Audited Financial Statements

December 31, 2025

Bosler Memorial Library

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Bosler Memorial Library
Carlisle, Pennsylvania

Opinion

We have audited the accompanying financial statements of Bosler Memorial Library (a non-profit Library), which comprise the statements of assets, liabilities, and net assets – modified cash basis as of December 31, 2025 and 2024, and the related statements of support and revenues, expenditures, and changes in net assets – modified cash basis, statements of functional expenses – modified cash basis, and statements of cash flows – modified cash basis 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 assets, liabilities, and net assets of Bosler Memorial Library as of December 31, 2025 and 2024 and its support and revenues, expenditures, and changes in net assets for the years then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis for Opinion

We conducted our audits 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 Bosler Memorial Library 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.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

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 throughout the audit.

- Identify and assess the risk 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 Bosler Memorial 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 Bosler Memorial 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.

Smith Elliott Kearns & Company, LLC

Camp Hill, Pennsylvania
July 17, 2026

BOSLER MEMORIAL LIBRARY
Statements of Assets, Liabilities, and Net Assets – Modified Cash Basis
December 31, 2025 and 2024

	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents	$ 831,239	$ 309,348
Total Current Assets	831,239	309,348
Property and Equipment		
Land	114,499	114,499
Land improvements	766,786	766,786
Buildings	7,129,844	7,129,844
Furniture and equipment	786,712	818,698
Vehicle	50,759	50,759
Total property and equipment	8,848,600	8,880,586
Less accumulated depreciation	(3,407,698)	(3,212,384)
Property and Equipment, Net	5,440,902	5,668,202
Investments		
Board-designated endowment fund	1,591,593	1,428,850
G.B. Stuart Foundation restricted fund	160,875	128,053
Rovegno Endowment fund	60,659	57,498
Total Investments	1,813,127	1,614,401
Other Assets		
Finance lease right-of-use assets	8,831	1,502
Beneficial interest in perpetual trust	256,479	232,963
Total other assets	265,310	234,465
TOTAL ASSETS	$ 8,350,578	$ 7,826,416
LIABILITIES AND NET ASSETS		
Current Liabilities		
Short-term lease liability - finance	$ 3,587	$ 1,502
Payroll and sales tax withholdings	1,761	3,434
Total Current Liabilities	5,348	4,936
Long Term Liabilities		
Long-term lease liability - finance	5,244	-
Total Long Term Liabilities	5,244	-
Total Liabilities	10,592	4,936
Net Assets		
Without donor restrictions - undesignated	6,169,411	5,888,989
Without donor restrictions - board designated	1,617,160	1,454,417
With donor restrictions	553,415	478,074
Total Net Assets	8,339,986	7,821,480
TOTAL LIABILITIES AND NET ASSETS	$ 8,350,578	$ 7,826,416

BOSLER MEMORIAL LIBRARY
Statement of Support and Revenues, Expenditures, and Changes in Net Assets – Modified Cash Basis
Year Ended December 31, 2025

	2025		
OPERATING ACTIVITIES	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
Support and Revenues			
Governmental support	$ 1,110,115	$ 177,169	$ 1,287,284
Contributions	917,508	(4,624)	912,884
Contributions - in-kind	55,861	-	55,861
Library operations	31,119	-	31,119
Interest and dividends	11,081	-	11,081
Insurance rebate	2,621	-	2,621
Net assets released from restrictions	131,703	(131,703)	-
Total Support and Revenue	2,260,008	40,842	2,300,850
Expenditures			
Program services			
Adult programs	770,003	-	770,003
Juvenile programs	418,567	-	418,567
Reference programs	532,003	-	532,003
Total Program Services	1,720,573	-	1,720,573
Support Services			
Management and general	181,381	-	181,381
Fundraising	131,587	-	131,587
Total Expenditures	2,033,541	-	2,033,541
Changes in Net Assets from Operating Activities	226,467	40,842	267,309
NONOPERATING ACTIVITIES			
Investment return, net	216,698	34,499	251,197
CHANGES IN NET ASSETS	443,165	75,341	518,506
NET ASSETS - BEGINNING OF YEAR	7,343,406	478,074	7,821,480
NET ASSETS - END OF YEAR	$ 7,786,571	$ 553,415	$ 8,339,986

