REGULAR MEETING

The Regular Meeting of the Westchester Library System was called to order by Susan Morduch, President, at 6:02 p.m. via a virtual meeting. The quorum requirement was met with the following people in attendance:


Board Members absent: None

Also present from WLS were: Terry Kirchner, Patricia Brigham, Francine Feuerman, Wilson Arana, Rob Caluori, Elise Burke

Public Library Directors Association (PLDA) Representative: Jennifer Brown, Director, The Field Library/Peekskill

Guests: Matthew Weiss, President, Ossining Public Library; Swadesh Pachnanda, Director, Tuckahoe Public Library; Elena Falcone, Joe Maurantonio, Dana Hysell-Alongi

Dr. Morduch opened the meeting by explaining the guidelines that would be followed for our first virtual meeting being held due to Governor Cuomo’s PAUSE [Policies Assure Universal Safety for Everyone] Executive Order in response to the Coronavirus (COVID-19). Dr. Morduch also thanked WLS and the member libraries for their efforts in pivoting to this virtual world as best as they could.

MINUTES

The minutes of the meeting of February 25, 2020, were approved as submitted on a motion by Ms. Matthews-Serra and seconded by Mr. Okelo. The motion was approved with 14 votes in favor and 1 abstention (Ms. LeBlanc).

FINANCIAL REPORTS

The financial report through March 2020 was presented by Mr. Caluori and was accepted on a motion by Ms. Scherer and seconded by Ms. Draper. The motion was approved unanimously, and the check register was distributed. The effects of the Coronavirus on the WLS budget was discussed as well as the WLS efforts for the member libraries, such as expansion of digital resources, a new round of mini-grants, and the development of reopening strategies system-wide.

ACTION ITEMS

WLS System Annual Report to New York State: Dr. Kirchner reported on WLS’s System Annual Report to New York State. The overall format remained the same as in 2018, and several of the highlights from the 2019 Report were noted.

The Board accepted the 2019 WLS System Annual Report as submitted on a motion by Ms. Draper and seconded by Ms. Scherer. The motion passed unanimously. The WLS staff was thanked for their efforts in completing the Report.
COMMITTEE REPORTS

Governance Committee: Ms. Draper, Chair, noted that the existing policies and the bylaws will be reviewed. In addition, two policy revisions have been drafted by Mr. Caluori, and a new policy regarding breaches may need to be adopted. These materials will be distributed to the committee; and committee members were asked to share their schedules so that a meeting can be scheduled within the next month via Zoom. There is nothing to report for the Innovation Group at this time.

Nominating & Board Development: There is currently no chair for this committee, but Ms. Zevin is willing to take on this responsibility and will discuss with Dr. Morduch.

Budget Committee: There is currently no activity.

Audit Committee: Mr. Ryan, Chair, gave an overview of the materials that the Auditors reviewed at the Committee Meeting on April 26th and thanked Ms. Scherer and Mr. Iwanski as well as the other members of the Audit Committee. In addition, Dr. Kirchner, Ms. Feuerman and Mr. Caluori as well as the auditors were thanked for doing the bulk of the work.

The auditors from Dorfman Abrams Music reviewed whatever they felt necessary from the organization to ensure that the financial statements published were portraying an accurate view as defined by Generally Accepted Accounting Principles (GAAP). This year’s results indicated that the WLS financial statements are in very good shape. Ms. Feuerman was congratulated for all of the work that she has done.

The two reports issued—WLS Financial Statements and the Report to those charged with Governance—were reviewed in detail. There were two substantive differences in this year’s audit compared to last year’s audit. The first one relates to how contributions, specifically contributions from the state and the county, are accounted for. Currently, state and the county contributions are classified as without donor restriction; but the new recommendation is to classify them with donor restriction. The other big change relates to the board designated fund that our board manages, which is slightly under $500,000. The recommendation to have this merged into what shows on the Financial Statements as undesignated funds in the statements of net assets was discussed including the origins of the funds, who determines their purpose and the best way of reporting on collection and use of the funds. Further discussion of the board designated funds will be brought up at the next meeting.

Another topic raised was consideration of a performance audit to periodically assess job functions and how they’re being performed as well as the efficiency of the organization as a whole. It was suggested to weigh this suggestion once the current audits being performed are completed.

The Board approved the WLS Financial Statements and the Report to those charged with Governance as submitted by the auditors (see attached) on a motion by Ms. Scherer and seconded by Mr. Iwanski. The motion passed unanimously.

EXECUTIVE DIRECTOR’S REPORT

A copy of the Executive Director’s Report was mailed in advance of the meeting.
Dr. Kirchner reported the need to be very cautious with regard to the NYS budget. The Governor will give a better snapshot of the status of NY State funding. At the moment, no state taxes or income tax has been collected but the State is hoping to get some funding from the federal government. Understanding those revenue streams will help provide a clear picture of exactly where we fall in terms of the 2020-21 finances. The Governor is expected to make an announcement on May 15th, and after that, the legislature will have 10 days to reject his allocation and come up with a different allocation.

The 2020 Census has actually done quite well. Our WLS team of Dana Hysell-Alongi and Joe Maurantionio did a rapid transition to the virtual world with the member libraries. The member libraries have been an incredible partner—finding ways to make individuals aware about the Census. Response numbers to the digital survey were okay; and now that even more individuals have received the paper version, the response figures throughout the county are just over 57% as a self-response rate for Westchester County and 50.8% for New York State. When the census enumerators are able to get out into the field, they will have fewer areas to count. One thing learned through this pandemic is that every person counts when it comes to federal dollars, so a good census response will help in so many different ways going forward. Having the library be that voice throughout their community has been a very powerful tool.

The reopening of the library buildings is a priority and for many of our member libraries has been somewhat anxiety-provoking in the sense that there's no clear schedule. The governor released a phased-in plan, but it's still difficult to understand exactly where the member libraries fall in that schedule. Westchester will be one of the later counties to open up. Our member libraries would like to be included with retail for curbside deliveries, and many of our libraries have already been doing some curbside deliveries, which has not been well received at the State Library level, since from their perspective that is in violation of the Governor’s executive order.

A question arose as to exactly who defines where individuals or organizations fall within the phased-in plan. Libraries are educational institutions chartered by the State, but some Regional Economic Councils and library municipalities looked at libraries through different economic options—either as essential services or included within Phase 1, which includes retail curbside. Unlike restaurants, the items left for curbside pick-up come back to the libraries, so there is a different implication in terms of the overall public health and staff safety. This raises concern about training for how to operate and behave in a COVID-19 environment, including proper use of protective equipment. A number of liability issues need to be considered should an employee contract the virus after returning to work if it was deemed an essential service or the library forces them to return. Library boards could possibly be liable and directors and officers insurance may not cover that. So while curbside service is appealing, it may cost in ways that were not anticipated. It is also important to stay flexible should the need arise to step back into a previous phase if an outbreak reoccurs.

