

**THE OLANA PARTNERSHIP**

AUDITED FINANCIAL STATEMENTS

For the year ended December 31, 2019  
(with memorandum totals for the year ended December 31, 2018)

# THE OLANA PARTNERSHIP

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees of  
The Olana Partnership:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of The Olana Partnership (the "Organization") (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

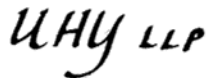
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## ***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, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

Pattison, Koskey, Howe, & Bucci, CPAs, P.C., who combined with UHY LLP effective January 1, 2020 previously audited The Olana Partnership's December 31, 2018 financial statements and they expressed an unmodified opinion on those audited financial statements in their report dated July 24, 2019. As discussed in Note 2 "Reclassifications", certain non-operating contributions were adjusted to conform to the 2019 presentation. In our opinion, except for the reclassifications previously described, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

The image shows a handwritten signature in black ink that reads "UHY LLP". The letters are stylized and cursive, with the "U" and "H" being particularly prominent.

Hudson, New York  
October 29, 2020

**THE OLANA PARTNERSHIP**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2019**  
**(with memorandum totals as of December 31, 2018)**

|   | 2019                | 2018<br>(as adjusted)<br>(memorandum only) |
|---|---------------------|--|
| <b>ASSETS</b>   |                     |  |
| <b>CURRENT ASSETS</b>   |                     |  |
| Cash and cash equivalents   | \$ 715,043          | \$ 623,982                                 |
| Accounts receivable   | 31,428              | 74,204                                     |
| Contributions receivable  | 50,000              | 65,000                                     |
| Government grant receivable   | 40,000              | 20,000                                     |
| Inventory   | 115,353             | 112,287                                    |
| Prepaid expenses  | 22,006              | 36,071                                     |
| Total current assets  | <u>973,830</u>      | <u>931,544</u>                             |
| Cash and cash equivalents - restricted to capital projects                                | 1,017,069           | 207,646                                    |
| Cash and cash equivalents - restricted to investment<br>in endowment                      | 25,143              | 24,789                                     |
| Cash and cash equivalents - restricted to investment<br>in board designated               | 951                 | 1,403                                      |
| Investments - restricted for endowment  | 2,383,223           | 2,114,274                                  |
| Investments - restricted to board designated  | 134,831             | 125,152                                    |
| Contributions receivable, net of a \$151,823 discount -<br>restricted to capital projects | 3,030,807           | 1,191,789                                  |
| Property and equipment, net   | <u>160,629</u>      | <u>71,711</u>                              |
| Total assets  | <u>\$ 7,726,483</u> | <u>\$ 4,668,308</u>                        |
| <b>LIABILITIES AND NET ASSETS</b>   |                     |  |
| <b>CURRENT LIABILITIES</b>  |                     |  |
| Accounts payable  | \$ 82,365           | \$ 36,171                                  |
| Accrued expenses  | 48,153              | 45,543                                     |
| Total current liabilities   | <u>130,518</u>      | <u>81,714</u>                              |
| <b>NET ASSETS</b>   |                     |  |
| Without donor restrictions  | 402,640             | 410,495                                    |
| With donor restrictions   | <u>7,193,325</u>    | <u>4,176,099</u>                           |
| Total net assets  | <u>7,595,965</u>    | <u>4,586,594</u>                           |
| Total liabilities and net assets  | <u>\$ 7,726,483</u> | <u>\$ 4,668,308</u>                        |

See notes to financial statements.

**THE OLANA PARTNERSHIP**  
**STATEMENT OF ACTIVITIES**  
**For the year ended December 31, 2019**  
**(with memorandum totals for the year ended December 31, 2018)**

