

**POCUMTUCK VALLEY MEMORIAL  
ASSOCIATION**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**YEARS ENDED JUNE 30, 2020 AND 2019**

**POCUMTUCK VALLEY MEMORIAL ASSOCIATION  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORTS**

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## Independent Auditor's Report

To the Board of Directors of  
Pocumtuck Valley Memorial Association

We have audited the accompanying financial statements of Pocumtuck Valley Memorial Association (a Massachusetts corporation, not for profit) which comprise the statement of financial position as of June 30, 2020 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 of material misstatement.

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

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

## Opinion

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

## Report on Summarized Comparative Information

We have previously audited Pocumtuck Valley Memorial Association's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 23, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2020, on our consideration of Pocumtuck Valley Memorial Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pocumtuck Valley Memorial Association's internal control over financial reporting and compliance.



Chicopee, MA  
October 23, 2020

**POCUMTUCK VALLEY MEMORIAL ASSOCIATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2020**  
**(With Comparative Totals for June 30, 2019)**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 27,785	\$ 3,186
Prepaid expenses	19,601	24,218
Inventories	34,033	35,758
Grants receivable	<u>37,198</u>	<u>20,831</u>
Total Current Assets	<u>118,617</u>	<u>83,993</u>
<b>PROPERTY AND EQUIPMENT</b>		
Property and Equipment, net	<u>1,094,779</u>	<u>1,138,553</u>
<b>OTHER ASSETS</b>		
Investments - Without Donor Restrictions	893,857	1,023,520
Investments - With Donor Restrictions	119,929	119,801
Collections	<u>186,244</u>	<u>185,452</u>
Total Other Assets	<u>1,200,030</u>	<u>1,328,773</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,413,426</u>	<u>\$ 2,551,319</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Overdrafts	\$	\$ 15,106
Accounts payable	28,222	20,380
Accrued liabilities	133,768	102,161
Deferred revenue	76,510	125,860
Line of Credit	37,626	164,139
Payroll protection program loan	55,000	
Current portion of long-term debt	<u>70,798</u>	<u>29,240</u>
Total Current Liabilities	401,924	456,886
Mortgage note payable, net of current portion	<u>602,610</u>	<u>475,790</u>
Total Liabilities	1,004,534	932,676
<b>NET ASSETS</b>		
Without Donor Restrictions	1,288,963	1,498,842
With Donor Restrictions	<u>119,929</u>	<u>119,801</u>
Total Net Assets	<u>1,408,892</u>	<u>1,618,643</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 2,413,426</u>	<u>\$ 2,551,319</u>

See accompanying notes to financial statements  
See Independent Accountant's Audit Report

**POCUMTUCK VALLEY MEMORIAL ASSOCIATION**  
**STATEMENTS OF ACTIVITIES**  
**For The Year Ended June 30, 2020**  
**(With Comparative Totals for the Year Ended June 30, 2019)**

	<u>2020</u>	<u>2019</u>
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:</b>		
<b>REVENUES, GAINS AND OTHER SUPPORT</b>		
CONTRIBUTIONS & GRANTS	\$ 478,163	\$ 272,392
ADMISSIONS & FEES	343,051	364,816
MERCHANDISE & CONCESSION SALES	8,563	6,383
INVESTMENT INCOME	55,660	69,699
UNREALIZED GAIN (LOSS) ON INVESTMENTS	(123,414)	3,547
REALIZED GAINS ON INVESTMENTS	38,191	5,980
OTHER REVENUE	5,817	11,682
<b>TOTAL REVENUES AND GAINS WITHOUT DONOR RESTRICTIONS</b>	<u>806,031</u>	<u>734,499</u>
NET ASSETS RELEASED FROM RESTRICTIONS		<u>32,360</u>
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS</b>	<u>806,031</u>	<u>766,859</u>
<b>OPERATING EXPENSES</b>		
PROGRAM SERVICES	468,491	327,732
MANAGEMENT & GENERAL	289,248	312,480
FUNDRAISING, MEMBERSHIP & DEVELOPMENT	258,171	275,770
<b>TOTAL OPERATING EXPENSES</b>	<u>1,015,910</u>	<u>915,982</u>
<b>DECREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<u>(209,879)</u>	<u>(149,123)</u>
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:</b>		
CONTRIBUTIONS	128	32,504
NET ASSETS RELEASED FROM RESTRICTIONS		<u>(32,360)</u>
<b>INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS</b>	<u>128</u>	<u>144</u>
<b>DECREASE IN TOTAL NET ASSETS</b>	(209,751)	(148,979)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>1,618,643</u>	<u>1,767,622</u>
<b>NET ASSETS AT END OF YEAR</b>	\$ <u><u>1,408,892</u></u>	\$ <u><u>1,618,643</u></u>

