

THE OLANA PARTNERSHIP

AUDITED FINANCIAL STATEMENTS

As of and for the year ended December 31, 2022
(with memorandum totals as of and for the year ended December 31, 2021)

THE OLANA PARTNERSHIP

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
The Olana Partnership:

Opinion

We have audited the financial statements of The Olana Partnership (the "Organization") (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2022, 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 Olana Partnership as of December 31, 2022, 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 Olana Partnership 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 Olana Partnership's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

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 Olana Partnership'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 Olana Partnership's ability to continue as a going concern for a reasonable period of time.

We are required to communicate to 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.

Report on Summarized Comparative Information

We have previously audited The Olana Partnership's December 31, 2021 financial statements and we expressed an unmodified opinion on those audited financial statements in our report dated July 28, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

UHY LLP

Hudson, New York
November 3, 2023

THE OLANA PARTNERSHIP
STATEMENT OF FINANCIAL POSITION
December 31, 2022
(with memorandum totals as of December 31, 2021)

	2022	2021 (memorandum only)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,287,678	\$ 1,015,305
Investments	-	248,992
Accounts receivable	445,904	272,329
Contributions receivable	30,000	10,000
Government grant receivable	-	40,000
Inventory	127,342	107,861
Prepaid expenses	38,869	82,772
Total current assets	<u>1,929,793</u>	<u>1,777,259</u>
Cash and cash equivalents - restricted to capital projects	3,398,032	2,962,666
Cash and cash equivalents - restricted to investment in endowment	1,042,754	12,508
Cash and cash equivalents - restricted to investment in board designated	184,508	1,693
Investments - restricted for endowment	1,321,502	2,855,275
Investments - board designated	37,444	256,941
Contributions receivable, net of a \$25,694 discount - restricted to capital projects	1,048,988	1,902,730
Property and equipment, net	<u>1,767,380</u>	<u>993,736</u>
Total assets	<u>\$ 10,730,401</u>	<u>\$ 10,762,808</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 144,702	\$ 93,479
Accrued expenses	88,330	80,015
Deferred revenue	-	93,600
Paycheck Protection Program (PPP) loan	-	263,862
Total current liabilities	<u>233,032</u>	<u>530,956</u>
NET ASSETS		
Without donor restrictions	1,358,634	914,709
With donor restrictions	9,138,735	9,317,143
Total net assets	<u>10,497,369</u>	<u>10,231,852</u>
Total liabilities and net assets	<u>\$ 10,730,401</u>	<u>\$ 10,762,808</u>

See notes to financial statements.

**THE OLANA PARTNERSHIP
STATEMENT OF ACTIVITIES
For the year ended December 31, 2022
(with memorandum totals for the year ended December 31, 2021)**

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	(memorandum only)
OPERATING ACTIVITIES				
REVENUE AND OTHER SUPPORT				
Membership dues	\$ 78,350	\$ -	\$ 78,350	\$ 76,750
Contributions and grants, net of discount on pledges	801,779	135,950	937,729	655,987
Donated services	173,661	-	173,661	19,350
Donated goods	-	-	-	520
Bookstore and gift shop sales, net of direct expenses of \$154,874	182,865	-	182,865	161,137
Admissions	666,088	-	666,088	496,099
Program service fees	46,366	-	46,366	31,685
Subtotal	1,949,109	135,950	2,085,059	1,441,528
Special events:				
Contributions	410,367	-	410,367	701,526
Special events revenue	155,550	-	155,550	15,000
Costs of direct benefit to donors	(157,377)	-	(157,377)	(24,424)
Net special events revenue	408,540	-	408,540	692,102
Other income	20	-	20	2,936
Investment releases per spending policy	-	-	-	125,000
Net assets released from restrictions	66,039	(66,039)	-	-
Total revenue and other support	2,423,708	69,911	2,493,619	2,261,566
EXPENSES				
Program services:				
Collections and Exhibitions	347,572	-	347,572	419,706
Interpretation / Education	860,285	-	860,285	902,781
Landscape / Viewshed	62,817	-	62,817	61,732
Capital Development	113,425	-	113,425	262,500
Museum Store	159,222	-	159,222	119,609
Total program services	1,543,322	-	1,543,322	1,766,328
Management and general	393,936	-	393,936	286,707
Fundraising	340,915	-	340,915	313,902
Total operating expenses	2,278,172	-	2,278,172	2,366,937
Change in net assets from operating activities	145,536	69,911	215,447	(105,371)
NON-OPERATING ACTIVITIES				
Contributions and grants, net of discount on pledges	-	254,299	254,299	1,160,607
Forgiveness of Paycheck Protection Program (PPP) loan	266,277	-	266,277	261,442
Interest income	70,350	909	71,259	5,592
Interest expense	-	-	-	(2,415)
Investment return, net	(38,238)	(503,527)	(541,765)	307,662
Investment releases per spending policy	-	-	-	(125,000)
Change in net assets from non-operating activities	298,389	(248,319)	50,070	1,607,888
CHANGE IN NET ASSETS	443,925	(178,408)	265,517	1,502,517
NET ASSETS, Beginning of year	914,709	9,317,143	10,231,852	8,729,335
NET ASSETS, End of year	\$ 1,358,634	\$ 9,138,735	\$ 10,497,369	\$ 10,231,852

