

**WESTPORT LIBRARY ASSOCIATION, INC.**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2025 AND 2024**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Westport Library Association, Inc.  
Westport, Connecticut

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Westport Library Association, Inc., which comprise the statement of financial position as of June 30, 2025 and 2024, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Westport Library Association, Inc., as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Westport Library Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

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

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

**Auditors' Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Westport Library Association, Inc.'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 Westport Library Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

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



**CliftonLarsonAllen LLP**

West Hartford, Connecticut  
November 20, 2025

**WESTPORT LIBRARY ASSOCIATION, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2025 AND 2024**

	2025	2024
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 2,960,993	\$ 2,198,236
Investments	8,202,497	7,428,014
Accounts Receivable	54,921	29,338
Promises to Give, Net	348,256	394,989
Employee Retention Credit Receivable	-	948,544
Prepaid Expenses and Other Assets	48,275	24,868
Property and Equipment, Net	16,260,583	16,536,274
Lease Assets - Operating, Net	99,666	130,263
In-Kind Lease Receivable	1,647,359	1,673,099
	\$ 29,622,550	\$ 29,363,625
<b>Total Assets</b>		
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 286,420	\$ 139,838
Accrued Expenses	263,171	784,099
Deferred Income	-	109,650
Lease Liabilities - Operating	99,666	130,263
	649,257	\$ 1,163,850
<b>Total Liabilities</b>		
<b>NET ASSETS</b>		
Without Donor Restrictions	23,661,393	22,950,211
With Donor Restrictions	5,311,900	5,249,564
<b>Total Net Assets</b>	28,973,293	28,199,775
<b>Total Liabilities and Net Assets</b>	\$ 29,622,550	\$ 29,363,625

See accompanying Notes to Financial Statements.

**WESTPORT LIBRARY ASSOCIATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2025 AND 2024**

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE, SUPPORT, AND OTHER CHANGES</b>						
Town Appropriation	\$ 5,573,849	\$ -	\$ 5,573,849	\$ 5,308,429	\$ -	\$ 5,308,429
Investment Income	729,056	267,186	996,242	618,223	280,898	899,121
Contributions and Grants	570,047	145,527	715,574	1,126,125	361,400	1,487,525
Special Events, Net	562,828	-	562,828	298,498	-	298,498
Fees and Program Income	593,182	-	593,182	393,862	-	393,862
Café and Retail Sales, Net	40,971	-	40,971	20,327	-	20,327
Miscellaneous Income	633,524	-	633,524	32,714	-	32,714
Net Assets Released from Restriction	350,377	(350,377)	-	508,688	(508,688)	-
Total Revenue, Support, and Other Changes	9,053,834	62,336	9,116,170	8,306,866	133,610	8,440,476
<b>EXPENSES</b>						
Program	6,566,477	-	6,566,477	6,510,525	-	6,510,525
Management and General	1,368,135	-	1,368,135	1,073,857	-	1,073,857
Fundraising	408,040	-	408,040	376,987	-	376,987
Total Expenses	8,342,652	-	8,342,652	7,961,369	-	7,961,369
<b>CHANGE IN NET ASSETS</b>	711,182	62,336	773,518	345,497	133,610	479,107
Net Assets - Beginning of Year	22,950,211	5,249,564	28,199,775	22,604,714	5,115,954	27,720,668
<b>NET ASSETS - END OF YEAR</b>	\$ 23,661,393	\$ 5,311,900	\$ 28,973,293	\$ 22,950,211	\$ 5,249,564	\$ 28,199,775

See accompanying Notes to Financial Statements.

