

**POCUMTUCK VALLEY MEMORIAL  
ASSOCIATION**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**YEAR ENDED JUNE 30, 2023  
(With Comparative Totals for June 30, 2022)**

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

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Pocumtuck Valley Memorial Association

We have audited the accompanying financial statements of Pocumtuck Valley Memorial Association (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pocumtuck Valley Memorial Association as of June 30, 2023, and the changes in its net assets and its cash flows for the year ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

### **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.

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism through the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Pocumtuck Valley Memorial Association Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Pocumtuck Valley Memorial Association Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during an audit.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated October 12, 2023, 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 the effectiveness of Pocumtuck Valley Memorial Association's internal control over financial reporting or on compliance. The 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, Massachusetts  
October 12, 2023

**POCUMTUCK VALLEY MEMORIAL ASSOCIATION**  
**STATEMENTS OF FINANCIAL POSITION**  
June 30, 2023 and 2022

|   | <u>2023</u>         | <u>2022</u>         |
|---|---------------------|---------------------|
| <b>ASSETS</b>                                 |                     |                     |
| <b>CURRENT ASSETS</b>                         |                     |                     |
| Cash and cash equivalents                     | \$ 128,415          | \$ 155,534          |
| Prepaid expenses                              | 27,609              | 23,562              |
| Inventories                                   | 29,924              | 31,932              |
| Grants receivable                             | <u>20,783</u>       | <u>65,143</u>       |
| Total Current Assets                          | <u>206,731</u>      | <u>276,171</u>      |
| <b>PROPERTY AND EQUIPMENT</b>                 |                     |                     |
| Property and Equipment, net                   | <u>1,016,784</u>    | <u>1,019,226</u>    |
| <b>OTHER ASSETS</b>                           |                     |                     |
| Investments - Without Donor Restrictions      | 1,359,308           | 1,027,717           |
| Investments - With Donor Restrictions         | 120,339             | 120,202             |
| Collections                                   | <u>188,183</u>      | <u>188,183</u>      |
| Total Other Assets                            | <u>1,667,830</u>    | <u>1,336,102</u>    |
| <b>TOTAL ASSETS</b>                           | <u>\$ 2,891,345</u> | <u>\$ 2,631,499</u> |
| <b>LIABILITIES AND NET ASSETS</b>             |                     |                     |
| <b>CURRENT LIABILITIES</b>                    |                     |                     |
| Accounts payable                              | \$ 36,214           | \$ 39,486           |
| Accrued liabilities                           | 135,037             | 137,092             |
| Deferred revenue                              | 103,410             | 100,857             |
| Current portion of long-term debt             | <u>17,144</u>       | <u>17,144</u>       |
| Total Current Liabilities                     | 291,805             | 294,579             |
| Mortgage note payable, net of current portion | <u>770,658</u>      | <u>770,658</u>      |
| Total Liabilities                             | 1,062,463           | 1,065,237           |
| <b>NET ASSETS</b>                             |                     |                     |
| Without Donor Restrictions                    | 1,708,543           | 1,446,060           |
| With Donor Restrictions                       | <u>120,339</u>      | <u>120,202</u>      |
| Total Net Assets                              | <u>1,828,882</u>    | <u>1,566,262</u>    |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>       | <u>\$ 2,891,345</u> | <u>\$ 2,631,499</u> |

See accompanying notes to financial statements

**POCUMTUCK VALLEY MEMORIAL ASSOCIATION**  
**STATEMENTS OF ACTIVITIES**  
**For The Year Ended June 30, 2023**  
**(With Comparative Totals for the Year Ended June 30, 2022)**

