THE OLANA PARTNERSHIP

FINANCIAL STATEMENTS
(and Report of Independent Auditors)

December 31, 2013
(with memorandum totals as of December 31, 2012)

THE OLANA PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS

PKHB

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
The Olana Partnership

We have audited the accompanying financial statements of The Olana Partnership, which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements. The prior year summarized comparative information has been derived from The Olana Partnership's 2012 financial statements and, in our report dated October 19, 2013, we expressed an unmodified opinion on those financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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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, 2013, 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.

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

Valatie, New York
October 21, 2014

THE OLANA PARTNERSHIP
STATEMENT OF FINANCIAL POSITION
December 31, 2013
(with memorandum totals for December 31, 2012)

	2013	2012 (memorandum only)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 714,121	$ 525,487
Accounts receivable	3,474	5,064
Contributions receivable	93,742	271,405
Government grant receivable	37,203	19,996
Inventory	103,409	106,289
Prepaid expenses	29,244	10,308
Total current assets	981,193	938,549
Cash and cash equivalents - restricted to construction of museum	248,296	248,272
Certificates of deposit - restricted to construction of museum	99,924	99,991
Cash and cash equivalents - restricted to investment in endowment	47,914	118,962
Investments - restricted for endowment	1,693,155	1,366,971
Investments	218,633	267,415
Contributions receivable (long-term), net of a $29,343 discount	362,657	419,604
Property and equipment, net	26,937	28,558
Total assets	$ 3,678,709	$ 3,488,322
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 54,909	$ 33,851
Accrued expenses	53,000	31,254
Deferred revenue	-	5,600
Total current liabilities	107,909	70,705
Net assets:		
Unrestricted	429,937	334,623
Unrestricted - board designated	273,659	301,697
Temporarily restricted	1,126,135	1,198,762
Permanently restricted	1,741,069	1,582,535
Total net assets	3,570,800	3,417,617
Total liabilities and net assets	$ 3,678,709	$ 3,488,322

See accompanying notes and independent auditors' report.

THE OLANA PARTNERSHIP
STATEMENT OF ACTIVITIES
Year ended December 31, 2013
(with memorandum totals for December 31, 2012)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2012 (memorandum only)
Revenue and other sources:					
Membership dues	$ 109,271	$ -	$ -	$ 109,271	$ 157,945
Contributions	160,612	138,931	-	299,543	910,986
Discount on pledges	-	7,653	3,400	11,053	6,685
Donated services	100,141	-	-	100,141	199,836
Non-cash revenue	93,000	-	-	93,000	94,000
Grants	24,750	-	-	24,750	325,934
Bookstore and gift shop sales, net of direct expenses of $78,139 in 2013 and $42,657 in 2012, respectively	106,815	-	-	106,815	80,992
Admissions and art sales	22,321	-	-	22,321	-
Program and special events, net of direct expenses of $541,506 in 2013 and $436,803 in 2012, respectively	402,085	-	-	402,085	298,696
Royalty income	31	-	-	31	303
Interest and dividend income	5,555	-	16,082	21,637	8,229
Other income	1,302	-	-	1,302	536
Unrealized (loss) gain on on marketable securities	(1,970)	757	64,205	62,992	98,678
(Loss) gain on sale of marketable securities, net	(7,433)	-	74,847	67,414	25,918
Net assets released from restrictions	219,968	(219,968)	-	-	-
Total Revenue and other sources	1,236,448	(72,627)	158,534	1,322,355	2,208,738
Expenses					
Program	756,632	-	-	756,632	1,095,419
Management and general	171,143	-	-	171,143	229,441
Fundraising	241,397	-	-	241,397	185,213
Total Expenses	1,169,172	-	-	1,169,172	1,510,073
Change in net assets	67,276	(72,627)	158,534	153,183	698,665
Net assets, beginning of year	636,320	1,198,762	1,582,535	3,417,617	2,718,952
Net assets, end of year	$ 703,596	$ 1,126,135	$ 1,741,069	$ 3,570,800	$ 3,417,617

See accompanying notes and independent auditors' report.

