

THE CORPORATION OF YADDO

**Financial Statements as of
December 31, 2019
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

April 13, 2020

To the Board of Directors of
The Corporation of Yaddo:

We have audited the accompanying financial statements of The Corporation of Yaddo (a New York not-for-profit corporation), 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.

6 Wembley Court
Albany, New York 12205
p (518) 464-4080
f (518) 464-4087

www.bonadio.com

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INDEPENDENT AUDITOR'S REPORT

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Corporation of Yaddo 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.

Change in Accounting Principles

As described in Note 2 to the financial statements, The Corporation of Yaddo implemented Accounting Standards Updates: 2014-09 *Revenue from Contracts with Customers* (Topic 606), 2018-08 *Clarifying the Scope*, and the *Accounting Guidance for Contributions Received and Contributions Made* and 2016-18 *Statement of Cash Flows* (Topic 230): *Restricted Cash*. The effects have been included in these financial statements. Our opinion is not modified with respect to this matter.

Report of Summarized Comparative Information

We have previously audited The Corporation of Yaddo's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our reported dated May 29, 2019. In our opinion, 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 for which it has been derived.

THE CORPORATION OF YADDO
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019
(With Comparative Totals for 2018)

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,432,032	\$ 1,096,244
Cash and cash equivalents - capital campaign	1,018,603	895,946
Unconditional promises to give, net	54,074	264,259
Grants and other receivables	119,802	126,955
Other current assets	<u>8,469</u>	<u>13,956</u>
Total current assets	<u>3,632,980</u>	<u>2,397,360</u>
PROPERTY AND EQUIPMENT, net:	17,994,483	17,630,036
COLLECTIONS AND FINE ARTS	3,551,348	3,551,348
OTHER ASSETS:		
Board designated and endowment investments	26,909,151	24,784,692
Long-term unconditional promises to give, net	75,000	95,500
Inventory	37,521	38,451
Security deposit	<u>3,600</u>	<u>3,600</u>
Total other assets	<u>27,025,272</u>	<u>24,922,243</u>
Total assets	<u>\$ 52,204,083</u>	<u>\$ 48,500,987</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Line-of-credit	\$ 89,890	\$ 89,890
Current portion of long-term debt	18,577	18,548
Accounts payable	52,784	403,996
Accrued expenses	<u>89,188</u>	<u>394,536</u>
Total current liabilities	<u>250,439</u>	<u>906,970</u>
LONG-TERM DEBT, net of current portion	<u>1,119</u>	<u>19,610</u>
Total liabilities	<u>251,558</u>	<u>926,580</u>
NET ASSETS:		
Without donor restrictions:		
Operating	24,629,092	21,827,745
Board designated	21,761,367	18,131,023
With donor restrictions	<u>5,562,066</u>	<u>7,615,639</u>
Total net assets	<u>51,952,525</u>	<u>47,574,407</u>
Total liabilities and net assets	<u>\$ 52,204,083</u>	<u>\$ 48,500,987</u>

The accompanying notes are an integral part of these statements.

THE CORPORATION OF YADDO

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2019 (With Comparative Totals for 2018)

	<u>2019</u>	<u>2018</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUE AND SUPPORT:		
Net realized and unrealized (loss) gain on investments	\$ 4,881,784	\$ (2,756,967)
Special events	1,300,723	459,866
Income on investments	626,798	835,308
Contributions	271,213	600,676
Royalties	191,406	264,344
Grants	142,136	85,730
Estates/bequests	102,114	51,560
Other	62,662	30,769
Donated materials and services	54,985	54,368
Application fees	42,248	34,597
Land lease	32,179	32,179
Garden association	22,901	22,000
Loss on disposal of asset	-	(61,700)
Net assets released from restrictions	<u>2,868,798</u>	<u>3,049,686</u>
 Total revenue and support	 <u>10,599,947</u>	 <u>2,702,416</u>
EXPENSES:		
Program	2,440,920	2,094,376
Support services	<u>1,727,336</u>	<u>1,484,501</u>
 Total expenses	 <u>4,168,256</u>	 <u>3,578,877</u>
 CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	 6,431,691	 (876,461)
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	815,225	671,844
Net assets released from restrictions	<u>(2,868,798)</u>	<u>(3,049,686)</u>
 CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	 <u>(2,053,573)</u>	 <u>(2,377,842)</u>
 CHANGE IN NET ASSETS	 4,378,118	 (3,254,303)
 NET ASSETS - beginning of year	 <u>47,574,407</u>	 <u>50,828,710</u>
 NET ASSETS - end of year	 <u>\$ 51,952,525</u>	 <u>\$ 47,574,407</u>

The accompanying notes are an integral part of these statements.