BOSLER MEMORIAL LIBRARY
Statement of Support and Revenues, Expenditures, and Changes in Net Assets – Modified Cash Basis
Year Ended December 31, 2024

	2024		
OPERATING ACTIVITIES	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
Support and Revenues			
Governmental support	$ 750,494	$ 164,177	$ 914,671
Contributions	579,239	8,534	587,773
Contributions - in-kind	55,084	-	55,084
Library operations	30,554	-	30,554
Interest and dividends	8,116	-	8,116
Insurance rebate	2,544	-	2,544
Net assets released from restrictions	198,734	(198,734)	-
Total Support and Revenue	1,624,765	(26,023)	1,598,742
Expenditures			
Program services			
Adult programs	660,756	-	660,756
Juvenile programs	331,476	-	331,476
Reference programs	451,252	-	451,252
Total Program Services	1,443,484	-	1,443,484
Support Services			
Management and general	150,657	-	150,657
Fundraising	128,866	-	128,866
Total Expenditures	1,723,007	-	1,723,007
Changes in Net Assets from Operating Activities	(98,242)	(26,023)	(124,265)
NONOPERATING ACTIVITIES			
Investment return, net	168,394	21,443	189,837
CHANGES IN NET ASSETS	70,152	(4,580)	65,572
NET ASSETS - BEGINNING OF YEAR	7,273,254	482,654	7,755,908
NET ASSETS - END OF YEAR	$ 7,343,406	$ 478,074	$ 7,821,480

BOSLER MEMORIAL LIBRARY
Statement of Functional Expenses – Modified Cash Basis
Year Ended December 31, 2025

	2025					
	Adult Programs	Juvenile Programs	Reference Programs	Management and General	Fundraising	Total
Salaries and wages	$ 356,854	$ 239,774	$ 189,653	$ 114,533	$ 76,437	$ 977,251
Payroll taxes	30,613	20,569	16,270	9,825	1,435	78,712
Employee benefits	32,817	15,942	11,166	17,561	1,847	79,333
Collections	102,783	35,568	176,982	-	-	315,333
Depreciation	107,176	39,179	60,407	12,987	21,204	240,953
Amortization	1,326	485	748	160	262	2,981
Utilities and telephone	37,371	13,661	21,061	4,528	7,393	84,014
Building and grounds maintenance	32,360	11,829	18,239	3,921	6,402	72,751
Insurance	13,349	4,880	7,526	1,618	2,641	30,014
Professional fees	2,586	1,738	1,374	831	121	6,650
Public relations - program	19,887	13,001	11,017	-	-	43,905
Accounting and payroll processing	7,398	4,971	3,933	2,375	347	19,024
Equipment rental and maintenance	302	110	169	37	60	678
Postage/freight	263	176	140	84	12	675
Office expense	14,073	9,456	7,478	4,517	660	36,184
Supplies and collection maintenance	816	534	453	-	-	1,803
Printing	4,309	2,895	2,291	1,383	202	11,080
Miscellaneous	2,213	1,487	1,177	710	104	5,691
Dues and memberships	1,050	706	558	337	49	2,700
Travel and conferences	2,457	1,606	1,361	-	-	5,424
Bank charges	-	-	-	5,974	-	5,974
Fundraising-direct costs	-	-	-	-	12,411	12,411
	$ 770,003	$ 418,567	$ 532,003	$ 181,381	$ 131,587	$ 2,033,541

BOSLER MEMORIAL LIBRARY
Statement of Functional Expenses – Modified Cash Basis
Year Ended December 31, 2024