|  | 2019                          |                            |              | 2018                                  |
|--|-------------------------------|----------------------------|--------------|---------------------------------------|
|  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total        | (as adjusted)<br>(memorandum<br>only) |
| <b>OPERATING ACTIVITIES</b>  |                               |                            |              |                                       |
| <b>REVENUE AND OTHER SUPPORT</b>                                     |                               |                            |              |                                       |
| Membership dues  | \$ 65,666                     | \$ -                       | \$ 65,666    | \$ 48,804                             |
| Contributions and grants, net of discount on pledges                 | 182,136                       | 409,364                    | 591,500      | 607,018                               |
| Donated services   | 27,967                        | -                          | 27,967       | 25,545                                |
| Donated goods  | 7,000                         | -                          | 7,000        | 364                                   |
| Bookstore and gift shop sales,<br>net of direct expenses of \$99,596 | 125,687                       | -                          | 125,687      | 117,286                               |
| Admissions   | 483,754                       | -                          | 483,754      | 43,910                                |
| Program service fees   | 58,459                        | -                          | 58,459       | 48,221                                |
| Subtotal   | 950,669                       | 409,364                    | 1,360,033    | 891,148                               |
| Special events:  |                               |                            |              |                                       |
| Contributions  | 708,120                       | -                          | 708,120      | 664,785                               |
| Special events revenue   | 114,850                       | -                          | 114,850      | 81,960                                |
| Costs of direct benefit to donors                                    | (218,882)                     | -                          | (218,882)    | (161,202)                             |
| Net special events revenue   | 604,088                       | -                          | 604,088      | 585,543                               |
| Other income   | 2,043                         | -                          | 2,043        | 1,882                                 |
| Investment releases per spending policy                              | 100,000                       | -                          | 100,000      | 20,000                                |
| Net assets released from restrictions                                | 374,456                       | (374,456)                  | -            | -                                     |
| Total revenue and other support                                      | 2,031,256                     | 34,908                     | 2,066,164    | 1,498,573                             |
| <b>EXPENSES</b>  |                               |                            |              |                                       |
| Program services:  |                               |                            |              |                                       |
| Collections and Exhibitions  | 239,937                       | -                          | 239,937      | 250,700                               |
| Interpretation / Education   | 902,168                       | -                          | 902,168      | 449,431                               |
| Landscape / Viewshed   | 34,132                        | -                          | 34,132       | 62,661                                |
| Capital Development  | 12,262                        | -                          | 12,262       | 62,940                                |
| Museum Store   | 131,982                       | -                          | 131,982      | 101,792                               |
| Total program services   | 1,320,481                     | -                          | 1,320,481    | 927,524                               |
| Management and general   | 253,628                       | -                          | 253,628      | 191,555                               |
| Fundraising  | 482,334                       | -                          | 482,334      | 529,340                               |
| Total operating expenses   | 2,056,443                     | -                          | 2,056,443    | 1,648,419                             |
| Change in net assets from operating activities                       | (25,187)                      | 34,908                     | 9,721        | (149,846)                             |
| <b>NON-OPERATING ACTIVITIES</b>                                      |                               |                            |              |                                       |
| Contributions and grants, net of discount on pledges                 | -                             | 2,710,663                  | 2,710,663    | 1,258,074                             |
| Interest income  | 8,214                         | 2,352                      | 10,566       | 7,537                                 |
| Interest expense   | (3,659)                       | -                          | (3,659)      | (822)                                 |
| Loss on disposal of equipment  | -                             | -                          | -            | (768)                                 |
| Investment return, net   | 12,777                        | 369,303                    | 382,080      | (220,525)                             |
| Investment releases per spending policy                              | -                             | (100,000)                  | (100,000)    | (20,000)                              |
| Change in net assets from non-operating activities                   | 17,332                        | 2,982,318                  | 2,999,650    | 1,023,496                             |
| <b>CHANGE IN NET ASSETS</b>  | (7,855)                       | 3,017,226                  | 3,009,371    | 873,650                               |
| <b>NET ASSETS, Beginning of year</b>                                 | 410,495                       | 4,176,099                  | 4,586,594    | 3,712,944                             |
| <b>NET ASSETS, End of year</b>                                       | \$ 402,640                    | \$ 7,193,325               | \$ 7,595,965 | \$ 4,586,594                          |

See notes to financial statements.

**THE OLANA PARTNERSHIP**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the year ended December 31, 2019**  
**(with memorandum totals for the year ended December 31, 2018)**