The IT audits are still moving forward although there has been a slow down. The IT operations audit is expected to be completed by mid-May. This report will be crucial in helping WLS move forward in terms of staffing and core customer service aspects, especially as libraries buildings begin the reopening phases. The VDI and Network Services audits are progressing somewhat slower; however, the goal is for them to be completed by the end of this month. The network performance issues encountered over the past year have subsided in this environment due to less network traffic, WLS staff continues to work behind the scenes to strengthen the environment; however, a few projects were slowed down when one of our vendors had a COVID situation. The goal is to have a much better environment for when the libraries are ready to reopen in their physical buildings.
PLDA LIAISON’S REPORT

Ms. Brown reported the following from the PLDA virtual meeting on April 30th. The main focus of the meeting is regarding reopening library buildings and working on a policy document that any library can adapt that sets the phases of reopening. In Phase 1, which we are currently in, the library building is closed; and in Phase 2, which is what we're working on, includes curbside service and limited service inside the library building.

The goal is to have a coordinated plan throughout Westchester that can be adapted to all libraries versus 38 separate library plans. Meetings were held by size of library (small, medium and large) to discuss the issues that different size libraries face and their capacities to reopen. Other topics under consideration include: how to quarantine materials; interlibrary loan and delivery throughout the County in initial stages; how to meet primary objectives as a public service and gathering place; and how to conduct programs. During this time, PLDA will be meeting once a week until libraries actually reopen and a plan has been developed.

Some of the member libraries mentioned that that their budgets have been severely cut—some as much as 25% to 30%. There is concern that the only solution to this would be to cut library hours or staff. Therefore, other options to help offset the costs of reopening (obtaining personal protective equipment/PPE and sanitizers) will be explored.

ADJOURNMENT

Having completed its agenda, the Board adjourned its meeting at 7:40 p.m. on a motion by Ms. Scherer and seconded by Mr. Seiler that passed unanimously.

Respectfully submitted,

Bernie Seiler
Secretary
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS’ REPORT

YEARS ENDED DECEMBER 31, 2019 AND 2018
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<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
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<td>Independent Auditors' Report</td>
<td>1</td>
</tr>
<tr>
<td>Financial Statements:</td>
<td></td>
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<tr>
<td>Balance Sheets</td>
<td>2</td>
</tr>
<tr>
<td>Statements of Activities</td>
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</tr>
<tr>
<td>Statements of Cash Flows</td>
<td>4</td>
</tr>
<tr>
<td>Statements of Functional Expenses</td>
<td>5 - 6</td>
</tr>
<tr>
<td>Notes to Financial Statements</td>
<td>7 - 20</td>
</tr>
</tbody>
</table>
INDEPENDENT AUDITORS’ REPORT

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

Report on the Financial Statements
We have audited the accompanying financial statements of Westchester Library System which comprise the balance sheets as of December 31, 2019 and 2018, 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, 2019 and 2018, 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.

Emphasis of Matters
As discussed in Note 2 to the financial statements, in 2019 the Organization adopted Accounting Standards Update (ASU) No. 2018-08 Not for Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958-605); and, No. 2014-09 Revenue from Contracts with Customers (Topic 606). Our opinion is not modified with respect to this matter.

Saddle Brook, New Jersey

May 1, 2020
WESTCHESTER LIBRARY SYSTEM

BALANCE SHEETS

ASSETS

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2019</th>
<th></th>
<th>December 31, 2018</th>
<th></th>
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<tbody>
<tr>
<td>Cash</td>
<td>$3,496,668</td>
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<td>$3,479,081</td>
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<tr>
<td>Investments</td>
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<td>1,005,032</td>
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<tr>
<td>Grants receivable</td>
<td>280,438</td>
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<td>252,175</td>
<td></td>
</tr>
<tr>
<td>Accounts and other receivables</td>
<td>135,785</td>
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<td>30,329</td>
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<tr>
<td>Prepaid expenses</td>
<td>463,318</td>
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<td>589,109</td>
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<tr>
<td>Computer inventory</td>
<td>31,209</td>
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<td>57,695</td>
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<tr>
<td>Property and equipment, net</td>
<td>658,979</td>
<td></td>
<td>749,485</td>
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</tr>
<tr>
<td>Intangible assets, net</td>
<td>6,000</td>
<td></td>
<td>8,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$6,098,599</strong></td>
<td></td>
<td><strong>$6,170,906</strong></td>
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</tr>
</tbody>
</table>

LIABILITIES AND NET ASSETS

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2019</th>
<th></th>
<th>December 31, 2018</th>
<th></th>
</tr>
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<tbody>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$437,927</td>
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<td>$398,716</td>
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<td>Deferred revenue</td>
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<td>Deferred rent</td>
<td>280,438</td>
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<td>252,175</td>
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</tr>
<tr>
<td>Post-retirement benefit obligation</td>
<td>4,169,203</td>
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<td>3,815,633</td>
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<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>4,889,417</strong></td>
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<td><strong>4,833,078</strong></td>
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<tr>
<td>Net assets:</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Without donor restrictions</td>
<td>969,821</td>
<td></td>
<td>1,156,926</td>
<td></td>
</tr>
<tr>
<td>With donor restrictions</td>
<td>239,361</td>
<td></td>
<td>180,902</td>
<td></td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td><strong>1,209,182</strong></td>
<td></td>
<td><strong>1,337,828</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td><strong>$6,098,599</strong></td>
<td></td>
<td><strong>$6,170,906</strong></td>
<td></td>
</tr>
</tbody>
</table>

