

The Ferguson Library



Anderson R. Livingston, *Chair*
Stephanie O'Shea, *Vice Chair*
Sopong Kim, *Treasurer*
Robert J. Granata, *Secretary*

Alice S. Knapp, *President*

MEMORANDUM

To: Members of the Fiscal Committee
Board of Representatives

From: Anderson R. Livingston, Chair and Alice S. Knapp, President
The Ferguson Library

Date: April 7, 2021

Re: 2021 – 2022 Operating & Capital Budget Requests

We are pleased to provide you with the budget material we submitted to the Mayor to support our 2021-2022 Operating and Capital requests.

Please note these highlights from the Operating Budget request:

- 4.5% increase in city funding
- 15% increase in contribution over current year budget
- Coffee shop lease revenue flat
- Reduced fines and fees
- Fill two of six vacant positions which resulted from this year's staffing reductions
- Increase in medical plan premium
- Increase in pension funding requirement
- Additional library resources

The package to the Mayor includes several important Capital Projects which were included in the Planning Board's recommended 2021-2022 capital plan: continue the Main Library Waterproofing Project; continue the Bennett Branch Modernization; provide Computer System funding for additional technology, especially for security.

This package includes the audited financial statements for the year ended June 30, 2020.

We look forward to the opportunity to review our needs and answer your questions.

The Ferguson Library



Anderson R. Livingston, Chair
Stephanie O'Shea, Vice Chair
Sopong Kim, Treasurer
Robert J. Granata, Secretary

Alice S. Knapp, President

MEMORANDUM

TO: Mayor David Martin
City of Stamford

FROM: Anderson R. Livingston, Chair
Board of Trustees

RE: Proposed Operating and Capital Budgets

DATE: January 10, 2021

CC: Jay Fountain, OPM Director, City of Stamford

We are enclosing with this memo the following information regarding our 2021-2022 budget requests:

- 2021-2022 Operating Budget – Proposed (Blue Banner);
- 2021-2022 Funding Request (Green Banner);
- Operating Budget Narrative;
- Capital Budget Narrative;
- Projected Operating Results based on actuals through October 31, 2020;
- 2018-2021 Long Range Plan;
- Current Organization Chart;
- Audited Financial Statements.

As you review this material, we would like to call your attention to the fact that the library is facing extraordinary costs in 2020-2021, like those endured by municipalities, non-profits and small businesses. As we strive to fulfill our mission and provide needed services, costs have climbed and revenues dropped. We believe this will have some residual impact on FY2022.

When we reopened after the shutdown on July 6th, we faced literally hundreds of thousands of dollars in new costs: improvements like Plexiglas shields to protect our staff; barriers to encourage social distancing; PPE in quantities for the staff and in some cases for our visitors; cleaning of all tables, desks, keyboards and touchpoints throughout our facilities every moment we are open; and additional security to enforce mask-wearing and social distancing.

In order to accommodate these new costs, we had to reduce salary expenses – our largest line item – and that impacted service hours. We attempted to negotiate a delay in the 2½ % salary increase union workers were entitled to in their contract but were unsuccessful. So, regrettably, in August we laid off four full-timers. The non-union full-time and part-time staff received no salary increases, and we eliminated one non-union supervisory position and reduced part-time hours by 50%. Reduced full and part-time staff resulted in reduced service hours at the main library and branches by 18%.

A budgeted 18% increase in benefits ate into some of these salary savings, particularly medical premiums (up 9%) and a reserve for unemployment claims of \$158,000 (for the staff reductions).

Further cost containment measures included a reduction in the budget for new materials by \$200,000.

On the revenue side, we are very grateful that the city maintained our funding level in 2020-2021, but other sources of revenue are adversely impacted:

- While the public's response to the current community appeal looks promising (up 12% as of this writing), our major fundraiser – A Novel Affair – in April 2021 will not produce the typical proceeds as it will be virtual rather than in person.
- Passport fees are down 46% in the first 6 months of the fiscal year compared to the FY2020. The reasons for this are clearly related to the reduction in travel, particularly internationally, and the economy.
- Our tenant, Winfield Coffee, is struggling as are all restaurants. We have agreed to a temporary rent reduction of over 50% for the first 9 months of this year to help the business stay open.

There are clearly several bright spots in the library's operation this year, despite the financial distresses:

- We applied for a PPP Loan in April 2020 and are working on the forgiveness request. If approved, we will open more hours and increase spending on the materials the community has requested.
- The South End Branch celebrated its 50th Anniversary in October 2020, and by April 2021, the branch renovation will be completed. We are using grant funds to largely cover the cost of new furniture and equipment.
- Funding from the State Library and Federal E-Rate program enabled us to install fiber lines to the main library and branches, to provide the staff and public users high speed secure internet and shared resources.

- The Ferguson Library Foundation and the Friends of the Ferguson Library continue to be significant supporters despite declines in the investment returns and reduced bookstore hours.
- Program attendance, all remote, has been very successful. This fiscal year, July through November, staff put on more than 250 live adult programs, attended by just shy of 3,000 people. The recordings of these programs were viewed 2,157 times. Taken together – live attendance and program views – our attendance for adult programs is on par with that for the same period last year (5,073 vs. 5,689). Since April, pre-recorded youth programs, which include book talks, songs, finger plays, read-alongs, and baby, toddler and family storytimes have enjoyed a total of 7,252 views. Youth programs that we offered “live” during that time were attended by more than 2,000 children and parents. Although we are pleased with these numbers, they total only 45 percent of the attendance of children’s programs year over year. Clearly, our children miss us and we miss them. Suspending classroom visits, outreach visits and our drop-in storytime programs account for the lower numbers.
- We kicked off the creation of our 2021-2024 Strategic Plan with a system-wide virtual retreat in November which included our Trustees, Citizen Advisers, Friends Board, supervisors and staff.

Regarding 2021-2022 plans, the enclosed Operating and Capital Narratives will explain our goals for the upcoming year. We are assuming the community will be relatively COVID-free, and we can resume close to our normal operations, but if not, there is enough flexibility in the budget to shift expenses to support a COVID response.

As always, should you have any questions about our proposed budgets, we would be pleased to respond to them.

