

Tuesday, May 24, 2022
7:30 pm Board of Trustees Monthly Meeting
Meeting Room

Agenda

1. Roll Call
2. Public Comment
3. Consent Agenda (VOTE)
 - a. Approve April 2022 meeting minutes (Attachment)
 - b. Accept the April 2022 financial statements (Attachment)
 - c. Approve the new members of the Auxiliary Board (Attachment)
4. President's Report
5. Information Items
 - a. Staff Reports (Attachments)
 - i. Director's Report
 1. 1st Quarter Statistics (Attachment)
 - ii. Adult Report
 - iii. Teen Report
 - iv. Children's Report
 - b. Auxiliary Board
6. Board Discussion
 - a. 2021 Audit (VOTE)
 - b. Architect / Space Planner Presentation (Attachment)
 - c. Mission Moments (Attachment)
7. New Business
8. Executive Session

Next meeting dates: Tuesday, June 28 – 7:30 pm
 Tuesday, July 26 – 7:30 pm

Vehicle Fair – May 22, 2022 11 am to 3 pm
Summer Reading Minigolf Kickoff – June 25, 2022 2 to 4:30 pm

Minutes of the April 26, 2022 RFRR Board meeting

Kathleen Riegelhaupt called the meeting to order at 7:32. No one from the public was in attendance. The following representatives from the space planning consultants were also in attendance: Skolnick Design and Architecture: Lee Skolnick, Jo Ann Secor, Christian Ferwerda, and Vonn Weisenberger; TMS Waterfront: Dena Pratos; Altieri: Philip Steiner and Anthony Amoroso.

Consent Agenda

Kathleen presented the Consent Agenda which included the minutes of the March 2022 Board meeting and the March 2022 financial statement. The financial statement was pulled out for discussion. Jackie moved to approve the remainder of the Consent Agenda and Jan seconded. All approved.

Maria made a brief review of the financials. The annual campaign is tracking ahead. The largest expense for the month has been for the space planning consultant. There is a meeting scheduled with the asset managers this coming Friday. Kathleen requested a motion to accept the March 2022 financial statement. Jan so moved and Matt seconded. All approved.

President's Report

Kathleen outlined the process so far with the planning consultants. The remainder of her report was the presentation by the representatives of Skolnick Design and Architecture, TMS Waterfront and Altieri of their final report and recommendations which included flood mitigation measures; relocation of the children's room to the first floor; relocation of the meeting room and study spaces to the basement; construction of additional of space for the teen on the second floor and renovation of a portion of the attic for offices and meeting space.

After the presentation, Kathleen opened the meeting up for discussion. She noted that this was a big project and that no decision would be made at this meeting. Francis asked if the scope of the project would impact staffing. Chris responded that 1 or 1.5 FTE would be needed for the children's room and teen space. Jackie asked about the location of the children's collection. Picture books would be in the children's room.

Board books would be in the enrichment space and chapter books would be in the preteen area on the mezzanine. Francis asked about how high we would need to go to be out of the flood zone. It would be more than 28 feet that is why the wet flood proofing solution is recommended. Kathleen asked about the need for variances from the City. Skolnick's team has met with Rye's flood officers. There was a discussion about a back-up generator and how much of the library it should service. Kathleen said that Chris would send out the full report to the Board and any questions should be directed to him. She outlined the next steps. The May Board meeting will have a more robust discussion on the size and scope of the project and the willingness of the Board and the community to go forward with such a project. The Skolnick team will get a proposal from structural engineers regarding the foundation wall by the brook. It would be useful to get a sense of opinion of the BAR, Landmarks and other City agencies for such a project.

Auxiliary Board

Lina reported that all the vehicles are set for the Vehicle Fair on May 22. The next step is marketing the event. Grace reported that so far there are 5 confirmed hosts for Novel Night (Oct. 15) which would cover about 200 guests. They are working to get more. The journal committee is gathering ads from local businesses. All that had advertised in the past are interested in doing so again. Kathleen pointed out that the Skolnick report will be sent to the members of the Auxiliary Board.

Policy Review

Kathleen announced that the next 3 policies up for review will be collections, card holders and by-laws. There will be staff participation in the collections policy review.

Mission Moments

Chris reported that Music on the Green will begin on May 21. He reminded Board members to sign up to sponsor a hole at the miniature golf event that is the kick-off for the summer reading program.

There being no new business, Kathleen called for a motion to adjourn the meeting. Matt so moved and Jackie seconded. All approved. The meeting was adjourned at 8:57.

Action: The Board approve the March 2022 meeting minutes

April Financials

In Income

- Operating income is quiet, but the combined report shows income for both the Vehicle Fair and Novel Night.

In expenses:

- Material spending is up compared to last year, as much of the supply chain issues for books appears to have been resolved.
- Library operations has a number of timing expenses, as well as the transfer for the children's flood collection, so it shows very high compared to projection.
- In Building expenses, the cost for the Spinelli site survey is shown, The other regular large expense is the contract with Coverall - the janitorial service.
- Personnel is behind budget in part due to the vacant children's librarian position. That should balance out over the coming months once the hiring process is complete.

Action : The Board accept the April 2022 Financial Statement

Rye Free Reading Room
Income and Expense Report
For Four Months Ending April 30, 2022

	Current Month 2022	2022 YTD Actual	2022 YTD Budget	2022 Budget
Income				
City of Rye	\$ -	\$ 667,500	\$ 667,500	\$ 1,335,000
Annual Campaign	\$ 3,658	\$ 100,341	\$ 80,000	\$ 240,000
Miscellaneous Income	\$ 1,449	\$ 202,524	\$ 30,833	\$ 30,000
Osborn Branch Library	\$ 4,095	\$ 18,114	\$ 18,515	\$ 55,546
Auxiliary Board Transfer	\$ -	\$ -	\$ -	\$ 62,500
Endowment Transfer	\$ -	\$ -	\$ -	\$ 105,000
	<u>\$ 9,202</u>	<u>\$ 988,479</u>	<u>\$ 796,848</u>	<u>\$ 1,828,046</u>
Expense				
Library Materials				
Books	\$ 3,777	\$ 26,335	\$ 26,295	\$ 78,885
Audio Visual	\$ 387	\$ 1,128	\$ 8,634	\$ 25,900
Periodicals	\$ 202	\$ 2,716	\$ 4,300	\$ 12,900
Programs	\$ 1,197	\$ 3,949	\$ 2,500	\$ 7,500
Ebooks/ Binding	\$ -	\$ 11,869	\$ 12,000	\$ 36,000
	<u>\$ 5,563</u>	<u>\$ 45,997</u>	<u>\$ 53,729</u>	<u>\$ 161,185</u>
Library Operations				
Supplies	\$ 1,755	\$ 8,504	\$ 4,333	\$ 13,000
Equipment & Systems - New	\$ -	\$ -	\$ 1,500	\$ 4,500
Equipment & Systems - Maintenance	\$ -	\$ -	\$ 1,667	\$ 5,000
Automated Systems	\$ 1,887	\$ 36,319	\$ 21,952	\$ 65,857
Telephone	\$ 221	\$ 1,048	\$ 2,000	\$ 6,000
Postage	\$ 731	\$ 2,185	\$ 3,333	\$ 10,000
Printing & Publicity	\$ 1,350	\$ 9,919	\$ 13,333	\$ 40,000
Auditing	\$ -	\$ 16,440	\$ 6,000	\$ 18,000
Legal Services	\$ -	\$ (535)	\$ 666	\$ 2,000
Interest	\$ -	\$ -	\$ -	\$ -
Transfer to Designated Account	\$ -	\$ 100,000	\$ -	\$ -
Miscellaneous	\$ 1,734	\$ 4,819	\$ 2,600	\$ 7,800
	<u>\$ 7,678</u>	<u>\$ 178,699</u>	<u>\$ 57,384</u>	<u>\$ 172,157</u>
Building Operations				
Heat	\$ 2,537	\$ 11,165	\$ 3,333	\$ 10,000
Light & Power	\$ 2,768	\$ 9,086	\$ 10,500	\$ 31,500
Water & Sewer	\$ 290	\$ 1,042	\$ 2,500	\$ 7,500
Fixtures, Furnishings & Equipment	\$ -	\$ 18,900	\$ 1,666	\$ 5,000
Building Supplies	\$ -	\$ 16,209	\$ 4,000	\$ 12,000
Contracted Services	\$ 7,994	\$ 95,077	\$ 22,400	\$ 67,200
Repairs & Maintenance	\$ -	\$ 6,811	\$ 6,000	\$ 18,000
Insurance	\$ -	\$ 5,763	\$ 10,592	\$ 31,775
Miscellaneous	\$ -	\$ -	\$ -	\$ -
	<u>\$ 13,589</u>	<u>\$ 164,053</u>	<u>\$ 60,991</u>	<u>\$ 182,975</u>
Personnel				
Salaries	\$ 78,196	\$ 304,728	\$ 332,597	\$ 997,791
Social Security	\$ 5,816	\$ 23,178	\$ 25,444	\$ 76,331
Retirement	\$ -	\$ -	\$ -	\$ 93,685
Medical Insurance	\$ 1,694	\$ 23,010	\$ 28,552	\$ 85,657
Other Insurance	\$ 1,569	\$ 10,623	\$ 4,333	\$ 13,000
Payroll Services	\$ 529	\$ 2,438	\$ 1,900	\$ 5,700
Staff Development	\$ 444	\$ 1,837	\$ 1,000	\$ 3,000
Miscellaneous	\$ -	\$ -	\$ -	\$ -
	<u>\$ 88,248</u>	<u>\$ 365,814</u>	<u>\$ 393,826</u>	<u>\$ 1,275,164</u>
Total Income	<u>\$ 9,202</u>	<u>\$ 988,479</u>	<u>\$ 796,848</u>	<u>\$ 1,828,046</u>
Total Expense	<u>\$ 115,078</u>	<u>\$ 754,563</u>	<u>\$ 565,930</u>	<u>\$ 1,791,481</u>
Net Receipts (Expense)	<u>\$ (105,876)</u>	<u>\$ 233,916</u>	<u>\$ 230,918</u>	<u>\$ 36,565</u>

