POCUMTUCK VALLEY MEMORIAL ASSOCIATION

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

YEARS ENDED JUNE 30, 2021 AND 2020

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, 2021 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, 2021, 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 2020 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 26, 2021, 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 26, 2021

POCUMTUCK VALLEY MEMORIAL ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
June 30, 2021
(With Comparative Totals for June 30, 2020)

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 41,376	$ 27,785
Prepaid expenses	19,293	19,601
Inventories	33,640	34,033
Grants receivable	47,995	37,198
Total Current Assets	142,304	118,617
PROPERTY AND EQUIPMENT		
Property and Equipment, net	1,063,521	1,094,779
OTHER ASSETS		
Investments - Without Donor Restrictions	1,201,945	893,857
Investments - With Donor Restrictions	120,020	119,929
Collections	188,183	186,244
Total Other Assets	1,510,148	1,200,030
TOTAL ASSETS	$ 2,715,973	$ 2,413,426
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 25,061	$ 28,222
Accrued liabilities	136,632	133,768
Deferred revenue	82,265	76,510
Line of Credit		37,626
Current portion of long-term debt	19,848	70,798
Total Current Liabilities	263,806	346,924
Mortgage note payable, net of current portion	904,264	657,610
Total Liabilities	1,168,070	1,004,534
NET ASSETS		
Without Donor Restrictions	1,427,883	1,288,963
With Donor Restrictions	120,020	119,929
Total Net Assets	1,547,903	1,408,892
TOTAL LIABILITIES AND NET ASSETS	$ 2,715,973	$ 2,413,426

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, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	2021	2020
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
REVENUES, GAINS AND OTHER SUPPORT		
CONTRIBUTIONS & GRANTS	$ 560,275	$ 478,163
ADMISSIONS & FEES	95,275	343,051
MERCHANDISE & CONCESSION SALES	5,255	8,563
INVESTMENT INCOME	39,608	55,660
UNREALIZED GAIN (LOSS) ON INVESTMENTS	222,898	(123,414)
REALIZED GAINS ON INVESTMENTS		38,191
OTHER REVENUE	220	5,817
TOTAL REVENUES AND GAINS WITHOUT DONOR RESTRICTIONS	923,531	806,031
NET ASSETS RELEASED FROM RESTRICTIONS		
OTHER REVENUES		
PAYROLL PROTECTION PROGRAM LOAN FORGIVENESS	55,000	
TOTAL REVENUES, GAINS AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS	978,531	806,031
OPERATING EXPENSES		
PROGRAM SERVICES	414,601	468,491
MANAGEMENT & GENERAL	284,547	289,248
FUNDRAISING, MEMBERSHIP & DEVELOPMENT	140,463	258,171
TOTAL OPERATING EXPENSES	839,611	1,015,910
DECREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	**138,920**	**(209,879)**
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:		
CONTRIBUTIONS	91	128
NET ASSETS RELEASED FROM RESTRICTIONS		
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	91	128
DECREASE IN TOTAL NET ASSETS	139,011	(209,751)
NET ASSETS AT BEGINNING OF YEAR	1,408,892	1,618,643
NET ASSETS AT END OF YEAR	$ **1,547,903**	$ **1,408,892**

POCUMTUCK VALLEY MEMORIAL ASSOCIATION
STATEMENTS OF CASH FLOWS
For The Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	$ 139,010	$ (209,751)
Adjustments to rec. decrease in net assets to net cash used by operating activities:		
Depreciation	44,295	43,774
Unrealized (gains) losses on investments	(222,898)	123,414
(Increase) decrease in operating assets:		
Grants receivable	(10,797)	(16,367)
Inventories	393	1,725
Prepaid expenses	308	4,617
Increase (decrease) in operating assets:		
Accounts payable	(3,161)	7,842
Accrued liabilities	2,864	31,607
Deferred revenue	5,755	(49,350)
Net Cash Used By Operating Activities	(44,231)	(62,489)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	58,986	131,340
Purchase of investments	(259,998)	(260,510)
Withdrawal of investments	58,793	135,291
Purchase of fixed assets	(13,037)	(792)
Net Cash Provided By Investing Activities	(155,256)	5,329
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowing on line of credit/notes payable	774,112	754,850
Repayment on line of credit/notes payable	(561,034)	(657,985)
Net Cash Provided (Used) By Financing Activities	213,078	96,865
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	13,591	39,705
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	27,785	(11,920)
CASH AND CASH EQUIVALENTS, END OF YEAR	**$ 41,376**	**$ 27,785**

Supplemental Information for Noncash Investing and Financing:
Interest paid for the years ended June 30, 2021 and 2020 was $47,425 and $24,670, respectively.

