

REVIEWED FINANCIAL STATEMENTS

**PUBLIC LIBRARY ASSOCIATION OF
EASTHAMPTON, INC.**

Easthampton, Massachusetts

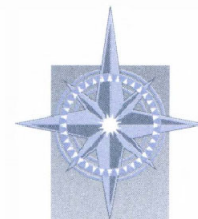
JUNE 30, 2025

Boisselle, Morton & Wolkowicz, LLP
Certified Public Accountants

PUBLIC LIBRARY ASSOCIATION OF EASTHAMPTON, INC.

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To the Board of Directors
Public Library Association of Easthampton, Inc.
Easthampton, Massachusetts

Independent Accountants' Review Report

We have reviewed the accompanying financial statements of Public Library Association Easthampton, Inc. (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Public Library Association of Easthampton, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Boisselle, Morton & Wolkowicz, LLP

Hadley, Massachusetts
March 2, 2026

PUBLIC LIBRARY ASSOCIATION OF EASTHAMPTON, INC.

Statement of Financial Position

June 30, 2025

Assets

Current assets	
Cash and cash equivalents	\$ 480,080
Other cash - designated use	86,158
Prepaid expense	<u>2,100</u>
Total current assets	568,338
Property and equipment, net	1,133,827
Book collection, net	293,781
Investments	<u>2,666,820</u>
Total assets	<u>\$ 4,662,766</u>

Liabilities and Net Assets

Current liabilities	
Accounts payable and accrued expenses	\$ 24,768
Due to other funds	12,073
Current portion long-term debt	<u>16,846</u>
Total current liabilities	53,687
Long-term debt, net of current portion	<u>740,330</u>
Total liabilities	<u>794,017</u>
Net assets	
Without donor restrictions	3,824,765
With donor restrictions	<u>43,984</u>
Total net assets	<u>3,868,749</u>
Total liabilities and net assets	<u>\$ 4,662,766</u>

See accompanying notes and independent accountants' review report.

PUBLIC LIBRARY ASSOCIATION OF EASTHAMPTON, INC.

Statement of Activities

For the Year Ended June 30, 2025

	<u>Without Donor</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and other support			
City of Easthampton - appropriations	\$ 278,076		\$ 278,076
Investment income, net	293,538		293,538
Donations	84,227	\$ 33,200	117,427
Other income	9,213		9,213
Total revenue and other support	<u>665,054</u>	<u>33,200</u>	<u>698,254</u>
Expenses			
Program	499,132		499,132
Administrative	152,454		152,454
Fundraising	85,892		85,892
Total expenses	<u>737,478</u>		<u>737,478</u>
Change in net assets	(72,424)	33,200	(39,224)
Net assets, beginning of year, as restated	<u>3,897,189</u>	<u>10,784</u>	<u>3,907,973</u>
Net assets, end of year	<u>\$ 3,824,765</u>	<u>\$ 43,984</u>	<u>\$ 3,868,749</u>

See accompanying notes and independent accountants' review report.

PUBLIC LIBRARY ASSOCIATION OF EASTHAMPTON, INC.

Statement of Functional Expenses

For the Year Ended June 30, 2025

	<u>Program</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Expenses				
Employee expenses	\$ 304,438	\$ 76,109		\$ 380,547
Professional fees		29,000	\$ 77,941	106,941
Occupancy	69,930	17,483		87,413
Depreciation and amortization	40,106	4,456		44,562
Office expenses	19,690	3,071	7,951	30,712
Dues and memberships	25,270			25,270
Interest		20,732		20,732
Insurance	14,423	1,603		16,026
Activities and passes	14,503			14,503
Repairs and small equipment	10,130			10,130
Travel and training	642			642
Total expenses	<u>\$ 499,132</u>	<u>\$ 152,454</u>	<u>\$ 85,892</u>	<u>\$ 737,478</u>

See accompanying notes and independent accountants' review report.

PUBLIC LIBRARY ASSOCIATION OF EASTHAMPTON, INC.

