ 2,506,120	\$ 2,629,876	\$ 3,191,450	\$ 3,149,857	\$ 5,697,570
					\$ 5,779,733

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



WESTCHESTER LIBRARY SYSTEM

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended December 31, 2023 and 2022

	Management and general		Supporting services		Total		Total program and supporting services	
	2023	2022	2023	2022	2023	2022	2023	2022
Salaries	\$ 285,326	\$ 432,523	\$ 41,994	\$ 68,180	\$ 327,320	\$ 500,703	\$ 2,180,203	\$ 2,395,596
Fringe benefits	602,820	674,066	31,374	24,208	634,194	698,274	1,170,697	1,328,460
Total salaries and related expenses	888,146	1,106,589	73,368	92,388	961,514	1,198,977	3,350,900	3,724,056
Periodicals	172	615			172	615	648,056	550,022
Hardware and software maintenance	43,401	20,067	767	649	44,168	20,716	617,287	474,448
Delivery service							444,813	484,359
Contractual services	66,514	39,900			66,514	39,900	366,684	457,279
Rent and utilities	83,253	85,604	12,809	12,727	96,062	98,331	354,486	356,969
Telephone and internet	4,518	1,955			4,518	1,955	348,593	307,117
Database							214,867	202,658
Equipment	22,273	18,051			22,273	18,051	106,916	190,998
Books, film, etc.							84,424	31,075
Professional fees	36,543	31,566			36,543	31,566	70,814	45,003
Printing and postage	11,290	1,755		637	11,296	2,392	62,871	103,227
Professional development	10,533	3,809	6		10,533	3,809	50,755	50,906
Travel	16,164	17,637		1,173	16,164	18,810	46,799	37,383
Insurance	14,693	16,064			14,693	16,064	33,208	29,316
Memberships	13,592	13,022		505	13,592	13,527	18,361	19,746
Supplies	5,570	5,688		85	5,570	5,773	8,046	21,381
Miscellaneous	2,455	1,904			2,455	1,904	6,713	6,990
Depreciation	14,765	15,220			14,765	15,220	183,809	172,410
Intangible asset amortization								2,000
Total operating expenses	\$ 1,233,882	\$ 1,379,446	\$ 86,950	\$ 108,164	\$ 1,320,832	\$ 1,487,610	\$ 7,018,402	\$ 7,267,343

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

WESTCHESTER LIBRARY SYSTEM  
NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

1. Nature of the Organization

The Westchester Library System (the Organization) 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, coordinates outreach to the underserved population, and provides advocacy at the local, county, state, and national levels to improve awareness of funding for libraries.

2. Summary of significant accounting policies

Basis of presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Measure of operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing services and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and post-retirement benefit obligations other than periodic costs, and other activities considered to be of a more unusual or nonrecurring nature.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash

Cash consists of demand deposit accounts with maturities of three months or less. Money market funds, held as a portion of the Organization's investment portfolio, are classified as investments and are not considered to be cash equivalents for purposes of the statement of cash flows.

WESTCHESTER LIBRARY SYSTEM  
NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

2. Summary of significant accounting policies (continued)

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values on the balance sheet. Unrealized gains and losses are included in the changes in net assets without donor restriction for the gains and losses that are unrestricted and in the changes in net assets with donor restriction for the gains and losses that are restricted for the support of certain programs. Investment fees are netted against the investment income.

Fair value measurement

U.S. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under U.S. GAAP are as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date;

Level 2 - Inputs other than quoted prices that are observable for the assets or liability either directly or indirectly, including inputs that are not considered to be active;

Level 3 - Inputs that are unobservable.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad criteria data, liquidity statistics, and other factors. An investment's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the Organization. The Organization considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, provided by multiple, independent sources that are actively involved in the relevant market. The categorization of an investment within the hierarchy is based upon the pricing transparency of the investment and does not necessarily correspond to the Organization's perceived risk of that investment.

Accounts receivable

Accounts receivable consist of amounts unpaid from member libraries. All accounts receivable are expected to be collected within one year.

Grants receivable

Grants receivable consist of amounts unpaid from New York State and Westchester County. All grants receivable are expected to be collected within one year.

WESTCHESTER LIBRARY SYSTEM  
NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

2. Summary of significant accounting policies (continued)

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, 2023 and 2022, the Organization determined that an allowance was not necessary.

Prepaid expenses

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

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 carried at cost, determined on a first-in, first-out basis. Computers for additional member workstations are sold to the members at the Organization's cost. Computers, which are provided as replaced items to members, are provided at no cost.

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	7 - 10 years
Software - online catalog	5 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 was computed using the straight-line method. The mobile library application was put in service in 2018 and was fully amortized as of December 31, 2022.

