

MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
FINANCIAL STATEMENTS
AS OF
JUNE 30, 2025 AND 2024
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT



INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Memorial and Library Association of Westerly
Westerly, Rhode Island

Opinion

We have audited the accompanying financial statements of the Memorial and Library Association of Westerly (the "Association"), which comprise the statements of financial position as of June 30, 2025 and 2024 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Memorial and Library Association of Westerly as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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 the Association'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 the Association'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.

Hayt, Filippetti & Malaghan, LLC

Groton, Connecticut
November 3, 2025

MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

ASSETS

	2025	2024
ASSETS		
Cash and cash equivalents	\$ 560,967	\$ 665,042
Investments	35,909,947	32,972,799
Prepaid expenses and other current assets	102,460	114,148
Grants receivable, net	502,870	800,453
Unconditional promises to give	-	109,000
Beneficial interests in charitable trusts:		
Irrevocable trusts	78,476	77,042
Perpetual trusts	2,088,634	1,970,353
Land, buildings and equipment, net	7,606,813	7,696,261
Total assets	<u>\$ 46,850,167</u>	<u>\$ 44,405,098</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable	\$ 45,109	\$ 123,539
Accrued liabilities	72,400	68,062
Deferred revenue	-	8,000
Note payable	501,968	799,555
Total liabilities	<u>619,477</u>	<u>999,156</u>
COMMITMENTS <i>(see Note 11)</i>	-	-
NET ASSETS		
Without donor restrictions		
Invested in land, buildings and equipment	6,480,845	6,272,706
Board designated as endowment	3,793,650	3,076,931
General operating purposes	21,455,052	19,479,831
Total without donor restrictions	<u>31,729,547</u>	<u>28,829,468</u>
With donor restrictions	14,501,143	14,576,474
Total net assets	<u>46,230,690</u>	<u>43,405,942</u>
Total liabilities and net assets	<u>\$ 46,850,167</u>	<u>\$ 44,405,098</u>

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

MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Contributions	\$ 377,638	\$ 109,211	\$ 486,849	\$ 557,774	\$ 179,804	\$ 737,578
Investment income:						
Interest and dividends, net	709,472	43,995	753,467	690,136	56,195	746,331
Net realized and unrealized gains on investments	3,340,160	207,473	3,547,633	3,807,087	257,026	4,064,113
Change in beneficial interests in charitable trusts	60,339	119,716	180,055	40,640	132,531	173,171
Municipal and state grant aid	545,702	-	545,702	540,536	-	540,536
Grant revenue	453,238	81,306	534,544	441,250	89,222	530,472
Library collections	10,760	-	10,760	9,557	-	9,557
Special events, net of direct donor benefits	26,947	-	26,947	140,117	-	140,117
Other revenue	8,903	-	8,903	10,827	-	10,827
	<u>5,533,159</u>	<u>561,701</u>	<u>6,094,860</u>	<u>6,237,924</u>	<u>714,778</u>	<u>6,952,702</u>
Net assets released from restrictions:						
Satisfaction of purpose restriction	637,032	(637,032)	-	1,054,009	(1,054,009)	-
Total revenue and support	<u>6,170,191</u>	<u>(75,331)</u>	<u>6,094,860</u>	<u>7,291,933</u>	<u>(339,231)</u>	<u>6,952,702</u>
EXPENSES						
Program services:						
Library	1,364,086	-	1,364,086	1,339,161	-	1,339,161
Building	656,643	-	656,643	635,294	-	635,294
Park	467,051	-	467,051	416,954	-	416,954
Total program services	<u>2,487,780</u>	<u>-</u>	<u>2,487,780</u>	<u>2,391,409</u>	<u>-</u>	<u>2,391,409</u>
Supporting services:						
Administrative and general	460,021	-	460,021	467,560	-	467,560
Development and fundraising	322,311	-	322,311	296,432	-	296,432
Total supporting services	<u>782,332</u>	<u>-</u>	<u>782,332</u>	<u>763,992</u>	<u>-</u>	<u>763,992</u>
Total expenses	<u>3,270,112</u>	<u>-</u>	<u>3,270,112</u>	<u>3,155,401</u>	<u>-</u>	<u>3,155,401</u>
Change in net assets	2,900,079	(75,331)	2,824,748	4,136,532	(339,231)	3,797,301
NET ASSETS, beginning of year	<u>28,829,468</u>	<u>14,576,474</u>	<u>43,405,942</u>	<u>24,692,936</u>	<u>14,915,705</u>	<u>39,608,641</u>
NET ASSETS, end of year	<u>\$ 31,729,547</u>	<u>\$ 14,501,143</u>	<u>\$ 46,230,690</u>	<u>\$ 28,829,468</u>	<u>\$ 14,576,474</u>	<u>\$ 43,405,942</u>

