



**WILLIAM
OWENS &
COMPANY**

**CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION**

5 JOHN STREET
CARBONDALE, PA 18407
570-281-9761

WILLIAM E. OWENS, CPA
ANNE WEAVER, CPA, CFE
EDWARD P. ANDERSON, CPA

Susquehanna County Historical Society and
Free Library Association
Montrose, Pennsylvania

FINANCIAL STATEMENTS – MODIFIED CASH BASIS
For the Year Ended December 31, 2024
&
INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the Susquehanna County Historical Society and Free Library Association
Montrose, PA 18801

Opinion

We have audited the accompanying financial statements of Susquehanna County Historical Society and Free Library Association (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets—modified cash basis as of December 31, 2024, and the related statement of revenues, expenses, and changes in net assets—modified cash basis for the year then ended, statement of functional expenses—modified cash basis, 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 Susquehanna County Historical Society and Free Library Association as of December 31, 2024, and its support, revenue, and expenses for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Susquehanna County Historical Society and Free Library Association 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.

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 the financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the 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 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 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 Susquehanna County Historical Society and Free Library Association'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 Susquehanna County Historical Society and Free Library Association'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.

William Owens & Co, CPA's

William Owens and Company
Certified Public Accountants
Carbondale, Pennsylvania
November 12, 2025

Susquehanna County Historical Society and Free Library Association
Statement of Assets, Liabilities, and Net Assets-Modified Cash Basis
December 31, 2024

ASSETS			
	Without Donor Restrictions	With Donor Restrictions	Total
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 197,601	\$ 50,539	\$ 248,140
TOTAL CURRENT ASSETS	197,601	50,539	248,140
PROPERTY AND EQUIPMENT, NET	3,985,097	-	3,985,097
OTHER ASSETS			
Investments	1,117,798	-	1,117,798
TOTAL OTHER ASSETS	1,117,798	-	1,117,798
TOTAL ASSETS	\$ 5,300,496	\$ 50,539	\$ 5,351,035
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Sales Tax Payable	\$ 164	\$ -	\$ 164
TOTAL CURRENT LIABILITIES	164	-	164
TOTAL LIABILITIES	164	-	164
NET ASSETS	5,300,332	50,539	5,350,871
TOTAL LIABILITIES AND NET ASSETS	\$ 5,300,496	\$ 50,539	\$ 5,351,035

Susquehanna County Historical Society and Free Library Association
Statement of Revenues, Expenses, and Changes in Net Assets-Modified Cash Basis
For the year ended December 31, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, Support, and Gains			
County Revenue	\$ 251,911	\$ -	\$ 251,911
Municipalities	2,600	-	2,600
Fines	4,033	-	4,033
Lost Book Charges	567	-	567
Program Income	1,012	-	1,012
Book Sales	5,823	-	5,823
Donations	112,772	24,536	137,308
Fundraising Events	188,271	-	188,271
Memorial Donations	17,604	-	17,604
Copier Income	1,889	-	1,889
Genealogy Fees	1,420	-	1,420
Membership Fees	6,230	-	6,230
State Aid Income	281,514	-	281,514
Grants	129,275	-	129,275
Miscellaneous	5,932	-	5,932
Bank Interest	4,754	-	4,754
Investment Return, Net	81,999	-	81,999
Total Revenues, Support, and Gains	<u>1,097,606</u>	<u>24,536</u>	<u>1,122,142</u>
Expenses			
Program Services	987,508	-	987,508
Management and General	166,506	-	166,506
Fundraising	156,377	-	156,377
Total Expenses	<u>1,310,391</u>	<u>-</u>	<u>1,310,391</u>
Change in Net Assets	<u>(212,785)</u>	<u>24,536</u>	<u>(188,249)</u>
Net Assets-Beginning	<u>5,513,117</u>	<u>26,003</u>	<u>5,539,120</u>
Net Assets-Ending	<u>\$ 5,300,332</u>	<u>\$ 50,539</u>	<u>\$ 5,350,871</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements

Susquehanna County Historical Society and Free Library Association
Statement of Functional Expenses - Modified Cash Basis
For the year ended December 31, 2024

	Supporting Services			Total
	Program Services	Management and General	Fundraising	
Payroll and Benefits				
Salaries and Wages	\$ 527,780	\$ 65,205	\$ 41,229	\$ 634,214
State Unemployment	3,443	415	290	4,148
Social Security and Medicare Tax	34,941	4,210	2,947	42,098
Pension	3,093	373	260	3,726
Health Insurance	13,319	1,605	1,123	16,047
	582,576	71,808	45,849	700,233
Library Materials				
Books	39,739	-	-	39,739
Video Materials	636	-	-	636
Audio Materials	4,745	-	-	4,745
Periodicals	5,965	-	-	5,965
Memorials	3,900	-	-	3,900
Library Supplies	2,577	-	-	2,577
Programs	6,721	-	-	6,721
Other Books	2,978	-	-	2,978
Summer Reading Materials	2,297	-	-	2,297
	69,558	-	-	69,558