|   | <u>2023</u>         | <u>2022</u>         |
|---|---------------------|---------------------|
| <b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:</b>                  |                     |                     |
| <b>REVENUES, GAINS AND OTHER SUPPORT</b>                                  |                     |                     |
| CONTRIBUTIONS & GRANTS  | \$ 1,048,932        | \$ 724,021          |
| ADMISSIONS & FEES   | 273,707             | 273,196             |
| MERCHANDISE & CONCESSION SALES  | 9,059               | 6,652               |
| INVESTMENT INCOME   | 53,130              | 74,794              |
| UNREALIZED GAIN (LOSS) ON INVESTMENTS                                     | 33,398              | (187,351)           |
| REALIZED GAINS ON INVESTMENTS   |                     | 21,012              |
| OTHER REVENUE   | 7,996               | 14,522              |
| <b>TOTAL REVENUES AND GAINS WITHOUT DONOR RESTRICTIONS</b>                | <u>1,426,222</u>    | <u>926,846</u>      |
| <b>NET ASSETS RELEASED FROM RESTRICTIONS</b>                              |                     |                     |
| <b>OTHER REVENUES</b>   |                     |                     |
| PAYROLL PROTECTION PROGRAM LOAN FORGIVENESS                               |                     | 54,112              |
| <b>TOTAL REVENUES, GAINS AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS</b> | <u>1,426,222</u>    | <u>980,958</u>      |
| <b>OPERATING EXPENSES</b>   |                     |                     |
| PROGRAM SERVICES  | 598,901             | 414,746             |
| MANAGEMENT & GENERAL  | 306,485             | 291,580             |
| FUNDRAISING, MEMBERSHIP & DEVELOPMENT                                     | 258,353             | 256,455             |
| <b>TOTAL OPERATING EXPENSES</b>   | <u>1,163,739</u>    | <u>962,781</u>      |
| <b>DECREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>                  | <u>262,483</u>      | <u>18,177</u>       |
| <b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:</b>                     |                     |                     |
| CONTRIBUTIONS   | 137                 | 182                 |
| <b>NET ASSETS RELEASED FROM RESTRICTIONS</b>                              |                     |                     |
| <b>INCREASE IN NET ASSETS WITH DONOR RESTRICTIONS</b>                     | <u>137</u>          | <u>182</u>          |
| <b>INCREASE (DECREASE) IN TOTAL NET ASSETS</b>                            | 262,620             | 18,359              |
| <b>NET ASSETS AT BEGINNING OF YEAR</b>                                    | <u>1,566,262</u>    | <u>1,547,903</u>    |
| <b>NET ASSETS AT END OF YEAR</b>  | <u>\$ 1,828,882</u> | <u>\$ 1,566,262</u> |

See accompanying notes to financial statements

**POCUMTUCK VALLEY MEMORIAL ASSOCIATION**  
**STATEMENTS OF CASH FLOWS**  
**For The Year Ended June 30, 2023**  
**(With Comparative Totals for the Year Ended June 30, 2022)**

|   | <u>2023</u>              | <u>2022</u>              |
|---|--------------------------|--------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                          |                          |
| Increase in net assets  | \$ 262,620               | \$ 18,359                |
| Adjustments to rec. decrease in net assets<br>to net cash used by operating activities: |                          |                          |
| Depreciation  | 44,295                   | 44,295                   |
| Gain on forgiveness of debt   |                          | (54,112)                 |
| Unrealized (gains) losses on investments  | (33,398)                 | 187,351                  |
| (Increase) decrease in operating assets:  |                          |                          |
| Grants receivable   | 44,360                   | (17,148)                 |
| Inventories   | 2,008                    | 1,708                    |
| Prepaid expenses  | (4,047)                  | (4,269)                  |
| Increase (decrease) in operating assets:  |                          |                          |
| Accounts payable  | (3,272)                  | 14,425                   |
| Accrued liabilities   | (2,055)                  | 460                      |
| Deferred revenue  | 2,553                    | 18,592                   |
|   | <hr/>                    | <hr/>                    |
| <b>Net Cash Used By Operating Activities</b>  | 313,064                  | 209,661                  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                          |                          |
| Proceeds from sale of investments   |                          | 106,177                  |
| Purchase of investments   | (301,386)                | (206,929)                |
| Withdrawal of investments   | 4,800                    | 87,447                   |
| Purchase of fixed assets  | (43,597)                 |                          |
|   | <hr/>                    | <hr/>                    |
| <b>Net Cash Provided (Used) By Investing Activities</b>                                 | (340,183)                | (13,305)                 |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                          |                          |
| Borrowing on line of credit/notes payable   |                          | 637,802                  |
| Repayment on line of credit/notes payable   |                          | (720,000)                |
|   | <hr/>                    | <hr/>                    |
| <b>Net Cash Provided By Financing Activities</b>  | -                        | (82,198)                 |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                             | (27,119)                 | 114,158                  |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>                                     | <hr/> 155,534            | <hr/> 41,376             |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>   | \$ <u><u>128,415</u></u> | \$ <u><u>155,534</u></u> |

Supplemental Information for Noncash Investing and Financing:

Interest paid for the years ended June 30, 2023 and 2022 was \$25,426 and \$34,741, respectively.