See accompanying notes to financial statements  
See Independent Accountant's Audit Report

**POCUMTUCK VALLEY MEMORIAL ASSOCIATION**  
**STATEMENTS OF CASH FLOWS**  
**For The Year Ended June 30, 2020**  
**(With Comparative Totals for the Year Ended June 30, 2019)**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ (209,751)	\$ (148,979)
Adjustments to rec. decrease in net assets to net cash used by operating activities:		
Depreciation	43,774	43,774
Unrealized (gains) losses on investments	123,414	(3,547)
(Increase) decrease in operating assets:		
Grants receivable	(16,367)	9,810
Inventories	1,725	492
Prepaid expenses	4,617	(346)
Increase (decrease) in operating assets:		
Accounts payable	7,842	(3,482)
Accrued liabilities	31,607	8,060
Deferred revenue	<u>(49,350)</u>	<u>(11,670)</u>
<b>Net Cash Used By Operating Activities</b>	(62,489)	(105,888)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	131,340	139,960
Purchase of investments	(260,510)	(216,230)
Withdrawal of investments	135,291	211,249
Purchase of fixed assets	<u>(792)</u>	<u>(40,404)</u>
<b>Net Cash Provided By Investing Activities</b>	5,329	94,575
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowing on line of credit/notes payable	754,850	497,708
Repayment on line of credit/notes payable	<u>(657,985)</u>	<u>(507,354)</u>
<b>Net Cash Provided (Used) By Financing Activities</b>	96,865	(9,646)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	39,705	(20,959)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>(11,920)</u>	<u>9,039</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 27,785</u>	<u>\$ (11,920)</u>

Supplemental Information for Noncash Investing and Financing:

Interest paid for the years ended June 30, 2020 and 2019 was \$24,670 and \$34,757, respectively.

See accompanying notes to financial statements  
See Independent Accountant's Audit Report



**POCUMTUCK VALLEY MEMORIAL ASSOCIATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For The Year Ended June 30, 2020**  
(With Comparative Totals for the Year Ended June 30, 2019)

	For the Year Ended June 30, 2020									
	(PROGRAM) Museum Memorial	(PROGRAM) Indian House	(PROGRAM) Cultural	(PROGRAM) Education	(PROGRAM) Steve Alves Project	Program TOTAL	Management & General	Fundraising Expense	2020 Total	2019 Total
Salaries	\$23,539	\$3,835	\$7,713	\$104,073		\$139,160	\$84,063	\$49,713	\$272,936	\$278,578
Payroll taxes	2,290	384	736	10,142		13,552	7,896	4,763	26,211	27,681
Employee benefits	386	58	516	3,169		4,129	2,671	88	6,888	12,058
Total salaries and related expenses	26,215	4,277	8,965	117,384		156,841	94,630	54,564	306,035	318,317
Advertising	3,827		164	4,397		8,388	833	37,729	46,950	42,203
Bank Charges	488			720	4	1,212	754	3,098	5,064	7,970
Stipends				84,000		84,000			84,000	
Computer and Web Expenses	678		158	22,839		23,675	4,248	6,908	34,831	26,886
Consultants			9,800	1,128		10,928	19,632	2,030	32,590	13,892
Merchandise						0			-	570
Development Expense	515			17,586		18,101	2,090	476	20,667	28,416
Exhibit Expenses			6,853	8,471		15,324		6,995	22,319	14,738
Fundraising									-	1,547
Insurance			343				24,107		24,107	24,423
Interest expense		271	89				24,670		24,670	34,757
Office Supplies	875	105	56	3,744		4,780	8,570	7,958	21,308	13,538
Permits / licenses / fees	75		377			452	362	436	1,250	1,177
Postage			253	670		923	3,682	11,401	16,006	18,229
Printing	557			5,412		5,969	5,340	15,496	26,805	27,974
Professional fees	2,754	334	761	8,288		12,137	9,537	8,020	29,694	34,009
Refreshments				329		329	157	626	1,112	2,425
Refunds				200		200	200	5,115	5,515	7,925
Rent Expense			595	2,050		2,645	79	74,003	76,727	84,120
Repairs and maintenance	10,311	41,256	20	1,856		53,443	7,573	1,802	62,818	59,019
In kind services				5,773		5,773	24,486		30,259	11,414
Teacher expenses				13,275		13,275			13,275	1,582
Steve Alves expenses					3,776	3,776			3,776	19,400
Telephone	2,022	955	65	11,685		14,727	6,385	4,207	25,319	12,576
Travel Expense				7,296		7,296	141	5,175	12,612	8,722
Utilities	3,259	3,392	1,007	15,393		23,051	7,604	11,872	42,527	53,790
Workers Compensation insurance	149	18	7	369		543	394	260	1,197	2,589
Total expenses before depreciation	51,725	50,608	29,513	332,865	3,780	468,491	245,474	258,171	971,433	872,208
Depreciation							43,774		43,774	43,774
Total expenses	<u>\$51,725</u>	<u>\$50,608</u>	<u>\$29,513</u>	<u>\$332,865</u>	<u>\$3,780</u>	<u>\$468,491</u>	<u>\$289,248</u>	<u>\$258,171</u>	<u>\$1,015,910</u>	<u>\$915,982</u>

