THE OLANA PARTNERSHIP

FINANCIAL STATEMENTS
(and Report of Independent Auditors)

December 31, 2012
(with memorandum totals as of December 31, 2011)

THE OLANA PARTNERSHIP
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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
The Olana Partnership

We have audited the accompanying financial statements of The Olana Partnership, which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements. The prior year summarized comparative information has been derived from The Olana Partnership's 2011 financial statements and, in our report dated October 31, 2012, we expressed an unqualified opinion on those 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 2012 financial statements referred to above present fairly, in all material respects, the financial position of The Olana Partnership as of December 31, 2012, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America

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

Valatie, New York
October 19, 2013

THE OLANA PARTNERSHIP
STATEMENT OF FINANCIAL POSITION
December 31, 2012
(with memorandum totals for December 31, 2011)

	2012	2011 (memorandum only)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 525,487	$ 446,770
Accounts receivable	5,064	3,069
Contributions receivable	271,405	194,083
Government grant receivable	19,996	25,577
Inventory	106,289	88,989
Prepaid expenses	10,308	55,798
Total current assets	938,549	814,286
Cash and cash equivalents - restricted to construction of museum	248,272	347,187
Certificates of deposit - restricted to construction of museum	99,991	-
Cash and cash equivalents - restricted to investment in endowment	118,962	147,829
Investments - restricted for endowment	1,366,971	1,130,000
Investments	267,415	255,184
Contributions receivable (long-term), net of a $40,396 discount	419,604	89,838
Property and equipment, net	28,558	25,333
Total assets	$ 3,488,322	$ 2,809,657
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 33,851	$ 16,164
Accrued expenses	31,254	35,641
Deferred revenue	5,600	38,900
Total current liabilities	70,705	90,705
Net assets:		
Unrestricted	334,623	333,835
Unrestricted - board designated	301,697	281,037
Temporarily restricted	1,198,762	636,335
Permanently restricted	1,582,535	1,467,745
Total net assets	3,417,617	2,718,952
Total liabilities and net assets	$ 3,488,322	$ 2,809,657

See accompanying notes and independent auditors' report.

THE OLANA PARTNERSHIP
STATEMENT OF ACTIVITIES
Year ended December 31, 2012
(with memorandum totals for December 31, 2011)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2011 (memorandum only)
Revenue and other sources:					
Membership dues	$ 157,945	$ -	$ -	$ 157,946	$ 167,366
Contributions	86,161	824,825	-	910,986	363,168
Discount on pledges	-	-	6,685	6,685	11,978
Donated services	199,836	-	-	199,836	403,220
Non-cash revenue	94,000	-	-	94,000	-
Grants	325,934	-	-	325,934	25,577
Bookstore and gift shop sales, net of direct expenses of $42,657 and $80,948, respectively	80,992	-	-	80,992	55,831
Program and special events, net of direct expenses of $436,803 and $146,743, respectively	298,696	-	-	298,696	167,544
Royalty income	303	-	-	303	92
Interest and dividend income	8,229	-	-	8,229	7,884
Other income	536	-	-	536	1,300
Unrealized gain (loss) on on marketable securities	15,480	1,076	82,122	98,678	(54,096)
Gain (loss) on sale of marketable securities, net	(65)	-	25,983	25,918	11,850
Net assets released from restrictions	263,474	(263,474)	-	-	-
Total Revenue and other sources	1,531,521	562,427	114,790	2,208,738	1,161,714
Expenses					
Program	1,095,419	-	-	1,095,419	915,588
Management and general	229,441	-	-	229,441	289,599
Fundraising	185,213	-	-	185,213	171,095
Total Expenses	1,510,073	-	-	1,510,073	1,376,282
Change in net assets	21,448	562,427	114,790	698,665	(214,568)
Net assets, beginning of year	614,872	636,335	1,467,745	2,718,952	2,933,520
Net assets, end of year	$ 636,320	$ 1,198,762	$ 1,582,535	$ 3,417,617	$ 2,718,952

See accompanying notes and independent auditors' report.