See notes to financial statements.

THE OLANA PARTNERSHIP
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2022
(with memorandum totals for the year ended December 31, 2021)

	2022								2021 (memorandum only)	
	Collections and Exhibitions	Interpretation / Education	Landscape / Viewshed	Capital Development	Museum Store	Total Program	Management and General	Fund-Raising	Total	Total
Salaries and Wages	\$ 182,800	\$ 577,833	\$ 18,341	\$ 84,846	\$ 101,006	\$ 964,826	\$ 184,389	\$ 256,656	\$ 1,405,871	\$ 1,161,476
Employee Benefits	15,305	36,592	2,904	5,720	8,992	69,514	20,038	22,954	112,506	110,951
Payroll Taxes	14,716	45,766	1,275	6,366	11,831	79,953	17,293	21,736	118,982	101,017
Donor Cultivation	-	-	-	-	-	-	-	-	-	3,460
Public Relations and Marketing	4,936	2,551	25,397	-	-	32,883	-	-	32,883	161,266
Consultants / Contracted services	70,300	77,635	11,704	8,677	997	169,313	9,293	1,870	180,475	554,937
Supplies, Office and Printing	51,054	16,931	-	188	27,308	95,481	7,404	6,302	109,187	77,564
Occupancy / Utilities	-	9,736	-	7,528	-	17,264	3,974	9,093	30,331	23,706
Information Technology	3,196	66,460	3,196	100	8,121	81,074	1,758	8,613	91,445	54,047
Insurance	-	15,220	-	-	-	15,220	7,610	7,610	30,440	26,276
Travel	3,246	1,215	-	-	246	4,707	1,797	1,609	8,112	8,476
Professional fees - Legal - In-kind	-	-	-	-	-	-	100,000	-	100,000	-
Professional fees - Accounting	-	-	-	-	-	-	37,928	-	37,928	63,710
Depreciation	2,019	10,347	-	-	721	13,087	2,452	4,472	20,011	20,051
Subtotal	<u>347,572</u>	<u>860,285</u>	<u>62,817</u>	<u>113,425</u>	<u>159,222</u>	<u>1,543,322</u>	<u>393,936</u>	<u>340,915</u>	<u>2,278,172</u>	<u>2,366,937</u>
Interest Expense	-	-	-	-	-	-	-	-	-	2,415
Cost of Goods Sold	-	-	-	-	154,874	154,874	-	-	154,874	116,466
Special events - Cost of Direct Benefit to Donors:										
Lighting/Audio	-	-	-	-	-	-	-	33,205	33,205	50
Entertainment	-	-	-	-	-	-	-	-	-	9,500
Awards	-	-	-	-	-	-	-	1,470	1,470	216
Transportation	-	-	-	-	-	-	-	-	-	383
Venue and Food	-	-	-	-	-	-	-	122,702	122,702	14,275
Total direct cost of direct benefit to donors	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>157,377</u>	<u>157,377</u>	<u>24,424</u>
Total Expenses	<u>\$ 347,572</u>	<u>\$ 860,285</u>	<u>\$ 62,817</u>	<u>\$ 113,425</u>	<u>\$ 314,096</u>	<u>\$ 1,698,196</u>	<u>\$ 393,936</u>	<u>\$ 498,292</u>	<u>\$ 2,590,423</u>	<u>\$ 2,510,242</u>

See notes to financial statements.