Statement of Cash Flows

For the Year Ended June 30, 2025

Cash flows from operating activities	
Change in net assets	\$ (39,224)
Adjustments to reconcile change in net assets to net cash used by operating activities	
Realized gain on investments, net	(105,303)
Unrealized gain on investments, net	(113,747)
Depreciation and amortization	44,562
Other changes in assets and liabilities	
Other cash - designated use	(9,456)
Prepaid expense	2,042
Accounts payable and accrued expenses	(60,802)
Due to other funds	<u>(1,818)</u>
Net cash used by operating activities	<u>(283,746)</u>
Cash flows from investing activities	
Proceeds from sales of investments	989,984
Purchases of investments	(851,969)
Purchases of property and equipment	(608,022)
Purchases of books	<u>(18,058)</u>
Net cash used by investing activities	<u>(488,065)</u>
Cash flows from financing activities	
Proceeds from long-term debt	600,000
Payments on long-term debt	<u>(15,665)</u>
Net cash provided by financing activities	<u>584,335</u>
Net decrease in cash	(187,476)
Cash and cash equivalents, beginning of year	<u>667,556</u>
Cash and cash equivalents, end of year	\$ <u><u>480,080</u></u>
Supplemental disclosure of cash flow information	
Cash paid for interest	\$ <u><u>20,732</u></u>

See accompanying notes and independent accountants' review report.

PUBLIC LIBRARY ASSOCIATION OF EASTHAMPTON, INC.

Notes to Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies

Nature of Organization: Public Library Association of Easthampton, Inc. (the Association) was incorporated under the laws of the Commonwealth of Massachusetts on April 10, 1869, for the purpose of providing library services to the Easthampton community. Activities include both adult and youth services and various related programs.

Income Taxes: The Association is a nonprofit corporation exempt from taxation pursuant to Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal and state income taxes is required. The Association qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). The Association is required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Association is subject to income tax on net income that is derived from business activities that are unrelated to the Association's exempt purposes. Management has determined that the Association is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Basis of Presentation: The Association presents its financial statements according to two classes of net assets: those with donor restrictions and those without donor restrictions. Net assets with donor restrictions are subject to stipulations imposed by donors and grantors. The restrictions are temporary in nature and will be met by actions of the Association or the passage of time. All other net assets are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Association.

Basis of Accounting: The financial statements of the Association have been prepared on the accrual basis of accounting.

Use of Estimates: The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Cash and Cash Equivalents: Cash and cash equivalents includes checking and savings accounts at a local bank and a money market at an investment broker. The Association considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Other Cash - Designated Use: The Association is the recipient of State aid provided by the Massachusetts Board of Library Commissioners, which remits the funds directly to the City of Easthampton. The Association draws down on these funds to pay eligible operating expenses. The unspent funds held by the City of Easthampton in escrow for the Association were \$86,158 at June 30, 2025.

PUBLIC LIBRARY ASSOCIATION OF EASTHAMPTON, INC.

Notes to Financial Statements (Continued)

June 30, 2025

1. Summary of Significant Accounting Policies (Continued)

Property and Equipment: Property and equipment are recorded at cost when purchased and fair market value when donated to the Association. The cost of maintenance and repairs is charged to income as incurred. Major improvements are capitalized. The Association capitalizes fixed assets with a cost of \$500 or more. Depreciation is computed by the straight-line method over the following estimated useful lives:

Building	40 years
Building improvements	35 years
Furniture and equipment	3-10 years

Book Collection, Net: The Association has a book collection, which includes books, videos, and cassettes, which are recorded at cost. The book collection is being amortized over a fifteen-year period. Any fully amortized books are removed from the cost basis amount each fiscal year.

Investments: Investments consist of marketable equity securities and exchange-traded products that are stated at fair value as determined by quoted market prices. Cash equivalents in these investment accounts are reported as part of investments rather than cash and cash equivalents on these financial statements. Unrealized and realized gains and losses are included in investment income.

Investment securities are exposed to various risks such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of the investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the statement of financial position and the statement of activities and changes in net assets.

Fair Value Measurements: Accounting standards have established a framework for measuring fair value. That framework 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Inputs to the valuation methodology for the three levels of the fair value hierarchy are described below:

Level 1	Unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.
Level 2	Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means.

PUBLIC LIBRARY ASSOCIATION OF EASTHAMPTON, INC.

Notes to Financial Statements (Continued)

June 30, 2025

1. Summary of Significant Accounting Policies (Continued)

Fair Value Measurements (Continued): If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. When available, the Association measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

Revenue Recognition: The Association recognizes contributions and grants when they are received or an unconditional promise to give is made. Contributions and grants with a right of return and measurable performance or other barriers are not recognized until the conditions on which they depend have been met. Contributions and grants are recognized as with donor restrictions and without donor restrictions revenues in the year received in accordance with the donor requirements. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of noncash assets are recorded at fair market value upon the date of receipt.

Expense Allocation: The operating expenses of the Association are allocated to administrative, fundraising, and program costs primarily based on employee time and effort.