**Rye Free Reading Room
Annual Campaign
April 2022 YTD**

<i>Donations to the Current Annual Campaign</i>		2020	2021	2022
Donations received & deposited in	JAN	59,213	29,771	85,387
	FEB	16,352	9,764	5,531
	MAR	2,134	4,471	5,764
	APR	600	7,031	3,658
	MAY	492	3,077	
	JUN	371	3,820	
	JUL	4,267	2,850	
	AUG	6,183	1,940	
	SEP	4,017	37,884	
	OCT	36,564	50,299	
	NOV	64,037	88,772	
	DEC	77,720	101,425	
	Total	271,950	341,104	100,340

Donations to <i>Previous or Subsequent</i> Annual Campaigns			
Donations to <i>prior</i> Annual Campaigns	56,154	24,193	85,287
Donations to the <i>subsequent</i> Annual Campaign	0	0	0
<i>Sub-total</i>	56,154	24,193	85,287

Rye Free Reading Room
Endowment Report
April 2022

Endowment Inflows/Outflows:	YTD 2022	YTD 2021	YTD 2020
Beg of Period (Market Value)	2,388,851	2,188,828	2,233,617
Expenses	(7,923)	(15,674)	(13,845)
Transfer to/from Other Funds	-	(95,000)	(95,004)
Interest & Dividend Income	16,534	63,379	59,271
Appreciation	(155,970)	247,318	4,789
End of Period Bal (Market Value)	<u>2,241,492</u>	<u>2,388,851</u>	<u>2,188,828</u>
Endowment Performance	-6.17%	13.48%	2.25%
Return of S&P 500	-12.92%	28.71%	18.40%
Return of Barclays Bloomberg Aggregate Bond Index	-9.50%	-1.54%	7.51%

Silvercrest:		YTD 2020	YTD 2021	12/31/2020
Cash & Equivalents	1%	49,598	12,815	114,631
Fixed Income	41%	810,925	884,363	647,426
Equities	54%	1,089,772	1,170,444	1,143,143
Gold	1%	17,691	17,096	26,754
Other	3%	63,515	71,182	32,810
Silvercrest Total	100%	<u>2,031,501</u>	<u>2,155,900</u>	<u>1,964,764</u>

Endowment Breakdown at:	YTD 2022	Permanently Restricted	Permanently Restricted & Board Designated	Temp Restricted
Shea	41,680	41,680	44,221	85,901
Flores	76,650	76,650	(2,511)	74,139
Balf	27,390	27,390	22,561	49,951
Silvercrest	745,086	745,086	1,286,415	2,031,501
	<u>\$ 890,806</u>	<u>\$ 890,806</u>	<u>1,350,686</u>	<u>2,241,492</u>

Rye Free Reading Room Combined Report
For Four Months Ending April 30, 2022

	Unrestricted (Operating)	Temp. Restricted (Designated)	Endowment and Board Restricted	Combined
Income				
City of Rye	\$ 667,500	\$ -	\$ -	\$ 667,500
Annual Campaign	100,341	0	0	100,341
Contribution	-	10,509	0	10,509
Grants	-	0	0	-
Osborn Branch Library	18,114	0	0	18,114
Income from Invested and Equity	-	0	16,534	16,534
Miscellaneous	202,524	0	0	202,524
Transfer: Auxiliary to Operating	-	0	0	-
Transfer: Operating to Designated	(100,000)	100,000	0	-
Transfer: Operating to Cap Projects	0	0	0	-
	<u>888,479</u>	<u>110,509</u>	<u>16,534</u>	<u>1,015,522</u>
Transfer: Auxiliary to Operating	0	0	0	-
Transfer: Endowment to Operating	0	0	0	-
Appreciation/Depreciation		0	-155,970	(155,970)
Total Funds	888,479	110,509	-139,436	859,553
Expense				
Library Materials				
Books	26,335	5,719	0	32,054
Audio Visual	1,128	250	0	1,378
Periodicals	2,716	0	0	2,716
Programs	3,949	29,626	0	33,575
Online Resources	0	0	0	-
Miscellaneous	11,869	0	0	11,869
	<u>45,997</u>	<u>35,595</u>	<u>0</u>	<u>81,592</u>
Library Operations				
Supplies	8,504	100	0	8,604
Equipment & Systems - New	0	0	0	-
Equipment & Systems - Maintenance	0	0	0	-
Automated Systems	36,319	0	0	36,319
Telephone	1,048	0	0	1,048
Postage	2,185	0	0	2,185
Printing & Publicity	9,919	392	0	10,311
Auditing	16,440	0	0	16,440
Interest	0	0	0	-
Legal Services	-535	0	0	(535)
Miscellaneous	4,819	715	0	5,534
	<u>78,699</u>	<u>1,207</u>	<u>0</u>	<u>79,906</u>
Building Operations				
Heat	11,165	0	0	11,165
Light & Power	9,086	0	0	9,086
Water & Sewer	1,042	0	0	1,042
Fixtures, Furnishings & Equipment	18,900	0	0	18,900
Building Supplies	16,209	0	0	16,209
Contracted Services	95,077	1,395	0	96,472
Repairs & Maintenance	6,811	0	0	6,811
Insurance	5,763	0	0	5,763
Miscellaneous	0	0	7,923	7,923
	<u>164,053</u>	<u>1,395</u>	<u>7,923</u>	<u>173,371</u>
Personnel				
Salaries	304,728	0	0	304,728
Social Security	23,178	0	0	23,178
Retirement	0	0	0	-
Medical Insurance	23,010	0	0	23,010
Other Insurance	10,623	0	0	10,623
Payroll Services	2,438	0	0	2,438
Staff Development	1,837	40	0	1,877
Miscellaneous	0	0	0	-
	<u>365,814</u>	<u>40</u>	<u>0</u>	<u>365,854</u>
Total Expense	654,563	38,237	7,923	700,723
Net Receipts/Expenses	233,916	72,273	-147,359	158,830
Prior Year Funds	387,802	349,675	2,241,492	2,978,969
Balance	621,718	421,948	2,094,134	3,137,799

New Auxiliary Board Members

- At the May Auxiliary Board Meeting, two new members were voted on and approved by the members.
 - Kelli Sussman
 - Gwendolyn Boyce

Action : The Board approve the two new members to the Auxiliary Board

Director's Report

LIBRARY OPERATIONS:

- Budget
 - Developed outline for 2023 and 2024 budgets
- Strategic Planning
 - Reviewed Board matrix
 - Reviewed communication and marketing strategy with communications co-ordinator

FUNDRAISING, OUTREACH & COMMUNITY RELATIONS:

- Annual Campaign
 - Started photo selection and draft message for 2022 Annual Campaign
- Community Relations
 - Attended Chamber of Commerce Meeting
 - Attended Gregg Howell's retirement celebration
 - Planned 2023 program series with CURE
- Fundraising
 - Completed preparation for 2022 Vehicle Fair
 - Completed METRO mid-program review
 - Secured grant from RW 250 for a joint historical presentation with Rye Historical Society

BUILDING & GROUNDS:

- Continued work with Skolnick on flood solution plans

STAFF & PERSONNEL

- Conducted interviews for Children's Librarian
- Conducted interviews for Children's Librarian Assistant
- Conducted interviews for Technical Services Assistant

1ST Quarter Statistics

Circulation is slightly ahead of 2021, and close to the first quarter of 2020. Despite the smaller collection due to flood related losses, children's circulation is only down by 1% over last year. Over half the DVD collection was lost, and is a lower priority for replacement than the picture books.

New card signups grew as well, and the library has re-introduced orientation e-mails for new cardholders. These monthly e-mail blasts give helpful links to resources and other services available through the Rye Free Reading Room card.

Website use has fallen compared to 2021, as appointments are no longer required for entry. Patrons can book appointments for notary services and curbside pick-ups, but residents are less inclined to do so.

Programs and program attendance have both increased as well, much closer to pre-pandemic numbers. Programs are scheduled to return to the green in May, which expands the program capacity even more.

Baker and Taylor has improved shipping, and more materials are arriving in a timely manner. In addition, Lisa Fitzmaurice has spent \$30,000 of the \$100,000 children's fund set aside to replace materials, and those items are coming in rapidly.