See accompanying notes to financial statements



**POCUMTUCK VALLEY MEMORIAL ASSOCIATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For The Year Ended June 30, 2023**  
(With Comparative Totals for the Year Ended June 30, 2022)

|                                     | For the Year Ended June 30, 2023 |                              |                       |                        |                                     |                  |                         |                        |               |               |
|-------------------------------------|----------------------------------|------------------------------|-----------------------|------------------------|-------------------------------------|------------------|-------------------------|------------------------|---------------|---------------|
|                                     | (PROGRAM)<br>Museum<br>Memorial  | (PROGRAM)<br>Indian<br>House | (PROGRAM)<br>Cultural | (PROGRAM)<br>Education | (PROGRAM)<br>Steve Alves<br>Project | Program<br>TOTAL | Management &<br>General | Fundraising<br>Expense | 2023<br>Total | 2022<br>Total |
| Salaries                            | \$24,681                         | \$344                        | \$4,350               | \$138,269              |                                     | \$167,644        | \$100,577               | \$57,548               | \$325,769     | \$263,136     |
| Payroll taxes                       | 2,368                            | 27                           | 342                   | 12,922                 |                                     | 15,659           | 8,317                   | 5,681                  | 29,657        | 22,864        |
| Employee benefits                   | 291                              | 7                            | 22                    | 3,611                  |                                     | 3,931            | 11,789                  | 188                    | 15,908        | 7,569         |
| Total salaries and related expenses | 27,340                           | 378                          | 4,714                 | 154,802                |                                     | 187,234          | 120,683                 | 63,417                 | 371,334       | 293,569       |
| Advertising                         | 1,316                            |                              | 914                   | 926                    |                                     | 3,156            | 1,833                   | 32,563                 | 37,552        | 36,741        |
| Bank Charges                        | 644                              |                              |                       | 798                    |                                     | 1,442            | 729                     | 5,081                  | 7,252         | 6,082         |
| Computer and Web Expenses           | 1,516                            |                              |                       | 99,917                 |                                     | 101,433          | 6,193                   | 9,533                  | 117,159       | 12,130        |
| Consultants                         | 164                              |                              | 70,529                | 113,570                |                                     | 184,263          | 125                     | 840                    | 185,228       | 192,158       |
| Merchandise                         |                                  |                              |                       | 1,558                  |                                     | 1,558            |                         |                        | 1,558         | 558           |
| Development Expense                 | 279                              |                              |                       | 690                    |                                     | 969              | 1,946                   | 461                    | 3,376         | 3,260         |
| Exhibit Expenses                    |                                  |                              | 5,550                 | 7,515                  |                                     | 13,065           |                         | 7,769                  | 20,834        | 3,220         |
| Insurance                           |                                  |                              |                       |                        |                                     |                  | 27,545                  |                        | 27,545        | 26,121        |
| Interest expense                    |                                  |                              |                       |                        |                                     | 0                | 25,426                  |                        | 25,426        | 34,741        |
| Office Supplies                     | 1,471                            |                              | 705                   | 9,500                  |                                     | 11,676           | 6,905                   | 6,222                  | 24,803        | 30,470        |
| Permits / licenses / fees           | 75                               |                              | 406                   | 1,647                  |                                     | 2,128            | 594                     | 90                     | 2,812         | 1,339         |
| Postage                             |                                  |                              | 300                   | 25                     |                                     | 325              | 3,119                   | 10,477                 | 13,921        | 16,550        |
| Printing                            | 477                              |                              | 160                   | 8,872                  |                                     | 9,509            | 2,995                   | 13,810                 | 26,314        | 32,447        |
| Professional fees                   | 2,518                            | 1,358                        | 1,005                 | 11,702                 |                                     | 16,583           | 7,337                   | 6,748                  | 30,668        | 38,296        |
| Refreshments                        |                                  |                              |                       |                        |                                     | 0                | 378                     | 998                    | 1,376         | 1,336         |
| Refunds                             |                                  |                              |                       |                        |                                     | 0                |                         | 3,240                  | 3,240         | 9,388         |
| Rent Expense                        |                                  |                              | 303                   | 1,525                  |                                     | 1,828            | 76                      | 70,924                 | 72,828        | 73,135        |
| Repairs and maintenance             | 12,718                           | 3,316                        |                       | 7,566                  |                                     | 23,600           | 10,951                  | 2,279                  | 36,830        | 30,208        |
| In kind services                    |                                  |                              |                       | 824                    |                                     | 824              | 23,777                  | 150                    | 24,751        | 75            |
| Telephone                           | 1,400                            | 856                          |                       | 12,156                 |                                     | 14,412           | 6,692                   | 5,103                  | 26,207        | 28,539        |
| Travel Expense                      |                                  |                              | 100                   | 3,342                  |                                     | 3,442            | 34                      | 4,976                  | 8,452         | 4,553         |
| Utilities                           | 4,566                            | 1,041                        | 1,052                 | 13,970                 |                                     | 20,629           | 12,381                  | 13,357                 | 46,367        | 42,672        |
| Workers Compensation insurance      | 154                              | 1                            | 5                     | 665                    |                                     | 825              | 727                     | 315                    | 1,867         | 898           |
| Total expenses before depreciation  | 54,638                           | 6,950                        | 85,743                | 451,570                | -                                   | 598,901          | 260,446                 | 258,353                | 1,117,700     | 918,486       |
| Depreciation                        |                                  |                              |                       |                        |                                     |                  | 46,039                  |                        | 46,039        | 44,295        |
| Total expenses                      | \$54,638                         | \$6,950                      | \$85,743              | \$451,570              | \$0                                 | \$598,901        | \$306,485               | \$258,353              | \$1,163,739   | \$962,781     |

