



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

GROUND'S FOR SCULPTURE, INC. AND SUBSIDIARY
Consolidated Financial Statements
December 31, 2019 and 2018
With Independent Auditor's Report

Grounds For Sculpture, Inc. and Subsidiary
Table of Contents
December 31, 2019 and 2018

Independent Auditor's 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
Consolidated Statements of Functional Expenses	7-8
Notes to Consolidated Financial Statements	9-21
Supplementary Information	
Consolidating Statements of Financial Position	22-23
Consolidating Statements of Activities	24-25

INDEPENDENT AUDITOR'S 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 or GFS") which comprise the consolidated statements of financial position as of December 31, 2019 and 2018 and the related consolidated statements of activities and changes in net assets, cash flows, and functional expenses 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.

Auditor's 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 auditor's 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 Organization'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 Organization'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.

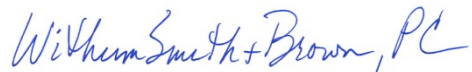
Opinion

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, 2019 and 2018 and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other 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.

A handwritten signature in blue ink that reads "Withum Smith & Brown, PC".

March 24, 2020

Grounds For Sculpture, Inc. and Subsidiary
Consolidated Statements of Financial Position
December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash and cash equivalents	\$ 622,781	\$ 1,024,531
Investments	5,173,057	4,364,461
Contributions and grants receivable	138,495	111,232
Museum shop inventory	93,008	81,841
Prepaid expenses and other assets	263,212	238,224
Prepaid utility benefits	1,156,000	-
Deferred tax asset	129,600	149,700
Property and equipment, net	<u>20,540,413</u>	<u>20,903,906</u>
 Total assets	 <u>\$ 28,116,566</u>	 <u>\$ 26,873,895</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 252,090	\$ 426,000
Accrued expenses	407,265	238,908
Deferred program revenue	226,237	273,029
Loan payable	<u>1,089,310</u>	<u>-</u>
Total liabilities	<u>1,974,902</u>	<u>937,937</u>
 Net assets		
Without donor restrictions		
Available for general operations	25,517,745	25,346,298
Board restricted endowment	<u>135,299</u>	<u>125,148</u>
Total without donor restrictions	<u>25,653,044</u>	<u>25,471,446</u>
With donor restrictions		
Time restricted for future periods	10,000	34,000
Purpose restricted	137,640	112,680
Endowment fund	<u>340,980</u>	<u>317,832</u>
Total with donor restrictions	<u>488,620</u>	<u>464,512</u>
Total net assets	<u>26,141,664</u>	<u>25,935,958</u>
 Total liabilities and net assets	 <u>\$ 28,116,566</u>	 <u>\$ 26,873,895</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, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
Support			
Contributions and grants	\$ 2,288,718	\$ 57,611	\$ 2,346,329
In-kind contributions	116,790	-	116,790
Fundraising events	80,182	-	80,182
	<u>2,485,690</u>	<u>57,611</u>	<u>2,543,301</u>
Revenue			
Admission fees	2,584,003	-	2,584,003
Membership fees	703,335	-	703,335
Education and event program fees	222,429	-	222,429
Food services	80,176	-	80,176
Museum shop sales	412,451	-	412,451
Event rentals	292,336	-	292,336
Rental income	237,360	-	237,360
Investment return	973,817	27,928	1,001,745
	<u>5,505,907</u>	<u>27,928</u>	<u>5,533,835</u>
Net assets released from restrictions	<u>61,431</u>	<u>(61,431)</u>	<u>-</u>
	<u>8,053,028</u>	<u>24,108</u>	<u>8,077,136</u>
Expenses			
Program services			
Art and education programs	4,929,014	-	4,929,014
Auxiliary operations	755,378	-	755,378
Supporting services			
Management and general	1,301,000	-	1,301,000
Fundraising	864,438	-	864,438
	<u>7,849,830</u>	<u>-</u>	<u>7,849,830</u>
Changes in net assets before provision for income taxes	203,198	24,108	227,306
Provision for income taxes	<u>(21,600)</u>	<u>-</u>	<u>(21,600)</u>
Changes in net assets	181,598	24,108	205,706
Net assets			
Beginning of year	<u>25,471,446</u>	<u>464,512</u>	<u>25,935,958</u>
End of year	<u>\$ 25,653,044</u>	<u>\$ 488,620</u>	<u>\$ 26,141,664</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, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
Support			
Contributions and grants	\$ 2,498,787	\$ 190,287	\$ 2,689,074
In-kind contributions	112,119	-	112,119
Fundraising events	88,908	-	88,908
	<u>2,699,814</u>	<u>190,287</u>	<u>2,890,101</u>
Revenue			
Admission fees	2,240,509	-	2,240,509
Membership fees	671,536	-	671,536
Education and event program fees	251,996	-	251,996
Food services	66,203	-	66,203
Museum shop sales	418,401	-	418,401
Event rentals	286,103	-	286,103
Rental income	230,435	-	230,435
Investment return	(306,730)	(2,079)	(308,809)
	<u>3,858,453</u>	<u>(2,079)</u>	<u>3,856,374</u>
Net assets released from restrictions	<u>41,525</u>	<u>(41,525)</u>	<u>-</u>
	<u>6,599,792</u>	<u>146,683</u>	<u>6,746,475</u>
Expenses			
Program services			
Art and education programs	5,235,207	-	5,235,207
Auxiliary operations	764,906	-	764,906
Supporting services			
Management and general	1,273,897	-	1,273,897
Fundraising	972,317	-	972,317
	<u>8,246,327</u>	<u>-</u>	<u>8,246,327</u>
Changes in net assets before provision for income taxes	(1,646,535)	146,683	(1,499,852)
Provision for income taxes	<u>(15,500)</u>	<u>-</u>	<u>(15,500)</u>
Changes in net assets	(1,662,035)	146,683	(1,515,352)
Net assets			
Beginning of year	<u>27,133,481</u>	<u>317,829</u>	<u>27,451,310</u>
End of year	<u>\$ 25,471,446</u>	<u>\$ 464,512</u>	<u>\$ 25,935,958</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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating activities		
Changes in net assets	\$ 205,706	\$ (1,515,352)
Adjustments to reconcile changes in net assets to net cash used in operating activities		
Depreciation and amortization	596,188	585,665
Deferred income tax expense	20,100	14,500
Realized and unrealized (gains) losses	(883,618)	419,433
Endowment fund contributions	(3,200)	(58,607)
Changes in assets and liabilities		
Contributions and grants receivable	(27,263)	(28,950)
Museum shop inventory	(11,167)	(6,799)
Prepaid expenses and other assets	(24,988)	(50,914)
Prepaid utility benefits	(1,156,000)	-
Accounts payable	(173,910)	(52,195)
Accrued expenses	168,357	31,307
Deferred program revenue	(46,792)	(42,822)
Net cash used in operating activities	<u>(1,336,587)</u>	<u>(704,734)</u>
Investing activities		
Purchase of investments	(271,572)	(280,965)
Sale of investments	346,594	117,471
Purchase of property and equipment	<u>(232,695)</u>	<u>(163,060)</u>
Net cash used in investing activities	<u>(157,673)</u>	<u>(326,554)</u>
Financing activities		
Proceeds from long-term debt	1,120,736	-
Repayments of long-term debt	(31,426)	-
Endowment fund contributions	<u>3,200</u>	<u>58,607</u>
Net cash provided by financing activities	<u>1,092,510</u>	<u>58,607</u>
Net change in cash and cash equivalents	(401,750)	(972,681)
Cash and cash equivalents		
Beginning of year	<u>1,024,531</u>	<u>1,997,212</u>
End of year	<u>\$ 622,781</u>	<u>\$ 1,024,531</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	<u>\$ 12,772</u>	<u>\$ -</u>