THE CORPORATION OF YADDO

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2019

(With Comparative Totals for 2018)

	Program Services	Supporting Services			2019 Total	2018 Total
	Artistic Services and Public Gardens	Artistic Program Administration	Communication and Public Relations	Development		
SALARIES AND RELATED EXPENSES:						
Salaries and wages	\$ 888,145	\$ 169,515	\$ 136,889	\$ 523,585	\$ 1,718,134	\$ 1,509,704
Employee benefits	103,648	18,534	12,767	23,324	158,273	158,902
Payroll taxes	89,427	16,921	10,170	38,616	155,134	139,647
Pension costs	30,004	10,074	3,891	17,825	61,794	59,430
Total salaries and related expenses	<u>1,111,224</u>	<u>215,044</u>	<u>163,717</u>	<u>603,350</u>	<u>2,093,335</u>	<u>1,867,683</u>
OTHER EXPENSES:						
Depreciation	528,177	88,875	-	1,669	618,721	470,274
Fund raising benefits/events	-	50	2,966	238,452	241,468	132,219
Renovations, repairs and purchases	218,003	165	-	19,440	237,608	182,107
Fuel and utilities	146,505	4,570	722	3,047	154,844	133,032
Food expense	96,481	-	-	-	96,481	74,899
Insurance expense	70,535	10,993	1,832	8,244	91,604	90,466
Other professional fees and contract services	33,740	24,567	4,639	27,214	90,160	126,817
Investment fees	-	88,970	-	-	88,970	96,625
Travel and support services	59,500	967	2,651	16,597	79,715	63,474
Value of donated materials and services	54,985	-	-	-	54,985	54,118
Supplies	41,526	3,647	129	2,961	48,263	29,538
Space rental	-	-	-	43,699	43,699	38,114
Printing and mailing expense	5,348	2,297	15,460	10,613	33,718	23,265
Miscellaneous	10,127	6,913	207	14,840	32,087	40,949
Telephone and internet expense	8,642	5,489	-	10,897	25,028	24,670
Admissions committee	21,811	-	-	-	21,811	16,922
Donor cultivation	-	-	-	20,503	20,503	24,540
Equipment	15,316	3,138	-	1,624	20,078	14,928
Audit and tax services	-	19,775	-	-	19,775	35,645
Library, dues, subscriptions, and publications	1,742	4,232	20	11,161	17,155	13,837
Repairs, maintenance, gas - Yaddo vehicles	15,249	1,493	-	-	16,742	11,599
Yaddo medals	-	-	11,125	-	11,125	5,114
Board expense	-	5,242	-	89	5,331	4,810
Meetings, conferences, and education	471	902	216	1,923	3,512	119
Cost of goods sold	1,538	-	-	-	1,538	3,113
Total other expenses	<u>1,329,696</u>	<u>272,285</u>	<u>39,967</u>	<u>432,973</u>	<u>2,074,921</u>	<u>\$ 1,711,194</u>
	<u>\$ 2,440,920</u>	<u>\$ 487,329</u>	<u>\$ 203,684</u>	<u>\$ 1,036,323</u>	<u>\$ 4,168,256</u>	<u>\$ 3,578,877</u>

The accompanying notes are an integral part of these statements.

THE CORPORATION OF YADDO

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2019

(With Comparative Totals for 2018)