See accompanying notes to financial statements

**POCUMTUCK VALLEY MEMORIAL ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**

**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) *New Accounting Pronouncements***

The Association adopted ASU 2019-03, Not-for-Profit Entities (Topic 958): "Updating the Definition of Collections" for the year ended June 30, 2021, and applied it prospectively, as required by the guidance. This ASU specifically addresses the use of proceeds from sales of collections and related disclosures. The Association's adoption of the ASU did not affect net income for either period presented.

**b) *Financial Statement Presentation***

The Association reports information regarding its financial position and activities according to two classes of net assets: with donor restrictions net assets and without donor restrictions net assets based upon the existence or absence of donor-imposed restrictions.

**c) *Basis of Accounting***

The financial statements of Pocumtuck Valley Memorial Association have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

**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. As of June 30, 2023 and 2022 deferred revenue was \$100,857 and \$103,410, respectively.

**e) *Revenue Recognition***

The Association generally measures revenue based on the amount of consideration the Association expects to be entitled for the transfer of goods or services to a customer, then recognizes the revenue when or as the Association satisfies its performance obligations under a contract, except in transactions where U.S. GAAP provides other applicable guidance. The Association evaluates its revenue contracts with customers (i.e. earned revenue) based on the five-step model under Topic 606 (1) identify the contract with customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to separate performance obligations; and (5) recognize revenue when (or as) each performance obligation is satisfied.

**POCUMTUCK VALLEY MEMORIAL ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**

e) *Revenue Recognition - Continued*

Product Income is recognized when the product is shipped. Workshop and consulting revenues are recognized in the period when the services are rendered. Licensing and royalty income are recognized as earned.

Contributions received are recorded as increases in net assets with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Net Assets without donor restrictions may be designated for specific purpose by action of the Board of Directors. For the year ended June 30, 2023 and 2022, there were no board designated net assets.

Contributions received are subject to donor restrictions are reported as increases in net assets with donor restrictions. The Association classifies donor restricted contributions as unrestricted if the restrictions are met in the same reporting period in which the contribution is received and the restriction is satisfied. When a donor's restrictions are satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets with donor restrictions to net assets without donor restrictions.

Contributed income may include gifts, grants, or promises to give. Contributions, including unconditional promise to give, are recognized as revenues in the period received are recorded in the appropriate net asset category in accordance with donor imposed restrictions. Conditional promises to give are not recognized until they become unconditional, that is, at the time when conditions are substantially met. Contributions of assets other than cash are reported at their estimated fair value.

In accordance with ASC Sub-Topic 9568-605, Revenue Recognition, the Association must determine whether a contribution (or a promise to give) is conditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of promise to transfer assets exists. Indicators of a barrier include a measurable performance related barrier or other measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that Organizations should not consider probability of compliance with barrier when determining if such contributions are conditional and should be reported as conditional until such conditions are met.