Rye Free Reading Room Statistical Summary
Lending Services

	Jan 21	Feb 21	Mar 21	Jan 22	Feb 22	Mar 22	Q1 2021	Q1 2022	Q1 change	YE 2021	YTD 2022	YTD change
Circulation to Patrons												
RFRR - Total	10465	8803	10014	10285	9623	10505	29,282	30413	4%	115,195	30,413	-74%
<i>Adult - All Categories</i>	6597	5758	6461	6910	6183	6959	18,816	20052	7%	75,328	20,052	-73%
Fiction	1874	1524	1894	2058	1872	2272	5,292	6202	17%	24,526	6,202	-75%
Non-Fiction	798	717	884	766	844	960	2,399	2570	7%	9,344	2,570	-72%
Express (Book + AV)	55	46	46	75	58	68	147	201	37%	828	201	-76%
E-Media	3048	2750	2826	3237	2643	2867	8,624	8747	1%	31,911	8,747	-73%
Movie	576	472	566	584	565	612	1,614	1761	9%	6,060	1,761	-71%
Music	114	112	130	84	109	94	356	287	-19%	1,436	287	-80%
Other	132	137	115	106	92	86	384	284	-26%	1,223	284	-77%
<i>Children's - All Categories</i>	3868	3045	3553	3375	3440	3546	10,466	10361	-1%	39,867	10,361	-74%
Fiction	3144	2432	2783	2728	2783	2868	8,359	8379	0%	31,878	8,379	-74%
Non-Fiction	557	470	596	502	511	536	1,623	1549	-5%	6,004	1,549	-74%
Movie	99	92	121	54	34	47	312	135	-57%	1,035	135	-87%
Music	0	0	0	0	1	0	0	1	100%	3	1	-67%
Other	68	51	53	91	111	95	172	297	73%	947	297	-69%
ROS	179	146	199	318	273	260	524	851	62%	2,879	851	-70%
ILL to Other WLS Libraries:												
RFRR	1102	941	1213	954	827	1041	3,256	2822	-13%	11,513	2,822	-75%
ROS	0	0	0	21	23	30	0	74	-%	115	189	64%
New Patron Registration												
RFRR	59	41	51	81	61	67	151	209	38%	763	209	-73%
<i>Adult</i>	53	36	38	55	39	50	127	144	13%	514	144	-72%
<i>Teen</i>	0	1	1	1	5	0	2	6	200%	27	6	-78%
<i>Children</i>	6	4	12	25	17	17	22	59	168%	222	59	-73%
<i>Digital</i>	41	25	24	35	22	31	90	88	-2%	275	88	-68%
ROS	1	0	0	3	3	2	1	8	700%	44	51	16%
Reference Services												
Questions Answered												
RFRR	2872	2589	2969	3123	3394	3654	8,430	10171	21%	37,768	10,171	-73%
<i>Adult</i>	1544	1458	1839	1713	2110	2387	4,841	6210	28%	24,733	6,210	-75%
<i>Children</i>	1328	1131	1130	1410	1284	1267	3,589	3961	10%	13,035	3,961	-70%
ROS	0	0	0	84	75	91	0	250	-%	590	840	42%
Programs & Events (RFRR Only)												
Programs & Program Attendance												
<i>Programs</i>	46	39	47	66	74	90	132	230	74%	722	230	-68%
<i>Adult</i>	11	10	14	16	15	24	35	55	57%	189	55	-71%
<i>Teen</i>	13	9	10	15	18	24	32	57	78%	183	57	-69%
<i>Children</i>	22	20	23	35	41	42	65	118	82%	350	118	-66%
<i>Attendance</i>	630	723	694	1493	2105	2518	2,047	6116	199%	18,472	6,116	-67%
<i>Adult Programs</i>	133	378	170	100	105	203	681	408	-40%	2,432	408	-83%
<i>Teen Programs</i>	101	48	154	154	316	337	303	807	166%	1,635	807	-51%
<i>Children's Programs</i>	396	297	370	1239	1684	1978	1,063	4901	361%	14,405	4,901	-66%
Library Visits (Doorcount; RFRR Only)												
Doorcount												
RFRR	4905	4620	6325	14997	13877	14523	15,850	43397	174%	154,207	43,397	-72%
Electronic Services (RFRR Only)												
Computer Sessions												
Use of Public PCs	278	439	393	339	353	415	1,110	1107	0%	4,162	1,107	-73%
<i>Adult PCs</i>	255	427	383	324	340	398	1,065	1062	0%	3,961	1,062	-73%
<i>Laptops</i>	23	12	10	15	13	17	45	45	0%	201	45	0%
Website Use												
Sessions (Visits)	6018	5461	6061	4211	4119	4218	17,540	12548	-28%	61,724	12,548	-80%
Users	3843	3484	3643	2674	2598	2755	10,970	8027	-27%	38,943	8,027	-79%
Pageviews	10763	9409	10899	6562	6566	6604	31,071	19732	-36%	106,698	19,732	-82%
Wifi Usage												
Sessions	298	136	251	510		672	685	1182	73%	5,172	1,182	-77%
Technical Services												
Items Added												
RFRR	118	234	224	554	689	607	576	1850	221%	4,368	1,850	-58%
<i>Adult</i>	112	176	180	340	313	407	468	1060	126%	3,204	1,060	-67%
Fiction	46	147	139	202	191	193	332	586	77%	1,774	586	-67%
Non-Fiction	5	6	4	37	27	8	15	72	380%	178	72	-60%
eBooks	40			80	64	149	40	293	633%	885	293	-67%
Express (Book + AV)	3	9	7	7	8	7	19	22	16%	104	22	-79%
Movie	18	14	29	12	21	9	61	42	-31%	155	42	-73%
Music	0	0	0	2	0	0	0	2	-%	85	2	-98%
Other	0	0	1	0	2	41	1	43	4200%	23	43	87%
<i>Children's</i>	6	58	44	214	376	200	108	790	631%	1,164	790	-32%
Fiction	2	51	32	186	301	129	85	616	625%	937	616	-34%
Non-Fiction	0	7	12	28	75	71	19	174	816%	181	174	-4%
Movie	4	0	0	0	0	0	4	0	-100%	5	0	-100%
Music	0	0	0	0	0	0	0	0	-%	0	0	0%
Other	0	0	0	0	0	0	0	0	-%	41	0	-100%
ROS	0	0	0	17	34	21	0	72	-%	181	253	40%

Adult Services

PROGRAMMING AND DISPLAYS:

- Book display - National Pet Month - May 2-9, Bike Month - May 9-16, Mental Health Awareness Month - May 16-23, Asian American and Pacific Islander/Jewish-American Heritage Month - May 23-31
- Book Groups
 - Thursday Afternoon Book Club, Friday Morning Virtual Book Club, Current Events Book Club, YMCA Booked at the Y, After Work Book Club, Virtual Book Group.
- Programs
 - WLS Managing Your Career in Changing Times, YMCA Mahjong/Canasta, Spin a Yarn Knitting Group, Rye Storyteller's Guild, ESL Conversation Class, Let's Put it Out There! Perimenopause-Menopause: What can you do?, Read In Rye: Howard Husock, WLS Senior Law Day Collaborative: Creative Uses of Medicaid Asset Protection Trusts, AIA Daily Lives in an Age of Empires: Local Economic Life during the Late Bronze Age (1600- 1200 BCE), Music on the Green - Children's Concert, Swimmy: A Musical Ocean Adventure, WLS Senior Law Day Collaborative: Organizing Your Finances for Emergency Medicaid Planning, Read in Rye : Peter Feinman's The Exodus: An Egyptian Story.
- Art Exhibit - Ferlene's Abstracts

COMMUNITY OUTREACH -Strategic goal 4: Advance strategic partnerships with community and regional agencies:

- The Rye High School Internship program is meeting at the library 5 days a week, 8:00 am - 12:00 pm. for three weeks.

MATERIALS:

- Seed Library was brought up to date the first week in May.
 - Our library desk top computers were out of service for a number of days due to a WLS cyber security breach which brought the use of our Chromebooks up significantly.
-

Teen Services

PROGRAMMING AND DISPLAYS:

- Two displays for this month include a Mental Health Awareness display, as well as Asian American and Pacific Islander Heritage display; each garnering praise from the teens in the space.
- Planning for the TAB led collaboration with the RHS International Club continues for the Cultural Fair later this week, in addition to the community co-run Pride event happening tomorrow with positive turnout anticipated.
- Passive programming, like board games, daily riddles, Nintendo use, and interactive displays remains high, and attendance at other events is increasing again with middle schoolers predominantly attending and expressing interest in future events – particularly lock-ins.
- The library has a teen team for the Battle of the Books Summer League with 4 returning members, and 1 new member.

COMMUNITY OUTREACH - Strategic Goal # 1: Strengthen School and Youth Serving Organization Partnerships

- Program collaboration with the YMCA, pRYEde, Youth Council, and Rye ACT is going strong for the “The Power of Community” event centered around LGBT support and information.
- A mock interview workshop has been rescheduled with the YMCA for the fall due to staff turnover/shortages on the Y’s part

(Strategic Goal # 4: Advance Strategic Partnerships with Community and Regional Agencies).

- Virtual talks with other libraries focusing on adulting topics and mental health are in the works for the fall

MATERIALS:

- More board games were ordered and await being added to the collection.
- The teen collection is currently being genrefied and this project expected to be completed by June

Children's Services

PROGRAMMING AND DISPLAYS

- May our special program was a Mother's Day tea party. We had about 20 people attend and it was a lovely day. Rain definitely affected attendance.
- Storytimes and music/movement programs are now offered every weekday morning in the library. Tales for Tots on Mondays, Marilyn's bilingual Spanish program on Tuesdays, Wiggle Giggle time on Wednesdays, and Robert the Guitar Guy on Thursdays.
- Discovery Storytime officially came back in May. We are now utilizing our lego and play tables after a short storytime on Friday mornings.
- STEAM Across the Sound Shore is coming to a close this month. We will make up some missed classes in the fall.
- Crafty Kids continues on Wednesday afternoons with Lisa, now that Michelle has moved on.
- Our Take and Make bags are still being assembled and distributed monthly.
- Planning is finished for Summer Reading 2022, and preparations are well underway.
- Displays for Vehicle Fair has been very popular this month.

COMMUNITY OUTREACH (Strategic Goal # 1: Strengthen School and Youth Serving Organization Partnerships):

- We are working with our community partners to try to attract more kids to the STEAM program.
- We have ordered several books to support the school summer reading lists.

MATERIALS:

- Ordering of new books continues regularly.
 - A large scale audit of the collection has begun. We are hoping to see what is still missing from the shelves and be able to re-order some a large amount of items that were lost in the flood.
 - The dollhouse/toys have returned, along with large groups of children and caregivers. We are so happy to have the hustle and bustle back in the children's room.
-

2021 Audit

The 2021 Audit process is nearing completion. Jamie Rapps, of Grassi, presented the financial statement and management letter to Maria Seiler on May 19, 2022.

Rye Free Reading Room received a clean opinion from Grassi.

From the financial statements, the library had a positive change in net assets, from a decrease of \$338,176 in 2020 to an increase of \$569,993 in 2021. This was driven by the income from and forgiveness of the PPP loans, strong growth in investment income, and higher than normal contributions. The largest area of change in net assets was in the non-donor restricted funds.

The level of liquidity also increased from 2021 compared to 2020, growing from \$44,664 to \$285,090.