There were no amounts paid for income taxes for the years ended December 31, 2019 and 2018.

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

Grounds For Sculpture Inc. and Subsidiary
Consolidated Statements of Functional Expenses
Year Ended December 31, 2019

	<u>Program Services</u>			<u>Supporting Services</u>			
	<u>Art and Education Programs</u>	<u>Auxiliary Operations</u>	<u>Program Services Total</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Supporting Services Total</u>	<u>Total</u>
Payroll	\$ 1,846,677	\$ 219,560	\$ 2,066,237	\$ 579,549	\$ 366,002	\$ 945,551	\$ 3,011,788
Payroll taxes and benefits	424,371	53,267	477,638	156,291	83,763	240,054	717,692
Cost of goods sold	-	187,946	187,946	-	-	-	187,946
Occupancy	874,389	161,223	1,035,612	135,446	109,362	244,808	1,280,420
Insurance	136,049	14,132	150,181	37,829	14,979	52,808	202,989
Outside artistic services	798,382	-	798,382	-	7,925	7,925	806,307
Outside fees and services	57,208	4,039	61,247	157,937	37,210	195,147	256,394
Office and administrative	5,036	2,518	7,554	5,084	19,021	24,105	31,659
Travel and meetings	18,188	1,290	19,478	6,688	4,384	11,072	30,550
Credit card and bank fees	77,559	12,993	90,552	929	20,218	21,147	111,699
Program materials	43,088	9,064	52,152	1,785	46,358	48,143	100,295
Advertising and marketing	110,759	106	110,865	12,000	6,025	18,025	128,890
Openings	-	-	-	-	16,792	16,792	16,792
Printing and publications	49,612	451	50,063	1,421	21,429	22,850	72,913
Computer support and maintenance	62,054	13,746	75,800	35,858	18,403	54,261	130,061
Supplies and equipment rental	36,961	3,298	40,259	17,160	932	18,092	58,351
Gifts, meals and hospitality	17,527	348	17,875	30,459	4,914	35,373	53,248
Education and training	10,221	843	11,064	15,447	16,319	31,766	42,830
Depreciation and amortization	360,933	70,508	431,441	94,345	70,402	164,747	596,188
Interest	-	46	46	12,772	-	12,772	12,818
	<u>\$ 4,929,014</u>	<u>\$ 755,378</u>	<u>\$ 5,684,392</u>	<u>\$ 1,301,000</u>	<u>\$ 864,438</u>	<u>\$ 2,165,438</u>	<u>\$ 7,849,830</u>