	<u>2019</u>	<u>2018</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 4,378,118	\$ (3,254,303)
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation	618,721	470,274
Net realized and unrealized (gain) loss on investments	(4,881,784)	2,756,967
Donated investment securities	(83,148)	(31,767)
Loss (gain) on disposition of assets	-	61,700
Changes in:		
Unconditional promises to give	230,685	306,923
Grants and other receivables	7,153	418,046
Other current assets	5,487	(1,483)
Inventory	930	(5,451)
Accounts payable	(351,212)	231,462
Accrued expenses	(305,348)	311,102
Net cash flow from operating activities	<u>(380,398)</u>	<u>1,263,470</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	3,948,627	6,062,755
Purchases of investments	(1,108,154)	(2,500,000)
Purchase of property and equipment	(983,168)	-
Purchase of construction in progress	-	(5,852,345)
Net cash flow from investing activities	<u>1,857,305</u>	<u>(2,289,590)</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Payments made on line-of-credit	-	(67,380)
Payments made on long-term debt	(18,462)	(17,865)
Net cash flow from financing activities	<u>(18,462)</u>	<u>(85,245)</u>
CHANGE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	1,458,445	(1,111,365)
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH - beginning of year	<u>1,992,190</u>	<u>3,103,555</u>
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH- end of year	<u>\$ 3,450,635</u>	<u>\$ 1,992,190</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	<u>\$ 3,751</u>	<u>\$ 5,486</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Construction in progress included in accounts payable	<u>\$ -</u>	<u>\$ 437,900</u>

The accompanying notes are an integral part of these statements.

THE CORPORATION OF YADDO

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

1. THE ORGANIZATION

The Corporation of Yaddo (Corporation) is a non-profit organization qualified under Section 501 (c)(3) of the Internal Revenue Code. Yaddo, originally endowed by Spencer and Katrina Trask, provides short-term residencies for qualified visual artists, writers, composers, photographers, choreographers, video artists, performance artists and filmmakers selected by peer review panels composed of appropriate leading artists in the disciplines from all over the United States and abroad. Yaddo receives funds from private donors, foundations and corporations, fund raising events, and government agencies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Corporation's financial statements have been prepared in accordance with accounting principles generally accepted in the United States.

Change in Accounting Principle

In May 2014, the FASB issued ASU 2014-09, and has subsequently issued supplemental and/or clarifying ASUs (collectively "ASC 606"). ASC 606 outlines a five-step framework that supersedes the principles for recognizing revenue (previously "ASC 605") 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 better understand the nature, amount, timing, and uncertainty of revenue that is recognized. The Corporation of Yaddo has adopted the guidance on a modified retrospective basis. Adoption of this standard did not have a material impact on the revenue recognized by The Corporation of Yaddo for the period ending December 31, 2019.

During 2019, The Corporation of Yaddo adopted Accounting Standards Update (ASU) 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies the determination of whether a grant or contract is a contribution or an exchange transaction subject to other guidance. Changes resulting from the adoption of ASU 2018-08 were made on a modified prospective basis during the year of adoption and therefore had no effect on the financial position or results of operations for the years ended December 31, 2019 and 2018.

In November 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. The standard requires entities to include restricted cash and equivalents with cash and cash equivalents when reconciling the beginning and end of year total amounts presented on the Statement of Cash Flows. The Corporation of Yaddo has adopted the guidance retrospectively to each period presented. There was no effect on the beginning or end of year cash and restricted cash on the statement of cash flows.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

In preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash represents demand deposits and other investments, with purchased maturities of three months or less. The Corporation's cash balances may at times exceed federally insured limits. The Corporation has not experienced any losses in these accounts and believes it is not exposed to any significant risk with respect to cash and cash equivalents.

Operating cash and cash equivalents consist of amounts to be used for daily operations.

Restricted cash and cash equivalents consist of amounts restricted to the Capital Campaign as well as amounts restricted by the board.

Cash and restricted cash, as stated on the statement of cash flows, were as follows for the year ended December 31:

	<u>2019</u>	<u>2018</u>
Operating cash and cash equivalents	\$ 559,750	\$ 752,599
Restricted cash and cash equivalents	<u>2,890,885</u>	<u>1,239,591</u>
	<u>\$ 3,450,635</u>	<u>\$ 1,992,190</u>

Investments

All investments in publicly traded fixed income securities and equity securities are stated at fair value. Fair value is determined using quoted market prices. Certain alternative investments, such as pooled funds and investments in limited partnerships, are recorded at Net Asset Value (NAV) as a practical expedient. All realized and unrealized gains and losses are reported directly in the accompanying statement of activities.

Investments are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Corporation that is, in substance, unconditional. A promise is unconditional if its receipt depends only on the passage of time and no right of return of any assets transferred exists. A conditional promise to give is not recognized until said condition is satisfied.