	2024					
	Adult Programs	Juvenile Programs	Reference Programs	Management and General	Fundraising	Total
Salaries and wages	$ 312,979	$ 186,119	$ 153,930	$ 101,230	$ 78,596	$ 832,854
Payroll taxes	27,172	16,159	13,364	8,789	1,260	66,744
Employee benefits	29,489	15,308	6,352	7,091	1,495	59,735
Collections	59,255	20,919	159,919	-	-	240,093
Depreciation	108,506	38,263	55,159	12,684	20,708	235,320
Amortization	2,078	732	1,056	242	396	4,504
Utilities and telephone	36,409	12,839	18,508	4,256	6,948	78,960
Building and grounds maintenance	23,636	8,335	12,015	2,763	4,511	51,260
Insurance	13,700	4,831	6,965	1,602	2,615	29,713
Professional fees	652	387	320	211	30	1,600
Public relations - program	18,118	10,531	9,412	-	-	38,061
Accounting and payroll processing	7,378	4,388	3,629	2,387	342	18,124
Postage/freight	592	353	292	192	28	1,457
Office expense	11,133	6,620	5,475	3,601	516	27,345
Supplies and collection maintenance	597	346	310	-	-	1,253
Printing	3,549	2,111	1,746	1,148	165	8,719
Miscellaneous	1,521	904	747	492	71	3,735
Dues and memberships	725	431	356	234	34	1,780
Travel and conferences	3,267	1,900	1,697	-	-	6,864
Bank charges	-	-	-	3,735	-	3,735
Fundraising-direct costs	-	-	-	-	11,151	11,151
	$ 660,756	$ 331,476	$ 451,252	$ 150,657	$ 128,866	$ 1,723,007

BOSLER MEMORIAL LIBRARY
Statements of Cash Flows – Modified Cash Basis
Years Ended December 31, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 518,506	$ 65,572
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	243,934	239,824
Net realized and unrealized gains on investments	(175,612)	(127,045)
Unrealized gain beneficial interest in perpetual trust	(23,516)	(9,849)
Increase (decrease) in:		
Payroll and sales tax withholdings	(1,673)	(215)
Net Cash Provided by Operating Activities	561,639	168,287
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(1,820,287)	(477,551)
Proceeds from sale of investments	1,797,173	520,139
Purchase of property and equipment	(13,653)	(98,673)
Net Cash Used in Investing Activities	(36,767)	(56,085)
CASH FLOWS FROM FINANCE ACTIVITIES		
Payment on finance lease obligations	(2,981)	(4,505)
Net Cash Used in Finance Activities	(2,981)	(4,505)
Increase in Cash and Cash Equivalents	521,891	107,697
CASH AND CASH EQUIVALENTS, BEGINNING	309,348	201,651
CASH AND CASH EQUIVALENTS, ENDING	$ 831,239	$ 309,348

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The J. Herman Bosler Memorial Library, commonly known as Bosler Memorial Library (the Library) was formed to provide public library services to the residents of the Carlisle, Pennsylvania area. The Library provides a large selection of books and other media to its patrons to satisfy their needs for information, culture, education, and leisure. The library makes available books, periodicals, spoken cassettes, videos and other library materials free of charge. Librarians are made available to help patrons find materials, and to answer questions both in person and via telephone. Inter-library loan services are available to further expand the availability of materials to the library's patrons. A variety of children's and adult programs are offered to promote reading and learning.

Basis of Accounting

These statements are prepared using the modified cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles. This basis generally recognizes assets, liabilities, net assets, revenues, and expenditures and capital purchases when they result from cash transactions or borrowings, with a provision for capitalizing property and equipment, lease assets and liabilities, depreciation, and the fair market value of investments and a beneficial interest in a perpetual trust.

