

THE OLANA PARTNERSHIP

AUDITED FINANCIAL STATEMENTS

As of and for the year ended December 31, 2023
(with memorandum totals as of and for the year ended December 31, 2022)

THE OLANA PARTNERSHIP

TABLE OF CONTENTS

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
The Olana Partnership:

Opinion

We have audited the financial statements of The Olana Partnership (the "Organization") (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Olana Partnership as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Olana Partnership and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Olana Partnership's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Olana Partnership's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Olana Partnership's ability to continue as a going concern for a reasonable period of time.

We are required to communicate to those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited The Olana Partnership's December 31, 2022 financial statements and we expressed an unmodified opinion on those audited financial statements in our report dated November 3, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

UHY LLP

Hudson, New York
August 19, 2024

THE OLANA PARTNERSHIP
STATEMENT OF FINANCIAL POSITION
December 31, 2023
(with memorandum totals as of December 31, 2022)

	2023	2022 (memorandum only)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 722,754	\$ 1,287,678
Investments	1,111,177	-
Accounts receivable	-	445,904
Contributions receivable	55,685	30,000
Inventory	196,507	127,342
Prepaid expenses	48,943	38,869
Total current assets	<u>2,135,066</u>	<u>1,929,793</u>
Cash and cash equivalents - restricted to capital projects	2,152,811	3,398,032
Cash and cash equivalents - restricted to investment in endowment	973,637	1,042,754
Cash and cash equivalents - restricted to investment in board designated	140,843	184,508
Investments - restricted for endowment	1,505,830	1,321,502
Investments - board designated	92,254	37,444
Contributions receivable, net of a \$5,875 discount - unrestricted long-term	59,500	-
Contributions receivable, net of a \$60,627 discount - restricted to capital projects	1,505,553	1,048,988
Property and equipment, net	<u>5,326,006</u>	<u>1,767,380</u>
Total assets	<u>\$ 13,891,500</u>	<u>\$ 10,730,401</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 118,836	\$ 144,702
Accrued expenses	87,583	88,330
Total current liabilities	<u>206,419</u>	<u>233,032</u>
NET ASSETS		
Without donor restrictions	1,247,528	1,358,634
With donor restrictions	12,437,553	9,138,735
Total net assets	<u>13,685,081</u>	<u>10,497,369</u>
Total liabilities and net assets	<u>\$ 13,891,500</u>	<u>\$ 10,730,401</u>

See notes to financial statements.

**THE OLANA PARTNERSHIP
STATEMENT OF ACTIVITIES
For the year ended December 31, 2023
(with memorandum totals for the year ended December 31, 2022)**

	2023			2022 (memorandum only)
	Without Donor Restrictions	With Donor Restrictions	Total	
OPERATING ACTIVITIES				
REVENUE AND OTHER SUPPORT				
Membership dues	\$ 91,744	\$ -	\$ 91,744	\$ 78,350
Contributions and grants, net of discount on pledges	429,243	644,496	1,073,739	937,729
Donated services	36,686	-	36,686	173,661
Donated goods	1,502	-	1,502	-
Bookstore and gift shop sales, net of direct expenses of \$166,231	200,747	-	200,747	182,865
Admissions	692,413	-	692,413	666,088
Program service fees	41,103	-	41,103	46,366
Subtotal	1,493,438	644,496	2,137,934	2,085,059
Special events:				
Contributions	504,824	-	504,824	410,367
Special events revenue	51,850	-	51,850	155,550
Costs of direct benefit to donors	(153,000)	-	(153,000)	(157,377)
Net special events revenue	403,674	-	403,674	408,540
Other income	2,599	-	2,599	20
Net assets released from restrictions	235,139	(235,139)	-	-
Total revenue and other support	2,134,850	409,357	2,544,207	2,493,619
EXPENSES				
Program services:				
Collections and Exhibitions	437,169	-	437,169	347,572
Education and Public	502,115	-	502,115	357,653
Landscape / Viewshed	32,510	-	32,510	62,817
Capital Development	114,092	-	114,092	113,425
Visitor Services	308,397	-	308,397	502,632
Museum Store	219,728	-	219,728	159,222
Total program services	1,614,011	-	1,614,011	1,543,321
Management and general	435,303	-	435,303	393,936
Fundraising	395,184	-	395,184	340,915
Total operating expenses	2,444,498	-	2,444,498	2,278,172
Change in net assets from operating activities	(309,648)	409,357	99,709	215,447
NON-OPERATING ACTIVITIES				
Contributions and grants, net of discount on pledges	-	2,774,250	2,774,250	254,299
Forgiveness of Paycheck Protection Program (PPP) loan	-	-	-	266,277
Interest income	97,341	-	97,341	71,259
Investment return (loss), net	101,201	115,211	216,412	(541,765)
Change in net assets from non-operating activities	198,542	2,889,461	3,088,003	50,070
CHANGE IN NET ASSETS	(111,106)	3,298,818	3,187,712	265,517
NET ASSETS, Beginning of year	1,358,634	9,138,735	10,497,369	10,231,852
NET ASSETS, End of year	\$ 1,247,528	\$ 12,437,553	\$ 13,685,081	\$ 10,497,369

