



G R O U N D S F O R S C U L P T U R E

**GROUNDS FOR SCULPTURE, INC. AND SUBSIDIARY**

**Consolidated Financial Statements**

**December 31, 2017 and 2016**

**With Independent Auditors' Report**

**Grounds For Sculpture, Inc. and Subsidiary**  
**Table of Contents**  
**December 31, 2017 and 2016**

---

**Independent Auditors' Report** ..... 1-2

**Financial Statements**

Consolidated Statements of Financial Position.....3

Consolidated Statements of Activities and Changes in Net Assets..... 4-5

Consolidated Statements of Cash Flows .....6

Notes to Consolidated Financial Statements ..... 7-17

**Supplementary Information**

Consolidating Statements of Financial Position.....18-19

Consolidating Statements of Activities.....20-21

Consolidating Statements of Functional Expenses.....22-23

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors,  
Grounds For Sculpture, Inc. and Subsidiary:

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Grounds For Sculpture, Inc. and Subsidiary, ("the Organization") which comprise the consolidated statements of financial position as of December 31, 2017 and 2016 and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Grounds For Sculpture, Inc. and Subsidiary as of December 31, 2017 and 2016 and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Emphasis of Matter

As discussed in Note 3 to the consolidated financial statements, in 2017, the Organization adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities* (Topic 958). Our opinion is not modified with respect to this matter.

## Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements.

The supplementary information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such supplementary information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Withum Smith & Brown, PC*

May 30, 2018

**Grounds For Sculpture, Inc. and Subsidiary**  
**Consolidated Statements of Financial Position**  
**December 31, 2017 and 2016**

	2017	2016
<b>Assets</b>		
Cash and cash equivalents	\$ 1,997,212	\$ 2,283,945
Investments	4,620,400	3,677,132
Contributions and grants receivable	82,282	43,964
Inventory	75,042	44,531
Prepaid expenses and other assets	187,310	227,192
Deferred tax asset	164,200	269,100
Collections	--	--
Property and equipment, net	<u>21,326,511</u>	<u>21,734,099</u>
 Total assets	 <u>\$ 28,452,957</u>	 <u>\$ 28,279,963</u>
 <b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable	\$ 478,195	\$ 537,061
Accrued expenses	207,601	287,565
Deferred revenue	<u>315,851</u>	<u>496,894</u>
Total liabilities	1,001,647	1,321,520
Net assets		
Without donor restrictions		
Available for general operations	27,002,085	26,618,945
Board designated endowment	<u>131,396</u>	<u>114,821</u>
Total without donor restrictions	27,133,481	26,733,766
With donor restrictions		
Time restricted for future periods	20,000	--
Purpose restricted	58,981	41,037
Endowment fund	<u>238,848</u>	<u>183,640</u>
Total with donor restrictions	<u>317,829</u>	<u>224,677</u>
Total net assets	<u>27,451,310</u>	<u>26,958,443</u>
	<u>\$ 28,452,957</u>	<u>\$ 28,279,963</u>

The Notes to Consolidated Financial Statements are an integral part of these statements.

**Grounds For Sculpture, Inc. and Subsidiary**  
**Consolidated Statements of Activities and Changes in Net Assets**  
**Year Ended December 31, 2017**

	2017		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating activities			
Operating support and revenue			
Support			
Contributions and grants	\$ 2,823,745	\$ 81,950	\$ 2,905,695
In-kind contributions	127,095	--	127,095
Fundraising	231,484	--	231,484
	<u>3,182,324</u>	<u>81,950</u>	<u>3,264,274</u>
Revenue			
Admission fees	2,718,858	--	2,718,858
Membership fees	672,139	--	672,139
Education and event program fees	104,686	--	104,686
Food services	85,311	--	85,311
Museum shop sales	423,149	--	423,149
Event rentals	228,544	--	228,544
Rental income	223,716	--	223,716
Investment income	687,485	28,702	716,187
	<u>5,143,888</u>	<u>28,702</u>	<u>5,172,590</u>
Net assets released from restrictions	17,500	(17,500)	--
	<u>8,343,712</u>	<u>93,152</u>	<u>8,436,864</u>
Operating expenses			
Programs	4,740,009	--	4,740,009
Management and general	1,247,769	--	1,247,769
Fundraising	1,114,579	--	1,114,579
Auxiliary operations	735,740	--	735,740
	<u>7,838,097</u>	<u>--</u>	<u>7,838,097</u>
Changes in net assets before provision for income taxes	505,615	93,152	598,767
Provision for income taxes	(105,900)	--	(105,900)
Changes in net assets	399,715	93,152	492,867
Net assets - beginning of year	<u>26,733,766</u>	<u>224,677</u>	<u>26,958,443</u>
Net assets - end of year	<u>\$ 27,133,481</u>	<u>\$ 317,829</u>	<u>\$ 27,451,310</u>

The Notes to Consolidated Financial Statements are an integral part of this statement.

**Grounds For Sculpture, Inc. and Subsidiary**  
**Consolidated Statements of Activities and Changes in Net Assets**  
**Year Ended December 31, 2016**

	2016		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating activities			
Operating support and revenue			
Support			
Contributions and grants	\$ 2,802,444	\$ 211,140	\$ 3,013,584
In-kind contributions	109,143	--	109,143
Fundraising	<u>123,729</u>	<u>--</u>	<u>123,729</u>
	3,035,316	211,140	3,246,456
Revenue			
Admission fees	2,443,368	--	2,443,368
Membership fees	581,377	--	581,377
Education and event program fees	208,100	--	208,100
Food services	637,619	--	637,619
Museum shop sales	377,714	--	377,714
Event rentals	170,358	--	170,358
Rental income	162,900	--	162,900
Investment income	<u>296,194</u>	<u>13,537</u>	<u>309,731</u>
	4,877,630	13,537	4,891,167
Net assets released from restrictions	<u>32,200</u>	<u>(32,200)</u>	<u>--</u>
	7,945,146	192,477	8,137,623
Operating expenses			
Programs	4,721,766	--	4,721,766
Management and general	1,214,095	--	1,214,095
Fundraising	998,201	--	998,201
Auxiliary operations	<u>1,383,562</u>	<u>--</u>	<u>1,383,562</u>
	8,317,624	--	8,317,624
Changes in net assets before benefit from income taxes	(372,478)	192,477	(180,001)
Benefit from income taxes	<u>61,900</u>	<u>--</u>	<u>61,900</u>
Changes in net assets	(310,578)	192,477	(118,101)
Net assets - beginning of year	<u>27,044,344</u>	<u>32,200</u>	<u>27,076,544</u>
Net assets - end of year	<u>\$ 26,733,766</u>	<u>\$ 224,677</u>	<u>\$ 26,958,443</u>

The Notes to Consolidated Financial Statements are an integral part of this statement.