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

STATEMENTS OF ACTIVITIES

<table>
<thead>
<tr>
<th>Year ended December 31, 2019</th>
<th>Without donor restrictions</th>
<th>With donor restrictions</th>
<th>Total</th>
<th>Without donor restrictions</th>
<th>With donor restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating support and revenues:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Support and revenues:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Governmental support:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State grants</td>
<td>$ 2,199,343</td>
<td>$ 354,924</td>
<td>$ 2,554,267</td>
<td>$ 2,190,097</td>
<td>$ 354,746</td>
<td>$ 2,545,443</td>
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<tr>
<td>County grants</td>
<td>1,017,460</td>
<td></td>
<td>1,017,460</td>
<td>1,017,460</td>
<td></td>
<td>1,017,460</td>
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<tr>
<td>Total governmental support</td>
<td>3,216,803</td>
<td>354,924</td>
<td>3,571,727</td>
<td>3,208,517</td>
<td>354,746</td>
<td>3,562,903</td>
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<td><strong>Private support:</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>16,818</td>
<td>166,729</td>
<td>183,547</td>
<td>201,989</td>
<td>131,833</td>
<td>333,822</td>
</tr>
<tr>
<td>Special events, net of direct expenses of $4,734 and $10,418 for 2019 and 2018, respectively</td>
<td>4,513</td>
<td>4,513</td>
<td>792</td>
<td>792</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total private support</td>
<td>21,331</td>
<td>166,729</td>
<td>188,060</td>
<td>202,781</td>
<td>131,833</td>
<td>334,614</td>
</tr>
<tr>
<td><strong>Total governmental and private support</strong></td>
<td>3,238,134</td>
<td>521,653</td>
<td>3,759,787</td>
<td>3,410,936</td>
<td>486,579</td>
<td>3,897,515</td>
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<tr>
<td><strong>Revenues:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Member technology fees</td>
<td>2,847,836</td>
<td>2,847,836</td>
<td>2,807,910</td>
<td>2,807,910</td>
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<tr>
<td>Interest income</td>
<td>18,889</td>
<td>18,889</td>
<td>16,444</td>
<td>16,444</td>
<td></td>
<td></td>
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<tr>
<td>Investment income</td>
<td>21,785</td>
<td>21,785</td>
<td>1,491</td>
<td>1,491</td>
<td></td>
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<tr>
<td>Other revenue</td>
<td>28,145</td>
<td>28,145</td>
<td>27,096</td>
<td>27,096</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total revenues</td>
<td>2,916,657</td>
<td>2,916,657</td>
<td>2,852,941</td>
<td>2,852,941</td>
<td></td>
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<tr>
<td><strong>Net assets released from restrictions</strong></td>
<td>463,194</td>
<td>(463,194)</td>
<td>390,594</td>
<td>(390,594)</td>
<td></td>
<td></td>
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<tr>
<td><strong>Total operating support and revenues</strong></td>
<td>6,671,985</td>
<td>58,459</td>
<td>6,676,444</td>
<td>6,654,473</td>
<td>95,965</td>
<td>6,750,438</td>
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<tr>
<td><strong>Operating expenses:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program services:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Technology</td>
<td>2,713,269</td>
<td>2,713,269</td>
<td>2,991,908</td>
<td>2,991,908</td>
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<tr>
<td>Public service</td>
<td>2,510,489</td>
<td>2,510,489</td>
<td>2,381,250</td>
<td>2,381,250</td>
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<tr>
<td>Total program services</td>
<td>5,223,757</td>
<td>5,223,757</td>
<td>5,383,158</td>
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<tr>
<td>Supporting services:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management and general</td>
<td>1,103,385</td>
<td>1,103,385</td>
<td>1,212,285</td>
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<tr>
<td>Fundraising</td>
<td>177,063</td>
<td>177,063</td>
<td>181,323</td>
<td>181,323</td>
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<tr>
<td>Total supporting services</td>
<td>1,280,448</td>
<td>1,280,448</td>
<td>1,393,608</td>
<td>1,393,608</td>
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<td></td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>6,499,235</td>
<td>6,499,235</td>
<td>6,778,766</td>
<td>6,778,766</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Change in net assets from operations</strong></td>
<td>118,750</td>
<td>58,459</td>
<td>177,209</td>
<td>(122,293)</td>
<td>96,965</td>
<td>(26,308)</td>
</tr>
<tr>
<td><strong>Nonoperating activities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment return - realized and unrealized gain (loss)</td>
<td>(616)</td>
<td></td>
<td>7,441</td>
<td></td>
<td>7,441</td>
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</tr>
<tr>
<td>Post-retirement benefit obligation other than periodic costs</td>
<td>(305,240)</td>
<td></td>
<td>777,750</td>
<td></td>
<td>777,750</td>
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<tr>
<td><strong>Total nonoperating activities</strong></td>
<td>(305,856)</td>
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<td>877,194</td>
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<td>877,194</td>
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<tr>
<td>Change in net assets</td>
<td>(187,106)</td>
<td>58,459</td>
<td>128,647</td>
<td>664,001</td>
<td>95,965</td>
<td>760,966</td>
</tr>
<tr>
<td>Net assets, beginning of year (as previously reported for 2018)</td>
<td>1,156,926</td>
<td>180,902</td>
<td>1,337,828</td>
<td>(131,777)</td>
<td>84,917</td>
<td>(46,860)</td>
</tr>
<tr>
<td><strong>Effect of change in accounting principle (see note 2)</strong></td>
<td>623,802</td>
<td></td>
<td>623,802</td>
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<td></td>
<td></td>
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<tr>
<td><strong>Net assets, end of year</strong></td>
<td>$ 969,921</td>
<td>$ 239,361</td>
<td>$ 1,209,182</td>
<td>$ 1,156,926</td>
<td>$ 180,902</td>
<td>$ 1,337,828</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
WESTCHESTER LIBRARY SYSTEM
STATEMENTS OF CASH FLOWS

<table>
<thead>
<tr>
<th>Year ended December 31</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in net assets</td>
<td>$(128,647)</td>
<td>$ 754,503</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock donations</td>
<td></td>
<td>(196,100)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>267,181</td>
<td>242,282</td>
</tr>
<tr>
<td>Amortization of intangible asset</td>
<td>2,000</td>
<td>2,000</td>
</tr>
<tr>
<td>Pension and post-retirement related changes other than net periodic pension costs</td>
<td>305,240</td>
<td>(779,753)</td>
</tr>
<tr>
<td>Deferred rent</td>
<td>(7,503)</td>
<td>(3,766)</td>
</tr>
<tr>
<td>Realized gain on investment</td>
<td>(435)</td>
<td></td>
</tr>
<tr>
<td>Unrealized (gain) loss on investments</td>
<td>1,051</td>
<td>(7,441)</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Increase) decrease in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants receivable</td>
<td>(28,263)</td>
<td>(2,175)</td>
</tr>
<tr>
<td>Accounts and other receivables</td>
<td>(105,456)</td>
<td>69,423</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>125,791</td>
<td>(21,072)</td>
</tr>
<tr>
<td>Computer inventory</td>
<td>26,486</td>
<td>(15,098)</td>
</tr>
<tr>
<td>Increase (decrease) in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>39,212</td>
<td>(51,171)</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>(328,939)</td>
<td>334,694</td>
</tr>
<tr>
<td>Post-retirement benefits payable</td>
<td>48,330</td>
<td>214,478</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>216,048</td>
<td>540,804</td>
</tr>
<tr>
<td>Cash flows from investing activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of investments</td>
<td>(22,296)</td>
<td>(801,491)</td>
</tr>
<tr>
<td>Sales of investment</td>
<td>510</td>
<td></td>
</tr>
<tr>
<td>Purchases of property and equipment</td>
<td>(176,675)</td>
<td>(54,935)</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(198,461)</td>
<td>(856,426)</td>
</tr>
<tr>
<td>Net increase (decrease) in cash</td>
<td>17,587</td>
<td>(315,622)</td>
</tr>
<tr>
<td>Cash, beginning of year</td>
<td>3,479,081</td>
<td>3,794,703</td>
</tr>
<tr>
<td>Cash, end of year</td>
<td>$ 3,496,668</td>
<td>$ 3,479,081</td>
</tr>
</tbody>
</table>

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

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended December 31, 2019 and 2018

