



**LOWER PIONEER VALLEY
EDUCATIONAL CORPORATION**

**(A COMPONENT UNIT OF LOWER PIONEER
VALLEY EDUCATIONAL COLLABORATIVE)**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 and 2023

LOWER PIONEER VALLEY EDUCATIONAL CORPORATION
(A Component Unit of Lower Pioneer Valley Educational Collaborative)

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

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INDEPENDENT AUDITORS' REPORT

To the Honorable Board of Directors
Lower Pioneer Valley Educational Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Lower Pioneer Valley Educational Corporation (a nonprofit organization) which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Lower Pioneer Valley Educational Corporation as of June 30, 2024, 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibility under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Lower Pioneer Valley Educational Corporation 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.

Prior Period Financial Statements

The financial statements of the Lower Pioneer Valley Educational Corporation, as of June 30, 2023, and for the year then ended, were audited by Powers & Sullivan, LLC, whose practice was combined with Marcum LLP as of February 1, 2024, and whose report dated November 15, 2023, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Lower Pioneer Valley Educational Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

- Exercise professional judgment and maintain professional skepticism through 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 including 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 Lower Pioneer Valley Educational Corporation'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 Lower Pioneer Valley Educational Corporation'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.

Marcum LLP

Boston, MA
December 23, 2024

Financial Statements

Lower Pioneer Valley Educational Corporation

Statements of Financial Position

June 30, 2024 and 2023

	2024	2023
ASSETS		
CURRENT:		
Cash and cash equivalents.....	\$ 808	\$ 788
Investments.....	2,784,090	2,421,613
Receivables, net of allowance for uncollectibles:		
Accounts receivable.....	55,321	167,678
Total current assets.....	2,840,219	2,590,079
NONCURRENT:		
Capital assets, net of accumulated depreciation:		
Nondepreciable.....	3,032,923	3,032,923
Depreciable.....	15,840,185	13,814,977
Total noncurrent assets.....	18,873,108	16,847,900
TOTAL ASSETS.....	\$ 21,713,327	\$ 19,437,979
LIABILITIES		
CURRENT:		
Accrued interest.....	\$ 49,111	\$ 25,869
Bonds and notes payable.....	632,000	568,500
Total current liabilities.....	681,111	594,369
NONCURRENT:		
Bonds and notes payable.....	7,038,000	7,622,250
TOTAL LIABILITIES.....	7,719,111	8,216,619
NET ASSETS		
Without Donor Restrictions - Unrestricted.....	13,994,216	11,221,360
TOTAL LIABILITIES AND NET ASSETS.....	\$ 21,713,327	\$ 19,437,979

See notes to financial statements.

Lower Pioneer Valley Educational Corporation

Statements of Activities

Years Ended June 30, 2024 and June 30, 2023

**WITHOUT DONOR RESTRICTIONS -
UNRESTRICTED NET ASSETS**

	<u>2024</u>	<u>2023</u>
REVENUE		
Rental income.....	\$ 1,027,000	\$ 1,027,000
Reimbursements.....	2,818,756	201,167
Interest income.....	<u>39,768</u>	<u>16,300</u>
Total revenue.....	<u>3,885,524</u>	<u>1,244,467</u>
EXPENSES		
Depreciation.....	793,548	781,348
Interest.....	303,880	324,552
Legal and accounting.....	<u>15,240</u>	<u>23,301</u>
Total expenses.....	<u>1,112,668</u>	<u>1,129,201</u>
NET CHANGE IN NET ASSETS.....	2,772,856	115,266
NET ASSETS AT BEGINNING OF YEAR.....	<u>11,221,360</u>	<u>11,106,094</u>
NET ASSETS AT END OF YEAR.....	<u>\$ 13,994,216</u>	<u>\$ 11,221,360</u>

See notes to financial statements.

Lower Pioneer Valley Educational Corporation

Statements of Cash Flows

Years Ended June 30, 2024 and June 30, 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets.....	\$ 2,772,856	\$ 115,266
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation.....	793,548	781,348
Decrease (Increase) in accounts receivable.....	112,357	(158,187)
(Decrease) Increase in accounts payable.....	-	(10,725)
(Decrease) Increase in accrued interest.....	23,242	(1,739)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES.....	<u>3,702,003</u>	<u>725,963</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on bonds and notes.....	<u>(520,750)</u>	<u>(550,500)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition and construction of capital assets.....	(2,818,756)	(201,167)
Purchase of investments.....	(362,477)	-
Sale of investments.....	-	25,742
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES.....	<u>(3,181,233)</u>	<u>(175,425)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	20	38
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	<u>788</u>	<u>750</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ <u>808</u>	\$ <u>788</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest.....	\$ <u>303,880</u>	\$ <u>324,552</u>

See notes to financial statements.

