

MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY

FINANCIAL STATEMENTS
AS OF
JUNE 30, 2020 AND 2019

TOGETHER WITH

INDEPENDENT AUDITORS' REPORT



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Memorial and Library Association of Westerly (the Association), which comprise the statement of financial position as of June 30, 2020 and 2019 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Hayt, Filippetti & Malaghan, LLC

Westerly, Rhode Island
November 30, 2020

MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
Cash	\$ 589,399	\$ 335,268
Investments	22,969,269	20,192,788
Prepaid expenses and other current assets	25,821	27,337
Unconditional promises to give	3,188,345	5,750,979
Grants receivable, net	1,818,675	2,078,937
Beneficial interests in charitable trusts:		
Irrevocable trusts	45,830	50,022
Perpetual trusts	1,731,048	1,739,811
Land, buildings and equipment, net	7,966,060	8,483,642
 Total assets	 \$ 38,334,447	 \$ 38,658,784
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 57,378	\$ 136,810
Accrued liabilities	124,404	85,510
Note payable	1,818,674	2,078,936
Capital leases payable	18,318	16,034
Total liabilities	2,018,774	2,317,290
 COMMITMENTS <i>(Note 12)</i>	 -	 -
NET ASSETS		
Without donor restrictions		
Invested in land, building and equipment	5,505,068	5,764,672
Board designated as endowment	856,350	758,436
General operating purposes	15,086,879	15,375,664
Total net assets without donor restrictions	21,448,297	21,898,772
With donor restrictions	14,867,376	14,442,722
Total net assets	36,315,673	36,341,494
 Total liabilities and net assets	 \$ 38,334,447	 \$ 38,658,784

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, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Contributions	\$ 206,339	\$ 778,933	\$ 985,272	\$ 186,504	\$ 5,856,627	\$ 6,043,131
Investment income						
Interest and dividends, net	421,836	43,746	465,582	681,532	76,623	758,155
Net realized and unrealized gains on investments	88,178	9,072	97,250	371,725	41,360	413,085
Change in beneficial interest in charitable trusts	25,646	(12,955)	12,691	30,109	28,962	59,071
Municipal and state grant aid	512,688	-	512,688	516,275	-	516,275
Grant revenue	317,010	337,870	654,880	315,893	148,758	464,651
Library collections	14,529	-	14,529	25,028	-	25,028
Special events, net of direct donor benefits	18,325	-	18,325	19,228	-	19,228
Other revenue	5,439	-	5,439	8,975	-	8,975
	<u>1,609,990</u>	<u>1,156,666</u>	<u>2,766,656</u>	<u>2,155,269</u>	<u>6,152,330</u>	<u>8,307,599</u>
Net assets released from restrictions	732,012	(732,012)	-	554,910	(554,910)	-
Total support and revenue	<u>2,342,002</u>	<u>424,654</u>	<u>2,766,656</u>	<u>2,710,179</u>	<u>5,597,420</u>	<u>8,307,599</u>
EXPENSES						
Program services						
Library	1,132,687	-	1,132,687	1,112,706	-	1,112,706
Building	800,726	-	800,726	811,284	-	811,284
Park	321,248	-	321,248	341,384	-	341,384
	<u>2,254,661</u>	<u>-</u>	<u>2,254,661</u>	<u>2,265,374</u>	<u>-</u>	<u>2,265,374</u>
Supporting services						
Administrative and general	370,659	-	370,659	360,709	-	360,709
Development and fundraising	167,157	-	167,157	146,730	-	146,730
	<u>537,816</u>	<u>-</u>	<u>537,816</u>	<u>507,439</u>	<u>-</u>	<u>507,439</u>
Total expenses	<u>2,792,477</u>	<u>-</u>	<u>2,792,477</u>	<u>2,772,813</u>	<u>-</u>	<u>2,772,813</u>
Change in net assets	(450,475)	424,654	(25,821)	(62,634)	5,597,420	5,534,786
NET ASSETS, beginning of the year	<u>21,898,772</u>	<u>14,442,722</u>	<u>36,341,494</u>	<u>21,961,406</u>	<u>8,845,302</u>	<u>30,806,708</u>
NET ASSETS, end of the year	<u>\$ 21,448,297</u>	<u>\$ 14,867,376</u>	<u>\$ 36,315,673</u>	<u>\$ 21,898,772</u>	<u>\$ 14,442,722</u>	<u>\$ 36,341,494</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, 2020**