|  | 2019                        |                            |                      |                     |                   |                     |                        |                   | 2018                |                            |
|--|-----------------------------|----------------------------|----------------------|---------------------|-------------------|---------------------|------------------------|-------------------|---------------------|----------------------------|
|  | Collections and Exhibitions | Interpretation / Education | Landscape / Viewshed | Capital Development | Museum Store      | Total Program       | Management and General | Fund-Raising      | Total               | (memorandum only)<br>Total |
| Salaries and Wages                                 | \$ 132,127                  | \$ 537,424                 | \$ 12,734            | \$ 11,107           | \$ 89,897         | \$ 783,289          | \$ 150,775             | \$ 279,051        | \$ 1,213,115        | \$ 763,494                 |
| Employee Benefits                                  | 16,019                      | 33,156                     | 1,292                | 545                 | 10,743            | 61,755              | 16,705                 | 22,304            | 100,764             | 72,048                     |
| Payroll Taxes                                      | 10,390                      | 45,461                     | 994                  | 610                 | 7,312             | 64,767              | 11,930                 | 21,363            | 98,060              | 58,121                     |
| Donor Cultivation                                  | -                           | -                          | -                    | -                   | -                 | -                   | -                      | 5,935             | 5,935               | 4,187                      |
| Public Relations and Marketing                     | -                           | 49,771                     | -                    | -                   | -                 | 49,771              | -                      | 2,820             | 52,591              | 76,837                     |
| Consultants / Contracted services                  | 45,860                      | 102,874                    | 15,550               | -                   | -                 | 164,284             | 3,500                  | 76,650            | 244,434             | 414,841                    |
| Supplies, Office and Printing                      | 8,235                       | 32,225                     | 91                   | -                   | 18,557            | 59,108              | 16,550                 | 39,150            | 114,808             | 121,209                    |
| Occupancy / Utilities                              | 1,011                       | 10,344                     | -                    | -                   | 1,011             | 12,366              | 6,215                  | 7,063             | 25,644              | 17,384                     |
| Information Technology                             | 2,045                       | 53,463                     | -                    | -                   | 2,045             | 57,553              | 3,384                  | 10,048            | 70,985              | 19,951                     |
| Insurance  | 611                         | 17,746                     | -                    | -                   | 611               | 18,968              | 1,639                  | 2,512             | 23,119              | 23,296                     |
| Travel   | 22,444                      | 6,498                      | -                    | -                   | 611               | 29,553              | 2,167                  | 12,782            | 44,502              | 34,717                     |
| Professional fees - Legal                          | -                           | -                          | 3,471                | -                   | -                 | 3,471               | 13,545                 | -                 | 17,016              | 6,875                      |
| Professional fees - Accounting                     | -                           | -                          | -                    | -                   | -                 | -                   | 25,625                 | -                 | 25,625              | 20,355                     |
| Depreciation                                       | 1,195                       | 13,206                     | -                    | -                   | 1,195             | 15,596              | 1,593                  | 2,656             | 19,845              | 15,104                     |
| Subtotal   | <u>239,937</u>              | <u>902,168</u>             | <u>34,132</u>        | <u>12,262</u>       | <u>131,982</u>    | <u>1,320,481</u>    | <u>253,628</u>         | <u>482,334</u>    | <u>2,056,443</u>    | <u>1,648,419</u>           |
| Interest Expense                                   | -                           | -                          | -                    | -                   | -                 | -                   | 3,659                  | -                 | 3,659               | 822                        |
| Loss on Disposal of Equipment                      | -                           | -                          | -                    | -                   | -                 | -                   | -                      | -                 | -                   | 768                        |
| Cost of Goods Sold                                 | -                           | -                          | -                    | -                   | 99,596            | 99,596              | -                      | -                 | 99,596              | 107,884                    |
| Special events - Cost of Direct Benefit to Donors: |                             |                            |                      |                     |                   |                     |                        |                   |                     |                            |
| Lighting/Audio                                     | -                           | -                          | -                    | -                   | -                 | -                   | -                      | 46,156            | 46,156              | 35,436                     |
| Decorations  | -                           | -                          | -                    | -                   | -                 | -                   | -                      | 5,118             | 5,118               | 3,630                      |
| Awards   | -                           | -                          | -                    | -                   | -                 | -                   | -                      | -                 | -                   | 1,047                      |
| Transportation                                     | -                           | -                          | -                    | -                   | -                 | -                   | -                      | 2,415             | 2,415               | 970                        |
| Venue and Food                                     | -                           | -                          | -                    | -                   | -                 | -                   | -                      | 130,116           | 130,116             | 96,387                     |
| Other  | -                           | -                          | -                    | -                   | -                 | -                   | -                      | 35,077            | 35,077              | 23,732                     |
| Total direct cost of direct benefit to donors      | <u>-</u>                    | <u>-</u>                   | <u>-</u>             | <u>-</u>            | <u>-</u>          | <u>-</u>            | <u>-</u>               | <u>218,882</u>    | <u>218,882</u>      | <u>161,202</u>             |
| Total Expenses                                     | <u>\$ 239,937</u>           | <u>\$ 902,168</u>          | <u>\$ 34,132</u>     | <u>\$ 12,262</u>    | <u>\$ 231,578</u> | <u>\$ 1,420,077</u> | <u>\$ 257,287</u>      | <u>\$ 701,216</u> | <u>\$ 2,378,580</u> | <u>\$ 1,919,095</u>        |

See notes to financial statements.