The Ferguson Library
2021-2022 Operating Budget - Proposed
For Submission to Mayor

	2020-2021 BUDGET	2021-2022 PROPOSED	CHANGE VS. FY 21	
			\$	%
Revenue				
Municipal Funding	\$ 8,630,000	\$ 9,020,000	\$ 390,000	4.5%
Contributions/Grants	\$ 600,000	\$ 691,622	\$ 91,622	15.3%
Passport Office	\$ 199,980	\$ 206,763	\$ 6,783	3.4%
Library Fines	\$ 50,160	\$ 5,000	\$ (45,160)	-90.0%
Retail Rent	\$ 39,600	\$ 42,000	\$ 2,400	6.1%
Printer/Copier Fees	\$ 20,700	\$ 5,250	\$ (15,450)	-74.6%
Other	\$ 5,000	\$ 5,000	\$ -	0.0%
Total Revenue	\$ 9,545,440	\$ 9,975,636	\$ 430,196	4.5%
Expenses				
Salaries	\$ 5,039,000	\$ 5,298,000	\$ 259,000	5.1%
FICA	\$ 377,925	\$ 397,350	\$ 19,425	5.1%
Benefits	\$ 1,123,000	\$ 1,038,000	\$ (85,000)	-7.6%
Pension - 401a	\$ 5,600	\$ 13,500	\$ 7,900	141.1%
Pension - defined benefit	\$ 656,403	\$ 992,161 *	\$ 335,758	51.2%
	\$ 7,201,928	\$ 7,739,011	\$ 537,083	7.5%
Professional/Consulting	\$ 60,000	\$ 70,000	\$ 10,000	16.7%
Equipment Rental	\$ 82,000	\$ 82,000	\$ -	0.0%
Maintenance: Building/Vehicles	\$ 445,000	\$ 350,000	\$ (95,000)	-21.3%
Conference & Training	\$ 5,000	\$ 25,000	\$ 20,000	400.0%
Programs	\$ 60,000	\$ 60,000	\$ -	0.0%
Library Resource Purchases	\$ 600,000	\$ 900,000	\$ 300,000	50.0%
Other Library Resource Costs	\$ 211,000	\$ 230,000	\$ 19,000	9.0%
Public Relations\Fundraising	\$ 116,000	\$ 116,000	\$ -	0.0%
General Operating	\$ 1,019,500	\$ 848,000	\$ (171,500)	-16.8%
Insurance	\$ 149,000	\$ 157,000	\$ 8,000	5.4%
Expenses Before Depreciation	\$ 9,949,428	\$ 10,577,011 **	\$ 627,583	6.3%
Revenues less Expenses Before Depreciation	\$ (403,988)	\$ (601,375)		
Depreciation (estimated)	\$ (800,000)	\$ (790,000)		
Total Revenue less Total Expenses	\$ (1,203,988)	\$ (1,391,375)		

* Pension Expense (Net Periodic Benefit Cost) as determined by actuary.

** Depreciation was \$819, 876 in FY2019 and \$811,702 for FY2020.

The Ferguson Library
2021-2022 Operating Funding Request
For Submission to Mayor

Revenue	2020-2021 FUNDING	FUNDING REQUEST	CHANGE VS. FY 21	
			\$	%
Municipal Funding	\$ 8,630,000	\$ 9,020,000	\$ 390,000	4.5%
Contributions/Grants	\$ 600,000	\$ 691,622	\$ 91,622	15.3%
Passport Office	\$ 199,980	\$ 206,763	\$ 6,783	3.4%
Library Fines	\$ 50,160	\$ 5,000	\$ (45,160)	-90.0%
Retail Rent	\$ 39,600	\$ 42,000	\$ 2,400	6.1%
Printer/Copier Fees	\$ 20,700	\$ 5,250	\$ (15,450)	-74.6%
Other	\$ 5,000	\$ 5,000	\$ -	0.0%
Total Revenue	\$ 9,545,440	\$ 9,975,636	\$ 430,196	4.5%
Expenses				
Salaries	\$ 5,039,000	\$ 5,298,000	\$ 259,000	5.1%
FICA	\$ 377,925	\$ 397,350	\$ 19,425	5.1%
Benefits	\$ 1,123,000	\$ 1,038,000	\$ (85,000)	-7.6%
Pension - 401a	\$ 5,600	\$ 13,500	\$ 7,900	141.1%
Pension - defined benefit	\$ 252,000	\$ 389,000	\$ 137,000	54.4%
	\$ 6,797,525	\$ 7,135,850	\$ 338,325	5.0%
Professional/Consulting	\$ 60,000	\$ 70,000	\$ 10,000	16.7%
Equipment Rental	\$ 82,000	\$ 82,000	\$ -	0.0%
Maintenance: Building/Vehicles	\$ 445,000	\$ 350,000	\$ (95,000)	-21.3%
Conference & Training	\$ 5,000	\$ 25,000	\$ 20,000	400.0%
Programs	\$ 60,000	\$ 60,000	\$ -	0.0%
Library Resource Purchases	\$ 600,000	\$ 900,000	\$ 300,000	50.0%
Other Library Resource Costs	\$ 211,000	\$ 230,000	\$ 19,000	9.0%
Public Relations\Fundraising	\$ 116,000	\$ 116,000	\$ -	0.0%
General Operating	\$ 1,019,500	\$ 848,000	\$ (171,500)	-16.8%
Insurance	\$ 149,000	\$ 157,000	\$ 8,000	5.4%
Total Expenses	\$ 9,545,025	\$ 9,973,850	\$ 428,825	4.5%
Revenues less Expenses	\$ 415	\$ 1,786		

* Budgeted amount is the Actuarially Determined Employer Contribution. Pension expense for 2020-2021 is \$992,161.

** Expenses do not include Depreciation, which was \$811,702 for FY2020.

PROPOSED OPERATING FUNDING 2021 – 2022 NARRATIVE

We have enclosed both our Board of Trustees approved 2021-2022 Operating Budget (Blue Banner) and a 2021-2022 Operating Funding Request (Green Banner). The former is our budget in conformance with our financial statement and includes both the estimated pension expense calculated by the actuary, as well as estimated depreciation. The Operating Funding Request uses the Actuarial Determined Employer Contribution on the pension line and no depreciation. The request we are making for funds to support our operation in 2021-2022 is based on the Operating Funding Request.

We are requesting \$8,975,000 from the city's operating budget in 2021-2022, a 4.0% increase over current funding.

It is difficult to make assumptions on the climate we can expect in the next fiscal year:

- Will vaccines be readily available for and accepted by the local population?
- Will local employment and businesses be in recovery?
- Will the library be able to hold in-person programs and fundraising events?

These are just a few of the “unknowns” that could affect library revenues and costs after July 1st. But to create a proposed budget for your and the fiscal boards' review, we made these fundamental assumptions:

- The community will be relatively Covid-free.
- We will return to “normal operations” with programs and events in the library, expanded services (added computers, study areas, meeting rooms) and an improvement in public hours.
- COVID-related cleaning/disinfecting costs will be eliminated.
- There will be a high demand for borrowed materials, especially e-media.

Our thinking regarding 2021-2022 will be further discussed in the narrative that follows.

HIGHLIGHTS OF REQUEST

Income:

- The \$345,000 (4%) increase in city funding is largely necessitated by an increase in salary and benefit costs (4.98%), and increased funding for new materials (50%).
- Our two major fundraising events – the year-end community appeal and A Novel Affair – are assumed to continue. We are budgeting 2021-2022 total giving to be 90% of our last “normal” year (FY2019).

The Ferguson Library

- Winfield Coffee has suffered from reduced traffic and therefore revenue during this period. Its current base rent of \$4,800/month (\$33.29 per square foot) is unrealistic under the circumstances. We budgeted \$3,500/month for 2021-2022, but we will renegotiate the lease terms with the tenant in the spring of 2021.
- We reduced actual fine revenue substantially this year, and expect to eliminate fines in 2021-2022. Studies have shown that fines are a disincentive for library use, especially in low income communities.
- We were uncertain that passport activity will recover to pre-Covid levels, and budgeted 66% of FY2019 passport fees. It is logical that passport requests will somewhat parallel travel activities, and it is difficult to expect international travel will rebound quickly.