See notes to financial statements.

THE OLANA PARTNERSHIP
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2023
(with memorandum totals for the year ended December 31, 2022)

	2023									2022	
	Collections and Exhibitions	Education and Public	Landscape / Viewshed	Capital Development	Visitor Services	Museum Store	Total Program	Management and General	Fund-Raising	Total	(memorandum only) Total
Salaries and Wages	\$ 209,544	\$ 330,269	\$ 16,258	\$ 91,451	\$ 188,905	\$ 147,864	\$ 984,291	\$ 231,251	\$ 249,295	\$ 1,464,837	\$ 1,405,871
Employee Benefits	22,687	35,757	1,760	9,901	20,452	16,009	106,566	25,037	26,990	158,593	112,506
Payroll Taxes	17,696	27,892	1,373	7,723	15,953	12,487	83,124	19,532	21,053	123,709	118,982
Donor Cultivation	-	-	-	-	-	-	-	-	4,964	4,964	-
Public Relations and Marketing	9,283	28,245	-	-	-	46	37,574	-	-	37,574	32,883
Consultants / Contracted services	129,313	44,620	-	-	-	-	173,933	-	39,727	213,660	180,475
Supplies, Office and Printing	41,033	12,104	12,820	3,474	25,979	25,337	120,747	26,443	34,694	181,884	109,188
Occupancy / Utilities	885	5,751	-	-	2,574	591	9,801	31,583	1,251	42,635	30,331
Information Technology	310	1,492	-	50	50,240	11,937	64,029	20,911	2,011	86,951	91,445
Insurance	4,182	6,870	299	1,493	3,584	2,987	19,415	5,376	5,078	29,869	30,440
Travel	85	989	-	-	710	1,702	3,486	2,536	5,357	11,379	8,112
Professional fees - Legal - In-kind	-	-	-	-	-	-	-	5,000	-	5,000	100,000
Professional fees - Accounting	-	-	-	-	-	-	-	65,021	-	65,021	37,928
Depreciation	2,151	8,126	-	-	-	768	11,045	2,613	4,764	18,422	20,011
Subtotal	<u>437,169</u>	<u>502,115</u>	<u>32,510</u>	<u>114,092</u>	<u>308,397</u>	<u>219,728</u>	<u>1,614,011</u>	<u>435,303</u>	<u>395,184</u>	<u>2,444,498</u>	<u>2,278,172</u>
Cost of Goods Sold	-	-	-	-	-	166,231	166,231	-	-	166,231	154,874
Special events - Cost of Direct Benefit to Donors:											
Lighting/Audio	-	-	-	-	-	-	-	-	50,173	50,173	33,205
Awards	-	-	-	-	-	-	-	-	1,335	1,335	1,470
Venue and Food	-	-	-	-	-	-	-	-	101,492	101,492	122,702
Total direct cost of direct benefit to donors	-	-	-	-	-	-	-	-	153,000	153,000	157,377
Total Expenses	<u>\$ 437,169</u>	<u>\$ 502,115</u>	<u>\$ 32,510</u>	<u>\$ 114,092</u>	<u>\$ 308,397</u>	<u>\$ 385,959</u>	<u>\$ 1,780,242</u>	<u>\$ 435,303</u>	<u>\$ 548,184</u>	<u>\$ 2,763,729</u>	<u>\$ 2,590,423</u>

See notes to financial statements.