**Grounds For Sculpture, Inc. and Subsidiary**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2017 and 2016**

	2017	2016
<b>Cash flows from operating activities</b>		
Changes in net assets	\$ 492,867	\$ (118,101)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities		
Depreciation and amortization	585,062	605,669
Deferred income tax expense (benefit)	104,900	(61,900)
Realized and unrealized gains	(619,237)	(233,482)
Endowment fund contributions	(42,725)	(183,640)
Changes in assets and liabilities		
Contributions and grants receivable	(38,318)	(1,000)
Inventory	(30,511)	118,475
Prepaid expenses and other assets	39,882	(34,183)
Accounts payable	(58,866)	(483,170)
Accrued expenses	(79,964)	(30,388)
Deferred revenue	(181,043)	(17,289)
Net cash provided (used) by operating activities	<u>172,047</u>	<u>(439,009)</u>
<b>Cash flows from investing activities</b>		
Purchase of investments	(509,808)	(4,362,184)
Sale of investments	185,777	2,698,033
Endowment fund contributions	42,725	183,640
Purchase of property and equipment	(177,474)	(136,860)
Net cash used by investing activities	<u>(458,780)</u>	<u>(1,617,371)</u>
Net change in cash and cash equivalents	(286,733)	(2,056,380)
<b>Cash and cash equivalents</b>		
Beginning of year	<u>2,283,945</u>	<u>4,340,325</u>
End of year	<u>\$ 1,997,212</u>	<u>\$ 2,283,945</u>
<b>Supplemental disclosure of cash flow information</b>		
Income taxes paid	<u>\$ 2,000</u>	<u>\$ 3,000</u>

There were no amounts paid for interest for the years ended December 31, 2017 and 2016.



# Grounds For Sculpture, Inc. and Subsidiary

## Notes to Consolidated Financial Statements

### December 31, 2017 and 2016

---

#### 1. Organization and Purpose

Grounds For Sculpture, Inc., is a New Jersey not-for-profit corporation incorporated on December 7, 1999, to promote an understanding of and appreciation for contemporary sculpture for all people by maintaining a 42-acre sculpture park in Hamilton, NJ, featuring works by well-known and emerging American and international artists and by organizing accessible exhibitions and interpreting these exhibitions through publications, lectures, workshops and other educational programs. In accordance with its mission, Grounds For Sculpture, Inc. presents visitors with an evolving permanent outdoor collection, seasonal exhibitions, and educational programs designed to facilitate the understanding of and appreciation for contemporary sculpture. Significant sources of revenue are from contributions, grants and contracts, sales of merchandise, special events, admissions income, and income from programs operated to promote Grounds For Sculpture Inc.'s purpose. GFSL, Inc. ("GFSL"), a wholly-owned for profit subsidiary of Grounds For Sculpture, Inc., operates a restaurant, café and catering service for patrons of the park as well as the general public. Effective April 2016, the foodservice operations of GFSL, Inc., including the liquor license have been transferred to an outside management company. Under the terms of the 10 year agreement, there will be an annual rental fee paid as well as commissions based on achievement of certain sales levels and the agreement can be cancelled by either party with notice. Significant sources of revenue for GFSL are from rental income and commissions received as part of the contract with the outside company for 2017 and 2016.

#### 2. Summary of Significant Accounting Policies

##### Basis of Consolidation

The assets, liabilities, net assets, revenues and expenses of Grounds For Sculpture, Inc. and its subsidiary GFSL, Inc. have been consolidated as Grounds For Sculpture, Inc. and Subsidiary (the "Organization" or "GFS"). All significant intercompany transactions have been eliminated.

##### Basis of Presentation

External financial reporting by not-for-profit organizations requires that resources be classified for accounting and reporting purposes based on the existence or absence of external donor-imposed restrictions. This is accomplished by classification of net assets into two classes: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories and the types of transactions affecting each category are as follows:

- Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions. Items that affect this net asset category principally consist of fees for services and related expenses associated with the activities of the Organization. In addition to these exchange transactions gifts without restrictions, including those designated by the Board to function as endowment and restricted gifts whose donor-imposed restrictions were met during the fiscal year, as well as previously restricted gifts.
- With Donor Restrictions – Net assets subject to donor-imposed restrictions that will be met either by actions of the Organization or the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt. Expirations of restrictions on net assets with donor restrictions are reported as net assets released from restrictions.

#### Revenue and Support Recognition

##### Revenue Recognition

Revenues are reported as increases in unrestricted net assets unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Revenue and costs of sales of goods are reported net of discounts and sales taxes. Corporate and individual memberships are reflected in support and revenue ratably over the annual membership period. Admission fees and food service are recorded at the time the service is provided.

# **Grounds For Sculpture, Inc. and Subsidiary**

## **Notes to Consolidated Financial Statements**

### **December 31, 2017 and 2016**

---

#### **Contributions**

GFS recognizes contributions as revenue when they are received or unconditionally pledged and records these revenues as with donor restrictions or without donor restrictions according to donor stipulations that limit the use of these assets due to either a time or purpose restriction. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

#### **Contributions and Grants Receivable**

Receivables are stated at the amount management expects to collect from balances outstanding. Management closely monitors outstanding balances throughout the year, and writes off to income all balances that are considered uncollectable. Contributions and grants receivable are expected to be collected in the next fiscal year.

#### **In-kind Donations**

The Organization's policy is to recognize contributed professional services if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets and materials are recognized at fair market value when received. In-kind donations of \$29,095 and \$11,143 were recorded for the years ended December 31, 2017 and 2016, respectively.

GFS leases office, education and exhibition space from The Seward Johnson Atelier under a one year renewable lease at the rate of \$1 per year. The premises are to be used in the Organizations' charitable activities. The consolidated financial statements include an in-kind contribution of \$98,000 and occupancy expense for each of the years ended December 31, 2017 and 2016.