Expenses:

- Our proposed budget includes a 2.5% salary increase for all staff below the six Administrator positions. This is consistent with the increase union staff is to receive on July 1, 2021 as per their contract. Salary increases for Administrators will be determined when the final budget is developed in June. We also plan to fill three of the six vacant positions. We have also included \$250,000 of additional part-time hours for increased service hours.
- We have assumed a 11.5% increase in the medical insurance premium, the high end of the range suggested by the State's Comptroller's Office, and 6% for dental insurance (both part of the Connecticut Partnership 2.0 Plan). The employee contribution to the health plans increases in the upcoming year to 19%. The actually determined employer contribution to the defined benefit pension plan increase by 54%, but the good news is that the plan is closed; new hires will be covered by a defined contribution plan (401a).
- Our library resources budget, funds used to purchase new books, databases, DVDs, and e-materials, was \$800,000 in 2019-2020, the highpoint of the last decade. The current budget is \$600,000, despite increasing costs over the 10 years and the increasing demand. We are requesting an additional \$300,000 (\$900,000) for 2021-2022. With these additional funds, we will;
 - Better meet the demand for current materials;
 - Increase our digital resources;
 - Provide more content in a variety of formats (print, large-type, audio) in other languages spoken by the citizens of Stamford.
- Other occupancy and operating costs are expected to increase modestly in total.

We recognize the budget challenges currently faced by the city and therefore have made this essentially a status quo request with the exception of the additional staff cost for expanded branch hours and additional funds for the library collection. As shown above, all increases will be used either to pay necessary personnel and material expenses, or to make necessary repairs.

PROPOSED CAPITAL BUDGET 2021 – 2022 BUDGET NARRATIVE

LONG TERM FINANCING

We have limited our long-term capital request to two projects totaling \$700,000 for 2021-2022 funding:

Main Library Building Renovation: \$450,000

With approved funds, we completed the Waterproofing Project which included all elevation and various foundation conditions. The requested funds for 2021-2022 will address three critical roof areas where we have documented water infiltration. Outyear funding will complete the roofing work elsewhere on the building and address the needs of the historic building.

Harry Bennett Branch Modernization: \$250,000

With the funding already approved we completed a master plan and budget for the modernization of this 22-year old facility. We will also start Phase One of the work: providing a new handicapped accessible transaction desk and soundproof the auditorium which will increase its usability and provide a more comfortable experience for visitors elsewhere in the branch. Funds for 2021-2022 will provide meeting room and programming spaces and furniture. Outyear funding will address MEP and ADA issues.

SHORT TERM FINANCING

Computer System Infrastructure: \$150,000

The \$150,000 will be used for two important security projects:

Active Shooter Notification: \$100,000

This system will allow us to notify first responders and staff, much like the fire alarm system does, of a potential or actual none fire emergency

Additional Security Cameras: \$50,000

These funds will provide additional security cameras on the existing system at the main library and branches.

PC Replacement: \$50,000

This project would provide funds for new and replacement equipment for the public and staff computer network.

The Ferguson Library
Projected Operating Results through June 30, 2021
Based on Actual Results through October 31, 2020

	Annual Budget	July thru Oct Actual	Projected Nov. thru June	Forecasted Year End	Variance
REVENUE					
Municipal Funding	\$ 8,630,000	\$ 3,156,000	\$ 5,474,000	\$ 8,630,000	\$ -
Contributions & Grants					
Unrestricted Contributions	-	121,987	-		
Restricted Grants	-	56,500	-		
Friends of Ferguson	-	7,500	-		
Total Contributions & Grants	600,000	185,987	325,170	511,157	(88,843)
Passport Office	199,980	46,312	90,000	136,312	(63,668)
Library Fines	50,160	2,317	3,000	5,317	(44,843)
Rental Income	39,600	23,600	24,800	48,400	8,800
Pay to Print/Copiers Income	20,700	1,258	3,500	4,758	(15,942)
Other Revenue	5,000	2,781	3,334	6,115	1,115
	\$ 9,545,440	\$ 3,418,255	\$ 5,923,804	\$ 9,342,059	\$ (203,381)
EXPENSES					
Wages	\$ 5,039,000	\$ 1,607,477	\$ 3,336,523	\$ 4,944,000	\$ 95,000
Benefits	1,758,525	567,433	1,052,000	1,619,433	139,092
Professional/Consulting Services	60,000	27,903	78,000	105,903	(45,903)
Equipment Rental	82,000	9,819	54,667	64,486	17,514
Maintenance	445,000	174,051	296,667	470,718	(25,718)
Conferences & Training	5,000	2,221	3,334	5,555	(555)
Library Programs	60,000	19,534	40,000	59,534	466
Library Resources	600,000	168,180	532,424	700,604	(100,604)
Library Software\Supplies	171,000	56,908	114,000	170,908	92
Book Processing Fees	40,000	9,030	26,664	35,694	4,306
Fundraising & Public Relations	116,000	22,365	67,667	90,032	25,968
Insurance	149,000	70,392	56,100	126,492	22,508
Communications	58,000	14,585	38,664	53,249	4,751
Utilities	320,000	90,293	223,335	313,628	6,372
Office Supplies	80,000	11,664	53,333	64,997	15,003
COVID- Supplies	90,000	20,300	60,000	80,300	9,700
Security Services	402,000	68,077	283,000	351,077	50,923
Other Operating Expenses	69,500	28,662	46,331	74,993	(5,493)
	\$ 9,545,025	\$ 2,968,894	\$ 6,362,709	\$ 9,331,603	\$ 213,422
NET SURPLUS\ (DEFICIT)	\$ 415	\$ 449,361	\$ (438,905)	\$ 10,456	\$ 416,803



The Ferguson Library

The Heart of the Community

Strategic Plan 2018 – 2021

MISSION

Provide free and equal access to information, ideas, books and technology to educate, engage, and enrich the Stamford community.

VISION

Inspire lifelong learning and personal growth.