The Management Letter noted no material weaknesses at the library. Segregation of duties is regularly identified as a significant deficiency, but the size of the organization is the main factor. Policies and procedures are in place to reduce risk. There were recommendations about documenting journal entries and investment reconciliation, as well as updating the library bylaws. Chris and Stacy will work with Maria and the Finance Committee on the journal entry and investment reconciliation recommendations.

Jamie also presented a communications letter from Grassi, which highlighted resources available for financial governance training as well as other non-profit resources.

Action : The Board Accept the 2021 Audited Financial Statements and Management Letter

RYE FREE READING ROOM

**FINANCIAL STATEMENTS
(Modified Cash Basis)**

DECEMBER 31, 2021 AND 2020

Draft - for discussion only

RYE FREE READING ROOM

CONTENTS

	<u>Page</u>
<u>Independent Auditors' Report</u>	1-2
<u>Financial Statements</u>	
Statements of Financial Position - Modified Cash Basis at December 31, 2021 and 2020	3
Statement of Revenues Collected, Expenses Paid and Changes in Net Assets - Modified Cash Basis for the Year Ended December 31, 2021	4
Statement of Revenues Collected, Expenses Paid and Changes in Net Assets - Modified Cash Basis for the Year Ended December 31, 2020	5
Statement of Functional Expenses - Modified Cash Basis for the Year Ended December 31, 2021	6
Statement of Functional Expenses - Modified Cash Basis for the Year Ended December 31, 2020	7
Statements of Cash Flows - Modified Cash Basis for the Years Ended December 31, 2021 and 2020	8
Notes to Financial Statements	9-20

INDEPENDENT AUDITORS' REPORT

To The Board of Trustees
Rye Free Reading Room

Opinion

We have audited the accompanying financial statement of Rye Free Reading Room, which comprise the statement of financial position - modified cash basis as of December 31, 2021 and 2020, and the related statements of revenues collected, expenses paid and changes in net assets - modified cash basis, functional expenses - modified cash basis and cash flows - modified cash basis 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 assets, liabilities, and net assets of Rye Free Reading Room as of December 31, 2021 and 2020, and its support, revenue and expenses for the years then ended in accordance with the modified cash basis of accounting as described in Note 2.

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 Rye Free Reading Room 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.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 2, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

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 auditors' 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 Rye Free Reading Room '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 Rye Free Reading Room'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.

GRASSI & CO., CPAs, P.C.

New York, New York

XX, 2022

RYE FREE READING ROOM
 STATEMENTS OF FINANCIAL POSITION - MODIFIED CASH BASIS
 DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 742,474	\$ 505,873
Investments	2,376,036	2,073,273
Property and equipment, net	<u>2,557,997</u>	<u>2,716,668</u>
 Total Assets	 <u>\$ 5,676,507</u>	 <u>\$ 5,295,814</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Paycheck Protection Program loan payable	\$ -	\$ 189,300
 Total Liabilities	 <u>-</u>	 <u>189,300</u>
Contingencies		
Net Assets:		
Without donor restrictions:		
Undesignated	285,090	(144,636)
Designated by the board:		
Endowment	978,767	857,850
Property and equipment	2,557,997	2,716,668
Other	<u>298,902</u>	<u>241,536</u>
 Total net assets without donor restrictions	 4,120,756	 3,671,418
With donor restrictions:		
Purpose restrictions	144,775	103,227
Endowment	<u>1,410,976</u>	<u>1,331,869</u>
 Total Net Assets	 <u>5,676,507</u>	 <u>5,106,514</u>
 Total Liabilities and Net Assets	 <u>\$ 5,676,507</u>	 <u>\$ 5,295,814</u>

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

RYE FREE READING ROOM
STATEMENT OF REVENUES COLLECTED, EXPENSES PAID AND CHANGES IN NET ASSETS -
MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues Collected:			
Government grants	\$ 1,336,132	\$ -	\$ 1,336,132
Contributions and dues, annual campaign	346,495	58,288	404,783
Fines and book rental fees	12,346	-	12,346
Book sales	6,951	-	6,951
Special events	72,062	-	72,062
Less: direct expenses of special events	<u>-</u>	-	72,062
Investment income	182,910	114,294	297,204
Miscellaneous income	50,818	-	50,818
Forgiveness of debt	409,410	-	409,410
Net assets released from restrictions	<u>51,927</u>	<u>(51,927)</u>	<u>-</u>
 Total revenues collected	 <u>2,469,051</u>	 <u>120,655</u>	 <u>2,589,706</u>
Expenses Paid:			
Salaries	910,315	-	910,315
Payroll taxes	79,053	-	79,053
Health insurance	74,356	-	74,356
Retirement	97,127	-	97,127
Library materials	173,703	-	173,703
Telephone	2,510	-	2,510
Supplies	32,217	-	32,217
Repairs and maintenance	147,054	-	147,054
Postage, printing and publicity	38,714	-	38,714
Audit and legal	29,399	-	29,399
Contracted services	84,566	-	84,566
Automated systems	73,672	-	73,672
Staff development	3,858	-	3,858
Utilities	41,954	-	41,954
Insurance	29,548	-	29,548
Depreciation	176,876	-	176,876
Miscellaneous	<u>24,791</u>	<u>-</u>	<u>24,791</u>
 Total expenses paid	 <u>2,019,713</u>	 <u>-</u>	 <u>2,019,713</u>
 Change in Net Assets	 449,338	 120,655	 569,993
 Net Assets, Beginning of Year	 <u>3,671,418</u>	 <u>1,435,096</u>	 <u>5,106,514</u>
 Net Assets, End of Year	 <u>\$ 4,120,756</u>	 <u>\$ 1,555,751</u>	 <u>\$ 5,676,507</u>

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

RYE FREE READING ROOM
STATEMENT OF REVENUES COLLECTED, EXPENSES PAID AND CHANGES IN NET ASSETS -
MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues Collected:			
Government grants	\$ 1,123,695	\$ -	\$ 1,123,695
Contributions and dues, annual campaign	290,611	20,250	310,861
Fines and book rental fees	6,753	-	6,753
Investment income	38,590	19,204	57,794
Miscellaneous income	39,329	-	39,329
Net assets released from restrictions	<u>369,203</u>	<u>(369,203)</u>	<u>-</u>
 Total revenues collected	 <u>1,868,181</u>	 <u>(329,749)</u>	 <u>1,538,432</u>
Expenses Paid:			
Salaries	928,979	-	928,979
Payroll taxes	77,154	-	77,154
Health insurance	73,868	-	73,868
Retirement	73,001	-	73,001
Library materials	190,606	-	190,606
Telephone	5,657	-	5,657
Supplies	27,818	-	27,818
Repairs and maintenance	26,356	-	26,356
Postage, printing and publicity	44,371	-	44,371
Audit and legal	22,809	-	22,809
Contracted services	65,694	-	65,694
Automated systems	79,204	-	79,204
Staff development	3,166	-	3,166
Utilities	36,528	-	36,528
Insurance	28,509	-	28,509
Depreciation	175,106	-	175,106
Interest expense	733	-	733
Miscellaneous	<u>17,049</u>	<u>-</u>	<u>17,049</u>
 Total expenses paid	 <u>1,876,608</u>	 <u>-</u>	 <u>1,876,608</u>
 Change in Net Assets	 (8,427)	 (329,749)	 (338,176)
Net Assets, Beginning of Year	<u>3,679,845</u>	<u>1,764,845</u>	<u>5,444,690</u>
Net Assets, End of Year	<u>\$ 3,671,418</u>	<u>\$ 1,435,096</u>	<u>\$ 5,106,514</u>

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

RYE FREE READING ROOM
STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Program Services</u>	<u>Supporting Services</u>	
	Library Services	Management and General	<u>Total</u>
Salaries	\$ 778,248	\$ 132,067	\$ 910,315
Payroll taxes	67,655	11,398	79,053
Health insurance	52,555	21,801	74,356
Retirement	77,390	19,737	97,127
Library materials	173,703	-	173,703
Telephone	2,460	50	2,510
Supplies	31,573	644	32,217
Repairs and maintenance	144,113	2,941	147,054
Postage, printing and publicity	37,940	774	38,714
Audit and legal	-	29,399	29,399
Contracted services	84,566	-	84,566
Automated systems	73,672	-	73,672
Staff development	3,858	-	3,858
Utilities	41,115	839	41,954
Insurance	28,957	591	29,548
Depreciation	173,338	3,538	176,876
Miscellaneous	24,791	-	24,791
	<u>1,795,934</u>	<u>223,779</u>	<u>2,019,713</u>
Total Expenses	<u>\$ 1,795,934</u>	<u>\$ 223,779</u>	<u>\$ 2,019,713</u>

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

RYE FREE READING ROOM
STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Program Services</u>	<u>Supporting Services</u>	
	Library Services	Management and General	<u>Total</u>
Salaries	\$ 798,635	\$ 130,344	\$ 928,979
Payroll taxes	66,329	10,825	77,154
Health insurance	50,328	23,540	73,868
Retirement	53,797	19,204	73,001
Library materials	190,606	-	190,606
Telephone	5,544	113	5,657
Supplies	27,262	556	27,818
Repairs and maintenance	25,829	527	26,356
Postage, printing and publicity	43,484	887	44,371
Audit and legal	-	22,809	22,809
Contracted services	65,694	-	65,694
Automated systems	79,204	-	79,204
Staff development	3,166	-	3,166
Utilities	35,797	731	36,528
Insurance	27,939	570	28,509
Depreciation	171,604	3,502	175,106
Interest expense	718	15	733
Miscellaneous	17,049	-	17,049
	<u>1,662,985</u>	<u>213,623</u>	<u>1,876,608</u>
Total Expenses	<u>\$ 1,662,985</u>	<u>\$ 213,623</u>	<u>\$ 1,876,608</u>

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

RYE FREE READING ROOM
STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 569,993	\$ (338,176)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	176,876	175,106
Realized and unrealized gain on investments	(247,320)	(8,065)
Forgiveness of debt	<u>(409,410)</u>	<u>-</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>90,139</u>	<u>(171,135)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(18,205)	(44,485)
Purchase of investments	(634,240)	-
Proceeds from sale of investments	<u>578,797</u>	<u>168,407</u>
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	<u>(73,648)</u>	<u>123,922</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Paycheck Protection Program loan payable	220,110	189,300
Principal payments on note payable	<u>-</u>	<u>(200,280)</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>220,110</u>	<u>(10,980)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	236,601	(58,193)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>505,873</u>	<u>564,066</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 742,474</u>	<u>\$ 505,873</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	<u>\$ -</u>	<u>\$ 733</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING ACTIVITIES:		
Forgiveness of debt	<u>\$ 409,410</u>	<u>\$ -</u>

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

RYE FREE READING ROOM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note 1 - Organization and Nature of Activities

Rye Free Reading Room (the "Library") is an Association library located in Rye, New York, which was incorporated under an Act of the Legislature of the State of New York on April 12, 1884. It provides up-to-date information services and recreational materials to the public using a variety of resources including books, technology, media, and public programs targeted for all ages. It is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Library is supported primarily by an annual contract with the City of Rye, contributions and dues.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The financial statements are prepared on the modified cash basis of accounting. Consequently, revenues are recognized when received rather than when earned, and expenses are recognized when paid rather than when the obligation is incurred. However, debt, unrealized gains and losses on investments, and depreciation expense are recognized in the financial statements.