Lower Pioneer Valley Educational Corporation

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Lower Pioneer Valley Educational Corporation (the Corporation) was organized in 1981 and is composed of representatives from the seven member school systems of the Lower Pioneer Valley Educational Collaborative (the “Collaborative”). The current purpose of the Corporation is to hold title to real estate and other assets to be used for educational purposes by the Collaborative and the member school districts. The Corporation is governed by a seven person Board of Directors who are independent from the Collaborative.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Corporation's policy is to prepare its financial statements under Financial Accounting Standard's Board (“FASB”) Accounting Standards Codification (“ASC”) 958 *Not-for-Profit Organizations (FASB ASC 958-205)*, as updated by FASB Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, on an accrual basis of accounting which recognizes revenue when earned rather than when received and records expenses when incurred rather than when paid. Under ASC 958, the Organization is required to report information regarding its financial position and activities based on two classes of net assets as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions or limits as to their use.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations in which only the earnings can be used to fund various programs.

None of the Corporation's net assets were subject to donor restrictions.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Corporation considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Contributions and Revenues

The Corporation has adopted the provisions of FASB's ASC 958-605, *Accounting for Contributions Received*. Contributions received are recorded as unrestricted, or permanently restricted support depending on the existence or nature of any donor restrictions. When a restriction expires, restricted net assets are reclassified to unrestricted net assets. For the years ending June 30, 2024 and 2023, the

Lower Pioneer Valley Educational Corporation

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

Corporation received 100% of its revenues from the Lower Pioneer Valley Educational Collaborative. All revenue was unrestricted at the time of receipt.

Use of Estimates

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

Accounts Receivable

At year end, the Corporation had a receivable balance related to payments due from the Lower Pioneer Valley Educational Collaborative. The Corporation considers invoices older than 30 days to be delinquent. Interest is not charged on past due accounts.

Management reviews the receivable balance for collectability and records an allowance for doubtful accounts based on historical information and current economic trends. No allowance for doubtful accounts was recorded at June 30, 2024 or 2023, as management believes all accounts are fully collectible.

Property and Equipment

Property and equipment with a useful life greater than one year is stated at cost. The Corporation's policy is to capitalize property and equipment costing \$5,000 or more.

Depreciation is calculated on a straight line basis based on the following estimated useful lives:

Building and Improvements	20-40 years
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Tax Status

The Corporation is a tax-exempt organization under the Internal Revenue Code Section 501(c) (3) and, therefore, has no provision for federal or state income taxes.

Fair Value Measurements

The Corporation reports required types of financial instruments in accordance with the fair value standards.

These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. Fair value standards also require the organization to classify these financial

Lower Pioneer Valley Educational Corporation

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or Level 3 depending on lock up and notice periods associated with the underlying funds.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments, which are generally included in this category, include listed equity and debt securities publicly traded on a stock exchange.

Level 2 – Pricing inputs are other than quoted in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances the inputs used to measure fair value may fall into different levels of the fair value hierarchy and is based on the lowest level of input that is significant to the fair value measurement.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements.

At June 30, 2024, and 2023, the Corporation had a Repurchase Agreement to fully collateralize the Corporation's assets above the Federal Depository Insurance limits. See Note 3 for more information.

Advertising

Advertising costs are expensed as incurred. There were no advertising expenses incurred for the years ended June 30, 2024, or 2023.

Fundraising Activities

The Corporation had no fundraising activities for the years ended June 30, 2024, and 2023.

Lower Pioneer Valley Educational Corporation

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

Insurance

The Corporation is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Corporation carries commercial insurance.

NOTE 2 – LIQUIDITY AND AVAILABILITY

Financial assets available for expenditure within one year consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents..... \$	808	\$ 788
Investments.....	2,784,090	2,421,613
Accounts receivable.....	<u>55,321</u>	<u>167,678</u>
Total..... \$	<u>2,840,219</u>	<u>\$ 2,590,079</u>

NOTE 3 – CASH AND INVESTMENTS

The Corporation maintains its cash deposits in one checking account. At June 30, 2024, and 2023, the Corporation's carrying balance for deposits totaled \$808 and \$788, respectively, and the bank balance totaled \$808, and \$788 respectively, all of which was covered under Federal Depository Insurance.

Investments

As of June 30, 2024, the Corporation had an investment of \$3,002,906 in an overnight Repurchase Agreement (REPO). Under the terms of the REPO, the bank collects funds in excess of an agreed upon amount and invests the monies in a REPO. Investments are fully collateralized by U.S. Government securities. As of June 30, 2024, the carrying value of the REPO is \$2,784,090.