The Corporation uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. All long-term unconditional promises to give will be received in one to four years and are recorded at the present value of estimated future cash flows.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurement – Definition and Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and GAAP provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The valuation methodology used for the Corporation's assets measured at fair value is to value the investments at quoted market prices on the last business day of the fiscal year.

The Corporation has financial instruments in the accompanying financial statements, including cash and equivalents and investments including equities securities and mutual funds reported at fair value. The carrying value of these are a reasonable approximation of fair value due to the short-term nature of the instruments and are considered to be a level 1 measurement. There are no investments valued using level 2 or level 3.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciated. Construction in process is stated at cost and, once complete, is depreciated over the estimated useful lives of the related assets using the straight-line method.

The estimated useful lives of property and equipment are as follows:

Buildings and renovations	25 years
Property improvements	15 years
Leasehold improvements	25 years
Equipment, furnishings, software and vehicles	5 years

Maintenance, repairs and minor replacements are charges to operations as incurred while major additions and improvements are capitalized. When assets are sold, retired or otherwise disposed of, the applicable costs and accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized.

Collections and Fine Arts

The Corporation has a collection of fine arts that were acquired primarily through contributions. Each item in the collection is cataloged, preserved, and cared for regularly. The collections are recorded at appraised value (as of September 1995 and September 1999).

Long-Lived Assets

The Corporation assesses its long-lived assets for impairment when events or circumstances indicate their carrying amounts may not be recoverable. This is accomplished by comparing the expected undiscounted future cash flows of the long-lived assets with the respective carrying amount as of the date of assessment. If the expected undiscounted future cash flows exceed the respective carrying amount as of the date of assessment, the long-lived assets are considered not to be impaired. If the expected undiscounted future cash flows are less than the carrying value, an impairment loss is recognized and measured as the difference between the carrying value and the fair value of the long-lived asset. No impairment of long-lived asset was recognized in 2019 or 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Materials and Services

Contributions of donated materials and services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. The majority of donated materials and services are from the Yaddo Garden Association for the maintenance of the rose garden.

Financial Statement Presentation

The Corporation reports its activities and the related net assets using two net asset categories: without donor restriction and with donor restriction.

Net assets without donor restriction include resources which are available for the support of the Corporation's operating activities. The Board of Directors can authorize use of these assets, as it desires, to carry on the purpose of the Corporation. Net assets without donor restrictions also include board designated net assets which are resources designated by the Board of Directors.

Net assets with donor restrictions include resources that have been donated to the Corporation subject to restrictions defined by the donor.

Inventory

Inventory consists of food, supplies, merchandise stated at lower of cost or net realizable value, and a watercolor painting. The painting is valued at \$33,000 which, if sold, said proceeds would be with donor restrictions for a residency.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. Expenses are allocated to program and supporting services based on where time and efforts are made and benefit received.

Income Taxes

The Corporation of Yaddo is a New York not-for-profit corporation organized under Section 501 (c)(3) of the Internal Revenue Code, and is also classified by the Internal Revenue Service as not a private foundation.

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Corporation is substantially supported by contributions and grants from state and local governments. In addition, some support is received in the form of restricted contributions from donors. Because a donor restriction requires resources to be used in a particular manner or in a future period, the Corporation must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets reported on the accompanying statement of financial position may not be available for expenditure within one year.

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)

As of December 31 the Corporation has the following liquid resources available to meet cash needs for general expenditure within one year of the statement of financial position date:

	<u>2019</u>	<u>2018</u>
Financial assets, at year end:	30,646,183	27,302,047
Less: those unavailable for general expenditure		
Restricted by donors with purpose restriction	(8,582,366)	(7,615,639)
Secured investments for line-of-credit	(89,890)	(89,890)
Board designations	<u>(21,761,367)</u>	<u>(18,131,023)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 212,560</u>	<u>\$ 1,465,495</u>

Financial assets include cash and cash equivalents, unconditional promises to give, grants and other receivables, board designated and endowment investments and inventory. The Corporation's ability to meet its cash needs is dependent on continued contributions, collection of receivables, and investment market performance. They regularly monitors liquidity required to meet its operating needs, and has a policy to structure its financial assets to be available as general expenditures become due. As part of the Corporations liquidity management, the Corporation also has a committed line-of-credit in the amount of \$3,000,000, which it could draw upon in the event of an unanticipated liquidity need.