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

Grounds For Sculpture Inc. and Subsidiary
Consolidated Statements of Functional Expenses
Year Ended December 31, 2018

	<u>Program Services</u>			<u>Supporting Services</u>			
	<u>Art and Education Programs</u>	<u>Auxiliary Operations</u>	<u>Program Services Total</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Supporting Services Total</u>	<u>Total</u>
Payroll	\$ 1,912,548	\$ 217,178	\$ 2,129,726	\$ 586,846	\$ 409,385	\$ 996,231	\$ 3,125,957
Payroll taxes and benefits	411,678	66,797	478,475	149,329	91,060	240,389	718,864
Cost of goods sold	-	193,672	193,672	-	-	-	193,672
Occupancy	943,239	148,434	1,091,673	138,084	112,709	250,793	1,342,466
Insurance	140,288	11,871	152,159	30,935	14,092	45,027	197,186
Outside artistic services	825,165	-	825,165	-	30,164	30,164	855,329
Outside fees and services	86,503	6,423	92,926	108,528	27,310	135,838	228,764
Office and administrative	17,878	2,856	20,734	11,872	25,647	37,519	58,253
Travel and meetings	38,499	1,368	39,867	21,646	1,585	23,231	63,098
Credit card and bank fees	68,436	12,410	80,846	994	21,333	22,327	103,173
Program materials	80,005	8,408	88,413	1,963	66,671	68,634	157,047
Advertising and marketing	116,880	173	117,053	7,378	2,710	10,088	127,141
Openings	-	-	-	-	29,817	29,817	29,817
Printing and publications	97,836	255	98,091	831	30,046	30,877	128,968
Computer support and maintenance	57,981	11,531	69,512	35,346	13,236	48,582	118,094
Supplies and equipment rental	45,999	4,415	50,414	17,857	1,909	19,766	70,180
Gifts, meals and hospitality	32,917	92	33,009	33,888	12,599	46,487	79,496
Education and training	17,162	1,462	18,624	31,932	12,601	44,533	63,157
Depreciation and amortization	342,193	77,561	419,754	96,468	69,443	165,911	585,665
	<u>\$ 5,235,207</u>	<u>\$ 764,906</u>	<u>\$ 6,000,113</u>	<u>\$ 1,273,897</u>	<u>\$ 972,317</u>	<u>\$ 2,246,214</u>	<u>\$ 8,246,327</u>

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

Grounds For Sculpture, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2019 and 2018

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.

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 in consolidation.

Basis of Presentation

The consolidated financial statements of Grounds For Sculpture, Inc. and Subsidiary have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require Grounds For Sculpture, Inc. and Subsidiary to report information regarding its financial position and activities according to the following net asset classifications.

- Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of Grounds For Sculpture, Inc.'s management and the board of directors.
- Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Grounds For Sculpture, Inc. and Subsidiary or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Revenue and Support Recognition

Revenue Recognition

Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

Grounds For Sculpture, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2019 and 2018

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. Contributions received with donor restrictions that are met in the year of receipt are recorded as revenues without donor restrictions. When a restriction expires or is met in a subsequent year, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities and changes in net assets. Conditional contributions or 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 on multi-year pledges is recorded as additional contribution revenue as either with or without donor restrictions based on any donor-imposed restrictions, if any, on the related contributions.

The Organization has adopted Accounting Standards Update (“ASU”) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 605) during 2019, as management believes the standard improves the usefulness and understandability of the Organization’s financial reporting.

Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes contributions, and therefore no changes to the previously issued audited consolidated financial statements were required on a retrospective basis. The presentation and disclosures of contributions have been enhanced in accordance with the standard.

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 \$16,790 and \$10,119 were recorded for the years ended December 31, 2019 and 2018, 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 Organization’s charitable activities. The consolidated financial statements include an in-kind contribution of \$100,000 and \$102,000 included in occupancy expense for the years ended December 31, 2019 and 2018, respectively.

Other Revenues

Revenues without donor restrictions are obtained from the admission fees, food services, rental income, sale of merchandise, special events, and program fees. These revenues are recorded when the service is provided, or the merchandise is sold. Admission revenues are recorded when the tickets are used, which is generally within a short time period as these tickets are normally sold on the day of attendance or in advance with a specific time and date of eligible use. Educational program fees are recorded as revenues on the date the program occurs. Merchandise sales are recorded as revenues upon transfer of the goods to the purchaser, with a very limited right of return. Rental revenues are recorded when the event has taken place. These revenues are used to offset program expenses as well as the cost of property and equipment acquisitions and management and general and development expenses. Educational program revenues, rental revenue and admission fees received in advance of their usage are classified as deferred program revenue in the consolidated statements of financial position.

Grounds For Sculpture, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2019 and 2018

Membership fees, which are nonrefundable, are comprised of an exchange element based on the value of benefits provided, and a contribution element for the difference between the total fees paid and the exchange element. The Organization recognizes the exchange portion of membership fees as revenue over the membership period (which is normally one year from date of purchase), and the associated contribution revenue when received. Membership fees related to the exchange element of the transaction, that carry member benefits that can be utilized in future periods have been recorded as deferred program revenue in the consolidated statements of financial position.