THE OLANA PARTNERSHIP
STATEMENT OF CASH FLOWS
Year ended December 31, 2012
(with memorandum totals for December 31, 2011)

	2012	2011 (memorandum only)
Cash flows from operating activities:		
Change in net assets	$ 698,665	$ (214,568)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	5,240	5,211
Gain on sale of marketable securities	(25,918)	(11,850)
Unrealized (gain) loss on marketable securities	(98,678)	54,096
Donated investments	-	(79,054)
Gift of endowment	(106,685)	(145,204)
Increase in accounts receivable	(1,995)	(2,122)
(Increase) decrease in contributions receivable	(407,088)	29,758
Decrease (increase) in government grant receivable	5,581	(24,304)
Increase in inventory	(17,300)	(9,306)
Decrease (increase) in prepaid expenses	45,490	(48,241)
Increase (decrease) in accounts payable	17,687	2,527
(Decrease) increase in accrued expenses	(4,387)	5,133
(Decrease) increase in deferred revenue	(33,300)	38,900
Total adjustments	(621,353)	(184,456)
Net cash provided by (used in) operating activities	77,312	(399,024)
Cash flows from investing activities:		
Purchases of property and equipment	(8,465)	(14)
Sales of investments	183,394	967,155
Purchases of investments	(308,000)	(1,964,289)
Increase in cash equivalents and CDs - construction of museum	(1,076)	(1,443)
Decrease in cash and cash equivalents - restricted to investment in endowment	28,867	1,032,877
Net cash (used in) provided by investing activities	(105,280)	34,286
Cash flows from financing activities:		
Short-term borrowing on grid note	160,000	-
Payment on grid note	(160,000)	-
Gift of Endowment	106,685	145,204
Net cash provided by financing activities	106,685	145,204
Net increase (decrease) in cash	78,717	(219,534)
Cash and cash equivalents, beginning of year	446,770	666,304
Cash and cash equivalents, end of year	$ 525,487	$ 446,770
Interest paid	$ 3,128	$ -
Non cash activity:		
Donated Investments	$ 52,429	$ 79,054

See accompanying notes and independent auditors' report.

THE OLANA PARTNERSHIP
STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2012
(with comparative totals for the year ended December 31, 2011)

	2012				2011 (memorandum only)
	Program	Management and General	Fund-Raising	Total	
Expenses:					
Salaries and wages	$ 281,608	$ 83,094	$ 80,033	$ 444,735	$ 522,757
Employee benefits	17,773	7,278	8,879	33,930	44,504
Payroll tax	22,391	6,538	6,452	35,381	41,142
Insurance	6,646	1,470	453	8,569	16,793
Public relations and marketing	18,455	-	-	18,455	16,440
Supplies and office	19,946	22,309	3,252	45,507	47,051
Development	-	-	62,829	62,829	14,810
Program	104,062	-	-	104,062	168,938
Landscape/Viewshed	414,670	-	-	414,670	84,249
Professional fees	8,165	34,494	-	42,659	11,167
Depreciation	3,144	1,048	1,048	5,240	5,211
Uncollectible pledges	-	200	-	200	-
	896,860	156,431	162,946	1,216,237	973,062
Donated Services (Note 2):					
Strategic analysis	-	-	-	-	84,825
Team effectiveness review	-	-	-	-	100,000
Development	-	-	257	257	-
Professional fees	67,429	73,010	22,010	162,449	140,337
Public relations and marketing	-	-	-	-	750
Supplies and office	5,099	-	-	5,099	2,197
Landscape/Viewshed	31,425	-	-	31,425	-
Program	94,606	-	-	94,606	75,111
Total expenses	$ 1,095,419	$ 229,441	$ 185,213	$ 1,510,073	$ 1,376,282

See accompanying notes and independent auditors' report.

THE OLANA PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS

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, 2011, in the accompanying statements are included to provide a basis for comparison with December 31, 2012 and present summarized totals only. Accordingly, the December 31, 2011 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, 2009.

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, 2012. 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, 2012, there were three donors that individually exceeded 10% of contributions receivables ($450,000, $80,000, and $100,000, respectively). 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, 2012 were $14,870 ($642 for general operating funds, $30 for board designated endowment funds and $14,198 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.

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.

In October 2012, FASB issued the accounting standards update, "Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows" which 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, 2012:

Professional fees	$ 177,825
Professional-legal fees	110,049
Printing and publication	422
In-kind donations	5,540
Special events (in-kind donations)	20,411
Special events (in-kind donations)	156,538
Subtotal	470,785
Less: Special events and gift shop	(176,949)
	$ 293,836

During the year ended December 31, 2012, the Organization received $94,000 in non- cash revenue in the form of art framing credits for the Maine Exhibition included in "professional fees" above and "program" expenses in the accompanying statement of activities.

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 $160,049.

Deferred Revenue

The Organization recorded deferred revenue for the amount of $5,600 related to the ticket sales collected in advance of the 2013 Gala.