VALUES

- **Literacy:** Promote a love of reading and learning
- **Access:** Provide convenient access to information and other library resources in our physical and digital spaces
- **Service:** Provide excellent customer service in a safe, welcoming environment
- **Creativity & Innovation:** Encourage, expression, experimentation and a “culture of yes”
- **Intellectual Freedom:** Facilitate the free exchange of information and ideas
- **Community:** Nurture partnerships; bring library services into the community; celebrate Stamford’s diversity

GOALS

1. **Transformative Experiences:** Connect people to experiences that enrich and transform their lives
2. **Rich Content:** Provide content in convenient and desirable formats to facilitate sharing knowledge and ideas
3. **Welcoming Environment:** Promote the Library as a welcoming and safe space where all are included
4. **Sustainability:** Ensure the sustainability and viability of the Library for future generations



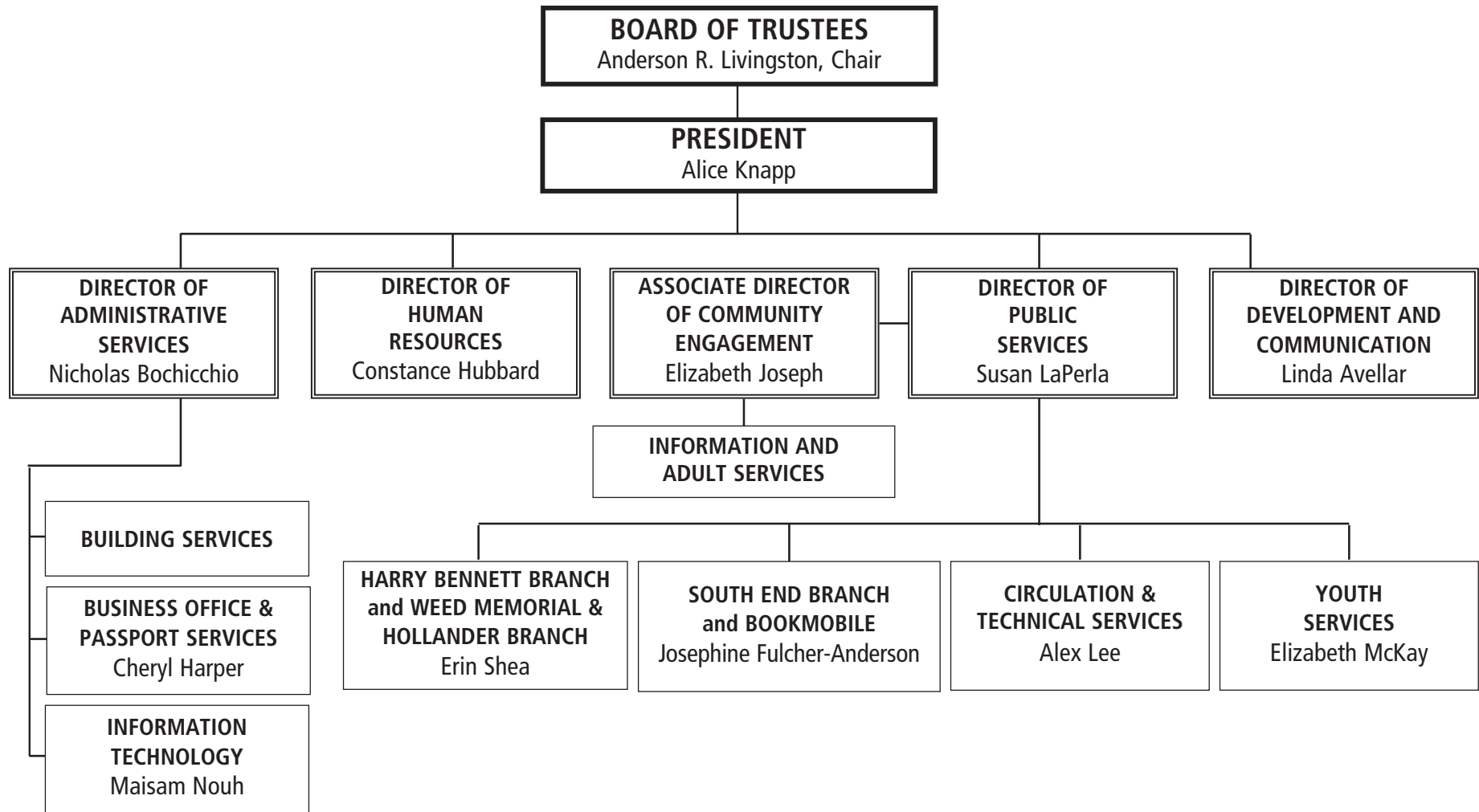
The Ferguson Library

The Heart of the Community

Strategic Plan 2018 – 2021

CORE SERVICES

- Offer relevant and compelling books and other content in a variety of formats.
- Promote literacy at all levels, including early childhood literacy, English as a second language, and fluency with digital technologies.
- Bring our services into the community through active outreach efforts.
- Be Stamford's source for high quality programs for all ages.
- Make space available to the public for meetings and collaborative learning.
- Promote civic engagement, including offering citizenship and government resources



THE FERGUSON LIBRARY
FINANCIAL STATEMENTS
AT JUNE 30, 2020 AND 2019 AND
FOR THE YEARS THEN ENDED

THE FERGUSON LIBRARY

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at June 30, 2020 and 2019

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for the Years Ended June 30, 2020
and 2019

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Statements of Functional Expenses
for the Years Ended June 30, 2020
and 2019

Exhibit C

Statements of Cash Flows
for the Years Ended June 30, 2020
and 2019

Exhibit D

Notes to Financial Statements

VAN BRUNT, DUBIAGO & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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ANNA M. GECA, CPA, CT

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF
THE FERGUSON LIBRARY

We have audited the accompanying financial statements of The Ferguson Library (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Ferguson Library as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Van Brunt, Dubiago & Company, LLC

Stamford, Connecticut
December 22, 2020

THE FERGUSON LIBRARY

STATEMENTS OF FINANCIAL POSITION
AT JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and Cash Equivalents	\$ 979,235	\$ 182,370
Account Receivable – City of Stamford	568,665	29,820
– Other	238,988	15,565
Prepaid Expenses	76,073	22,592
Interest in Net Assets of The Ferguson Library		
Foundation, Inc. – Reader’s Digest	208,047	204,231
– National Review	260,547	249,946
Assets Whose Use is Limited – Cash Innovation Grants	-	608,585
Land, Buildings and Equipment (Net)	<u>20,696,431</u>	<u>20,940,811</u>
TOTAL ASSETS	<u>\$ 23,027,986</u>	<u>\$ 22,253,920</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 1,382,614	\$ 1,629,730
Pension Liability	9,835,878	6,342,176
Note Payable - First County Bank	-	3,107
Credit Line - First County Bank	-	74,744
Payroll Protection Plan Loan	1,150,400	-
Deferred Rent	-	4,800
Security Deposit	<u>9,600</u>	<u>9,600</u>
TOTAL LIABILITIES	<u>12,378,492</u>	<u>8,064,157</u>
 NET ASSETS		
Without Donor Restrictions		
Undesignated	10,021,279	13,827,509
With Donor Restrictions		
Time or Purpose Restricted	483,507	217,546
Perpetuity	<u>144,708</u>	<u>144,708</u>
TOTAL NET ASSETS	<u>10,649,494</u>	<u>14,189,763</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 23,027,986</u>	<u>\$ 22,253,920</u>