The Organization has adopted Accounting Standards Update No. 2014-09 – *Revenue from Contracts with Customers* (Topic 606), as amended as management believes the standard improves the usefulness and understandability of the Organization's financial reporting.

Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited consolidated financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

Investments

Investments, primarily consisting of equity securities and certificates of deposit, are stated at fair value. Investments in equity securities and mutual funds with readily determinable values are valued based on quoted market prices in active markets in which the securities are traded. 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 net assets without donor restrictions unless the use was restricted by explicit donor stipulations or by law.

Museum Shop 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.

Advertising

Advertising is expensed in the period incurred. Advertising amounted to \$128,890 and \$127,141 for the years ended December 31, 2019 and 2018, 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.

Grounds For Sculpture, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2019 and 2018

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 net assets without donor restrictions if purchased with net assets without donor restrictions and as decreases in net assets with donor restrictions if purchased with donor-restricted funds.

During 2019 and 2018, GFS purchased \$153,525 and \$-0-, respectively, of artwork, which is included in program expense in the consolidated statements of functional expenses. 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 in the consolidated statements of activities and changes in net assets based on the absence or existence and nature of donor-imposed restrictions. There were no sales or deaccessions in 2019 or 2018.

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 consolidated 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, computer support and maintenance are allocated based upon individual departmental users, and insurance is allocated based upon salaries. Expenses for the museum shop and event rentals are included in auxiliary operations in the consolidated statements of functional expenses.

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.

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.

Grounds For Sculpture, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2019 and 2018

GFSL, Inc. is subject to federal and state income taxes. and files tax returns in the U.S. federal and State of New Jersey jurisdictions. GFSL, Inc. 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, 2019 and 2018. Additionally, neither entity had any income tax related penalties or interest for the years covered by the consolidated financial statements.

Recent Accounting Pronouncements Issued Not Yet Effective

Leases

In February 2016, the FASB issued ASU 2016-02 *Leases* (Topic 842), which requires the recognition of a “right to use” asset and a lease liability, initially measured at the present value of the lease payments, on all of the Organization’s lease obligations. This ASU is effective for fiscal years beginning after December 15, 2020.

GFS is currently evaluating the effect that this pronouncement will have on its consolidated financial statements and related disclosures.

3. INVESTMENTS

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

	2019		2018	
	Cost	Fair Value	Cost	Fair Value
Exchange traded funds	\$ 3,591,433	\$ 4,522,419	\$ 3,598,966	\$ 3,785,260
Common stock	64,422	216,677	58,945	186,570
Mutual funds	117,968	48,952	116,825	40,571
Pooled investments	294,197	385,009	301,357	352,060
	<u>\$ 4,068,020</u>	<u>\$ 5,173,057</u>	<u>\$ 4,076,093</u>	<u>\$ 4,364,461</u>

Investment income (loss) 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:

	2019	2018
Interest and dividend income	\$ 118,127	\$ 110,624
Realized gain	66,949	9,252
Unrealized gain (loss)	816,669	(428,685)
Investment fees	-	-
	<u>\$ 1,001,745</u>	<u>\$ (308,809)</u>

Grounds For Sculpture, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2019 and 2018

4. PREPAID UTILITY BENEFITS

In 2019, GFS contracted with a company ("Vendor") to construct a solar panel system on the roof of one of its buildings in order to produce electricity to be used by GFS in its operations. The parties executed a System Installation Agreement that is structured in the form of a power purchase agreement over a period of 20 years. The Vendor agreed to provide the production of electricity from the solar panel system over the 20-year period commencing December 2019, the completion date of the project in exchange for an upfront payment of \$1,156,000. The benefits attributed to the project, including Solar Renewable Energy Credits ("SREC") and reduced electricity costs, were passed along to GFS upon receipt of permission to operate by the utility. The agreement provides for a buyout of the solar panel system once the six-year period has elapsed at which time GFS would purchase the system for the fair value of the equipment less the unused prepaid utility benefits remaining at the time of the buyout. GFS will amortize the prepaid utility benefits over the six year period using estimated usage.

Prepaid utility benefits at December 31, 2019	\$ 1,156,000
Less: Current portion	<u>(59,203)</u>
Prepaid utility benefits, net of current portion	<u>\$ 1,096,797</u>

Current and long-term portions of prepaid utility benefits are as follows:

2020	\$ 59,203
2021	59,055
2022	58,907
2023	58,760
2024	58,613
Thereafter	<u>861,462</u>
	<u>\$ 1,156,000</u>

5. PROPERTY AND EQUIPMENT

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

<u>Description</u>	<u>Estimated Useful Life (Years)</u>	<u>December 31,</u>	
		<u>2019</u>	<u>2018</u>
Land	-	\$ 5,267,140	\$ 5,267,140
Buildings and site improvements	15-39	16,932,280	16,887,041
Furniture and equipment	5-15	1,102,141	1,122,016
Computer software and hardware	3-5	325,630	246,150
Vehicles	5	<u>131,827</u>	<u>125,777</u>
		23,759,018	23,648,124
Less accumulated depreciation		<u>(3,218,605)</u>	<u>(2,744,218)</u>
		<u>\$ 20,540,413</u>	<u>\$ 20,903,906</u>

Depreciation expense charged to operations amounted to \$596,188 and \$585,665 for the years ended December 31, 2019 and 2018, respectively.