#### **Other Revenues**

Unrestricted revenues are obtained from the admission fees, food services, rental income, sale of merchandise, special events, and program fees. These revenues are recorded when the park admission is used, as the leased property is used, merchandise is sold or the program has occurred and are used to offset program expenses as well as the cost of property and equipment acquisitions and management and general and development expenses. Program revenues and admission fees received in advance of their usage are classified as deferred revenue in the consolidated statements of financial position.

Membership fees are recorded when earned based on the level of membership purchased and the value received over the term of membership, which is normally one year from date of purchase. Memberships that carry member benefits that can be utilized in future periods have been recorded as deferred revenue in the consolidated statements of financial position.

#### **Investments**

Investments, primarily consisting of equity securities and certificates of deposit, are stated at fair value. Gains and losses, both realized and unrealized, resulting from increases or decreases in the fair value of investments are reflected in the consolidated statements of activities and changes in net assets as increases or decreases in unrestricted net assets unless the use was restricted by explicit donor stipulations or by law.

#### **Inventory**

GFS maintains an inventory of books, posters, sculpture replicas and other mission related products, purchased for resale, that are sold in its Museum Shops. Inventory is valued at the lower of cost or net realizable value. Costs are determined on a first-in, first-out basis.

#### **Estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

# **Grounds For Sculpture, Inc. and Subsidiary**

## **Notes to Consolidated Financial Statements**

### **December 31, 2017 and 2016**

---

#### **Advertising**

Advertising is expensed in the period incurred. Advertising amounted to \$101,184 and \$114,968 for the years ended December 31, 2017 and 2016, respectively.

#### **Property and Equipment**

Property and equipment are recorded at cost, except for donated items which are recorded at fair value at the date of donation. Depreciation is computed using the straight-line method based on the assets' estimated useful lives. When assets are retired or otherwise disposed of, the cost and the accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized. The cost of maintenance and repairs is charged to operations as incurred. Significant renewals and betterments of \$5,000 or more are capitalized.

#### **Collections**

Collections consist of sculptures and other contemporary art pieces. The primary focus of the collection is to maintain, exhibit, interpret, and engage visitors with works of contemporary sculptures. Collections acquired either through purchase or donations are not capitalized. Purchases of collection items are recorded as decreases in unrestricted net assets if purchased with unrestricted assets and as decreases in temporarily restricted or permanently restricted net assets if purchased with donor-restricted funds.

During 2017 and 2016, GFS purchased \$78,262 and \$58,400 of artwork, respectively, which is included in program expense in the consolidated statements of activities and changes in net assets. Contributions of collection items are not recognized in the consolidated statements of activities and changes in net assets. Proceeds from deaccessions or insurance recoveries are reflected on the consolidated statements of activities and changes in net assets based on the absence or existence and nature of donor-imposed restrictions.

Donations and acquisitions of collections are not required to be recognized since they are added to collections that are held for public exhibition and education in furtherance of public service rather than financial gain; are protected, kept encumbered, cared for and preserved; and are subject to a policy that requires the proceeds from sales of collection items to be used to acquire other items for collections.

#### **Expense Allocation**

The cost of providing the various programs and activities has been summarized on a functional basis in the consolidated statements of activities and changes in net assets. Expenses are directly charged to the program activities other than those that benefit multiple functions. The financial statements report certain categories of expenses that are attributable to one or more program or supporting services of GFS. Those expenses include occupancy, telephone, computer support and maintenance, and insurance. Occupancy is allocated based on a square footage basis, telephone and computer support and maintenance are allocated based upon individual departmental users, and insurance is allocated based upon salaries.

#### **Cash and Cash Equivalents**

Cash and cash equivalents are short term, highly liquid investments with a maturity date of three months or less on the date of acquisition.

#### **Valuation of Long-Lived Assets**

In accordance with the provisions of the accounting pronouncement on accounting for the impairment or disposal of long-lived assets, GFS reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Management has determined that no assessment was required for the periods presented in these consolidated financial statements.

#### **Fair Value of Financial Instruments**

The carrying amounts of financial instruments including cash and cash equivalents, grants and contracts, contribution and other receivables, and accounts payable and accrued expenses approximate their fair values because of the relatively short maturity of these instruments.

**Grounds For Sculpture, Inc. and Subsidiary**  
**Notes to Consolidated Financial Statements**  
**December 31, 2017 and 2016**

---

**Income Taxes**

Grounds For Sculpture, Inc. is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the consolidated financial statements do not reflect a provision for Federal income taxes related to Grounds for Sculpture, Inc.

GFSL, Inc. is subject to federal and state income taxes. GFSL files tax returns in the U.S. federal and New Jersey jurisdictions. GFSL provides for the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements or tax returns. Deferred income tax assets and liabilities are recognized for the differences between financial and income tax reporting basis of assets and liabilities based on enacted tax rates and laws. A valuation allowance is provided if it is more likely than not that some or all of the deferred tax assets will not be realized. The deferred income tax provision or benefit generally reflects the net change in deferred income tax assets and liabilities during the year. The current income tax provision estimates the tax due on the income tax returns for the year reported.

There were no uncertain tax positions at December 31, 2017 and 2016. Additionally, neither entity had any income tax related penalties or interest for the years covered by the consolidated financial statements.

**3. Recent Accounting Pronouncements**

*Not-for-Profit Financial Statement Presentation*

During 2017, the Organization adopted ASU No. 2016-14 – *Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the consolidated financial statements and notes about a not-for-profit entity’s liquidity, financial performance and cash flows. The main provisions of this guidance include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service; and recognition of underwater endowment funds as a reduction in net assets with donor restrictions. The guidance also enhances disclosures for board designated amounts, composition of net assets without donor restrictions, liquidity and expenses by both their natural and functional classification.