Cash and Cash Equivalents

The Library maintains cash balances in financial institutions. Such balances are insured by the Federal Deposit Insurance Corporation ("FDIC") for up to \$250,000 per institution. At December 31, 2021 and from time to time during the years ended December 31, 2021 and 2020, the Library's cash accounts exceeded federally insured limits.

The Library considers all highly liquid investments with original maturities of three months or less to be cash and cash equivalents. At December 31, 2021 and 2020, cash equivalents consisted primarily of money market accounts with brokers.

Investments and Net Investment Return

Investments in equity securities having a readily determinable fair value are carried at fair value in accordance with the Not-for-Profit Entities topic of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"). Other investments are valued at the lower of cost or fair value. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments.

Investment returns that are initially restricted by donor stipulation and for which the restriction will be satisfied in the same year are recorded as revenue with donor restrictions and then released from restriction. Other investment returns are reflected in the statements of revenues collected, expenses paid and changes in net assets - modified cash basis as with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

RYE FREE READING ROOM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. To increase the comparability of fair value measurements, a framework for measuring fair value is used which provides 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 or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The three levels of the fair value hierarchy under FASB ASC Topic 820, *Fair Value Measurement*, are described as follows:

Level 1 - Valuations based on quoted prices for identical assets and liabilities in active markets.

Level 2 - Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Valuations based on unobservable inputs reflecting the Library's own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

Refer to Note 3 for assets measured at fair value at December 31, 2021 and 2020 in accordance with FASB ASC Topic 820.

Property and Equipment

Property and equipment acquisitions are stated at cost, less accumulated depreciation. The Library capitalizes buildings and building improvements with a cost of \$5,000, and furniture and equipment with a cost of \$2,000 and an estimated life of greater than one year. Depreciation is charged to expense on the straight-line basis over the estimated useful life of each asset. The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Buildings	30 years
Building improvements	30 years
Furniture and equipment	5 to 20 years

RYE FREE READING ROOM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Long-Lived Asset Impairment

The Library evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended December 31, 2021 and 2020.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for fixed assets and endowment.

Purpose restricted net assets are those net assets that are restricted by donors for specific purposes. Endowment net assets are those net assets whose principal may not be expended. The donors may or may not restrict the use of investment income.

Government Grants

Revenues from government grants are recognized when received. Such revenues are subject to audit by the agencies.

RYE FREE READING ROOM
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2021 AND 2020

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Contributions

Contributions are provided to the Library either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts - with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restrictions</i>	
Gifts that depend on the Library overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, i.e. the donor-imposed barrier is met
<i>Unconditional gifts, with or without restrictions</i>	
Received at date of gift - cash and other assets	Fair value
Received at date of gift - property, equipment and long-lived assets	Estimated fair value

When a donor-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 statements of revenues collected, expenses paid and changes in net assets - modified cash basis as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Special Events

The Library conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. All proceeds received are recorded as special events revenues in the accompanying financial statements.

RYE FREE READING ROOM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Functional Expenses

The costs of supporting the Library's services have been summarized on a functional basis in the statements of revenues collected, expenses paid and changes in net assets - modified cash basis. The statements of functional expenses - modified cash basis present the natural classification detail of expenses by function. Certain costs have been allocated among the program and supporting services benefited.

Accounting for Uncertainty in Income Taxes

The Library has determined that there are no material uncertain tax positions that require disclosure in the financial statements. The Library is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Library believes it is no longer subject to income tax examinations prior to 2018.

Note 3 - Fair Value Measurement

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at December 31, 2021 and 2020.

Equities, U.S. Treasury securities, mutual funds, exchange traded funds ("ETFs") and real estate investment trusts are valued based upon quoted market prices. Israel bonds and corporate bonds are valued based upon quoted prices from brokers for similar assets.

The following table presents the Library's assets that are measured at fair value on a recurring basis:

	<u>Investments at Fair Value at December 31, 2021</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities	\$ 1,170,444	\$ -	\$ -	\$ 1,170,444
U.S. Treasury Securities	386,104	-	-	386,104
Mutual Funds:				
Bonds	102,132	-	-	102,132
U.S. Equities	130,820	-	-	130,820
ETF - Gold	17,096	-	-	17,096
Real Estate Investment Trusts	71,182	-	-	71,182
Israel Bonds	-	19,347	-	19,347
Corporate Bonds	-	478,911	-	478,911
Investments, at fair value	<u>\$ 1,877,778</u>	<u>\$ 498,258</u>	<u>\$ -</u>	<u>\$ 2,376,036</u>

RYE FREE READING ROOM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note 3 - Fair Value Measurement (cont'd.)

	Investments at Fair Value at December 31, 2020			
	Level 1	Level 2	Level 3	Total
Equities	\$ 1,142,220	\$ -	\$ -	\$ 1,142,220
U.S. Treasury Securities:	311,848	-	-	311,848
Mutual Funds				
Bonds	110,460	-	-	110,460
Money Market	-	-	-	-
U.S. Equities	113,604	-	-	113,604
ETF - Gold	26,754	-	-	26,754
Real Estate Investment Trusts	32,809	-	-	32,809
Israel Bonds	-	19,538	-	19,538
Corporate Bonds	-	316,040	-	316,040
	\$ 1,737,695	\$ 335,578	\$ -	\$ 2,073,273
Investments, at fair value	\$ 1,737,695	\$ 335,578	\$ -	\$ 2,073,273

Note 4 - Property and Equipment

The Library received a donation of land on March 23, 1910 and subsequently constructed the Library. The Library assigned the land and building a nominal value of \$7. The cost basis (value) of the land when acquired would be immaterial to the current financial statements and the building would be fully depreciated. The Library continues to reflect the nominal value on the statements of financial position - modified cash basis.

Property and equipment, net consisted of the following as of December 31:

	2021		
	Cost	Accumulated Depreciation	Net
Land	\$ 3	\$ -	\$ 3
Building	3,907,620	2,340,464	1,567,156
Building improvements	1,035,422	98,068	937,354
Furniture and equipment	309,581	256,097	53,484
	\$ 5,252,626	\$ 2,694,629	\$ 2,557,997
	\$ 5,252,626	\$ 2,694,629	\$ 2,557,997

RYE FREE READING ROOM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note 4 - Property and Equipment (cont'd.)

	2020		
	Cost	Accumulated Depreciation	Net
Land	\$ 3	\$ -	\$ 3
Building	3,907,620	2,210,210	1,697,410
Building improvements	1,002,664	62,468	940,196
Furniture and equipment	309,581	245,075	64,506
Construction in progress	14,553	-	14,553
	\$ 5,234,421	\$ 2,517,753	\$ 2,716,668

Depreciation expense amounted to \$176,876 and \$175,106 for the years ended December 31, 2021 and 2020, respectively.

As a result of the flooding from Hurricane Ida and other weather events that have occurred in recent years, in December 2021 the Library entered into a \$95,000 contract with a company for a space needs and programming study to provide concept designs and vision documents for improvements to the Library to assist it in mitigating these risks. The report was received in April 2022, and as of the date of these financial statements, the Library is in the process of evaluating the results and how it wants to proceed. In addition, as of the date of these financial statements, the Library has not entered into any additional contracts related to the recommendations contained within it.

Note 5 - Loan payable

Paycheck Protection Program Loan Payable

On May 6, 2020, the Library entered into a \$189,300 loan agreement with a financial institution under the Paycheck Protection Program (the "Program"), established by the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, administered by the Small Business Administration ("SBA") with support from the Department of the Treasury. In June 2021, the Library applied for and was granted full forgiveness by the full amount of the loan. As a result, the loan forgiveness is reported in the statement of revenues collected, expenses paid and changes in net assets – modified cash basis for the year ended December 31, 2021.

On February 25, 2021, the Library entered into a \$220,110 second draw Program loan. In December 2021, the Library applied for and was granted full forgiveness by the full amount of the loan. As a result, the loan forgiveness is reported in the statement of revenues collected, expenses paid and changes in net assets – modified cash basis for the year ended December 31, 2021.

RYE FREE READING ROOM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note 6 - Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purposes:		
Library services	\$ 144,775	\$ 103,227
Next Chapter	-	-
	<u>144,775</u>	<u>103,227</u>
Endowments:		
Restricted by donors for library services	890,806	890,806
Subject to endowment spending policy and appropriations for library services	<u>520,170</u>	<u>441,063</u>
	<u>1,410,976</u>	<u>1,331,869</u>
	<u>\$ 1,555,751</u>	<u>\$ 1,435,096</u>

Net assets released from restrictions are as follows for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Library services	\$ 51,927	\$ 55,661
Next Chapter	-	313,542
	<u>\$ 51,927</u>	<u>\$ 369,203</u>

Note 7 - Endowment

The Library's endowment consists of approximately five individual funds established to support the Library's operations. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). As required by accounting principles generally accepted in the United States of America ("U.S. GAAP"), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Library's governing body is subject to the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). As a result, the Library classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before being reclassified as net assets without donor restrictions.