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

MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025

	Program Services				Supporting Services			Total
	Library	Building	Park	Total Program Services	Administrative and General	Development and Fundraising	Total Supporting Services	
Salaries and wages	\$ 847,435	\$ 107,294	\$ 190,626	\$ 1,145,355	\$ 227,783	\$ 249,654	\$ 477,437	\$ 1,622,792
Payroll taxes and benefits	158,042	22,632	43,875	224,549	45,236	33,042	78,278	302,827
Total payroll related costs	1,005,477	129,926	234,501	1,369,904	273,019	282,696	555,715	1,925,619
Books and library materials	164,483	-	-	164,483	-	-	-	164,483
Professional services	5,957	397	7,159	13,513	108,146	794	108,940	122,453
Computer services and software	54,927	-	-	54,927	48,928	20,321	69,249	124,176
Utilities	-	95,703	4,517	100,220	-	-	-	100,220
Repairs and maintenance	-	63,739	20,977	84,716	-	-	-	84,716
Insurance	17,338	33,400	16,354	67,092	4,300	246	4,546	71,638
Supplies	12,501	14,947	13,383	40,831	4,275	637	4,912	45,743
Interest	-	30,529	-	30,529	-	-	-	30,529
Service contracts	11,396	55,410	2,599	69,405	-	-	-	69,405
Furniture and equipment	3,182	3,244	9,978	16,404	9,527	-	9,527	25,931
Tree and plant work	-	-	30,822	30,822	-	-	-	30,822
Library programs	29,390	-	-	29,390	-	-	-	29,390
Postage and printing	253	-	29	282	366	9,195	9,561	9,843
Training and education	5,756	65	662	6,483	2,199	219	2,418	8,901
Recognition and recruitment	-	-	-	-	-	7,205	7,205	7,205
Miscellaneous	-	-	21	21	6,714	-	6,714	6,735
Telephone	2,160	240	240	2,640	2,109	415	2,524	5,164
Parking and travel	3,948	319	1,347	5,614	438	583	1,021	6,635
Watch Hill library materials	3,007	-	-	3,007	-	-	-	3,007
Total expenses before depreciation	1,319,775	427,919	342,589	2,090,283	460,021	322,311	782,332	2,872,615
Depreciation and amortization	44,311	228,724	124,462	397,497	-	-	-	397,497
Total	<u>\$ 1,364,086</u>	<u>\$ 656,643</u>	<u>\$ 467,051</u>	<u>\$ 2,487,780</u>	<u>\$ 460,021</u>	<u>\$ 322,311</u>	<u>\$ 782,332</u>	<u>\$ 3,270,112</u>

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

MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	Program Services				Supporting Services			Total
	Library	Building	Park	Total Program Services	Administrative and General	Development and Fundraising	Total Supporting Services	
Salaries and wages	\$ 837,286	\$ 103,996	\$ 168,044	\$ 1,109,326	\$ 220,136	\$ 227,764	\$ 447,900	\$ 1,557,226
Payroll taxes and benefits	153,798	19,951	38,075	211,824	41,844	29,935	71,779	283,603
Total payroll related costs	991,084	123,947	206,119	1,321,150	261,980	257,699	519,679	1,840,829
Professional services	7,006	34,293	1,734	43,033	106,727	1,854	108,581	151,614
Books and library materials	174,877	-	-	174,877	-	-	-	174,877
Computer services and software	53,201	-	-	53,201	71,861	16,423	88,284	141,485
Utilities	-	79,590	7,700	87,290	-	-	-	87,290
Repairs and maintenance	-	39,971	20,713	60,684	-	-	-	60,684
Insurance	5,272	31,542	14,373	51,187	9,146	126	9,272	60,459
Interest	-	41,120	-	41,120	-	-	-	41,120
Supplies	13,487	13,736	14,265	41,488	6,296	1,177	7,473	48,961
Service contracts	5,719	32,842	2,433	40,994	-	120	120	41,114
Furniture and equipment	3,871	12,301	15,309	31,481	-	-	-	31,481
Library programs	24,034	-	-	24,034	-	-	-	24,034
Tree and plant work	-	-	29,937	29,937	-	-	-	29,937
Postage and printing	300	-	5	305	514	10,306	10,820	11,125
Recognition and recruitment	-	-	-	-	-	7,880	7,880	7,880
Parking and travel	3,352	233	546	4,131	-	470	470	4,601
Telephone	2,233	248	248	2,729	1,985	248	2,233	4,962
Miscellaneous	77	-	873	950	4,094	-	4,094	5,044
Watch Hill library materials	2,619	-	-	2,619	-	-	-	2,619
Training and education	5,179	40	475	5,694	2,307	129	2,436	8,130
Total expenses before depreciation	1,292,311	409,863	314,730	2,016,904	464,910	296,432	761,342	2,778,246
Depreciation and amortization	46,850	225,431	102,224	374,505	2,650	-	2,650	377,155
Total	<u>\$ 1,339,161</u>	<u>\$ 635,294</u>	<u>\$ 416,954</u>	<u>\$ 2,391,409</u>	<u>\$ 467,560</u>	<u>\$ 296,432</u>	<u>\$ 763,992</u>	<u>\$ 3,155,401</u>

