

THE PAWLING FREE LIBRARY
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

For the Year Ended December 31, 2023

The Pawling Free Library

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Independent Auditor's Report

To the Board of Trustees of
The Pawling Free Library

Opinion

We have audited the financial statements of The Pawling Free Library, which comprise the statement of financial position as of December 31, 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 accompanying financial statements present fairly, in all material respects, the financial position of The Pawling Free Library as of December 31, 2023, and the changes in its net assets and its cash flows for the year 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Pawling Free Library 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.

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 The Pawling Free Library's ability to continue as a going concern for one year after the date that the financial statements are issued.

Independent Auditor's Report - (Continued)

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 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 The Pawling Free Library'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 The Pawling Free Library'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.

Independent Auditor's Report - (Continued)

Report on Summarized Comparative Information

We have previously audited The Pawling Free Library's December 31, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 19, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Frank E. Malara, CPA

Frank E. Malara, CPA, P.C.
Armonk, New York
November 14, 2024

The Pawling Free Library
Statement of Financial Position
December 31, 2023
(With Summarized Comparative Totals at December 31, 2022)

	<u>2023</u>	<u>2022</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 367,650	\$ 363,128
Grant receivable	23,300	13,811
Investments	32,165	27,933
Prepaid expenses	<u>5,826</u>	<u>4,953</u>
Total current assets	<u>428,941</u>	<u>409,825</u>
Land, property and equipment, net of accumulated depreciation of \$549,361 (2023) and \$516,775 (2022)	<u>697,001</u>	<u>561,511</u>
Total Assets	<u><u>\$1,125,942</u></u>	<u><u>\$ 971,336</u></u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued expenses	<u>\$ 23,365</u>	<u>\$ 13,105</u>
Net Assets:		
Without donor restrictions	828,971	820,864
With donor restrictions	<u>273,606</u>	<u>137,367</u>
Total net assets	<u>1,102,577</u>	<u>958,231</u>
Total Liabilities and Net Assets	<u><u>\$1,125,942</u></u>	<u><u>\$ 971,336</u></u>

The notes to the financial statements are an integral part of these statements.

The Pawling Free Library
Statement of Activities
For the Year Ended December 31, 2023
(With Summarized Comparative Totals for the Year Ended December 31, 2022)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2023	2022
Revenue and Support:				
Property taxes	\$ 451,119	\$ -	\$ 451,119	\$ 451,080
Grants and other aid	53,849	136,239	190,088	115,953
Contributions	19,301	-	19,301	43,517
Special event, net of expenses of \$25,597 (2022)	-	-	-	104,970
Annual book sale	16,155	-	16,155	14,931
Library charges	7,271	-	7,271	13,564
Investments income (loss), net	4,232	-	4,232	(5,258)
Interest income	451	-	451	476
	<u>552,378</u>	<u>136,239</u>	<u>688,617</u>	<u>739,233</u>
Reclassification:				
Net assets released from restriction	<u>-</u>	<u>-</u>	<u>-</u>	<u>(70,642)</u>
Expenses:				
Programs	466,712	-	466,712	488,307
Management and general	65,614	-	65,614	63,130
Fundraising	11,945	-	11,945	6,387
	<u>544,271</u>	<u>-</u>	<u>544,271</u>	<u>557,824</u>
Change in net assets	8,107	136,239	144,346	110,767
Net assets - beginning of year	<u>820,864</u>	<u>137,367</u>	<u>958,231</u>	<u>847,464</u>
Net assets - end of year	<u>\$ 828,971</u>	<u>\$ 273,606</u>	<u>\$ 1,102,577</u>	<u>\$ 958,231</u>

The notes to the financial statements are an integral part of these statements.