	Program Services				Supporting Services			Total
	Library	Building	Park	Total Program	Administrative and General	Development and Fundraising	Total Supporting Services	
Salaries and wages	\$ 763,682	\$ 82,365	\$ 137,241	\$ 983,288	\$ 190,898	\$ 123,879	\$ 314,777	\$ 1,298,065
Payroll taxes	61,025	6,765	11,121	78,911	15,227	9,482	24,709	103,620
Health insurance	57,919	2,206	8,033	68,158	13,973	7,043	21,016	89,174
Employee benefits	11,864	196	3,120	15,180	4,833	2,475	7,308	22,488
Books and library materials	98,461	-	-	98,461	-	-	-	98,461
Computer services and software	55,135	-	-	55,135	27,869	8,707	36,576	91,711
Tree and plant work	-	-	23,477	23,477	-	-	-	23,477
Library programs	14,342	-	-	14,342	-	-	-	14,342
Watch Hill library materials	704	-	-	704	-	-	-	704
Utilities	-	107,713	8,093	115,806	-	-	-	115,806
Professional services	7,166	428	1,045	8,639	101,300	1,321	102,621	111,260
Interest	-	90,292	-	90,292	-	-	-	90,292
Service contracts	1,563	41,539	685	43,787	-	100	100	43,887
Insurance	4,051	25,660	10,236	39,947	3,725	128	3,853	43,800
Supplies	7,646	17,280	6,768	31,694	3,605	2,126	5,731	37,425
Repairs and maintenance	-	26,931	8,852	35,783	-	-	-	35,783
Postage and printing	203	-	-	203	416	5,643	6,059	6,262
Parking and travel	3,371	383	1,371	5,125	-	267	267	5,392
Furniture and equipment	-	734	4,571	5,305	-	-	-	5,305
Training and education	1,995	101	101	2,197	-	2,705	2,705	4,902
Telephone	1,957	196	-	2,153	2,293	196	2,489	4,642
Recognition and recruitment	-	-	-	-	-	3,085	3,085	3,085
Miscellaneous	-	-	-	-	3,217	-	3,217	3,217
Depreciation and amortization	41,603	397,937	96,534	536,074	3,303	-	3,303	539,377
Total	\$ 1,132,687	\$ 800,726	\$ 321,248	\$ 2,254,661	\$ 370,659	\$ 167,157	\$ 537,816	\$ 2,792,477

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, 2019**

	Program Services			Total Program	Supporting Services			Total
	Library	Building	Park		Administrative and General	Development and Fundraising	Total Supporting Services	
Salaries and wages	\$ 728,776	\$ 61,162	\$ 135,496	\$ 925,434	\$ 181,501	\$ 107,311	\$ 288,812	\$ 1,214,246
Payroll taxes	63,200	5,027	11,136	79,363	15,007	8,499	23,506	102,869
Health insurance	57,744	-	7,390	65,134	14,341	6,376	20,717	85,851
Employee benefits	11,018	-	3,028	14,046	4,644	2,289	6,933	20,979
Books and library materials	96,077	-	-	96,077	-	-	-	96,077
Computer services and software	52,994	-	-	52,994	28,108	10,837	38,945	91,939
Library programs	17,489	-	-	17,489	-	-	-	17,489
Tree and plant work	-	-	11,357	11,357	-	-	-	11,357
Watch Hill library materials	3,384	-	-	3,384	-	-	-	3,384
Utilities	-	106,496	12,328	118,824	-	-	-	118,824
Professional services	6,542	184	766	7,492	97,923	873	98,796	106,288
Interest	-	100,662	-	100,662	-	-	-	100,662
Service contracts	7,401	60,887	824	69,112	-	-	-	69,112
Repairs and maintenance	-	45,042	22,660	67,702	-	-	-	67,702
Insurance	4,590	28,594	14,584	47,768	3,003	161	3,164	50,932
Supplies	11,684	9,014	7,877	28,575	3,953	590	4,543	33,118
Furniture and equipment	4,857	-	16,894	21,751	-	-	-	21,751
Postage and printing	364	-	10	374	3,110	4,480	7,590	7,964
Parking and travel	3,615	133	1,219	4,967	-	431	431	5,398
Telephone	2,352	235	40	2,627	1,881	235	2,116	4,743
Recognition and recruitment	-	-	-	-	-	4,513	4,513	4,513
Training and education	475	135	225	835	1,528	135	1,663	2,498
Miscellaneous	13	-	-	13	3,606	-	3,606	3,619
Depreciation and amortization	40,131	393,713	95,550	529,394	2,104	-	2,104	531,498
Total	\$ 1,112,706	\$ 811,284	\$ 341,384	\$ 2,265,374	\$ 360,709	\$ 146,730	\$ 507,439	\$ 2,772,813