Lower Pioneer Valley Educational Corporation

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

NOTE 4 – CAPITAL ASSETS

Capital assets consist of the following:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 3,032,923	\$ -	\$ -	\$ 3,032,923
<u>Capital assets being depreciated:</u>				
Buildings.....	24,592,105	2,818,756	-	27,410,861
<u>Less accumulated depreciation for:</u>				
Buildings.....	(10,777,128)	(793,548)	-	(11,570,676)
Total capital assets being depreciated, net.....	13,814,977	2,025,208	-	15,840,185
Total governmental activities capital assets, net.....	\$ 16,847,900	\$ 2,025,208	\$ -	\$ 18,873,108

NOTE 5 – COMMITMENTS

Brush Hill Roofing and Parking Lot Replacement Project

In previous years, the Collaborative’s board voted to approve the use of fund balance in the amount of \$1.4 million to fund costs associated with the Brush Hill Roofing and Parking Lot Replacement Project. Through June 30, 2024, the Corporation incurred project costs totaling \$1.4 million, and this project has been completed.

Transportation Projects

In previous years the Collaborative’s board voted to approve the use of fund balance in the amount of \$2.5 million to fund costs associated with upgrades to the Agawam garage and Wilbraham transportation facility. Through June 30, 2024, the Corporation incurred costs of \$203,000 related to these projects.

Agawam Employee Parking

In 2024 the Collaborative’s board voted to approve the use of fund balance in the amount of 1.4 million, to fund costs associated with the upgrades of the Agawam Employee parking lot. As of June 30, 2024, the Corporation incurred costs totaling \$1.0 million.

Lower Pioneer Valley Educational Corporation

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

Electric Vehicle Infrastructure

In 2024, the Collaborative voted to approve the use of fund balance in the amount of \$1.1 million, to fund costs associated with outfitting garage sites with infrastructure needed to support the use of electric buses. As of June 30, 2024, the Corporation incurred costs totaling \$375,000.

NOTE 6 – LONG-TERM DEBT

During fiscal year 2016, the Corporation borrowed \$12,075,000 through Massachusetts Development Finance Agency Revenue bonds (the bond). The bond was used to finance \$1,087,267 toward the purchase of a new Wilbraham garage; to refund \$10,457,000 of an existing Massachusetts Development bond; to refund \$444,733 which was the outstanding balance of the Agawam Garage Note; and to fund \$86,000 in issuance costs on the new bond. The current refunding was executed to transition from a variable rate bond to a bond which carries a fixed interest rate and to remove the 2 garages that were sold and modular classrooms from the collateral asset listing on the loan. The modular classrooms in Agawam and East Longmeadow were previously used as collateral and are no longer in use and have been relinquished to the respective communities. The garages in Wilbraham and Ludlow that were previously on the collateral listing were sold as part of the transition to the new Wilbraham Garage. The new bond has a fixed interest rate of 3.79%, with payments made monthly until September 2025, at which time there is a final balloon payment of \$6,940,000. At the end of 2024, the Corporation had \$7,670,000 of outstanding debt related to this issuance.

The Corporation had the following long-term financing activity during 2024:

Project	Interest Rate (%)	Outstanding at June 30, 2023	Issued	Redeemed	Outstanding at June 30, 2024
Massachusetts Development Bond.....	3.79%	\$ 8,190,750	\$ -	\$ 520,750	\$ 7,670,000

Annual principal maturities are as follows for the years ending June 30:

Year	Principal	Interest	Total
2025.....	\$ 632,000	\$ 278,831	\$ 910,831
2026.....	<u>7,038,000</u>	<u>66,770</u>	<u>7,104,770</u>
Total.....	\$ <u>7,670,000</u>	\$ <u>345,601</u>	\$ <u>8,015,601</u>

Lower Pioneer Valley Educational Corporation

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

NOTE 7 – RELATED PARTY TRANSACTIONS

The Collaborative rents space at various facilities from the Corporation for use in their programs. The Corporation recorded rental income and related interest totaling approximately \$1,027,000 and \$1,027,000 for the years ended June 30, 2024, and 2023, respectively. These agreements are for rental payments through June 30, 2025, and future rental payments to be received by the Corporation total \$1,027,000.

During 2024, and 2023, The Collaborative also remitted reimbursements to the Corporation totaling \$2,818,756 and \$201,167, respectively. Current year reimbursement payments received mainly related to the Brush Hill Roofing and Parking Lot Replacement project as well as for improvements to the Agawam garage and Wilbraham transportation facility, the employee parking lot, and costs incurred for outfitting garage sites with electric vehicle capabilities.

NOTE 8 – CONCENTRATION OF CREDIT RISK

The Corporation derives its revenue from the Lower Pioneer Valley Educational Collaborative through a series of leases in which the Corporation leases facilities to the Lower Pioneer Valley Educational Collaborative. The leases currently expire on June 30, 2025. The Corporation believes that it has no significant concentration of credit risk beyond its basis of origin as Lessor to the Lower Pioneer Valley Educational Collaborative.

NOTE 9 – SUBSEQUENT EVENTS

The Corporation has evaluated subsequent events through December 23, 2024, which is the date that the financial statements were available to be issued.