RYE FREE READING ROOM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note 7 - Endowment (cont'd.)

Additionally, in accordance with NYPMIFA, the Library considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Library and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Library
7. Investment policies of the Library

The objective of the Library is to maintain the principal endowment funds at the original amount designated by the donor while generating income for the Library's programs. The investment policy to achieve this objective is to invest in low-risk securities. Investment income earned in relation to the endowment funds is recorded as income with donor restrictions and released from restriction upon expenditure for the program for which the endowment fund was established.

The Library does not have any funds with deficiencies.

The composition of net assets by type of endowment fund at December 31, 2021 and 2020 was:

	2021			
	Without Donor Restrictions	With Donor Restrictions		Total
		Unspent Accumulated Earnings	Original Gifts	
Board-designated endowment fund	\$ 978,767	\$ -	\$ -	\$ 978,767
Donor-restricted endowment fund	-	520,170	890,806	1,410,976
	<u>\$ 978,767</u>	<u>\$ 520,170</u>	<u>\$ 890,806</u>	<u>\$ 2,389,743</u>
	2020			
	Without Donor Restrictions	With Donor Restrictions		Total
		Unspent Accumulated Earnings	Original Gifts	
Board-designated endowment fund	\$ 857,850	\$ -	\$ -	\$ 857,850
Donor-restricted endowment fund	-	441,063	890,806	1,331,869
	<u>\$ 857,850</u>	<u>\$ 441,063</u>	<u>\$ 890,806</u>	<u>\$ 2,189,719</u>

RYE FREE READING ROOM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note 7 - Endowment (cont'd.)

Change in endowment net assets for the years ended December 31, 2021 and 2020 was:

	2021			
	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Earnings	Unspent Original Gifts	
Endowment net assets, beginning of year	\$ 857,850	\$ 441,063	\$ 890,806	\$ 2,189,719
Investment income	180,731	114,294	-	295,025
Appropriation of endowment assets for expenditure	(59,814)	(35,187)	-	(95,001)
Endowment net assets, end of year	<u>\$ 978,767</u>	<u>\$ 520,170</u>	<u>\$ 890,806</u>	<u>\$ 2,389,743</u>
	2020			
	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Earnings	Unspent Original Gifts	
Endowment net assets, beginning of year	\$ 888,727	\$ 459,973	\$ 890,806	\$ 2,234,506
Investment income	38,590	19,204	-	57,794
Appropriation of endowment assets for expenditure	(64,467)	(38,114)	-	(102,581)
Endowment net assets, end of year	<u>\$ 857,850</u>	<u>\$ 441,063</u>	<u>\$ 890,806</u>	<u>\$ 2,189,719</u>

Note 8 - Pension Plan

Full-time employees of the Library are enrolled in a pension plan administered by the New York State Employees' Retirement System ("NYSERS"). Cash payments of \$97,127 and \$73,001 were contributed in 2021 and 2020, respectively. In connection with a shortfall in investment earnings by NYSERS, the Library was notified that it has a potential liability of \$2,207 and \$544,186 as of December 31, 2021 and 2020, respectively.

RYE FREE READING ROOM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note 9 - Financial Assets and Liquidity Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2021 and 2020 comprise the following:

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash and cash equivalents	\$ 742,474	\$ 505,873
Investments	<u>2,376,036</u>	<u>2,073,273</u>
Total financial assets	3,118,510	2,579,146
Less:		
Internal designations:		
Board-designated funds	1,277,669	1,099,386
Donor-imposed restrictions:		
Restricted funds	144,775	103,227
Donor-restricted endowment fund	<u>1,410,976</u>	<u>1,331,869</u>
Financial assets (deficit) available to meet cash needs for general expenditures within one year	<u>\$ 285,090</u>	<u>\$ 44,664</u>

The Library receives contributions restricted by donors and considers contributions restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures.

The Library's endowment funds consist of donor-restricted endowments and funds designated by the board. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure. The board-designated endowment of \$978,767 and \$857,850 at December 31, 2021 and 2020, respectively, is subject to an annual appropriation approved by the board. Although the Library does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the board's annual budget approval and appropriation), these amounts could be made available if necessary.

The Library manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. To achieve these targets, the Library forecasts its future cash flows and monitors its liquidity monthly. During the years ended December 31, 2021 and 2020, the level of liquidity and reserves was managed within the policy requirements.

RYE FREE READING ROOM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note 10 - Concentrations

Contributions

Approximately 58% and 76% of all revenue was received from the City of Rye in 2021 and 2020, respectively.

Investments

The Library invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of financial position - modified cash basis.

Note 11 - Commitment

As a result of Hurricane Ida in August 2021, the Library incurred significant damage and submitted claims for reimbursement to its property and flood insurance carriers. In December 2021, the Library received \$25,000 from their property insurance carrier which was recorded as a reduction in repair and maintenance expenses on the statement of revenues collected, expenses paid and changes in net assets - modified cash basis and statement of functional expenses - modified cash basis. Subsequent to year end, the Library received proceeds of \$196,000 from their flood insurance carrier, and will be recorded as revenue on the Library's December 31, 2022 financial statements.

Note 12 - Contingency

As a result of the spread of the coronavirus disease ("COVID-19"), economic uncertainties have arisen which may impact the Library's investments and generation of contributions and grant income. Other financial impact could occur, though such potential impact is unknown at this time.

Note 13 - Subsequent Events

Management has evaluated all events or transactions that occurred after December 31, 2021 through XX, 2022, which is the date that the financial statements were available to be used. During this period, there were no material subsequent events requiring disclosure except as discussed in Notes 4 and 11.

RYE FREE READING ROOM

**THE AUDITORS' COMMUNICATION WITH
THOSE CHARGED WITH GOVERNANCE**

FOR THE YEAR ENDED DECEMBER 31, 2021

Draft - for discussion only

To The Board of Trustees
Rye Free Reading Room

We have audited the financial statements of Rye Free Reading Room (the "Library") for the year ended December 31, 2021 and have issued our report thereon dated June XX, 2022. Professional standards require that we provide you with the following information about our responsibilities under generally accepted auditing standards, as well as the information related to the planned scope and timing of our audit and certain information related to our audit. We have communicated such information in our letter to you dated February 1, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Library are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2021. We noted no transactions entered into by the Library during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements and are based on management's 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 significantly from those expected. The most sensitive estimate affecting the financial statements was:

- Management's estimate of the allocation of expenses by function and depreciation. We evaluated the key factors and assumptions used to develop the allocation of expenses and depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Entries were proposed to recognize income on the forgiveness of the PPP loans as well as bring the books back to the modified cash basis of accounting by unwinding transactions still in accounts payable at yearend.

Disagreements with Management

For purposes of this letter, a disagreement with management is 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. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated **June XX, 2022**.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Library'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. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Library's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of management and the Board of Trustees of Rye Free Reading Room and is not intended to be, and should not be, used by anyone other than these specified parties.

GRASSI & CO., CPAs, P.C.

New York, New York
June XX, 2022

Beyond the Numbers

COVID-19 Relief Funding

Our Grassi advisors remain current on sources of relief funding and ways to maximize your organization’s borrowing potential to help you manage your business recovery in the face of the COVID-19 pandemic.

Organizational Sustainability

We understand the significance of financial sustainability within the nonprofit sector and focus on your recovery from COVID-19 losses and rebuild with a more sustainable financial model.

Planning for the Year Ahead

While the future holds many uncertainties, our Grassi advisors have focused their outlook on strategic planning and forecasting for growth opportunities to help you reimagine a brighter future for your organization.



Technology and Innovation

Investing in technology is a higher priority than ever. Grassi advisors constantly stay informed on new technology and innovation in the marketplace that can help you maximize efficiencies and effectiveness.

2022 Nonprofit Live Video Series

Tune in to one or all of our live video sessions exploring different strategies and best practices to help your organization continue to fulfill its mission throughout the year. Our interactive educational sessions are designed to help your nonprofit leverage the latest insights and guidance from our industry experts and turn risk and challenges into opportunities and growth.

2022 Live Video Series

Strength in Certainty starts here. Grassi's Nonprofit Live Video Series offers year-round complimentary learning opportunities to help your nonprofit leverage the latest insights and guidance from our industry experts. We can help you make confident decisions about the issues that matter most to your organization's financial health and sustainability.

Our 2022 lineup is filled with interactive sessions – count on Grassi advisers to deliver the knowledge and strategies you need to fulfill your mission this year and turn risk and challenges into opportunities and growth.

Register now to 'reserve your seat' for our 2022 online educational sessions. Even if you are unable to attend the live discussion, you will automatically receive a recording after the session.

Diagnosing Your Nonprofit's Financial Health – Session hosted by the Better Business Bureau Foundation Tuesday, May 24 I 1:00p.m. – 2:30p.m. EST

As your organization looks for opportunities to build a brighter, more sustainable future, it is crucial to evaluate and address the factors that have the most impact on your financial health. On Tuesday, May 24, join the Better Business Bureau® Foundation of Metropolitan New York and Nonprofit Advisors, David M. Rottkamp and Vanessa Gordon, for a live presentation on strategies to bolster your organization's financial wellbeing.

[Register now.](#)

Grassi's 2022 Virtual Nonprofit Symposium Tuesday, June 21 I 9:00a.m. – 12:00p.m. EST

We are excited to soon announce the date for Grassi's annual half-day Virtual Nonprofit Symposium when leaders in nonprofit finance, HR, lending and organizational development will discuss the latest strategies for improving performance and sustainability. Join Grassi's nonprofit advisors, your industry peers, and our special guest speakers as we uncover the top strategies to help your organization face ongoing challenges and identify every opportunity to build a brighter, more sustainable future.