The Pawling Free Library
Statement of Functional Expenses
For the Year Ended December 31, 2023
(With Summarized Comparative Totals for the Year Ended December 31, 2022)

	Programs	Management and General	Fundraising	Totals	
				2023	2022
Salaries and benefits	\$ 287,845	\$ 35,576	\$ -	\$ 323,421	\$ 337,439
Consulting and professional fees	-	19,651	-	19,651	15,353
Programs, books and periodicals	83,416	-	-	83,416	94,898
Utilities	13,239	-	-	13,239	14,998
Repairs and maintenance	28,778	-	-	28,778	29,170
Automation and computer costs	2,085	-	-	2,085	4,911
Insurance	4,587	9,312	-	13,899	14,417
Office expenses	6,633	1,000	-	7,633	3,894
Annual appeal	-	-	5,776	5,776	-
Annual book sale	-	-	6,169	6,169	6,387
Telephone	4,942	-	-	4,942	4,476
Travel	244	-	-	244	399
Dues and subscriptions	1,080	-	-	1,080	1,287
Miscellaneous	1,153	75	-	1,228	4,017
Advertising	124	-	-	124	3,219
Depreciation	32,586	-	-	32,586	22,959
Total Expenses	\$ 466,712	\$ 65,614	\$ 11,945	\$ 544,271	\$ 557,824

The notes to the financial statements are an integral part of these statements.

The Pawling Free Library
Statement of Cash Flows
For the Year Ended December 31, 2023
(With Summarized Comparative Totals for the Year Ended December 31, 2022)

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 144,346	\$ 110,767
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	32,586	22,959
Unrealized gain on investments	(3,337)	5,862
Changes in operating assets and liabilities		
Grant receivable	(9,489)	(13,811)
Prepaid expenses	(873)	12,786
Accounts payable and accrued expenses	10,260	7,798
	173,493	146,361
Cash flows from investing activities:		
Acquisition of property and equipment	(168,076)	(208,593)
Reinvested dividends	(895)	(604)
	(168,971)	(209,197)
Net change in cash and cash equivalents	4,522	(62,836)
Cash and cash equivalents - beginning of year	363,128	425,964
Cash and cash equivalents - end of year	\$ 367,650	\$ 363,128

The notes to the financial statements are an integral part of these statements.

The Pawling Free Library
Notes to Financial Statements
December 31, 2023
(With Summarized Comparative Totals for 2022)

Note 1 - Organization

The Pawling Free Library (the “Library”) seeks to serve the Town of Pawling, including the Hamlet of Holmes as well as the surrounding areas, by making high-quality library materials available to all community members free of charge, for the purpose of personal enjoyment, self-improvement or academic inquiry. By meeting the community members’ needs, the Library encourages enthusiastic readers of all ages dedicated to personal enrichment and learning.

The Library was granted an Absolute Charter on February 20, 1942 pursuant to the Education Law of the State of New York and is exempt from federal income taxes under 501(a) of the Internal Revenue Code as a Library described in Section 501(c)(3). The Library is structured as an “Association Library” and is operated for the free use of the public.

Note 2 - Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

The accompanying financial statements are presented on the accrual basis of accounting. Accordingly, revenue is recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation

Net assets are classified based on the presence or absence of donor-imposed restrictions. Resources for various purposes are classified for accounting and reporting purposes into net asset categories established according to nature and purpose as follows:

Without donor restrictions - consist of resources available for the general support of the Library’s operations. Net assets without donor restriction may be used at the discretion of the Library’s management and Board of Trustees.

The Pawling Free Library
Notes to Financial Statements
December 31, 2023
(With Summarized Comparative Totals for 2022)

Note 2 - Summary of Significant Accounting Policies - (continued)

Financial Statement Presentation - (continued)

With donor restrictions - net assets that are subject to stipulations imposed by donors and grantors. Some donor imposed restrictions represent amounts restricted by donors for specific activities of the Library or to be used at some future date. The Library records contributions as with donor restrictions if they are received with donor stipulations that limit their use either through purpose or time restrictions. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Amounts restricted by donors for the Library's operating programs whose restrictions are met in the same reporting period are reported as net assets without donor restrictions.