**WESTPORT LIBRARY ASSOCIATION, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2025 AND 2024**

	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 773,518	\$ 479,107
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	520,871	909,167
Proceeds from Sale of Investments from Donors	153,850	520,644
Unrealized Gains on Investments	(710,925)	(678,507)
Proceeds from In-Kind Lease Receivable	25,740	25,740
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(25,583)	324,835
Employee Retention Credit Receivable	948,544	-
Promises to Give, Net	46,733	479,811
Other Assets	(23,407)	9,410
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	146,582	(269,841)
Accrued Expenses	(520,928)	288,808
Deferred Income	(109,650)	(335,373)
Net Cash Provided by Operating Activities	1,225,345	1,753,801
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(4,237,886)	(2,883,665)
Proceeds from the Sale of Investments	4,020,478	1,939,919
Acquisition of Property and Equipment	(245,180)	(16,888)
Net Cash Used by Investing Activities	(462,588)	(960,634)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of Notes Payable	-	(26,506)
Net Cash Used by Financing Activities	-	(26,506)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	762,757	766,661
Cash and Cash Equivalents - Beginning of Year	2,198,236	1,431,575
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 2,960,993	\$ 2,198,236

See accompanying Notes to Financial Statements.

**WESTPORT LIBRARY ASSOCIATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2025**

	Program	Management and General	Fundraising	Total
Salaries	\$ 3,205,184	\$ 620,810	\$ 239,518	\$ 4,065,512
Benefits	548,576	106,253	40,994	695,823
Payroll Taxes	228,072	44,175	17,043	289,290
Materials and Programs	1,192,760	16,567	32,939	1,242,266
Occupancy	537,444	59,716	-	597,160
Depreciation	468,784	52,087	-	520,871
Professional Fees	19,541	278,911	31,877	330,329
Information Technology	185,432	-	-	185,432
Insurance	112,982	45,333	-	158,315
Miscellaneous	50,259	38,632	18,046	106,937
Office Expense	16,900	29,168	27,623	73,691
Travel	49	57,164	-	57,213
Conference	494	19,319	-	19,813
	<u>6,566,477</u>	<u>1,368,135</u>	<u>408,040</u>	<u>8,342,652</u>
 Expenses Included with Revenues on the Statement of Activities:				
Salaries	-	143,297	-	143,297
Benefits	-	20,615	-	20,615
Payroll Taxes	-	12,137	-	12,137
Merchandise	-	97,205	-	97,205
Food and Beverage	-	90,508	-	90,508
Catering	-	-	94,477	94,477
Honorarium	-	-	50,000	50,000
Featured Presenters	-	-	18,608	18,608
Other	-	13,603	622	14,225
	<u>-</u>	<u>174,822</u>	<u>153,107</u>	<u>328,732</u>
 Total Expenses Included in the Statement of Activities	 <u>\$ 6,566,477</u>	 <u>\$ 1,745,500</u>	 <u>\$ 571,747</u>	 <u>\$ 8,883,724</u>

See accompanying Notes to Financial Statements.

**WESTPORT LIBRARY ASSOCIATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2024**

	Program	Management and General	Fundraising	Total
Salaries	\$ 3,017,062	\$ 514,844	\$ 246,837	\$ 3,778,743
Benefits	478,365	81,630	39,137	599,132
Payroll Taxes	220,153	37,568	18,012	275,733
Materials and Programs	1,206,733	22,204	27,205	1,256,142
Occupancy	394,213	43,801	-	438,014
Depreciation	818,250	90,917	-	909,167
Professional Fees	1,164	163,848	10,155	175,167
Information Technology	187,524	-	-	187,524
Insurance	106,712	20,481	-	127,193
Miscellaneous	48,895	42,799	3,354	95,048
Office Expense	29,763	19,935	32,287	81,985
Travel	1,220	22,237	-	23,457
Conference	471	12,573	-	13,044
Interest	-	1,020	-	1,020
	<u>\$ 6,510,525</u>	<u>\$ 1,073,857</u>	<u>\$ 376,987</u>	<u>\$ 7,961,369</u>
 Expenses Included with Revenues on the Statement of Activities:				
Salaries	-	135,445	-	135,445
Benefits	-	18,849	-	18,849
Payroll Taxes	-	10,811	-	10,811
Merchandise	-	74,995	-	74,995
Food and Beverage	-	100,113	-	100,113
Catering	-	-	60,417	60,417
Featured Presenters	-	-	59,069	59,069
Other	-	11,258	82	11,340
	<u>\$ 6,510,525</u>	<u>\$ 1,425,328</u>	<u>\$ 496,555</u>	<u>\$ 8,432,408</u>

See accompanying Notes to Financial Statements.

