THE OLANA PARTNERSHIP

FINANCIAL STATEMENTS
(and Report of Independent Auditors)

December 31, 2011
(with memorandum totals as of December 31, 2010)

THE OLANA PARTNERSHIP
TABLE OF CONTENTS

PKHB
PATTISON, KOSKEY, HOWE & BUCCI, CPAs, P.C.
www.pkhbcpa.com

Richard P. Koskey, CPA
Ned Howe, CPA
A. Michael Bucci, CPA
Bradley Cummings, CPA, CVA
Suzanne E. Muldoon, CPA
Nancy K. Patzwahl, CPA
Matthew H. VanDerbeck, CPA

Reginald H. Pattison, CPA (1910-2002)
Jon Rath, CPA (Retired)

Jean Howe Lossi, EA
N. Thérèse Wolfe, EA
Carol LaMont Howe, EA

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
The Olana Partnership

We have audited the accompanying financial statement of financial position of The Olana Partnership (a nonprofit organization) as of December 31, 2011, and the related statement of activities, statement of functional expenses, and statement of cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from The Olana Partnership 2010 financial statements and, in our report dated October 21, 2011, we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

Valatie, New York
October 31, 2012

502 Union Street
Hudson, NY 12534
Tel: 518-828-1565
Fax: 518-828-2672

45 Five Mile Woods Road, Suite 1
Catskill, NY 12414
Phone: 518-943-4502
Fax: 518-943-6532

2880 Route 9, Suite 2
Valatie, NY 12184
Tel: 518-758-6776
Fax: 518-758-6779

THE OLANA PARTNERSHIP
STATEMENT OF FINANCIAL POSITION
December 31, 2011
(with memorandum totals for December 31, 2010)

	2011	2010 (memorandum only)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 446,770	$ 666,304
Accounts receivable	3,069	947
Contributions receivable	194,083	210,065
Government grant receivable	25,577	1,273
Inventory	88,989	79,683
Prepaid expenses	55,798	7,557
Total current assets	814,286	965,829
Cash and cash equivalents - restricted to construction of museum	347,187	345,744
Cash and cash equivalents - restricted to investment in endowment	147,829	1,180,706
Investments - restricted for endowment	1,130,000	-
Investments	255,184	246,997
Contributions receivable (long-term), net of a $10,162 discount	89,838	207,859
Property and equipment, net	25,333	30,530
Total assets	$ 2,809,657	$ 2,977,665
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 16,164	$ 13,637
Accrued expenses	35,641	30,508
Deferred revenue	38,900	-
Total current liabilities	90,705	44,145
Net assets:		
Unrestricted	333,835	504,187
Unrestricted - board designated	281,037	267,997
Temporarily restricted	636,335	653,387
Permanently restricted	1,467,745	1,507,949
Total net assets	2,718,952	2,933,520
Total liabilities and net assets	$ 2,809,657	$ 2,977,665

See accompanying notes and independent auditors' report.

THE OLANA PARTNERSHIP
STATEMENT OF ACTIVITIES
Year ended December 31, 2011
(with memorandum totals for December 31, 2010)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2010 (memorandum only)
Revenue and other sources:					
Membership dues	$ 167,366	$ -	$ -	$ 167,366	$ 147,326
Contributions	106,372	256,796	-	363,168	414,098
Discount on pledges	-	306	11,672	11,978	13,376
Donated services	403,220	-	-	403,220	201,019
Non-cash revenue	-	-	-	-	2,200
Grants	25,577	-	-	25,577	1,273
Bookstore and gift shop sales, net of direct expenses of $80,948 and $59,305, respectively	55,831	-	-	55,831	79,457
Program and special events, net of direct expenses of $146,743 and $104,882, respectively	167,544	-	-	167,544	56,743
Royalty income	92	-	-	92	363
Interest and dividend income	7,884	-	-	7,884	39,722
Other income	1,300	-	-	1,300	1,288
Unrealized (loss) gain on on marketable securities	8,156	1,443	(63,695)	(54,096)	27,912
Gain on sale of marketable securities, net	31	-	11,819	11,850	762
Net assets released from restrictions	275,597	(275,597)	-	-	-
Total Revenue and other sources	1,218,970	(17,052)	(40,204)	1,161,714	985,539
Expenses					
Program	915,588	-	-	915,588	875,219
Management and general	289,599	-	-	289,599	229,260
Fundraising	171,095	-	-	171,095	161,700
Total Expenses	1,376,282	-	-	1,376,282	1,266,179
Change in net assets	(157,312)	(17,052)	(40,204)	(214,568)	(280,640)
Net assets, beginning of year	772,184	653,387	1,507,949	2,933,520	3,214,160
Net assets, end of year	$ 614,872	$ 636,335	$ 1,467,745	$ 2,718,952	$ 2,933,520

