THE OLANA PARTNERSHIP

FINANCIAL STATEMENTS
(and Report of Independent Auditors)

December 31, 2014
(with memorandum totals as of December 31, 2013)

THE OLANA PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS

PKHB

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
The Olana Partnership

We have audited the accompanying financial statements of The Olana Partnership (the "Organization"), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes 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 Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Olana Partnership as of December 31, 2014, 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.

Report on Summarized Comparative Information

We have previously audited The Olana Partnership's 2013 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated October 21, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Pattison, Koskey, Howe & Bucci, CPAs, P.C.

Valatie, New York
October 28, 2015

THE OLANA PARTNERSHIP
STATEMENT OF FINANCIAL POSITION
December 31, 2014
(with memorandum totals for December 31, 2013)

	2014	2013 (memorandum only)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 489,458	$ 714,121
Accounts receivable	3,967	3,474
Contributions receivable	103,743	93,742
Government grant receivable	164,958	37,203
Inventory	110,676	103,409
Prepaid expenses	9,907	29,244
Total current assets	882,709	981,193
Cash and cash equivalents - restricted to construction of museum	249,976	248,296
Certificates of deposit - restricted to construction of museum	99,952	99,924
Cash and cash equivalents - restricted to investment in endowment	56,296	47,914
Investments - restricted for endowment	2,144,068	1,693,155
Investments	262,166	218,633
Contributions receivable (long-term), net of a $22,827 discount	307,173	362,657
Property and equipment, net	45,362	26,937
Total assets	$ 4,047,702	$ 3,678,709
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 83,277	$ 54,909
Accrued expenses	42,138	53,000
Total current liabilities	125,415	107,909
Net assets:		
Unrestricted	375,887	429,937
Unrestricted - board designated	276,728	273,659
Temporarily restricted	1,040,599	1,126,135
Permanently restricted	2,229,073	1,741,069
Total net assets	3,922,287	3,570,800
Total liabilities and net assets	$ 4,047,702	$ 3,678,709

See accompanying notes and independent auditors' report.

THE OLANA PARTNERSHIP
STATEMENT OF ACTIVITIES
Year ended December 31, 2014
(with memorandum totals for December 31, 2013)

	2014				2013 (memorandum only)
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
Revenue and other sources:					
Membership dues	$ 148,512	$ -	$ -	$ 148,512	$ 109,271
Contributions	101,819	210,544	430,150	742,513	299,543
Discount on pledges	-	6,516	-	6,516	11,053
Donated services	140,452	-	-	140,452	100,141
Non-cash revenue	7,500	-	-	7,500	93,000
Grants	320,095	-	-	320,095	24,750
Bookstore and gift shop sales, net of direct expenses of $72,667 in 2014 and $78,139 in 2013, respectively	117,934	-	-	117,934	106,815
Admissions and book sales	1,976	-	-	1,976	22,321
Program and special events, net of direct expenses of $424,839 in 2014 and $541,506 in 2013, respectively	386,448	-	-	386,448	402,085
Royalty income	93	-	-	93	31
Interest and dividend income, net of fees	17,392	-	(922)	16,470	21,637
Other income	864	-	-	864	1,302
Unrealized (loss) gain on on marketable securities	(25,708)	907	43,503	18,702	62,992
(Loss) on sale of marketable securities, net	(1,414)	-	14,273	12,859	67,414
Net assets released from restrictions	302,503	(303,503)	1,000	-	-
Total Revenue and other sources	1,518,466	(85,536)	488,004	1,920,934	1,322,355
Expenses:					
Program	1,052,266	-	-	1,052,266	756,632
Management and general	277,326	-	-	277,326	171,143
Fundraising	239,855	-	-	239,855	241,397
Total Expenses	1,569,447	-	-	1,569,447	1,169,172
Change in net assets	(50,981)	(85,536)	488,004	351,487	153,183
Net assets, beginning of year	703,596	1,126,135	1,741,069	3,570,800	3,417,617
Net assets, end of year	$ 652,615	$ 1,040,599	$ 2,229,073	$ 3,922,287	$ 3,570,800

See accompanying notes and independent auditors' report.

