

MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
FINANCIAL STATEMENTS
AS OF
JUNE 30, 2022 AND 2021
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, 2022 and 2021 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, 2022 and 2021, 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 standard generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's 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.

Hoyt, Filippetti & Malashan, LLC

Westerly, Rhode Island
January 28, 2023

MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
Cash	\$ 994,080	\$ 816,839
Investments	26,792,327	31,081,022
Prepaid expenses and other current assets	110,308	117,299
Unconditional promises to give	1,152	1,676,879
Grants receivable, net	1,272,665	1,547,820
Beneficial interests in charitable trusts:		
Irrevocable trusts	60,712	57,002
Perpetual trusts	1,745,582	2,072,756
Land, buildings and equipment, net	7,524,787	7,915,030
	<u> </u>	<u> </u>
Total assets	<u>\$ 38,501,613</u>	<u>\$ 45,284,647</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 37,876	\$ 176,843
Accrued liabilities	50,259	133,820
Note payable	1,272,668	1,547,073
Capital leases payable	7,325	12,492
Total liabilities	<u>1,368,128</u>	<u>1,870,228</u>
 COMMITMENTS <i>(Note 12)</i>	 -	 -
 NET ASSETS		
Without donor restrictions		
Invested in land, building and equipment	5,620,794	5,731,465
Board designated as endowment	2,603,078	997,230
General operating purposes	14,295,891	21,187,455
Total net assets without donor restrictions	<u>22,519,763</u>	<u>27,916,150</u>
With donor restrictions	<u>14,613,722</u>	<u>15,498,269</u>
Total net assets	<u>37,133,485</u>	<u>43,414,419</u>
	<u> </u>	<u> </u>
Total liabilities and net assets	<u>\$ 38,501,613</u>	<u>\$ 45,284,647</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, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Contributions	\$ 221,563	\$ 205,581	\$ 427,144	\$ 208,149	\$ 100,731	\$ 308,880
Investment income						
Interest and dividends, net	478,521	36,190	514,711	444,801	36,717	481,518
Net realized and unrealized (losses) gains on investments	(4,731,050)	(353,410)	(5,084,460)	6,815,341	547,679	7,363,020
Change in beneficial interest in charitable trusts	29,281	(323,463)	(294,182)	18,822	352,880	371,702
Municipal and state grant aid	540,807	-	540,807	537,747	-	537,747
Grant revenue	316,165	112,482	428,647	307,643	495,700	803,343
Library collections	8,844	-	8,844	6,983	-	6,983
Special events, net of direct donor benefits	49,745	-	49,745	22,035	-	22,035
Other revenue	14,213	-	14,213	366	51,879	52,245
	<u>(3,071,911)</u>	<u>(322,620)</u>	<u>(3,394,531)</u>	<u>8,361,887</u>	<u>1,585,586</u>	<u>9,947,473</u>
Net assets released from restrictions	561,927	(561,927)	-	954,693	(954,693)	-
Total support and revenue	<u>(2,509,984)</u>	<u>(884,547)</u>	<u>(3,394,531)</u>	<u>9,316,580</u>	<u>630,893</u>	<u>9,947,473</u>
EXPENSES						
Program services						
Library	1,125,626	-	1,125,626	1,100,044	-	1,100,044
Building	748,744	-	748,744	781,179	-	781,179
Park	369,583	-	369,583	352,443	-	352,443
	<u>2,243,953</u>	<u>-</u>	<u>2,243,953</u>	<u>2,233,666</u>	<u>-</u>	<u>2,233,666</u>
Supporting services						
Administrative and general	396,959	-	396,959	394,738	-	394,738
Development and fundraising	245,491	-	245,491	220,323	-	220,323
	<u>642,450</u>	<u>-</u>	<u>642,450</u>	<u>615,061</u>	<u>-</u>	<u>615,061</u>
Total expenses	<u>2,886,403</u>	<u>-</u>	<u>2,886,403</u>	<u>2,848,727</u>	<u>-</u>	<u>2,848,727</u>
Change in net assets	(5,396,387)	(884,547)	(6,280,934)	6,467,853	630,893	7,098,746
NET ASSETS, beginning of the year	27,916,150	15,498,269	43,414,419	21,448,297	14,867,376	36,315,673
NET ASSETS, end of the year	<u>\$ 22,519,763</u>	<u>\$ 14,613,722</u>	<u>\$ 37,133,485</u>	<u>\$ 27,916,150</u>	<u>\$ 15,498,269</u>	<u>\$ 43,414,419</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, 2022**