**POCUMTUCK VALLEY MEMORIAL ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**

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

*f) 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 2019 through 2022. Penalties and interest, if any, assessed by taxing authorities will be included in expenses.

- g) Comparative Information* – The statement of activities includes certain prior year summarized comparative information in total but not by net asset classification. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles in the United States of America. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended June 30, 2022 from which the summarized information was derived.
- h) Donated Services* – Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) required specialized skills, are performed by people with those skills, and would otherwise be purchased by the Association. A substantial number of individuals, including members of the board of directors and the staff have made significant contributions of their time, which is not reflected in these statements since the service does not meet the preceding criteria. Donations of materials, equipment and space are recognized at fair market value when received. No services or goods meeting these requirements were received during the fiscal year.
- i) 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.
- j) Contributions and Promises to Give* – Contributions received and unconditional promises to give are recognized as support in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

**POCUMTUCK VALLEY MEMORIAL ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**

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

- k) *Recognition of Donor Restrictions* – All donor restricted support is reported as an increase in With Donor Restrictions net assets.

l) *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.

m) *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, 2022 and 2021, no allowance for doubtful accounts has been recorded, as management considers all accounts receivable to be fully collectible.

n) *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.

o) *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.

p) *Use of Estimates*

Management of the Association uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that management uses.

q) *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, 2023 because of the short term maturity of these items. Investments are reflected at their estimated fair values.

**POCUMTUCK VALLEY MEMORIAL ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS**

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

*r) 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, 2022, from which the summarized information was derived.

- s) *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.
- t) *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.
- u) *Debt – Payroll Protection Program* – The Association records loans, regardless if they may be forgiven at a later date, under ASC 470, Debt, recording any amounts due within a year of the balance sheet date as current and amounts due after a year as non-current. The Association will accrue any unpaid interest, according to the terms of the loan. When an amount previously recorded as debt is forgiven, it is recognized in the income statement as a gain upon debt extinguishment. The amount borrowed is shown as a cash inflow from financing activities, principle repayments as cash outflows from financing activities, and interest payments as outflows from operating activities.

**3. Capital Assets**

Changes in capital assets during the year ended June 30, 2023 are as follows:

|                               | <i>Balance</i>       |                  |                   | <i>Balance</i>       |
|-------------------------------|----------------------|------------------|-------------------|----------------------|
| <i>Capital Assets</i>         | <i>June 30, 2022</i> | <i>Additions</i> | <i>Deletions</i>  | <i>June 30, 2023</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         | 909,842              | 43,597           |                   | 953,439              |
| Equipment                     | <u>131,752</u>       |                  |                   | <u>131,752</u>       |
| Total Capital Assets          | <u>2,089,793</u>     | <u>43,597</u>    |                   | <u>2,133,390</u>     |
| Less accumulated depreciation | <u>(1,070,567)</u>   |                  | <u>(46,039)</u>   | <u>(1,116,606)</u>   |
| Capital Assets, net           | <u>\$1,019,226</u>   | <u>\$ 43,597</u> | <u>\$(46,039)</u> | <u>\$1,016,784</u>   |

**POCUMTUCK VALLEY MEMORIAL ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS**

**4. Grants Receivable**

Accounts and grants receivable at June 30, 2023 and 2022 are as follows:

|       | <u>2023</u>      | <u>2022</u>      |
|-------|------------------|------------------|
| NEH   | \$ 13,939        | \$ 20,442        |
| Other | <u>6,844</u>     | <u>44,701</u>    |
| Total | <u>\$ 20,783</u> | <u>\$ 65,143</u> |

**5. Investments**

Investments are stated at fair value as determined using quoted market values. Investments received as gifts are recorded at fair value as of the date of the gift. Realized gains or losses are computed using the average cost method.