4. INVESTMENTS

The Corporation's investments consisted of the following as of December 31:

	<u>2019</u>	<u>2018</u>
Equity securities	\$ 16,785,869	\$ 13,949,938
Fixed income	4,496,335	5,682,694
Pooled funds	2,575,288	2,149,177
Investment in limited partnership	<u>3,051,659</u>	<u>3,002,863</u>
	<u>\$ 26,909,151</u>	<u>\$ 24,784,672</u>

The following investments are valued at net asset value per share (unitized basis) as of December 31:

	Net Asset Value at 12/31/19	Net Asset Value at 12/31/18	2019 Unfunded Commitments	2018 Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Pooled funds	\$ 2,575,288	\$ 2,149,177	\$ -	\$ -	Ineligible	None
Investment in partnerships	<u>3,051,659</u>	<u>3,002,863</u>	<u>-</u>	<u>-</u>	Ineligible	None
	<u>\$ 5,626,947</u>	<u>\$ 5,152,040</u>	<u>\$ -</u>	<u>\$ -</u>		

Pooled Funds

The Corporation holds two separate pooled investment funds. The interest is based on the fund's pro-rata share of the net asset value of the investments held as determined by the independent investment managers.

4. INVESTMENTS (Continued)

Investment in Partnerships

The Corporation holds an interest in two Delaware limited liability partnerships. The interests in the partnerships are based on the valuations per share as of December 31, 2019.

5. FAIR VALUE MEASUREMENTS

The following are measured at fair value on a recurring basis at December 31, 2019:

<u>Description</u>	Level 1 <u>Inputs</u>	Level 2 <u>Inputs</u>	Level 3 <u>Inputs</u>	<u>Total</u>
Equity securities - domestic	\$ 15,318,174	\$ -	\$ -	\$ 15,318,174
Equity securities - foreign	1,467,695	-	-	1,467,695
Mutual funds - fixed income	<u>4,496,335</u>	<u>-</u>	<u>-</u>	<u>4,496,335</u>
	<u>\$ 21,282,204</u>	<u>\$ -</u>	<u>\$ -</u>	21,282,204
Investments measured at net asset value				<u>5,626,947</u>
				<u>\$ 26,909,151</u>

The following are measured at fair value on a recurring basis at December 31, 2018:

<u>Description</u>	Level 1 <u>Inputs</u>	Level 2 <u>Inputs</u>	Level 3 <u>Inputs</u>	<u>Total</u>
Equity securities - domestic	\$ 12,816,240	\$ -	\$ -	\$ 12,816,240
Equity securities - foreign	1,133,698	-	-	1,133,698
Mutual funds - fixed income	<u>5,682,694</u>	<u>-</u>	<u>-</u>	<u>5,682,694</u>
	<u>\$ 19,632,632</u>	<u>\$ -</u>	<u>\$ -</u>	19,632,632
Investments measured at net asset value				<u>5,152,040</u>
				<u>\$ 24,784,672</u>

Investments at net asset value are included to permit reconciliation to the amounts shown on the accompanying statements of financial position.

There were no changes in valuation techniques during 2019 or 2018. The Corporation recognizes transfers between levels in the fair value hierarchy at the end of the reporting period. There were no transfers between levels during 2019 or 2018.

6. PROMISES TO GIVE

Unconditional promises to give consisted of the following at December 31:

	<u>2019</u>	<u>2018</u>
Unconditional promises to give, net	\$ <u>129,074</u>	\$ <u>359,759</u>
Amounts due in:		
Less than one year	61,787	274,943
One to five years	<u>75,000</u>	<u>95,500</u>
	136,787	370,443
Less: Discount to present value	<u>(7,713)</u>	<u>(10,684)</u>
Net unconditional promises to give	\$ <u>129,074</u>	\$ <u>359,759</u>

Unconditional promises to give are primarily from board members and are reflected at the present value of the estimated future cash flows using a discount rate at December 31, 2019 and 2018 of 2.25% and 3.00%, respectively.

At December 31, 2019, management believes that all grants and pledges receivable are collectible and a provision for bad debts is not necessary.

7. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	<u>2019</u>	<u>2018</u>
Land	\$ 4,717,000	\$ 4,717,000
Buildings and improvements	25,000,241	17,559,619
Equipment and furniture	<u>1,257,503</u>	<u>1,257,503</u>
	30,974,744	23,534,122
Less: Accumulated depreciation	<u>(12,980,261)</u>	<u>(12,361,540)</u>
	17,994,483	11,172,582
Construction in progress	<u>-</u>	<u>6,457,454</u>
	\$ <u>17,994,483</u>	\$ <u>17,630,036</u>

Depreciation expense was \$618,721 and \$470,274 as of December 31, 2019 and 2018, respectively.

8. LINE-OF-CREDIT

The Corporation has a line-of-credit, payable on demand, from a bank for \$3,000,000 with interest at LIBOR plus 1 % (3.92% at December 31, 2019). All borrowings under this line-of-credit are secured by investments. The outstanding balance on the line-of-credit was \$89,890 at both December 31, 2019 and 2018.

9. LONG-TERM DEBT

Long-term debt consists of three vehicle loans with payments ranging from \$376 to \$898 a month, including interest ranging from 2.0% - 5.0%. These loans mature between September 2020 and December 2020. The loans are secured by the underlying vehicle.

Aggregate maturities of long-term debt as of December 31 are as follows:

2020	\$ 18,577
2021	<u>1,119</u>
	<u>\$ 19,696</u>

10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2019 and 2018 consist of assets held in perpetuity and assets restricted due to time or purpose, based on a donor's intent.

Net assets with donor restrictions held in perpetuity consisted of the following at December 31:

	<u>2019</u>	<u>2018</u>
General residencies	\$ 4,163,514	\$ 4,163,514
Restoration and maintenance of buildings	605,443	605,443
Yaddo medal	127,000	127,000
Mansion upkeep and restoration	<u>38,060</u>	<u>38,060</u>
	<u>\$ 4,934,017</u>	<u>\$ 4,934,017</u>

Net assets with donor restrictions due to time or purpose consisted of the following at December 31:

	<u>2019</u>	<u>2018</u>
Facilities Improvement and Capital Campaign Expenses	\$ 152,548	\$ 296,241
Mansion restoration and upkeep	334,027	193,895
Philip Guston Fund	500,000	500,000
Residencies for subsequent periods	2,499,294	1,540,630
Restoration, library	1,764	1,764
Yaddo graden	10,400	10,400
Stipends	74,652	77,851
Trees	1,129	1,129
Photography Studio	2,092	2,092
NYSCA Grant- electronic media and film workspace	-	15,000
Yaddo medal	72,343	42,520
Solar study	<u>100</u>	<u>100</u>
	<u>\$ 3,648,349</u>	<u>\$ 2,681,622</u>

10. NET ASSETS WITH DONOR RESTRICTIONS

The following is a reconciliation of changes in net assets with donor restrictions for years ended December 31:

	<u>2019</u>	<u>2018</u>
Beginning Balance	\$ 2,681,622	\$ 5,059,464
Contributions	815,225	671,844
Investment income, net	1,510,150	(539,080)
Released from time restriction	<u>(1,358,648)</u>	<u>(2,510,606)</u>
Ending Balance	<u>\$ 3,648,349</u>	<u>\$ 2,681,622</u>

11. DONOR RESTRICTED ENDOWMENTS

The Corporation's endowment consists of several funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors' of the Corporation has interpreted the New York State Prudent Management of Institutional Funds Act (NYPMIFA) 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 Corporation classifies as net assets with donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with NYPMIFA, the Corporation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Corporation, and (7) the Corporation's investment policies.

Investment Return Objectives, Risk Parameters and Strategies. The Corporation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the funds if possible. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy. The Corporation has a policy of appropriating for distribution each year 5% of its board designated endowment fund's average fair value of the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Corporation considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The

11. DONOR RESTRICTED ENDOWMENTS (Continued)

Corporation expects the current spending policy to allow its endowment funds to grow at a nominal average annually, which is consistent with the Corporation's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

Endowment net asset composition by type of fund as of December 31, 2019 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Endowment Assets</u>
Donor-restricted endowment funds	\$ -	\$ 8,018,891	\$ 8,018,891
Board-designated endowment funds	<u>21,761,367</u>	<u>-</u>	<u>21,761,367</u>
	<u>\$ 21,761,367</u>	<u>\$ 8,018,891</u>	<u>\$ 29,780,258</u>