Grounds For Sculpture, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2019 and 2018

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).

There has been no change in the valuation methodologies used for the years presented and there have been no transfers between levels. 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:

2019				
	Total	Level 1	Level 2	Level 3
Exchange traded funds	\$ 4,522,419	\$ 4,522,419	\$ -	\$ -
Common stock	216,677	216,677	-	-
Mutual funds	48,952	48,952	-	-
	<u>4,788,048</u>	<u>\$ 4,788,048</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at net asset value (a)	<u>385,009</u>			
	<u>\$ 5,173,057</u>			
2018				
	Total	Level 1	Level 2	Level 3
Exchange traded funds	\$ 3,785,260	\$ 3,785,260	\$ -	\$ -
Common stock	186,570	186,570	-	-
Mutual funds	40,571	40,571	-	-
	<u>4,012,401</u>	<u>\$ 4,012,401</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at net asset value (a)	<u>352,060</u>			
	<u>\$ 4,364,461</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 valued on a monthly basis to market based on the net asset value per share.

Grounds For Sculpture, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2019 and 2018

7. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of December 31, 2019, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, were as follows:

	<u>2019</u>	<u>2018</u>
Financial assets		
Cash and cash equivalents	\$ 622,781	\$ 1,024,531
Prepaid and other assets	1,419,212	238,224
Contributions and grants receivable, current	138,495	111,232
Investments	<u>5,173,057</u>	<u>4,364,461</u>
Total financial assets	7,353,545	5,738,448
Less: Non current assets	1,330,846	171,032
Less: Restricted assets	<u>485,421</u>	<u>438,946</u>
Total financial assets to meet cash needs for general expenditures within one year	<u>\$ 5,537,278</u>	<u>\$ 5,128,470</u>

GFS's policy is to have liquid resources on hand to meet general expenditures for a minimum period of four months. The Organization's cash flows have seasonal variations during the year attributable to admission fees and event fees. There is an additional approximately \$135,000 and \$125,000 in funds functioning as an endowment at the years ended December 2019 and 2018, respectively, not included above, which is available for general expenditure with Board approval.

8. DEFERRED PROGRAM REVENUE

GFS has deferred program revenue of \$226,237 and \$273,029 at December 31, 2019 and 2018, respectively. Deferred program 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. LOAN PAYABLE

During the year ended December 31, 2019, GFS entered into a loan for the installation of solar panels in the amount of \$1,200,000. The loan is for a 72 month period and carries an interest rate of 3.78%. Commencing July 2019 through October 2019, GFS was required to make interest only payments. Effective November 2019, GFS was required to make monthly payments of principal and interest in the amount of \$18,685. The loan matures on October 21, 2025 and a single balloon payment of the unpaid principal and interest will be due on that date. The loan is collateralized by the investments held by GFS that have neither a donor restriction or board designation placed on them. The balance outstanding as of December 31, 2019 was \$1,089,310.

Loan payable at December 31, 2019	\$ 1,089,310
Less: Current portion	<u>(185,603)</u>
Loan payable, net of current portion	<u>\$ 903,707</u>

Grounds For Sculpture, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2019 and 2018

Current and long-term maturities of loan payable are as follows:

2020	\$	185,603
2021		192,957
2022		200,483
2023		208,303
2024		216,399
Thereafter		85,565
	\$	<u>1,089,310</u>

Subsequent to year end, GFS drew down approximately an additional \$79,000 to satisfy the entire loan amount.

10. 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 a discretionary 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 seven percent of their salary or the amount contributed into the Plan. Discretionary annual employer contributions, amounted to \$86,547 and \$106,426 for the years ended December 31, 2019 and 2018, respectively.

11. 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, 2019 and 2018 as follows:

	<u>Hours</u>		<u>Value</u>
2019	7,339	\$	78,844
2018	6,884		75,166

Grounds For Sculpture, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2019 and 2018

12. INCOME TAXES

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

	<u>2019</u>	<u>2018</u>
Current tax expense		
Federal	\$ -	\$ -
State	1,500	1,000
	<u>1,500</u>	<u>1,000</u>
Deferred tax expense		
Federal	14,000	10,100
State	6,100	4,400
	<u>20,100</u>	<u>14,500</u>
	<u>\$ 21,600</u>	<u>\$ 15,500</u>

At December 31, 2019 and 2018, deferred income tax assets are attributable to net operating loss carryforwards. At December 31, 2019 and 2018, GFSL had Federal net operating loss carryforwards of approximately \$486,000 and \$553,000, respectively, and state net operating loss carryforwards of approximately \$307,000 and \$375,000, respectively, available to offset future taxable income expiring at various dates from 2031 through 2036.

The remaining deferred tax asset associated with the net operating loss carryforwards amounted to \$129,600 and \$149,700 for the years ended December 31, 2019 and 2018, respectively.

Net operating loss carryforwards of approximately \$66,000 and \$48,000 were used for the years ended December 31, 2019 and 2018, respectively. The net operating loss carryforwards are anticipated to be used prior to their expiration therefore, no valuation allowance has been established.

13. OPERATING LEASES

Equipment lease expense under non-cancelable operating leases for office equipment expiring through March 2020 amounted to \$12,562 and \$12,472 for the years ended December 31, 2019 and 2018, respectively.