Investment securities are exposed to various risks such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of the investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the statement of financial position and the statement of activities.

|                                      | <u>Cost</u>         | <u>Fair Value</u>  |
|--------------------------------------|---------------------|--------------------|
| <b>2023:</b>                         |                     |                    |
| Mutual Funds                         | \$ 1,055,586        | \$1,179,872        |
| Stocks, Options and Securities       | 1,391               | 23,173             |
| Cash and Cash Equivalents            | <u>277,227</u>      | <u>276,602</u>     |
|                                      | <u>\$ 1,334,204</u> | <u>\$1,479,647</u> |
| <b>2022:</b>                         |                     |                    |
| Mutual Funds                         | \$ 1,007,570        | \$ 1,097,167       |
| Stocks and Options                   | 20,386              | 24,851             |
| Cash and Cash Equivalents            | <u>25,900</u>       | <u>25,900</u>      |
|                                      | <u>\$ 1,053,856</u> | <u>\$1,147,919</u> |
| Change in net unrealized gain (loss) |                     | \$ 33,398          |
| Net realized gain (loss)             |                     | <u>-0-</u>         |
| Net gain (loss) on investments       |                     | <u>\$ 33,398</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, 2023 and 2022 was \$-0- and \$-0-, respectively.

**POCUMTUCK VALLEY MEMORIAL ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS**

**7. Notes Payable**

|   | <u>2023</u>       | <u>2022</u>      |
|---|-------------------|------------------|
| 2.75% Economic Injury Disaster Loan from the SBA<br>Due in monthly installments of \$3,495 including interest<br>through June 2050. | <u>787,802</u>    | <u>787,802</u>   |
| Total Long-Term Debt  | \$787,802         | \$787,802        |
| Less amounts due within one year  | <u>17,144</u>     | <u>17,144</u>    |
| Total Long-Term Debt  | <u>\$770,658</u>  | <u>\$770,658</u> |
| Year Ending   |                   |                  |
| <u>June 30,</u>   | <u>Amount</u>     |                  |
| 2024  | 17,144            |                  |
| 2025  | 17,621            |                  |
| 2026  | 18,112            |                  |
| 2027  | 18,617            |                  |
| 2028  | 19,135            |                  |
| Thereafter  | <u>697,173</u>    |                  |
| Total   | <u>\$ 787,802</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, 2023 and 2022 was \$84,632 (accrued vacation of \$13,222 and accrued sick time of \$71,410) 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

### 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

**POCUMTUCK VALLEY MEMORIAL ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS**

**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, 2023:

|                  | Without<br>Donor<br>Restrictions<br>Board<br>Designated | Without<br>Donor<br>Restrictions | With<br>Donor<br>Restrictions | Total             |
|------------------|---|----------------------------------|-------------------------------|-------------------|
| Museum           |   | \$ 34,534                        | \$ 20,000                     | \$ 54,534         |
| Sheldon Memorial |   | 34,534                           | 20,000                        | 54,534            |
| Indian House     |   | 34,393                           | 44,197                        | 78,590            |
| Warren Fund      |   | -0-                              | 39,647                        | 39,647            |
| Flynt Fund       | <u>547,842</u>  | <u>-0-</u>                       | <u>-0-</u>                    | <u>547,842</u>    |
|                  | <u>\$ 547,842</u>                                       | <u>\$103,461</u>                 | <u>\$ 123,844</u>             | <u>\$ 775,147</u> |

The changes in Endowment Fund are summarized below:

|                            | Without<br>Donor<br>Restrictions<br>Board<br>Designated | Without<br>Donor<br>Restrictions | With<br>Donor<br>Restrictions | Total            |
|----------------------------|---|----------------------------------|-------------------------------|------------------|
| Beginning of the Year      | \$507,360   | \$ 99,429                        | \$120,202                     | \$726,991        |
| Transfers                  |   |                                  |                               | -0-              |
| Deposits                   | -0-   |                                  |                               | -0-              |
| Investment return - Income | <u>43,986</u>   | <u>4,033</u>                     | <u>137</u>                    | <u>48,156</u>    |
| End of the Year            | <u>\$507,360</u>  | <u>\$ 99,429</u>                 | <u>\$120,202</u>              | <u>\$775,147</u> |

**POCUMTUCK VALLEY MEMORIAL ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS**

***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, 2023 and 2022 was \$37,554 and \$36,741.

**POCUMTUCK VALLEY MEMORIAL ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**

***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, 2023 and 2022 was \$72,751 and \$73,135, 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 and the PPP loan in the amount of \$54,112 was forgiven in December 2021.

***14. Subsequent Events***

The Association has evaluated subsequent events through October 12, 2023, which is the date the financial statements were available to be issued. No material subsequent events have occurred since June 30, 2023 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, 2023, 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 12, 2023.

**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 12, 2023