	Program Services				Supporting Services			Total
	Library	Building	Park	Total Program	Administrative and General	Development and Fundraising	Total Supporting Services	
Salaries and wages	\$ 730,100	\$ 96,345	\$ 163,878	\$ 990,323	\$ 203,371	\$ 197,656	\$ 401,027	\$ 1,391,350
Payroll taxes	66,185	7,766	13,689	87,640	16,344	15,914	32,258	119,898
Health insurance	65,238	8,065	16,804	90,107	14,704	4,707	19,411	109,518
Employee benefits	13,377	864	4,097	18,338	5,114	3,330	8,444	26,782
Books and library materials	105,176	-	-	105,176	-	-	-	105,176
Computer services and software	59,155	-	-	59,155	31,373	8,956	40,329	99,484
Tree and plant work	-	-	17,844	17,844	-	-	-	17,844
Library programs	15,726	-	-	15,726	-	-	-	15,726
Watch Hill library materials	2,889	-	-	2,889	-	-	-	2,889
Utilities	-	98,453	6,045	104,498	-	-	-	104,498
Professional services	6,594	567	1,069	8,230	100,699	1,780	102,479	110,709
Interest	-	65,684	-	65,684	-	-	-	65,684
Repairs and maintenance	-	37,405	11,975	49,380	-	-	-	49,380
Insurance	4,350	27,761	11,076	43,187	5,419	124	5,543	48,730
Supplies	7,902	14,597	8,455	30,954	5,333	512	5,845	36,799
Service contracts	1,656	29,008	686	31,350	-	120	120	31,470
Furniture and equipment	9,634	4,325	16,639	30,598	-	-	-	30,598
Postage and printing	484	-	1	485	371	6,242	6,613	7,098
Miscellaneous	-	-	-	-	6,623	-	6,623	6,623
Training and education	900	900	900	2,700	2,863	900	3,763	6,463
Parking and travel	3,285	240	1,171	4,696	-	480	480	5,176
Telephone	2,434	243	-	2,677	1,947	243	2,190	4,867
Recognition and recruitment	-	-	-	-	-	4,527	4,527	4,527
Depreciation and amortization	30,541	356,521	95,254	482,316	2,798	-	2,798	485,114
Total	<u>\$ 1,125,626</u>	<u>\$ 748,744</u>	<u>\$ 369,583</u>	<u>\$ 2,243,953</u>	<u>\$ 396,959</u>	<u>\$ 245,491</u>	<u>\$ 642,450</u>	<u>\$ 2,886,403</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, 2021