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

2020	\$ 2,229
2021	540
2022	450

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, 2019 and 2018

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

2020	\$ 244,476
2021	251,820
2022	259,368
2023	267,156
2024	275,164

14. 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 donor-endowed funds were established at GFS to provide stable and long-term support for its general operations allowing it to maintain the Park and the access to programs that attract a broad cross-section of the public to visit as well as to support exhibitions, conservation care, and acquisitions that will broaden and enrich the public experience of art at Grounds For Sculpture, Inc.

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 net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the Fund. Net assets 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. This policy enables the Organization to preserve and strengthen its endowment for the future.

Investment Return

Investment return is accumulated in net assets with donor restrictions until appropriated for expenditure.

Grounds For Sculpture, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2019 and 2018

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:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, December 31, 2017	\$ 131,396	\$ 268,604	\$ 400,000
Investment return	(1,202)	(2,079)	(3,281)
Contributions	-	58,607	58,607
Amounts appropriated for expenditure	(5,046)	(7,300)	(12,346)
Endowment net assets, December 31, 2018	125,148	317,832	442,980
Investment return	15,201	27,928	43,129
Contributions	-	3,200	3,200
Amounts appropriated for expenditure	(5,050)	(7,980)	(13,030)
Endowment net assets, December 31, 2019	<u>\$ 135,299</u>	<u>\$ 340,980</u>	<u>\$ 476,279</u>
Investment by type of fund			
Donor restricted "true" endowment			
Historical gift value	\$ -	\$ 300,672	\$ 300,672
Appreciation	-	40,308	40,308
Board designated "funds" functioning as endowment	<u>135,299</u>	<u>-</u>	<u>135,299</u>
	<u>\$ 135,299</u>	<u>\$ 340,980</u>	<u>\$ 476,279</u>

15. NET ASSETS

Net assets were comprised of the following at December 31:

Detail of Net Assets	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Grounds For Sculpture, Inc.						
Operating	\$ 25,870,896	\$ -	\$ 25,870,896	\$ 25,746,249	\$ -	\$ 25,746,249
Board designated endowment	135,299	-	135,299	125,148	-	125,148
Time restricted for future periods	-	10,000	10,000	-	34,000	34,000
Purpose restricted for programs	-	137,640	137,640	-	112,680	112,680
Endowment fund	<u>-</u>	<u>340,980</u>	<u>340,980</u>	<u>-</u>	<u>317,832</u>	<u>317,832</u>
	26,006,195	488,620	26,494,815	25,871,397	464,512	26,335,909
GFSL, Inc.						
Operating	<u>(353,151)</u>	<u>-</u>	<u>(353,151)</u>	<u>(399,951)</u>	<u>-</u>	<u>(399,951)</u>
	<u>\$ 25,653,044</u>	<u>\$ 488,620</u>	<u>\$ 26,141,664</u>	<u>\$ 25,471,446</u>	<u>\$ 464,512</u>	<u>\$ 25,935,958</u>

Grounds For Sculpture, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2019 and 2018

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

	<u>2019</u>	<u>2018</u>
Harriet Tubman and Other Truths	\$ -	\$ 10,000
Wellness Walks	7,500	7,500
Community Convening Space	-	11,725
Community Art programs	5,000	-
Marketing initiative	16,000	-
Public safety initiative	951	-
Exhibitions, conservation care and acquisitions	7,980	7,300
Time restricted for future periods	<u>24,000</u>	<u>5,000</u>
	<u>\$ 61,431</u>	<u>\$ 41,525</u>

16. 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 mitigate the risk due to 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 15 percent and 16 percent of total revenue for the years ended December 31, 2019 and 2018, respectively. GFS received contributions totaling approximately \$123,000 and \$187,000 from members of the Board of Trustees for the years ended December 31, 2019 and 2018, respectively.

17. SUBSEQUENT EVENTS

The Organization is currently evaluating the impact the COVID-19 pandemic could have on its potential future operations. Operations have been temporarily closed and there has been a decline of approximately \$1,300,000 in the market value of investments as of the date of these consolidated financial statements as a result of the market's reaction to global uncertainties. No adjustment has been recorded for this decline or for the possible impact on future operations as this is not determinable as of the date of these consolidated financial statements.

GFS has evaluated subsequent events occurring after the consolidated statement of financial position date through the date of March 24, 2020, the date the consolidated financial statements were available for release. Based upon this evaluation, other than previously disclosed, GFS has determined that no other 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, 2019