Cash and Cash Equivalents

The Library considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Certificates of Deposit

Certificates of deposit that do not qualify as cash equivalents are stated at cost, which approximates fair value due to the short-term nature of these investments and the insignificance of any unrecognized earnings.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures. Actual results could differ from those estimates.

Inexhaustible Collections and Books

Because the values of the existing inexhaustible collections, including research books, are not readily determinable, the Library has not capitalized them and does not sell these items. Books used in the circulating library have not been capitalized because their estimated useful lives are unable to be reasonably estimated.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of Credit Risk and Market Risk

The Library maintains bank accounts at local financial institutions. The balances at times may exceed the federal deposit insurance limits. Management considers this to be a normal business risk.

The Library invests in various investment securities, which are exposed to various risks, such as interest rate, market, currency, and credit risks. Market risks include global events which could impact the value of investment securities, such as a pandemic or international conflict. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could be material.

Property and Equipment

Property and equipment is stated at cost, and depreciation is computed utilizing the straight-line method over the estimated useful lives. The costs of providing various programs and supporting services have been summarized on a functional basis in the statements of support and revenues, expenditures, and changes in net assets – modified cash basis.

	Estimated Lives
Land improvements	15 - 20 years
Buildings	10 - 40 years
Furniture and equipment	5 - 10 years
Vehicle	5 years

Expenditures for maintenance and repairs are charged to expenses as incurred. When assets are sold, the cost and related accumulated depreciation amounts are removed from the financial statements, with any gain or loss being reflected in the statements of support and revenues, expenditures, and changes in net assets – modified cash basis. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as support without donor restrictions.

Functional Expense Classification

The costs of providing various programs and supporting services have been summarized on a functional basis in the statements of support and revenues, expenditures, and changes in net assets – modified cash basis and statements of functional expenses – modified cash basis. Certain expenses are charged directly to program or supporting services based on specific identification. Indirect expenses have been allocated by management based on reasonable allocation methods.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Indirect expenses are allocated using the following methods:

Expense	**Method of Allocation**
Salaries	Time and Effort
Payroll Taxes	Time and Effort
Employee Benefits	Time and Effort
Depreciation	Square Footage
Utilities and Telephone	Square Footage
Building and Grounds Maintenance	Square Footage
Insurance	Square Footage
Programs and Public Relations	Time and Effort
Other	Time and Effort

Income Taxes

The Library is exempt from federal income taxes under 501(c)(3) of the Internal Revenue Code and is exempt from federal income tax. The Library is considered a public charity. The Library is subject to routine audits by taxing jurisdictions, generally for a period of three years after the returns are filed; however, there are currently no audits for any tax periods in progress.

Donor Restrictions

Contributions of cash that must be used to acquire property and equipment are reported as with donor restrictions support. Absent donor stipulations regarding how long those assets must be maintained, the Library reports expirations of donor restrictions when the acquired assets are placed in service. The Library reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Contributions are reported as increases in net assets without donor restrictions or net assets with donor restrictions depending on the existence or nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions for which restrictions are met within the same calendar year are reported as net assets without donor restrictions.

Investments

Investments are carried at fair value. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in the change in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Beneficial Interest in Perpetual Trusts

The Library has rights to income generated by a trust fund which is administered by a third party. Valuation of these rights is based on the present value of the estimated future income generated by the trust, which at December 31, 2025 and 2024 approximated the Library's proportionate share of the value of the assets held by the trust.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Library records leased assets in accordance with Accounting Standards Codification (ASC) 842, *Leases*. Lease liabilities represent the Library's obligation to make lease payments and are presented at each reporting date at the value of the remaining contractual cash flows. Lease liabilities are measured at the present value of future lease payments over the lease term. Right-of-use assets are measured based on the lease liability, adjusted for any prepaid or accrued lease payments and lease incentives received. Right-of-use assets represent the Library's right to use the underlying asset for the lease term and are calculated as the sum of the lease liability and if applicable, prepaid rent, initial direct costs, and any incentives received from the lessor. The Library has elected not to recognize right-of-use assets and lease liabilities for leases with a term of 12 months or less.