THE OLANA PARTNERSHIP
STATEMENT OF CASH FLOWS
Year ended December 31, 2014
(with memorandum totals for December 31, 2013)

	2014	2013 (memorandum only)
Cash flows from operating activities:		
Change in net assets	$ 351,487	$ 153,183
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	7,362	5,777
Gain on sale of marketable securities	(12,859)	(67,414)
Unrealized gain on marketable securities	(18,702)	(62,992)
Gift of endowment	(487,004)	(103,400)
(Increase) decrease in accounts receivable	(493)	1,590
Decrease in contributions receivable	45,483	234,610
Increase in government grant receivable	(127,755)	(17,207)
(Increase) decrease in inventory	(7,267)	2,880
Decrease (increase) in prepaid expenses	19,337	(18,936)
Increase in accounts payable	28,368	21,058
Increase in accrued expenses	(10,862)	21,746
Decrease in deferred revenue	-	(5,600)
Total adjustments	(564,392)	12,112
Net cash (used in) provided by operating activities	(212,905)	165,295
Cash flows from investing activities:		
Purchases of property and equipment	(25,787)	(4,156)
Sales of investments	362,698	982,189
Purchases of investments	(825,583)	(1,129,185)
Increase (decrease) in cash equivalents and CDs - construction of museum	(1,708)	43
(Increase) decrease in cash and cash equivalents - restricted to investment in endowment	(8,382)	71,048
Net cash used in investing activities	(498,762)	(80,061)
Cash flows from financing activities:		
Short-term borrowing on grid note	175,000	-
Payment on grid note	(175,000)	-
Gift of endowment	487,004	103,400
Net cash provided by financing activities	487,004	103,400
Net (decrease) increase in cash	(224,663)	188,634
Cash and cash equivalents, beginning of year	714,121	525,487
Cash and cash equivalents, end of year	$ 489,458	$ 714,121
Non cash activity:		
Donated Investments	$ 52,749	$ 65,895
Interest Paid on Grid Note	$ 972	$ -

THE OLANA PARTNERSHIP

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2014

(with comparative totals for the year ended December 31, 2013)

	2014				2013 (memorandum only)
	Program	Management and General	Fund-Raising	Total	Total
Expenses:					
Salaries and wages	$ 277,918	$ 95,266	$ 127,725	$ 500,909	$ 528,955
Employee benefits	15,889	9,029	7,465	32,383	35,325
Payroll tax	25,574	7,949	10,332	43,855	42,669
Insurance	10,742	3,308	1,055	15,105	13,770
Public relations and marketing	34,246	-	-	34,246	30,089
Supplies and office	34,922	24,299	4,723	63,944	47,121
Development	-	-	66,800	66,800	54,917
Program	137,562	-	-	137,562	99,048
Landscape/Viewshed	451,390	-	-	451,390	103,565
Professional fees	-	67,831	-	67,831	14,704
Depreciation	4,482	1,386	1,494	7,362	5,777
Uncollectible pledges	-	108	-	108	91
	992,725	209,176	219,594	1,421,495	976,031
Donated Services (Note 2):					
Development	-	-	2,211	2,211	648
Professional fees	18,819	62,150	18,050	99,019	96,013
Public relations and marketing	22,647	-	-	22,647	957
Supplies and office	-	6,000	-	6,000	2,519
Landscape/Viewshed	7,684	-	-	7,684	4
Program	10,391	-	-	10,391	93,000
Total expenses	$ 1,052,266	$ 277,326	$ 239,855	$ 1,569,447	$ 1,169,172

See accompanying notes and independent auditors' report.

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.