THE ACCOMPANYING NOTES SHOULD BE READ IN
CONJUNCTION WITH THESE FINANCIAL STATEMENTS

THE FERGUSON LIBRARY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>PURPOSE RESTRICTED</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>PERPETUITY</u>	<u>TOTAL WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
OPERATING ACTIVITIES						
REVENUE AND OTHER SUPPORT						
City of Stamford – Operating	\$ 8,630,000	-	\$ -	-	-	\$ 8,630,000
– Capital	603,090	-	-	-	-	603,090
Fines	37,281	-	-	-	-	37,281
Equipment Income	13,178	-	-	-	-	13,178
Miscellaneous	1,958	-	-	-	-	1,958
Contributions	558,219	-	-	-	-	558,219
Passports and Photographs	189,609	-	-	-	-	189,609
Grants	149,978	314,976	-	-	314,976	464,954
Rents	49,282	-	-	-	-	49,282
Net Assets Released From Restrictions						
Satisfaction of Program Restrictions	42,899	(42,899)	-	-	(42,899)	-
Satisfaction of Time Restrictions	9,932	(9,932)	-	-	(9,932)	-
TOTAL REVENUE AND OTHER SUPPORT	<u>10,285,426</u>	<u>262,145</u>	<u>-</u>	<u>-</u>	<u>262,145</u>	<u>10,547,571</u>
EXPENSES						
Program	7,902,255	-	-	-	-	7,902,255
Support	2,859,963	-	-	-	-	2,859,963
Development	251,739	-	-	-	-	251,739
TOTAL EXPENSES	<u>11,013,957</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,013,957</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>(728,531)</u>	<u>262,145</u>	<u>-</u>	<u>-</u>	<u>262,145</u>	<u>(466,386)</u>

THE ACCOMPANYING NOTES SHOULD BE READ IN CONJUNCTION WITH THESE FINANCIAL STATEMENTS

THE FERGUSON LIBRARY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020
(Continued)

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
<u>NON-OPERATING ACTIVITIES</u>	<u>UNDESIGNATED</u>	<u>PURPOSE RESTRICTED</u>	<u>PERPETUITY</u>	<u>RESTRICTIONS</u>
Decrease/Increase Interest in Assets of Ferguson Library Foundation, Inc.	10,601	3,816	-	3,816
Change in Net Assets From Non-Operating Activities	10,601	3,816	-	3,816
Change in Net Assets Adjustment for Pension	(717,930) (3,088,300)	265,961 -	-	265,961 (3,088,300)
NET ASSETS AT BEGINNING OF YEAR	<u>13,827,509</u>	<u>217,546</u>	<u>144,708</u>	<u>14,189,763</u>
NET ASSETS AT END OF YEAR	<u>\$10,021,279</u>	<u>\$ 483,507</u>	<u>\$ 144,708</u>	<u>\$ 10,649,494</u>

**THE FERGUSON LIBRARY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>PURPOSE RESTRICTED</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
OPERATING ACTIVITIES					
REVENUE AND OTHER SUPPORT					
City of Stamford – Operating	\$ 8,400,000	-	-	-	\$ 8,400,000
– Capital	445,511	-	-	-	445,511
Fines	67,213	-	-	-	67,213
Equipment Income	23,161	-	-	-	23,161
Miscellaneous	5,331	-	-	-	5,331
Contributions	367,264	7,000	-	7,000	374,264
Special Event Revenue	245,044	-	-	-	245,044
Less Special Event Expenses	(55,625)	-	-	-	(55,625)
Passports and Photographs	313,480	-	-	-	313,480
Grants:					
Innovation Places	1,798,207	15,000	-	15,000	1,813,207
Other	77,890	48,000	-	48,000	125,890
Rents	32,840	-	-	-	32,840
Net Assets Released From Restrictions					
Satisfaction of Program Restrictions	340,695	(340,695)	-	(340,695)	-
TOTAL REVENUE AND OTHER SUPPORT	<u>\$ 12,061,011</u>	<u>\$ (270,695)</u>	<u>\$ -</u>	<u>\$ (270,695)</u>	<u>\$ 11,790,316</u>
EXPENSES					
Program	11,077,817	-	-	-	11,077,817
Support	1,521,744	-	-	-	1,521,744
Development	219,756	-	-	-	219,756
TOTAL FUNCTIONAL EXPENSES	<u>12,819,317</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,819,317</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>(758,306)</u>	<u>(270,695)</u>	<u>-</u>	<u>(270,695)</u>	<u>(1,029,001)</u>

THE ACCOMPANYING NOTES SHOULD BE READ IN CONJUNCTION WITH THESE FINANCIAL STATEMENTS

THE FERGUSON LIBRARY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019
(Continued)

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>PURPOSE RESTRICTED</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
<u>NON-OPERATING ACTIVITIES</u>					
Decrease/Increase Interest in Assets of Ferguson Library Foundation, Inc.	(10,210)	6,736	-	<u>\$ 6,736</u>	<u>(3,474)</u>
Change in Net Assets From Non-Operating Activities	(10,210)	6,736	-	<u>6,736</u>	<u>(3,474)</u>
Change in Net Assets Adjustment for Pension	(768,516) (859,627)	(263,959) -	-	<u>(263,959)</u> -	<u>(1,032,475)</u> <u>(859,627)</u>
NET ASSETS AT BEGINNING OF YEAR	<u>15,455,652</u>	<u>481,505</u>	<u>144,708</u>	<u>626,213</u>	<u>16,081,865</u>
NET ASSETS AT END OF YEAR	<u>\$ 13,827,509</u>	<u>\$ 217,546</u>	<u>\$ 144,708</u>	<u>\$ 362,254</u>	<u>\$ 14,189,763</u>

THE ACCOMPANYING NOTES SHOULD BE READ IN CONJUNCTION WITH THESE FINANCIAL STATEMENTS

THE FERGUSON LIBRARY

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>PROGRAM</u>	<u>SUPPORT</u>	<u>DEVELOPMENT</u>	<u>TOTAL</u>
EXPENSES				
Salaries and Related Costs:				
Salaries	\$ 3,946,954	\$ 1,665,733	\$ 116,000	\$ 5,728,687
Pensions	546,195	92,130	19,741	658,066
Payroll Taxes	248,899	151,211	10,630	410,740
Group Insurance & Other Benefits	590,462	358,716	25,219	974,397
Library Resources:				
Books and Periodicals	244,906	-	-	244,906
Videos and Recordings	55,661	-	-	55,661
Electronic Media	315,084	-	-	315,084
Occupancy:				
General Insurance	66,838	81,839	-	148,677
Building Maintenance	239,325	59,803	-	299,128
Utilities	255,076	63,769	-	318,845
Telephone and Data Services	82,598	20,649	-	103,247
Security Services	135,741	-	-	135,741
General Operating:				
Professional Fees	58,284	37,088	-	95,372
Marketing & Promotion	26,318	-	62,938	89,256
Technology System Support	157,676	1,145	-	158,821
Equipment Leasing	69,514	14,680	14,680	98,874
Supplies	24,994	97,407	2,531	124,932
Other	<u>188,368</u>	<u>53,453</u>	<u>-</u>	<u>241,821</u>
TOTAL EXPENSES BEFORE DEPRECIATION	7,252,893	2,697,623	251,739	10,202,255
Depreciation	<u>649,362</u>	<u>162,340</u>	<u>-</u>	<u>811,702</u>
TOTAL EXPENSES	<u>\$ 7,902,255</u>	<u>\$ 2,859,963</u>	<u>\$ 251,739</u>	<u>\$ 11,013,957</u>