Donated Services

The Library receives substantial services donated by volunteers interested in the programs and services provided by the Library to the community. Because of the difficulty in assigning values for these services, those items are not reflected in these financial statements. However, when the value of substantial or specialized donated services or specific donated materials is ascertainable, they are reflected in the financial statements as support received and expenses paid. Specific materials donated for use in providing library programs are recorded as support and expenses of the Library. Specialized services donated in renovations to the building, if any, are included as support with the expense capitalized as building improvements.

Net Assets

The Library is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. A description of the two net asset categories follows:

Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors.

With Donor Restrictions: Net assets whose use by the Library is subject to donor-imposed restrictions that can be fulfilled by actions of the Library pursuant to those restrictions or that expire by the passage of time and net assets subject to donor-imposed restrictions that are to be maintained permanently by the Library.

NOTE 2 DONATED MATERIALS

All materials donated to the Library are recorded at their estimated fair value when received. The Library's policy is to use donated materials in their operations. Donated materials are included as contributions in the statements of support and revenues, expenditures, and changes in net assets - modified cash basis and consist of the following at December 31:

	2025	2024
Program Services:		
Law library	$ 53,547	$ 53,190
Books	1,160	1,454
Audiovisual	301	45
Management and General:		
Other materials	853	395
	$ 55,861	$ 55,084

NOTE 3 RESTRICTIONS ON NET ASSETS

Net assets consist of the following as of December 31:

	2025	2024
Net assets with donor restrictions		
Subject to expenditure for specified purpose:		
Collections	$ 38,094	$ 22,467
Educational and other library programs	30,566	36,351
Outreach vehicle	6,742	742
	75,402	59,560
Subject to endowment spending policy and perpetual in nature:		
G.B. Stuart Foundation restricted fund	160,875	128,053
Rovegno endowment restricted fund	60,659	57,498
Beneficial Interest in Hertzler Perpetual Trust	256,479	232,963
	478,013	418,514
	$ 553,415	$ 478,074
Net assets without donor restrictions		
Board Designated		
Board-designated endowment	$ 1,591,593	$ 1,428,850
Technology, furniture, and fixtures	5,750	5,750
Educational and other library programs	19,817	19,817
	1,617,160	1,454,417
Undesignated	6,169,411	5,888,989
	$ 7,786,571	$ 7,343,406

NOTE 4 NET ASSETS RELEASED FROM RESTRICTIONS

During the years ended December 31, 2025 and 2024, net assets were released from donor restrictions by satisfying the restricted purposes:

	2025	2024
Purpose restriction accomplished		
Collections	$ 106,133	$ 42,845
Educational and other library programs	25,570	105,130
Outreach Vehicle	-	50,759
	$ 131,703	$ 198,734

NOTE 5 INVESTMENTS/ENDOWMENTS

Endowment investments are carried at fair value. Realized and unrealized gains and losses are reported in the statements of support and revenue, expenditures, and changes in net assets - modified cash basis. The total endowment investments maintained by the Library consist of three accounts, the Board Designated Fund, G.B. Stuart Foundation Restricted Fund, and the Rovegno Endowment Restricted Fund, and are classified for net assets purposes as follows at December 31, 2025 and 2024:

	2025		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
G.B. Stuart Foundation restricted fund	$ -	$ 160,875	$ 160,875
Rovegno endowment restricted fund	-	60,659	60,659
Board Designated Fund (Quasi-Endowment)	1,591,593	-	1,591,593
Total Investment Funds	$ 1,591,593	$ 221,534	$ 1,813,127

	2024		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
G.B. Stuart Foundation restricted fund	$ -	$ 128,053	$ 128,053
Rovegno endowment restricted fund	-	57,498	57,498
Board Designated Fund (Quasi-Endowment)	1,428,850	-	1,428,850
Total Investment Funds	$ 1,428,850	$ 185,551	$ 1,614,401