2. Summary of Significant Accounting Policies:

Basis of Accounting:

The financial statements of the Organization 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) 958-205, "Financial Statements for Not-for-Profit Organizations", which requires the Organization to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. A description of the three net asset categories follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Trustees.

Temporarily Restricted Net Assets - Net assets whose use is subject to donor-imposed stipulations that may be fulfilled by actions of the Organization to meet the stipulations or become unrestricted at the date specified by the donor.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be retained and invested permanently by the Organization.

Expenses are presented as decreases in unrestricted net assets when incurred.

Prior Year Amounts:

Amounts shown for December 31, 2013, in the accompanying statements are included to provide a basis for comparison with December 31, 2014 and present summarized totals only. Accordingly, the December 31, 2013 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.

2. Summary of Significant Accounting Policies (Continued):

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 excluded from cash and cash equivalents in the statement of cash flows.

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.

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. Construction costs incurred by the Organization for assets that it will not own are expensed as incurred.

Income Taxes:

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

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.

2. Summary of Significant Accounting Policies (Continued):

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 and receivables. Cash and cash equivalents are maintained at high quality financial institutions and credit exposure is not limited to any one institution. The Organization exceeded the Federal Deposit Insurance Corporation (FDIC) limit (see note 3) as of December 31, 2014. 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.

At December 31, 2014, there was one donor that individually exceeded 10% of contributions receivables ($350,000 as of December 31, 2014). 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.

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 unrestricted net assets unless donor or law restricts the income or loss. Investment management fees are shown net against investment income on the statement of activities. Those fees for the year ended December 31, 2014 were $14,800.

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.

Inventory:

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

2. Summary of Significant Accounting Policies (Continued):

Contributions:

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

The Organization reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived 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 into 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.

Donated 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 functional categories for the year ended December 31, 2014:

Professional fees	$ 26,075
Professional-legal fees	91,019
Marketing fees	22,452
In-kind gifts - hospitality	7,500
Printing and publication services	906
Special events (in-kind donations)	107,536
Special events (professional services)	13,367
Gift shop (in-kind donations)	343
Gift shop (professional services)	66
Subtotal	269,264
Less: Special events and gift shop	(121,312)
	$ 147,952

2. Summary of Significant Accounting Policies (Continued):

Donated Services (Continued):

During the year ended December 31, 2014, the Organization received $7,500 in non-cash revenue in the form of $7,500 worth of hospitality and space provided to the Organization for meetings, shown as "In-kind gifts - hospitality" above, with $6,000 listed in "supplies and office" expenses and $1,500 in "development" in the accompanying statement of activities.

A portion of the donated services were donated by related parties for the amount of $90,250.

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 the volunteers' time does not meet the criteria for recognition under FASB ASC 958-605.

Subsequent events:

Subsequent events have been evaluated through October 28, 2015, which is the date the financial statements were available to be issued.

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.

3. Cash and Cash Equivalents:

Cash and cash equivalents at December 31, 2014, comprised the following:

Bank	Book Balance	Bank Balance	FDIC Insurance	Excess
First Niagara	$ 146,340	$ 157,782	$ 250,000	$ -
National Union Bank of Kinderhook	327,098	327,098	250,000	77,098
TD Bank	249,331	249,331	250,000	-
LPL Financial	1,108	1,108	250,000	-
Fidelity-Massey Quick	70,858	68,858	*	-
TD Ameritrade	645	645	250,000	-
Petty Cash	350	-	N/A	
	$ 795,730	$ 804,822		$ 77,098

*Cash and cash equivalents held in money market accounts were fully insured by SIPC.

Certificates of deposit as of December 31, 2014 were covered by FDIC insurance. The cash and cash equivalents balance of $795,730 includes $70,858 of cash equivalents held in a money market account restricted for the investment in endowment and $249,976 of cash equivalents held in a money market account restricted for the construction of a museum.