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

MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,824,748	\$ 3,797,301
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net realized and unrealized gains on investments	(3,547,633)	(4,064,113)
Change in beneficial interests in charitable trusts	(180,055)	(173,171)
Amortization of discount on grant receivable	(44,124)	(43,673)
Donated investments	(40,961)	(201,236)
Donated property and equipment	-	(14,000)
Depreciation and amortization	397,497	377,155
Change in operating assets and liabilities:		
Prepaid expenses and other current assets	11,688	(66,470)
Grants receivable, net	341,707	255,758
Unconditional promises to give	109,000	107,050
Accounts payable	(78,430)	(12,947)
Accrued liabilities	4,338	1,590
Deferred revenue	(8,000)	8,000
Net cash used in operating activities	<u>(210,225)</u>	<u>(28,756)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(103,968)	(4,130,747)
Proceeds from the sale of investments	755,415	4,599,234
Purchases of property and equipment	(308,049)	(613,289)
Distributions from beneficial interests in charitable trusts	60,339	40,640
Net cash provided by (used in) investing activities	<u>403,737</u>	<u>(104,162)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term debt	<u>(297,587)</u>	<u>(212,093)</u>
Net cash used in financing activities	<u>(297,587)</u>	<u>(212,093)</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(104,075)	(345,011)
CASH AND CASH EQUIVALENTS, beginning of year	<u>665,042</u>	<u>1,010,053</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 560,967</u></u>	<u><u>\$ 665,042</u></u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest expense	\$ 28,363	\$ 41,912
Contributions of property and equipment	\$ -	\$ 14,000
Contributions of investments	\$ 40,961	\$ 201,236

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

MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Memorial and Library Association of Westerly (the “Association”) is a nonprofit entity organized under the general laws of the State of Rhode Island (the “State”) to maintain a free library and reading room open to the public; to acquire, organize, preserve and make accessible, books, objects and other media, according to enlightened modern practice; to encourage and promote literacy; to maintain a free park and arboretum open to the public; to acquire, cultivate and interpret flora according to enlightened modern practice; to encourage and promote understanding of the environment and noneconomic appreciation of plants; and to actively encourage the use of all of its resources, services and facilities.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Significant estimates made by the management of the Association include the depreciable lives of the Association’s buildings and equipment, and the fair value of investments and beneficial interests in charitable trusts. Estimates are based on historical experience, current conditions and various other assumptions that are believed to be reasonable under the circumstances. Such estimates and assumptions are adjusted when facts and circumstances dictate. Actual results may differ from these estimates under different assumptions or conditions.

RECLASSIFICATIONS

Certain amounts for the year ended June 30, 2024 have been reclassified to conform to the 2025 presentation. Such reclassifications do not affect the change in net assets for the year ended June 30, 2024.

NET ASSET CATEGORIES

To ensure observance of limitations and restrictions placed on the use of the resources available to the Association, the accounts of the Association are maintained in two net assets classes as follows:

Without Donor Restrictions

Net assets without donor restrictions represent available resources over which the Board of Trustees retains full control in achieving any of the Association’s institutional purposes. These funds are not subject to donor imposed restrictions.

MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

NET ASSET CATEGORIES (*Continued*)

Without Donor Restrictions (*Continued*)

The Board of Trustees (the “Board”) has established the following designations of net assets without donor restrictions.

Board Designated Endowment – The Board has designated certain unrestricted assets to function as an endowment whereby the principal is preserved and invested and the earnings thereon are available to support the Association’s operations.

Investment in Land, Building and Equipment – The Board has designated the portion of net assets without donor restrictions (net of related debt) that represents the net book value of the Association’s land, building and equipment in order to emphasize that this portion of net assets without donor restrictions is not available for current operations.

With Donor Restrictions

Net assets with donor restrictions represent funds restricted by outside sources which may only be utilized in accordance with purposes or time restrictions established by the donor of such funds. See *Note 12* for more detail on the Association’s net assets with donor restrictions.

REVENUE AND REVENUE RECOGNITION

Contributions

Contributions are defined as voluntary, nonreciprocal transfers.

Unrestricted and unconditional contributions are recognized as support when received or pledged. The Association recognizes contributions of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of such assets. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions received whose use is contingent on the occurrence of a future event are presented as deferred support until such conditions are substantially met, at which time they are recognized as support.

Bequests

Bequests are generally recorded as contributions when the related will is declared valid. If the bequest is conditioned upon future or uncertain events, contribution revenue is recognized when the conditions are substantially met.

MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

REVENUE AND REVENUE RECOGNITION (*Continued*)

Grant Revenue

The Association recognizes grant income from foundations and governmental sources when awarded and/or when contractual obligations have been met. Grants and awards are recognized as support with or without donor restrictions when awarded consistent with any contract imposed restrictions.

Donated Services

Contributed services are required to be recorded in the accompanying financial statements at their estimated fair value at the time such services are provided to the extent that they create or enhance nonfinancial assets or require specialized skills which, if not provided by donation, would have to be purchased by the Association.

Many individuals volunteer their time to the Association's program services and other activities. The value of these services has not been recognized in the accompanying financial statements, as it does not create or enhance nonfinancial assets or require specialized skills, which if not provided by donation, would have to be purchased by the Association.

Contributed Nonfinancial Assets

The Association reports gifts of property and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Association reports expirations of donor restrictions in full when the donated or acquired long-lived assets are placed in service. The Association received property and equipment donations of \$-0- and \$14,000, respectively, during the years ended June 30, 2025 and 2024.

Donated Financial Assets

Gifts of financial assets are recorded at fair value on the date of donation. The Association received stock donations of \$40,961 and \$201,236, respectively, during the years ended June 30, 2025 and 2024.