See accompanying notes to financial statements  
See Independent Accountant's Audit Report



**POCUMTUCK VALLEY MEMORIAL ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended June 30, 2020 and 2019**

**1. *Nature of Organization***

The Pocumtuck Valley Memorial Association is a private, non-profit organization concerned with the history and historical development of the Connecticut and Deerfield River Valleys, with primary emphasis on Deerfield, Massachusetts. The collections, the museum and library owned and operated by the Association are to be considered tools for research and scholarship by those wishing to have access to information in this area.

**2. *Summary of Significant Accounting Policies***

The accounting policies of the Association conform to accounting principles generally accepted in the United States as applicable to governmental units. The following is a summary of the Association's significant accounting policies:

**a) *Financial Reporting Entity***

The Pocumtuck Valley Memorial Association is a non-profit organization that reports under Financial Accounting Standards Board (FASB) accounting standards, including the *FASB Topic, Financial Reporting for Non-Profit Organizations*.

**b) *Financial Statement Presentation***

Net assets and revenue, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Association and changes therein are classified and reported as follows:

*Without Donor Restrictions* – Net assets that are not subject to donor-imposed restrictions. Without Donor Restrictions net assets may be designated for specific purposes by action of the council.

*With Donor Restrictions* – Net assets subject to donor-imposed restrictions that they be maintained permanently by the Association. Generally, the donors of these assets permit the Association to use all or part of the income earned for general or specific purposes.

**c) *Basis of Accounting***

The accrual method of accounting is used for preparing the financial statements of the Association. Accordingly, revenue is recognized when earned and capital assets and expenditures are recorded when received and incurred, respectively. Grants and contributions are recognized when all eligible requirements are met.

**d) *Deferred Revenue***

Revenue is recognized when earned, however funds received that are not earned as of year-end are recorded as a liability under deferred revenue.

**POCUMTUCK VALLEY MEMORIAL ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended June 30, 2020 and 2019**

**2. *Summary of Significant Accounting Policies - Continued***

e) *Tax Status*

The Association is a not-for-profit organization exempt from Federal income taxes under the Internal Revenue Code Section 501(C)(3). In addition, the Association qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). The Organization follows the accounting interpretation regarding accounting for uncertainty in income taxes which prescribes how an entity should measure, recognize, present and disclose positions that it has taken or expects to take on its tax or information returns.