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
<th>2019</th>
<th>2018</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Technology</td>
<td>Public service</td>
<td>Total</td>
<td>Total</td>
<td>Total</td>
<td>Total</td>
</tr>
<tr>
<td>Salaries</td>
<td>$ 860,222</td>
<td>$ 900,207</td>
<td>$ 857,558</td>
<td>$ 876,061</td>
<td>$ 1,717,780</td>
<td>$ 1,776,268</td>
</tr>
<tr>
<td>Fringe benefits</td>
<td>334,523</td>
<td>354,764</td>
<td>359,269</td>
<td>360,381</td>
<td>693,792</td>
<td>715,145</td>
</tr>
<tr>
<td>Total salaries and related expenses</td>
<td>1,194,745</td>
<td>1,254,971</td>
<td>1,216,827</td>
<td>1,236,442</td>
<td>2,411,572</td>
<td>2,491,412</td>
</tr>
<tr>
<td>Hardware and software maintenance</td>
<td>413,327</td>
<td>467,054</td>
<td>924</td>
<td>1,702</td>
<td>414,251</td>
<td>468,756</td>
</tr>
<tr>
<td>Database</td>
<td>202,262</td>
<td>179,768</td>
<td>267,336</td>
<td>206,800</td>
<td>469,998</td>
<td>386,568</td>
</tr>
<tr>
<td>Delivery service</td>
<td>195,133</td>
<td>337,185</td>
<td>418,336</td>
<td>388,044</td>
<td>418,336</td>
<td>388,044</td>
</tr>
<tr>
<td>Telephone and internet</td>
<td>105,392</td>
<td>112,606</td>
<td>154,443</td>
<td>154,443</td>
<td>264,835</td>
<td>267,049</td>
</tr>
<tr>
<td>Rent and utilities</td>
<td>201,717</td>
<td>140,029</td>
<td>74,815</td>
<td>103,621</td>
<td>276,532</td>
<td>244,250</td>
</tr>
<tr>
<td>Periodicals</td>
<td>252,960</td>
<td>228,061</td>
<td>100,323</td>
<td>70,595</td>
<td>136,700</td>
<td>166,402</td>
</tr>
<tr>
<td>Books, film, etc.</td>
<td>8,312</td>
<td>28,395</td>
<td>145,653</td>
<td>85,562</td>
<td>153,965</td>
<td>113,958</td>
</tr>
<tr>
<td>Contractual services</td>
<td>66,276</td>
<td>94,060</td>
<td>194,964</td>
<td>56,105</td>
<td>250,131</td>
<td>150,169</td>
</tr>
<tr>
<td>Equipment</td>
<td>1,454</td>
<td>22,443</td>
<td>38,064</td>
<td>56,105</td>
<td>39,518</td>
<td>78,548</td>
</tr>
<tr>
<td>Professional development</td>
<td>1,129</td>
<td>511</td>
<td>62,064</td>
<td>60,577</td>
<td>63,193</td>
<td>61,088</td>
</tr>
<tr>
<td>Professional fees</td>
<td>1,529</td>
<td>4,799</td>
<td>512</td>
<td>512</td>
<td>2,666</td>
<td>5,311</td>
</tr>
<tr>
<td>Supplies</td>
<td>6,018</td>
<td>3,206</td>
<td>19,476</td>
<td>13,210</td>
<td>25,494</td>
<td>16,416</td>
</tr>
<tr>
<td>Travel</td>
<td>7,299</td>
<td>6,084</td>
<td>5,872</td>
<td>10,103</td>
<td>13,171</td>
<td>16,187</td>
</tr>
<tr>
<td>Insurance</td>
<td>10,410</td>
<td>10,315</td>
<td>241</td>
<td>412</td>
<td>2,491</td>
<td>2,733</td>
</tr>
<tr>
<td>Memberships</td>
<td>1,929</td>
<td>3,772</td>
<td>667</td>
<td>795</td>
<td>2,596</td>
<td>4,567</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>2,000</td>
<td>2,000</td>
<td>2,000</td>
<td>2,000</td>
<td>2,000</td>
<td>2,000</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>$ 2,713,269</td>
<td>$ 2,991,908</td>
<td>$ 2,510,489</td>
<td>$ 2,391,250</td>
<td>$ 5,223,757</td>
<td>$ 5,383,158</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
### WESTCHESTER LIBRARY SYSTEM

#### STATEMENTS OF FUNCTIONAL EXPENSES

**Years Ended December 31, 2019 and 2018**

<table>
<thead>
<tr>
<th></th>
<th>Management and general</th>
<th>Supporting services</th>
<th>Total</th>
<th>Total program and supporting services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fringe benefits</td>
<td>469,872</td>
<td>591,016</td>
<td>40,169</td>
<td>38,870</td>
</tr>
<tr>
<td><strong>Total salaries and related expenses</strong></td>
<td>897,378</td>
<td>1,024,277</td>
<td>155,969</td>
<td>168,106</td>
</tr>
<tr>
<td>Hardware and software maintenance</td>
<td>8,052</td>
<td>10,030</td>
<td>488</td>
<td>351</td>
</tr>
<tr>
<td>Database</td>
<td>3,154</td>
<td>3,154</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Delivery service</td>
<td>180</td>
<td>180</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Telephone and internet</td>
<td>822</td>
<td>822</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rent and utilities</td>
<td>71,691</td>
<td>52,593</td>
<td>10,726</td>
<td>10,726</td>
</tr>
<tr>
<td>Periodicals</td>
<td>50</td>
<td>2,467</td>
<td>176</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>14,222</td>
<td>14,222</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Books, film, etc.</td>
<td>1,681</td>
<td>1,681</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contractual services</td>
<td>7,650</td>
<td>5,179</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equipment</td>
<td>17,801</td>
<td>13,615</td>
<td>36</td>
<td></td>
</tr>
<tr>
<td>Professional development</td>
<td>20,355</td>
<td>17,404</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Printing and postage</td>
<td>2,524</td>
<td>9,666</td>
<td>112</td>
<td>111</td>
</tr>
<tr>
<td>Professional fees</td>
<td>28,812</td>
<td>24,269</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supplies</td>
<td>6,630</td>
<td>7,317</td>
<td>26</td>
<td></td>
</tr>
<tr>
<td>Travel</td>
<td>2,909</td>
<td>4,128</td>
<td>4,151</td>
<td>1,845</td>
</tr>
<tr>
<td>Insurance</td>
<td>9,551</td>
<td>10,312</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Memberships</td>
<td>13,792</td>
<td>9,164</td>
<td>443</td>
<td>148</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>1,788</td>
<td>1,985</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible asset amortization</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>$ 1,103,385</td>
<td>$ 1,212,285</td>
<td>$ 172,093</td>
<td>$ 181,323</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
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 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, where by 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.
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 the New York State and Westchester County. All grants receivable are expected to be collected within one year.
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, 2019 and 2018, 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:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and equipment</td>
<td>3 - 10 years</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>10 years</td>
</tr>
<tr>
<td>Software - online catalog</td>
<td>5 years</td>
</tr>
</tbody>
</table>

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 is computed using the straight-line method. The mobile library application was put in service in January 2018.