THE OLANA PARTNERSHIP
STATEMENT OF CASH FLOWS
For the year ended December 31, 2022
(with memorandum totals for the year ended December 31, 2021)

	<u>2022</u>	<u>2021</u> (memorandum only)
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 265,517	\$ 1,502,517
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	20,011	20,051
Loss (Gain) on sale of marketable securities	174,692	(175,997)
Forgiveness of PPP loan	(266,277)	(259,565)
Contributions and grants for capital projects	(1,018,988)	(1,859,080)
Unrealized loss (gain) on marketable securities	343,574	(107,487)
Increase in accounts receivable	(173,575)	(207,536)
Decrease in contributions receivable	833,742	799,969
Decrease in government grant receivable	40,000	41,600
Increase in inventory	(19,481)	(5,081)
Decrease (increase) in prepaid expenses	43,903	(64,177)
Increase in accounts payable	51,223	51,015
Increase in accrued expenses	8,315	9,189
(Decrease) increase in deferred revenue	(93,600)	93,600
Total adjustments	<u>(56,461)</u>	<u>(1,663,499)</u>
Net cash provided by (used for) operating activities	<u>209,056</u>	<u>(160,982)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(791,240)	(317,592)
Sales of investments	2,873,147	1,999,757
Purchases of investments	<u>(1,389,151)</u>	<u>(1,867,127)</u>
Net cash provided by (used for) investing activities	<u>692,756</u>	<u>(184,962)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from PPP loan	-	263,862
Contributions and grants for capital projects	1,018,988	1,859,080
Net cash provided by financing activities	<u>1,018,988</u>	<u>2,122,942</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,920,800	1,776,998
CASH AND CASH EQUIVALENTS, Beginning of year	<u>3,992,172</u>	<u>2,215,174</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 5,912,972</u>	<u>\$ 3,992,172</u>
RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	\$ 1,287,678	\$ 1,015,305
Cash and cash equivalents - restricted to museum capital projects	3,398,032	2,962,666
Cash and cash equivalents - restricted to investment in endowment	1,042,754	12,508
Cash and cash equivalents - restricted to investment in board designated	184,508	1,693
	<u>\$ 5,912,972</u>	<u>\$ 3,992,172</u>
NON-CASH ACTIVITY DISCLOSURE		
Donated investments	<u>\$ 554,754</u>	<u>\$ 869,166</u>
Donated goods	<u>\$ -</u>	<u>\$ 520</u>
Interest paid	<u>\$ -</u>	<u>\$ 2,415</u>

See notes to financial statements.

**THE OLANA PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
December 31, 2022**

NOTE 1 – NATURE OF OPERATIONS

The Olana Partnership (the “Organization”) is a not-for-profit organization based in Hudson, New York, that encourages public appreciation of, acts as an advocate for, and provides supplementary support for the preservation and interpretation of Olana, the home of one of America’s premier landscape artists, Frederic Edwin Church. Olana is a National Historic Landmark and is a New York State Historic Site administered by the New York State Office of Parks, Recreation and Historic Preservation.

Program activities are comprised of:

- *Collections and Exhibitions* – The Organization is responsible for curatorial and collections management for Olana State Historic Site’s wide-ranging collections, numbering more than 40,000 items, including archival materials, books, fine and decorative arts, as well as Olana’s historic architecture and 250-acre historic landscape. The Organization also organizes annual special exhibitions with the goals of furthering research, conservation and awareness of Olana’s collections and making connections with other collections nationally and internationally. The Organization also oversees all research requests and loan requests. All this work is done in close collaboration with the New York State Bureau of Historic Sites.
- *Interpretation / Education* – The Organization is responsible for key elements of public interpretive and educational programming at Olana State Historical Site. These include: ongoing, regularly-scheduled tours, field trip programs for K-12 school groups; and special educational programs for adults, family and senior audiences. Effective April 1, 2019, the Organization assumed responsibility for all interpretive and educational programming on site.
- *Landscape / Viewshed* – The Organization works to restore and maintain Olana State Historic Site’s 250-acre historic landscape and its integral viewshed in collaboration with the NYS Office of Parks, Recreation and Historic Preservation (Parks). This is an ongoing project, and the Organization’s viewshed work involves collaboration with a broad range of statewide and regional non-profits, particularly Scenic Hudson, and government entities.
- *Capital Development* – The Organization works hand-in-hand with the New York State Office of Parks, Recreation, and Historic Preservation to plan, develop, fund and implement major capital development projects at Olana State Historic Site. Projects are planned and developed collaboratively. The Organization provides funding from a range of public and private grants and individual, private contributions. Projects are implemented jointly, with the majority of construction work managed by Parks. In 2021, the Organization initiated conceptual designs for a new visitor center and entry, currently referred to as the Frederic Church Center. Construction on the center began in early 2023.
- *Museum Store* – The Organization operates the Museum Store at Olana State Historic Site with the goal of providing visitors with a full range of merchandise that enables them to further their learning about Olana, Frederic Church and American art and landscape as well as continue their connection with the site through the purchase of souvenirs and decorative objects and clothing items. The Museum Store also offers food and drink for purchase through its affiliation with the Taste NY program of the New York State Department of Agriculture, which promotes products made or distributed by New York State businesses.

THE OLANA PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of The Olana Partnership have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Financial Statement Presentation

The financial statements are presented in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, "Not-for-Profit Entities."

Under the provisions of ASC 958, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Endowment earnings are restricted until "appropriated by expenditure" by the Organization's board.

Expenses are presented as decreases in net assets without donor restrictions when incurred.

Prior Year Amounts

Amounts shown for the prior year in the accompanying financial statements are included to provide a basis for comparison with the current year and present summarized totals only. Accordingly, the prior year amounts are not intended to present all information necessary for a fair presentation in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents are considered highly liquid investments with maturities of three months or less at the time of acquisition. Cash and cash equivalents with donor-imposed restrictions for the purpose of acquisitions of fixed assets or endowment are presented as long-term assets. US treasury bills with a maturity of less than three months are considered cash and cash equivalents.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at the estimated fair value at the time of donation. Expenditures for routine repairs and maintenance that do not add to an asset's useful life are expensed in the period in which they are incurred. Asset additions and expenditures that extend the useful lives of existing assets are capitalized and depreciated. Gains and losses from disposals of property and equipment are included in current operations.

THE OLANA PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Depreciation

Depreciation on property and equipment is recorded using the straight-line method over the various estimated useful lives of the assets.

As the Organization embarks on construction projects in support of its purpose, New York State (the State) and the Organization typically enter into agreements that map out the parameters of the projects. Typically, construction costs paid for by the Organization to improve capital assets that it will not own and relate directly to the historic structures and grounds are expensed as incurred. Costs for new construction and ongoing capital improvements paid for by the Organization are recorded at cost and described as leasehold improvements when the Organization controls the use of those assets during the term of the operating agreement.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC).

The Organization has evaluated any uncertain tax positions and related income tax contingencies and determined uncertain positions, if any, are not material to the financial statements, according to FASB ASC 740-10. Penalties and interest assessed by income taxing authorities are included in operating expenses, if incurred. None of the Organization's returns are currently under examination.

Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that will 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. Actual results could differ from those estimates.

Concentrations of Credit and Market Risks

Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash and cash equivalents, receivables and investments. Cash and cash equivalents are maintained at high quality financial institutions and credit exposure is not limited to any one institution. It is the policy of the Organization to minimize credit risk. Bank exposure is limited to amounts covered by Federal Deposit Insurance Corporation (FDIC). Other cash equivalents may be in US government securities or money market funds that at a minimum invest 80% of their assets in debt issued directly by the US government in the form of Treasury bills and may invest in other securities including, but not limited to debt issued by federal agencies that are sponsored, guaranteed, or owned by the federal government. Such funds are required to invest at least 99.5% of their total assets in cash, U.S. government securities, and/or repurchase agreements that are collateralized solely by U.S. government securities or cash (collectively, government securities).