THE ACCOMPANYING NOTES SHOULD BE READ IN CONJUNCTION WITH THESE FINANCIAL STATEMENTS

THE FERGUSON LIBRARY

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>PROGRAM</u>	<u>SUPPORT</u>	<u>DEVELOPMENT</u>	<u>TOTAL</u>
EXPENSES				
Salaries and Related Costs:				
Salaries	\$ 4,705,472	\$ 647,525	\$ 112,000	\$ 5,464,997
Pensions	444,472	74,971	16,066	535,509
Payroll Taxes	342,986	47,593	8,014	398,593
Group Insurance & Other Benefits	751,551	96,579	18,478	866,608
Library Resources:				
Books and Periodicals	387,777	-	-	387,777
Videos and Recordings	21,623	-	-	21,623
Electronic Media	402,856	10,080	-	412,936
Occupancy:				
General Insurance	127,390	27,509	1,928	156,827
Building Maintenance	212,010	52,311	-	264,321
Utilities	315,559	78,890	-	394,449
Telephone and Data Services	125,070	31,327	-	156,397
Security Services	166,826	-	-	166,826
General Operating:				
Professional Fees	9,434	97,174	20,000	126,608
Marketing & Promotion	24,480	3,406	24,561	52,447
Technology System Support	149,390	680	-	150,070
Equipment Leasing	73,506	18,692	15,568	107,766
Supplies	32,055	73,849	3,141	109,045
Other	166,727	97,183	-	263,910
Innovation Places Grant Projects	<u>1,962,732</u>	<u>-</u>	<u>-</u>	<u>1,962,732</u>
TOTAL EXPENSES BEFORE DEPRECIATION	10,421,916	1,357,769	219,756	11,999,441
Depreciation	<u>655,901</u>	<u>163,975</u>	<u>-</u>	<u>819,876</u>
TOTAL EXPENSES	\$ 11,077,817	\$ 1,521,744	\$ 219,756	\$ 12,819,317

THE ACCOMPANYING NOTES SHOULD BE READ IN CONJUNCTION WITH THESE FINANCIAL STATEMENTS

THE FERGUSON LIBRARY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (451,969)	\$ (1,032,475)
Adjustments to Reconcile Change in Net Assets to Net Cash (Used for) Provided by Operating Activities:		
Adjustment for Pension	(3,088,300)	(859,627)
Depreciation	811,702	819,876
(Increase) / Decrease in Accounts Receivable	(762,268)	323,586
(Increase) / Decrease in Prepaid Expenses	(53,481)	80,274
(Decrease) / Increase in Accounts Payable and Accrued Expenses	(247,116)	10,230
Increase in Pension Liability	3,493,702	1,142,435
(Decrease) / Increase in Deferred Rent	(4,800)	4,800
Increase in Security Deposit	<u>-</u>	<u>9,600</u>
 NET CASH (USED FOR) PROVIDED BY OPERATING ACTIVITIES	 <u>(302,530)</u>	 <u>498,699</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Land, Buildings, and Equipment	(567,322)	(616,282)
Interest in Net Assets of The Ferguson Library Foundation, Inc. – Readers Digest	(3,816)	(3,184)
– National Review	(10,601)	10,210
Decrease / (Increase) in Assets Whose Use is Limited	<u>608,585</u>	<u>(23,037)</u>
 NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	 <u>26,846</u>	 <u>(632,293)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Borrowings:		
Paycheck Protection Plan Loan	1,150,400	-
Payment of Debt:		
Note Payable – First County Bank	(3,107)	(4,475)
Credit Line – First County Bank	<u>(74,744)</u>	<u>(99,256)</u>
 NET CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES	 <u>1,072,549</u>	 <u>(103,731)</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 796,865	 (237,325)
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	 <u>182,370</u>	 <u>419,695</u>
 CASH AND CASH EQUIVALENTS AT END OF YEAR	 <u>\$ 979,235</u>	 <u>\$ 182,370</u>
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid	<u>\$ 4,018</u>	<u>\$ 8,863</u>

THE ACCOMPANYING NOTES SHOULD BE READ IN
CONJUNCTION WITH THESE FINANCIAL STATEMENTS

THE FERGUSON LIBRARY

NOTES TO FINANCIAL STATEMENTS

The Ferguson Library's (the "Library"), main purpose is to make available books, films, recordings and other materials and provide various programs and services to the community. The Library's main sources of revenue are the city of Stamford and corporate donors in the Stamford area.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared on the accrual basis of accounting.

The financial statements of the Library have been prepared in accordance with generally accepted accounting principles which require reporting its financial position and activities according to the following asset classifications:

Net assets without donor restrictions – net assets that are not subject to donor-imposed restrictions and may be expended for any purpose at the discretion of the Library's management and Board of Directors.

Net assets with donor restrictions – net assets subject to restrictions imposed by donors. Some restrictions are temporary in nature which can be met by actions of the Library or by the passage of time. Other donor restrictions are perpetual in nature where the donor has directed that the funds be maintained in perpetuity.

Books, periodicals, audio/video materials and electronic media are charged to expense when purchased.

Supplies used in the daily operating routine of the Library have been charged to expense when purchased. No attempt has been made to inventory items on hand at year end because of the relative insignificance in the overall program.

It is the Library's policy to capitalize property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Library reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Library reclassifies net assets with donor restrictions.

Depreciation of fixed assets has been provided in the financial statements in conformity with recommendations of the American Institute of Certified Public Accountants. Neither the amount of current year depreciation nor the accumulated prior year depreciation has been funded. The straight-line method of computing depreciation has been used. The estimated useful lives of the assets range from five to fifty years depending on the nature of the asset.

THE FERGUSON LIBRARY

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The Library reports cash and certain liquid investments with maturities of ninety (90) days or less as cash in these financial statements.

The Library reports investments at fair value (see Note 4) and reflects any gains or losses in the statements of activities. Gains and losses are considered unrestricted unless restricted by donor stipulation or law. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

The Library considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Contributions are recognized when the donor makes a promise to give to the Library that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions (purpose restricted or perpetuity) depending on the nature of the restrictions.

The Ferguson Library is a nonprofit organization, as described in Internal Revenue Code Section 501 (c)(3) and is exempt from federal and state income taxes. As of the date of these financial statements, information returns for the years ending June 30, 2017, 2018 and 2019 remain subject to examination by federal and state of Connecticut taxing jurisdictions.

The cost of providing program and other activities have been summarized on a functional basis in the statement of activities and in detail in the statement of functional expenses. Certain costs have been allocated among program and supporting services. Support expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Library. Expenses have been allocated on the basis of estimates made by management.

The FASB on June 5, 2020 issued a one year deferral for Not-For-Profit Organizations to implement accounting standards under ASU 2014-09 (topic 606) revenue from contracts with customers and (topic 842) leases until reporting periods beginning after December 15, 2019. The effects of adoption of these standards is expected to be immaterial to the financial statements.