A recap of the net asset classifications driven by the adoption of ASU 2016-14 as of December 31, 2016 follows:

<b>Net Asset Classifications</b>	<b>ASU 2016-14 Classifications</b>		
	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total Net Assets</u></b>
As previously presented:			
Unrestricted	\$ 26,733,766	\$ --	\$ 26,733,766
Temporarily restricted	--	41,037	41,037
Permanently restricted	--	183,640	183,640
	<hr/>	<hr/>	<hr/>
Net assets as previously presented	<u>\$ 26,733,766</u>	<u>\$ 224,677</u>	<u>\$ 26,958,443</u>

**Grounds For Sculpture, Inc. and Subsidiary**  
**Notes to Consolidated Financial Statements**  
**December 31, 2017 and 2016**

**4. Investments**

Investments at market value and cost at December 31 were as follows:

	2017		2016	
	Cost	Fair Value	Cost	Fair Value
Exchange traded funds	\$ 3,432,035	\$ 4,003,708	\$ 3,012,797	\$ 3,074,318
Common stock	111,788	196,803	198,254	288,061
Mutual funds	57,742	59,899	48,186	44,205
Pooled investments	296,623	359,990	250,748	270,548
	<u>\$ 3,898,188</u>	<u>\$ 4,620,400</u>	<u>\$ 3,509,985</u>	<u>\$ 3,677,132</u>

Investment income related to these investments is included with investment income earned by cash and cash equivalents on the consolidated statements of activities and changes in net assets at December 31, and was comprised of the following:

	2017	2016
Interest and dividend income	\$ 96,950	\$ 76,249
Realized gain	69,346	557,059
Unrealized gain (loss)	549,891	(323,577)
	<u>\$ 716,187</u>	<u>\$ 309,731</u>

**5. Property and Equipment**

Property and equipment at December 31, was comprised of the following:

	Estimated Useful Life (in years)	December 31,	
		2017	2016
Land	--	\$ 5,267,140	\$ 5,267,140
Buildings and site improvements	30	16,862,674	16,844,257
Furniture and equipment	5 - 7	983,323	1,375,293
Computer software and hardware	3	246,150	249,206
Vehicles	5	125,777	130,615
		23,485,064	23,866,511
Less accumulated depreciation		(2,158,553)	(2,132,412)
		<u>\$ 21,326,511</u>	<u>21,734,099</u>

Depreciation expense charged to operations amounted to \$585,062 and \$605,669 for the years ended December 31, 2017 and 2016, respectively.

**Grounds For Sculpture, Inc. and Subsidiary**  
**Notes to Consolidated Financial Statements**  
**December 31, 2017 and 2016**

**6. Recurring Fair Value Measurements**

GFS has provided fair value disclosure information for relevant assets and liabilities in these consolidated financial statements. For applicable assets (liabilities) subject to this pronouncement, GFS will value such assets (liabilities) using quoted market prices in active markets for identical assets to the extent possible (Level 1). To the extent that such market prices are not available, GFS will next attempt to value such assets (liabilities) using observable measurement criteria, including quoted market prices of similar assets (liabilities) in active and inactive markets and other corroborated factors (Level 2). In the event that quoted market prices in active markets and other observable measurement criteria are not available, GFS will develop measurement criteria based on the best information available (Level 3).

The following table summarizes assets (liabilities) which have been accounted for at fair value on a recurring basis as of December 31, along with the basis for the determination of fair value:

	<b>2017</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Exchange traded funds	\$ 4,003,708	\$ 4,003,708	\$ --	\$ --
Common stock	196,803	196,803	--	--
Mutual funds	59,899	59,899	--	--
	<u>4,260,410</u>	<u>\$ 4,260,410</u>	<u>\$ --</u>	<u>\$ --</u>
Investments measured at net asset value (a)	359,990			
	<u>\$ 4,620,400</u>			
	<b>2016</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Exchange traded funds	\$ 3,074,318	\$ 3,074,318	\$ --	\$ --
Common stock	288,061	288,061	--	--
Mutual funds	44,205	44,205	--	--
	<u>3,406,584</u>	<u>\$ 3,406,584</u>	<u>\$ --</u>	<u>\$ --</u>
Investments measured at net asset value (a)	270,548			
	<u>\$ 3,677,132</u>			

(a) This class includes funds held and managed by a community foundation. The Organization has an ownership share interest in the investment pool, which is revaluated on a monthly basis to market.

**Grounds For Sculpture, Inc. and Subsidiary**  
**Notes to Consolidated Financial Statements**  
**December 31, 2017 and 2016**

**7. Financial Assets and Liquidity Resources**

As of December 31, 2017, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, were as follows:

	<b>2017</b>		
	<b>Grounds For Sculpture, Inc.</b>	<b>GFSL, Inc.</b>	<b>Total</b>
Financial assets			
Cash and cash equivalents	\$ 1,921,835	\$ 35,377	\$ 1,957,212
Accounts receivable	70,717	100	70,817
Contributions and grants receivable, current	67,282	--	67,282
Investments	<u>4,260,410</u>	<u>--</u>	<u>4,260,410</u>
Total financial assets available within one year	<u>\$ 6,320,244</u>	<u>\$ 35,477</u>	<u>\$ 6,355,721</u>

The Organization's cash flows have seasonal variations during the year attributable to admission fees and event fees. There is an additional \$131,000 in funds functioning as an endowment, not included above, which is available for general expenditure with Board approval.

**8. Deferred Revenue**

GFS has deferred revenue of \$315,851 and \$496,894 at December 31, 2017 and 2016, respectively. Deferred revenue has been recorded for event deposits and program fees that are associated with programs and events occurring in the next fiscal year and for the portion of membership fees attributable to the next fiscal year.

**9. Employee Retirement Plan**

All employees of Grounds For Sculpture, Inc. who have completed minimum service requirements are eligible to participate in the Grounds For Sculpture 403(b) Profit Sharing Plan (the "Plan"). Participants in the Plan are eligible to contribute amounts up to the maximum allowed by law on an annual basis. In addition, Grounds for Sculpture, Inc. may make non-elective contributions as defined by the Plan. Employees that are participating in the Plan are eligible for a maximum annual contribution limited to the lesser of 7 percent of their salary or the amount contributed into the Plan. Discretionary annual employer contributions, amounted to \$91,495 and \$80,201 for the years ended December 31, 2017 and 2016, respectively.