	Program Services				Supporting Services			Total
	Library	Building	Park	Total Program	Administrative and General	Development and Fundraising	Total Supporting Services	
Salaries and wages	\$ 719,253	\$ 93,698	\$ 154,108	\$ 967,059	\$ 197,416	\$ 160,875	\$ 358,291	\$ 1,325,350
Payroll taxes	62,174	7,423	12,819	82,416	15,860	12,863	28,723	111,139
Health insurance	59,289	8,402	16,891	84,582	14,850	5,551	20,401	104,983
Employee benefits	12,018	854	3,821	16,693	4,963	2,811	7,774	24,467
Professional services	5,893	524	7,459	13,876	108,931	18,133	127,064	140,940
Books and library materials	112,462	-	-	112,462	-	-	-	112,462
Utilities	-	102,219	9,551	111,770	-	-	-	111,770
Computer services and software	51,174	-	-	51,174	32,957	9,567	42,524	93,698
Interest	-	80,671	-	80,671	-	-	-	80,671
Insurance	4,170	26,385	10,957	41,512	4,201	173	4,374	45,886
Repairs and maintenance	-	23,067	13,453	36,520	-	-	-	36,520
Supplies	8,975	14,115	7,336	30,426	3,398	736	4,134	34,560
Service contracts	947	30,696	336	31,979	-	120	120	32,099
Library programs	16,750	-	-	16,750	-	-	-	16,750
Tree and plant work	-	-	15,759	15,759	-	-	-	15,759
Furniture and equipment	2,018	653	3,747	6,418	-	-	-	6,418
Postage and printing	179	-	43	222	493	5,608	6,101	6,323
Training and education	801	224	682	1,707	2,960	336	3,296	5,003
Telephone	2,372	237	-	2,609	1,896	237	2,133	4,742
Parking and travel	2,803	304	993	4,100	-	336	336	4,436
Miscellaneous	-	-	-	-	3,636	-	3,636	3,636
Watch Hill library materials	3,197	-	-	3,197	-	-	-	3,197
Recognition and recruitment	-	-	-	-	-	2,977	2,977	2,977
Depreciation and amortization	35,569	391,707	94,488	521,764	3,177	-	3,177	524,941
Total	<u>\$ 1,100,044</u>	<u>\$ 781,179</u>	<u>\$ 352,443</u>	<u>\$ 2,233,666</u>	<u>\$ 394,738</u>	<u>\$ 220,323</u>	<u>\$ 615,061</u>	<u>\$ 2,848,727</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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (6,280,934)	\$ 7,098,746
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Net realized and unrealized losses (gains) on investments	5,084,460	(7,363,020)
Change in beneficial interests in charitable trusts	294,182	(371,702)
Amortization of discount on grant receivable	(37,857)	(27,345)
Non-cash contributions	(6,245)	(5,904)
Depreciation and amortization	485,114	524,941
Loss on sale of property and equipment	182	1,604
Contributions restricted for investment in property and equipment	-	(50,930)
Changes in operating assets and liabilities		
Prepaid expenses and other current assets	6,991	(91,478)
Grants receivable	313,012	298,200
Unconditional promises to give	1,675,727	1,511,466
Accounts payable	(138,967)	119,464
Accrued liabilities	(83,561)	9,416
Net cash provided by operating activities	<u>1,312,104</u>	<u>1,653,458</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(4,350,201)	(3,515,983)
Purchases of property and equipment	(95,052)	(480,014)
Proceeds from the sale of investments	3,560,681	2,773,154
Distributions from beneficial interests in perpetual trusts	29,281	18,822
Proceeds from the sale of property and equipment	-	4,500
Net cash used in investing activities	<u>(855,291)</u>	<u>(1,199,521)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for investment in property and equipment	-	50,930
Payments on note payable	(274,405)	(271,601)
Payments on capital lease payable	(5,167)	(5,826)
Net cash used in financing activities	<u>(279,572)</u>	<u>(226,497)</u>
NET INCREASE IN CASH	177,241	227,440
CASH, beginning of the year	<u>816,839</u>	<u>589,399</u>
CASH, end of the year	<u><u>\$ 994,080</u></u>	<u><u>\$ 816,839</u></u>
SUPPLEMENTAL DISCLOSURE		
Cash paid for interest	<u><u>\$ 66,714</u></u>	<u><u>\$ 79,160</u></u>

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

MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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 (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.

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.

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.

**MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

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

NET ASSET CATEGORIES (*Continued*)

Without Donor Restrictions (*Continued*)

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 13* 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.

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.

MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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

REVENUE AND REVENUE RECOGNITION *(Continued)*

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.

Donated 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 did not received stock donations of \$6,245 and \$0, respectively, during the years ended June 30, 2022 and 2021.

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.

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, 2022 and 2021 the Association did not have any cash equivalents.

MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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

INVESTMENTS

Investments consist of marketable equity, debt securities, mutual funds, certificates of deposit, cash and cash equivalents, 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, 2022 and 2021 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.

Unconditional promises to give as of June 30, 2021 includes \$51,879 of Employee Retention Credits (ERC) due under the CARES Act. The ERC provides for a refundable tax credit consisting of 50% of up to \$10,000 in wages by and Eligible Employer whose business has been financially impacted by COVID-19. For the 3rd and 4th quarter of 2020, the credit is 50% of up to \$10,000 of wages. For 2021, it is 70% of up to \$10,000 for each quarter.

BENEFICIAL INTEREST IN CHARITABLE TRUSTS

The Association is a beneficiary of two irrevocable trusts, three perpetual trusts and one community trust. 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.

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.

MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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

PROPERTY AND EQUIPMENT (*Continued*)

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 \$1,000 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, 2022 and 2021.

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 unrestricted net assets in the year in which the items are acquired. Contributed collection items are not reflected in the financial statements. Proceeds from deaccessions or insurance recoveries are reflected in the statement of activities and changes in net assets as temporarily restricted or unrestricted revenue in accordance with any donor restrictions.

MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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, 2022 and 2021. 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, 2022 and 2021 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 January 28, 2023, 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, unconditional promises to give, grants receivable, investments and the beneficial interest in charitable trusts.

Cash

The Association places its cash in high quality financial institutions. From time to time, the Association maintains deposits in excess of FDIC insurance limits. Management believes this to be a normal business 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.

Grants Receivable, net

Grants receivable consist mainly of amounts due from grantors for reimbursement type grants. Management believes they represent minimal credit risk.

MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
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JUNE 30, 2022 AND 2021

NOTE 2 - CONCENTRATIONS OF CREDIT RISK (Continued)

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, investments are subject to the risk of the securities markets as a whole.

Beneficial Interest 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 individual trust managers and the securities markets as a whole. Management believes they represent minimal concentration risk.

NOTE 3 - LIQUIDITY AND AVIALABILITY 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 posisiton at June 30, 2022 and 2021:

	2022	2021
Financial Assets, at year-end		
Cash	\$ 994,080	\$ 816,839
Investments	26,792,327	31,081,022
Unconditional promises to give	1,152	1,676,879
Grants receivable	1,272,665	1,547,820
Beneficial interest in charitable trusts	1,806,294	2,129,758
	<u>30,866,518</u>	<u>37,252,318</u>
Less: those unavailable for general use		
Donor imposed restrictions	(13,989,722)	(14,874,269)
Board designated endowment	(2,603,078)	(997,230)
	<u>(16,592,800)</u>	<u>(15,871,500)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 14,273,718</u>	<u>\$ 21,380,819</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.

MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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.

In determining fair value, the Association utilizes valuation methodologies that maximize the use of observable inputs to the extent possible.

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, 2022 and 2021.

Description	Fair Value	Assets (Level 1)	Assets (Level 2)	Assets (Level 3)
2022				
Investments				
Cash and cash equivalents	\$ 236,454	\$ 236,454	\$ -	\$ -
Fixed income	4,991,551	-	4,991,551	-
Mutual funds	21,548,742	21,548,742	-	-
Other	15,580	15,580	-	-
	<u>26,792,327</u>	<u>21,800,776</u>	<u>4,991,551</u>	<u>-</u>
Beneficial interests in -				
Irrevocable trusts	60,712	-	-	60,712
Perpetual trusts	1,745,582	-	-	1,745,582
	<u>\$ 28,598,621</u>	<u>\$ 21,800,776</u>	<u>\$ 4,991,551</u>	<u>\$ 1,806,294</u>

MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 4 - FAIR VALUE MEASUREMENT (Continued)