	<u>Grounds For Sculpture, Inc.</u>	<u>GFSL, Inc.</u>	<u>Eliminations</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 617,647	\$ 5,134	\$ -	\$ 622,781
Investments	5,173,057	-	-	5,173,057
Contributions and grants receivable	138,495	-	-	138,495
Museum shop inventory	93,008	-	-	93,008
Prepaid expenses and other assets	262,212	1,000	-	263,212
Prepaid utility benefits	1,156,000	-	-	1,156,000
Deferred tax asset	-	129,600	-	129,600
Property and equipment, net	20,535,201	5,212	-	20,540,413
Intercompany (payable) receivable	(81,163)	81,163	-	-
Investment in subsidiary	<u>520,000</u>	<u>-</u>	<u>(520,000)</u>	<u>-</u>
Total assets	<u>\$ 28,414,457</u>	<u>\$ 222,109</u>	<u>\$ (520,000)</u>	<u>\$ 28,116,566</u>
Liabilities and Net Assets				
Liabilities				
Accounts payable	\$ 251,027	\$ 1,063	\$ -	\$ 252,090
Accrued expenses	407,265	-	-	407,265
Deferred program revenue	172,040	54,197	-	226,237
Loan payable	<u>1,089,310</u>	<u>-</u>	<u>-</u>	<u>1,089,310</u>
Total liabilities	<u>1,919,642</u>	<u>55,260</u>	<u>-</u>	<u>1,974,902</u>
Net assets				
Capital contribution	-	520,000	(520,000)	-
Without donor restrictions				
Available for general operations	25,870,896	(353,151)	-	25,517,745
Board restricted endowment	<u>135,299</u>	<u>-</u>	<u>-</u>	<u>135,299</u>
Total without donor restrictions	<u>26,006,195</u>	<u>(353,151)</u>	<u>-</u>	<u>25,653,044</u>
With donor restrictions				
Time restricted for future periods	10,000	-	-	10,000
Purpose restricted	137,640	-	-	137,640
Endowment fund	<u>340,980</u>	<u>-</u>	<u>-</u>	<u>340,980</u>
Total with donor restrictions	<u>488,620</u>	<u>-</u>	<u>-</u>	<u>488,620</u>
Total net assets	<u>26,494,815</u>	<u>166,849</u>	<u>(520,000)</u>	<u>26,141,664</u>
Total liabilities and net assets	<u>\$ 28,414,457</u>	<u>\$ 222,109</u>	<u>\$ (520,000)</u>	<u>\$ 28,116,566</u>

See Independent Auditor's Report.

Grounds For Sculpture, Inc. and Subsidiary
Consolidating Statements of Financial Position
December 31, 2018

	<u>Grounds For Sculpture, Inc.</u>	<u>GFSL, Inc.</u>	<u>Eliminations</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 1,011,136	\$ 13,395	\$ -	\$ 1,024,531
Investments	4,364,461	-	-	4,364,461
Contributions and grants receivable	111,232	-	-	111,232
Museum shop inventory	81,841	-	-	81,841
Prepaid expenses and other assets	237,224	1,000	-	238,224
Prepaid utility benefits	-	-	-	-
Deferred tax asset	-	149,700	-	149,700
Property and equipment, net	20,887,082	16,824	-	20,903,906
Intercompany (payable) receivable	(242,593)	242,593	-	-
Investment in subsidiary	<u>520,000</u>	<u>-</u>	<u>(520,000)</u>	<u>-</u>
Total assets	<u>\$ 26,970,383</u>	<u>\$ 423,512</u>	<u>\$ (520,000)</u>	<u>\$ 26,873,895</u>
Liabilities and Net Assets				
Liabilities				
Accounts payable	\$ 210,858	\$ 215,142	\$ -	\$ 426,000
Accrued expenses	238,908	-	-	238,908
Deferred program revenue	184,708	88,321	-	273,029
Loan payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>634,474</u>	<u>303,463</u>	<u>-</u>	<u>937,937</u>
Net assets				
Capital contribution	-	520,000	(520,000)	-
Without donor restrictions				
Available for general operations	25,746,249	(399,951)	-	25,346,298
Board restricted endowment	<u>125,148</u>	<u>-</u>	<u>-</u>	<u>125,148</u>
Total without donor restrictions	<u>25,871,397</u>	<u>(399,951)</u>	<u>-</u>	<u>25,471,446</u>
With donor restrictions				
Time restricted for future periods	34,000	-	-	34,000
Purpose restricted	112,680	-	-	112,680
Endowment fund	<u>317,832</u>	<u>-</u>	<u>-</u>	<u>317,832</u>
Total with donor restrictions	<u>464,512</u>	<u>-</u>	<u>-</u>	<u>464,512</u>
Total net assets	<u>26,335,909</u>	<u>120,049</u>	<u>(520,000)</u>	<u>25,935,958</u>
Total liabilities and net assets	<u>\$ 26,970,383</u>	<u>\$ 423,512</u>	<u>\$ (520,000)</u>	<u>\$ 26,873,895</u>

See Independent Auditor's Report.

Grounds For Sculpture, Inc. and Subsidiary
Consolidating Statements of Activities and Changes in Net Assets
Year Ended December 31, 2019