Uncertain Tax Positions

The Library recognizes the effects of income tax positions only when they are more likely than not to be sustained. Management has determined that the Library does not have any uncertain tax positions that are material to the financial statements. The previous three years remain subject to examination by tax authorities. The Library did not recognize any tax related interest and/or penalties in the accompanying financial statements but would record any such interest and/or penalties as a component of other expense.

Revenue from Contracts with Customers

The Library adopted the U.S. GAAP revenue recognition guidance which provides a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. The revenue recognition guidance does not apply to how contributions and promises to give are recognized, as they are specifically scoped out of the guidance. Revenue from contracts with customers consist of library charges and book sales. The Library uses a portfolio approach as a practical expedient to account for categories of contracts as collective groups, rather than recognizing revenue on an individual contract basis. The financial statement effects of using this practical expedient are not materially different from an individual contract approach. The Library has elected the practical expedient and does not adjust the promised amount of consideration from fees for services for the effects of a significant financing component due to the Library's expectation that the period between the time the service is provided to a customer and the time that the revenue is received for that service will be one year or less.

The Pawling Free Library
Notes to Financial Statements
December 31, 2023
(With Summarized Comparative Totals for 2022)

Note 2 - Summary of Significant Accounting Policies - (continued)

Revenue from Contracts with Customers - (continued)

The core principle of the guidance is that an entity should recognize revenue from the transfer of promised goods or services to customers in an amount that reflects the consideration the entity expects to receive for those promised goods or services to customers.

Contributions

The Library adopted ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (“ASU 2018-08”). This guidance provides a framework for evaluating whether grants should be accounted for as exchange transactions or as nonexchange transactions. Analysis of the various provisions of this standard resulted in no significant changes in the way the Library recognizes contributions.

Budgetary Data and Property Taxes

Chapter 414 of the laws of 1995 in New York State enables the Library to put their budget up for public vote, on election day, to establish the municipal budget appropriation for the Library. Should the budget pass (requires approval by a majority vote), the Town of Pawling funds the Library at the appropriate level from assessed property taxes. The amount approved remains unchanged until another Chapter 414 vote is initiated by the Library’s Board of Trustees. Should the initial budget fail, the Library negotiates with the Town of Pawling for funding.

Property tax revenue received from the Town of Pawling is for the programs and operations of the Library and is classified as net assets without donor restrictions in the statements of activities.

Revenue Recognition

As shown on the accompanying statements of activities, the Library has several revenue sources including property taxes, grants and other aid, contributions, library charges and book sales. The Library has reviewed its various revenue sources and concluded that each of its contracts (oral or written) include a single performance obligation that is satisfied at a point in time.

Grants and contributions of cash and other assets are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets.

The Pawling Free Library
Notes to Financial Statements
December 31, 2023
(With Summarized Comparative Totals for 2022)

Note 2 - Summary of Significant Accounting Policies - (continued)

Cash and Cash Equivalents

Cash and cash equivalents include money market funds.

Grants Receivable

Grants receivable is stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that remain outstanding after management has used reasonable collection efforts are written off through a reduction in the valuation allowance and accounts receivable. As of December 31, 2023 and 2022, there were grants receivable of \$23,300 and \$13,811, respectively. An allowance for doubtful accounts has not been deemed necessary by management.

Investment Valuation and Income Recognition

Investments are carried at fair value with changes therein recognized in the statements of activities. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of the change in net assets.

Fair Value Measurements

The Library follows U.S. GAAP guidance on Fair Value Measurements which defines fair value and established a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Land, Property and Equipment

Land, property and equipment are carried at cost, if purchased, or at their estimated fair value on the date of receipt, if contributed. Depreciation is computed using the straight-line method over the estimated useful lives of the assets which range from 5-39 years. Significant renewals and betterments in excess of \$1,000 with a useful life greater than one year are capitalized.

The Pawling Free Library
Notes to Financial Statements
December 31, 2023
(With Summarized Comparative Totals for 2022)

Note 2 - Summary of Significant Accounting Policies - (continued)

In-Kind Support

A number of the members of the Board of Trustees have contributed significant amounts of their time to the affairs of the Library, however, these services, if not professional in nature, have not been reflected in the financial statements unless the services provided represent the value of services provided by an otherwise salaried employee.