[Register now.](#)

2022 Live Video Series (continued)

Industry Insights: Considerations and Implementation Strategies for Digital Assets

Tuesday, July 26 I 12:00p.m. – 1:00p.m EDT

As cryptocurrencies become more popular and easier to access, many nonprofit organizations are considering digital assets to drive more donations and investment strategies. Before deciding to accept cryptocurrency donations or invest in digital assets, it is important to understand the specific processes and procedures that your organization will need to adopt. Tune in to this live video session to learn about the technology, compliance procedures and strategies that are needed to position your organization on the receiving end of this profitable trend.

[Register now.](#)

2022 Nonprofit Industry Survey Presentation & Analysis

Wednesday, September 21 I 12:00p.m. – 1:00p.m EDT

In this live video session, our Nonprofit advisors will present the findings of Grassi's annual industry benchmarking survey and offer recommendations for applying the results to your organization's operational and financial health. This presentation will help you benchmark your organization in the areas of business continuity, DEI initiatives, talent retention, board governance and more. You will hear powerful insights and real-time data to help drive your organization's mission and values forward.

[Register now.](#)

Strategically Prepare Your Nonprofit for 2023 and Beyond

Wednesday, December 7 I 12:00p.m. – 1:00p.m. EST

As we look ahead to 2023, Grassi's Nonprofit Team will help nonprofit leaders ensure their organizations are well-positioned for success in the new year and beyond. Tune in to this live video session as our nonprofit advisors provide insights and strategies on budgeting, board practices, internal controls, fundraising, DEI initiatives, tax laws and sustainability to provide you with confident direction for the year ahead.

[Register now.](#)

2022 Live Video Series (continued)

PAST SESSIONS

Recordings are available for all previously scheduled sessions:

Understanding Fraud and Strategies to Mitigate Your Organization's Risk

Tuesday, January 25 | 12:00p.m. - 1:00p.m. EST

As your nonprofit operates in the real world to serve your community and carry out your mission, there are risks and vulnerabilities for fraud to occur. In addition to the potential for financial losses, falling victim to fraud can have serious reputational consequences for the organization as well. Join Grassi's Nonprofit Practice and BankUnited for a live video session discussing the types of fraud that can occur within the industry, how your nonprofit may be targeted, and best practices for prevention and detection.

[Listen to session recording.](#)

The Internet of Vulnerabilities – Managing Your Technology Risk

Wednesday, February 23 | 12:00p.m. - 1:00p.m. EST

Technology plays a crucial role in helping your organization streamline processes and generate greater efficiencies to fulfill your mission and maintain financial health. As the world continues to shift toward remote and hybrid environments and more digital resources become available and implemented within your nonprofit, its susceptibility to cyber threats will only increase. In this live video session, Grassi's Nonprofit advisors and special guests will discuss cybersecurity solutions and internal controls that can be implemented to reduce your overall cybersecurity risk and safeguard your organization against digital threats.

[Listen to session recording.](#)

Economic Forecast for Nonprofits and Foundations

Wednesday, March 30 | 12:00p.m. - 1:30p.m. EST

Sustaining your organization's mission and financial health requires a thorough understanding of the current and future economic factors. Join Grassi's Nonprofit team and a special guest economist for this live video session that will provide an analysis of real-time economic data and a forecast of what to expect in the months ahead. Areas of discussion will include the current and future state of labor markets, financial markets, real estate, consumer spending, government finances and more.

[Listen to session recording.](#)

GRASSI

The purpose behind everything we do at Grassi revolves around the success of our clients and the enrichment of our relationships. As a strategic partner, Grassi professionals become true ambassadors of what our clients' businesses should look like in the future. We work alongside them to get their businesses there, celebrating their success and knowing that it also contributes to our own professional growth and development. Together, through our internal and external efforts, we enable our clients, communities and each other to realize their maximum potential.

Our not-for-profit specialists are highly aware of the ever-changing operating environments and accounting challenges that exist for not-for-profit organizations.

We utilize our expertise to work closely with management and the governing body to increase overall operating controls, while minimizing challenges and enhancing overall success.

By providing counsel to a cross section of the industry, we are well equipped to bring best practices to our clients.

Now, more than ever, not-for-profits are closely scrutinized and held accountable. We believe in order to properly serve our not-for-profit clients we must concentrate our efforts on their specific needs. Our keen business sense has given us the ability to recommend and develop custom-tailored solutions for clients in a creative and constructive manner.

Grassi's Not-for-Profit Practice is built around a team of experts who study the industry, building an unmatched knowledge base. The Not-for-Profit Practice Team regularly interviews organizational leaders, bankers, attorneys, thought leaders and advisors across the industry to continue to expand our base of knowledge and to develop innovative new ideas and services.

As a result, our depth of knowledge and experience in your industry allows us to bring you market dynamics and conditions and inform you on how they can influence and impact your decisions.

STRENGTH IN CERTAINTY

Contact Information



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Draft - for discussion only

Reimagining Strategic Vision for Nonprofits

Evaluating Everything After COVID-19

By David M. Rottkamp

IN BRIEF

The not-for-profit organizations that have weathered the storm of COVID-19 the best are those that have reimagined the organization's mission, strategic vision, and sustainability plans in light of changing circumstances. The best way to prepare for an uncertain future is to start now, by reimagining aligning parts of the organization necessary to carry out its mission for years to come. CPAs can take a more active role in helping nonprofits achieve their missions and make a profound impact in the communities they serve.



One year after the coronavirus (COVID-19) pandemic began, the difference between nonprofits who are still struggling to regain their footing and those who are emerging stronger than ever has largely come down to one key factor: whether or not they *reimagined* the organization’s mission, strategic vision, and sustainability plans in light of the changing circumstances. CPAs advising nonprofits—whether as accountants,

financial executives, board members, auditors, or in other roles—have played a part in this examination and reevaluation.

Looking back at the past 12 months, this reimagining took many different forms. For example, organizations that depended on in-person fundraising events quickly pivoted to virtual events, such as galas, cocktail parties, and wine tastings. Schools became virtual practically overnight, and many reopened in innovative ways, blending dis-

INFocus

tance learning with in-person learning while enforcing social distancing requirements. Healthcare providers swiftly moved to providing services via telehealth. Even residential facilities and homeless outreach organizations, which cannot provide services remotely, reimagined their protocols and facilities to sustain their operations and missions.

Across all types of organizations, nonprofits had to reimagine their remote workforces, put a stronger focus on technology, and find new ways to engage and communicate with their stakeholders.

during the COVID-19 pandemic and the importance of a refreshed strategic vision, both while the crisis continues and after it (hopefully) subsides.

Realigning Programmatic Strategies

Many nonprofits were able to successfully navigate the pandemic by realigning their programmatic strategies with the changing needs of their constituents, who were suddenly faced with new health, economic, and social concerns. Just as manufacturers found their products in low demand during quarantine and quickly trans-

The same is true for foundations and other organizations that raise money for others. Throughout the COVID-19 pandemic, many of these organizations shifted their funding toward new, urgent pandemic-related needs. But when was the last time they assessed other underfunded and underserved segments of the populations they serve? These populations have most likely changed or increased during the crisis and will still be in dire need of services after the pandemic ends.

Embracing Technology

It is no surprise that most of the solutions nonprofits turned to amid mandated closures and social distancing requirements involved *technology*, but this was a game changer not only for the obvious reasons.

Without question, virtual events and meetings were the only feasible way to bring donors, boards, employees, and other stakeholders together during the pandemic. Choosing this option was a big reason why many nonprofits were able to sustain their missions and keep their organizations moving forward during the COVID-19 pandemic.

Technology is not always a priority at nonprofit organizations, mostly due to the expense and resources required. But nonprofits that were not already making strategic investments in their technologies were at a big disadvantage even before the pandemic, which compounded these shortcomings even more. For example, if internal controls within a workforce did not take work-from-home scenarios into consideration, organizations were facing high risks of cyberattacks when workforces went remote with little time to prepare.

Healthcare providers who were forced to cancel high volumes of appointments because they had not proactively adopted telehealth practices fell far behind their peers who had. Schools that had not invested in technology upgrades struggled to meet parents' expectations and students'

Nonprofit organizations that did not pivot their strategic vision are likely still struggling as much today as they were when the pandemic began.

Regardless of what the reimagining looked like—or should have looked like—nonprofit organizations that did not pivot their strategic vision are likely still struggling as much today as they were when the pandemic began. The good news? It is not too late to look back at the lessons learned throughout the crisis and help nonprofit clients reimagine how their missions fit into the new reality.

If a nonprofit is still trying to operate under a pre-pandemic vision, it is imperative to help them reevaluate their current—and future—business model. This article will review some of the most impactful strategies to come out of the nonprofit sector

sitioned to producing face masks, hand sanitizer, or personal protective equipment, these nonprofit organizations understood the importance of reimagining their programs to better meet the rapidly evolving needs of their communities.

Although the pandemic is an extreme example of the need to reevaluate programming and align it with demand, global crises are not the only situations that require such assessments. A nonprofit's financial sustainability is directly tied to its ability to continually meet their constituents' and community's expectations and needs—all of which are constantly evolving.

needs when they were suddenly forced to close.

The COVID-19 pandemic presents a stark confirmation of what nonprofit organizations should have been doing all along: acknowledging the major role that technology plays in fulfilling their mission, maintaining their financial health, and utilizing the digital resources that are critical to future sustainability. CPAs can help turn this tide by helping nonprofits evaluate the internal controls, financial systems, cybersecurity and other digital tools they had in place before and during the pandemic, as well as recommending improvements that will have a lasting impact long after the pandemic is over.

Transformation of Connectivity

The importance of staying connected with stakeholders, communities, and the public throughout the pandemic cannot be stressed enough. Nonprofits that took advantage of the power of virtual and electronic communications to disseminate their messages to an even greater audience held a significant advantage over those that did not.