**Deferred revenue**

Funds received that have not been earned as of the year end dates are reflected as deferred revenue.
2. **Summary of significant accounting policies (continued)**

**Revenue and revenue recognition**

The Organization recognizes contributions when cash, securities or other 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.

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 membership dues over the membership period.

The Organization has adopted Accounting Standards Update (ASU) No. 2018-08 Not for Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958-605); and, No. 2014-09 Revenue from Contracts with Customers (Topic 606) as management believes the standards improve the usefulness and understandability of the Organization’s financial reporting.

Analysis of various provisions of these standards resulted in a change in the way the Organization recognizes revenue for certain government grants which had previously been treated as without donor restriction. These amounts have been reclassified as with donor restriction in the amount of $354,746 for the year ended December 31, 2018. In addition, prior to the year ended December 31, 2019, the Organization recorded grant income from the state of New York based on the state fiscal year end which resulted in recording deferred income for these grants. The Organization applied Topic 958-605 using the full retrospective method of accounting which resulted in a change to state grant income for the year-end December 31, 2018 by increasing state grant income by $6,383. The presentation and disclosures of revenue have been enhanced in accordance with the standard, and the changes are presented below.
2. **Summary of significant accounting policies** (continued)

**Revenue and revenue recognition** (continued)

The full retrospective method of transition required the Organization to disclose the effect of applying the new guidance on each item included in the financial statements.

**Balance sheets**

The following are items from the balance sheets as of December 31, 2019 and 2018, respectively. The amounts reported below show the amounts that would have been reported under the former guidance, the effects of applying the new guidance, and the balances reported under the new guidance.

<table>
<thead>
<tr>
<th>Liabilities:</th>
<th>December 31, 2019</th>
<th>December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred revenue</td>
<td>$ 611,639</td>
<td>$ 959,124</td>
</tr>
<tr>
<td>Effect of applying the new guidance</td>
<td>($292,702)</td>
<td>($630,185)</td>
</tr>
<tr>
<td>As reported</td>
<td>$ 328,937</td>
<td></td>
</tr>
<tr>
<td>Net assets:</td>
<td>$ 446,913</td>
<td>$ 615,427</td>
</tr>
<tr>
<td>Without restrictions</td>
<td>$ 522,908</td>
<td>$ 541,499</td>
</tr>
<tr>
<td>With donor restrictions</td>
<td>$ 968,821</td>
<td>$ 150,630</td>
</tr>
<tr>
<td>Total net assets</td>
<td>$ 611,639</td>
<td>$ 707,643</td>
</tr>
</tbody>
</table>

**Statements of activities**

The following are the items from the statements of activities for the years ended December 31, 2019 and 2018, respectively. The amounts reported below show the amounts that would have been reported under the former guidance, the effects of applying the new guidance, and the amounts reported under the new guidance:

<table>
<thead>
<tr>
<th>Support and revenue: State grants</th>
<th>December 31, 2019</th>
<th>December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amounts that would have been reported</td>
<td>$ 2,572,813</td>
<td>$ 2,539,060</td>
</tr>
<tr>
<td>Effect of applying the new guidance</td>
<td>($18,646)</td>
<td>$ 6,383</td>
</tr>
<tr>
<td>As reported</td>
<td>$ 2,554,287</td>
<td>$ 2,539,060</td>
</tr>
<tr>
<td>Change in net assets</td>
<td>$ (110,101)</td>
<td>$ 754,503</td>
</tr>
<tr>
<td>Net assets, beginning of year</td>
<td>$ (128,647)</td>
<td>$ 630,185</td>
</tr>
<tr>
<td>Net assets, end of year</td>
<td>$ 597,543</td>
<td>$ 1,337,828</td>
</tr>
<tr>
<td>Amounts as previously reported</td>
<td>$ 707,643</td>
<td>$ 630,185</td>
</tr>
</tbody>
</table>
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 2018 financial statements to conform to the 2019 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.

The Organization has reviewed its operations in light of the COVID-19 pandemic. Based on that review, it does not anticipate that the COVID-19 pandemic will have a material impact on its operations. However, events surrounding Federal and State government responses could change that analysis, and that change could be material.
4. Availability and liquidity

The following represents the Organization’s financial assets at December 31, 2019:

Financial assets at year end

<table>
<thead>
<tr>
<th>Description</th>
<th>2019 Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$3,496,218</td>
</tr>
<tr>
<td>Investments</td>
<td>1,026,202</td>
</tr>
<tr>
<td>Grants receivable</td>
<td>280,438</td>
</tr>
<tr>
<td>Accounts and other receivables</td>
<td>135,785</td>
</tr>
<tr>
<td><strong>Total financial assets</strong></td>
<td><strong>4,938,643</strong></td>
</tr>
</tbody>
</table>

Less amounts not available to be used within one year:

<table>
<thead>
<tr>
<th>Description</th>
<th>2019 Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net assets with donor restrictions</td>
<td>239,361</td>
</tr>
<tr>
<td>Less net assets with purpose restrictions to be met in less than a year</td>
<td>(239,361)</td>
</tr>
<tr>
<td><strong>Financial assets available to meet cash needs for general expenditures within one year</strong></td>
<td><strong>4,938,643</strong></td>
</tr>
</tbody>
</table>

The Organization’s goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately $1,700,000). 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 13).

5. Investments

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

<table>
<thead>
<tr>
<th>Description</th>
<th>2019 Cost</th>
<th>2019 Fair value</th>
<th>2018 Cost</th>
<th>2018 Fair value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash equivalents</td>
<td>$1,022,775</td>
<td>$1,026,195</td>
<td>$1,000,069</td>
<td>$1,004,500</td>
</tr>
<tr>
<td>United States Treasuries</td>
<td>7</td>
<td>7</td>
<td>532</td>
<td>532</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,022,782</strong></td>
<td><strong>$1,026,202</strong></td>
<td><strong>$1,000,601</strong></td>
<td><strong>$1,005,032</strong></td>
</tr>
</tbody>
</table>
5. Investments (continued)

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

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends and interest</td>
<td>$21,785</td>
<td>$1,491</td>
</tr>
<tr>
<td>Realized and unrealized gain (loss)</td>
<td>(616)</td>
<td>7,441</td>
</tr>
<tr>
<td></td>
<td>$21,169</td>
<td>$8,932</td>
</tr>
</tbody>
</table>

6. Fair value measurement

The classification of the Organization's investment securities at fair value is as follows at December 31, 2019:

<table>
<thead>
<tr>
<th></th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$7</td>
<td></td>
<td></td>
<td>$7</td>
</tr>
<tr>
<td>United States Treasury bills</td>
<td>1,026,195</td>
<td></td>
<td>1,026,195</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$1,026,202</td>
<td>$</td>
<td>$</td>
<td>$1,026,202</td>
</tr>
</tbody>
</table>