FUNCTIONAL ALLOCATION OF EXPENSES

The financial statements of the Association report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation which is allocated based on the area in which the underlying assets are used and salaries and benefits, which are allocated on the basis of time and effort studies.

MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

CASH EQUIVALENTS

For purposes of the statement of cash flows, the Association defines cash equivalents as liquid investments with an original maturity of three months or less, excluding cash investments held in the Association's investments accounts, which are considered to be investments. As of June 30, 2025 and 2024, the Association had cash equivalents of \$347,683 and \$530,640, respectively.

INVESTMENTS

Investments consist of money market funds, fixed income securities, and mutual funds, all of which are carried at fair value. Fair value is determined based on quoted market prices and quoted prices for similar assets (Level 1 and Level 2 inputs as described in *Note 4*). Realized and unrealized gains and losses on these investments are reported in the statement of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

UNCONDITIONAL PROMISES TO GIVE AND GRANTS RECEIVABLE

Unconditional promises to give and grants receivable that are expected to be collected within one year are recorded at their net realizable value. Material amounts that are expected to be collected in future years are recorded at net realizable value and also discounted for the present value of estimated future cash flows. Amortization of the discount is included in contribution revenue or restricted grant revenue. Management reviews the receivable balance for collectability and records an allowance for doubtful accounts based on historical information and current economic trends. No allowance was recorded at June 30, 2025 and 2024 as management deemed the receivables to be fully collectible.

Conditional promises to give are not included as support until such time as the related conditions are substantially met.

BENEFICIAL INTERESTS IN CHARITABLE TRUSTS

The Association is a beneficiary of two irrevocable trusts and three perpetual trusts. Such trusts are held by certain banks as trustees and upon termination of the two irrevocable trusts, the Association will receive its share of the assets remaining in the trusts. The Association's beneficial interests in charitable trusts are carried at the present value of the estimated future cash receipts, which are measured by the fair market value of the assets contributed to the trust, less the present value of estimated future beneficiary payments over the estimated lives of the beneficiaries (Level 3 inputs as discussed in *Note 4*). Changes in the value of the Association's beneficial interests serve to increase or decrease net assets without donor restrictions or net assets with donor restrictions, as applicable. See *Note 7* for more detail on the Association's beneficial interests in charitable trusts.

MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

PROPERTY AND EQUIPMENT

Buildings and equipment acquired prior to July 1, 1985 are stated at their insurance appraisal values as of June 30, 1985. All assets acquired thereafter are stated at cost or, if donated, at fair value as established on the date of gift.

Land is recorded based upon an appraisal by United Appraisal Company, which was performed for the Town of Westerly in 1981.

Property and equipment acquisitions and leasehold improvements that individually exceed \$5,000 are capitalized at cost, if purchased, or fair market value, if donated. Depreciation is provided over the estimated useful lives of property and equipment on a straight-line basis over the estimated useful lives of the assets as follows:

Land improvements	10-30 years
Building and improvements	10-50 years
Furniture and equipment	3-10 years

Repairs and maintenance are charged to expense as incurred. Expenditures which substantially increase the useful life of the related assets are capitalized. When assets are retired or sold, the related costs and accumulated depreciation are removed from the accounts and the resulting gain or loss is reflected as a change in unrestricted net assets.

The Association evaluates long-lived assets held and used by the Association for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. An impairment loss is recognized if the sum of the expected undiscounted future cash flows from the use and disposition of the asset is less than its carrying amount. Generally, the amount of impairment loss is measured as the difference between the carrying amount of the asset and the estimated fair value of the asset. The Association did not record any impairment losses during the years ended June 30, 2025 and 2024.

INEXHAUSTIBLE COLLECTIONS AND BOOKS

The Association's collections are made up of artifacts of historical significance, scientific specimens, and art objects that are held for educational, research, scientific, and curatorial purposes. Significant items are cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed periodically.

The collections, which were acquired through purchases and donations since the Association's inception, are not recognized as assets on the statement of financial position. Purchases of collection items are recorded as decreases in the appropriate net asset category and proceeds from deaccessions or insurance recoveries are presented as an increase in the appropriate net asset category.

MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

INCOME TAXES

The Association is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the “Code”) as a charitable organization whereby only unrelated business income, as defined by Section 509(a)(1) of the Code, is subject to Federal income tax. The Association had no unrelated business income for the years ended June 30, 2025 and 2024. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

The Association did not recognize any liability for uncertain tax positions as defined by accounting principles generally accepted in the United States of America.

The Association’s tax returns for the years ended June 30, 2025 and 2024 are subject to examination by the IRS, generally for three years after they have been filed.

SUBSEQUENT EVENTS

The Association has performed an evaluation of subsequent events through November 3, 2025, which is the date the financial statements were available to be issued. There are no subsequent events identified that require disclosure.

NOTE 2 – CONCENTRATIONS OF CREDIT RISK

The Association’s financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents, investments, grants receivable, net, unconditional promises to give, and beneficial interests in charitable trusts.