While serving the community and connecting with donors is a deeply personal activity, there are benefits to the virtual connections COVID-19 has necessitated. The ability to involve donors and stakeholders across the world in a single event, as well as the opportunities to offer new online services for the first time, should not be overlooked or undervalued.

As COVID-19 restrictions are lifted moving forward, nonprofits should continue to utilize these additional ways to connect, fundraise, and communicate their missions to a wider range of potential donors, board members, and other interested parties. This is not an alternative means of communication until in-person gatherings resume, but rather a complementary—and effective—way to keep communities engaged.

Identifying New Revenue Streams


The COVID-19 pandemic put added financial strain on most nonprofit organizations. It is important to mitigate this impact on current resources by proactively identifying new sources of revenue streams. As business advisors, CPAs can guide nonprofits toward pursuing their options, which include the following:

■ **Private sector partnerships.** Engaging corporations, especially as COVID-19 restrictions and purse strings loosen up again, is an excellent source of alternative revenue.

■ **Operating efficiencies.** A nonprofit should not only look outside the organization for additional revenue streams. Many times, extra dollars can come from the cost savings it can find within their own four walls. CPAs should always be looking for ways to help nonprofits evaluate the efficiency of their processes, workforce, and programs as well as guide them to address areas that do not add value or can be combined.

Joining Forces with Other Organizations

If a nonprofit was struggling before



While serving the community and connecting with donors is a deeply personal activity, there are benefits to the virtual connections COVID-19 has necessitated.

An indirect benefit that often accompanies the donation is employee awareness, engagement, and volunteerism.

■ **Private foundations.** Many foundations, such as Mother Cabrini Health Foundation and New York Community Trust, shifted their grant making last year to fill the gaps left by federal relief programs and created emergency relief grant programs to help nonprofits survive the financial impact of COVID-19. CPAs can help nonprofits identify foundations that fund the organization's specific sector and whose grant making goals are closely aligned with the nonprofit's mission.

or during the COVID-19 pandemic, it may have been because it no longer had the internal resources necessary to sustain its reimagined strategy, either today or in the future. As a trusted advisor, if a CPA evaluates an organization's financial position and concludes it will not support long-term sustainability—even after the above recommendations have been considered—it may be time to look outside the organization to other nonprofits that provide similar or complementary services.

Deciding to join forces with another nonprofit to achieve financial stability can be a difficult decision for a nonprofit to make. Its identity and vision

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are uniquely tied to its name, history, and current way of doing things. CPAs can help a nonprofit weigh the financial pros and cons of a business combination.

It is important to first understand the business combination opportunities available in the nonprofit sector:

■ **Acquisition:** A transaction or other event in which a nonprofit acquirer obtains control of one or more nonprofit activities or businesses.

■ **Merger:** A transaction or other event in which the governing bodies of two or more nonprofit entities cede control of those entities to create a new combined nonprofit entity. To

including an aging executive team or board of directors, lack of visionary attitude, insufficient talent in the workforce, or lack of technological advancement.

Even if a nonprofit organization is not ready to fully commit to an acquisition or merger, combining specific mission-driven activities through a collaboration may be a good first step, if it is enough to rehabilitate the nonprofit's financial health.

Data Analytics

Perhaps a nonprofit is not sure just what it needs to do in order to rethink its strategic vision; this is where the

data should also be measured against the organization's goals and where its leadership expected the organization to be, today and in the future. How far along is the organization from reaching those goals?

To be most beneficial, this analysis should extend beyond the financial data and into measuring the actual outcomes the organization has realized. How is a nonprofit's programming impacting and changing the lives of the communities they serve? If it's falling short, which solutions—such as the ones outlined above—have been missed?

Reenvisioning Reality

No one can predict when the COVID-19 pandemic will “end,” and such an ending may take shape gradually, imperceptibly, and unevenly across sectors and jurisdictions. What results may be a “new reality,” a world that is no longer in crisis but does not quite resemble pre-COVID times. The best way to prepare is to start now, by reimagining the organization's strategic vision and aligning parts of the organization necessary to carry out its mission tomorrow and for years to come.

For CPAs, helping nonprofits reimagine their strategic vision may mean reimagining their own role. From technology selection to succession plans, the COVID-19 pandemic has opened a whole new dialogue and opportunities to strengthen client-advisor (or employee-employer) relationships. CPAs can take a more active role in helping nonprofits achieve their missions and make a profound impact in the communities they serve. ■

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cede control requires that the merging entities not retain shared control of the new entity. To qualify as a new entity, the combined entity must have a newly formed governing body. A new entity often is, but does not need to be, a new legal entity.

■ **Collaboration (Shared Services):** This occurs when two or more nonprofits agree to collaborate on a specific program, function, or task. The goal is to achieve efficiencies to provide greater value.

In addition to the financial instability that may signal the need for a business combination, nonprofits should also look at other risk factors,

powerful tool of data analytics comes in. Utilizing a dashboard and benchmarking tools, a nonprofit can get an accurate picture of its current financials and operations. This result can be used to see how well an organization is meeting its goals and how its performance compares to its peers.

A CPA can run the financials, but the numbers alone do not reflect an organization's position within the context of other economic, competitive, and historical data. CPAs can provide this context by benchmarking the numbers against the organization's own prepandemic performance and the current performance of its peers. The



Five Signs a Nonprofit Needs to Reimagine its Strategic Vision

The 2021 program planning and budgeting process did not differ meaningfully from prior years.

Coronavirus (COVID-19) was undoubtedly a new topic of concern in 2021 planning and budgeting discussions at nonprofits around the world. But if these conversations did not result in observable, actionable, and innovative change in programming or allocation of resources, the nonprofit should probably go back to the drawing board. It is time to purposefully reimagine its strategy and future.

A lack of talent, skills, or resources is keeping the organization from pivoting to a new strategic vision.

The reimagining process must include a careful reevaluation of a nonprofit's human capital. Once the organization identifies what strategic changes need to be made, it is imperative to ensure they have the right type, and amount, of talent to support it. This could be gaining more talent through strategic hires or collaborations with other nonprofits, or decreasing it, based on the impact of COVID-19 on the nonprofit's bottom line and strategic redirection.

This evaluation of human capital goes hand in hand with the organization's physical footprint. Especially given the new virtual opportunities being successfully utilized, does the organization still need as many physical locations? Might it need more, due to increased demand caused by the pandemic?

If these assessments have not been made since the pandemic began, it is very likely that the nonprofit is missing out on opportunities to improve efficiencies, save costs, and mitigate risk caused by misaligned resources and skills. By identifying these opportunities, CPAs can help the nonprofit better position itself to correct course.

The executive team or board does not represent the people they serve.

One of the most overlooked obstacles to achieving sustainability is not adequately assessing and addressing how well (or how poorly) the board and executive team represent the populations they serve. Even the best intentions by a board or management that lacks generational, racial, gender, or other diversity are going to fall short in making the deep connections that are needed to impact and drive change in communities.

The organization does not have a succession plan.

A lack of diversity often stems from a lack of succession planning. Many organizations do not have a policy for rotating members off the board or a proactive plan for replacing members of leadership as they approach retirement. Diversity, equity, and inclusion should be a foremost consideration when putting these plans in place.

But succession planning is not just about planning for retirement. It is also about having back-up plans ready to meet immediate needs as they arise, as evidenced by the pandemic. COVID-19 sent many key team members offline due to illness, family leave, or other related emergencies. Nonprofits need to ensure they have the people on staff or outsourced options they need to withstand unexpected long-term absences.

The organization has not undergone a recent risk assessment.

It is impossible to truly know if a nonprofit's reimagined strategic vision is on point without understanding the current and future risks the organization is facing and whether or not the vision addresses them.

Many nonprofits do not have an adequate risk assessment process or function, and the pandemic brought many hidden vulnerabilities to light. CPAs can play a key role in uncovering these risks, recommending strategies to mitigate them and helping their nonprofit clients understand the potential expense and reputational risk of neglecting this important step in strategic planning. ■

Flood Study Summary

In terms of flood related income:

Flood insurance - \$205,258

Annual Campaign - \$116,103

Total: \$321,361

In terms of flood expense:

Restoration - \$159,158

Collections - \$100,000

Skolnick - \$96,080

Spinelli - \$2,875

Total: \$358,113

Skolnick Expense Breakdown:

January 2022 - \$23,750.00

March 2022 - \$48,391.72

May 2022 - \$23,938.73

Total - \$96,080

The flood study process so far has utilized both the flood reimbursement funds and cash on hand.

The Capital Projects fund balance is \$108,301. No Capital Projects funds have been used on the flood study to date.

A \$25,000 gift was made in 2021 to help fund the library fund response. Those funds have not been expended to date.

June Talking Points

Summer Reading is just around the corner. Be sure to sign up for the summer reading program at www.ryelibrary.org/summer. Activities for all ages are available throughout the summer.

Notable Activities

June Art Installation – Trash to Treasure : Collaging by Chris Duncan

Thursday, June 9 at 7:00 pm – Read in Rye : Annabel Monaghan

Hear from local author extraordinaire Annabel Monaghan as she discusses her first adult novel, the ins and outs of writing fiction, and both bringing and hiding yourself.

Saturday, June 11 at 5:00 pm – Where the Wild Things Are : Musical Rumpus

Duo partners Dylan James, clarinet, and Caroline Sonett-Assor, flute, are performing musicians, educators, and administrators in the NYC Metropolitan Area.

Saturday, June 18 at 11 am– Donuts with Dad

Crafts, coffee, and crullers with your dad, grandpa, uncle, or fun or fatherly guy in your life. For kids of all ages.

Saturday, June 25 from 2 to 4:30 pm – Summer Reading Kickoff - Minigolf

Tee up for a great start to the summer with a minigolf course in the library! Get details on the summer reading program, sign up, and secure your tee time at www.ryelibrary.org/summer

Donations for the booksale begin September 10th!