The classification of the Organization's investment securities at fair value is as follows at December 31, 2018:

<table>
<thead>
<tr>
<th></th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$532</td>
<td></td>
<td></td>
<td>$532</td>
</tr>
<tr>
<td>United States Treasury bills</td>
<td>1,004,500</td>
<td></td>
<td>1,004,500</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$1,005,032</td>
<td>$</td>
<td>$</td>
<td>$1,005,032</td>
</tr>
</tbody>
</table>
7. Property and equipment

Property and equipment consists of the following:

<table>
<thead>
<tr>
<th></th>
<th>December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>$1,679,540</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>$99,857</td>
</tr>
<tr>
<td>Software – online catalog</td>
<td>$121,337</td>
</tr>
<tr>
<td></td>
<td><strong>1,900,734</strong></td>
</tr>
</tbody>
</table>

Less accumulated depreciation

<table>
<thead>
<tr>
<th></th>
<th>December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
</tr>
<tr>
<td></td>
<td>$1,241,755</td>
</tr>
</tbody>
</table>

$658,979 $749,485

Depreciation expense for the years ended December 31, 2019 and 2018 was $267,181 and $242,282, respectively.

8. Intangible assets

Intangible assets consists of the following:

<table>
<thead>
<tr>
<th></th>
<th>December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
</tr>
<tr>
<td>Mobile library application</td>
<td>$10,000</td>
</tr>
<tr>
<td>Less accumulated amortization</td>
<td>4,000</td>
</tr>
<tr>
<td></td>
<td><strong>$6,000</strong></td>
</tr>
</tbody>
</table>

Amortization expense for the years ended December 31, 2019 and 2018 was $2,000 and $2,000 respectively.

Estimated amortization expense for each of the next four years ended December 31 is as follows: 2020 - $2,000; 2021 - $2,000 and 2022 - $2,000.

9. 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, 2019, and 2018, deferred rent amounted to $282,287 and $289,790, respectively.
10. 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 3.07% and 4.09% for the years ended December 31, 2019 and 2018, respectively.

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

<table>
<thead>
<tr>
<th>December 31,</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes in accumulated post-retirement benefit obligation:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated post-retirement benefit obligation at January 1</td>
<td>$3,815,533</td>
<td>$4,380,908</td>
</tr>
<tr>
<td>Service cost</td>
<td>64,832</td>
<td>80,912</td>
</tr>
<tr>
<td>Interest cost</td>
<td>148,146</td>
<td>143,023</td>
</tr>
<tr>
<td>Plan participant contributions</td>
<td>29,200</td>
<td>40,571</td>
</tr>
<tr>
<td>Actuarial (gain) loss</td>
<td>383,683</td>
<td>(643,087)</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(272,291)</td>
<td>(186,794)</td>
</tr>
<tr>
<td>Accumulated post-retirement benefit obligation, December 31</td>
<td>$4,169,103</td>
<td>$3,815,533</td>
</tr>
<tr>
<td>Change in plan assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fair value of plan assets, January 1</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Employer contributions</td>
<td>202,147</td>
<td>111,836</td>
</tr>
<tr>
<td>Employee contributions</td>
<td>29,200</td>
<td>40,571</td>
</tr>
<tr>
<td>Medicare Part B reimbursement paid to retirees</td>
<td>40,944</td>
<td>34,387</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(272,291)</td>
<td>(186,794)</td>
</tr>
<tr>
<td>Fair value of plan assets, December 31</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Funded status:</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Unfunded benefit obligation</td>
<td>$4,169,103</td>
<td>$3,815,533</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>December 31,</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Components of net periodic benefit cost:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service cost</td>
<td>$64,832</td>
<td>$80,912</td>
</tr>
<tr>
<td>Interest cost</td>
<td>148,146</td>
<td>143,023</td>
</tr>
<tr>
<td>Amortization of actuarial loss</td>
<td>78,443</td>
<td>136,766</td>
</tr>
<tr>
<td></td>
<td>$291,421</td>
<td>$360,701</td>
</tr>
</tbody>
</table>
10. **Post-retirement benefit obligation** (continued)

The following are the actuarial assumptions and effects:

<table>
<thead>
<tr>
<th>December 31,</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
<td>2018</td>
</tr>
<tr>
<td>Medical trend rate next year</td>
<td>7.5% / 5.00%</td>
<td>7.50% / 5.00%</td>
</tr>
<tr>
<td>Ultimate trend rate</td>
<td>5.00%</td>
<td>5.00%</td>
</tr>
<tr>
<td>Year ultimate trend rate is achieved</td>
<td>2024 / 2009</td>
<td>2023 / 2009</td>
</tr>
<tr>
<td>Discount rate used to value end of year accumulated post-retirement benefit obligations</td>
<td>3.07%</td>
<td>4.09%</td>
</tr>
<tr>
<td>Discount rate used to value end of year net periodic post-retirement benefit costs</td>
<td>4.09%</td>
<td>3.47%</td>
</tr>
<tr>
<td>Effect of a 1% increase in healthcare cost trend rate on:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Interest cost plus service cost</td>
<td>$40,968</td>
<td>$39,462</td>
</tr>
<tr>
<td>b. Accumulated post-retirement benefits</td>
<td>302,403</td>
<td>246,778</td>
</tr>
<tr>
<td>Effect of a 1% decrease in health:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Interest cost plus service cost</td>
<td>$(13,618)</td>
<td>$(16,679)</td>
</tr>
<tr>
<td>b. Accumulated post-retirements benefits</td>
<td>(232,399)</td>
<td>(192,220)</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Year ending December 31:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$ 211,071</td>
</tr>
<tr>
<td>2021</td>
<td>189,162</td>
</tr>
<tr>
<td>2022</td>
<td>196,501</td>
</tr>
<tr>
<td>2023</td>
<td>203,123</td>
</tr>
<tr>
<td>2024</td>
<td>206,906</td>
</tr>
<tr>
<td>2025 - 2028</td>
<td>1,085,121</td>
</tr>
</tbody>
</table>

11. **Commitments and contingencies**

**Office lease**

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:

<table>
<thead>
<tr>
<th>Year ending December 31:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$ 305,026</td>
</tr>
<tr>
<td>2021</td>
<td>312,145</td>
</tr>
<tr>
<td>2022</td>
<td>319,263</td>
</tr>
<tr>
<td>2023</td>
<td>326,382</td>
</tr>
<tr>
<td>2024</td>
<td>333,500</td>
</tr>
<tr>
<td>Thereafter</td>
<td>864,005</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$ 2,460,321</td>
</tr>
</tbody>
</table>

The Organization's rent expense, including escalation charges, for the years ended December 31, 2019 and 2018 was $346,877 and $330,367, respectively.
11. 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:

<table>
<thead>
<tr>
<th>Year ending December 31:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$9,120</td>
</tr>
<tr>
<td>2021</td>
<td>3,800</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$12,920</strong></td>
</tr>
</tbody>
</table>

12. 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 period prior to the cost being incurred are deferred until future period.