- Cash and cash equivalents – The Association places its cash in high quality financial institutions. From time to time, the Association maintains deposits in excess of federal depository insurance limits. Management believes this to be a normal business risk.
- Investments – The Association invests in a professionally managed portfolio. Management considers investments to be sufficiently diversified to minimize individual investment and industry concentration risks. However, all marketable securities are subject to fluctuations in market value.
- Grants receivable, net – Grants receivable consist mainly of amounts due from grantors for reimbursement type grants. Management believes they represent minimal credit risk.
- Unconditional promises to give – Unconditional promises to give consists primarily of a remainder interest in the estate of a donor. Management believes that it represents minimal credit risk.
- Beneficial interests in charitable trusts – Assets, including investments held by the charitable trusts in which the Association has a beneficial interest, are subject to the risks of the securities markets as a whole.

MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Association's financial assets as of the statement of position available for general use within one year of the statement of financial position at June 30, 2025 and 2024:

Financial assets, at year end	2025	2024
Cash and cash equivalents	\$ 560,967	\$ 665,042
Investments	35,909,947	32,972,799
Grants receivable, net	502,870	800,453
Unconditional promises to give	-	109,000
Beneficial interests in charitable trusts	2,167,110	2,047,395
	<u>39,140,894</u>	<u>36,594,689</u>
Less: those unavailable for general expenditures within one year due to:		
Board designated as endowment	3,793,650	3,076,931
Contractual or donor imposed restrictions	<u>13,877,143</u>	<u>13,952,474</u>
Financial assets available to meet cash needs for general expenditures within one year:	<u>\$ 21,470,101</u>	<u>\$ 19,565,284</u>

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.

NOTE 4 – FAIR VALUE MEASUREMENT

Generally accepted accounting principles establish 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 quotes prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The levels of the fair value hierarchy are described below:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.

Level 2

Inputs to the valuation method include: Quoted prices for similar assets or liabilities in active markets; Quoted prices for identical or similar assets or liabilities in inactive markets; Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 4 – FAIR VALUE MEASUREMENT *(Continued)*

The following is a description of the valuation methodologies used for financial instruments measured at fair value:

Mutual Funds (including fixed income, money market, and other)

Mutual Funds are valued at the closing price reported in the active market in which the individual funds and securities are traded.

Beneficial Interests in Charitable Trusts

Beneficial interests in charitable trusts are measured at the present value of expected future cash flows.

There have been no changes in the methodologies used at June 30, 2025 and 2024.

The following is a summary of the source of fair value measurements for assets that are measured at fair value on a recurring basis on June 30, 2025 and 2024.

2025				
<u>Description</u>	<u>Fair Value</u>	<u>Assets (Level 1)</u>	<u>Assets (Level 2)</u>	<u>Assets (Level 3)</u>
Investments				
Money market funds	\$ 1,481,608	\$ 1,481,608	\$ -	\$ -
Fixed income	6,638,162	-	6,638,162	-
Mutual funds	27,790,177	27,790,177	-	-
	<u>35,909,947</u>	<u>29,271,785</u>	<u>6,638,162</u>	<u>-</u>
Beneficial interests in -				
Irrevocable trusts	78,476	-	-	78,476
Perpetual trusts	2,088,634	-	-	2,088,634
	<u>2,167,110</u>	<u>-</u>	<u>-</u>	<u>2,167,110</u>
	<u>\$ 38,077,057</u>	<u>\$ 29,271,785</u>	<u>\$ 6,638,162</u>	<u>\$ 2,167,110</u>

MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 4 – FAIR VALUE MEASUREMENT (Continued)

2024				
Description	Fair Value	Assets (Level 1)	Assets (Level 2)	Assets (Level 3)
Investments				
Money market funds	\$ 3,023,631	\$ 3,023,631	\$ -	\$ -
Fixed income	4,966,478	-	4,966,478	-
Mutual funds	24,977,222	24,977,222	-	-
Other	5,468	5,468	-	-
	<u>32,972,799</u>	<u>28,006,321</u>	<u>4,966,478</u>	<u>-</u>
Beneficial interests in -				
Irrevocable trusts	77,042	-	-	77,042
Perpetual trusts	1,970,353	-	-	1,970,353
	<u>2,047,395</u>	<u>-</u>	<u>-</u>	<u>2,047,395</u>
	<u>\$ 35,020,194</u>	<u>\$ 28,006,321</u>	<u>\$ 4,966,478</u>	<u>\$ 2,047,395</u>

The beneficial interests in the charitable trusts are reported at fair value based on discounted cash flows (Level 3 inputs). The change in value for the years ended June 30, 2025 and 2024 are as follows:

	2025	2024
Fair value, beginning of the year	\$ 2,047,395	\$ 1,914,864
Net change in value	180,054	173,171
Distributions	(60,339)	(40,640)
Fair value, end of the year	<u>\$ 2,167,110</u>	<u>\$ 2,047,395</u>

NOTE 5 – INVESTMENTS

A summary of the Association's investments as of June 30, 2025 and 2024 is as follows:

2025			
	Cost	Net unrealized gains (losses)	Fair Value
Money market funds	\$ 1,481,608	\$ -	\$ 1,481,608
Fixed income	7,184,218	(546,056)	6,638,162
Mutual funds	15,629,805	12,160,372	27,790,177
	<u>\$ 24,295,631</u>	<u>\$ 11,614,316</u>	<u>\$ 35,909,947</u>

MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 5 – INVESTMENTS (continued)

	2024		
	Cost	Net unrealized gains (losses)	Fair Value
Money market funds	\$ 3,023,631	\$ -	\$ 3,023,631
Fixed income	5,720,831	(754,353)	4,966,478
Mutual funds	16,030,120	8,947,102	24,977,222
Other	5,404	64	5,468
	<u>\$ 24,779,986</u>	<u>\$ 8,192,813</u>	<u>\$ 32,972,799</u>

As described in *Note 10*, a portion of the Association's investments have been pledged as security for long-term debt.