Pocumtuck Valley Memorial Association believes that in the event of an examination by taxing authorities, its tax positions taken in previously filed information returns and as reflected in its financial statements, with regard to issues affecting its tax-exempt status, unrelated business income, and related matters, would prevail based upon the technical merits of such positions. Therefore, Pocumtuck Valley Memorial Association has concluded that no tax benefits or liabilities are required to be recognized. Pocumtuck Valley Memorial Associations open tax periods are 2016 through 2019. Penalties and interest, if any, assessed by taxing authorities will be included in expenses.

f) *Accounting for Uncertainty in Income Taxes* – The Organization’s current accounting policy is to record liabilities for uncertain tax positions when a liability is probable and can be reasonably estimated. Management is not aware of any violation of its tax status as an organization exempt from income taxes, and is not aware of any exposure to unrelated business income tax.

g) *Donated Services* – A substantial number of volunteers donate significant amounts of time and services in the Association’s program operations and in its annual fund-raising campaign. However, such contributed services do not meet the criteria for recognition under generally accepted accounting principles.

h) *Inventories* – Inventories including books, crafts and related items, are carried at the lower of cost or market. Craft items donated to the Museum Shop by Craft Fair artisans are valued at 50% of the artisans’ posted retail prices.

i) *Contributions* – Gifts are recorded at their fair value at the time the contribution is made. All contributions are considered available without donor restrictions unless specifically restricted by the donor.

**POCUMTUCK VALLEY MEMORIAL ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended June 30, 2020 and 2019**

**2. *Summary of Significant Accounting Policies - Continued***

- j) *Recognition of Donor Restrictions* – All donor restricted support is reported as an increase in With Donor Restrictions net assets.
- k) *Cash and Cash Equivalents*  
For the purpose of the *Statement of Net Assets* and the *Statement of Cash Flows*, the Association considers all short-term investments with an original maturity of three months or less to be cash equivalents.
- l) *Accounts Receivable*  
Accounts receivables are presented net of the allowance for doubtful accounts. Management's periodic evaluation of the adequacy of the allowance is based on its past experience. Accounts receivable are written off when deemed uncollectible. At June 30, 2020 and 2019, no allowance for doubtful accounts has been recorded, as management considers all accounts receivable to be fully collectible.
- m) *Operating Revenue and Expenses*  
Operating revenue and expenses generally result from providing educational and instructional services in connection with the Association's principal ongoing operations. The principal operating revenues include federal and state grants. Operating expenses include educational costs, administrative expenses and depreciation on capital assets. All other revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.
- n) *Capital Assets*  
Capital assets are stated at cost less accumulated depreciation or fair value at date of donation if the asset was gifted. All capital assets are depreciated using the straight-line method over the estimated useful lives of the related assets.
- o) *Use of Estimates*  
In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions affecting the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**POCUMTUCK VALLEY MEMORIAL ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended June 30, 2020 and 2019**

**2. Summary of Significant Accounting Policies - Continued**

*p) Fair Value of Financial Instruments*

The Association's financial instruments, none of which are held for trading purposes, include cash, cash equivalents, accounts receivable, grants receivable, accounts payable, accrued expenses and mortgage payable. For cash, cash equivalents, accounts receivable, accounts payable accrued expenses and loans payable, the carrying amounts approximate fair value at June 30, 2020 because of the short term maturity of these items. Investments are reflected at their estimated fair values.

*q) Comparative Totals*

The basic financial statements include certain prior year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

*r) Investments* – Investments are reported at fair values based on quoted market prices. Interest, dividends, and realized/unrealized gains and losses are included in investment income.

*s) Collections* – Collection items consist of historical objects and documents that are held for educational and curatorial purposes. Objects purchased and donated are capitalized. If purchased, the cost is capitalized; and if donated, the fair value of the object is capitalized.

**3. Capital Assets**

Changes in capital assets during the year ended June 30, 2020 are as follows:

	<i>Balance</i>			<i>Balance</i>
<i>Capital Assets</i>	<i>June 30, 2019</i>	<i>Additions</i>	<i>Deletions</i>	<i>June 30, 2020</i>
Land	\$ 132,700	\$	\$	\$ 132,700
Land Improvements	12,945			12,945
Buildings:				
Acropolis	583,049			583,049
Memorial Hall	302,205			302,205
Indian House	14,500			14,500
Red Cottage	2,800			2,800
Building Improvements	896,805			896,805
Equipment	<u>131,752</u>	<u>          </u>	<u>          </u>	<u>131,752</u>
Total Capital Assets	<u>2,076,756</u>	<u>          </u>	<u>          </u>	<u>2,076,756</u>
Less accumulated depreciation	<u>(938,203)</u>	<u>          </u>	<u>          </u>	<u>(981,977)</u>
Capital Assets, net	<u>\$1,138,553</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$1,094,779</u>