The Library's investments, classified as such on the statements of assets, liabilities, and net assets - modified cash basis, consist of a Board Designated Fund established for the administration of existing and future gifts and contributions to the Bosler Memorial Library and to memorialize and secure those funds for future benefits of the community. The Board Designated Fund includes funds designated by the Board of Directors to function as endowments (quasi-endowments). Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

NOTE 5 INVESTMENTS/ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law

The Commonwealth of Pennsylvania has not enacted a version of the Uniform Management of Institutional Funds Act (UPMIFA). Governing law resides in 15 Pa. C.S. Section 5548 "Investment of Trust Funds". The Library has interpreted relevant law as required for the donor-restricted endowment fund, absent explicit donor stipulations to the contrary, to be managed with the long-term objective of at least maintaining the real value (after inflation) of the funds. The Library 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) accumulates to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulate is added to the fund.

Unless otherwise stipulated by the donor, Pennsylvania law permits the Board of Directors to make an election annually appropriate for expenditure a selected percentage between 2% and 7% of the fair value of assets related to donor-restricted endowment funds averaged over a period of three preceding years, provided the Board has determined that such percentage is consistent with the long-term preservation of the real value of such assets.

Return Objectives and Risk Parameters

The Library has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to maintain expenditures supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Library must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested based on the standards of a "Prudent Man" that is intended to produce results that exceed the standard indices for each investment classification on an annual basis.

Strategies Employed for Achieving Objectives

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's investment fund asset mix is invested among equities, fixed income, and cash equivalents. The Board has determined an asset mix strategy to improve the probability of achieving enhanced real (inflation protected) rates of return.

Investment Policy

The investment policy of the Library is set to provide, as closely as possible, equitable benefits from the Board Designated Fund for current and future programs. An investment policy has been adopted to fairly meet programmatic requirements of the Board Designated Fund. The Library appropriates funds determined on a total return basis, e.g., interest, dividends, and appreciation of the principal. Distributions from principal can be made in whole or in part, by a vote of at least 75% of the Board of Directors of the Library.

NOTE 5 INVESTMENTS/ENDOWMENTS (CONTINUED)

The following schedule summarizes the changes in the endowments at December 31:

	Without Donor Restrictions	With Donor Restrictions	Total
Investments at January 1, 2024	$ 1,355,987	$ 173,957	$ 1,529,944
Contributions	13,000	-	13,000
Distributions	(92,188)	(7,240)	(99,428)
Investment returns			
Interest and dividends	45,783	10,356	56,139
Unrealized and realized gains	117,158	9,887	127,045
Investment expenses	(10,890)	(1,409)	(12,299)
Investments at December 31, 2024	1,428,850	185,551	1,614,401
Contributions	29,000	25,000	54,000
Distributions	(66,585)	(7,592)	(74,177)
Investment returns			
Interest and dividends	42,836	12,939	55,775
Unrealized and realized gains	168,283	7,329	175,612
Investment expenses	(10,791)	(1,693)	(12,484)
Investments at December 31, 2025	$ 1,591,593	$ 221,534	$ 1,813,127

Investment income consists of the following at December 31, 2025 and 2024:

	2025	2024
Investment income	$ 64,553	$ 65,242
Realized gains (losses)	316,440	27,122
Unrealized gains (losses)	(117,312)	109,772
Investment fees	(12,484)	(12,299)
Investment return, net	$ 251,197	$ 189,837

NOTE 6 BENEFICIAL INTEREST IN PERPETUAL TRUST

The Library is a beneficiary of the Samuel C. Hertzler Perpetual Trust and is entitled to a 12.5% interest in the income of the trust. Said income is to be used for work among women. The Trust is held by Wilmington Trust and investment income payments are distributed quarterly to the Library. The Trust is accounted for at fair-market value.