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, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (25,821)	\$ 5,534,786
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Net realized and unrealized gains on investments	(97,250)	(413,085)
Change in beneficial interests in charitable trusts	(12,691)	(59,071)
Amortization of discount on grant receivable	(36,220)	(116,284)
Non-cash contributions	(4,293)	(2,850)
Depreciation and amortization	539,377	531,498
Gain on sale of property and equipment	-	(800)
Contributions restricted for investment in property and equipment	(50,000)	(50,000)
Changes in operating assets and liabilities		
Prepaid expenses and other current assets	1,516	3,542
Grants receivable	296,482	298,779
Unconditional promises to give	2,562,634	(5,748,777)
Accounts payable	(79,432)	97,568
Accrued liabilities	38,894	(20,686)
Deferred revenue	-	(7,250)
Net cash provided by operating activities	3,133,196	47,370
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(4,495,128)	(17,544,653)
Purchases of property and equipment	(13,875)	(197,223)
Proceeds from the sale of investments	1,820,190	17,640,310
Distributions from beneficial interests in perpetual trusts	25,646	30,109
Proceeds from the sale of property and equipment	-	800
Net cash used in investing activities	(2,663,167)	(70,657)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for investment in property and equipment	50,000	50,000
Payments on note payable	(260,262)	(182,496)
Payments on capital lease payable	(5,636)	(3,885)
Net cash used in financing activities	(215,898)	(136,381)
NET INCREASE (DECREASE) IN CASH	254,131	(159,668)
CASH, beginning of the year	335,268	494,936
CASH, end of the year	\$ 589,399	\$ 335,268
SUPPLEMENTAL DISCLOSURE		
Cash paid for interest	\$ 91,271	\$ 101,343
Non-cash investing and financing activities		
Acquisition of equipment through assumption of capital lease	\$ 7,920	\$ -

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

MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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 at 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, 2020 AND 2019**

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.

RECOGNITION OF SUPPORT AND REVENUE

The Association uses the accrual basis of accounting. Under this method, revenue is recognized when earned and expenses are recognized when incurred.

Support and revenue is substantially derived from private contributions, grants, investment income and special events. Grant revenues are reported when awarded and/or when contractual obligations have been met; special event revenues are recorded when the event is held.

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, 2020 AND 2019

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

RECOGNITION OF SUPPORT AND REVENUE *(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 contract imposed restrictions.

Conditional Grants

The Association recognizes conditional grants as support with donor restrictions as the related conditions are substantially met.

During the year ended June 30, 2020, the Association received \$294,100 through the Small Business Administration's Paycheck Protection Program. The Association considers such funds to be a conditional contribution whose requirements were substantially met by June 30, 2020.

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 received \$4,293 and \$2,850 of donated assets during the years ended June 30, 2020 and 2019, respectively.

**MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

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

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, 2020 and 2019 the Association did not have any cash equivalents.

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, 2020 and 2019 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.

MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2020 and 2019.

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.

MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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

INEXHAUSTIBLE COLLECTIONS AND BOOKS *(Continued)*

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.

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, 2020 and 2019. 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, 2020 and 2019 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 30, 2020, 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.

MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 2 - CONCENTRATIONS OF CREDIT RISK (Continued)

Grants Receivable, net

Grants receivable consist mainly of amounts due from grantors for reimbursement type grants. Management believes they represent minimal credit 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, 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, 2020 and 2019:

	2020	2019
Financial Assets, at year-end		
Cash	\$ 589,399	\$ 335,268
Investments	22,969,269	20,192,788
Unconditional promises to give	3,188,345	5,750,979
Grants receivable	1,818,675	2,078,937
Beneficial interest in charitable trusts	1,776,878	1,789,834
	30,342,566	30,147,806
Less: those unavailable for general use		
Donor imposed restrictions	(14,867,376)	(14,442,722)
Board designated endowment	(856,350)	(758,436)
	\$ 14,618,840	\$ 14,946,648

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, 2020 AND 2019

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.

MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 4 - FAIR VALUE MEASUREMENT (Continued)

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, 2020 and 2019.

Description	Fair Value	Assets (Level 1)	Assets (Level 2)	Assets (Level 3)
2020				
Investments				
Cash and cash equivalents	\$ 144,170	\$ 144,170	\$ -	\$ -
Fixed income				
Corporate bonds	2,316,532	-	2,316,532	-
Municipal bonds	1,602,312	-	1,602,312	-
Mutual funds				
International	3,327,843	3,327,843	-	-
Domestic	15,568,877	15,568,877	-	-
Other	9,535	9,535	-	-
	<u>22,969,269</u>	<u>19,050,425</u>	<u>3,918,844</u>	<u>-</u>
Beneficial interests in -				
Irrevocable trusts	45,830	-	-	45,830
Perpetual trusts	1,731,048	-	-	1,731,048
	<u>\$ 24,746,147</u>	<u>\$ 19,050,425</u>	<u>\$ 3,918,844</u>	<u>\$ 1,776,878</u>
2019				
Investments				
Cash and cash equivalents	\$ 336,059	\$ 336,059	\$ -	\$ -
Fixed income				
Certificates of deposit	176,322	176,322	-	-
Corporate bonds	2,365,598	-	2,365,598	-
Municipal bonds	1,789,994	-	1,789,994	-
Mutual funds				
International	3,029,080	3,029,080	-	-
Domestic	12,486,509	12,486,509	-	-
Other	9,226	9,226	-	-
	<u>20,192,788</u>	<u>16,037,196</u>	<u>4,155,592</u>	<u>-</u>
Beneficial interests in -				
Irrevocable trusts	50,022	-	-	50,022
Perpetual trusts	1,739,811	-	-	1,739,811
	<u>\$ 21,982,621</u>	<u>\$ 16,037,196</u>	<u>\$ 4,155,592</u>	<u>\$ 1,789,833</u>

MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 4 - FAIR VALUE MEASUREMENT (Continued)

Changes in the value of Level 3 assets for the years ended June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Fair value, beginning of the year	\$ 1,789,833	\$ 1,760,871
Increase in value of beneficial interest	12,691	59,071
Distribution	<u>(25,646)</u>	<u>(30,109)</u>
Fair value, end of the year	<u>\$ 1,776,878</u>	<u>\$ 1,789,833</u>

NOTE 5 - INVESTMENTS

A summary of the Association's investments as of June 30, 2020 and 2019 is as follows:

	<u>Cost</u>	<u>Net unrealized gains (losses)</u>	<u>Fair Value</u>
2020			
Cash and cash equivalents	\$ 144,170	\$ -	\$ 144,170
Fixed income	5,319,719	(1,400,875)	3,918,844
Mutual funds	16,922,519	1,974,201	18,896,720
Other	<u>6,991</u>	<u>2,544</u>	<u>9,535</u>
Total	<u>\$ 22,393,399</u>	<u>\$ 575,870</u>	<u>\$ 22,969,269</u>
2019			
	<u>Cost</u>	<u>Net unrealized gains</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 336,059	\$ -	\$ 336,059
Fixed income	4,292,473	39,441	4,331,914
Mutual funds	15,129,439	386,150	15,515,589
Other	<u>6,682</u>	<u>2,544</u>	<u>9,226</u>
Total	<u>\$ 19,764,653</u>	<u>\$ 428,135</u>	<u>\$ 20,192,788</u>

As of June 30, 2020 and 2019, \$7,382,981 and \$4,079,163, 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.

**MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

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, 2020 and 2019, grant revenue includes \$36,220 and \$116,284, respectively, related to amortization of the discount. The balance receivable under the grant, net of cumulative discounts, was \$1,818,675 and \$2,078,937 as of June 30, 2020 and 2019, respectively.

As of June 30, 2020, scheduled grant payments are as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2021	\$ 253,767
2022	253,767
2023	253,767
2024	253,767
2025	253,767
2026 and thereafter	<u>1,348,818</u>
Total grant payments	2,617,653
Less: Unamortized discount	<u>(798,978)</u>
Grant receivable	<u>\$ 1,818,675</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, 2020, 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.

**MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 7 - BENEFICIAL INTEREST IN CHARITABLE TRUSTS (Continued)

BENEFICIAL INTEREST IN IRREVOCABLE TRUSTS (Continued)

The Association's interests in the trusts were valued at \$45,830 and \$50,022 in the accompanying statements of financial position as of June 30, 2020 and 2019, 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.

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 \$6,550 and \$6,478, respectively, from such funds during the years ended June 30, 2020 and 2019, and are included in contributions.

NOTE 8 - PROPERTY AND EQUIPMENT

As of June 30, 2020 and 2019, the components of property and equipment are as follows:

	2020	2019
Land and land improvements	\$ 1,505,000	\$ 1,505,000
Buildings and improvements	16,913,172	16,913,172
Furniture and equipment	1,606,596	1,617,034
	20,024,768	20,035,206
Less accumulated depreciation and amortization	12,058,708	11,551,564
	\$ 7,966,060	\$ 8,483,642

Depreciation and amortization expense for the years ended June 30, 2020 and 2019 was \$539,377 and \$531,498, respectively.

As of June 30, 2020 and 2019, \$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*).

**MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 9 - NOTE PAYABLE

The Association is obligated under a note payable to a bank, bearing interest at 4.5% at June 30, 2020. 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, 2020 and 2019, the approximate minimum balance of pledged assets required to be maintained under the collateral agreement was \$2,798,000 and \$3,199,000, respectively. The balance of pledged assets totaled \$3,549,461 and \$3,407,585 at June 30, 2020 and 2019, respectively.

As of June 30, 2020, annual maturities of the note payable are as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2021	\$ 139,228
2022	147,193
2023	155,614
2024	164,275
2025	173,916
2026 and thereafter	<u>1,038,448</u>
Total	<u>\$ 1,818,674</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 \$31,086 and \$21,166 at June 30, 2020 and 2019, respectively. The leased equipment is amortized on a straight line basis over five to seven years. Total accumulated amortization related to the leased equipment is \$12,922 and \$7,132 at June 30, 2020 and 2019, respectively.

**MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 10 - CAPITAL LEASES PAYABLE (Continued)

Future lease payments under such leases and the present value of the minimum lease payments, as of June 30, 2020, are as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2021	\$ 8,356
2022	6,883
2023	6,051
2024	<u>2,334</u>
Total minimum lease payments	23,624
Less: Amount representing interest	<u>5,306</u>
Present value of minimum lease payments	<u>\$ 18,318</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 3.25% as of June 30, 2020. As of June 30, 2020 and 2019, no amounts were outstanding under the agreement.

NOTE 12 - COMMITMENTS

UTILITY AGREEMENTS

On October 18, 2017, the Association entered into an agreement to purchase electricity from a third-party supplier (the Supplier) for a 36-month period ending November 2020 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 \$15,000 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 \$31,000 during the remainder of the contract period.

MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 13 - NET ASSETS

BOARD DESIGNATED NET ASSETS

As of June 30, 2020 and 2019, the Association's Board of Directors designated net assets totaled \$856,350 and \$758,436, respectively. As of June 30, 2020 and 2019, \$706,350 and \$758,436 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 \$150,000 and \$0, respectively, represents a newly established operating fund.