Susquehanna County Historical Society and Free Library Association
Statement of Functional Expenses - Modified Cash Basis (Continued)
For the year ended December 31, 2024

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Other Operating Expenses				
Insurance	24,807	2,961	1,847	29,615
Repairs and Maintenance	45,390	5,043	-	50,433
Equipment Maintenance	6,105	678	-	6,783
Office Supplies	-	5,798	-	5,798
Postage	-	6,034	-	6,034
Telephone	6,223	1,556	-	7,779
Travel and Conferences	3,423	-	-	3,423
Continuing Education	-	9,594	-	9,594
Internet Fees	2,907	-	-	2,907
Heat	22,639	2,515	-	25,154
Electric	19,229	2,136	-	21,365
Other Utilities	7,456	828	-	8,284
Dues and Subscriptions	683	-	-	683
Support Drive	-	-	962	962
Electronic Databases	7,200	-	-	7,200
Advertising	1,681	-	-	1,681
Professional Fees	2,000	25,926	-	27,926
Contracted Services	3,526	392	-	3,918
Rent	13,583	2,397	-	15,980
Miscellaneous	6,920	-	-	6,920
Technology	6,139	1,405	-	7,544
Fundraising Event Expenses	-	-	107,719	107,719
Depreciation	155,463	27,435	-	182,898
	<u>335,374</u>	<u>94,698</u>	<u>110,528</u>	<u>540,600</u>
Total Other Operating Expenses	<u>335,374</u>	<u>94,698</u>	<u>110,528</u>	<u>540,600</u>
Total Expenses	<u>\$ 987,508</u>	<u>\$ 166,506</u>	<u>\$ 156,377</u>	<u>\$ 1,310,391</u>

Susquehanna County Historical Society and Free Library Association
Notes to Financial Statements
December 31, 2024

Note 1 – Nature of Organization and Significant Accounting Policies

Nature of Organization:

The Susquehanna County Historical Society and Free Library Association (the Organization) is a non-member Pennsylvania Not-For-Profit corporation that provides free library services and historical preservation to the communities of Susquehanna County.

Method of Accounting:

The financial statements have been prepared using the modified cash method of accounting, which is an other comprehensive basis of accounting other than generally accepted accounting principles. In using the modified cash method of accounting, management has elected to omit provisions for accounts receivable and accounts payable required by generally accepted accounting principles. Certain revenues and the related assets are recognized when received rather than when earned. Certain expenses are recognized when paid rather than when the obligation is incurred. Only payroll liabilities are recognized as liabilities within the financial statements. Investments are also stated at their fair market value including any unrealized gains or losses.

Net Assets:

The Organization presents information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Public Support and Revenue:

The Library's primary revenue is derived from local real estate income taxes, governmental grants, fees collected for services and contributions.

Contributions of cash and other assets are reported as support with donor restrictions if they are received with donor stipulations that limit the use of donated assets. When a donor restriction

Susquehanna County Historical Society and Free Library Association
Notes to Financial Statements
December 31, 2024

Note 1 – Nature of Organization and Significant Accounting Policies (cont'd)

Public Support and Revenue (cont'd):

expires (either by passage of time or by use), net assets are reclassified to net assets without donor restrictions and reported in the Statement of Revenues, Expenses, and Changes in Net Assets—Modified Cash Basis as net assets released from restrictions.

Donated Services and In-Kind Contributions:

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by the modified cash basis of accounting. Contributed goods are recorded at fair value at the date of donation. The Organization records donated professional services at the respective fair values of the services received. No significant contributions of such goods or services were received during the year ended December 31, 2024.

Collections:

The Organization does not capitalize its collections. The collections are made up of artifacts of historical significance and art objects that are held for educational, research, and curatorial purposes. Each of the items is cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed continuously.

Investments:

Investments purchased are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of statement of assets, liabilities, and net assets – modified cash basis. Net investment return/(loss) is reported in the statement of revenues, expenses, and changes in net assets – modified cash basis and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Estimates:

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Market Value Risk:

Financial instruments that potentially subject the Organization to a concentration of credit risk consist of investments. Although the market value of the investments is subject to fluctuations on

Susquehanna County Historical Society and Free Library Association
Notes to Financial Statements
December 31, 2024

Note 1 – Nature of Organization and Significant Accounting Policies (cont'd)

Market Value Risk (cont'd):

a year-to-year basis, the Organization believes that its investment policy is prudent for its long-term welfare.