The Library's portion of the value of the split-interest trust agreement, as of December 31, 2025 and 2024 is $256,479 and $232,963, respectively. This reflects a net gain of $23,516 and $9,849 for the years ended December 31, 2025 and 2024, respectively. Income from the split-interest agreements for the years ended December 31, 2025 and 2024 totaled $8,778 and $9,102, respectively.

NOTE 7 FAIR VALUE MEASUREMENTS

The framework for measuring fair value 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) and the lowest priority to unobservable inputs (Level 3). Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Library can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- 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 that are unobservable inputs for the asset or liability.

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis.

Money Market Funds

Money Market Funds are valued at the daily closing price as reported by the fund.

Equity Securities

Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual Funds – Equities and Fixed Income Funds

Valued at the closing price reported on the active market on which the individual mutual funds are traded. Mutual funds held are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held are deemed to be actively traded.

Beneficial Interest in Perpetual Trusts

Fair value of the beneficial interest in perpetual trusts is based on a percentage of ownership of the respective trust assets, which approximates the present value of the estimated future cash flows to be received from the trusts. The present value measure is utilized as the underlying assets of each individual trust are not in control of the Library.

There were no liabilities measured on a recurring basis.

NOTE 7 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair values of assets measured on a recurring basis at December 31, 2025 and 2024 are as follows:

Description	Fair Value Measurements at December 31, 2025 Total	Level 1	Level 2	Level 3
Money market fund	$ 341,666	$ 341,666	$ -	$ -
Fixed income mutual funds:				
Long-term bond funds	48,723	48,723	-	-
Intermediate-term bond funds	400,947	400,947	-	-
Short-term bond funds	111,739	111,739	-	-
Domestic and international stocks				
Communication services	25,040	25,040	-	-
Consumer staples	63,469	63,469	-	-
Financials	74,419	74,419	-	-
Healthcare	12,831	12,831	-	-
Industrials	56,018	56,018	-	-
Information technology	159,190	159,190	-	-
Materials	8,603	8,603	-	-
Real estate	17,593	17,593	-	-
Mutual funds - equities	492,889	492,889	-	-
Beneficial interest in perpetual trust	256,479	-	256,479	-
Total	$ 2,069,606	$ 1,813,127	$ 256,479	$ -

Description	Fair Value Measurements at December 31, 2024 Total	Level 1	Level 2	Level 3
Money market fund	$ 68,183	$ 68,183	$ -	$ -
Fixed income mutual funds:				
Long-term bond funds	95,688	95,688	-	-
Intermediate-term bond funds	306,702	306,702	-	-
Short-term bond funds	120,406	120,406	-	-
Certificates of deposit	50,000	50,000	-	-
Domestic and international stocks				
ETF Commodities	35,351	35,351	-	-
ETF International	97,453	97,453	-	-
ETF Mid	106,599	106,599	-	-
ETF Small	107,689	107,689	-	-
Communication services	36,069	36,069	-	-
Consumer discretionary	46,814	46,814	-	-
Consumer staples	58,203	58,203	-	-
Energy	29,395	29,395	-	-
Financials	93,521	93,521	-	-
Healthcare	60,265	60,265	-	-
Industrials	44,917	44,917	-	-
Information technology	98,452	98,452	-	-
Materials	9,340	9,340	-	-
Real estate	14,397	14,397	-	-
Utilities	29,001	29,001	-	-
Mutual funds - equities	105,956	105,956	-	-
Beneficial interest in perpetual trust	232,963	-	232,963	-
Total	$ 1,847,364	$ 1,614,401	$ 232,963	$ -

NOTE 8 LEASES

The Library leases certain equipment through various finance leases that mature at various dates through July 2028. The leases allow for the option to extend the lease term by 12 months and to purchase the equipment at the end of the lease term. These options have been included in the calculation of the lease liability to the extent that the options are reasonably assured to be exercised. The lease agreements do not provide for residual value guarantees and have no restrictions or covenants that would require incurring additional financial obligations. Lease costs related to amortization of finance leases totaled $2,981 and $4,505 for the years ended December 31, 2025 and 2024, respectively. There are no variable or short-term lease costs for the years ended December 31, 2025 or 2024.