**THE OLANA PARTNERSHIP**  
**STATEMENT OF CASH FLOWS**  
**For the year ended December 31, 2019**  
**(with memorandum totals for the year ended December 31, 2018)**

|  | 2019                | 2018<br>(memorandum only) |
|--|---------------------|---------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                     |                           |
| Change in net assets   | \$ 3,009,371        | \$ 873,650                |
| Adjustments to reconcile change in net assets to net cash from operating activities: |                     |                           |
| Depreciation   | 19,845              | 15,104                    |
| Gain on sale of marketable securities  | (145,683)           | (51,136)                  |
| Contributions and grants for capital projects  | (871,645)           | (66,285)                  |
| Loss on disposal of equipment  | -                   | 768                       |
| Unrealized (gain) loss on marketable securities                                      | (174,879)           | 294,537                   |
| Decrease (increase) in accounts receivable   | 42,776              | (64,400)                  |
| Increase in contributions receivable   | (1,824,018)         | (933,282)                 |
| (Increase) decrease in government grant receivable                                   | (20,000)            | 19,112                    |
| Increase in inventory  | (3,066)             | (18,563)                  |
| Decrease (increase) in prepaid expenses  | 14,065              | (19,771)                  |
| Increase (decrease) in accounts payable  | 46,194              | (689)                     |
| Increase (decrease) in accrued expenses  | 2,610               | (13,806)                  |
| Total adjustments  | <u>(2,913,801)</u>  | <u>(838,411)</u>          |
| Net cash provided by (used for) operating activities                                 | <u>95,570</u>       | <u>35,239</u>             |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                     |                           |
| Purchases of property and equipment  | (108,763)           | (29,016)                  |
| Sales of investments   | 1,959,762           | 477,096                   |
| Purchases of investments   | (1,917,828)         | (423,605)                 |
| Maturity of CD - construction of museum  | -                   | 24,994                    |
| Net cash (used for) provided by investing activities                                 | <u>(66,829)</u>     | <u>49,469</u>             |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                     |                           |
| Contributions and grants for capital projects  | 871,645             | 66,285                    |
| Net cash provided by financing activities  | <u>871,645</u>      | <u>66,285</u>             |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>                                     | 900,386             | 150,993                   |
| <b>CASH AND CASH EQUIVALENTS, Beginning of year</b>                                  | 857,820             | 706,827                   |
| <b>CASH AND CASH EQUIVALENTS, End of year</b>  | <u>\$ 1,758,206</u> | <u>\$ 857,820</u>         |
| <b>RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS</b>                             |                     |                           |
| Cash and cash equivalents  | \$ 715,043          | \$ 623,982                |
| Cash and cash equivalents - restricted to museum capital projects                    | 1,017,069           | 207,646                   |
| Cash and cash equivalents - restricted to investment in endowment                    | 25,143              | 24,789                    |
| Cash and cash equivalents - restricted to investment in board designated             | 951                 | 1,403                     |
|  | <u>\$ 1,758,206</u> | <u>\$ 857,820</u>         |
| <b>NON-CASH ACTIVITY DISCLOSURE</b>  |                     |                           |
| Donated investments  | <u>\$ 117,340</u>   | <u>\$ 95,638</u>          |
| Donated goods  | <u>\$ 8,520</u>     | <u>\$ 3,614</u>           |
| Interest paid  | <u>\$ 3,659</u>     | <u>\$ 822</u>             |

See notes to financial statements.



**THE OLANA PARTNERSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**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.

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.
- *Interpretation / Education* – The Organization is responsible for key elements of public interpretive and educational programming at Olana State Historical Site. These include: ongoing, regularly-scheduled tours, field trip programs for K-12 school groups; and special educational programs for adults, family and senior audiences. Effective April 1, 2019, the Organization assumed responsibility for all interpretive and educational programming on site.
- *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 Office of Parks, Recreation and Historic Preservation. 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 New York State Office of Parks, Recreation, and Historic Preservation to plan, develop, fund and implement major capital development project 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 2019, the principal capital development expenditures was for the creation of conceptual designs for a new visitor center and entry, currently referred to as the Frederic Church Center.
- *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, 2019**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The financial statements of The Olana Partnership 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 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide").