**WESTPORT LIBRARY ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025 AND 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The Westport Library Association, Inc. (the Association) is a Connecticut nonprofit, nonstock corporation organized for the purpose of operating a public library in Westport, Connecticut.

The purpose of the Association is to establish and maintain a public library for the benefit of the residents of the Town of Westport, Connecticut and the community at large.

The Association is committed to empowering the individuals and strengthening the community by stipulating intellectual curiosity, encouraging lifelong learning and providing a creative environment for the open and lively exchange of information and ideas.

**Basis of Accounting and Presentation**

The financial statements of the Association have been prepared in accordance with accounting principles generally accepted in the United States of America. Accordingly, the accounts of the Association are reported in the following net asset categories:

*Net Assets Without Donor Restrictions* – Net assets without donor restrictions represent available resources other than donor-restricted contributions. These resources may be expended at the discretion of the Board of Directors (the Board).

The Board has identified the following designations of net assets without donor restrictions as of June 30:

	2025	2024
Operating Reserve	\$ 1,975,000	\$ 1,366,905
Development	1,687,594	1,447,332
Medical Insurance Reserve	-	312,962
Total Designated Net Assets Without Donor Restrictions	\$ 3,662,594	\$ 3,127,199

*Net Assets With Donor Restrictions* – Net assets with donor restrictions represent 1) contributions that are restricted by the donor as to purpose or time of expenditure, 2) contributions that require that the principal be maintained in perpetuity but permit the Association to expend the income earned thereon, and 3) the accumulated investment income and gains on donor-restricted endowment assets that have not been appropriated for expenditure.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

Cash and cash equivalents are defined as highly liquid investments with original maturities of up to 90 days.

**WESTPORT LIBRARY ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investment Valuation and Income Recognition**

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on the trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized and unrealized gains include the Association's gains and losses on investments bought and sold as well as held during the year.

**Accounts Receivable**

The Association uses historical loss information based on the aging of receivables as well as future conditions as the basis to determine expected credit losses for receivables and believes that the composition of accounts receivable at year-end is consistent with historical conditions as credit terms and practices and the customer base has not changed significantly. Future conditions also do not show significant changes expected to impact the collectability of accounts receivable. No allowance for expected credit losses is considered necessary by management at June 30, 2025 and 2024.

**Property and Equipment**

Property acquisitions and improvements thereon that individually exceed \$1,000 are capitalized at cost and depreciated on a straight-line basis over the estimated useful lives of the related assets. Repairs and maintenance are charged to expense as incurred.

**Inexhaustible Collections and Books**

In conformity with practices followed by libraries, certain works of art, books and historical treasures that have been donated and are held for exhibition, education, research or public service have not been capitalized due their values not being readily determinable. Books purchased and used in circulation are determined to have useful lives of less than one year and are not capitalized.

**Leases**

The Association leases space for library storage and office equipment under noncancelable operating leases with terms of more than one year. The Association determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) operating lease assets and ROU operating lease liabilities on the statement of financial position for the years ended June 30, 2025 and 2024.

ROU assets represent the Association's right to use an underlying asset for the lease term and lease liabilities represent the Association's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, the Association uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments.

**WESTPORT LIBRARY ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Leases (Continued)**

The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Association will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Association has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statements of financial position.

The Association has elected not to separate non-lease components from lease components and instead accounts for each separate lease component and the non-lease component as a single lease component.

**Contributions, Including Government Grants and Contracts**

In accordance with accounting principles generally accepted in the United States, certain governmental grants and contracts received by a nonprofit, including certain awards to fund capital expenditures, are generally considered to be contributions rather than exchange transactions since there is not commensurate value transferred between the resource provider and the Association. Promises to give that are subject to donor-imposed conditions (i.e., a donor stipulation that includes a barrier that must be overcome and a right of return of assets) are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional. Unconditional contributions are recognized when promised or received, as applicable, and are considered to be available for unrestricted use unless specifically restricted by the donor.