4. Contributions Receivable:

Contributions receivable consist primarily of pledges and grants from private foundations 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 1.13% to 1.64% at December 31, 2014, based on the terms and pledge dates of the gifts. Management believes that all contributions receivable at December 31, 2014 are fully collectible. 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 management's assessment of the donor's expected ability to pay. The expected receipts of multi-year unconditional promises to give are as follows:

Amounts to be received in:	
2015	$ 97,000
2016	80,000
2017	50,000
2018	50,000
2019	50,000
2020	50,000
2021	50,000
	427,000
Less: amounts representing interest	(22,827)
	$ 404,173

The current portion of contributions receivable includes $6,743 of contributions made in 2014 and expected to be collected in 2015.

5. Investments:

Investments at December 31, 2014, stated at fair value include:

	Cost	Unrealized Gain	Fair Market Value	FASB ASC 820-10 Measurements
Mutual Funds	$ 1,536,830	$ 86,438	$ 1,623,268	Level 1
Stocks	743,411	39,555	782,966	Level 1
	$ 2,280,241	$ 125,993	$ 2,406,234	

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 Organization does not have any Level 2 or 3 investments.

6. Property and Equipment:

A summary of property and equipment is as follows as of December 31, 2014:

Category		
Furniture/Equipment	$	85,858
Artwork-Painting		10,000
Accumulated Depreciation		(50,496)
	$	45,362

The depreciation expense for 2014 was $7,362.

7. 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, 2014.

8. Functional Expenses:

The costs of providing the various programs, fund-raising and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among programs and other activities benefited.

9. Program and Special Events:

During the year ended December 31, 2014, the Organization held various program and special events. A financial summary is as follows:

	Program	Gala	Other	Total
Gross event income	$ 33,640	$ 777,647	$ -	$ 811,287
Event expenses	26,231	391,829	6,779	424,839
Net profit	$ 7,409	$ 385,818	$ (6,779)	$ 386,448

The Organization incurred $6,779 of expenses for the Summer Party and other miscellaneous events throughout the year, but did not realize any income at any of these events.

10. Demand Grid Note:

The Organization obtained a demand grid note on July 10, 2008. The amount available to be borrowed is $350,000 and was renewed in 2014 for a term of October 31, 2014 through October 31, 2015. The note is unsecured and has a floor rate of 4.0%. No advances were requested on this line during the year, and no balance was due on December 31, 2014. The Organization expects to renew this grid note when it becomes due for an additional period.

11. The Landmarks Visitor Center:

The Landmarks Visitor Center (LVC) is a venture that began on May 26, 2006 with other area historic sites and Columbia County tourism. A store and visitor center was opened at 547 Warren Street, later moving to 345 Warren Street. Each site contributed funds to cover expenses. Sales/contribution collection, distribution, and bill paying are managed by The Organization. The collaboration was temporarily terminated as of December 31, 2008, vacating the premises on January 6, 2009. Throughout 2009 and 2010, minor operational and promotional expenses were being paid while final ventures were being considered. In 2011, the group arranged with the Columbia County Chamber of Commerce to utilize space in the historic Washington Hose Company firehouse, located in downtown Hudson by the train station. The LVC has developed a permanent installation inside the historic building that promotes visitation of the LVC participating sites. Expenses in 2011 included annual sponsorship to the Chamber of Commerce for utilization of the space and other promotional expenses. At the close of 2014, $9,619 was held on behalf of other sites, while $1,312 of Olana funds were also kept aside for the purposes of the venture.

12. Temporarily Restricted Net Assets:

Temporarily restricted net assets as of December 31, 2014 represent grants available for the following specific purposes or program services:

Museum Center	$ 349,928
Education	25,835
Exhibitions	84,479
Landscape/Viewshed (net of discount of $21,875)	384,288
Landscape Critical Initiative	37,649
Landscape Curator funding	20,000
Landscape/Viewshed - Garden/Events/Education	11,640
Time Restricted (net of discount of $952)	85,724
Curatorial/Main House projects	39,744
Landmarks Visitors Center	1,312
	$ 1,040,599

During the year ended December 31, 2014, releases from restriction were comprised of the following:

Time Restricted - General	$ 59,694
Landscape/Viewshed	160,850
Exhibitions	51,502
Education	17,437
Restricted projects	889
Curatorial projects	12,131
Donor reclassification	1,000
	$ 303,503

13. Board Designations:

The board designated unrestricted net assets for contingencies in the amount of $276,728.