Under the provisions of the ASC, 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 December 31, 2018 in the accompanying financial statements are included to provide a basis for comparison with December 31, 2019 and present summarized totals only. Accordingly, the December 31, 2018 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.

**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.

**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 OLANA PARTNERSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**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. 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 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.

**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, receivables 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 \$927,978 as of December 31, 2019. Included in cash and cash equivalents is \$26,094 fully insured by Securities Investor Protection Corporation (SIPC). The Olana Partnership 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, 2019**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Concentrations of Credit and Market Risks (Continued)**

Subsequent to the year ended December 31, 2019, the Organization reallocated certain amounts of its cash and cash equivalents balance in accordance with its cash management policy to minimize FDIC exposure.

At December 31, 2019, there were two donors that individually exceeded 10% of contributions receivables (26% and 13%, respectively). In addition, one donor's total contributions represented 20% of total revenues for the year ended December 31, 2019. 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.

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

**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.

**THE OLANA PARTNERSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Contributions (Continued)**

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.

FASB accounting standards update, "Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows" requires not-for profit entities to classify unrestricted cash receipts from the sale of donated financial assets that were nearly immediately converted 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, 2019:

|   |                         |
|---|-------------------------|
| Public Relations and Marketing                  | \$ 1,794                |
| Public Relations and Marketing (Special Events) | 3,466                   |
| Consultants / Contracted Services               | 3,973                   |
| Consultants / Contracted Services (Events)      | 1,781                   |
| Consultants / Contracted Services (Program)     | 519                     |
| Consultants / Contracted Services (Shop)        | 539                     |
| Professional Fees - Legal                       | 13,760                  |
| Professional Fees - Accounting                  | 8,440                   |
| In-kind gifts - donated assets                  | 7,000                   |
| Supplies and Office (Special Events)            | 1,354                   |
| Supplies and Office (Program)                   | 166                     |
| Subtotal  | <u>42,792</u>           |
| Less: Program                                   | (685)                   |
| Less: Special Events                            | (6,601)                 |
| Less: Shop                                      | (539)                   |
|   | <u><u>\$ 34,967</u></u> |

**THE OLANA PARTNERSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)**

**Donated Goods and 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 a volunteer's time does not meet the criteria for recognition under FASB ASC 958-605.

**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. There were no unearned or deferred revenues from government grants as of December 31, 2019.

**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, 2019.

**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.

The expense that are allocated include the following:

| <u>Expense</u>               | <u>Method of Allocation</u> |
|------------------------------|-----------------------------|
| Salaries and Wages           | Time and Effort             |
| Employee Benefits            | Time and Effort             |
| Payroll Taxes                | Time and Effort             |
| Supplies and Office Expenses | Full-time Equivalents       |
| Occupancy/Utilities          | Full-time Equivalents       |
| Information Technology       | Full-time Equivalents       |
| Depreciation                 | Full-time Equivalents       |

**THE OLANA PARTNERSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**Change in Accounting Principles**

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2014-09, *Revenue from Contracts with Customers*, and has subsequently issued supplemental and/or clarifying Accounting Standards Updates (collectively "ASC 606"). ASC 606 outlines a five-step framework that supersedes the principles for recognizing revenue and eliminates industry-specific guidance. The core principle of the guidance in ASC 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, ASC 606 revises current disclosure requirements in an effort to help financial statement users to better understand the nature, amount, timing, and uncertainty of revenue that is recognized. Policies related to recognition of revenue for the Organization is discussed below. On January 1, 2019, the Organization adopted ASU 2014-09 using the modified retrospective application. There was no material impact as a result of this accounting change.

The Organization also implemented FASB ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* as of January 1, 2019. The implementation of this ASU had no significant effect on the financial statements for the year ended December 31, 2019.

**Reclassifications**

Certain amounts have been reclassified for the year ended December 31, 2018 to conform to the 2019 presentation. \$286,500 of current "contributions receivable" were reclassified to long term "contributions receivable, net of discount – restricted to capital projects" as of December 31, 2018 on the Statement of Financial Position, given the contribution receivable balance is restricted to the capital campaign project which will result in a long term leasehold improvement asset. Also, \$1,258,074 of "contributions and grants, net of discount on pledges" was reclassified from operating to non-operating on the Statement of Activities due to being restricted to the capital campaign project and \$66,285 of "contributions and grants for capital projects" was reclassified from operating activities to financing activities on the Statement of Cash Flows.