13. Letter of credit and line of credit

During the years ended December 31, 2019 and 2018, the Organization had an Irrevocable Stand-by Letter of Credit with a financing institution in the amount of $3,750,000 and $4,500,000. The Irrevocable Stand-by Letter of Credit expires on March 24, 2020. 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, 2019 and 2018.

The Organization has a $500,000 revolving Line of Credit agreement with a financing institution with a maturity date of August 31, 2020. The interest rate on the line is 5.25%. There were no borrowings during the years and no amounts were outstanding at both December 31, 2019 and 2018.
14. Net assets

Net assets were as follows for the years ended December 31, 2019 and 2018:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Without donor restrictions</td>
<td>Without donor restrictions</td>
</tr>
<tr>
<td></td>
<td>With donor restrictions</td>
<td>With donor restrictions</td>
</tr>
<tr>
<td></td>
<td>$ 969,821</td>
<td>$</td>
</tr>
<tr>
<td>Undesignated</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Specific purpose:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gates Staying Connected</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training Program</td>
<td>5,094</td>
<td>5,094</td>
</tr>
<tr>
<td>Bruni Verges Memorial Fund</td>
<td>1,098</td>
<td>1,098</td>
</tr>
<tr>
<td>People and Stories</td>
<td>2,096</td>
<td>2,096</td>
</tr>
<tr>
<td>Battle of the Books</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>MiniGrants</td>
<td>35,100</td>
<td>35,100</td>
</tr>
<tr>
<td>TASC Connect</td>
<td>3,113</td>
<td>3,113</td>
</tr>
<tr>
<td>Marketing and Professional Development</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Early Literacy</td>
<td>8,218</td>
<td>8,218</td>
</tr>
<tr>
<td>Library and training</td>
<td>18,000</td>
<td>18,000</td>
</tr>
<tr>
<td>2020 Census</td>
<td>88,731</td>
<td>88,731</td>
</tr>
<tr>
<td>Xprize</td>
<td>10,235</td>
<td>10,235</td>
</tr>
<tr>
<td>Digital Resources</td>
<td>25,000</td>
<td>25,000</td>
</tr>
<tr>
<td>Music &amp; Memory</td>
<td>1,500</td>
<td>1,500</td>
</tr>
<tr>
<td>Broadband Technology Opportunities Program (BTOP)</td>
<td>780</td>
<td>780</td>
</tr>
<tr>
<td>Total net assets</td>
<td>$ 969,821</td>
<td>$ 239,361</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Satisfaction of purpose restrictions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Broadband Technology Opportunities Program</td>
<td>19,950</td>
<td>34,033</td>
</tr>
<tr>
<td>LIU Certificate</td>
<td>23,000</td>
<td>32,950</td>
</tr>
<tr>
<td>Learning Ambassadors</td>
<td>3,446</td>
<td>3,650</td>
</tr>
<tr>
<td>Battle of the Books</td>
<td>3,011</td>
<td>3,873</td>
</tr>
<tr>
<td>MiniGrants</td>
<td>9,886</td>
<td>8,015</td>
</tr>
<tr>
<td>TASC Connect</td>
<td>6,887</td>
<td>15,200</td>
</tr>
<tr>
<td>Early Literacy</td>
<td>15,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Marketing and Professional Development</td>
<td>3,800</td>
<td>16,813</td>
</tr>
<tr>
<td>2020 Census</td>
<td>9,604</td>
<td></td>
</tr>
<tr>
<td>Xprize</td>
<td>10,598</td>
<td></td>
</tr>
<tr>
<td>Bruni</td>
<td>3,133</td>
<td></td>
</tr>
<tr>
<td>Library and training</td>
<td>354,879</td>
<td>266,060</td>
</tr>
<tr>
<td></td>
<td>$ 463,194</td>
<td>$ 390,594</td>
</tr>
</tbody>
</table>
15. **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:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Library Aid</td>
<td>$39,600</td>
<td>$53,000</td>
</tr>
<tr>
<td>Local Library Services Aid</td>
<td>282,606</td>
<td>282,465</td>
</tr>
<tr>
<td>Westchester Community College</td>
<td>1,308</td>
<td>1,308</td>
</tr>
<tr>
<td>Grants in Aid</td>
<td>241,668</td>
<td>120,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$565,182</strong></td>
<td><strong>$456,773</strong></td>
</tr>
</tbody>
</table>

16. **Significant source of support**

During the years ended December 31, 2019 and 2018, the Organization received approximately 38% and 38%, respectively, of its total support and revenues from grants from the State of New York and approximately 15% and 15%, respectively, from Westchester County grants.

17. **Subsequent events**

Subsequent events have been evaluated through May 1, 2020, which is the date the financial statements were available to be issued. The Organization is not aware of any material subsequent events.
REPORT TO THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED DECEMBER 31, 2019
To The Board of Trustees
Westchester Library System
Elmsford, New York

We have audited the financial statements of Westchester Library System for the year ended December 31, 2019, and have issued our report thereon dated May 1, 2020. Professional standards require that we provide you with certain information related to our audit.

This report summarizes our audit, the scope of our engagement, communications required by our professional standards, communications about internal control related matters identified in our audit, and our observations relating to certain business issues being faced by the Organization. We received the full support and assistance of the Organization’s personnel. This report is intended solely for the use of the Board of Trustees and management of Westchester Library System, and is not intended to be, and should not be, used by anyone other than these specified parties.

We will be pleased to discuss this report and the suggestions contained in it with you in further detail and to assist you with their implementation. We appreciate this opportunity to be of continued service to you and would like to thank the entire staff of the Organization for the courtesies extended to us during the audit.

Saddle Brook, New Jersey

May 1, 2020
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### DECEMBER 31, 2019 AUDIT RESULTS

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SUMMARY OF WHAT WE AGREED TO DO

Our Approach

As discussed with management, our audit plan represented an approach responsive to the assessment of risk for the Organization. Specifically, we designed our audit to:

- Issue an opinion on the financial statements of the Organization
- Issue this Audit Results Summary to management and those charged with governance

Areas of Audit Emphasis

- Management override of controls
- Revenue recognition and classification
- Classification, allocation and appropriation of net assets
- Post-retirement benefit accounting
- Cut off of revenues and expenses
- Investments
- Prepaid expenses
- Property and equipment
- Functional allocation of expenses
- Report with new accounting pronouncements

There were no significant changes to our planned approach of areas of audit emphasis.
**REQUIRED COMMUNICATIONS**

Auditing Standards AU-C Section 260, *The Auditor’s Communication With Those Charged with Governance*, and other professional standards require the auditor to provide those charged with governance with information pertaining to the planned scope and timing of the audit, representations from management, and significant audit findings that may assist those responsible for overseeing the strategic direction of the entity and obligations related to the accountability of the entity, including the entity’s financial reporting process. These required communications are summarized below.