The Association reports contributions of cash and other assets as donor-restricted support if they are received with donor stipulations that limit their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restrictions. Contributions received whose restrictions are met in the same period are presented with net assets without donor restrictions. Transfers of assets from a resource provider received before the barriers are overcome are reported as deferred revenue on the accompanying statement of financial position.

There were no conditional government grants and contracts as of June 30, 2025 and 2024. Contributed services are recognized in the financial statements if they enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills and would need to be purchased if not provided by donation. General volunteer services do not meet these criteria for recognition.

**WESTPORT LIBRARY ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition**

The Association recognizes revenue at an amount that reflects the consideration to which the Association expects to be entitled in exchange for transferring goods or services to its customers using the following five-step process:

1. Identify the contract(s) with the customer
2. Identify the performance obligation(s) in the contract
3. Determine the transaction price
4. Allocate the transaction price to performance obligations in the contract
5. Recognize revenue when (or as) the Association satisfies a performance obligation

See Note 2 for details on how the above five-step process is applied to the Association's contracts with customers.

**Concentrations and Contingencies**

The Association receives annual funding for operations from the Town of Westport, Connecticut (the Town). During the years ended June 30, 2025 and 2024, the Association received town appropriations of \$5,573,849 and \$5,308,429, respectively. The loss of funding from the Town could have an adverse effect on the Association's financial position and ability to operate.

As of June 30, 2025 and 2024, 35% and 34%, of the Association's supervisor and non-supervisor employees worked under a collective bargaining agreement. The agreement expires June 30, 2028.

**Functional Expense Allocation**

The cost of various projects and supporting services have been summarized on a functional basis in the statements of functional expenses. Certain categories of expenses that are attributable to more than one program or supporting function require allocation on a reasonable basis that is consistently applied and determined by management. Salaries, payroll taxes, and benefits are allocated by time and effort. Occupancy and depreciation are allocated by square footage. All other costs are direct costs.

**Income Taxes**

The Association is a nonprofit organization and is exempt from federal and state income taxes as a public charity under Section 501(c)(3) of the Internal Revenue Code (IRC). Accordingly, no provision for income taxes has been made in the accompanying financial statements.

**Revisions**

Certain revisions of amounts previously reported have been made to the accompanying financial statements. In Note 7 of the financial statements, the disclosure of the financial assets available for general expenditures for the prior year has been revised to \$4,250,676. The revision had no impact on previously reported net assets.

**WESTPORT LIBRARY ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Reclassifications**

Certain amounts in prior year financial statements have been reclassified to conform to the current year presentation.

**Subsequent Events**

In preparing these financial statements, management has evaluated subsequent events through November 20, 2025, which represents the date the financial statements were available to be issued.

**NOTE 2 REVENUES FROM CONTRACTS WITH CUSTOMERS**

**Program Income** – The Association enters into written contracts to provide programs to participants. Program income is derived from various programs that are offered to patrons throughout the year. At contract inception, the Association assesses the goods and services promised in its contracts with customers and identifies a performance obligation for each promise to transfer to the customer a good or service (or bundle of goods or services). To identify the performance obligations, the Association considers all of the goods or services promised in the contract regardless of whether they are explicitly stated or implied by customary business practices. The Association satisfies its performance obligations for programs at the point in time when the program is held. Program fees paid in advance are recognized as deferred revenue until earned. In the rare event that a program cannot take place, the Association's policy is to refund fees collected in full or prorated as is appropriate. For the years ended June 30, 2025 and 2024, the Association recognized revenue for program fees at a point in time of \$496,926 and \$299,473, respectively.

**Fee Income** - The Association earns revenue from library services fees and other income when a book is sold, an assessed late fee is received, or room is rented. The payment terms and conditions vary by service being provided. Performance obligations are determined based upon the service to be provided and represent the promise to transfer to the customer a good or service that is distinct. The transaction price for book sales is established by the Association based upon retail prices for similar books and does not have a right of return. For the years ended June 30, 2025 and 2024, the Association recognized revenue for fee income at a point in time of \$96,256 and \$94,389, respectively.