THE OLANA PARTNERSHIP
STATEMENT OF CASH FLOWS
For the year ended December 31, 2023
(with memorandum totals for the year ended December 31, 2022)

	2023	2022 (memorandum only)
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 3,187,712	\$ 265,517
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	18,422	20,011
Loss on sale of marketable securities	104,970	174,692
Forgiveness of PPP loan	-	(266,277)
Contributions and grants for capital projects	(2,317,685)	(1,018,988)
Unrealized loss on marketable securities	5,281	343,574
Decrease (increase) in accounts receivable	445,904	(173,575)
(Increase) decrease in contributions receivable	(541,750)	833,742
Decrease in government grant receivable	-	40,000
Increase in inventory	(69,165)	(19,481)
(Increase) decrease in prepaid expenses	(10,074)	43,903
(Decrease) increase in accounts payable	(94,962)	51,223
(Decrease) increase in accrued expenses	(747)	8,315
Decrease in deferred revenue	-	(93,600)
Total adjustments	(2,459,806)	(56,461)
Net cash provided by operating activities	727,906	209,056
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(3,507,952)	(791,240)
Sales of investments	1,795,088	2,873,147
Purchases of investments	(3,255,654)	(1,389,151)
Net cash (used for) provided by investing activities	(4,968,518)	692,756
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions and grants for capital projects	2,317,685	1,018,988
Net cash provided by financing activities	2,317,685	1,018,988
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,922,927)	1,920,800
CASH AND CASH EQUIVALENTS, Beginning of year	5,912,972	3,992,172
CASH AND CASH EQUIVALENTS, End of year	\$ 3,990,045	\$ 5,912,972
RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	\$ 722,754	\$ 1,287,678
Cash and cash equivalents - restricted to museum capital projects	2,152,811	3,398,032
Cash and cash equivalents - restricted to investment in endowment	973,637	1,042,754
Cash and cash equivalents - restricted to investment in board designated	140,843	184,508
	\$ 3,990,045	\$ 5,912,972
NON-CASH ACTIVITY DISCLOSURE		
Donated investments	\$ 123,138	\$ 554,754
Donated goods	\$ 1,502	\$ -
Fixed assets in accounts payable	\$ 69,096	\$ -

See notes to financial statements.

THE OLANA PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 1 – NATURE OF OPERATIONS

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

Program activities are comprised of:

- *Collections and Exhibitions* – The Organization is responsible for curatorial and collections management for Olana State Historic Site’s wide-ranging collections, numbering more than 40,000 items, including archival materials, books, fine and decorative arts, as well as Olana’s historic architecture and 250-acre historic landscape. The Organization also organizes annual special exhibitions with the goals of furthering research, conservation and awareness of Olana’s collections and making connections with other collections nationally and internationally. The Organization also oversees all research requests and loan requests. All this work is done in close collaboration with the New York State Bureau of Historic Sites.
- *Education and Public* – The Organization is responsible for all educational and public programs at Olana State Historic Site. These include K-12 school field trips and related activities both at Olana and within the community, as well as tours and programs for college level groups. A wide variety of public programs are offered year-round both for a fee and free of charge.
- *Landscape / Viewshed* – The Organization works to restore and maintain Olana State Historic Site’s 250-acre historic landscape and its integral viewshed in collaboration with the NYS OPRHP. This is an ongoing project, and the Organization’s viewshed work involves collaboration with a broad range of statewide and regional non-profits, particularly Scenic Hudson, and government entities.
- *Capital Development* – The Organization works hand-in-hand with the NYS OPRHP to plan, develop, fund and implement major capital development projects at Olana State Historic Site. Projects are planned and developed collaboratively. The Organization provides funding from a range of public and private grants and individual, private contributions. Projects are implemented jointly, with the majority of construction work managed by Parks. In 2021, the Organization initiated conceptual designs for a new visitor center and entry, currently referred to as the Frederic Church Center. Construction on the center began in early 2023.
- *Visitor Services* – The Organization is responsible for interpreting Olana State Historic Site and its collections for all visitors and for ensuring, to the best of its ability, the safety and comfort of visitors. To this end, the Organization offers a variety of regularly scheduled public tours throughout the year with trained interpretive staff. It also employs and trains staff to assist visitors with orientation, wayfinding, ticketing, and parking. By the terms of the operating agreement with NYS OPRHP, the Organization must have a visitor services manager on site during all public tour hours.
- *Museum Store* – The Organization operates the Museum Store at Olana State Historic Site with the goal of providing visitors with a full range of merchandise that enables them to further their learning about Olana, Frederic Church and American art and landscape as well as continue their connection with the site through the purchase of souvenirs and decorative objects and clothing items. The Museum Store also offers food and drink for purchase through its affiliation with the Taste NY program of the New York State Department of Agriculture, which promotes products made or distributed by New York State businesses.