Deferred revenue

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

WESTCHESTER LIBRARY SYSTEM  
NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

2. Summary of significant accounting policies (continued)

Operating leases – right-of-use assets

The Organization recognizes rights and obligations arising from leases as right-of-use (ROU) assets and lease liabilities in the balance sheet in accordance with ASU No. 2016-02, *Leases*. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Revenue and revenue recognition

The Organization recognizes contributions when cash, securities or other financial assets; an unconditional promise to give; or a notification of a beneficial interest is received. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. A portion of the Organization's revenue is derived from state and county contracts and grants, which are considered contributions when received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

A portion of the Organization's revenue is derived from one federal grant, which is conditioned upon certain performance requirements and/or the incurrence of qualifying expenses. Amounts received are recognized as revenue when the Organization receives the funds.

The Organization recognizes revenue from conference and seminar events when the event takes place. Amounts received prior to the commencement of the conference and seminar events, including deposits, are deferred to the applicable period. Financial aid is provided to certain attendees and are recorded as a reduction to fees at the time revenue is recognized.

Member technology fees, which are nonrefundable, are comprised of an exchange element based on the value of benefits. The Organization recognizes the exchange portion of member technology over the membership period.

Recent accounting pronouncements

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments*, which affects all entities that hold financial assets and net investment in leases that are not accounted for at fair value through net income. The ASU is effective for fiscal years beginning after December 15, 2022, with early adoption permitted. The Organization adopted ASU 2016-13 effective January 1, 2023 and the pronouncement did not have a material effect on the Organization's financial statements.

WESTCHESTER LIBRARY SYSTEM  
NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

2. 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, natural expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques such as time and effort and square footage.

Income taxes

The Organization is a tax-exempt organization as defined by Section 501(c)(3) of the Internal Revenue Code, though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Reclassifications

Certain reclassifications have been made to the 2022 financial statements to conform to the 2023 presentation.

3. Risks and uncertainties

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash, investments, and accounts 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. Investments are exposed to various risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investments will occur in the near term and that such changes could materially affect the amount reported on the financial statements. Concentrations of credit risk with respect to accounts receivable 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. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

WESTCHESTER LIBRARY SYSTEM  
NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

4. Availability and liquidity

The following represents the Organization's financial assets at December 31, 2022:

Financial assets at year end

Cash	\$ 3,579,574
Investments	1,103,100
Grants receivable	346,714
Accounts and other receivables	<u>124,245</u>
Total financial assets	<u>5,153,633</u>

Less amounts not available to be used within one year:

Net assets with donor restrictions	212,211
Less net assets with purpose restrictions to be met in less than a year	<u>(94,125)</u>
	<u>118,086</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 5,035,547</u></u>

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$1,800,000). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts. In addition to these available financial assets, a significant portion of the Organization's annual expenditures will be funded by current year operating revenues including grants, fees for services, and contributions.

The Organization also has a line of credit available to meet short-term needs in the amount of \$500,000 (see Note 11).

WESTCHESTER LIBRARY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023 and 2022

5. Investments

Investments are stated at fair value and summarized as follows at December 31:

	2023		2022	
	Cost	Fair value	Cost	Fair value
Cash equivalents	\$ 87	\$ 87	\$ 602	\$ 602
United States Treasuries	1,089,201	1,103,013	1,042,135	1,050,762
	<u>\$ 1,089,288</u>	<u>\$ 1,103,100</u>	<u>\$ 1,042,737</u>	<u>\$ 1,051,364</u>

The following schedule summarizes the investment return at December 31. All investment earnings are available for the unrestricted use of the Organization:

	2023	2022
Dividends and interest	\$ 46,551	\$ 4,804
Realized and unrealized gain	<u>5,185</u>	<u>8,658</u>
	<u>\$ 51,736</u>	<u>\$ 13,462</u>

6. Fair value measurement

The classification of the Organization's investment securities at fair value is as follows at December 31, 2023:

	Level 1	Level 2	Level 3	Total
Cash	\$ 87	\$	\$	\$ 87
United States Treasury bills	1,103,013			1,103,013
	<u>\$ 1,103,100</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,103,100</u>

The classification of the Organization's investment securities at fair value is as follows at December 31, 2022:

	Level 1	Level 2	Level 3	Total
Cash	\$ 602	\$	\$	\$ 602
United States Treasury bills	1,050,762			1,050,762
	<u>\$ 1,051,364</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,051,364</u>



WESTCHESTER LIBRARY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023 and 2022

7. Property and equipment

Property and equipment consist of the following:

	December 31,	
	2023	2022
Furniture and equipment	\$ 1,512,939	\$ 1,541,235
Leasehold improvements	108,437	108,437
Automobile	61,207	36,751
Software - online catalog	121,337	121,337
	1,803,920	1,807,760
Less accumulated depreciation	1,350,000	1,235,532
	<u>\$ 453,920</u>	<u>\$ 572,228</u>

Depreciation expense for the years ended December 31, 2023 and 2022 was \$183,809 and \$172,410, respectively. During the year ended December 31, 2022, the Organization wrote off \$608,943 of fully depreciated assets that were no longer in service.