	<u>Grounds For Sculpture, Inc.</u>	<u>GFSL, Inc.</u>		<u>Total Without Donor Restrictions</u>	<u>Grounds For Sculpture, Inc. With Donor Restrictions</u>	<u>Total</u>
	<u>Without Donor Restrictions</u>		<u>Eliminations</u>			
Support and revenue						
Support						
Contributions and grants	\$ 2,288,718	\$ -	\$ -	\$ 2,288,718	\$ 57,611	\$ 2,346,329
In-kind contributions	116,790	-	-	116,790	-	116,790
Fundraising events	80,182	-	-	80,182	-	80,182
	<u>2,485,690</u>	<u>-</u>	<u>-</u>	<u>2,485,690</u>	<u>57,611</u>	<u>2,543,301</u>
Revenue						
Admission fees	2,584,003	-	-	2,584,003	-	2,584,003
Membership fees	703,335	-	-	703,335	-	703,335
Education and event program fees	222,429	-	-	222,429	-	222,429
Food services	-	80,176	-	80,176	-	80,176
Museum shop sales	412,451	-	-	412,451	-	412,451
Event rentals	292,336	-	-	292,336	-	292,336
Rental income	237,360	-	-	237,360	-	237,360
Investment return	973,809	8	-	973,817	27,928	1,001,745
	<u>5,425,723</u>	<u>80,184</u>	<u>-</u>	<u>5,505,907</u>	<u>27,928</u>	<u>5,533,835</u>
Net assets released from restrictions	61,431	-	-	61,431	(61,431)	-
	<u>7,972,844</u>	<u>80,184</u>	<u>-</u>	<u>8,053,028</u>	<u>24,108</u>	<u>8,077,136</u>
Expenses						
Program services						
Art and education programs	4,929,014	-	-	4,929,014	-	4,929,014
Auxiliary operations	743,594	11,784	-	755,378	-	755,378
Supporting services						
Management and general	1,301,000	-	-	1,301,000	-	1,301,000
Fundraising	864,438	-	-	864,438	-	864,438
	<u>7,838,046</u>	<u>11,784</u>	<u>-</u>	<u>7,849,830</u>	<u>-</u>	<u>7,849,830</u>
Changes in net assets before provision for income taxes	134,798	68,400	-	203,198	24,108	227,306
Provision for income taxes	-	(21,600)	-	(21,600)	-	(21,600)
Changes in net assets	134,798	46,800	-	181,598	24,108	205,706
Net assets						
Beginning of year	25,871,397	(399,951)	-	25,471,446	464,512	25,935,958
End of year	<u>\$ 26,006,195</u>	<u>\$ (353,151)</u>	<u>\$ -</u>	<u>\$ 25,653,044</u>	<u>\$ 488,620</u>	<u>\$ 26,141,664</u>

See Independent Auditor's Report.

Grounds For Sculpture, Inc. and Subsidiary
Consolidating Statements of Activities and Changes in Net Assets
Year Ended December 31, 2018

	Grounds For Sculpture, Inc. Without Donor Restrictions	GFSL, Inc.	Eliminations	Total Without Donor Restrictions	Grounds For Sculpture, Inc. With Donor Restrictions	Total
Support and revenue						
Support						
Contributions and grants	\$ 2,498,787	\$ -	\$ -	\$ 2,498,787	\$ 190,287	\$ 2,689,074
In-kind contributions	112,119	-	-	112,119	-	112,119
Fundraising events	88,908	-	-	88,908	-	88,908
	<u>2,699,814</u>	<u>-</u>	<u>-</u>	<u>2,699,814</u>	<u>190,287</u>	<u>2,890,101</u>
Revenue						
Admission fees	2,240,509	-	-	2,240,509	-	2,240,509
Membership fees	671,536	-	-	671,536	-	671,536
Education and event program fees	251,996	-	-	251,996	-	251,996
Food services	-	66,203	-	66,203	-	66,203
Museum shop sales	418,401	-	-	418,401	-	418,401
Event rentals	286,103	-	-	286,103	-	286,103
Rental income	230,435	-	-	230,435	-	230,435
Investment return	(306,750)	20	-	(306,730)	(2,079)	(308,809)
	<u>3,792,230</u>	<u>66,223</u>	<u>-</u>	<u>3,858,453</u>	<u>(2,079)</u>	<u>3,856,374</u>
Net assets released from restrictions	<u>41,525</u>	<u>-</u>	<u>-</u>	<u>41,525</u>	<u>(41,525)</u>	<u>-</u>
	<u>6,533,569</u>	<u>66,223</u>	<u>-</u>	<u>6,599,792</u>	<u>146,683</u>	<u>6,746,475</u>
Expenses						
Program services						
Art and education programs	5,235,207	-	-	5,235,207	-	5,235,207
Auxiliary operations	747,192	17,714	-	764,906	-	764,906
Supporting services						
Management and general	1,273,897	-	-	1,273,897	-	1,273,897
Fundraising	972,317	-	-	972,317	-	972,317
	<u>8,228,613</u>	<u>17,714</u>	<u>-</u>	<u>8,246,327</u>	<u>-</u>	<u>8,246,327</u>
Changes in net assets before provision for income taxes	(1,695,044)	48,509	-	(1,646,535)	146,683	(1,499,852)
Provision from income taxes	<u>-</u>	<u>(15,500)</u>	<u>-</u>	<u>(15,500)</u>	<u>-</u>	<u>(15,500)</u>
Changes in net assets	(1,695,044)	33,009	-	(1,662,035)	146,683	(1,515,352)
Net assets						
Beginning 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>
End of year	<u>\$ 25,871,397</u>	<u>\$ (399,951)</u>	<u>\$ -</u>	<u>\$ 25,471,446</u>	<u>\$ 464,512</u>	<u>\$ 25,935,958</u>

See Independent Auditor's Report.