THE FERGUSON LIBRARY

NOTES TO FINANCIAL STATEMENTS

2. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions which are time or purpose restricted are available for the following purposes:

Library Programs	\$ 21,819
Staff Development	11,729
South End Project	32,790
Programs for Children/Young Adults	36,830
Books	63,339
Ernest DiMattia Memorial Contributions	23,714
Harry Bennett Lecture Series	6,759
Ann Sexton (Board Room)	200,000
Bookmobile	6,700
Implicit Bias	9,768
Mental Health Training	11,760
Designated for Future Periods	45,000
Linked Libraries	<u>13,299</u>
	<u>\$ 483,507</u>

The Library received a contribution during the fiscal year 2002 in the amount of \$144,708. The contribution was designated by the donor to be maintained in perpetuity as a restricted endowment. Any subsequent income earned from these funds may be used to purchase books for the Library's collection; however, the principal may not be invaded.

On July 1, 2004, with permission from the original donor, the Library transferred these funds to The Ferguson Library Foundation, subject to all the conditions accepted by the Library at the original grant date. The Ferguson Library Foundation is a private foundation whose focus is to fund and/or enhance various Library programs.

3. NET ASSETS RELEASED FROM RESTRICTIONS

Assets were released from restrictions during the year ended June 30, 2020 for the following purposes:

Satisfaction of Time Restrictions	\$ 9,932
Satisfaction of Program:	
Innovation Places Grant	29,329
Implicit Bias	3,000
Youth Services	3,060
South End Project	7,210
Bookmobile	<u>300</u>
	<u>\$ 52,831</u>

THE FERGUSON LIBRARY

NOTES TO FINANCIAL STATEMENTS

4. INVESTMENT IN NET ASSETS OF THE FERGUSON LIBRARY FOUNDATION

On July 1, 2004 the Library transferred \$145,845 of cash and securities to The Ferguson Library Foundation. The investment return on these assets will be distributed to the Library upon request to purchase books. The Foundation has not been granted any variance power with regard to these assets. At June 30, 2020 the fair market value of the Library's interest in these assets was \$208,047.

On February 15, 2015 the Library transferred \$250,000 to The Ferguson Library Foundation, received from the sale of 343,877 shares Class B non-voting stock of National Review, which were donated to the Library over a number of years. These funds can be distributed to the Library upon request to fund various programs. The Foundation has not been granted any variance power with regard to these assets. The fair market value of the Library's interest in these assets is \$260,547 at June 30, 2020.

All of the underlying assets held by the Foundation are invested in cash and marketable securities.

5. LAND, BUILDINGS AND EQUIPMENT

Asset cost and accumulated depreciation at June 30, 2020 consist of the following:

	<u>2020</u>	<u>2019</u>
Land	\$ 228,500	\$ 228,500
Buildings & Improvements	32,123,383	31,556,061
Equipment	5,944,910	5,944,910
Vehicles	<u>548,227</u>	<u>706,878</u>
	38,845,020	38,436,349
Accumulated Depreciation	<u>18,148,589</u>	<u>17,495,538</u>
	<u>\$20,696,431</u>	<u>\$20,940,811</u>

6. DEFINED BENEFIT PENSION PLAN

The Library has a contributory defined benefit pension plan for all salaried employees. Benefits to participants are based on average compensation for the two highest years out of the last five for each year of service to a maximum of thirty three years. The annual benefit is 2% for all years of service prior to July 1, 2007, 2.125% for years of service between July 1, 2007 and June 30, 2010 and 2.25% for years of service after July 1, 2010 with the benefit capped at 74.25% of final average annual compensation. The Library's policy is to fund costs currently in amounts recommended by the actuarial consultants. This plan is not available to employees hired after February 1, 2019.

Funding for Year Ended June 30, 2020	\$ 251,000
Adjustment to Pension Expense per valuation	<u>405,403</u>
Pension Expense – Exhibit B	<u>\$ 656,403</u>

Continued . . .

THE FERGUSON LIBRARY

NOTES TO FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLAN (Cont'd)

Total participant contributions were \$246,361 and total benefits paid were \$1,711,092 for the year ended June 30, 2020.

Total employer and employee contributions expected to be paid during the next fiscal year are \$250,000 and \$204,000 respectively.

Net periodic benefit cost included the following components:

Service Cost	\$ 626,668
Interest Cost	680,704
Expected Return on Plan Assets	(811,683)
Recognized Net (Gain) Loss	206,577
Amortization of Prior Service Cost	<u>(45,863)</u>
Net Pension Benefit Expense	<u>\$ 656,403</u>

Amounts not yet recognized as components of net periodic benefit costs:

Prior Service Cost	\$ (49,140)
Net (Gain) Loss	<u>5,789,197</u>
Total	<u>\$ 5,740,057</u>

Amounts expected to be recognized as components of net periodic benefit cost in fiscal year end June 30, 2021:

Amortization of Net Loss (Gain)	\$ 279,286
Amortization of Prior Service Cost (Credit)	<u>(45,863)</u>
Total Estimated Net Periodic Benefit Cost Amortization	<u>\$ 233,423</u>

Other amounts recognized as changes in unrestricted net assets:

Change in Prior Service Cost (Credit)	\$ -
Change in Net Loss (Gain)	3,269,805
Amortization of Prior Service (Cost) Credit	45,863
Amortization of Net (Loss) Gain	<u>(206,577)</u>
Total Recognized in Unrestricted Net Assets at June 30, 2020	<u>\$ 3,109,091</u>

THE FERGUSON LIBRARY

NOTES TO FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLAN (Cont'd)

Assumptions used for disclosure information:

	<u>2020</u>	
Expected Rate of Return	7.00%	
Weighted Average Discount Rates	2.7%	
Rates of Increase in Compensation Levels	2.4%	Plus a merit increase based on service

The expected long term rate of return on assets is determined by first assigning plan assets to several categories. A rate of return is then projected for each category. An expected long term rate of return is then calculated by calculating a weighted average of asset category, weighted by the actual asset allocation of the plan. This weighted average is then reduced by expected investment expenses.

The following table sets forth the funded status for the Library's pension plan:

	<u>2020</u>
Accumulated Benefit Obligation	<u>\$ 18,218,347</u>
Projected Benefit Obligation	\$ 21,473,083
Plan Assets at Fair Value	<u>11,637,205</u>
Plan Assets in Excess (Deficit) of Projected Benefit Obligation	<u>\$ (9,835,878)</u>

Benefits expected to be paid in each of the next five years and in the aggregate for the five fiscal years thereafter are as follows:

<u>Fiscal Year End</u>	<u>Amount</u>
June 30, 2021	\$ 845,000
June 30, 2022	\$ 1,048,000
June 30, 2023	\$ 881,000
June 30, 2024	\$ 942,000
June 30, 2025	\$ 1,034,000
June 30, 2026 – 2030	\$ 5,885,000

The percentage of the total plan assets and fair market value of each major category of plan assets is as follows at June 30, 2020:

	Percentage	Fair Market Value
Money Market Funds	2.68%	\$ 306,544
Equities	24.47%	2,803,759
Exchange Traded Funds	22.78%	2,609,763
Fixed Income Mutual Funds	32.69%	3,745,667
Equity Mutual Funds	10.15%	1,162,605
Other	7.23%	828,332
	<u>100.00%</u>	<u>\$ 11,456,670</u>

THE FERGUSON LIBRARY

NOTES TO FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLAN (Cont'd)

The fair value hierarchy of plan assets are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market Funds	\$ 306,544	\$ -	\$ -	\$ 306,544
Common Equity Securities	2,803,759	-	-	2,803,759
Exchange Traded Funds	2,609,763	-	-	2,609,763
Fixed Income Mutual Funds	2,579,834	1,165,833	-	3,745,667
Equity Mutual Funds	1,162,605	-	-	1,162,605
Other	-	-	828,332	828,332
	<u>\$ 9,462,505</u>	<u>\$1,165,833</u>	<u>\$ 828,332</u>	<u>\$11,456,670</u>

The responsibility for investment strategy and asset allocation is vested in the Pension Committee. The Pension Committee is responsible for determining what types of assets will be allowed and prohibited as investments for the plan and also what the allocation among these allowable investments will be. The investment strategy will seek to provide; conservation of capital, current income from dividends and interest, and long term growth.