When the timing of the Association's delivery of services is different from the timing of the payments made by customers, the Association recognizes a contract liability (payment precedes performance) until the performance obligations are satisfied. Contracts with payment in arrears are recognized as receivables. There were no contract receivables or contract liabilities associated with these revenue streams as of June 30, 2025 and 2024.

**WESTPORT LIBRARY ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 3 FAIR VALUE MEASUREMENTS**

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in 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 are described below:

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

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

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

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3* – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level 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.

The following is a description of the valuation methodologies used for assets measured at fair value:

*Mutual Funds:* Mutual funds are valued at the quoted price of shares held by the Association at year-end.

There have been no changes in the methodologies used at June 30, 2025.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**WESTPORT LIBRARY ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)**

The following table set forth by level, within the fair value hierarchy, the Association's assets at fair value as of June 30:

	2025			Total
	Level 1	Level 2	Level 3	
Mutual funds:				
Short-Term Bond Index Fund	\$ 1,414,906	-	-	\$ 1,414,906
International Stock Index Fund	2,026,687	-	-	2,026,687
Bond Market Index Fund	1,391,960	-	-	1,391,960
Stock Market Index Fund	3,368,944	-	-	3,368,944
Total	\$ 8,202,497	\$ -	\$ -	\$ 8,202,497
	2024			Total
	Level 1	Level 2	Level 3	
Mutual funds:				
Short-Term Bond Index Fund	\$ 882,799	-	-	\$ 882,799
International Stock Index Fund	2,340,508	-	-	2,340,508
Bond Market Index Fund	904,792	-	-	904,792
Stock Market Index Fund	2,584,593	-	-	2,584,593
Multi-Asset Pimco	715,322	-	-	715,322
Total	\$ 7,428,014	\$ -	\$ -	\$ 7,428,014

There were no transfers of investments between levels during the year ended June 30, 2025.

Gains and losses (realized and unrealized) included in changes in net assets for the years ended June 30, 2025 and 2024 are reported in investment income on the statement of activities.

**NOTE 4 PROMISES TO GIVE**

The following is a summary of net pledges as of June 30:

	2025	2024
Receivable in Less than One Year	\$ 17,443	\$ 171,057
Receivable in One to Five Years	347,382	243,101
Subtotal	364,825	414,158
Less: Unamortized Discount	(16,569)	(19,169)
Promises to Give, Net	\$ 348,256	\$ 394,989

Pledges expected to be received in more than one year have been discounted using a rate of 4.50% and 5.60% at June 30, 2025 and 2024, respectively.

**WESTPORT LIBRARY ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 5 PROPERTY AND EQUIPMENT**

The following is a summary of property and equipment as of June 30:

	<u>2025</u>	<u>2024</u>
Building Improvements	\$ 19,263,705	\$ 19,263,705
Equipment	<u>2,696,125</u>	<u>3,032,674</u>
Subtotal	21,959,830	22,296,379
Less: Accumulated Depreciation	<u>(5,699,247)</u>	<u>(5,760,105)</u>
Property and Equipment, Net	<u>\$ 16,260,583</u>	<u>\$ 16,536,274</u>

The Association leases land from the Town of Westport, Connecticut under a noncancelable operating lease expiring in April 2089, at an annual rent of \$1 due each July 1. The Association also has an agreement with the Town in which there is shared ownership of the Library building. The Library and Town have ownership interest of 77% and 23%, respectively. The building is fully depreciated and is not recorded in the accompanying financial statements.

As of June 30, 2025 and 2024, the Association recognized an in-kind lease receivable in the amount of \$1,647,359 and \$1,673,099 respectively, for these arrangements.

**NOTE 6 LEASES**

The Association leases equipment and storage space under lease agreements, with the last expiring on September 1, 2028. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases.