THE OLANA PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting, in accordance with generally accepted accounting principles in the United States of America (GAAP).

Financial Statement Presentation

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

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

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

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

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

Prior Year Amounts

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

Cash and Cash Equivalents

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

Included in cash and cash equivalents as of December 31, 2023 is \$1,281,051 held in a money market fund that is considered a Level 1 fair value measurement.

Property and Equipment

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

The Organization reviews assets carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. If considered impaired, the carrying amount of the asset is reduced to its current fair value.

THE OLANA PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Depreciation

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

As the Organization embarks on construction projects in support of its purpose, New York State (the State) and the Organization typically enter into agreements that map out the parameters of the projects.

Typically, construction costs paid for by the Organization to improve capital assets that it will not own and relate directly to the historic structures and grounds are expensed as incurred. Costs for new construction and ongoing capital improvements paid for by the Organization are recorded at cost and described as leasehold improvements when the Organization controls the use of those assets during the term of the operating agreement.

Income Taxes

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

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

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that will affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentrations of Credit and Market Risks

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

The Organization's bank accounts exceeded the FDIC limit by approximately \$452,000 and the cash and cash equivalents held by investment firms exceeded the Securities Investor Protection Corporation (SIPC) limit by approximately \$2,015,000 as of December 31, 2023. The Organization has not experienced any losses with respect to its cash balances. Based upon assessment of the financial condition of these institutions, management believes that the risk of loss of any uninsured amounts is minimal.

THE OLANA PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentrations of Credit and Market Risks (Continued)

At December 31, 2023, there was one donor that individually exceeded 10% of contributions receivable at 59%. In addition, one donor's total contributions represented 36% of total revenues for the year ended December 31, 2023. The Organization has determined no allowance for credit losses is needed based on a review of outstanding receivables, historical collection information, and economic conditions. Management controls credit risk through the use of the above procedures.

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term.

Investments

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

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

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

Fair Value Measurements

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

Contributions

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

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

THE OLANA PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions (Continued)

FASB Accounting Standards Update (ASU) 2012-05, “*Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows*” requires not-for profit entities to classify unrestricted cash receipts from the sale of donated financial assets that were nearly immediately converted to cash as cash inflows from operating activities. Cash receipts in which the donor restricts the use of contributed resources to long-term purposes should be classified as financing cash flows.

Inventory

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

Donated Goods and Services

The Organization recognizes revenue for certain services received at the fair value of those services. These services include professional services donated by attorneys, accountants and other professionals, as well as donated advertising and legal services. The fair value of the donated services is reflected in revenues and included in expenses in the following natural categories for the year ended December 31, 2023:

Professional fees	\$ 1,948
Professional-legal and accounting fees	9,975
Shop (in-kind donations)	1,502
Professional fees - shop	643
Program (in-kind donations)	869
Program (professional services)	22,097
Special events (professional services)	3,452
Subtotal	<u>40,486</u>
Less: Program	(970)
Less: Special events	(685)
Less: Shop	(643)
	<u><u>\$ 38,188</u></u>

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

Revenue Recognition

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

THE OLANA PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

Functional Expenses

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

Measure of Operations

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

Risks and Uncertainties

In April 2020, the Organization received a loan in the amount of \$259,565 from its bank through the Small Business Administration’s (“SBA”) Paycheck Protection Program (“PPP”). In January 2021, the loan, including principal and interest, was forgiven and considered repaid in full.