NOTE 6 – GRANTS RECEIVABLE

Grants receivable consists of a reimbursement type grant awarded by the State of Rhode Island Office of Library Information Services (OLIS) which was provided from funds available under the general laws of the State. The grant was awarded to support the repayment of long-term debt, as described in *Note 10*, associated with the renovation costs of its library in accordance with an approved construction project that was completed in June 2011. The grant will be paid in 20 annual installments of approximately \$254,000 through 2032, is subject to annual approval by the State's legislature and may only be used for principal and interest payments on the long-term debt. The original amount of the grant \$5,160,445, has been discounted over the expected payment term using a rate of 5.5%. For the years ended June 30, 2025 and 2024, grant revenue includes \$44,124 and \$43,673, respectively, related to amortization of the discount. The balance receivable under the grant, net of cumulative discounts, was \$502,870 and \$800,453 as of June 30, 2025 and 2024, respectively.

As of June 30, 2025, scheduled grant payments are as follows:

Year ending June 30,	
2026	\$ 253,767
2027	253,767
2028	253,767
2029	46,731
Total grant payments	808,032
Less: Unamortized discount	(305,162)
Grant receivable, net	<u>\$ 502,870</u>

MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 7 – BENEFICIAL INTERESTS IN CHARITABLE TRUSTS

BENEFICIAL INTERESTS IN IRREVOCABLE TRUSTS

The Association is a beneficiary of two irrevocable trusts. Such trusts are held by banks as trustees and upon termination of the trusts, the Association will receive a designated percentage of the assets remaining in the trusts. As of June 30, 2025, the Association's designated percentage interest of 15% was valued by calculating the fair value of the trusts' assets and the present value of future distributions expected to be received using published life expectancy tables at discounted rates between 2% and 2.5%. The change in value of the beneficial interests in irrevocable trusts is recorded in the statements of activities and changes in net assets.

The Association's interests in the trusts were valued at \$78,476 and \$77,042 in the accompanying statements of financial position as of June 30, 2025 and 2024, respectively.

BENEFICIAL INTERESTS IN PERPETUAL TRUSTS

The Association is a beneficiary of three perpetual trusts held by unrelated trustees. The Association has an irrevocable right to receive a portion of the income earned on the trusts' assets, but does not have access to the principal. The beneficial interests are carried at the fair value of the Association's interest in the trusts based on the fair value of the underlying investments as reported by the respective trustees. The change in value of the beneficial interests in perpetual trusts retained by the trust is recorded in the statements of activities and changes in net assets. As of June 30, 2025 and 2024, the total value of the Association's interest in the trusts was \$2,088,634 and \$1,970,353, respectively.

NOTE 8 – PROPERTY AND EQUIPMENT

As of June 30, 2025 and 2024, the components of property and equipment are as follows:

	2025	2024
Land and land improvements	\$ 1,505,000	\$ 1,505,000
Buildings and improvements	18,200,798	18,043,322
Furniture and equipment	1,831,678	1,770,862
	<u>21,537,476</u>	<u>21,319,184</u>
Less: accumulated depreciation	13,930,663	13,622,923
	<u>\$ 7,606,813</u>	<u>\$ 7,696,261</u>

Depreciation and amortization expense for the years ended June 30, 2025 and 2024 was \$397,497 and \$377,155, respectively.

As of June 30, 2025 and 2024, \$624,000 of donated land is to be used in perpetuity as a public park in accordance with the donor's stipulation and is reported in the accompanying financial statements as net assets with donor restrictions (see *Note 12*).

MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 9 – LINE OF CREDIT

The Association has an unsecured demand revolving line of credit agreement with a bank which allows for maximum borrowings of \$100,000. Interest is payable monthly at 2.00% below the bank's prime rate which was 8.00% as of June 30, 2025. As of June 30, 2025 and 2024, no amounts were outstanding under the agreement.

NOTE 10 – NOTE PAYABLE

The Association is obligated under a note payable to a bank, bearing interest at 4.5% at June 30, 2025. The note requires monthly principal and interest payments of approximately \$19,700 through September 1, 2031, at which time the note will be fully paid. The note payable is collateralized by a pledge of certain securities held in an investment account, and at no time shall the outstanding principal of the loan be greater than 65% of the market value of the collateral pledged. At June 30, 2025 and 2024, the approximate minimum balance of pledged assets required to be maintained under the collateral agreement was \$772,000 and \$1,230,000, respectively. The balance of pledged assets totaled \$7,659,465 and \$7,562,370 at June 30, 2025 and 2024, respectively.