**Subsequent Events**

Subsequent events have been evaluated through October 29, 2020, which is the date the financial statements were available to be issued.

In December 2019, a novel strain of coronavirus disease ("COVID-19") was first reported in Wuhan, China. Less than four months later, on March 11, 2020, the World Health Organization declared COVID-19 a pandemic.

**THE OLANA PARTNERSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Subsequent Events (Continued)**

On March 13, 2020, the Organization suspended all on site programs and moved staff to work remotely. Faced with the loss of 75% of admissions revenue and 50% of projected fundraising revenue, the Organization immediately reduced all full-time staff to a 4-day / 80% salary work plan to preserve jobs and continue core administrative, development, and curatorial work. The Organization also pivoted swiftly to develop a full suite of virtual programs, including two new virtual lecture series featuring scholars and curators on a broad range of topics. On May 4, 2020, Frederic Church's 194<sup>th</sup> birthday, TOP launched "THE OLANA EYE," a live stream skycam of the iconic view of the Hudson Valley and Catskills from the top of Olana's Studio Tower. Meanwhile, the Organization partnered with NYS Parks to keep Olana's landscape open and free for socially distanced recreation, and more than 10,000 people a month have found respite at Olana through the crisis. As soon as NYS guidelines allowed for outdoor programming in June 2020, the Organization launched three new outdoor tours and will add self-guided access to the Main House historic interiors this autumn.

The extent of COVID-19's effect on the Organization's operational and financial performance will depend on future developments, including the duration, spread, and intensity of the pandemic, all of which are uncertain and difficult considering the rapidly evolving landscape. As a result, it is not currently possible to ascertain the overall impact of COVID-19 on the Organization's finances. If the pandemic continues to endure, the disease could have an adverse material effect on the Organization's activities, results of operations, financial condition, and cash flow.

In April 2020, the Organization submitted for and received a Paycheck Protection Loan under the CARES Act in the amount of \$259,565. The Organization expects the loan to be fully forgiven.

**NOTE 3 – CASH AND CASH EQUIVALENTS**

Cash and cash equivalents at December 31, 2019, comprised the following:

|                       |    |                  |
|-----------------------|----|------------------|
| Checking Accounts     | \$ | 738,525          |
| Money Market Accounts |    | 719,262          |
| US Treasury Bill      |    | 299,919          |
| Petty Cash            |    | 500              |
|                       | \$ | <u>1,758,206</u> |

The cash and cash equivalents balance of \$1,758,206 includes \$25,143 of cash equivalents held in a money market account restricted for the investment in endowment, \$951 of cash equivalents held in a money market account restricted for investment in the board designated endowment and \$1,017,069 of cash equivalents held in a money market account and a US Treasury Bill restricted to museum capital projects.



**THE OLANA PARTNERSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**NOTE 4 – 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 1.57% to 2.99% at December 31, 2019, based on the terms and pledge dates of the gifts. 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 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:

|                                     |                            |
|-------------------------------------|----------------------------|
| 2020                                | \$ 898,180                 |
| 2021                                | 781,700                    |
| 2022                                | 904,750                    |
| 2023                                | 638,000                    |
| 2024                                | <u>50,000</u>              |
|                                     | 3,272,630                  |
| Less: amounts representing interest | <u>(151,823)</u>           |
|                                     | <u><u>\$ 3,120,807</u></u> |

Included in expected cash receipts for the year 2020 are \$808,180 of contributions receivable classified as “long-term” on the Statement of Financial Position given the restriction to be used for capital purchases.

**NOTE 5 – INVESTMENTS**

Investments at December 31, 2019, stated at fair value include:

|                       | <u>Cost</u>         | <u>Unrealized (Loss)/Gain</u> | <u>Fair Market Value</u> | <u>FASB ASC 820-10 Measurements</u> |
|-----------------------|---------------------|-------------------------------|--------------------------|-------------------------------------|
| Mutual Funds:         |                     |                               |                          |                                     |
| Stock                 | \$ 873,013          | \$ 85,425                     | \$ 958,438               | Level 1                             |
| Bond                  | 812,424             | (176)                         | 812,248                  | Level 1                             |
| Exchange Traded Funds | 686,317             | 61,051                        | 747,368                  | Level 1                             |
|                       | <u>\$ 2,371,754</u> | <u>\$ 146,300</u>             | <u>\$ 2,518,054</u>      |                                     |

**THE OLANA PARTNERSHIP  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019**

**NOTE 6 – PROPERTY AND EQUIPMENT**

A summary of property and equipment is as follows as of December 31, 2019:

| <u>Category</u>              |                   | <u>Useful Lives</u> |
|------------------------------|-------------------|---------------------|
| Furniture/Equipment          | \$ 173,804        | 5- 10 years         |
| CIP - Leasehold Improvements | 68,730            | n/a                 |
| Artwork-Painting             | 19,750            | n/a                 |
| Accumulated Depreciation     | <u>(101,655)</u>  |                     |
|                              | <u>\$ 160,629</u> |                     |

Depreciation expense for the year ended December 31, 2019 was \$19,845.