**POCUMTUCK VALLEY MEMORIAL ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended June 30, 2020 and 2019**

**4. Grants Receivable**

Accounts and grants receivable at June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
NEH	\$ 1,136	\$ 12,431
Other	<u>36,062</u>	<u>8,400</u>
Total	<u>\$ 37,198</u>	<u>\$ 20,831</u>

**5. Investments**

Investments are carried at their current fair value. The following summarizes the relationship between the cost and fair values as presented in the financial statements as of June 30, 2020 and 2019:

	<u>Cost</u>	<u>Fair Value</u>
<b>2020:</b>		
Mutual Funds	\$ 890,714	\$ 949,543
Stocks, Options and Securities	20,386	52,985
Cash and Cash Equivalents	<u>11,258</u>	<u>11,258</u>
	<u>\$ 922,358</u>	<u>\$1,013,786</u>
<b>2019:</b>		
Mutual Funds	\$ 928,512	\$ 1,050,012
Stocks and Options	40,548	82,714
Cash and Cash Equivalents	<u>10,595</u>	<u>10,595</u>
	<u>\$ 979,655</u>	<u>\$1,143,321</u>
Change in net unrealized gain (loss)		(\$123,414)
Net realized gain (loss)		<u>38,191</u>
Net gain (loss) on investments		<u>(\$ 85,223)</u>

**6. Line of Credit / Short Term Borrowing**

The Association has a \$200,000 line of credit agreement with the bank. Amounts borrowed are subject to an interest rate of 5%. The line matures March 3, 2033. Amounts borrowed as of June 30, 2020 and 2019 was \$37,626 and \$164,139, respectively.

**POCUMTUCK VALLEY MEMORIAL ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended June 30, 2020 and 2019**

**7. Mortgage Payable**

	<u>2020</u>	<u>2019</u>
4.25% note payable to Greenfield Savings Bank, due in monthly installments of \$4,019 including interest. The interest rate will be adjusted every five years. This note is secured by a first mortgage and security agreement, a first collateral assignment of rents and leases and all assets and personal property.	\$453,575	\$469,508
2.75% note payable, due in monthly installments of \$641 including interest through May 2051.	150,000	
4% note payable to Greenfield Savings Bank, including interest through April 2021.	40,000	
5.50% note payable to Greenfield Savings Bank, due in monthly Installments of \$767 including interest, through October 2023.	<u>29,833</u>	<u>35,522</u>
Total Long-Term Debt	\$673,408	\$505,030
Less amounts due within one year	<u>70,798</u>	<u>29,240</u>
Total Long-Term Debt	<u>\$602,610</u>	<u>\$475,790</u>

Year Ending <u>June 30,</u>	<u>Amount</u>
2021	70,798
2022	35,902
2023	37,887
2024	36,057
2025	32,539
Thereafter	<u>460,225</u>
Total	<u>\$ 673,408</u>

**8. Accrued Sick and Vacation Pay**

Accrued sick and vacation pay represents amounts accrued prior to December 12, 2002. The board revised the policy on December 12, 2002, no longer allowing sick and vacation pay to be carried to subsequent years. Amounts are reduced as used. Accrued sick and vacation pay as of June 30, 2020 and 2019 was \$84,632 and \$84,632, respectively. Upon resignation or retirement, accumulated vacation time is reimbursed to the employee; accumulated sick time is only reimbursed to the employee at 20% of the accumulated value at retirement.