POCUMTUCK VALLEY MEMORIAL ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	For the Year Ended June 30, 2021									
	(PROGRAM) Museum Memorial	(PROGRAM) Indian House	(PROGRAM) Cultural	(PROGRAM) Education	(PROGRAM) Steve Alves Project	Program TOTAL	Management & General	Fundraising Expense	2021 Total	2020 Total
Salaries	$16,353	$830	$155	$149,835		$167,173	$70,454	$17,095	$254,722	$272,936
Payroll taxes	1,611	72	16	14,515		16,214	6,890	1,732	24,836	26,211
Employee benefits	322	6		3,996		4,324	2,949	6	7,279	6,888
Total salaries and related expenses	18,286	908	171	168,346		187,711	80,293	18,833	286,837	306,035
Advertising	1,415		234	1,515		3,164	1,113	3,032	7,309	46,950
Bank Charges	330			759		1,089	8,815	842	10,746	5,064
Stipends						0			-	84,000
Computer and Web Expenses			120	49,590		49,710	5,494	4,012	59,216	34,831
Consultants			24,819	29,850		54,669	7,685		62,354	32,590
Merchandise				393		393			393	
Development Expense	287			295		582	13,561	350	14,493	20,667
Exhibit Expenses			150	10,588		10,738			10,738	22,319
Fundraising							2,387		2,387	
Insurance							25,384		25,384	24,107
Interest expense		1,400				1,400	46,025		47,425	24,670
Office Supplies	2,403			5,719		8,122	5,265	1,429	14,816	21,308
Permits / licenses / fees			383	5		388	440	206	1,034	1,250
Postage						0	2,863	1,217	4,080	16,006
Printing	401			7,883		8,284	3,235	4,046	15,565	26,805
Professional fees	2,208	4,960	765	9,361		17,294	3,722	7,365	28,381	29,694
Refreshments						0	213		213	1,112
Refunds			50			50		85,150	85,200	5,515
Rent Expense				53		53			53	76,727
Repairs and maintenance	11,335	13,046		2,890		27,271	5,717		32,988	62,818
In kind services				1,055		1,055	14,298		15,353	30,259
Teacher expenses				4,890		4,890			4,890	13,275
Steve Alves expenses					900	900			900	3,776
Telephone	1,263	819	6	15,083		17,171	6,386	3,978	27,535	25,319
Travel Expense						0	21		21	12,612
Utilities	3,299	2,113	713	12,548		18,673	6,926	9,848	35,447	42,527
Workers Compensation insurance	96	12	2	884		994	409	155	1,558	1,197
Total expenses before depreciation	41,323	23,258	27,413	321,707	900	414,601	240,252	140,463	795,316	971,433
Depreciation							44,295		44,295	43,774
Total expenses	$41,323	$23,258	$27,413	$321,707	$900	$414,601	$284,547	$140,463	$839,611	$1,015,207

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

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.

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.

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.

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, 2020, 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, 2021 are as follows:

Capital Assets	*Balance June 30, 2020*	*Additions*	*Deletions*	*Balance June 30, 2021*
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	13,037		
909,842				
Equipment	131,752			131,752
Total Capital Assets	2,076,756			2,089,793
Less accumulated depreciation	(981,977)		(44,295)	(1,026,272)
Capital Assets, net	$1,094,779	$ 13,037	$(44,295)	$1,063,521

4. *Grants Receivable*

Accounts and grants receivable at June 30, 2021 and 2020 are as follows:

	2021	2020
NEH	$ 17,770	$ 1,136
Other	30,225	36,062
Total	$ 47,995	$ 37,198

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, 2021 and 2020:

	Cost	Fair Value
2021:		
Mutual Funds	**$ 982,112**	**$1,252,212**
Stocks, Options and Securities	**39,160**	**64,786**
Cash and Cash Equivalents	**4,967**	**4,967**
	$ 1,026,239	**$1,321,965**
2020:		
Mutual Funds	$ 890,714	$ 949,543
Stocks and Options	20,386	52,985
Cash and Cash Equivalents	11,258	11,258
	$ 922,358	$1,013,786
Change in net unrealized gain (loss)		$222,898
Net realized gain (loss)		4,617
Net gain (loss) on investments		$227,515

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, 2021 and 2020 was $-0- and $37,626, respectively.

7. *Notes Payable*

	2021	2020
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.	$720,000	$453,575
2.75% Economic Injury Disaster Loan from the SBA, due in monthly installments of $641including interest through May 2051.	150,000	150,000
1% Payroll Protection Loan payable to Greenfield Savings Bank, Including interest through June 2026.	54,112	-0-
4% note payable to Greenfield Savings Bank, including interest through April 2021.	-0-	40,000
5.50% note payable to Greenfield Savings Bank, due in monthly Installments of $767 including interest, through October 2023.	-0-	29,833
Total Long-Term Debt	$924,112	$673,408
Less amounts due within one year	19,848	70,798
Total Long-Term Debt	$904,264	$602,610

Year Ending June 30,	Amount
2022	19,848
2023	34,000
2024	34,994
2025	36,026
2026	37,098
Thereafter	762,146
Total	$ 924,112

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, 2021 and 2020 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.

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

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, 2021:

	Without Donor Restrictions Board Designated	Without Donor Restrictions	With Donor Restrictions	Total
Museum		$ 31,404	$ 20,000	$ 51,404
Sheldon Memorial		31,404	20,000	51,404
Indian House		31,263	44,197	75,460
Warren Fund		-0-	35,823	35,823
Flynt Fund	585,188	-0-	-0-	585,188
	$ 585,188	$ 94,071	$ 120,020	$ 799,279

The changes in Endowment Fund are summarized below:

	Without Donor Restrictions Board Designated	Without Donor Restrictions	With Donor Restrictions	Total
Beginning of the Year	$443,168	$ 91,380	$119,929	$654,477
Transfers	(40,500)			(40,500)
Deposits	70,000			70,000
Investment return - Income	112,520	2,691	91	115,302
End of the Year	$585,188	$ 94,071	$120,020	$799,279

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 observable 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, 2021 and 2020 was $7,308 and $46,950.

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, 2021 and 2020 was $53 and $76,727, respectively.

13. Payroll Protection Program

The Association was granted two loans in the amount of $55,000 and $54,112 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 loans 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 amounts 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. The PPP loan in the amount of $55,000 was forgiven in March 2021.

14. Subsequent Events

The Association has evaluated subsequent events through October 26, 2021, which is the date the financial statements were available to be issued. No material subsequent events have occurred since June 30, 2021 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, 2021, 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 26, 2021.

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.

Chicopee, MA
October 26, 2021