The following table provides quantitative information concerning the Association's leases for the years ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Lease Cost:		
Operating Lease Cost	\$ 35,949	\$ 27,693
Other Information:		
Operating Cash Flows for Operating Leases	35,949	37,693
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	-	147,300
Weighted-Average Remaining Lease Term - Operating Leases	3.3 Years	4.2 Years
Weighted-Average Discount Rate - Operating Leases	4.75%	4.71%

**WESTPORT LIBRARY ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 6 LEASES (CONTINUED)**

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2025 is as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ 33,024
2027	33,024
2028	33,024
2029	8,256
Total Lease Payments	<u>107,328</u>
Less: Imputed Interest	<u>7,662</u>
Present Value of Lease Liabilities	<u><u>\$ 99,666</u></u>

**NOTE 7 LIQUIDITY AND AVAILABILITY OF RESOURCES**

The Association's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	<u>2025</u>	<u>2024</u>
Cash	\$ 2,960,993	\$ 2,198,236
Marketable Securities	8,202,497	7,428,014
Accounts Receivable	54,921	29,338
Employee Retention Credit Receivable	-	948,544
Promises to Give, Net	<u>348,256</u>	<u>394,989</u>
Total Financial Assets	11,566,667	10,999,121
Less: Amounts not Available to be Used within Twelve Months:		
Net Assets with Donor Restrictions - Program	1,200,550	1,258,750
Net Assets with Donor Restrictions - Endowment Earnings	696,109	528,780
Net Assets with Donor Restrictions - Capital Project	112,283	140,081
Net Assets with Donor Restrictions - Held in Perpetuity	1,655,599	1,648,854
Designated Net Assets Without Donor Restrictions	<u>3,662,594</u>	<u>3,127,199</u>
Financial Assets Available to Meet General Expenditures over the Next Twelve Months	<u><u>\$ 4,239,532</u></u>	<u><u>\$ 4,295,457</u></u>

**Liquidity Management**

The Association maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Association's governing board has designated \$1,975,000 of its resources without donor restrictions for financial reserves. In addition to financial assets available to meet general expenditures over the next 12 months, the Association operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. The Association's policy is to maintain financial reserves to meet at least three months of operating expenses.

**WESTPORT LIBRARY ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 7 LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)**

**Liquidity Management (Continued)**

The Association's endowment funds consist of donor-restricted endowments. The income from the donor-restricted endowments is restricted as it is subject to the spending policy and appropriation, and, therefore, is not available for general expenditure.

**NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS**

The following is the composition of the Association's net assets with donor restrictions at June 30:

	<u>2025</u>	<u>2024</u>
Time and Purpose Restrictions:		
In-Kind Lease	\$ 1,647,359	\$ 1,673,099
Programs	1,200,550	1,258,750
Endowment Earnings	696,109	528,780
Capital Projects	112,283	140,081
Total Time and Purpose Restrictions	<u>\$ 3,656,301</u>	<u>3,600,710</u>
Held in Perpetuity:		
Library Programs	\$ 1,000,000	\$ 1,000,000
Children's Library Programs	267,520	267,520
Books	141,000	141,000
Art Books	104,711	104,711
Science Lectures	100,000	100,000
Children's Art Books	27,368	20,623
International Videos	15,000	15,000
Total Held in Perpetuity	<u>1,655,599</u>	<u>1,648,854</u>
Total Net Assets with Donor Restrictions	<u>\$ 5,311,900</u>	<u>5,249,564</u>

Net assets with donor restrictions were released from restrictions by incurring expenses satisfying the following purpose or time restrictions as of June 30:

	<u>2025</u>	<u>2024</u>
Programs	\$ 196,982	\$ 408,865
Endowment Earnings	99,857	71,114
Capital Projects	27,798	2,969
In-Kind Lease	25,740	25,740
Total	<u>\$ 350,377</u>	<u>\$ 508,688</u>

**WESTPORT LIBRARY ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 9 ENDOWMENT**

The Association's endowment consists of individual funds established for a variety of purposes. Its endowment includes both board designated endowment funds as well as donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

The Association Board has interpreted the Connecticut Prudent Management of Institutional Funds Act (CTPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association Board classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanent endowment is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Association in a manner consistent with the standard of prudence prescribed by CTPMIFA.