Cash and Cash Equivalents:

The Organization considers all short-term, highly liquid instruments with original maturities of three months or less to be cash equivalents. Cash balances are maintained with multiple financial institutions and are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

Property and Equipment:

Purchased property and equipment is capitalized at cost. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. Donations of property and equipment are capitalized at their estimated fair value at the date contributed. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from five years for furniture, equipment, and vehicles to thirty-nine years for buildings.

Shipping and Handling:

Shipping and handling costs are charged to management and general when incurred and amounted to \$6,034 for the year ended December 31, 2024.

Advertising:

Advertising costs are charged to program service expenses when incurred.

Pension Plan:

The Library offers a 403(b) deferred compensation plan for all eligible employees. The library will match up to \$300 per eligible employee per year. Pension expense for the year ended December 31, 2024 is \$3,726.

Susquehanna County Historical Society and Free Library Association
Notes to Financial Statements
December 31, 2024

Note 1 – Nature of Organization and Significant Accounting Policies (cont'd)

Income Taxes:

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and as such files an annual income tax form 990.

Allocation of Expenses:

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort, as well as depreciation, which are allocated based on applicable total expenses and building use. Repairs and maintenance and insurance are also allocated based on applicable total expenses and building use. Telephone costs are allocated based the amount of telephone lines used for each function.

Date of Management's Review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through November 12, 2025, the date that the financial statements were available to be issued.

Note 2 – Susquehanna County Library Tax Revenue

Under the authority of the Susquehanna County Commissioners, a levy of special taxes in the amount of .33 mills on county real estate tax assessed valuations has been instituted. This levy is in accordance with Articles 401 and 411 of the Commonwealth of Pennsylvania Library Code. Within Susquehanna County, the monies collected from this levy are to be used for the exclusive purpose of the establishment and/or maintenance of local libraries and library service.

Note 3 – Property and Equipment, Net

Property and equipment consist of the following at December 31, 2024:

Building and Improvements	\$ 5,165,481
Furniture and Fixtures	453,920
Equipment	232,660
Leasehold Improvements	285,839
Total Property and Equipment	<u>6,137,900</u>
Less Accumulated Depreciation	<u>(2,152,803)</u>
Property and Equipment, Net	<u>\$ 3,985,097</u>

Depreciation expense totaled \$182,898 for the year ended December 31, 2024.

Susquehanna County Historical Society and Free Library Association
Notes to Financial Statements
December 31, 2024

Note 4 – Revenue Concentration

The Library receives a substantial amount of its support from state and local governments. A significant reduction in the level of this support might have an effect on the Organization's programs and activities.

Note 5 – Investments

The Organization reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique.

Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available.

A three-level valuation hierarchy has been established for disclosure of fair value measurements. 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 under these standards are as follows:

Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets.

Level 2 inputs consist of observable inputs obtained from indirect information, such as quoted prices for similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3 inputs are prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported with little or no market activity).

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Organization's assessment of the quality, risk, or liquidity profile of the asset.

A portion of the Organization's investment assets are classified within Level 1 because they comprise mutual funds and equity securities with readily determinable fair values based on daily

Susquehanna County Historical Society and Free Library Association

Notes to Financial Statements

December 31, 2024

Note 5 – Investments (Continued)

market activity. The Organization also invests in corporate and municipal bonds traded in the financial markets. Those corporate and municipal bonds are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions, and are classified within Level 2. The fair value of the Organization's beneficial interest in assets held by the community foundation is based on the fair value of fund investments as reported by the community foundation. These are considered to be Level 3 measurements.

The Organization's investments reported at fair value in the accompanying statement of financial position at December 31, 2024 are as follows:

	Fair Value	Fair Value Measurement At Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities	\$ 539,986	\$ 539,986	\$ 0	\$ 0
Money Market Funds	32,585	0	32,585	0
Municipal Bonds	80,345	0	80,345	0
Corporate Bonds	192,627	0	192,627	0
US Government Agency Bonds	217,976	0	217,976	0
Mortgage Backed/U.S. Agency	54,279	0	54,279	0
	<u>\$ 1,117,798</u>	<u>\$ 539,986</u>	<u>\$ 577,812</u>	<u>\$ 0</u>

Note 6 – Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the consolidated statement of financial position, comprise the following:

Cash and cash equivalents	\$ 197,601
Investments	<u>1,117,798</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 1,315,399</u>

As part of the Organization's liquidity management, it maintains its cash balances in deposit accounts with local financial institutions to meet current operational needs and its investments with a third-party investment company.

Susquehanna County Historical Society and Free Library Association
Notes to Financial Statements
December 31, 2024

Note 6 – Liquidity and Availability of Financial Assets (Continued)

Although the Organization does not intend to withdraw from amounts held as investments, these amounts could be made available if necessary.