The Organization's bank accounts exceeded the FDIC limit by approximately \$1,413,000 as of December 31, 2022. Included in cash and cash equivalents is approximately \$1,080,000 fully insured by Securities Investor Protection Corporation (SIPC). The Organization has not experienced any losses with respect to its cash balances. Based upon assessment of the financial condition of these institutions, management believes that the risk of loss of any uninsured amounts is minimal.

THE OLANA PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentrations of Credit and Market Risks (Continued)

At December 31, 2022, there were three donors that individually exceeded 10% of contributions receivables (19%, 19% and 14%, respectively). In addition, one donor's total contributions represented 10% of total revenues for the year ended December 31, 2022. The Organization has determined no allowance for doubtful accounts is needed based on a review of outstanding receivables, historical collection information, and economic conditions. Management controls credit risk through the use of the above procedures.

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. 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.

Investments

In accordance with FASB ASC 958-320, "Accounting for Certain Investments Held by Not-For-Profit Organizations" investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position. Investment income (including realized and unrealized gains and losses on investments, interest and dividends) is included in the statement of activities as increases or decreases in net assets without donor restrictions unless donor or law restricts the income or loss. Investment return is presented net of investment fees. The average cost method is primarily used to determine the basis for computing realized gains or losses.

Investments are measured at fair value on a recurring basis. In accordance with FASB ASC 820-10, fair value measurements are identified as Level 1, Level 2, and Level 3. Level 1 fair value is based on quoted prices in active markets for identical asset/liabilities. The Olana Partnership does not have any Level 2 or 3 investments.

Investments in mutual funds and exchange traded funds are valued based on quoted market prices within active markets.

Fair Value Measurements

FASB ASC 820-10 "Fair Value Measurement" defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. FASB ASC 820-10 does not require any new fair value measurements but applies to other GAAP accounting pronouncements that use fair value as a relevant measurement attribute.

Contributions

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

THE OLANA PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions (Continued)

When a restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, 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. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without donor restriction upon acquisition of the assets and the assets are placed in service.

FASB accounting standards update, “Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows” requires not-for profit entities to classify unrestricted cash receipts from the sale of donated financial assets that were nearly immediately converted to cash as cash inflows from operating activities. Cash receipts in which the donor restricts the use of contributed resources to long-term purposes should be classified as financing cash flows.

Inventory

Inventory is stated at the lower of cost or net realizable value, with cost determined on a first-in, first-out basis. Inventory includes books, periodicals and other items available for resale at the bookstore and gift shop.

Donated Goods and Services

The Organization recognizes revenue for certain services received at the fair value of those services. These services include professional services donated by attorneys, accountants and other professionals, as well as donated advertising and legal services. The fair value of the donated services is reflected in revenues and included in expenses in the following natural categories for the year ended December 31, 2022:

Professional fees	\$ 73,661
Professional-legal and accounting fees	100,000
Professional fees - shop	352
Program (professional services)	247
Special events (professional services)	4,017
Subtotal	<u>178,277</u>
Less: Program	(247)
Less: Special events	(4,017)
Less: Shop	(352)
	<u><u>\$ 173,661</u></u>

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization with program services and fundraising events. No amounts have been reflected in the financial statements for these donated services since a volunteer’s time does not meet the criteria for recognition under FASB ASC 958-605.

THE OLANA PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

Revenue Recognition

The Organization follows ASC 606, *Revenue from Contracts with Customers*, which requires revenue to be recognized when the Organization's performance obligation is satisfied. This occurs when services are rendered, or the customer obtains control over the product. Admissions, bookstore and gift shop sales revenue is recognized at a point in time and membership dues are recognized over time.