See accompanying notes and independent auditors' report.

THE OLANA PARTNERSHIP
STATEMENT OF CASH FLOWS
Year ended December 31, 2011
(with memorandum totals for December 31, 2010)

	2011	2010 (memorandum only)
Cash flows from operating activities:		
Change in net assets	$ (214,568)	$ (280,640)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	5,211	11,196
Gain on sale of marketable securities	(11,850)	(762)
Unrealized loss (gain) on marketable securities	54,096	(27,912)
Donated investments	(79,054)	(79,086)
Gift of endowment	(145,204)	(148,075)
(Increase) decrease in accounts receivable	(2,122)	436
Decrease in contributions receivable	29,758	359,351
(Increase) decrease in government grant receivable	(24,304)	10,289
Increase in inventory	(9,306)	(6,670)
Increase in prepaid expenses	(48,241)	(1,702)
Increase (decrease) in accounts payable	2,527	(56,175)
Increase in accrued expenses	5,133	2,343
Increase in deferred revenue	38,900	-
Total adjustments	(184,456)	63,233
Net cash used in operating activities	(399,024)	(217,407)
Cash flows from investing activities:		
Purchases of property and equipment	(14)	(13,430)
Sales of investments	967,155	177,376
Purchases of certificates of deposit	-	921,813
(Purchases)/maturities of investments	(1,964,289)	(3,600)
Increase in cash and cash equivalents - construction of museum	(1,443)	(833)
(Increase)/decrease in cash and cash equivalents - restricted to investment in endowment	1,032,877	(1,052,965)
Net cash provided by investing activities	34,286	28,361
Cash flows from financing activities:		
Gift of Endowment	145,204	148,075
Net cash provided by financing activities	145,204	148,075
Net decrease in cash	(219,534)	(40,971)
Cash and cash equivalents, beginning of year	666,304	707,275
Cash and cash equivalents, end of year	$ 446,770	$ 666,304

See accompanying notes and independent auditors' report.

THE OLANA PARTNERSHIP

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2011

(with comparative totals for the year ended December 31, 2010)

	2011				2010 (memorandum only)
	Program	Management and General	Fund-Raising	Total	
Expenses:					
Salaries and wages	$ 315,601	$ 94,717	$ 112,439	$ 522,757	$ 561,677
Employee benefits	21,824	8,103	14,577	44,504	51,971
Payroll tax	25,011	7,434	8,697	41,142	45,403
Insurance	12,373	2,710	1,710	16,793	18,635
Public relations and marketing	16,440	-	-	16,440	-
Supplies and office	23,674	19,345	4,032	47,051	67,465
Development	-	-	14,810	14,810	15,879
Program	168,938	-	-	168,938	208,459
Landscaping	84,249	-	-	84,249	72,647
Professional fees	6,917	3,262	988	11,167	11,271
Depreciation	2,741	1,235	1,235	5,211	11,196
Uncollectible pledges	-	-	-	-	557
	677,768	136,806	158,488	973,062	1,065,160
Donated Services (Note 2):					
Strategic analysis	33,930	50,895	-	84,825	-
Team effectiveness review	40,000	60,000	-	100,000	-
Professional fees	86,924	40,995	12,418	140,337	196,359
Public relations and marketing	750	-	-	750	-
Supplies and office	1,105	903	189	2,197	2,086
Landscaping	-	-	-	-	2,214
Program	75,111	-	-	75,111	360
Total expenses	$ 915,588	$ 289,599	$ 171,095	$ 1,376,282	$ 1,266,179

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 or locations by action of the Board of Directors. Board designated assets were reclassified for the year ending December 31, 2010.