WITH DONOR RESTRICTIONS

As of June 30, 2020 and 2019, the Association has net assets with donor restrictions available for the following purposes:

	<u>2020</u>	<u>2019</u>
Endowment - income from which is expendible to support		
Unrestricted purposes	\$ 6,984,315	\$ 1,934,309
Books and library materials	1,924,410	1,923,410
Park maintenance	74,254	74,254
Genealogy	1,656	1,656
Staff education	2,015	2,015
	<u>8,986,650</u>	<u>3,935,644</u>
Unconditional promises to give	1,300,000	5,750,000
Beneficial interest in perpetual trusts	1,731,048	1,739,812
Park land held in perpetuity	624,000	624,000
Time restrictions		
Payment of principal and interest on long-term debt	1,820,758	2,080,780
Beneficial interest in estate	88,125	-
Beneficial interest in irrevocable trusts	45,830	50,022
Purpose restrictions		
Restricted to the Library		
Books and library materials	160,526	205,535
Building renovations	100,074	50,000
Payroll and employee benefits	2,738	-
Restricted to the Park - park maintenance	7,627	6,929
	<u>7,627</u>	<u>6,929</u>
Total	<u>\$ 14,867,376</u>	<u>\$ 14,442,722</u>

**MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

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, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Satisfaction of time restrictions		
Payment of principal and interest on long-term debt	\$ 296,482	\$ 298,776
Satisfaction of purpose restrictions		
Restricted to the Library		
Books and library materials	106,161	120,137
Library fixed asset additions	10,248	93,482
Payroll and employee benefits	291,362	-
Restricted to the Park		
Park maintenance	27,759	25,785
Park fixed asset additions	-	16,730
	<u>\$ 732,012</u>	<u>\$ 554,910</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, 2020 AND 2019**

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 \$1,000,000 starting in the year ended June 30, 2019. 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, 2020 AND 2019

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, 2020 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
With donor restrictions	\$ -	\$ 7,382,981	\$ 7,382,981
Without donor restrictions:			
General operating purposes	14,729,938	-	14,729,938
Board-designated	856,350	-	856,350
Total	<u>\$ 15,586,288</u>	<u>\$ 7,382,981</u>	<u>\$ 22,969,269</u>

Changes in endowment net assets, for the year ended June 30, 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - beginning of the year	\$ 16,113,625	\$ 4,079,163	\$ 20,192,788
Investment return:			
Interest and dividends, net	419,485	43,746	463,231
Net appreciation (realized and unrealized)	88,178	9,072	97,250
Total investment return	<u>507,663</u>	<u>52,818</u>	<u>560,481</u>
Contributions	-	3,251,000	3,251,000
Appropriation for expenditure	<u>(1,035,000)</u>	<u>-</u>	<u>(1,035,000)</u>
Endowment net assets - end of the year	<u>\$ 15,586,288</u>	<u>\$ 7,382,981</u>	<u>\$ 22,969,269</u>

MEMORIAL AND LIBRARY ASSOCIATION OF WESTERLY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 14 - ENDOWMENT (Continued)

Endowment net asset classification as of June 30, 2019 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
With donor restrictions	\$ -	\$ 4,079,163	\$ 4,079,163
Without donor restrictions:			
General operating purposes	15,355,189	-	15,355,189
Board-designated	758,436	-	758,436
Total	<u>\$ 16,113,625</u>	<u>\$ 4,079,163</u>	<u>\$ 20,192,788</u>

Changes in endowment net assets, for the year ended June 30, 2019 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets - beginning of the year	\$ 15,833,401	\$ 4,039,109	\$ 19,872,510
Investment return:			
Interest and dividends, net	677,184	76,259	753,443
Net appreciation (realized and unrealized)	371,725	41,360	413,085
Total investment return	<u>1,048,909</u>	<u>117,619</u>	<u>1,166,528</u>
Contributions	152,850	900	153,750
Appropriation for expenditure	<u>(921,535)</u>	<u>(78,465)</u>	<u>(1,000,000)</u>
Endowment net assets - end of the year	<u>\$ 16,113,625</u>	<u>\$ 4,079,163</u>	<u>\$ 20,192,788</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, 2020 and 2019, the Association's contributions to the Plan were \$15,180 and \$20,979, respectively.