**10. Contributed Services**

GFS pays for most services requiring specific expertise. However, many individuals donate their time in performing a variety of tasks to assist GFS operations. The donated hours and value of these contributed services have not been included in these consolidated financial statements, as they do not meet the criteria for recognition and were estimated for the years ended December 31, 2017 and 2016 as follows:

	<b>Hours</b>	<b>Value</b>
2017	8,182	\$ 88,756
2016	8,086	\$ 87,656

**Grounds For Sculpture, Inc. and Subsidiary**  
**Notes to Consolidated Financial Statements**  
**December 31, 2017 and 2016**

---

**11. Income Taxes**

GFSL files separate income tax returns. The provision for (benefit from) income taxes for the years ended December 31, is as follows:

	<b>2017</b>	<b>2016</b>
Current tax expense		
Federal	\$ 13,101	\$ --
State	<u>6,700</u>	<u>--</u>
	19,801	--
Deferred tax expense (benefit)		
Federal	86,099	(49,000)
State	<u>--</u>	<u>(12,900)</u>
	<u>86,099</u>	<u>(61,900)</u>
	<u>\$ 105,900</u>	<u>\$ (61,900)</u>

At December 31, 2017 and 2016, deferred income tax assets are attributable to net operating loss carryforwards. At December 31, 2017 and 2016, GFSL had Federal net operating loss carryforwards of approximately \$600,300 and \$662,700, respectively, and state net operating loss carryforwards of approximately \$424,000 and \$487,000, respectively, available to offset future taxable income expiring at various dates from 2031 through 2036. The Tax Cuts and Jobs Act was enacted on December 22, 2017, which changed the corporate income tax rates. Therefore, deferred tax assets were re-measured at December 31, 2017, based on the rates at which they are expected to reverse in the future, which is generally 21%. However, we are still analyzing certain aspects of the Act and refining our calculations, which could potentially affect the measurement of these balances or potentially give rise to new deferred tax amounts. The provisional amount recorded as tax expense, related to the re-measurement of our deferred tax balance was \$86,150. This was included in the deferred tax component of the federal tax shown above. The remaining deferred tax asset associated with the net operating loss carryforwards as adjusted to the new tax rate, amounted to \$164,200 and \$269,100 for the years ended December 31, 2017 and 2016, respectively. Net operating loss carryforwards of approximately \$62,000 and \$-0- were used for the years ended December 31, 2017 and 2016, respectively. The net operating loss carryforwards are anticipated to be used prior to their expiration therefore, no valuation allowance has been established.

**12. Operating Leases**

Equipment lease expense under non-cancelable operating leases for office equipment expiring through March 2018 amounted to \$13,762 and \$21,815 for the years ended December 31, 2017 and 2016, respectively. Future minimum payment for the remaining lease terms are as follows:

<b>Years Ending December 31,</b>	<b>Amount</b>
2018	\$ 10,135
2019	10,135
2020	1,689

Rental income is received under an operating lease for the use of restaurant facilities and equipment, which expires in December 2024, but which can be terminated by either party with 120 days written notice. The lease calls for a base rent, with annual 3 percent escalations, plus commissions of 5 percent for food sales and 10 - 15 percent for external catering sales, once a minimum threshold is reached for each category. The base rental income is received monthly under the terms of the lease.



**Grounds For Sculpture, Inc. and Subsidiary**  
**Notes to Consolidated Financial Statements**  
**December 31, 2017 and 2016**

---

Future minimum payments for the remaining lease terms are as follows:

Years Ending December 31,	Amount
2018	\$ 223,716
2019	230,427
2020	237,340
2021	244,460
2022 and thereafter	778,270

**13. Endowment Funds**

The Organization's endowment fund (the "Fund") includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. 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.

*Purpose*

The purpose of the Fund is to support exhibitions, conservation care, and acquisitions that will broaden and enrich the public experience of art.

*Interpretation of Relevant Law*

The Board of Directors of the Organization has interpreted the State of New Jersey Uniform Prudent Management of Institutional Funds Act ("UPMIFA") 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 the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the Fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization 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 Organization and 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 Organization, and (7) the Organization's investment policies.

*Investment Return Objectives, Risk Parameters and Strategies*

In accordance with the investment policy, the objectives of the Fund are to create growth while enabling an annual draw down. Long-term total return is more important than short-term results.

*Spending Policy*

The Organization has adopted a discretionary spending policy to be applied to its endowment funds, which is within prudent limits as outlined in UPMIFA. The Board can determine each year how much to distribute from its designated endowment to use for its current operating purposes. As the endowment fund has been established in the current year, there was no distribution. This policy enables the Organization to preserve and strengthen its endowment for the future.

*Investment Return*

Investment return is accumulated in temporarily restricted net assets until appropriated for expenditure.

**Grounds For Sculpture, Inc. and Subsidiary**  
**Notes to Consolidated Financial Statements**  
**December 31, 2017 and 2016**

*Net Asset Composition*

A reconciliation of the beginning and ending balances of the Organization's endowment, in total and by net asset class, consists of the following:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Endowment net assets, December 31, 2015</b>	\$ --	\$ --	\$ --
Investment return	14,821	13,537	28,358
Contributions	100,000	183,640	283,640
Amounts appropriated for expenditure	<u>--</u>	<u>--</u>	<u>--</u>
<b>Endowment net assets, December 31, 2016</b>	114,821	197,177	311,998
Investment return	16,575	28,702	45,277
Contributions	--	42,725	42,725
Amounts appropriated for expenditure	<u>--</u>	<u>--</u>	<u>--</u>
<b>Endowment net assets, December 31, 2017</b>	<u>\$ 131,396</u>	<u>\$ 268,604</u>	<u>\$ 400,000</u>
<b>Investment by type of fund</b>			
Donor restricted "true" endowment			
Historical gift value	\$ --	\$ 238,865	\$ 238,865
Appreciation	--	29,739	29,739
Board designated "funds" functioning as endowment	<u>131,396</u>	<u>--</u>	<u>131,396</u>
<b>Total - as above</b>	<u>\$ 131,396</u>	<u>\$ 268,604</u>	<u>\$ 400,000</u>

**14. Net Assets**

Net assets were comprised of the following at December 31:

<u>Detail of Net Assets</u>	<u>2017</u>			<u>2016</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Grounds for Sculpture, Inc.						
Operating	\$ 27,435,045	\$ --	\$27,435,045	\$ 27,006,702	\$ --	\$27,006,702
Board designated endowment	131,396	--	131,396	114,821	--	114,821
Time restricted for future periods	--	20,000	20,000	--	--	--
Purpose restricted	--	58,964	58,964	--	41,037	41,037
Endowment fund	<u>--</u>	<u>238,865</u>	<u>238,865</u>	<u>--</u>	<u>183,640</u>	<u>183,640</u>
	27,566,441	317,829	27,884,270	27,121,523	224,677	27,346,200
GFSL, Inc.						
Operating	<u>(432,960)</u>	<u>--</u>	<u>(432,960)</u>	<u>(387,757)</u>	<u>--</u>	<u>(387,757)</u>
	<u>\$ 27,133,481</u>	<u>\$ 317,829</u>	<u>\$27,451,310</u>	<u>\$ 26,733,766</u>	<u>\$ 224,677</u>	<u>\$26,958,443</u>

**Grounds For Sculpture, Inc. and Subsidiary**  
**Notes to Consolidated Financial Statements**  
**December 31, 2017 and 2016**

---

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

	<b>2017</b>	<b>2016</b>
Sustainable Soil Improvement Program	\$ --	\$ 25,000
Harriet Tubman and Other Truths	10,000	--
Wellness Walks	<u>7,500</u>	<u>7,200</u>
	<u>\$ 17,500</u>	<u>\$ 32,200</u>

**15. Concentrations**

GFS's financial instruments that are exposed to concentrations of credit risk consist primarily of its cash, cash equivalents, investments, and receivables. At times during the year, cash of GFS deposited in financial institutions exceeds the FDIC limit of \$250,000. The management of GFS deposits cash funds in high quality institutions to lessen the amount of uninsured exposure. GFS has a long-standing history of collecting its pledges and contributions receivable, which are from various individuals, corporations and foundations. An allowance for uncollectible accounts is normally recorded in the consolidated financial statements for any amounts considered uncollectible. This limits GFS's exposure to credit risk.

GFS has received revenue from one donor that amounted to 13 percent and 16 percent of total revenue for the years ended December 31, 2017 and 2016, respectively. GFS received contributions totaling \$119,439 and \$96,600 from members of the Board of Trustees for the years ended December 31, 2017 and 2016, respectively.

**16. Subsequent Events**

GFS has evaluated subsequent events occurring after the consolidated statement of financial position date through the date of May 30, 2018, the date the consolidated financial statements were available for release. Based upon this evaluation, GFS has determined that no subsequent events have occurred, which require adjustment to or disclosure in the consolidated financial statements.

**SUPPLEMENTARY INFORMATION**

**Grounds For Sculpture, Inc. and Subsidiary**  
**Consolidating Statements of Financial Position**  
**December 31, 2017**

	<u>Grounds For Sculpture, Inc.</u>	<u>GFSL, Inc.</u>	<u>Eliminations</u>	<u>Total</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 1,961,835	\$ 35,377	\$ --	\$ 1,997,212
Investments	4,620,400	--	--	4,620,400
Contributions and grants receivable	82,282	--	--	82,282
Inventory	75,042	--	--	75,042
Prepaid expenses and other assets	185,210	2,100	--	187,310
Deferred tax asset	--	164,200	--	164,200
Collections	--	--	--	--
Property and equipment, net	21,291,990	34,521	--	21,326,511
Intercompany (payable) receivable	(207,390)	207,390	--	--
Investment in subsidiary	520,000	--	(520,000)	--
	<u>\$ 28,529,369</u>	<u>\$ 443,588</u>	<u>\$ (520,000)</u>	<u>\$ 28,452,957</u>
Total assets	<u>\$ 28,529,369</u>	<u>\$ 443,588</u>	<u>\$ (520,000)</u>	<u>\$ 28,452,957</u>
<b>Liabilities and Net Assets</b>				
<b>Liabilities</b>				
Accounts payable	\$ 256,897	\$ 221,298	\$ --	\$ 478,195
Accrued expenses	207,601	--	--	207,601
Deferred revenue	180,601	135,250	--	315,851
Total liabilities	645,099	356,548	--	1,001,647
<b>Net assets</b>				
Capital contribution	--	520,000	(520,000)	--
<b>Without donor restrictions</b>				
Available for general operations	27,435,045	(432,960)	--	27,002,085
Board restricted endowment	131,396	--	--	131,396
Total without donor restrictions	27,566,441	(432,960)	--	27,133,481
<b>With donor restrictions</b>				
Time restricted for future periods	20,000	--	--	20,000
Purpose restricted	58,981	--	--	58,981
Endowment fund	238,848	--	--	238,848
Total with donor restrictions	317,829	--	--	317,829
Total net assets	27,884,270	87,040	(520,000)	27,451,310
	<u>\$ 28,529,369</u>	<u>\$ 443,588</u>	<u>\$ (520,000)</u>	<u>\$ 28,452,957</u>

See Independent Auditors' Report.

**Grounds For Sculpture, Inc. and Subsidiary**  
**Consolidating Statements of Financial Position**  
**December 31, 2016**

	<u>Grounds For Sculpture, Inc.</u>	<u>GFSL, Inc.</u>	<u>Eliminations</u>	<u>Total</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 1,862,807	\$ 421,138	\$ --	\$ 2,283,945
Investments	3,677,132	--	--	3,677,132
Contributions and grants receivable	43,964	--	--	43,964
Inventory	44,531	--	--	44,531
Prepaid expenses and other assets	223,523	3,669	--	227,192
Deferred tax asset	--	269,100	--	269,100
Collections	--	--	--	--
Property and equipment, net	21,675,352	58,747	--	21,734,099
Intercompany (payable) receivable	(803)	803	--	--
Investment in subsidiary	520,000	--	(520,000)	--
	<u>28,046,506</u>	<u>753,457</u>	<u>(520,000)</u>	<u>28,279,963</u>
Total assets	<u>\$ 28,046,506</u>	<u>\$ 753,457</u>	<u>\$ (520,000)</u>	<u>\$ 28,279,963</u>
<b>Liabilities and Net Assets</b>				
<b>Liabilities</b>				
Accounts payable	\$ 181,260	\$ 355,801	\$ --	\$ 537,061
Accrued expenses	287,565	--	--	287,565
Deferred revenue	231,481	265,413	--	496,894
Total liabilities	<u>700,306</u>	<u>621,214</u>	<u>--</u>	<u>1,321,520</u>
<b>Net assets</b>				
Capital contribution	--	520,000	(520,000)	--
Without donor restrictions				--
Available for general operations	27,006,702	(387,757)	--	26,618,945
Board restricted endowment	114,821	--	--	114,821
Total without donor restrictions	<u>27,121,523</u>	<u>(387,757)</u>	<u>--</u>	<u>26,733,766</u>
With donor restrictions				
Time restricted for future periods	--	--	--	--
Purpose restricted	41,037	--	--	41,037
Endowment fund	183,640	--	--	183,640
Total with donor restrictions	<u>224,677</u>	<u>--</u>	<u>--</u>	<u>224,677</u>
Total net assets	<u>27,346,200</u>	<u>132,243</u>	<u>(520,000)</u>	<u>26,958,443</u>
	<u>\$ 28,046,506</u>	<u>\$ 753,457</u>	<u>\$ (520,000)</u>	<u>\$ 28,279,963</u>