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, 2010, in the accompanying statements are included to provide a basis for comparison with December 31, 2011 and present summarized totals only. Accordingly, the December 31, 2010 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).

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. The Organization is no longer subject to examination by federal and state taxing authorities for years prior to fiscal year ended December 31, 2008.

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, 2011. 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, 2011, there was one donor that individually exceeded 10% of contributions receivables. 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, 2011 were $12,125 ($829 for general operating funds, $1,443 for new museum construction funds, and $9,853 for endowment funds.

Fair value measurements:

In September 2006, the FASB issued FASB ASC 820-10 "Fair Value Measurement". FASB ASC 820-10 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. See Note 5 for disclosures required by FASB ASC 820-10.

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.

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, 2011:

Professional fees	$ 262,036
Professional-legal fees	138,237
Printing and publication	1,237
Editorial services	960
Advertising-distribution	750
In-kind donations (lights, books, program supplies)	5,699
Special events (advertising)	3,600
Special events (professional fees)	956
Special events (in-kind donations)	2,945
Subtotal	416,420
Less: Special events and gift shop	(13,200)
	$ 403,220

During the year ended December 31, 2011, the Organization's expenses included $184,825 in donated services that are considered to be "one time" costs. The services were incurred for the long-term benefit of the Organization and focused on the Organization's strategic direction and effectiveness of its programs and staff.

2. Summary of Significant Accounting Policies (Continued):

Donated Services (Continued):

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. A portion of the donated services were donated by related parties for the amount of $234,059.

Deferred Revenue

The Organization recorded deferred revenue for the amount of $38,900 related to the ticket sales collected in advance of the 2012 Gala and 2012 Rockefeller Dinner.

Subsequent events:

Subsequent events have been evaluated through October 31, 2012, 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, 2011, comprised the following:

Bank	Book Balance	Bank Balance	FDIC Insurance	Excess
First Niagara	$ 132,592	$ 235,194	$ 415,179	$ (179,985)
National Union Bank of Kinderhook	269,734	269,634	250,000	19,634
TDBank	246,894	246,894	250,000	(3,106)
TD Ameritrade	100,293	100,293	250,000	(149,707)
LPL Financial	39,241	39,241	*	
Fidelity-Massey Quick	152,682	152,682	*	
Petty Cash	350	-	N/A	
	$ 941,786	$ 1,043,938		

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

The cash and cash equivalents balance of $941,786 includes $147,829 of cash equivalents held in a money market account restricted for the investment in endowment and $347,187 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 within the current year. 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 net present value of the estimated future cash flows, net of an allowance for uncollectible pledges. The interest rates used in determining the net present value of contributions receivable range from 1.53% to 3.52% at December 31, 2011, based on the terms and pledge dates of the gifts. Management believes that all contributions receivable at December 31, 2011 are fully collectible.

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

Amounts to be received in:	
2012	$ 105,000
2013	100,000
	$ 205,000

The current portion of contributions receivable includes $89,083 of contributions made in 2011 and expected to be collected in 2012. The Organization recorded a discount for the amount of $10,162 to discount the pledges that were received with a pledge exceeding more than one year.

5. Investments:

Investments at December 31, 2011, stated at fair value include:

	Cost	Unrealized (loss)	Fair Market Value	FASB ASC 820-10 Measurements
Mutual Funds	$ 1,415,531	$ (30,347)	$ 1,385,184	Level 1
Cash and cash equivalents	152,682	-	152,682	Level 1
	$ 1,568,213	$ (30,347)	$ 1,537,866	

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. The Organization's investments are comprised of one mutual fund at December 31, 2011.

6. Property and Equipment:

A summary of property and equipment is as follows as of December 31, 2011:

Category	
Furniture/Equipment	$ 64,167
Artwork-Painting	10,000
Accumulated Depreciation	(48,834)
	$ 25,333

The depreciation expense for 2011 was $5,211.