THE OLANA PARTNERSHIP
STATEMENT OF CASH FLOWS
Year ended December 31, 2013
(with memorandum totals for December 31, 2012)

	2013	2012 (memorandum only)
Cash flows from operating activities:		
Change in net assets	$ 153,183	$ 698,665
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	5,777	5,240
Gain on sale of marketable securities	(67,414)	(25,918)
Unrealized gain on marketable securities	(62,992)	(98,678)
Gift of endowment	(103,400)	(106,685)
Decrease (increase) in accounts receivable	1,590	(1,995)
Decrease (increase) in contributions receivable	234,610	(407,088)
(Increase) decrease in government grant receivable	(17,207)	5,581
Decrease (increase) in inventory	2,880	(17,300)
(Increase) decrease in prepaid expenses	(18,936)	45,490
Increase in accounts payable	21,058	17,687
Increase (decrease) in accrued expenses	21,746	(4,387)
Decrease in deferred revenue	(5,600)	(33,300)
Total adjustments	12,112	(621,353)
Net cash provided by operating activities	165,295	77,312
Cash flows from investing activities:		
Purchases of property and equipment	(4,156)	(8,465)
Sales of investments	982,189	183,394
Purchases of investments	(1,129,185)	(308,000)
Increase in cash equivalents and CDs - construction of museum	43	(1,076)
Decrease in cash and cash equivalents - restricted to investment in endowment	71,048	28,867
Net cash used in investing activities	(80,061)	(105,280)
Cash flows from financing activities:		
Short-term borrowing on grid note	-	160,000
Payment on grid note	-	(160,000)
Gift of Endowment	103,400	106,685
Net cash provided by financing activities	103,400	106,685
Net increase in cash	188,634	78,717
Cash and cash equivalents, beginning of year	525,487	446,770
Cash and cash equivalents, end of year	$ 714,121	$ 525,487
Interest paid	$ -	$ 3,128
Non cash activity:		
Donated Investments	$ 65,895	$ 52,429

See accompanying notes and independent auditors' report.

THE OLANA PARTNERSHIP

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2013

(with comparative totals for the year ended December 31, 2012)

	2013				2012 (memorandum only)
	Program	Management and General	Fund-Raising	Total	Total
Expenses:					
Salaries and wages	$ 290,440	$ 97,730	$ 140,785	$ 528,955	$ 444,735
Employee benefits	16,861	8,540	9,924	35,325	33,930
Payroll tax	24,138	7,749	10,782	42,669	35,381
Insurance	10,949	1,911	910	13,770	8,569
Public relations and marketing	30,089	-	-	30,089	18,455
Supplies and office	28,010	15,364	3,747	47,121	45,507
Development	-	-	54,917	54,917	62,829
Program	99,048	-	-	99,048	104,062
Landscape/Viewshed	103,565	-	-	103,565	414,670
Professional fees	1,166	13,538	-	14,704	42,659
Depreciation	3,467	1,155	1,155	5,777	5,240
Uncollectible pledges	-	91	-	91	200
	607,733	146,078	222,220	976,031	1,216,237
Donated Services (Note 2):					
Development	-	-	648	648	257
Professional fees	54,919	22,565	18,529	96,013	162,449
Public relations and marketing	957	-	-	957	-
Supplies and office	19	2,500	-	2,519	5,099
Landscape/Viewshed	4	-	-	4	31,425
Program	93,000	-	-	93,000	94,606
Total expenses	$ 756,632	$ 171,143	$ 241,397	$ 1,169,172	$ 1,510,073

See accompanying notes and independent auditors' report.

1. Nature of Operations:

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

2. Summary of Significant Accounting Policies:

Basis of Accounting:

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Financial Statement Presentation:

The financial statements are presented in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, "Financial Statements for Not-for-Profit Organizations", which requires the Organization to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. A description of the three net asset categories follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Trustees.

Temporarily Restricted Net Assets - Net assets whose use is subject to donor-imposed stipulations that may be fulfilled by actions of the Organization to meet the stipulations or become unrestricted at the date specified by the donor.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be retained and invested permanently by the Organization.

Expenses are presented as decreases in unrestricted net assets when incurred.

Prior Year Amounts:

Amounts shown for December 31, 2012, in the accompanying statements are included to provide a basis for comparison with December 31, 2013 and present summarized totals only. Accordingly, the December 31, 2012 amounts are not intended to present all information necessary for a fair presentation in accordance with accounting principles generally accepted in the United States of America.

2. Summary of Significant Accounting Policies (Continued):

Cash and Cash Equivalents:

For the purposes of the statement of cash flows, cash and cash equivalents are considered highly liquid investments with maturities of three months or less at the time of acquisition. Cash and cash equivalents with donor imposed restrictions for the purpose of acquisitions of fixed assets or endowment are excluded from cash and cash equivalents in the statement of cash flows.