Revenue Recognition – Government Grants

Certain revenue is earned on cost reimbursable type contracts as services are provided and expenses are incurred to carry out the objectives of the related contractual arrangements. Cost reimbursable contract revenue is recognized only to the extent the contract allows for the related costs incurred by the Organization and cannot exceed the maximum amount allowed for under the contract. Funds advanced to the Organization prior to the earnings process are deferred and included in the caption "government contract advance" in the accompanying statement of financial position. Revenue earned in excess of payments received from the government agency is accrued as government grant receivable. There were no unearned or deferred revenues from government grants as of December 31, 2022.

Collections

The Organization does not capitalize its collections. Costs of collection items purchased are shown as decreases in net assets in the statement of activities, proceeds from sales of collection items and insurance recoveries of lost or destroyed collection items are presented as increases in net assets. There were no such increases or decrease for the year ended December 31, 2022.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited in the statement of functional expenses. Such allocations are determined by management on an equitable basis.

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature.

Risks and Uncertainties

In April 2020, the Organization received a loan in the amount of \$259,565 from its bank through the Small Business Administration's ("SBA") Paycheck Protection Program ("PPP"). In January 2021, the loan, including principal and interest, was forgiven and considered repaid in full. The principal plus accrued interest balance of \$261,442 is reported as forgiveness of paycheck protection program loan on the statement of activities for the year ended December 31, 2021.

In February 2021, the Organization received a second PPP loan in the amount of \$266,277. In 2022, the loan was forgiven and considered repaid in full. The principal plus accrued interest balance of \$266,277 is reported as forgiveness of paycheck protection program loan on the statement of activities for the year ended December 31, 2022.

THE OLANA PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Risks and Uncertainties (Continued)

According to the rules of the SBA, the Organization is required to retain PPP loan documentation for six years after the date the loan was forgiven in full, and permit authorized representatives of the SBA, including representatives of its Office of Inspector General, to access such files upon request. Should the SBA conduct such a review and reject all or some of the Organization's judgments pertaining to satisfying PPP loan eligibility or forgiveness conditions, the Organization may be required to adjust previously reported amounts and disclosures in the financial statements.

Subsequent Events

Subsequent events have been evaluated through November 3, 2023, which is the date the financial statements were available to be issued.

NOTE 3 – CONTRIBUTIONS AND GOVERNMENT GRANTS RECEIVABLE

Contributions receivable consist primarily of pledges and grants from private foundations and individuals that are scheduled to be collected over a period of time. The following summarizes the contributions receivable based on the period in which they are expected to be collected. The carrying value is determined by calculating the fair value of the estimated future cash flows, net of an allowance for uncollectible pledges. The interest rates used in determining the fair value of contributions receivable range from 0.24% to 4.73% at December 31, 2022, based on the terms and pledge dates of the gifts. Once the fair value discount rate is applied at the date of pledge (Level 3 measurement) the rate is generally set for the life of the pledge.

The fair value rate is based on a risk-free treasury rate adjusted upward for risk based on management's assessment of the donor's expected ability to pay.

The expected receipts of multi-year unconditional promises to give are as follows:

2023	\$ 765,682
2024	277,000
2025	<u>62,000</u>
	1,104,682
Less: amounts representing interest	<u>(25,694)</u>
	<u><u>\$ 1,078,988</u></u>

Included in expected cash receipts for the year 2023 are approximately \$750,000 of contributions receivable classified as "long-term" on the Statement of Financial Position given the restriction to be used for capital purchases.

THE OLANA PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 4 – INVESTMENTS

Investments at December 31, 2022, stated at fair value include:

	<u>Cost</u>	<u>Unrealized Gain (loss)</u>	<u>Fair Market Value</u>	<u>FASB ASC 820- 10 Measurements</u>
Mutual Funds:				
Stock	\$ 803,850	\$ -	\$ 803,850	Level 1
Bond	100,973	(3,675)	97,298	Level 1
Exchange Traded Funds	445,916	11,882	457,798	Level 1
	<u>\$ 1,350,739</u>	<u>\$ 8,207</u>	<u>\$ 1,358,946</u>	

NOTE 5 – PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows as of December 31, 2022:

<u>Category</u>		<u>Useful Lives</u>
Furniture/Equipment	\$ 214,785	5 - 10 years
CIP - Leasehold Improvements	1,699,923	n/a
Artwork-Painting	17,250	n/a
Accumulated Depreciation	<u>(164,578)</u>	
	<u>\$ 1,767,380</u>	

Depreciation expense for the year ended December 31, 2022 was \$20,011.