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

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

Recently Adopted Accounting Standards

As of January 1, 2023, the Organization adopted Accounting Standards Update (ASU) 2016-03, “*Financial Instruments – Credit Losses*” (ASC 326) using the modified retrospective approach. There was no material impact as a result of adopting this standard for the year ended December 31, 2023.

THE OLANA PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Subsequent events have been evaluated through August 19, 2024, which is the date the financial statements were available to be issued.

NOTE 3 – CONTRIBUTIONS RECEIVABLE

Contributions receivable consist primarily of pledges and grants from private foundations and individuals that are scheduled to be collected over a period of time. The following summarizes the contributions receivable based on the period in which they are expected to be collected. The carrying value is determined by calculating the fair value of the estimated future cash flows, net of an allowance for uncollectible pledges.

The interest rates used in determining the fair value of contributions receivable range from 0.24% to 4.96% at December 31, 2023, based on the terms and pledge dates of the gifts. Once the fair value discount rate is applied at the date of pledge the rate is generally set for the life of the pledge.

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

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

2024	\$ 1,475,710
2025	156,500
2026	50,030
2027	2,500
2028	<u>2,500</u>
	1,687,240
Less: amounts representing interest	<u>(66,502)</u>
	<u><u>\$ 1,620,738</u></u>

Included in expected cash receipts for the year 2024 are approximately \$1,416,000 of contributions receivable classified as “long-term” on the Statement of Financial Position given the restriction to be used for capital purchases.

NOTE 4 – INVESTMENTS

Investments at December 31, 2023, stated at fair value include:

	Cost	Unrealized Gain	Fair Market Value	FASB ASC 820- 10 Measurements
Mutual Funds:				
Bond	\$ 297,699	\$ 7,754	\$ 305,453	Level 1
Exchange Traded Funds	445,916	121,707	567,623	Level 1
Certificates of Deposit	724,238	770	725,008	Level 1
US Treasury Bills	1,090,541	20,636	1,111,177	Level 1
	<u>\$ 2,558,394</u>	<u>\$ 150,867</u>	<u>\$ 2,709,261</u>	

**THE OLANA PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 5 – PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows as of December 31, 2023:

<u>Category</u>		<u>Useful Lives</u>
Furniture/Equipment	\$ 228,927	5 - 10 years
CIP - Leasehold Improvements	5,262,829	n/a
Artwork-Painting	17,250	n/a
Accumulated Depreciation	(183,000)	
	<u>\$ 5,326,006</u>	

Depreciation expense for the year ended December 31, 2023 was \$18,422.

Included in property and equipment as of December 31, 2023 is \$5,262,829 of leasehold improvements which are costs related to construction in progress (CIP) for the Frederic Church Center.

On December 7th, 2022 the Organization finalized and entered into an operating agreement with New York State which terminates on August 31, 2032. This termination date will serve as the end of the useful life for the leasehold improvements once they are placed into service.

NOTE 6 – SPECIAL EVENTS

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

During the year ended December 31, 2023, the Organization held two special events; a financial summary for those events is as follows:

Changes in net assets without donor restrictions:

	<u>Gala</u>	<u>Summer Party</u>	<u>Total</u>
Revenues:			
Contributions	\$ 390,305	\$ 114,519	\$ 504,824
Special event revenue	41,300	10,550	51,850
Less: Costs of direct benefit to donors	(138,387)	(14,613)	(153,000)
Net revenues from special events	(97,087)	(4,063)	(101,150)
Total revenues	<u>293,218</u>	<u>110,456</u>	<u>403,674</u>
Expenses:			
Fundraising			
Supplies, office, and printing	(8,735)	(14,014)	(22,749)
Increase in net assets without donor restrictions	<u>\$ 284,483</u>	<u>\$ 96,442</u>	<u>\$ 380,925</u>

NOTE 7 – LINE OF CREDIT

The Organization has a \$600,000 line of credit which is collateralized by the assets of the Organization. The interest rate on the line of credit is the prime rate (8.5% at December 31, 2023) plus 1%, and has an interest rate floor of 4.0%. The interest rate was 9.5% at December 31, 2023. No amounts were outstanding on the line of credit as of December 31, 2023. The line of credit is due on demand.