Property and Equipment:

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

Depreciation:

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

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

Income Taxes:

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

The Organization has evaluated any uncertain tax positions and related income tax contingencies and determined uncertain positions, if any, are not material to the financial statements, according to FASB ASC 740-10. Penalties and interest assessed by income taxing authorities are included in operating expenses, if incurred. The Organization is no longer subject to examination by federal and state taxing authorities for years prior to fiscal year ended December 31, 2011.

Use of Estimates:

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

2. Summary of Significant Accounting Policies (Continued):

Concentrations of Credit and Market Risks:

Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash and cash equivalents and receivables. Cash and cash equivalents are maintained at high quality financial institutions and credit exposure is not limited to any one institution. The Organization exceeded the Federal Deposit Insurance Corporation (FDIC) limit (see note 3) as of December 31, 2013. The Organization has not experienced any losses with respect to its cash balances. Based upon assessment of the financial condition of these institutions, management believes that the risk of loss of any uninsured amounts is minimal.

At December 31, 2013, there were two donors that individually exceeded 10% of contributions receivables ($400,000 and $60,000, respectively). The Organization has determined no allowance for doubtful accounts is needed based on a review of outstanding receivables, historical collection information, and economic conditions. Management controls credit risk through the use of the above procedures.

Investments:

In accordance with FASB ASC 958-320, "Accounting for Certain Investments Held by Not-For-Profit Organizations" investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position. Investment income (including realized and unrealized gains and losses on investments, interest and dividends) is included in the statement of activities as increases or decreases in unrestricted net assets unless donor or law restricts the income or loss. Investment management fees are shown net against investment income on the statement of activities. Those fees for the year ended December 31, 2013 were $15,808 ($166 for general operating funds, $30 for board designated endowment funds and $15,612 for endowment funds).

Fair value measurements:

In September 2006, the FASB issued FASB ASC 820-10 "Fair Value Measurement". FASB ASC 820-10 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. FASB ASC 820-10 does not require any new fair value measurements but applies to other GAAP accounting pronouncements that use fair value as a relevant measurement attribute.

Inventory:

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

2. Summary of Significant Accounting Policies (Continued):

Contributions:

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

The Organization reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

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

Donated Services:

The Organization recognizes revenue for certain services received at the fair value of those services. These services include professional services donated by attorneys, accountants and other professionals, as well as donated advertising and legal services. The fair value of the donated services is reflected in revenues and included in expenses in the following functional categories for the year ended December 31, 2013:

Professional fees	$ 97,247
Professional-legal fees	94,513
Printing and publication	1,381
Special events (in-kind donations)	187,465
Special events (professional services)	13,435
Gift shop (in-kind donations)	2,282
Subtotal	396,323
Less: Special events and gift shop	(203,182)
	$ 193,141

2. Summary of Significant Accounting Policies (Continued):

Donated Services (Continued):

During the year ended December 31, 2013, the Organization received $93,000 in non- cash revenue in the form of $93,000 worth of art framing credits for curatorial conservation included in "professional fees" above, listed in "program" expenses in the accompanying statement of activities.

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization with program services and fundraising events. No amounts have been reflected in the financial statements for these donated services since the volunteers' time does not meet the criteria for recognition under FASB ASC 958-605. A portion of the donated services were donated by related parties for the amount of $92,645.

Subsequent events:

Subsequent events have been evaluated through October 21, 2014, which is the date the financial statements were available to be issued.

Revenue Recognition – Government Grants:

Certain revenue is earned on cost reimbursable type contracts as services are provided and expenses are incurred to carry out the objectives of the related contractual arrangements. Cost reimbursable contract revenue is recognized only to the extent the contract allows for the related costs incurred by the Organization and cannot exceed the maximum amount allowed for under the contract. Funds advanced to the Organization prior to the earnings process are deferred and included in the caption "government contract advance" in the accompanying statement of financial position. Revenue earned in excess of payments received from the government agency is accrued as government grant receivable.

3. Cash and Cash Equivalents:

Cash and cash equivalents at December 31, 2013, comprised the following:

Bank	Book Balance	Bank Balance	FDIC Insurance	Excess
First Niagara	$ 250,183	$ 222,240	$ 250,000	-
National Union Bank of Kinderhook	370,331	350,231	250,000	$ 100,231
TDBank	248,033	248,033	250,000	-
LPL Financial	1,108	1,108	250,000	-
Fidelity-Massey Quick	140,062	140,062	*	
TD Ameritrade	263	263	250,000	-
Petty Cash	350	-	N/A	
	$ 1,010,330	$ 961,937		

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

Certificates of deposit as of December 31, 2013 were covered by FDIC insurance. The cash and cash equivalents balance of $1,010,330 includes $47,914 of cash equivalents held in a money market account restricted for the investment in endowment and $248,296 of cash equivalents held in a money market account restricted for the construction of a museum.