Included in property and equipment as of December 31, 2019 is \$68,730 of leasehold improvements which are costs related to construction in progress (CIP) for the Frederic Church Center.

**NOTE 7 – 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, 2019, 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<br/>Party</u> | <u>Total</u>      |
|---|-------------------|-------------------------|-------------------|
| Revenues:   |                   |                         |                   |
| Contributions                                     | <u>\$ 589,770</u> | <u>\$ 118,350</u>       | <u>\$ 708,120</u> |
| Special event revenue                             | 95,400            | 19,450                  | 114,850           |
| Less: Costs of direct benefit to donors           | <u>(187,404)</u>  | <u>(31,478)</u>         | <u>(218,882)</u>  |
| Net revenues from special events                  | <u>(92,004)</u>   | <u>(12,028)</u>         | <u>(104,032)</u>  |
| Total revenues                                    | <u>497,766</u>    | <u>106,322</u>          | <u>604,088</u>    |
| Expenses:   |                   |                         |                   |
| Fundraising                                       |                   |                         |                   |
| Supplies, office, and printing                    | (6,851)           | (3,554)                 | (10,405)          |
| Insurance   | (1,155)           | -                       | (1,155)           |
| Travel  | <u>(2,619)</u>    | <u>(118)</u>            | <u>(2,737)</u>    |
| Increase in net assets without donor restrictions | <u>\$ 487,141</u> | <u>\$ 102,650</u>       | <u>\$ 589,791</u> |

**THE OLANA PARTNERSHIP  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019**

**NOTE 8 – LINE OF CREDIT**

The Organization had a \$500,000 line of credit which is collateralized by the assets of the Organization. The interest rate on the line of credit is the prime rate (4.75% at December 31, 2019) plus 0.50% and has an interest rate floor of 4.0%. The interest rate was 5.25% at December 31, 2019. No amounts were outstanding on the line of credit as of December 31, 2019. The line of credit was renewed and increased to \$600,000 subsequent to the year ended December 31, 2019 in April 2020. The line of credit is due on demand.

**NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS**

Donor restricted net assets as of December 31, 2019 are held as follows:

**Subject to expenditure for specified purpose:**

***Collections and Exhibitions -***

|                                |            |
|--------------------------------|------------|
| Exhibitions                    | \$ 116,193 |
| Curatorial/Main House projects | 55,873     |

***Interpretation / Education -***

|                     |         |
|---------------------|---------|
| Education programs  | 26,878  |
| Critical Initiative | 141,369 |

***Landscape / Viewshed -***

|                             |         |
|-----------------------------|---------|
| Landscape/Viewshed projects | 259,049 |
|-----------------------------|---------|

***Capital Development -***

|   |                  |
|---|------------------|
| Capital campaign - Frederic Church Center | 2,827,442        |
|   | <u>3,426,804</u> |

**Subject to the passage of time:**

|   |                |
|---|----------------|
| Construction in progress - Frederic Church Center | 68,730         |
| Board dues - 2020                                 | 10,247         |
| General operations (net discount of \$4,943)      | 145,057        |
|   | <u>224,034</u> |

**Subject to the passage of time and purpose:**

|   |                  |
|---|------------------|
| Capital campaign - Frederic Church Center (net discount of \$143,666) | 987,335          |
| Landscape (net discount of \$3,214)                                   | 146,786          |
|   | <u>1,134,121</u> |

**Donor restricted endowments (subject to spending policy and appropriations, including accumulated earnings of \$254,343):**

|                    |                  |
|--------------------|------------------|
| President Position | 1,128,773        |
| Educator Position  | 1,125,570        |
| Curator Position   | 154,023          |
|                    | <u>2,408,366</u> |

|  |                     |
|--|---------------------|
| Total net assets with donor restrictions | <u>\$ 7,193,325</u> |
|--|---------------------|