As of June 30, 2025, annual maturities of the note payable are as follows:

Year ending June 30,		
2026	\$	293,527
2027		208,441
	\$	<u>501,968</u>

Interest expense for the years ended June 30, 2025 and 2024 was \$30,529 and \$41,120, respectively.

NOTE 11 – COMMITMENTS

UTILITY AGREEMENTS

On October 20, 2020, the Association entered into an agreement to purchase electricity from a third-party supplier (the "Supplier") for a 48-month period ending December 2024 at a fixed rate per kilowatt hour (kWh) based on the Association's historical usage. As of November 18, 2024, the Association entered into a new agreement with the Supplier for a 24-month period starting December 2024 and ending December 2026 at a fixed rate per kWh based on the Association's historical usage. Based on historical usage, the Association expects to pay the supplier approximately \$81,000 for the contract period.

On April 16, 2020, the Association entered into an agreement to purchase natural gas from a third-party supplier (the "Supplier") for a 36-month period ended April 2023 at a fixed rate per therm based on the Association's historical usage. In April 2023, the agreement was extended for an additional 36 months to April 2026. Based on historical usage, the Association expects to pay the supplier approximately \$12,000 during the remainder of the contract period.

MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 11 – COMMITMENTS *(Continued)*

UTILITY AGREEMENTS *(Continued)*

On August 28, 2020, the Association entered into an agreement to purchase Net Metering Credits generated by a Renewable Energy Facility for a 25 year period ending in 2047. The cost of the credits will be equal to 70% of the amounts credited by the Energy Development Company but not less than \$.09 per kilowatt hour. The Association is obligated to pay the Energy Development Company a minimum of \$1,045,000 during the remainder of the contract period. Such agreement provides for three five year renewal terms.

NOTE 12 – NET ASSETS

BOARD DESIGNATED NET ASSETS

As of June 30, 2025 and 2024, the Association's Board of Directors designated net assets totaled \$3,793,650 and \$3,076,931, respectively. As of June 30, 2025 and 2024, \$2,899,437 and \$2,615,991 respectively, represents the amount remaining from a significant unrestricted bequest received in a prior year. These assets are designated to function as an endowment to fund future repairs, maintenance and improvements to the Library, Park and related equipment, furnishings and fixtures. As of June 30, 2025 and 2024 \$401,773 and \$460,940, respectively, represents an operating fund. The remaining \$492,440 represents a newly formed long range capital fund at June 30, 2025.

WITH DONOR RESTRICTIONS

As of June 30, 2025 and 2024, the Association has net assets with donor restrictions available for the following purposes:

	2025	2024
Endowment:		
Endowment - income is unrestricted	\$ 8,309,315	\$ 8,309,315
Endowment - income is restricted	2,808,616	2,642,516
Total endowment with donor restrictions	11,117,931	10,951,831
Beneficial interests in perpetual trusts	2,088,634	1,970,353
Park land held in perpetuity	624,000	624,000
Time restrictions:		
Payment of principal and interest on long-term debt	504,445	802,557
Beneficial interests in irrevocable trusts	78,476	77,042
Estates	-	50,000
Purpose restrictions:		
Restricted to the Library		
Books and library materials	50,942	37,830
Building renovations	29,609	42,372
Restricted to the Park - park maintenance	7,106	20,489
	<u>\$ 14,501,143</u>	<u>\$ 14,576,474</u>

MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 12 – NET ASSETS (*Continued*)

NET ASSETS RELEASED FROM RESTRICTION

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes, the passage of time or by occurrence of events specified by donors. The amounts released during the years ended June 30, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Satisfaction of time restrictions		
Payment of principal and interest on long-term debt	\$ 329,897	\$ 253,767
Estate	50,000	
Satisfaction of purpose restrictions		
Endowment	85,968	83,646
Restricted to the Library		
Books and library materials	49,694	106,463
Library fixed asset additions	13,655	470,225
Restricted to the Park		
Park fixed asset additions	107,818	139,908
Total net assets released	<u>\$ 637,032</u>	<u>\$ 1,054,009</u>

NOTE 13 – ENDOWMENT

The Association's endowment consists of approximately fifty individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and unrestricted funds designated by the Board to function as an endowment. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board, are classified and reported based on the existence or absence of donor-imposed restrictions.

INTERPRETATION OF RELEVANT LAW

The Board has adopted the State of Rhode Island Uniform Prudent Mangement of Instiutional Funds Act (R.I. UPMIFA). Based on its interpretation of R.I. UPMIFA, the Association classifies as permanently restricted net assets a) the original value of the gifts donated to the permanent endowment, b) the original value of subsequent gifts to the permanent endowment, c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument, and, for years ending up through June 30, 2018, d) accumulations to the permanent endowment made in order to protect the purchasing power of the original and any subsequent gifts.

MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 13 – ENDOWMENT (*Continued*)

INTERPRETATION OF RELEVANT LAW (*Continued*)

In accordance with R.I. UPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- Donor intent;
- The purposes of the Association and preservation of the funds;
 - General economic conditions;
 - The possible effect of inflation or deflation;
 - The expected total return from income and the appreciation of investments;
 - Other resources of the Association; and
 - The investment policies of the Association.