Changes in endowment net assets as of December 31, 2019 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Endowment Assets</u>
Endowment net assets, beginning of year	\$ 18,131,023	\$ 7,491,592	\$ 25,622,615
Contributions	679,492	378,665	1,058,157
Investment return, net	3,938,052	1,481,560	5,419,612
Amounts appropriated for expenditure	(1,355,870)	(1,332,926)	(2,688,797)
Distribution from board-designated endowment pursuant to distribution policy	<u>368,670</u>	<u>-</u>	<u>368,670</u>
Endowment net assets, end of year	<u>\$ 21,761,367</u>	<u>\$ 8,018,891</u>	<u>\$ 29,780,258</u>

Changes in endowment net assets as of December 31, 2018 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Endowment Assets</u>
Endowment net assets, beginning of year	\$ 23,572,975	\$ 9,822,332	\$ 33,395,307
Contributions	916,580	658,536	1,575,116
Investment return, net	(1,452,582)	(528,402)	(1,980,984)
Amounts appropriated for expenditure	(4,560,602)	(2,460,874)	(7,021,476)
Distribution from board-designated endowment pursuant to distribution policy	<u>(345,348)</u>	<u>-</u>	<u>(345,348)</u>
Endowment net assets, end of year	<u>\$ 18,131,023</u>	<u>\$ 7,491,592</u>	<u>\$ 25,622,615</u>

12. PENSION PLAN

The Corporation has a defined contribution retirement plan (Tax Sheltered Annuities under the Internal Revenue Code Section 403(b) through Teachers Insurance and Annuities Association - College Retirement Equities Fund (TIAA-CREF)) for all employees who meet certain plan eligibility requirements. The pension plan cost was \$61,794 and \$59,430 for 2019 and 2018, respectively.

Discretionary employer contributions to the plan are based on an amount equal to 5% of eligible individual's annual salary. The plan allows each eligible participant to defer a part of his/her salary by electing to have the Corporation make a contribution to the plan on their behalf.

13. LEASES

The Corporation entered into a lease agreement for office space commencing in September 2009 and terminating in August 2019. This was renewed for an additional ten years thru August 2029. Under the lease, the Corporation pays a monthly rent of \$4,400.

The Corporation also leases various office equipment via fifty-one to sixty-three month operating leases from unrelated parties expiring through 2021.

Future minimum lease payments are as follows:

2020	\$ 55,335
2021	54,068
2022	52,800
2023	52,800
2024	<u>52,800</u>
	<u>\$ 267,803</u>

Rent expense for the years ended December 31, 2019 and 2018 totaled \$43,699 and \$38,114 respectively.

14. LAND LEASE

The Corporation leases a portion of its land to an unrelated party under the terms of a lease agreement. The lease is through September 2020 with an option to extend the lease for two additional ten-year terms. Expected rental income is \$32,180 for the year ended December 31, 2020.

15. RELATED PARTY TRANSACTIONS

Two board members made contributions to the Corporation, which amounted to \$740,911 for the year ended December 31, 2019.

16. SPECIAL EVENTS

A summary of special events for the years ended December 31 is as follows:

	2019			2018		
	<u>Revenues</u>	<u>Expenses</u>	<u>Total</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Total</u>
Saratoga Springs benefit	\$ 200,005	\$ 41,193	\$ 158,812	\$ 153,361	\$ 27,088	\$ 126,273
New York City benefit	966,693	167,465	799,228	259,350	56,314	203,036
Other events	<u>134,025</u>	<u>36,933</u>	<u>97,092</u>	<u>47,155</u>	<u>44,704</u>	<u>2,451</u>
	<u>\$1,300,723</u>	<u>\$ 245,591</u>	<u>\$1,055,132</u>	<u>\$ 459,866</u>	<u>\$ 128,106</u>	<u>\$ 331,760</u>

17. SUBSEQUENT EVENTS

The United States is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID – 19 on a national, regional and local level are unknown, but it has the potential to result in a significant economic impact.

The impact of this situation on the Corporation and its future results and financial position, specifically the investment portfolio, is not presently determinable.

Subsequent events have been evaluated through April 13, 2020 which is the date the financial statements were available to be issued.