2. Property and Equipment

Property and equipment consisted of the following at June 30, 2025:

Land	\$ 5,000
Building and improvements	1,347,757
Furniture and equipment	<u>167,681</u>
	1,520,438
Less accumulated depreciation	<u>386,611</u>
Total property and equipment, net	<u>\$1,133,827</u>

Depreciation expense was \$22,431 for the year ended June 30, 2025.

3. Collections

Book Collections:

Detail of the book collection at June 30, 2025, is summarized below:

Cost	\$421,287
Less: accumulated amortization	<u>127,506</u>
Book collection, net	<u>\$293,781</u>

Amortization expense was \$22,131 for the year ended June 30, 2025.

PUBLIC LIBRARY ASSOCIATION OF EASTHAMPTON, INC.

Notes to Financial Statements (Continued)

June 30, 2025

3. Collections (Continued)

Museum Collections:

In accordance with the provisions of accounting regulations, the Association does not capitalize any of its museum collections or recognize them as revenue or gains. The regulations provide that such donations need not be recognized if they are added to collections that are held for public exhibition, education, or research in furtherance of public service rather than financial gain; are protected, kept, encumbered, cared for, and preserved; and are subject to a policy that requires the proceeds from sales of collection items to be used to acquire other items for collections.

The museum collections consist of various items including Native American Indian artifacts and Civil War Era firearms, swords, uniforms, household items and a 28 star hand-sewn flag. In addition, there are dolls, and everyday items, glassware, etc. from former area businesses. All items in the collection have some relevance to the history of Easthampton or its inhabitants. The collection is meant to be useful and supportive to the Association and its mission in serving and educating the people of Easthampton, as well as providing a resource for genealogy research within the Pioneer Valley.

4. Investments

The Association's investments at Level 1 fair value were as follows at June 30, 2025:

Money funds	\$ 57,075
Exchange-traded products	1,225,760
Equities	<u>1,383,985</u>
Total	<u>\$2,666,820</u>

The following schedule summarizes investment income for the year ended June 30, 2025:

Dividend and interest, net of fees	\$ 74,488
Unrealized gains, net	113,747
Realized gains, net	<u>105,303</u>
Investment income, net	<u>\$293,538</u>

5. Long-Term Debt

Long-term debt consisted of the following at June 30, 2025:

Note payable to a local bank, secured by investments and property, due in monthly installments of \$2,058, including variable rate of interest based on the Federal Home Loan Bank of Boston Rate plus 1.75% (5.38% at June 30, 2025), through April 2033.	\$157,176
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PUBLIC LIBRARY ASSOCIATION OF EASTHAMPTON, INC.

Notes to Financial Statements (Continued)

June 30, 2025

5. Long-Term Debt (Continued)

Note payable to a local bank, secured by all the assets of the Association, with payments of only interest at the Prime Rate (7.50% at June 30, 2025) due monthly until principal and interest payments become due December 2026 through April 2033, with interest at the Federal Home Loan Bank of Boston rate plus 2.50%. This note payable is subject to a minimum debt service coverage ratio of 1.20:1 covenant and a requirement that the Association maintain a maximum loan-to-value ratio with respects to one of its investment accounts of 60%.

	<u>600,000</u>
	<u>757,176</u>
Less current portion	<u>16,846</u>
Total long-term debt	<u>\$740,330</u>

The estimated maturities of long-term debt are as follows for the years ending June 30:

2026	\$ 16,846
2027	24,378
2028	32,725
2029	33,153
2030	37,008
Thereafter	<u>613,066</u>
	<u>\$751,176</u>

6. Net Assets Restatement

The Association restated net assets without restrictions at July 1, 2024, to properly record \$76,702 of State aid funds held in escrow as of that date by the City of Easthampton for the Association.

7. Rental Agreement

The Association leases space in Easthampton, Massachusetts from a local bank. The lease calls for an annual payment of \$100 through January 31, 2031. The lease is not capitalized or a right-of-use asset because it is immaterial. The Association has an option to buy the leased property for \$100 on January 31, 2030.

8. Available Resources and Liquidity

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise cash of \$480,080 at June 30, 2025.

As part of the Association's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

PUBLIC LIBRARY ASSOCIATION OF EASTHAMPTON, INC.

Notes to Financial Statements (Continued)

June 30, 2025

9. Subsequent Events

Management has evaluated subsequent events after the statement of financial position date of June 30, 2025, through March 2, 2026, the date on which the financial statements were available to be issued, and concluded that no additional disclosures were required.