RETURN OBJECTIVE AND RISK PARAMETERS

The Association has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Association must hold in perpetuity for donor-specified periods, as well as Board-designated funds.

Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Association expects its endowment funds, over time, to provide an average rate of return that allows the Association to distribute 5% to 6% annually while preserving the purchasing power of the original investment. Actual returns in any given year may vary from this amount.

STRATEGIES EMPLOYED FOR ACHIEVING OBJECTIVES

To satisfy long-term rate-of-return objectives, the Association relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yields (interest and dividends). The association targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

SPENDING POLICY AND HOW THE INVESTMENT OBJECTIVES RELATE TO SPENDING POLICY

The Association's spending policy provides for annual distributions of no less than \$1,350,000. Such distributions are indexed annually by 3.5%. The Association expects an average rate of return that exceeds its current draw down thereby continuing to grow the endowment.

In establishing this policy, the Association considered the long-term expected return on its endowment. Accordingly, over the long term, the Association expects the current spending policy to allow its endowment to grow at a rate consistent with the four-year average increase in the CPI.

MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 13 – ENDOWMENT *(Continued)*

SPENDING POLICY AND HOW THE INVESTMENT OBJECTIVES RELATE TO SPENDING POLICY *(Continued)*

In no case will any donor-imposed restriction on any funds in the endowment be compromised. The policy does not apply to, and therefore does not limit, the specific use of restricted funds as specified by the donor.

Endowment net asset classification as of June 30, 2025 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
With donor restrictions	\$ -	\$ 11,117,931	\$ 11,117,931
Without donor restrictions:			
General operating purposes	20,998,366	-	20,998,366
Board designated	<u>3,793,650</u>	<u>-</u>	<u>3,793,650</u>
Total endowment funds	<u>\$ 24,792,016</u>	<u>\$ 11,117,931</u>	<u>\$ 35,909,947</u>

Changes in endowment net assets, for the year ended June 30, 2025 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of the year	\$ 22,020,968	\$ 10,951,831	\$ 32,972,799
Investment return:			
Investment income	708,546	43,995	752,541
Net appreciation (realized and unrealized)	<u>3,340,160</u>	<u>207,473</u>	<u>3,547,633</u>
Total investment return	4,048,706	251,468	4,300,174
Contributions	1,043,131	600	1,043,731
Appropriation of assets for expenditures	<u>(2,320,789)</u>	<u>(85,968)</u>	<u>(2,406,757)</u>
Endowment net assets, end of the year	<u>\$ 24,792,016</u>	<u>\$ 11,117,931</u>	<u>\$ 35,909,947</u>

MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 13 – ENDOWMENT *(Continued)*

Endowment net asset classification as of June 30, 2024 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
With donor restrictions	\$ -	\$ 10,951,831	\$ 10,951,831
Without donor restrictions:			
General operating purposes	18,944,037	-	18,944,037
Board designated	<u>3,076,931</u>	<u>-</u>	<u>3,076,931</u>
Total endowment funds	<u>\$ 22,020,968</u>	<u>\$ 10,951,831</u>	<u>\$ 32,972,799</u>

Changes in endowment net assets, for the year ended June 30, 2024 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of the year	\$ 18,459,823	\$ 10,716,114	\$ 29,175,937
Investment return:			
Investment income	670,976	46,737	717,713
Net appreciation (realized and unrealized)	<u>3,807,087</u>	<u>257,026</u>	<u>4,064,113</u>
Total investment return	4,478,063	303,763	4,781,826
Contributions	438,604	15,600	454,204
Appropriation of assets for expenditures	<u>(1,355,522)</u>	<u>(83,646)</u>	<u>(1,439,168)</u>
Endowment net assets, end of the year	<u>\$ 22,020,968</u>	<u>\$ 10,951,831</u>	<u>\$ 32,972,799</u>

MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 14 – EMPLOYEE BENEFIT PLANS

The Association maintains a defined contribution plan (the Plan), which qualifies under Section 403(b) of the Internal Revenue Code. The Plan covers substantially all employees of the Association who have met certain eligibility requirements. Under the terms of the Plan, the Association contributes 50% of employee deferrals up to 5% of eligible employee compensation. For the years ended June 30, 2025 and 2024, the Association's contributions to the Plan were \$29,864 and \$30,990, respectively.

NOTE 15 – DISAGGREGATION OF REVENUE

The following table disaggregates the Association's support and revenue for the years ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Revenue from contracts with customers		
Satisfied over time		
Municipal and state aid	\$ 545,702	\$ 540,536
Satisfied at a point in time		
Library collections	<u>10,760</u>	<u>9,557</u>
Total revenue from contracts with customers	556,462	550,093
Other revenue and support		
Contributions and grants	1,021,393	1,268,050
Special events, net of direct donor benefits	26,947	140,117
Other revenue	8,903	10,827
Interest and dividends, net	753,467	746,331
Net gains on investments	3,547,633	4,064,113
Net change in value of beneficial interest		
in charitable trusts	<u>180,055</u>	<u>173,171</u>
Total other revenue and support	<u>5,538,398</u>	<u>6,402,609</u>
Total revenue and support	<u><u>\$ 6,094,860</u></u>	<u><u>\$ 6,952,702</u></u>