WESTCHESTER LIBRARY SYSTEM  
NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

8. Post-retirement benefit obligation

The Organization provides post-retirement health care 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 4.76% and 4.96% for the years ended December 31, 2023 and 2022, respectively.

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

	December 31,	
	2023	2022
Changes in accumulated post-retirement benefit obligation:		
Accumulated post-retirement benefit obligation at January 1	\$ 3,856,991	\$ 4,892,551
Service cost	45,421	100,177
Interest cost	193,656	135,068
Plan participant contributions	17,908	50,861
Actuarial gain	187,863	(1,085,659)
Benefits paid	(318,414)	(236,007)
Accumulated post-retirement benefit obligation, December 31	<u>\$ 3,983,425</u>	<u>\$ 3,856,991</u>
Change in plan assets:		
Fair value of plan assets, January 1		
Employer contributions	\$ 247,878	\$ 111,453
Employee contributions	17,908	50,861
Medicare Part B reimbursement paid to retirees	52,628	73,692
Benefits paid	(318,414)	(236,006)
Fair value of plan assets, December 31	<u>\$ -</u>	<u>\$ -</u>
Funded status:		
Unfunded benefit obligation	<u>\$ 3,983,425</u>	<u>\$ 3,856,991</u>

WESTCHESTER LIBRARY SYSTEM  
NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

8. Post-retirement benefit obligation (continued)

	December 31,	
	2023	2022
Components of net periodic benefit cost:		
Service cost	\$ 45,421	\$ 100,177
Interest cost	193,656	135,067
Amortization of actuarial loss	41,380	126,214
	<u>\$ 280,457</u>	<u>\$ 361,458</u>

The following are the actuarial assumptions and effects:

	December 31,	
	2023	2022
Medical trend rate next year	7.5% / 5.00%	7.0% / 5.00%
Ultimate trend rate	4.5%	5.00%
Year ultimate trend rate is achieved	2030 / 2025	2026 / 2009
Discount rate used to value end of year accumulated post-retirement benefit obligations	4.76%	4.96%
Discount rate used to value end of year net periodic post-retirement benefit costs	4.96%	2.67%
Effect of a 1% increase in healthcare cost trend rate on:		
a. Interest cost plus service cost	\$ 20,936	\$ 37,367
b. Accumulated post-retirement benefits	231,928	259,363
Effect of a 1% decrease in health:		
a. Interest cost plus service cost	\$ (15,932)	\$ (26,601)
b. Accumulated post-retirements benefits	(186,166)	(206,890)

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

Year ending December 31:	
2024	\$ 288,770
2025	280,691
2026	283,679
2027	288,128
2028	278,713
2029 - 2033	1,291,782

WESTCHESTER LIBRARY SYSTEM  
NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

9. Commitments and contingencies

Operating leases

The Organization operating leases consist primarily of real estate leases for the use of its office facilities. The Organization evaluated current contracts to determine which contracts met the criteria of a lease. A contract is (or contains) a lease if it conveys the right to control the use of an identified asset for the lease term, and the lease liabilities represent the Organization's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms, including renewal periods that are considered reasonably certain.

The following summarizes the line items in the balance sheet which include amounts for operating leases as of December 31, 2023:

	<u>2023</u>	<u>2022</u>
Operating lease right-of-use assets	\$ 923,257	\$ 1,155,488
Operating lease liabilities	\$ 1,104,346	\$ 1,372,554

The components of operating lease expenses that are included in the statement of activities for the year ended December 31, 2023 are as follows:

Operating lease cost	\$ 290,405	\$ 290,405
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The following summarizes the cash flow information related to operating leases for the year ended December 31, 2023:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows for operating leases	\$ 326,382	\$ 319,263
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The weighted-average lease term and discount rate applied to calculate lease liabilities as of December 31, 2023 are as follows:

Weighted average remaining lease term	42 months	54 months
Weighted average discount rate	3.50%	4.75%

WESTCHESTER LIBRARY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023 and 2022

9. Commitments and contingencies (continued)

Operating leases

The maturities of operating lease payments for the years ending December 31 are as follows:

2024	\$ 333,500
2025	340,619
2026	347,737
2027	<u>175,649</u>
Total lease payments	1,197,505
Less present value discount	<u>(93,159)</u>
Total lease obligations	<u>\$ 1,104,346</u>

10. Government grants and contracts and advances under government grants

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. Funds received in periods prior to the cost being incurred are deferred until future periods.