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

- The duration and preservation of the fund
- The purposes of the Association and the donor-restricted 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

Endowment net asset composition by type of fund as of June 30 as follows:

June 30, 2025	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Funds	\$ 1,781,834	\$ -	\$ 1,781,834
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuit by Donor	-	1,655,599	1,655,599
Accumulated Gains Subject to Endowment Spending Policy and Appropriation	-	696,109	696,109
Total	<u>\$ 1,781,834</u>	<u>\$ 2,351,708</u>	<u>\$ 4,133,542</u>

**WESTPORT LIBRARY ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 9 ENDOWMENT (CONTINUED)**

June 30, 2024	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Funds	\$ 1,644,075	\$ -	\$ 1,644,075
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift			
Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	1,648,854	1,648,854
Accumulated Gains Subject to Endowment Spending Policy and Appropriation	-	528,780	528,780
Total	<u>\$ 1,644,075</u>	<u>\$ 2,177,634</u>	<u>\$ 3,821,709</u>

Changes in endowment net assets for the years ended June 30, 2025 and 2024 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - June 30, 2023	\$ 1,567,146	\$ 1,466,630	\$ 3,033,776
Interest and Dividends	42,749	45,706	88,455
Realized and Unrealized Gain	134,771	235,192	369,963
Total Investment Return	177,520	280,898	458,418
Contributions	-	501,220	501,220
Appropriations for Expenditure	(100,591)	(71,114)	(171,705)
Endowment Net Assets - June 30, 2024	<u>\$ 1,644,075</u>	<u>\$ 2,177,634</u>	<u>\$ 3,821,709</u>
Interest and Dividends	46,578	49,707	96,285
Realized and Unrealized Gain	172,721	217,479	390,200
Total Investment Return	219,299	267,186	486,485
Contributions	-	6,745	6,745
Appropriations for Expenditure	(81,540)	(99,857)	(181,397)
Endowment Net Assets - June 30, 2025	<u>\$ 1,781,834</u>	<u>\$ 2,351,708</u>	<u>\$ 4,133,542</u>

**Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or CTPMIFA requires the Association to retain as a fund of perpetual duration. There were no funds with deficiencies as of June 30, 2025 and 2024.

**WESTPORT LIBRARY ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 9 ENDOWMENT (CONTINUED)**

**Return Objectives and Risk Parameters**

The Association has adopted investment and spending policies for endowment assets, the objectives of which are to maximize its long-term rate of return while maintaining a reasonable level of risk. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Association Board, the endowment assets are invested in a manner that is broadly diversified among asset classes determined appropriate by the Association Board. The overall objective is to achieve the highest possible long-term rate of return consistent with accepting a moderate level of risk as it relates to the investment of total assets. 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 an asset distribution strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Association targets a diversified asset allocation by setting an aggregate exposure of 60% equities, 30% fixed income and 10% real assets, which are commodities and real estate.

**Spending Policy and How Investment Objectives Relate to Spending Policy**

The Association's spending policy states that the spending rate is generally to be 5% of the Endowment's total assets measured at June 30 based on the three-year moving average of the market value of the Endowment, taking into consideration the estimated total investment return, the estimated rate of inflation, and all operating needs of the Association. All funds appropriated for distribution, including any distribution in excess of the 5% policy, are done with approval from the Finance Committee and Association Board.

**NOTE 10 EMPLOYEE RETENTION CREDIT**

Management determined the Association is eligible for the Employee Retention Credit (ERC) under the Coronavirus Aid, Relief, and Economic Security Act of 2020, as modified by the Consolidated Appropriations Act of 2021 and the American Rescue Plan Act of 2021, in the amount of \$1,296,208. As of June 30, 2024, the Association recognized a receivable in the statement of financial position in the amount of \$948,544 for outstanding credits. The full amount was received by the Association during the year ended June 30, 2025.



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