Included in property and equipment as of December 31, 2022 is \$1,699,923 of leasehold improvements which are costs related to construction in progress (CIP) for the Frederic Church Center.

As of the date of this report, the Organization is in the process of renegotiations with New York State to finalize the operating agreement which will dictate the useful life of the leasehold improvements once placed in service.

THE OLANA PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 6 – SPECIAL EVENTS

Special Events generate revenue for the Organization as well as raise awareness about the Organization’s mission. Some events are annual, and some are incidental to the Organization’s central activities and do not happen regularly. Incidental events are recorded net in the accompanying Statement of Activities.

During the year ended December 31, 2022, the Organization held two special events; a financial summary for those events is as follows:

Changes in net assets without donor restrictions:

	<u>Gala</u>	<u>Summer Party</u>	<u>Total</u>
Revenues:			
Contributions	\$ 254,781	\$ 150,970	\$ 405,751
Special event revenue	132,800	22,750	155,550
Less: Costs of direct benefit to donors	(136,720)	(20,657)	(157,377)
Net revenues from special events	<u>(3,920)</u>	<u>2,093</u>	<u>(1,827)</u>
Total revenues	<u>250,861</u>	<u>153,063</u>	<u>403,924</u>
Expenses:			
Fundraising			
Supplies, office, and printing	<u>(5,611)</u>	<u>(29,386)</u>	<u>(34,997)</u>
Increase in net assets without donor restrictions	<u>\$ 245,250</u>	<u>\$ 123,677</u>	<u>\$ 368,927</u>

NOTE 7 – LINE OF CREDIT

The Organization has a \$600,000 line of credit which is collateralized by the assets of the Organization. The interest rate on the line of credit is the prime rate (7.5% at December 31, 2022) plus 1%, and has an interest rate floor of 4.0%. The interest rate was 8.5% at December 31, 2022. No amounts were outstanding on the line of credit as of December 31, 2022. The line of credit is due on demand.

**THE OLANA PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
December 31, 2022**

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Donor restricted net assets as of December 31, 2022 are held as follows:

Subject to expenditure for specified purpose:

Collections and Exhibitions -

Exhibitions	\$ 99,685
Curatorial/Main House projects	26,775

Interpretation / Education -

Education programs	28,273
Critical Initiative	213,804

Landscape / Viewshed -

Landscape/Viewshed projects	193,483
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Capital Development -

Capital campaign - Frederic Church Center	3,398,032
	<u>3,960,052</u>

Subject to the passage of time:

Construction in progress - Frederic Church Center	1,699,923
Board dues - 2023	35,516
General operations	30,000
	<u>1,765,439</u>

Subject to the passage of time and purpose:

Capital campaign - Frederic Church Center (net discount of \$25,694)	1,048,988
	<u>1,048,988</u>

Donor restricted endowments (subject to spending policy and appropriations, including accumulated earnings of \$201,375):

President Position	1,090,719
Educator Position	1,110,656
Curator Position	162,881
	<u>2,364,256</u>

Total net assets with donor restrictions	<u>\$ 9,138,735</u>
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During the year ended December 31, 2022, releases from restriction were comprised of the following:

Subject to expenditure for specified purpose:

Collections and Exhibitions	\$ 49,398
Education	6,641
	<u>56,039</u>

Subject to passage of time:

Time restricted	10,000
	<u>\$ 66,039</u>

**THE OLANA PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
December 31, 2022**

NOTE 9 – BOARD DESIGNATED NET ASSETS

The board has designated net assets without restrictions for contingencies in the amount of \$221,952 as of December 31, 2022. The board designated net assets are comprised of the following as of December 31, 2022:

Investments	\$ 37,444
Cash	<u>184,508</u>
	<u>\$ 221,952</u>

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS – ENDOWMENT FUNDS

The Organization's endowment funds represent donor-restricted endowment gifts for three salaried positions (president, educator and curator). Donors have intended that the earnings on such gifts be accumulated until each salaried position reaches \$1M goal, then earnings are to be used to fund such positions. During the year ended December 31, 2014, The Olana Partnership reached its goal of \$1M for the President and Educator Endowment Funds. As a result of attaining this goal, the Organization is allowed to draw down earnings, if available, to fund such positions.

