

THE OLANA PARTNERSHIP
FINANCIAL STATEMENTS
(and Report of Independent Auditors)

December 31, 2008
(with memorandum totals as of December 31, 2007)

THE OLANA PARTNERSHIP
TABLE OF CONTENTS

	<u>PAGE(S)</u>
Independent Auditors' Report	1
Statement of Financial Position	2
Statement of Activities	3-4
Statement of Cash Flows	5-6
Statement of Functional Expenses	7
Notes to Financial Statements	8-16

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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, 2008, 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 2007 financial statements and, in our report dated November 10, 2008, 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, 2008, 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.

As discussed in Note 2 to the financial statements, the Organization adopted Financial Accounting Standards No. 157 "Fair Value Measurements" as of January 1, 2008.

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

Valatie, New York
August 31, 2009

THE OLANA PARTNERSHIP
STATEMENT OF FINANCIAL POSITION
December 31, 2008
(with memorandum totals for December 31, 2007)

	2008	2007 (memorandum only)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 845,147	\$ 304,351
Accounts receivable	900	-
Contributions receivable	355,441	299,574
Government grant receivable	694,746	559,172
Inventory	48,618	46,899
Prepaid expenses	-	20,000
Due from New York State	15,000	90,000
Total current assets	1,959,852	1,319,996
Cash and cash equivalents - restricted to construction of museum	342,492	335,956
Cash and cash equivalents - restricted to investment in endowment	387,261	400,000
Investments	153,671	433,751
Contributions Receivable (long-term), net of discount	411,975	-
Property and Equipment, net	27,975	23,413
Total assets	\$ 3,283,226	\$ 2,513,116
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 32,637	\$ 10,087
Accrued expenses	25,010	21,183
Total current liabilities	57,647	31,270
Net assets:		
Unrestricted	865,318	581,429
Unrestricted - board designated	61,000	21,000
Temporarily restricted	989,349	1,479,417
Permanently restricted	1,309,912	400,000
Total net assets	3,225,579	2,481,846
Total liabilities and net assets	\$ 3,283,226	\$ 2,513,116

See accompanying notes and auditors' report.

THE OLANA PARTNERSHIP
STATEMENT OF ACTIVITIES
Year ended December 31, 2008
(with memorandum totals for December 31, 2007)

	2008	2007 <small>(memorandum only)</small>
Change in unrestricted net assets:		
Revenues and other sources:		
Membership Dues	\$ 137,980	\$ 169,910
Contributions	82,702	253,355
Donated services	52,758	91,712
Grants	1,333,524	919,539
Bookstore and gift shop sales, net of cost of goods sold of \$69,864 and \$70,414	93,551	76,874
Program and special events, net of direct expenses of \$389,687 and \$160,485	347,787	74,887
Royalty income	185	380
Interest and dividend income	22,661	55,906
Unrealized (loss) gain on marketable securities	(95,471)	8,362
(Loss) gain on sale of marketable securities	(1,258)	442
Total unrestricted revenue	1,974,419	1,651,367
Net assets released from restrictions	860,954	199,916
Reclassification	-	(99,978)
Total unrestricted revenue and other support	2,835,373	1,751,305
Expenses:		
Program	2,040,117	1,317,975
Management and general	232,815	216,471
Fund-raising	238,552	195,719
Total expenses	2,511,484	1,730,165
Change in unrestricted net assets	323,889	21,140
Change in temporarily restricted net assets:		
Contributions, net of discount \$675	364,348	1,060,805
Investment return	6,538	16,676
Net assets released from restrictions	(860,954)	(199,916)
Reclassification	-	(100,022)
Change in temporarily restricted net assets	(490,068)	777,543

See accompanying notes and auditors' report.

THE OLANA PARTNERSHIP
STATEMENT OF ACTIVITIES (CONTINUED)
Year ended December 31, 2008
(with memorandum totals for December 31, 2007)

	2008	2007 <small>(memorandum only)</small>
Change in permanently restricted net assets:		
Contributions	907,650	-
Investment Return	2,262	-
Reclassification	-	200,000
Change in permanently restricted net assets	909,912	200,000
Change in net assets	743,733	998,683
 Net assets, beginning of year	 2,481,846	 1,483,163
 Net assets, end of year	 \$ 3,225,579	 \$ 2,481,846

See accompanying notes and auditors' report.