Description	Fair Value	Assets (Level 1)	Assets (Level 2)	Assets (Level 3)
2021				
Investments				
Cash and cash equivalents	\$ 271,440	\$ 271,440	\$ -	\$ -
Fixed income	4,412,659	-	4,412,659	-
Mutual funds	26,387,072	26,387,072	-	-
Other	9,851	9,851	-	-
	<u>31,081,022</u>	<u>26,668,363</u>	<u>4,412,659</u>	<u>-</u>
Beneficial interests in -				
Irrevocable trusts	57,002	-	-	57,002
Perpetual trusts	2,072,756	-	-	2,072,756
	<u>\$ 33,210,780</u>	<u>\$ 26,668,363</u>	<u>\$ 4,412,659</u>	<u>\$ 2,129,758</u>

Changes in the value of Level 3 assets for the years ended June 30, 2022 and 2021 are as follows:

	2022	2021
Fair value, beginning of the year	\$ 2,129,758	\$ 1,776,878
(Decrease) increase in value of beneficial interest	(294,183)	371,702
Distribution	<u>(29,281)</u>	<u>(18,822)</u>
Fair value, end of the year	<u>\$ 1,806,294</u>	<u>\$ 2,129,758</u>

NOTE 5 - INVESTMENTS

A summary of the Association's investments as of June 30, 2022 and 2021 is as follows:

	Cost	Net unrealized gains	Fair Value
2022			
Cash and cash equivalents	\$ 236,454	\$ -	\$ 236,454
Fixed income	5,684,740	(693,189)	4,991,551
Mutual funds	18,802,595	2,746,147	21,548,742
Other	<u>12,411</u>	<u>3,169</u>	<u>15,580</u>
Total	<u>\$ 24,736,200</u>	<u>\$ 2,056,127</u>	<u>\$ 26,792,327</u>

MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 5 - INVESTMENTS (*Continued*)

	Cost	Net unrealized gains	Fair Value
2021			
Cash and cash equivalents	\$ 271,440	\$ -	\$ 271,440
Fixed income	4,330,961	81,698	4,412,659
Mutual funds	18,549,202	7,837,870	26,387,072
Other	6,998	2,853	9,851
Total	<u>\$ 23,158,601</u>	<u>\$ 7,922,421</u>	<u>\$ 31,081,022</u>

As of June 30, 2022 and 2021, \$10,313,150 and \$8,687,150, respectively, of the Association's investments were restricted for investment in perpetuity.

As described in *Note 9*, 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 grants 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 9*, associated with the Association's 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, 2022 and 2021, grant revenue includes \$37,857 and \$27,345, respectively, related to amortization of the discount. The balance receivable under the grant, net of cumulative discounts, was \$1,272,665 and \$1,547,820 as of June 30, 2022 and 2021, respectively.

MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 6 - GRANTS RECEIVABLE (*Continued*)

As of June 30, 2022, scheduled grant payments are as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2023	\$ 253,767
2024	253,767
2025	253,767
2026	253,767
2027	253,767
2028 and thereafter	<u>685,189</u>
Total grant payments	1,954,024
Less: Unamortized discount	<u>(681,359)</u>
Grant receivable, net	<u><u>\$ 1,272,665</u></u>

NOTE 7 - BENEFICIAL INTEREST IN CHARITABLE TRUSTS

BENEFICIAL INTEREST 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, 2022, the Association's designated percentage interest of 15% in these trusts 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 interest in irrevocable trusts retained by the trust is recorded as donor restricted gain or loss in the statements of activities and changes in net assets.

The Association's interests in the trusts were valued at \$60,712 and \$57,002 in the accompanying statements of financial position as of June 30, 2022 and 2021, respectively.

BENEFICIAL INTEREST IN PERPETUAL TRUSTS

The Association is a beneficiary of the income from three trusts held in perpetuity by independent trustees, the underlying assets of which are invested in publicly traded securities. The Association has an irrevocable right to receive a portion of the income earned on the trusts' assets, but will never receive the trusts' corpus. The beneficial interest in perpetual trusts is reported in the statements of financial position 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 interest in perpetual trusts retained by the trust is recorded as donor restricted gain or loss in the statement of activities and changes in net assets. As of June 30, 2022 and 2021, the total value of the Association's interest in the trusts was \$1,745,582 and \$2,072,756, respectively.

MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 7 - BENEFICIAL INTEREST IN CHARITABLE TRUSTS (Continued)

BENEFICIAL INTEREST IN COMMUNITY TRUST

The Association is the designated beneficiary of a portion of the interest income on four endowments maintained by the Rhode Island Foundation. The Rhode Island Foundation has variance power over these endowments; accordingly, the Association has not included its interest in the endowments in the accompanying financial statements. The Association received distributions of \$6,993 and \$6,698, respectively, from such funds during the years ended June 30, 2022 and 2021, and are included in contributions.

NOTE 8 - PROPERTY AND EQUIPMENT

As of June 30, 2022 and 2021, the components of property and equipment are as follows:

	2022	2021
Land and land improvements	\$ 1,505,000	\$ 1,505,000
Buildings and improvements	17,367,732	17,299,653
Furniture and equipment	1,618,793	1,606,002
	<u>20,491,525</u>	<u>20,410,655</u>
Less accumulated depreciation and amortization	12,966,738	12,495,625
	<u><u>\$ 7,524,787</u></u>	<u><u>\$ 7,915,030</u></u>

Depreciation and amortization expense for the years ended June 30, 2022 and 2021 was \$485,114 and \$524,941, respectively.

As of June 30, 2022 and 2021, \$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 13*).

NOTE 9 - NOTE PAYABLE

The Association is obligated under a note payable to a bank, bearing interest at 4.5% at June 30, 2022. The note requires monthly principal and interest payments of approximately \$21,100 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, 2022 and 2021, the approximate minimum balance of pledged assets required to be maintained under the collateral agreement was \$1,958,000 and \$2,380,000, respectively. The balance of pledged assets totaled \$4,292,176 and \$5,062,710 at June 30, 2022 and 2021, respectively.

MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 9 - NOTE PAYABLE (*Continued*)

As of June 30, 2022, annual maturities of the note payable are as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2023	\$ 155,614
2024	164,275
2025	173,916
2026	183,866
2027	194,385
2028 and thereafter	400,612
Total	<u>\$ 1,272,668</u>

NOTE 10 - CAPITAL LEASES PAYABLE

The Association leases certain office equipment under capital lease obligations which mature at various dates through April 2024. Total cost of equipment under capital lease is \$23,607 at June 30, 2022 and 2021. The leased equipment is amortized on a straight line basis over five to seven years. Total accumulated amortization related to the leased equipment is \$17,824 and \$13,103 at June 30, 2022 and 2021, respectively.

Future lease payments under such leases and the present value of the minimum lease payments, as of June 30, 2022, are as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2023	\$ 6,051
2024	2,334
Total minimum lease payments	8,385
Less: Amount representing interest	1,060
Present value of minimum lease payments	<u>\$ 7,325</u>

NOTE 11 - 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 4.75% as of June 30, 2022. As of June 30, 2022 and 2021, no amounts were outstanding under the agreement.

MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 12 - 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. Based on historical usage, the Association expects to pay the supplier approximately \$109,000 during the remainder of 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 ending April 2023 at a fixed rate per therm based on the Association's historical usage. Based on historical usage, the Association expects to pay the supplier approximately \$21,000 during the remainder of the contract period.

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 \$1,192,000 during the remainder of the contract period. Such agreement provides for three five year renewal terms.

NOTE 13 - NET ASSETS

BOARD DESIGNATED NET ASSETS

As of June 30, 2022 and 2021, the Association's Board of Directors designated net assets totaled \$2,603,078 and \$997,230, respectively. As of June 30, 2022 and 2021, \$2,436,030 and \$835,080 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. The remaining \$167,048 and \$164,150, respectively, represents a newly established operating fund.

MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 13 - NET ASSETS (*Continued*)

WITH DONOR RESTRICTIONS

As of June 30, 2022 and 2021, the Association has net assets with donor restrictions available for the following purposes:

	<u>2022</u>	<u>2021</u>
Endowment - income from which is expendible to support		
Unrestricted purposes	\$ 8,309,315	\$ 8,309,315
Books and library materials	1,925,910	1,924,910
Park maintenance	74,254	74,254
Genealogy	1,656	1,656
Staff education	2,015	2,015
	<u>10,313,150</u>	<u>10,312,150</u>
Beneficial interest in perpetual trusts	1,745,582	2,072,756
Park land held in perpetuity	624,000	624,000
Time restrictions		
Payment of principal and interest on long-term debt	1,274,910	1,549,227
Beneficial interest in irrevocable trusts	60,712	57,002
Employee Retention Tax Credits receivable	-	51,879
Purpose restrictions		
Restricted to the Library		
Books and library materials	264,035	653,101
Building renovations	291,926	150,469
Restricted to the Park - park maintenance	39,407	27,685
	<u>39,407</u>	<u>27,685</u>
Total	<u>\$ 14,613,722</u>	<u>\$ 15,498,269</u>

MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 13 - 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, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Satisfaction of time restrictions		
Payment of principal and interest on long-term debt	\$ 339,402	\$ 409,862
Receipt of Employer Retention Credits	51,879	-
Receipt of beneficial interest in estate	-	86,977
Satisfaction of purpose restrictions		
Restricted to the Library		
Books and library materials	139,673	106,402
Library fixed asset additions	6,357	325,505
Payroll and employee benefits	-	2,738
Restricted to the Park		
Park maintenance	11,366	13,859
Park fixed asset additions	13,250	9,350
	<u>\$ 561,927</u>	<u>\$ 954,693</u>
Total net assets released		

NOTE 14 - 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 Management of Institutional 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, 2022 AND 2021

NOTE 14 - 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.

MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 14 - ENDOWMENT (Continued)

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

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.

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, 2022 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
With donor restrictions	\$ -	\$ 10,529,788	\$ 10,529,788
Without donor restrictions:			
General operating purposes	13,659,461	-	13,659,461
Board-designated	2,603,078	-	2,603,078
Total	<u>\$ 16,262,539</u>	<u>\$ 10,529,788</u>	<u>\$ 26,792,327</u>

Changes in endowment net assets, for the year ended June 30, 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - beginning of the year	\$ 21,779,914	\$ 9,301,108	\$ 31,081,022
Investment return:			
Interest and dividends, net	477,497	36,190	513,687
Net appreciation (realized and unrealized)	(4,731,050)	(353,410)	(5,084,460)
Total investment return	(4,253,553)	(317,220)	(4,570,773)
Contributions	7,745	1,625,000	1,632,745
Appropriation for expenditure	(1,271,567)	(79,100)	(1,350,667)
Endowment net assets - end of the year	<u>\$ 16,262,539</u>	<u>\$ 10,529,788</u>	<u>\$ 26,792,327</u>

MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 14 - ENDOWMENT (Continued)

Endowment net asset classification as of June 30, 2021 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
With donor restrictions	\$ -	\$ 9,301,108	\$ 9,301,108
Without donor restrictions:			
General operating purposes	20,782,684	-	20,782,684
Board-designated	997,230	-	997,230
Total	<u>\$ 21,779,914</u>	<u>\$ 9,301,108</u>	<u>\$ 31,081,022</u>

Changes in endowment net assets, for the year ended June 30, 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - beginning of the year	\$ 15,586,288	\$ 7,382,981	\$ 22,969,269
Investment return:			
Interest and dividends, net	443,526	35,432	478,958
Net appreciation (realized and unrealized)	6,815,341	547,679	7,363,020
Total investment return	7,258,867	583,111	7,841,978
Contributions	-	1,500,000	1,500,000
Appropriation for expenditure	(1,065,241)	(164,984)	(1,230,225)
Endowment net assets - end of the year	<u>\$ 21,779,914</u>	<u>\$ 9,301,108</u>	<u>\$ 31,081,022</u>

NOTE 15 - 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, 2022 and 2021, the Association's contributions to the Plan were \$26,782 and \$24,467, respectively.