4. Contributions Receivable:

Contributions receivable consist primarily of pledges and grants from private foundations that are scheduled to be collected over a period of time. The following summarizes the contributions receivable based on the period in which they are expected to be collected. The carrying value is determined by calculating the fair value of the estimated future cash flows, net of an allowance for uncollectible pledges. The interest rates used in determining the fair value of contributions receivable range from 1.13% to 3.52% at December 31, 2013, based on the terms and pledge dates of the gifts. Management believes that all contributions receivable at December 31, 2013 are fully collectible. Once the fair value discount rate is applied at the date of pledge (Level 3 measurement) the rate is generally set for the life of the pledge. The fair value rate is based on a risk free treasury rate adjusted upward for risk based management's assessment of the donor's expected ability to pay. The expected receipts of multi-year unconditional promises to give are as follows:

Amounts to be received in:	
2014	$ 72,000
2015	72,000
2016	70,000
2017	50,000
2018	50,000
2019	50,000
2020	50,000
2021	50,000
	464,000
Less: amounts representing interest	(29,343)
	$ 434,657

The current portion of contributions receivable includes $21,742 of contributions made in 2013 and expected to be collected in 2014.

5. Investments:

Investments at December 31, 2013, stated at fair value include:

	Cost	Unrealized gain	Fair Market Value	FASB ASC 820-10 Measurements
Mutual Funds	$ 1,763,928	$ 104,570	$ 1,874,664	Level 1
Stocks	36,785	340	37,125	Level 1
	$ 1,800,713	$ 104,910	$ 1,911,789	

Investments are measured at fair value on a recurring basis. In accordance with FASB ASC 820-10, fair value measurements are identified as Level 1, Level 2, and Level 3. Level 1 fair value is based on quoted prices in active markets for identical asset/liabilities. The Organization does not have any Level 2 or 3 investments. The Organization's investments are comprised of one mutual fund at December 31, 2013.

6. Property and Equipment:

A summary of property and equipment is as follows as of December 31, 2013:

Category		
Furniture/Equipment	$	64,845
Artwork-Painting		10,000
Accumulated Depreciation		(47,908)
	$	26,937

The depreciation expense for 2013 was $5,777.

7. Collections:

The Organization does not capitalize its collections. Costs of collection items purchased are shown as decreases in net assets in the statement of activities, proceeds from sales of collection items and insurance recoveries of lost or destroyed collection items are presented as increases in net assets. There were no such increases or decrease for the year ended December 31, 2013.

8. Functional Expenses:

The costs of providing the various programs, fund-raising and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among programs and other activities benefited.

9. Program and Special Events:

During the year ended December 31, 2013, the Organization held various program and special events. A financial summary is as follows:

	Program	Gala	Other	Total
Gross event income	$ 33,762	$ 786,593	$ 123,236	$ 943,591
Event expenses	16,549	442,152	82,805	541,506
Net profit	$ 17,213	$ 344,441	$ 40,431	$ 402,085

10. Demand Grid Note:

The Organization obtained a demand grid note on July 10, 2008. The amount available to be borrowed is $350,000 and was renewed in 2013 for a term of October 31, 2013 through October 31, 2014. The note is unsecured and has a floor rate of 4.0%. No advances were requested on this line during the year, and no balance was due on December 31, 2013. The Organization expects to renew this grid note when it becomes due for an additional period.

11. The Landmarks Visitor Center:

The Landmarks Visitor Center (LVC) is a venture that began on May 26, 2006 with other area historic sites and Columbia County tourism. A store and visitor center was opened at 547 Warren Street, later moving to 345 Warren Street. Each site contributed funds to cover expenses. Sales/contribution collection, distribution, and bill paying are managed by The Olana Partnership. The collaboration was temporarily terminated as of December 31, 2008, vacating the premises on January 6, 2009. Throughout 2009 and 2010, minor operational and promotional expenses were being paid while final ventures were being considered In 2011, the group arranged with the Columbia County Chamber of Commerce to utilize space in the historic Washington Hose Company firehouse, located in downtown Hudson by the train station. The LVC has developed a permanent installation inside the historic building that promotes visitation of the LVC participating sites. Expenses in 2011 included annual sponsorship to the Chamber of Commerce for utilization of the space and other promotional expenses. At the close of 2013, $12,469 was held on behalf of other sites, while $1,700 of Olana funds were also kept aside for the purposes of the venture.