The Organization's endowment consists of three funds (one for each endowment fund) held with an institutional investment company (Fidelity). The endowment includes donor-restricted endowment funds which are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of Trustees of the Organization has interpreted the New York State Uniform Management of Institutional Funds Act "UMIFA" 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 Organization classifies as the corpus of the endowment net assets (a) the original value of gifts donated to permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. Presently, (until the \$1M goal per position is met), earnings (dividends and interest), realized and unrealized appreciation (depreciation) on the endowment fund are classified as restricted support as outlined by the donors.

Return Objectives and Risk Parameters

The Organization's Board of Trustees has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to supplement annual third-party contributions and maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce modest results while assuming a low level of investment risk. The Organization expects its endowment fund, over time, to provide an average rate of return sufficient to cover future draw-downs over the long-term.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization 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 Organization currently targets a diversified asset allocation of equities and fixed income-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

For donor-restricted endowments, investment returns are reinvested until the \$1M goal per position is met. At that time, future earnings are subject to the donors' temporary purpose restrictions. In establishing this policy, the Organization considers the long-term expected return on its endowment.

THE OLANA PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS – ENDOWMENT FUNDS (Continued)

Underwater Endowments:

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UMIFA requires the Organization to retain as a fund of perpetual duration. There were none at December 31, 2022.

The Organization has a policy that permits spending underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations.

Accordingly, over the long-term, The Organization expects the current spending policy to allow its endowment to grow. This is consistent with the Organization’s objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

Endowment Net Asset Composition by Type of Fund as of December 31, 2022:

	<u>With Donor Restrictions</u>
Donor Restricted Endowment Funds:	
President Endowment	\$ 1,000,000
Educator Endowment	1,000,000
Curator Endowment	99,000
Curator Endowment earnings	63,881
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	<u>2,162,881</u>
Accumulated investment gains - President Endowment	90,719
Accumulated investment gains - Educator Endowment	110,656
Total accumulated investment gains	<u>201,375</u>
 Total Donor Restricted Endowment Funds at December 31, 2022	 <u><u>\$ 2,364,256</u></u>

Changes in Endowment Net Assets for the Year Ended December 31, 2022 are as follows:

	<u>With Donor Restrictions</u>
Endowment net assets, beginning of year	\$ 2,867,783
Investment return, net	(503,527)
Amounts appropriated for expenditure	-
Endowment net assets, end of year	<u><u>\$ 2,364,256</u></u>

THE OLANA PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS – ENDOWMENT FUNDS (Continued)

Endowment Net Assets are comprised of the following as of December 31, 2022:

Cash and cash equivalents- restricted to investment in endowment	\$ 1,042,754
Investments	1,321,502
	<u>\$ 2,364,256</u>

NOTE 11 – RETIREMENT PLAN

The Olana Partnership has a 403(b)-retirement plan for employees. There is an employer match of 6% of salary for eligible employees. The total employer match expense was \$45,853 for year ended December 31, 2022.

NOTE 12 – LIQUIDITY

The Organization’s financial assets available within December 31, 2022 for general expenditure are as follows:

Current financial assets:	
Cash and cash equivalents	\$ 1,287,678
Accounts receivable	445,904
Contributions receivable	20,000
Total financial assets	<u>1,753,582</u>
Less amounts unavailable for general expenditures within one year due to:	
Donor restricted net assets - restricted for purpose	<u>(562,020)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,191,562</u>

As part of Olana’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Olana anticipates utilizing \$60,000 of endowment earnings during 2023 based on its spending plan.

In addition, the Organization had access to a line of credit (see note 7) which it utilizes, as needed, to manage daily cash flow needs. The Organization also has board restricted funds when necessary (see Note 9).