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, 2011.

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, 2011, the Organization held various program and special events. A financial summary is as follows:

	Program	Special events	Other	Total
Gross event income	$ 37,291	$ 245,772	$ 31,224	$ 314,287
Event expenses	37,179	88,193	21,371	146,743
Net profit (loss)	$ 112	$ 157,579	$ 9,853	$ 167,544

10. Demand Grid Note:

The Organization obtained a demand grid note on July 10, 2008. The amount available to be borrowed is $200,000 and was renewed in 2011 for a term of October 31, 2011 through October 31, 2012. The note is unsecured and has a floor rate of 4.5%. No advances were requested on this line during the year, and no balance was due on December 31, 2011. Subsequent to year-end, as of the date of this report, the Organization borrowed $160,000. 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 Olana Partnership. 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 include annual sponsorship to the Chamber of Commerce for utilization of the space and other promotional expenses. At the close of 2011, $9,192 was held on behalf of other sites, while $1,496 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, 2011 represent grants available for the following specific purposes or program services:

Main House Projects	$ 44,068
Museum Center	347,187
Education	26,712
Landscape Curator position	20,613
Landscaping	19,034
Invasive Species project	9,900
Robinson Family	3,000
Strabo-Conservation	12,061
Time Restricted (net of discount of $77)	29,815
Second Floor Exhibitions	115,899
SLC/Viewshed Donations	3
Restricted Projects	6,547
Landmarks Visitors Center	1,496
	$ 636,335

During the year ended December 31, 2011, releases from restriction were comprised of the following:

Farm education	$ 15,480
Exhibitions	94,440
Landscaping	70,038
Curatorial projects	34,269
Viewshed	20,278
Education	6,844
Other	34,248
	$ 275,597

See independent auditors' report.

13. Board Designations:

The board designated unrestricted net assets for contingencies in the amount of $281,037.

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 position reaches the $1 mm goal, then earnings are to be used to fund such positions:

President Endowment (net of discount of $10,085)	$	589,916
President Endowment earnings		(10,739)
Educator Endowment		793,000
Educator Endowment earnings		(1,876)
Curator Endowment		99,000
Curator Endowment earnings		(1,556)
	$	1,467,745

In 2009, the Organization's endowment consisted of two funds (one comprised of certificates of deposit) and (another comprised of a mutual fund) held with institutional investment companies. The certificates of deposit were promptly redeemed with all cash proceeds being transferred to a Fidelity account on December 31, 2011. The funds were invested into mutual funds at the discretion of Massey Quick & Co. 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 (currently certificates of deposit) 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, 2011:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	$ -	$ -	$ 1,467,745	$ 1,467,745
Board-Designated Endowment Funds	260,037	-	-	260,037
Total Funds	$ 260,037	$ -	$ 1,467,745	$ 1,727,782

14. Permanently Restricted Net Assets (Continued):

Changes in Endowment Net Assets for the Year Ended December 31, 2011:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of Year	$ 246,997	$ -	$ 1,507,949	$ 1,754,946
Investment Income	4,853		-	4,853
Interest accretion	-	-	11,672	11,672
Contributions	-	-	-	-
Net Appreciation (Realized and Unrealized)	8,187	-	(51,876)	(43,689)
Endowment Net Assets, End of Year	$ 260,037	$ -	$ 1,467,745	$ 1,727,782

Endowment Net Assets are comprised of:	
Pledges receivable	$ 189,916
Cash and cash equivelents	152,682
Investments	1,385,184
Endowment Net Assets, End of Year	$ 1,727,782

15. 403 (B) Retirement Plan:

Employees may participate in a 403(B) retirement plan administered by American Funds. Employees can make pre-tax contributions up to 100% of pay (subject to certain annual caps based on years of service). New employees may enroll in this program immediately, otherwise enrollment months are January and July. There is an employer match of up to 5% of salary for eligible employees. Upon the board's approval, the 403b plan was terminated as of December 31, 2011. In its place, the board 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.

The total employer match expense was $16,416 for year ended December 31, 2011.