See Independent Auditors' Report.

**Grounds For Sculpture, Inc. and Subsidiary**  
**Consolidating Statements of Activities**  
**Year Ended December 31, 2017**

	Grounds For Sculpture, Inc.	GFSL, Inc.		Total Unrestricted	Grounds For Sculpture, Inc. With Donor Restrictions	Total
	Without Donor Restrictions		Eliminations			
Operating activities						
Operating support and revenue						
Support						
Contributions and grants	\$ 2,823,745	\$ --	\$ --	\$ 2,823,745	\$ 81,950	\$ 2,905,695
In-kind contributions	127,095	--	--	127,095	--	127,095
Fundraising	231,484	--	--	231,484	--	231,484
	<u>3,182,324</u>	<u>--</u>	<u>--</u>	<u>3,182,324</u>	<u>81,950</u>	<u>3,264,274</u>
Revenue						
Admission fees	2,718,858	--	--	2,718,858	--	2,718,858
Membership fees	672,139	--	--	672,139	--	672,139
Education and event program fees	104,686	--	--	104,686	--	104,686
Food services	--	85,311	--	85,311	--	85,311
Museum shop sales	423,149	--	--	423,149	--	423,149
Event rentals	228,544	--	--	228,544	--	228,544
Rental income	223,716	--	--	223,716	--	223,716
Investment income	687,296	189	--	687,485	28,702	716,187
	<u>5,058,388</u>	<u>85,500</u>	<u>--</u>	<u>5,143,888</u>	<u>28,702</u>	<u>5,172,590</u>
Net assets released from restrictions	17,500	--	--	17,500	(17,500)	--
	<u>8,258,212</u>	<u>85,500</u>	<u>--</u>	<u>8,343,712</u>	<u>93,152</u>	<u>8,436,864</u>
Operating expenses						
Programs	4,740,009	--	--	4,740,009	--	4,740,009
Management and general	1,247,769	--	--	1,247,769	--	1,247,769
Fundraising	1,114,579	--	--	1,114,579	--	1,114,579
Auxiliary operations	710,937	24,803	--	735,740	--	735,740
	<u>7,813,294</u>	<u>24,803</u>	<u>--</u>	<u>7,838,097</u>	<u>--</u>	<u>7,838,097</u>
Changes in net assets before provision for income tax	444,918	60,697	--	505,615	93,152	598,767
Provision for income taxes	--	(105,900)	--	(105,900)	--	(105,900)
Changes in net assets	444,918	(45,203)	--	399,715	93,152	492,867
Net assets - beginning of year	27,121,523	(387,757)	--	26,733,766	224,677	26,958,443
Net assets - end of year	<u>\$ 27,566,441</u>	<u>\$(432,960)</u>	<u>\$ --</u>	<u>\$27,133,481</u>	<u>\$ 317,829</u>	<u>\$27,451,310</u>

See Independent Auditors' Report.

**Grounds For Sculpture, Inc. and Subsidiary**  
**Consolidating Statements of Activities**  
**Year Ended December 31, 2016**

	Grounds For Sculpture, Inc.		Eliminations	Total Without Donor Restrictions	Grounds For Sculpture, Inc. and Subsidiary	
	Without Donor Restrictions	GFSL, Inc.			With Donor Restrictions	Total
Operating activities						
Operating support and revenue						
Support						
Contributions and grants	\$ 2,802,444	\$ --	\$ --	\$ 2,802,444	\$ 211,140	\$ 3,013,584
In-kind contributions	109,143	--	--	109,143	--	109,143
Fundraising	123,729	--	--	123,729	--	123,729
	<u>3,035,316</u>	<u>--</u>	<u>--</u>	<u>3,035,316</u>	<u>211,140</u>	<u>3,246,456</u>
Revenue						
Admission fees	2,443,368	--	--	2,443,368	--	2,443,368
Membership fees	581,377	--	--	581,377	--	581,377
Education and event program fees	208,100	--	--	208,100	--	208,100
Food services	--	637,619	--	637,619	--	637,619
Museum shop sales	377,714	--	--	377,714	--	377,714
Event rentals	170,358	--	--	170,358	--	170,358
Management fees	33,000	--	(33,000)	--	--	--
Rental income	192,900	--	(30,000)	162,900	--	162,900
Investment income	295,617	577	--	296,194	13,537	309,731
	<u>4,302,434</u>	<u>638,196</u>	<u>(63,000)</u>	<u>4,877,630</u>	<u>13,537</u>	<u>4,891,167</u>
Net assets released from restrictions	<u>32,200</u>	<u>--</u>	<u>--</u>	<u>32,200</u>	<u>(32,200)</u>	<u>--</u>
	<u>7,369,950</u>	<u>638,196</u>	<u>(63,000)</u>	<u>7,945,146</u>	<u>192,477</u>	<u>8,137,623</u>
Operating expenses						
Programs	4,721,766	--	--	4,721,766	--	4,721,766
Management and general	1,214,095	--	--	1,214,095	--	1,214,095
Fundraising	998,201	--	--	998,201	--	998,201
Auxiliary operations	663,389	783,173	(63,000)	1,383,562	--	1,383,562
	<u>7,597,451</u>	<u>783,173</u>	<u>(63,000)</u>	<u>8,317,624</u>	<u>--</u>	<u>8,317,624</u>
Changes in net assets before benefit from income taxes:	(227,501)	(144,977)	--	(372,478)	192,477	(180,001)
Benefit from income taxes	<u>--</u>	<u>61,900</u>	<u>--</u>	<u>61,900</u>	<u>--</u>	<u>61,900</u>
Changes in net assets	(227,501)	(83,077)	--	(310,578)	192,477	(118,101)
Net assets - beginning of year	<u>27,349,024</u>	<u>(304,680)</u>	<u>--</u>	<u>27,044,344</u>	<u>32,200</u>	<u>27,076,544</u>
Net assets - end of year	<u>\$ 27,121,523</u>	<u>\$ (387,757)</u>	<u>\$ --</u>	<u>\$ 26,733,766</u>	<u>\$ 224,677</u>	<u>\$ 26,958,443</u>

See Independent Auditors' Report.