The Library receives, without charge, the services of various volunteers. The value of those services is not recognized in the accompanying financial statements because they did not meet the criteria for recognition.

Donated goods are recorded at fair value in the period received.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses are allocated based on the basis of estimates of time and effort or purpose and function. Such allocations are determined by management.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Personnel costs	Time and effort
Professional services	Full time equivalent
Office expenses	Square footage
Technology and utilities	Full time equivalent
Travel	Time and effort
Depreciation	Square footage
Other	Time and effort

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs approximated \$120 and \$3,200 for the years ended December 31, 2023 and 2022, respectively.

The Pawling Free Library
Notes to Financial Statements
December 31, 2023
(With Summarized Comparative Totals for 2022)

Note 2 - Summary of Significant Accounting Policies - (continued)

Liquidity and Availability of Resources

The following reflects the Library's financial assets as of the statements of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of December 31, 2023 and 2022. Amounts available include the Board-approved appropriation from the endowment fund for the following year as well as donor-restricted amounts that are available for general expenditure in the following year.

	2023	2022
Financial assets at year-end:		
Cash and cash equivalents	\$ 367,650	\$ 363,128
Grants receivable	23,300	13,811
Investments	32,165	27,933
Less:		
Endowment funds - investments in perpetuity	(25,000)	(25,000)
Purpose restricted net assets	(248,606)	(112,367)
Board designated net assets - building fund	(126,438)	(122,206)
Financial assets available to meet general expenditures over the next year	\$ 23,071	\$ 145,299

Summarized Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total, but not by fund balance class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should only be read in conjunction with the Library's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

The Pawling Free Library
Notes to Financial Statements
December 31, 2023
(With Summarized Comparative Totals for 2022)

Note 3 - Concentration of Credit Risk

The Library maintains its cash and cash equivalent balances in two financial institutions. Certain balances are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000 per institution. At December 31, 2023, uninsured amounts were \$37,471.

Note 4 - Land, Property and Equipment

Land, property and equipment consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Land	\$ 29,141	\$ 29,141
Building and improvements	1,159,503	979,841
Furniture, fixtures and equipment	57,718	69,304
	<u>1,246,362</u>	<u>1,078,286</u>
Accumulated depreciation	(549,361)	(516,775)
	<u>\$ 697,001</u>	<u>\$ 561,511</u>

Depreciation expense for the years ended December 31, 2023 and 2022 was \$32,586 and \$22,959, respectively.

Note 5 - Net Assets

Net assets with donor restrictions were restricted for the following purposes at December 31:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose:		
State construction grant	\$ 136,239	\$ -
Building expansion	56,000	56,000
Programming	19,500	19,500
Children's wing	32,641	32,641
Youth development programming	4,226	4,226
Subject to the Library's spending policy and appropriation:		
Investment in perpetuity	25,000	25,000
	<u>\$ 273,606</u>	<u>\$ 137,367</u>

The Pawling Free Library
Notes to Financial Statements
December 31, 2023
(With Summarized Comparative Totals for 2022)

Note 5 - Net Assets - (continued)

For the years ended December 31, 2023 and 2022, net assets without donor restrictions includes \$126,438 and \$122,206, respectively, designated by the Board of Trustees as a building fund. During 2023 and 2022, no amounts were released for use from the board designated building fund. There were no net assets released from donor restriction during the years ended December 31, 2023 and 2022.

Note 6 - Endowment, Investments and Investment Return

In 2017, the Library received a bequest in the amount of \$25,000 to be used to create an endowment in support of operations. During 2018, the Board created an endowment that includes donor designated net assets with restriction and board designated net assets without restriction.