14. Permanently Restricted Net Assets:

Permanently restricted net assets represent donor-restricted endowment gifts for the following salaried positions. Donors have intended that the earnings on such gifts be accumulated until each salaried position reaches $1mm goal, then earnings are to be used to fund such positions. During the year ended December 31, 2014, the Organization reached its goal of $1 mm for the President and Educator Endowment Funds. As a result of attaining this goal, the Organization will begin to drawdown earnings, if available, to fund such positions.

Endowment funds are comprised of the following at December 31, 2014:

President Endowment	$ 1,091,704
Educator Endowment	1,017,333
Curator Endowment	99,000
Curator Endowment earnings	21,036
	$ 2,229,073

The Organization's endowment consists of four funds (one for each endowment fund and one for the board-designated endowment) 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 and funds designated by the Board of Trustees to function as endowments. 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 permanently restricted 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 $1mm goal per position is met), earnings (dividends and interest), realized and unrealized appreciation (depreciation) on the endowment fund are classified as permanent 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.

14. Permanently Restricted Net Assets (Continued):

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 that places a greater emphasis on 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
The Organization has a policy of reinvesting dividends and interest earned on an annual basis for board-designated endowment as long as unrestricted donations received for support are sufficient to cover annual operating expenditures. For donor-restricted endowments, investment returns are reinvested until the $1mm 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.

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, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	$ (14,208)	$ -	$ 2,229,073	$ 2,214,865
Board-Designated Endowment Funds	276,728	-	-	276,728
Total Funds	$ 262,520	$ -	$ 2,229,073	$ 2,491,593

As of December 31, 2014, the net loss on donor-restricted endowment funds of $(14,208) is comprised of a net loss of $(10,455) for the President's Endowment Fund and $(3,753) for the Educator Endowment Fund.

14. Permanently Restricted Net Assets (Continued):

Changes in Endowment Net Assets for the Year Ended December 31, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 273,659	$ -	$ 1,741,069	$ 2,014,728
Unrealized (loss) gain	(25,511)	-	43,503	17,992
Realized gain	26	-	14,273	14,299
Interest and dividends	14,346	-	(922)	13,424
Contributions	-	-	430,150	430,150
Reclassification	-	-	1,000	1,000
Endowment net assets, end of year	$ 262,520	$ -	$ 2,229,073	$ 2,491,593

The unrestricted endowment net assets is comprised of

Endowment Net Assets are comprised of:	
Cash and cash equivalents- restricted to investment in endowment	$ 56,296
Cash and cash equivalents- board restricted	14,562
Contributions receivable	14,501
Investments	2,406,234
Endowment Net Assets, End of Year	$ 2,491,593

15. 403 (B) Retirement Plan:

The Olana Partnership board of trustees agreed to adopt the plan document, IRS Form 5304-SIMPLE, in order to sponsor a SIMPLE-IRA retirement plan for the employees of Organization as of January 1, 2012. Employees can make pre-tax contributions up to 100% of pay (subject to certain annual caps set by IRS). New employees may enroll in this program immediately, otherwise enrollment months are January and July. There is an employer match of up to 3% of salary for eligible employees. The total employer match expense was $5,653 for year ended December 31, 2014.

16. Subsequent Event:

Subsequent to year end, the Organization renewed its demand grid note increasing the amount available to be borrowed to $500,000. The current term of the note expires November 30, 2015. During 2015, the Organization utilized the line and as of the date of this report the outstanding balance is $360,045.