**POCUMTUCK VALLEY MEMORIAL ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended June 30, 2020 and 2019**

**9. *Endowment Funds***

The Association's endowment consists of six individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law

The Board of Trustees has interpreted the Massachusetts Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the with donor restrictions endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation,

The Association classifies the original value of the gift as with donor restrictions net assets. Investment income earned on with donor restrictions net assets that the donor has requested the earnings be used for a specific purpose or time period is classified as without donor restrictions net assets by the Association in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate with donor restrictions endowment funds:

- The duration and preservation of the fund
- The purposes of Association and the with donor restrictions endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Association
- The investment policies of the Association

Return objectives and risk parameters

The Association has adopted investment and spending policies for endowment assets that attempt to provide a dependable source of supplemental operating funds. Given the relationship between risk and return, a fundamental step in determining the investment policy for the Endowment Funds is the determination of an appropriate risk tolerance. After taking into consideration such factors as corporate financial stability, uncertainty of cash flows in and out of the Endowment Funds over the



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**9. Endowment Funds - Continued**

long term, and capital market volatility, the Board believes a conservative risk strategy is prudent. Under this policy, as approved by the Board of Trustees, the goal is to have stable returns over the long term, with a reduced potential of negative returns in any given year. The association expects its endowment funds, overtime, to provide an average rate of return of approximately four percent annually. Actual returns in any given year may vary from this amount.

Strategies employed for achieving objectives

To satisfy its 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 yield (interest and dividends).

Spending policy and how the investment objectives relate to spending policy

The Association does not have a spending policy. Investment returns are used to provide a steady flow of cash to be used for operations as needed.

Summary of Endowment Funds

The Association's endowment funds consist of the following at June 30, 2020:

	Without Donor Restrictions Board Designated	Without Donor Restrictions	With Donor Restrictions	Total
Museum		\$ 30,507	\$ 20,000	\$ 50,507
Sheldon Memorial		30,507	20,000	50,507
Indian House		30,366	44,197	74,563
Warren Fund		-0-	35,732	35,732
Flynt Fund	<u>443,168</u>	<u>-0-</u>	<u>-0-</u>	<u>443,168</u>
	<u>\$ 443,168</u>	<u>\$ 91,380</u>	<u>\$ 119,929</u>	<u>\$ 654,477</u>

The changes in Endowment Fund are summarized below:

	Without Donor Restrictions Board Designated	Without Donor Restrictions	With Donor Restrictions	Total
Beginning of the Year	\$466,208	\$ 87,591	\$119,801	\$673,600
Transfers	( 25,000)			( 25,000)
Investment return - Income	<u>1,960</u>	<u>3,789</u>	<u>128</u>	<u>5,877</u>
End of the Year	<u>\$443,168</u>	<u>\$ 91,380</u>	<u>\$119,929</u>	<u>\$654,477</u>

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***10. Fair Value Measurement***

FASB Topic, Fair Value Measurements, establishes a framework for measuring value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in the active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under this topic are described as follows.

**Basis of Fair Value Measurement**

**Level 1** Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

**Level 2** Inputs to the valuation methodology include

- a. Quoted prices for similar assets or liabilities in active markets;
- b. Quoted prices for identical or similar assets or liabilities in inactive markets;
- c. Inputs other than quoted prices that are observable for the assets or liability;
- d. Inputs that are derived principally from or corroborated by observable markets by correlation or other means;

If the assets or liabilities have a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

**Level 3** Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

The assets or liability's fair value within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs and minimize the use of unobservable inputs.

All assets and liabilities of the Pocumtuck Valley Memorial Association are measured at Level 1.

***11. Advertising***

The Association expenses advertising costs as incurred. Advertising expense for the years ended June 30, 2020 and 2019 was \$46,950 and \$42,203.

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***12. Rent Expense***

The Association rents space and equipment during the year to support craft fairs which are held throughout the year. Total rent expense for the years ended June 30, 2020 and 2019 was \$76,727 and \$84,120, respectively.

***13. Payroll Protection Program***

The Association was granted a loan in the amount of \$55,000 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. Funds from the loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations. The Association intends to use the entire Loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

***14. Subsequent Events***

The Association has evaluated subsequent events through October 23, 2020, which is the date the financial statements were available to be issued. No material subsequent events have occurred since June 30, 2020 that require recognition or disclosure in these financial statements.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of  
Pocumtuck Valley Memorial Association

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Pocumtuck Valley Memorial Association (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the seven months then ended, and the related notes to the financial statements, and have issued our report thereon dated October 23, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Pocumtuck Valley Memorial Association's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pocumtuck Valley Memorial Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Pocumtuck Valley Memorial Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

 John F. Hyatt, CPA, PC.

Chicopee, MA  
October 23, 2020