The Library follows the provisions of the New York State Uniform Prudent Management of Institutional Funds Act (“NYPMIFA”). The Board of Trustees of the Library has interpreted NYPMIFA 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 Library classified as donor restricted net assets held in perpetuity (a) the original value of gifts to the permanent endowment, and (b) 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. Any remaining portion of the donor restricted endowment fund that is not classified as held in perpetuity will be classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Library in a manner consistent with the standard of prudence prescribed by NYPMIFA. To satisfy its long-term rate of return objectives, the Library 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), the Library targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objectives with prudent risk constraints.

Note 7 - Spending Policy

The Library invests its endowment funds and allocates the related earnings for expenditure in accordance with the total return policy concept. The endowment usage is determined in accordance with the policy adopted by the Library. This policy fixes the spending range of the endowment total return between 4.5% and 5.5% of the average fair value of the assets since the inception of the endowment or the previous twelve quarters, whichever period is the shortest, with the objective being to hold the spending rate to no more than 5% average over time. Applicable endowments include donor-designated and Board designated endowment funds.

The Pawling Free Library
Notes to Financial Statements
December 31, 2023
(With Summarized Comparative Totals for 2022)

Note 7 - Spending Policy - (continued)

The following is a reconciliation of the activity in the endowment fund during the years ended December 31:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Balance, December 31, 2022	\$ 122,206	\$ 25,000	\$ 147,206
Investment income	895	-	895
Unrealized gain	3,337	-	3,337
	<u>\$ 126,438</u>	<u>\$ 25,000</u>	<u>\$ 151,438</u>
Balance, December 31, 2023	<u>\$ 126,438</u>	<u>\$ 25,000</u>	<u>\$ 151,438</u>
Comprised of the following:			
Board designated cash	\$ 126,438	\$ 25,000	\$ 151,438
Donor restricted funds - investment in perpetuity	-	-	-
Total Endowment Investments	<u>\$ 126,438</u>	<u>\$ 25,000</u>	<u>\$ 151,438</u>
	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Balance, December 31, 2021	\$ 127,464	\$ 25,000	\$ 152,464
Investment income	604	-	604
Unrealized loss	(5,862)	-	(5,862)
	<u>\$ 122,206</u>	<u>\$ 25,000</u>	<u>\$ 147,206</u>
Balance, December 31, 2022	<u>\$ 122,206</u>	<u>\$ 25,000</u>	<u>\$ 147,206</u>
Comprised of the following:			
Board designated cash	\$ 122,206	\$ 25,000	\$ 147,206
Donor restricted funds - investment in perpetuity	-	-	-
Total Endowment Investments	<u>\$ 122,206</u>	<u>\$ 25,000</u>	<u>\$ 147,206</u>

The Pawling Free Library
Notes to Financial Statements
December 31, 2023
(With Summarized Comparative Totals for 2022)

Note 7 - Spending Policy - (continued)

From time to time, certain donor restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). We have interpreted NYPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2023 and 2022, there was no deficiency of the original gift value of \$25,000.

The following are major categories of investments measured at fair value and categorized by the fair value hierarchy for those investments measured at fair value at December 31:

	2023	2022
Quoted Prices in Active Market for Identical Assests (Level 1)		
Mutual funds	\$ 18,788	\$ 15,452
Fixed income corporate bonds	13,377	12,481
	\$ 32,165	\$ 27,933

Investment return consists of the following for the years ended December 31:

	2023	2022
Interest and dividends	\$ 895	\$ 604
Net unrealized gain (loss)	3,337	(5,862)
	\$ 4,232	\$ (5,258)

Note 8 - Economic Dependency

The Library receives a substantial amount of its support from State and local governments. For the years ended December 31, 2023 and 2022, revenue from State and local governments approximated 90% and 75% of the Library's total operating revenue, respectively. A significant reduction in the level of this support, if it were to occur, would have a negative effect on the Library's programs and activities.

The Pawling Free Library
Notes to Financial Statements
December 31, 2023
(With Summarized Comparative Totals for 2022)

Note 9 - Subsequent Events

Management has evaluated subsequent events through November 14, 2024, the date which the financial statements were available to be issued. Management has determined that there are no subsequent events that require disclosure in these financial statements.