12. Temporarily Restricted Net Assets:

Temporarily restricted net assets as of December 31, 2013 represent grants available for the following specific purposes or program services:

Museum Center	$ 349,021
Education	11,772
Exhibitions	41,731
Landscape/Viewshed (net of discount of $29,976)	413,774
Landscape Critical Initiative	77,427
Landscape Grant Matching gifts	40,500
Landscape Curator funding	20,000
Landscape/Viewshed - Garden/Events/Education	10,840
Time Restricted (net of discount of $1,367)	110,004
Curatorial/Main House projects	48,866
Restricted Projects	500
Landmarks Visitors Center	1,700
	$ 1,126,135

12. Temporarily Restricted Net Assets (Continued):

During the year ended December 31, 2013, releases from restriction were comprised of the following:

Time Restricted - General	$	78,725
Landscape/Viewshed		63,651
Exhibitions		43,752
Education		19,146
Restricted projects		9,500
Curatorial projects		5,194
	$	219,968

13. Board Designations:

The board designated unrestricted net assets for contingencies in the amount of $273,659.

14. Permanently Restricted Net Assets:

Permanently restricted net assets represent donor-restricted endowment gifts for the following salaried positions. Donors have intended that the earnings on such gifts be accumulated until each position reaches the $1 mm goal, then earnings are to be used to fund such positions:

President Endowment	$	600,000
President Endowment earnings		85,154
Educator Endowment		793,000
Educator Endowment earnings		146,369
Curator Endowment		99,000
Curator Endowment earnings		17,546
	$	1,741,069

In 2009, the Organization's endowment consisted of two funds (one comprised of certificates of deposit and another comprised of a mutual fund) held with institutional investment companies. The certificates of deposit were promptly redeemed with all cash proceeds being transferred to a Fidelity account on December 31, 2011. The funds were invested into mutual funds at the discretion of Massey Quick & Co. The endowment includes donor-restricted endowment funds which are classified and reported based on the existence or absence of donor-imposed restrictions and funds designated by the Board of Trustees to function as endowments. The Board of Trustees of the Organization has interpreted the New York State Uniform Management of Institutional Funds Act "UMIFA" as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. Presently, (until the $1mm goal per position is met), earnings (dividends and interest), realized and unrealized appreciation (depreciation) on the endowment fund are classified as permanent support as outlined by the donors.

14. Permanently Restricted Net Assets (Continued):

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

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

Spending Policy and How the Investment Objectives Relate to Spending Policy
The Organization has a policy of reinvesting dividends and interest earned on an annual basis for board-designated endowment as long as unrestricted donations received for support are sufficient to cover annual operating expenditures. For donor-restricted endowments, investment returns are reinvested until the $1mm goal per position is met. At that time, future earnings are subject to the donors' temporary purpose restrictions. In establishing this policy, the Organization considers the long-term expected return on its endowment.

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

Endowment Net Asset Composition by Type of Fund as of December 31, 2013:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	$ -	$ -	$ 1,741,069	$ 1,741,069
Board-Designated Endowment Funds	273,659	-	-	273,659
Total Funds	$ 273,659	$ -	$ 1,741,069	$ 2,014,728

14. Permanently Restricted Net Assets (Continued):

Spending Policy and How the Investment Objectives Relate to Spending Policy (continued):

Changes in Endowment Net Assets for the Year Ended December 31, 2013:

Endowment Net Assets are comprised of:		
Cash and cash equivalents- restricted to investment in endowment	$	47,914
Investments		1,693,155
Endowment Net Assets, End of Year	$	1,741,069

15. 403 (B) Retirement Plan:

The Olana Partnership board of trustees agreed to adopt the plan document, IRS Form 5304-SIMPLE, in order to sponsor a SIMPLE-IRA retirement plan for the employees of Organization as of January 1, 2012. Employees can make pre-tax contributions up to 100% of pay (subject to certain annual caps set by IRS). New employees may enroll in this program immediately, otherwise enrollment months are January and July. There is an employer match of up to 3% of salary for eligible employees. The total employer match expense was $9,892 for year ended December 31, 2013.