THE OLANA PARTNERSHIP
STATEMENT OF CASH FLOWS
Year ended December 31, 2008
(with memorandum totals for December 31, 2007)

	2008	2007 (memorandum only)
Cash flows from operating activities:		
Change in net assets	\$ 743,733	\$ 998,683
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	5,593	5,405
Loss/(gain) on sale of marketable securities	1,258	(442)
Unrealized loss/(gain) on marketable securities	95,471	(8,362)
Donated investments	(112,131)	(291,120)
Gift of endowment	(125,000)	(200,000)
Increase in accounts receivables	(900)	-
Increase in contributions receivables	(467,842)	(25,043)
Increase in government grant receivables	(135,574)	(559,172)
Increase in inventories	(1,719)	(653)
Decrease in prepaid expenses	20,000	(20,000)
Decrease (increase) in due from New York State	75,000	-
(Increase) decrease in accounts payables	22,550	(6,157)
(Increase) decrease in accrued expenses	3,827	(10,765)
Decrease in government contract advances	-	(125,801)
Total Adjustments	(619,467)	(1,242,110)
Net cash provided by (used for) operating activities	124,266	(243,427)
Cash flows from investing activities:		
Purchases of furniture and equipment	(10,155)	(1,274)
Sales of investments	295,482	180,601
Increase in cash and cash equivalents - construction of museum	(6,536)	(16,481)
(Increase) decrease in cash and cash equivalents - restricted to investment in endowment	12,739	(400,000)
Net cash provided by (used for) investing activities	291,530	(237,154)

See accompanying notes and auditors' report.

THE OLANA PARTNERSHIP
STATEMENT OF CASH FLOWS (CONTINUED)
Year ended December 31, 2008
(with memorandum totals for December 31, 2007)

	2008	2007 (memorandum only)
Cash flows from financing activities:		
Payments on line of credit, net	-	(82,707)
Gift of Endowment	125,000	200,000
Net cash provided by financing activities	125,000	117,293
Net (decrease) increase in cash	540,796	(363,288)
Cash and cash equivalents, beginning of year	304,351	667,639
Cash and cash equivalents, end of year	\$ 845,147	\$ 304,351
Supplemental Disclosures to the Statement of Cash Flows:		
Interest paid	\$ -	\$ 1,262
Donated investments	\$ 112,131	\$ 291,120

See accompanying notes and auditors' report.

THE OLANA PARTNERSHIP
STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2008

(with comparative totals for the year ended December 31, 2007)

	2008		2007 (memorandum only)
	Program	Management and General	Fund- Raising
	Total	Total	Total
Salaries and wages	\$ 245,849	\$ 128,306	\$ 159,359
Employee benefits	13,248	14,058	15,370
Payroll tax	20,237	10,267	12,528
Insurance	8,072	6,632	-
Supplies and office	38,605	39,206	-
Development	-	-	49,430
Programs	1,554,205	-	-
Landscaping	133,037	-	-
Professional fees	25,000	32,482	-
Depreciation	1,864	1,864	1,865
Uncollectible pledges	-	-	-
	<u>\$ 2,040,117</u>	<u>\$ 232,815</u>	<u>\$ 238,552</u>
	\$ 533,514	\$ 42,676	\$ 443,275
	43,032	14,704	13,350
	77,811	9,132	40,050
	49,430	120,315	9,132
	1,554,205	21,264	120,315
	133,037	957,515	21,264
	57,482	33,817	957,515
	5,593	85,922	33,817
	-	5,405	85,922
	-	120	5,405
	<u>\$ 2,511,484</u>	<u>\$ 1,730,165</u>	<u>\$ 1,730,165</u>

See accompanying notes and 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 Statement of Financial Accounting Standards No. 117, "*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.

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, 2007, in the accompanying statements are included to provide a basis for comparison with December 31, 2008 and present summarized totals only. Accordingly, the December 31, 2007, 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.

See auditors' report.

THE OLANA PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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:

Furniture 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 furniture and equipment is recorded using the straight-line method over the various estimated useful lives of the assets.

As the Organization embarks on construction projects in support of its purpose, New York State (the State) and the Organization typically enter into agreements that map out the parameters of the projects. Construction costs incurred by the Organization for assets that it will not own are expensed as incurred.

Income Taxes:

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

Use of Estimates:

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

See auditors' report.

THE OLANA PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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 limited to any one institution. The Organization did not exceed the FDIC limit or the DIF insurance limit (see note 3) as of December 31, 2008. 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, 2008, there were two (2) donors 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 SFAS No. 124, "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 for the year ended December 31, 2008 were \$2,434.

Fair value measurements:

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 157 "Fair Value Measurement" (FAS 157). FAS 157 was effective as of the Organization's fiscal year beginning January 1, 2008. FAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. FAS 157 does not require any new fair value measurements but applies to other GAAP accounting pronouncements that use fair value as a relevant measurement attribute. The impact of adopting FAS 157 as of January 1, 2008 did not materially impact fair value measurements applied by the Organization. See Note 6 for disclosures required by FAS 157.

Inventory:

Inventory is stated at the lower of cost or market, with cost determined on a first-in, first-out basis and market 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.

See auditors' report.

THE OLANA PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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 and accountants to clients and 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, 2008:

Professional fees	\$ 48,122
Landscape architect	960
Printing and publication	391
Editorial services	960
Public Relations/marketing Consulting	975
Advertisements	1,350
Summer party	<u>15,296</u>
Subtotal	68,054
Less: special event	<u>(15,296)</u>
	<u>\$ 52,758</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 the volunteers' time does not meet the criteria for recognition under SFAS No. 116.

See auditors' report.