**Grounds For Sculpture, Inc. and Subsidiary**  
**Consolidating Schedules of Functional Expenses**  
**Year Ended December 31, 2017**

	Grounds For Sculpture, Inc.						GFSL, Inc.		
	Program Services			Management and General	Fundraising	Total	Auxiliary Operations	Eliminations	Total
Art and Education Programs	Auxiliary Operations	Total Program Services							
Salaries	\$ 1,691,025	\$ 195,531	\$ 1,886,556	\$ 558,016	\$ 413,053	\$ 2,857,625	\$ --	\$ --	\$ 2,857,625
Payroll taxes and benefits	381,085	46,636	427,721	149,385	89,303	666,409	--	--	666,409
Cost of goods sold	--	204,701	204,701	--	--	204,701	--	--	204,701
Occupancy	919,404	143,353	1,062,757	133,214	109,475	1,305,446	--	--	1,305,446
Insurance	140,553	11,492	152,045	30,381	13,576	196,002	--	--	196,002
Outside artistic services	693,331	--	693,331	150	33,599	727,080	--	--	727,080
Outside fees and services	75,181	85	75,266	113,336	71,256	259,858	--	--	259,858
Office and administrative	10,227	3,058	13,285	13,682	25,136	52,103	576	--	52,679
Travel and meetings	35,008	1,598	36,606	26,401	7,739	70,746	--	--	70,746
Credit card and bank fees	74,505	12,620	87,125	1,236	28,317	116,678	--	--	116,678
Program materials	80,736	17,769	98,505	3,493	114,355	216,353	--	--	216,353
Advertising and marketing	99,313	104	99,417	--	1,767	101,184	--	--	101,184
Openings	--	--	--	--	32,220	32,220	--	--	32,220
Printing and publications	71,757	397	72,154	1,139	30,398	103,691	--	--	103,691
Computer support and maintenance	56,296	11,184	67,480	36,902	14,939	119,321	--	--	119,321
Supplies and equipment rental	33,296	3,793	37,089	19,507	28,778	85,374	--	--	85,374
Gifts, meals and hospitality	23,678	135	23,813	41,880	14,781	80,474	--	--	80,474
Education and training	16,058	1,708	17,766	23,058	16,370	57,194	--	--	57,194
Depreciation and amortization	338,556	56,773	395,329	95,989	69,517	560,835	24,227	--	585,062
	<u>\$ 4,740,009</u>	<u>\$ 710,937</u>	<u>\$ 5,450,946</u>	<u>\$ 1,247,769</u>	<u>\$ 1,114,579</u>	<u>\$ 7,813,294</u>	<u>\$ 24,803</u>	<u>\$ --</u>	<u>\$ 7,838,097</u>

See Independent Auditors' Report.

**Grounds For Sculpture, Inc. and Subsidiary**  
**Consolidating Schedules of Functional Expenses**  
**Year Ended December 31, 2016**

	Grounds For Sculpture, Inc.					GFSL, Inc.			
	Program Services			Management and General	Fundraising	Total	Auxiliary Operations	Eliminations	Total
Art and Education Programs	Auxiliary Operations	Total Program Services							
Salaries	\$ 1,668,069	\$ 186,916	\$ 1,854,985	\$ 587,564	\$ 457,778	\$ 2,900,327	\$ 161,784	\$ --	\$ 3,062,111
Payroll taxes and benefits	357,043	37,358	394,401	140,465	92,175	627,041	90,137	--	717,178
Cost of goods sold	--	190,763	190,763	--	20	190,783	214,150	--	404,933
Occupancy	871,027	124,646	995,673	131,937	109,115	1,236,725	85,630	(30,000)	1,292,355
Insurance	142,211	10,684	152,895	31,247	12,264	196,406	15,270	--	211,676
Outside artistic services	631,267	--	631,267	150	7,325	638,742	2,380	--	641,122
Outside fees and services	101,499	2,355	103,854	78,903	13,247	196,004	83,122	(33,000)	246,126
Office and administrative	22,924	2,582	25,506	19,104	25,827	70,437	4,699	--	75,136
Travel and meetings	32,863	3,470	36,333	18,049	13,895	68,277	21	--	68,298
Credit card and bank fees	69,616	11,417	81,033	358	21,561	102,952	17,618	--	120,570
Program materials	110,595	14,020	124,615	1,801	58,838	185,254	65,794	--	251,048
Advertising and marketing	109,026	26	109,052	--	2,279	111,331	3,637	--	114,968
Openings	185	--	185	--	19,715	19,900	--	--	19,900
Printing and publications	108,944	691	109,635	1,405	44,664	155,704	--	--	155,704
Computer support and maintenance	49,861	16,029	65,890	46,476	12,032	124,398	1,820	--	126,218
Supplies and equipment rental	39,129	4,595	43,724	21,645	6,708	72,077	--	--	72,077
Gifts, meals and hospitality	27,427	1,152	28,579	20,075	20,035	68,689	--	--	68,689
Education and training	26,724	3,025	29,749	23,654	10,443	63,846	--	--	63,846
Depreciation and amortization	353,356	53,660	407,016	91,262	70,280	568,558	37,111	--	605,669
	<u>\$ 4,721,766</u>	<u>\$ 663,389</u>	<u>\$ 5,385,155</u>	<u>\$ 1,214,095</u>	<u>\$ 998,201</u>	<u>\$ 7,597,451</u>	<u>\$ 783,173</u>	<u>\$ (63,000)</u>	<u>\$ 8,317,624</u>

See Independent Auditors' Report.