Information related to cash flows, assets obtained, weighted-average remaining lease terms, and weighted-average discount rates are as follows at December 31:

	2025	2024
Cash paid for amounts included in the measurement of lease liabilities		
Financing cash flows from finance leases (i.e., principal portion)	$ 2,981	$ 4,505
ROU assets obtained in exchange for finance lease obligations (non-cash)	$ 10,310	$ -
Weighted-average remaining lease term in years for finance leases	2.67	0.33
Weighted-average discount rate for finance leases (Non-Interest Lease)	0.00%	0.00%

Future minimum lease payments due under lease obligations are as follows at December 31, 2025:

December 31:	Finance Leases
2026	$ 3,587
2027	3,312
2028	1,932
Total lease liabilities	$ 8,831

NOTE 9 CONCENTRATIONS

The Library receives funding annually from Cumberland County in the form of a voter-determined, dedicated library tax. These funds are paid to the Cumberland County Library System and distributed to member libraries using a specific funding formula. Likewise, public libraries in Pennsylvania are funded through a line item in the State's annual budget. These funds are also paid to the Cumberland County Library System and distributed to member libraries using the same specific funding formula mentioned above.

The Library received approximately 48% and 47% of its total operating support and revenue from the Commonwealth of Pennsylvania and Cumberland County for the years ended December 31, 2025 and 2024, respectively. A reduction in this funding source could have a significant negative financial impact on the Library.

NOTE 10 PENSION PLAN

The Library sponsors a 403(b) Tax Deferred Annuity Plan. This contributory Plan covers all employees who meet the minimum wage and service requirements. The Library expenses its contributions as paid. The Library contributes an amount equal to 3% of each permanent employee’s annual salary after one year. Plan expenses totaled $12,406 and $8,076 for December 31, 2025 and 2024, respectively.

NOTE 11 LIQUIDITY AND AVAILABILITY

The Library's financial assets within one year of the statement of assets, liabilities, and net assets - modified cash basis for general expenditures are as follows:

	2025	2024
Cash and cash equivalents	$ 831,239	$ 309,348
Less: cash held for future donor specified expenditures	(75,402)	(59,560)
G.B. Stuart Foundation restricted fund	160,875	128,053
Rovegno endowment restricted fund	60,659	57,498
Board-designated endowment fund	1,591,593	1,428,850
Less: donor designated restricted funds	(221,534)	(185,551)
Less: board designated endowment fund	(1,591,593)	(1,428,850)
Distributions from beneficial interest in assets held by others	8,778	9,102
Endowment spending-rate distributions and appropriations	71,622	64,298
	$ 836,237	$ 323,188

In accordance with the Library's investment policy, cash and cash equivalents are to be maintained at 5% of the Library's investment funds, as determined annually, in order to maintain liquidity for the Board of Director designated funding.

The Library's board-designated endowment was $1,591,593 and $1,428,850 at December 31, 2025 and 2024. Although the Library does not intend to spend this board-designated endowment (other than amounts appropriated for general expenditure as part of our Board's annual budget approval and appropriation), these amounts could be made available if necessary.

The Library has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 12 CONTINGENCIES

On February 23, 2023, the Library signed a mortgage document that placed a 5-year lien on the Children's Learning Garden as a condition for receiving a $150,000 American Rescue Plan grant. The mortgage will be considered satisfied, and the lien expired, as long as the Library retains possession of the Children's Learning Garden for a period of five years.

NOTE 13 SUBSEQUENT EVENTS

The Library has evaluated events and transactions subsequent to December 31, 2025 through July 17, 2026, the date these financial statements were available to be issued. Management has not identified any events that require recognition or disclosure in the financial statements.