Subsequent events:

Subsequent events have been evaluated through October 19, 2013, 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, 2012, comprised the following:

Bank	Book Balance	Bank Balance	FDIC Insurance	Excess
First Niagara	$ 146,444	$ 142,423	$ 250,000	-
National Union Bank of Kinderhook	330,433	329,433	250,000	79,433
TDBank	247,574	247,574	250,000	-
LPL Financial	34,979	34,979	250,000	-
Fidelity-Massey Quick	132,243	132,243	*	
TD Ameritrade	698	698	250,000	-
Petty Cash	350	-	N/A	
	$ 892,721	$ 887,350		

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

Certificates of deposit as of December 31, 2012 were covered by FDIC insurance. The cash and cash equivalents balance of $892,721 includes $118,962 of cash equivalents held in a money market account restricted for the investment in endowment and $248,272 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 3.52% at December 31, 2012, based on the terms and pledge dates of the gifts. Management believes that all contributions receivable at December 31, 2012 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:	
2013	$ 170,000
2014	70,000
2015	70,000
2016	70,000
2017	50,000
2018	50,000
2019	50,000
2020	50,000
2021	50,000
	630,000
Less: amounts representing interest	(40,396)
	$ 589,604

The current portion of contributions receivable includes $101,405 of contributions made in 2012 and expected to be collected in 2013.

5. Investments:

Investments at December 31, 2012, stated at fair value include:

	Cost	Unrealized gain	Fair Market Value	FASB ASC 820-10 Measurements
Mutual Funds	$ 1,592,468	$ 41,918	$ 1,634,386	Level 1

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, 2012.

6. Property and Equipment:

A summary of property and equipment is as follows as of December 31, 2012:

Category	
Furniture/Equipment	$ 60,689
Artwork-Painting	10,000
Accumulated Depreciation	(42,131)
	$ 28,558

The depreciation expense for 2012 was $5,240.

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, 2012.

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.

In addition, it should be noted that the Organization was awarded a NYS EPF grant to restore the landscape and view on Crown Hill in the amount of $250,000 in 2010. Since the Organization turned management of the contract over to New York State, the funds and offsetting expenses are not reflected in these financial statements. The Organization did, however, make an 1/3 matching contribution as part of the agreement in the amount of $70,833 in 2012 and $12,500 in 2011, totaling $83,333, which is reflected in the respective year end balances.

9. Program and Special Events:

During the year ended December 31, 2012, the Organization held various program and special events. A financial summary is as follows:

	Program	Gala	Other	Total
Gross event income	$ 19,052	$ 601,693	$ 114,754	$ 735,499
Event expenses	16,881	352,716	67,206	436,803
Net profit (loss)	$ 2,171	$ 248,977	$ 47,548	$ 298,696

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 2012 for a term of October 31, 2012 through October 31, 2013. The note is unsecured and has a floor rate of 4.0%. An advance of $160,000 was requested on this line during the year, and no balance was due on December 31, 2012. 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 2012, $11,770 was held on behalf of other sites, while $1,605 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, 2012 represent grants available for the following specific purposes or program services:

Main House Projects	$ 53,860
Museum Center	348,263
Education	14,073
Landscape Curator position	10,342
Landscape/Viewshed (net of discount of $34,786)	432,214
Landscape Critical Initiative	83,550
Invasive Species project	3,990
Landscape/Gardens/Workshop	28,100
Time Restricted (net of discount of $2,210)	137,980
Exhibitions	80,785
Restricted Projects	4,000
Landmarks Visitors Center	1,605
	$ 1,198,762

During the year ended December 31, 2012, releases from restriction were comprised of the following:

Farm education	$ 20,883
Exhibitions	57,887
Landscape/Viewshed	41,823
EPF Crow Hill match	70,784
Curatorial projects	26,704
Time Restricted-General	24,892
Garden/Invasive Species	8,910
Other	11,591
	$ 263,474

13. Board Designations:

The board designated unrestricted net assets for contingencies in the amount of $301,697.

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 $3,401)	$	596,601
President Endowment earnings		24,807
Educator Endowment		793,000
Educator Endowment earnings		62,442
Curator Endowment		99,000
Curator Endowment earnings		6,685
	$	1,582,535

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.

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.

14. Permanently Restricted Net Assets (Continued):

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, 2012:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	$ -	$ -	$ 1,582,535	$ 1,582,535
Board-Designated Endowment Funds	280,696	-	-	280,696
Total Funds	$ 280,696	$ -	$ 1,582,535	$ 1,863,231

Changes in Endowment Net Assets for the Year Ended December 31, 2012:

Endowment Net Assets are comprised of:	
Pledges receivable	$ 96,602
Cash and cash equivelents	118,962
Investments	1,366,971
Endowment Net Assets, End of Year	$ 1,582,535

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 $9,363 for year ended December 31, 2012.