<table>
<thead>
<tr>
<th>Area</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Auditors’ Responsibilities under U.S. Generally Accepted Auditing Standards</td>
<td>Management will acknowledge its responsibility for the Organization’s financial statements by signing the letter of representations addressed to Dorfman Abrams Music, LLC.</td>
</tr>
<tr>
<td>As stated in our engagement letter dated December 31, 2019, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your respective responsibilities.</td>
<td>We will issue an unmodified opinion on the Organization’s financial statements as of December 31, 2019 and for the year then ended. Our audit opinion will be dated May 1, 2020.</td>
</tr>
<tr>
<td>Our responsibilities, as prescribed by professional standards, are to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Organization solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.</td>
<td>We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.</td>
</tr>
<tr>
<td>2. Planned Scope and Timing of the Audit</td>
<td>We performed the audit according to the planned scope and timing previously communicated to you.</td>
</tr>
</tbody>
</table>

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Westchester Library System are described in Note 2 to the financial statements.

New Accounting Policies
There is a new accounting pronouncement affecting the December 31, 2019 and 2018 financial statements. The Organization adopted Accounting Standards Update (ASU) No. 2018-08 Not for Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605); and, No. 2014-09 Revenue from Contracts with Customers (Topic 606).

Lack of Authoritative Guidance
We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus.

Period of Recognition
There were no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Significant Unusual
There are no significant unusual or nonrecurring accounting transactions.


Accounting estimates are an integral part of the financial statements prepared by management and are based upon management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most significant estimates affecting the financial statements are:
- Actuarial assumptions which determine the gain recognized for post-retirement benefits
- Depreciation expense
- Functional expenses
- Fair value measurement of investments
- Availability and liquidity

5. Qualitative Aspects of the Organization's Significant Accounting Practices – Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to the financial statement users.

The disclosures in the financial statements are neutral, consistent, and clear.
6. Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in performing and completing our audit.

7. Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures.

Management has corrected all identified misstatements.

The attached schedule summarizes misstatements that we identified as a result of our audit procedures that were brought to the attention of, and corrected by management.

8. Fraud and Illegal Acts

We are to report to the Board of Trustees fraud and illegal acts involving senior management and fraud and illegal acts (whether caused by senior management or other employees) that cause a material misstatement of the financial statements.

There was no fraud or illegal acts noted during our audit.

9. Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the Organization's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such information.

To our knowledge, the Organization's audited financial statements will not be included in any document issued by the Organization.

Our responsibility also includes communicating to you any information, which we believe is a material misstatement of fact.
<table>
<thead>
<tr>
<th>Area</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>10. Disagreements with Management</strong></td>
<td>No such disagreements arose during the course of our audit.</td>
</tr>
<tr>
<td>For purposes of this letter, professional standards define a disagreement with management as a financial, accounting, reporting, or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditors' report.</td>
<td></td>
</tr>
<tr>
<td><strong>11. Management Representations</strong></td>
<td>We have requested certain representations from management that are included in the management representation letter dated May 1, 2020.</td>
</tr>
<tr>
<td><strong>12. Management's Consultation with Other Accountants</strong></td>
<td>Management has informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.</td>
</tr>
<tr>
<td>In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a &quot;second opinion&quot; on certain situations. If a consultation involves the application of an accounting principle to the Organization's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts.</td>
<td></td>
</tr>
<tr>
<td><strong>13. Other Significant Findings or Issues</strong></td>
<td>None of the matters discussed resulted in a condition to our retention as the Organization's auditors.</td>
</tr>
<tr>
<td>In the normal course of our professional association with Westchester Library System, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Organization and business plans and strategies that may affect the risks of material misstatement.</td>
<td></td>
</tr>
<tr>
<td><strong>14. Communication of Internal Control Related Matters Identified in an Audit</strong></td>
<td>See Communication of Internal Control Related Matters section.</td>
</tr>
<tr>
<td>We are required to communicate in writing to management and those charged with governance control deficiencies identified during an audit that upon evaluation are considered significant deficiencies or material weaknesses.</td>
<td></td>
</tr>
</tbody>
</table>
### Area

15. Independence

Generally accepted auditing standards require independence for all audits. The auditor should communicate to those charged with governance circumstances or relationships (for example, financial interests, business or family relationships, or non-audit services provided or expected to be provided) that in the auditor's professional judgment may reasonably be thought to bear on independence and that the auditor gave significant consideration to in reaching the conclusion that independence had not been impaired.

### Comments

We are not aware of any relationships between Dorfman Abrams Music, LLC and Westchester Library System that, in our professional judgment, may reasonably be thought to bear on our independence.
COMMUNICATION OF INTERNAL CONTROL RELATED MATTERS

In planning and performing our audit of the financial statements of Westchester Library System as of and for the year ended December 31, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered Westchester Library System's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Organization's financial statements that is more than inconsequential will not be prevented or detected by the Organization's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

During the course of our audit, we noted other items, which, while not constituting significant deficiencies and/or material weaknesses, nonetheless represent areas, which, in our opinion, could be improved upon. A comprehensive description of each item, along with our recommendations for remediation, follows in the Other Recommendations section of this report.

This communication is intended solely for the information and use of the Board of Trustees and is not intended to be, and should not be, used by anyone other than these specified parties.
OTHER RECOMMENDATIONS

Cash

To the extent possible, the Organization should make all reasonable efforts to manage the balances of cash in banks so that the deposits in any one bank do not exceed the federally insured limits of $250,000. In addition, the Organization should continue to regularly monitor the financial condition of the institutions in which it maintains its bank accounts.

Investment Activities

During the audit and review of the investment account, we noted that the Organization did not record the investment activities throughout the year. We recommend that the Organization record the investment activities on a monthly basis to avoid the investment account and the investment income to be understated during the year and as part of internal reports provided to the Board.
## CORRECTED MISSTATEMENTS

### Adjusting Journal Entries JE # 1
To record investment activities.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1032 TD Investment</td>
<td>21,169.00</td>
</tr>
<tr>
<td>9017 Investment Fees</td>
<td>40.00</td>
</tr>
<tr>
<td>9405 Realized gain/Loss</td>
<td>435.00</td>
</tr>
<tr>
<td>4710 Investment Income</td>
<td>40.00</td>
</tr>
<tr>
<td>4710 Investment Income</td>
<td></td>
</tr>
<tr>
<td>9404 Unrealized Gain/Loss</td>
<td>1,051.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>22,735.00</strong></td>
</tr>
</tbody>
</table>

### Adjusting Entries:

### Adjusting Journal Entries JE # 6
To amortize mobile library application for 2018.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>9950 Intangible Assets Amortization</td>
<td>2,000.00</td>
</tr>
<tr>
<td>1360 Mobile App</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,000.00</strong></td>
</tr>
</tbody>
</table>