**THE OLANA PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Donor restricted net assets as of December 31, 2023 are held as follows:

Subject to expenditure for specified purpose:

Collections and Exhibitions -

Exhibitions	\$ 60,488
Curatorial/Main House projects	36,134

Interpretation / Education -

Education programs	15,347
Critical Initiative	392,042

Landscape / Viewshed -

Landscape/Viewshed projects	45,983
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Capital Development -

Capital campaign - Frederic Church Center	2,152,811
	<u>2,702,805</u>

Subject to the passage of time:

Construction in progress - Frederic Church Center	5,262,829
Board dues - 2024	10,274
General operations (net discount of \$5,875)	236,625
	<u>5,509,728</u>

Subject to the passage of time and purpose:

Capital campaign - Frederic Church Center (net discount of \$60,627)	1,505,553
Art Bridges - Access for All Program	240,000
	<u>1,745,553</u>

Donor restricted endowments (subject to spending policy and appropriations, including accumulated earnings of \$304,463):

President Position	1,140,108
Educator Position	1,164,355
Curator Position	175,004
	<u>2,479,467</u>

Total net assets with donor restrictions	<u>\$ 12,437,553</u>
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During the year ended December 31, 2023, releases from restriction were comprised of the following:

Subject to expenditure for specified purpose:

Collections and Exhibitions	\$ 39,197
Interpretation/Education	12,926
Landscape/Viewshed	147,500
	<u>199,623</u>

Subject to passage of time:

Board dues	35,516
	<u>\$ 235,139</u>

THE OLANA PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 9 – BOARD DESIGNATED NET ASSETS

The board has designated net assets without restrictions for contingencies which are comprised of the following as of December 31, 2023:

Investments	\$ 194,715
Cash	38,382
	<u>\$ 233,097</u>

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS – ENDOWMENT FUNDS

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

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

Return Objectives and Risk Parameters

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

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization currently targets a diversified asset allocation of equities and fixed income-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

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

THE OLANA PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

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

Underwater Endowments:

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UMIFA requires the Organization to retain as a fund of perpetual duration. There were none at December 31, 2023.

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

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

Endowment Net Asset Composition by Type of Fund as of December 31, 2023:

	<u>With Donor Restrictions</u>
Donor Restricted Endowment Funds:	
President Endowment	\$ 1,000,000
Educator Endowment	1,000,000
Curator Endowment	99,000
Curator Endowment earnings	76,004
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	<u>2,175,004</u>
Accumulated investment gains - President Endowment	140,108
Accumulated investment gains - Educator Endowment	164,355
Total accumulated investment gains	<u>304,463</u>
 Total Donor Restricted Endowment Funds	 <u><u>\$ 2,479,467</u></u>

Changes in Endowment Net Assets for the Year Ended December 31, 2023 are as follows:

	<u>With Donor Restrictions</u>
Beginning of year	\$ 2,364,256
Investment return, net	115,211
End of year	<u><u>\$ 2,479,467</u></u>

Endowment Net Assets are comprised of the following as of December 31, 2023:

Cash and cash equivalents- restricted to investment in endowment	\$ 1,856,409
Investments	623,058
	<u><u>\$ 2,479,467</u></u>

THE OLANA PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 11 – RETIREMENT PLAN

The Organization has a 403(b)-retirement plan for employees. There is an employer match of 6% of salary for eligible employees. The total employer match expense was \$46,729 for year ended December 31, 2023.

NOTE 12 – LIQUIDITY

The Organization's financial assets available within December 31, 2023 for general expenditure are as follows:

Current financial assets:	
Cash and cash equivalents	\$ 722,754
Contributions receivable	55,685
Investments	<u>1,111,177</u>
Total financial assets	<u>1,889,616</u>
Less amounts unavailable for general expenditures within one year due to:	
Donor restricted net assets - restricted for purpose	<u>(549,994)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 1,339,622</u></u>

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

The Organization anticipates utilizing \$100,000 of endowment earnings during 2024 based on its spending plan.

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

NOTE 13 – CONDITIONAL GRANTS

The Organization has been awarded \$1,400,000 from an Empire State Development (ESD) Grant. This is a cost reimbursable grant related to the capital campaign for construction of the Frederic Church Center. The grant requires the construction to be completed before any funds are disbursed.