11. Letter of credit and line of credit

During the years ended December 31, 2023 and 2022, the Organization had an Irrevocable Stand-by Letter of Credit with a financing institution in the amount of \$5,000,000. The Irrevocable Stand-by Letter of Credit expires on June 11, 2024, and is expected to be renewed quarterly. 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, 2023 and 2022.

The Organization has a \$500,000 revolving Line of Credit agreement with a financing institution which is due on demand. The interest rate on the line is 4.75%. There were no borrowings during the years and no amounts were outstanding at both December 31, 2023 and 2022.

WESTCHESTER LIBRARY SYSTEM  
NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

12. Net assets

Net assets were as follows for the years ended December 31, 2023 and 2022:

	2023			2022		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Undesignated	\$1,597,454	\$	\$1,597,454	\$ 1,620,493	\$	\$1,620,493
Specific purpose:						
Gates Staying Connected Training Program						
Bruni Verges Memorial Fund		23	23		23	23
People and Stories		2,096	2,096		2,096	2,096
MiniGrants					2,358	2,358
TASC Connect		3,113	3,113		3,113	3,113
Reconnect with Tech		16,424	16,424		177,107	177,107
Early Literacy		7,360	7,360		7,360	7,360
Library and Training		96,081	96,081		136,182	136,182
Spanish Adult Literacy		15,544	15,544		16,784	16,784
M & T 2024		2,500	2,500			
Digital Resources		1,647	1,647		11,078	11,078
Music and Memory		1,450	1,450		1,450	1,450
Outreach and Career		8,993	8,993		7,619	7,619
Digital Equity - Local					8,911	8,911
Carvel 2024		15,000	15,000			
Field Hall - homebound delivery		15,000	15,000			
Rosen Fund for Snr Svcs		30	30		30	30
HSE Connect					5,000	5,000
Coned - Stem		1,895	1,895		1,895	1,895
NYS Gia - Database					16,968	16,968
NYS Gia - Spanish Adult Literacy		12,720	12,720		17,802	17,802
ConEd 2024		10,000	10,000			
Career Service					5,000	5,000
101 Answers		1,500	1,500		1,500	1,500
Hope for Youth		835	835		952	952
Total net assets	<u>\$1,597,454</u>	<u>\$ 212,211</u>	<u>\$1,809,665</u>	<u>\$ 1,620,493</u>	<u>\$ 423,228</u>	<u>\$2,043,721</u>

WESTCHESTER LIBRARY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023 and 2022

12. Net assets (continued)

Releases from net assets with donor restrictions are as follows at December 31:

	<u>2023</u>	<u>2022</u>
Satisfaction of purpose restrictions:		
Broadband Technology Opportunities Program	\$ 16,905	\$ 19,110
LIU Certificate	32,500	39,300
Learning Ambassadors	2,120	1,450
MiniGrants	2,358	5,000
ARPA Digital inclusion		199,250
Xprize		4,085
Early Literacy		1,619
Vision Labs		5,498
Outreach and Career	5,334	32,810
Library and Training	416,483	302,229
Hope for Youth	116	
Digital Recourses	9,431	8,506
Spanish Adult Literacy	1,240	6,755
Digital Equity - Local	8,911	222
Digital Equity - WCF		43,081
Rosen Fund Snr Svcs		758
Career Service	5,000	
HSE Connect	5,000	
United Way	5,000	
Reconnect with Tech	160,683	72,893
NYS Gia - Spanish Adult Literacy	5,082	7,198
NYS Gia - Databases	16,969	33,032
Coned - Stem		13,105
Gates Staying Connected Training Program		5,094
	<u>\$ 693,132</u>	<u>\$ 800,995</u>

WESTCHESTER LIBRARY SYSTEM  
NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

13. 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,	
	2023	2022
Local Library Services Aid	\$ 269,966	\$ 277,408
Grants in Aid	7,111	157,084
	<u>\$ 277,077</u>	<u>\$ 434,492</u>

14. Significant source of support

During the years ended December 31, 2023 and 2022, the Organization received approximately 39% and 37%, respectively, of its total support and revenues from grants from the State of New York and approximately 19% and 17%, respectively, from Westchester County grants.

15. Subsequent events

Subsequent events have been evaluated through April 1, 2024, which is the date the financial statements were available to be issued. The Organization is not aware of any material subsequent events.