The Committee is also authorized to delegate certain responsibilities to professional experts in various fields. Wells Fargo Advisors has been retained as the investment advisor and custodian.

7. DEFINED CONTRIBUTION PLAN

The Library has adopted a Governmental Money Purchase Plan for all full time employees hired on or after January 1, 2020, and any individual who transfers their balance from The Ferguson Library Employees' Pension Plan. New hires become eligible when they complete ninety (90) days of service. Individuals who transfer their account balance are eligible the day the transfer is completed.

The plan requires mandatory 4% contributions by both the employer and the employee based on W-2 Compensation minus any overtime and bonus. Vesting is on a graduated scale with 0% in years 0-2 and 100% after year 7. Individuals hired prior to January 1, 2020 who transfer their account balances are 100% vested immediately. The Library's contribution to the plan for the year ended June 30, 2020 was \$1663.

8. CREDIT FACILITY

On March 11, 2013 the Library entered into an agreement with First County Bank for a \$250,000 revolving line of credit which may be used for operating needs. Amounts borrowed accrue interest at The Wall Street Journal prime rate. The facility requires monthly interest payments with any unpaid principle and interest accrued thereon due on demand.

The interest rate at June 30, 2020 was 3.25%.

Amounts due under this facility at June 30, 2020, were \$0.

Interest incurred under this facility for the year ended June 30, 2020 was \$3,661.

Continued . . .

THE FERGUSON LIBRARY

NOTES TO FINANCIAL STATEMENTS

9. LEASE COMMITMENTS

On April 1, 2019 the Library entered into an agreement with Winfield Street Stamford, LLC to lease 1,730 square feet of retail space located on the first floor and 90 square feet of storage space. The lease term is for five years beginning April 1st 2019 and ending March 31, 2024 with the ability to extend the lease for three (3) additional five (5) year terms.

The basic monthly rents for the initial term are as follows:

<u>Year</u>	<u>Amount</u>
1	\$4,800
2	\$5,100
3	\$5,400
4	\$5,535
5	\$5,673

In addition to the basic rent, tenant will pay an annual sum equal to 10% of gross revenues over the annual basic rent times ten (10). The additional rent payment shall be capped at fifteen (15) % of basic rent. Tenant is also responsible for all usage charges for water, electricity and other utilities.

As a result of the impact of the COVID-19 pandemic, the parties entered into a rent modification agreement on March 19, 2020. The agreement waived the rent for April of 2020 and the utility payments for April through June of 2020. The agreement also extended the due date for payment of rent due for May and June of 2020 until March 31, 2021.

In October of 2020 there was a further modification to allow for a monthly rent of \$2000 for the period July 1, 2020 through March 31, 2021. Payment terms for the balance of rent due for this period shall be agreed upon by both parties no later than March 1, 2021 at which time the utility payments will also be reviewed.

10. CONTINGENCIES

The Library has been named as a defendant in a legal proceeding and claim which has arisen in the ordinary course of operations. The Plaintiff is claiming injuries sustained in a fall, exiting the Library. This matter is currently pending while the plaintiff determines if she will pursue further treatment. The Library does not anticipate a verdict or settlement that would impact the day-to-day operations of the Library or the financial viability of the organization. The Library's insurance carrier is expected to pay all of the costs and fees involved in this claim, including any settlement proceeds.

In September of 2020 a former employee of the Library filed a claim with the Connecticut Commission On Human Rights and Opportunities (CHRO), which is deemed simultaneously filed with the U.S. Equal Employment Opportunities Commission (EEOC) which included certain allegations in connection with her termination from employment. The Library fervently denies such allegations and is vigorously defending such claims.

In the opinion of management, the ultimate outcome, including an estimate of the possible loss or range of loss in either proceeding cannot be made at this time.

THE FERGUSON LIBRARY

NOTES TO FINANCIAL STATEMENTS

11. CONCENTRATION OF CREDIT RISK

The Library maintains its cash balances at one financial institution. At times during the year the balance on deposit may be in excess of Federal Deposit Insurance Corporation (FDIC) limits. At June 30, 2020 the Library had deposit balances of \$912,859 which were in excess of FDIC insurance limits.

12. RELATED PARTIES

The Ferguson Library Foundation Inc. and the Friends of the Ferguson Library are organizations whose sole purpose is to support the Ferguson Library by making contributions for programs and operations. The organizations have made the following contributions to the library:

	<u>2020</u>	<u>2019</u>
Ferguson Library Foundation, Inc.	<u>\$ 62,500</u>	<u>\$ 86,052</u>
Friends of the Ferguson Library	<u>\$ 99,870</u>	<u>\$ 110,185</u>

13. PAYCHECK PROTECTION PROGRAM LOAN

On April 24, 2020 the library entered into a loan agreement with First County Bank, to borrow \$1,150,400 under the Paycheck Protection Program (PPP) created as part of the relief efforts related to COVID-19 and administrated by the Small Business Administration. The library is eligible for loan forgiveness of up to 100% of the loan upon meeting certain requirements. The library estimates that the entire loan amount will be forgiven based on its use of the funds in accordance with requirements of the PPP program.

14. UNCONDITIONAL PROMISE TO GIVE

At June 30, 2020 the library had an unconditional promise to give from a donor in the amount of \$150,000.

Total Promise to give	<u>\$ 150,000</u>
Amounts Due In:	
Less than One Year	\$ 50,000
One Year to Three Years	<u>\$ 100,000</u>
	<u>\$ 150,000</u>

The donor has restricted the contribution(s) to capital expenditures for the main library and branches.

THE FERGUSON LIBRARY

NOTES TO FINANCIAL STATEMENTS

15. AVAILABILITY AND LIQUIDTY

The following represents the Library's financial assets at June 30, 2020 available to meet general expenditures.

Cash and cash equivalents	\$ 979,235
Accounts Receivable	807,653
Interest in Net Assets of the Ferguson Foundation, Inc.	<u>468,594</u>
Total Financial Assets	<u>2,255,482</u>
Less amounts not available to be used within one year	
Net assets with donor restrictions	628,215
Accounts Receivable – City of Stamford	<u>568,665</u>
	<u>1,196,880</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,058,602</u>

16. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 22, 2020 the date which the financial statements were available for issue.