**THE OLANA PARTNERSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)**

During the year ended December 31, 2019, releases from restriction were comprised of the following:

**Subject to expenditure for specified purpose:**

|                                   |                |
|-----------------------------------|----------------|
| Landscape/Viewshed                | \$ 58,898      |
| Collections and Exhibitions       | 107,394        |
| Education                         | 55,308         |
| Administrative - capital campaign | 9,231          |
| Fundraising - capital campaign    | 76,000         |
|                                   | <u>306,831</u> |

**Subject to the Organization's spending policy and appropriation:**

|                       |                |
|-----------------------|----------------|
| President's endowment | 50,000         |
| Educator's endowment  | 50,000         |
|                       | <u>100,000</u> |

**Subject to passage of time:**

|                 |                   |
|-----------------|-------------------|
| Time restricted | 67,625            |
|                 | <u>\$ 474,456</u> |

**NOTE 10 – BOARD DESIGNATED NET ASSETS**

The board has designated net assets without restrictions for contingencies in the amount of \$135,782 as of December 31, 2019. The board designated net assets are comprised of the following as of December 31, 2019:

|             |                   |
|-------------|-------------------|
| Investments | \$ 134,831        |
| Cash        | 951               |
|             | <u>\$ 135,782</u> |

**NOTE 11 – 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 \$1mm 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 \$1 mm 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 OLANA PARTNERSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS – ENDOWMENT FUNDS (Continued)**

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 \$1mm 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 \$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.

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, 2019.

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.

**THE OLANA PARTNERSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS – ENDOWMENT FUNDS (Continued)**

Endowment Net Asset Composition by Type of Fund as of December 31, 2019:

|   | <u>With Donor<br/>Restrictions</u> |
|---|------------------------------------|
| Donor Restricted Endowment Funds:   |                                    |
| President Endowment   | \$ 1,000,000                       |
| Educator Endowment  | 1,000,000                          |
| Curator Endowment   | 99,000                             |
| Curator Endowment earnings  | <u>55,023</u>                      |
| Original donor-restricted gift amount and amounts required to<br>be maintained in perpetuity by donor | <u>2,154,023</u>                   |
| <br>  |                                    |
| Accumulated investment gains - President Endowment  | 128,773                            |
| Accumulated investment gains - Educator Endowment   | <u>125,570</u>                     |
| Total accumulated investment gains  | <u>254,343</u>                     |
| <br>  |                                    |
| Total Donor Restricted Endowment Funds at December 31, 2019   | <u><u>\$ 2,408,366</u></u>         |

Changes in Endowment Net Assets for the Year Ended December 31, 2019 are as follows:

|   | <u>With Donor<br/>Restrictions</u> |
|---|------------------------------------|
| Endowment net assets, beginning of year | \$ 2,139,063                       |
| Investment return, net                  | 369,303                            |
| Amounts appropriated for expenditure    | <u>(100,000)</u>                   |
| Endowment net assets, end of year       | <u><u>\$ 2,408,366</u></u>         |

Endowment Net Assets are comprised of the following as of December 31, 2019:

|   |                            |
|---|----------------------------|
| Cash and cash equivalents- restricted to investment in<br>endowment | \$ 25,143                  |
| Investments   | <u>2,383,223</u>           |
|   | <u><u>\$ 2,408,366</u></u> |

**THE OLANA PARTNERSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**NOTE 12 – RETIREMENT PLAN**

The Olana Partnership has a 403(b)-retirement plan for employees. There is an employer match of 5% of salary for eligible employees. The total employer match expense was \$27,956 for year ended December 31, 2019.

**NOTE 13 – LIQUIDITY**

The Organization's financial assets available within December 31, 2019 for general expenditure are as follows:

Current financial assets:

|   |    |                |
|---|----|----------------|
| Cash and cash equivalents   | \$ | 715,043        |
| Accounts receivable   |    | 31,428         |
| Contributions receivable  |    | 50,000         |
| Government grant receivable   |    | 40,000         |
| Total financial assets available to meet cash needs for<br>general expenditures within one year |    | <u>40,000</u>  |
|   | \$ | <u>836,471</u> |

As part of Olana'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.

Olana anticipates utilizing \$100,000 of endowment earnings during 2020 based on its spending plan.

In addition, the Organization had access to a line of credit (see note 8) which it utilizes, as needed, to manage daily cash flow needs. The Organization renewed and increased its line of credit to \$600,000 in April 2020. The Organization also has board restricted funds when necessary (see Note 10).