



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, 2020 and 2019**  
**With Independent Auditor's Report**

**Grounds For Sculpture, Inc. and Subsidiary**  
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**December 31, 2020 and 2019**

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## 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, 2020 and 2019 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 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, 2020 and 2019, 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

### Report on Consolidating Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating information on pages 25 through 28 is presented for purposes of additional analysis rather than to present the financial position, results of operations and cash flows of the individual companies 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 information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such 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 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". The signature is written in a cursive, flowing style.

March 25, 2021

**Grounds For Sculpture, Inc. and Subsidiary**  
**Consolidated Statements of Financial Position**  
**December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 2,164,201	\$ 622,781
Investments	12,384,221	5,173,057
Contributions and grants receivable	88,535	138,495
Museum shop inventory	70,263	93,008
Prepaid expenses and other assets	247,626	263,212
Prepaid utility benefits	1,103,212	1,156,000
Deferred income taxes	126,900	129,600
Property and equipment, net	<u>20,217,803</u>	<u>20,540,413</u>
Total assets	<u>\$ 36,402,761</u>	<u>\$ 28,116,566</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 410,007	\$ 252,090
Accrued expenses	452,505	407,265
Deferred program revenue	195,126	226,237
Loan payable	1,031,606	1,089,310
Paycheck Protection Program Loan	592,250	-
Economic Injury Disaster Loan	<u>150,000</u>	<u>-</u>
Total liabilities	<u>2,831,494</u>	<u>1,974,902</u>
<b>Net assets</b>		
Without donor restrictions	25,654,989	25,653,044
With donor restrictions	<u>7,916,278</u>	<u>488,620</u>
Total net assets	<u>33,571,267</u>	<u>26,141,664</u>
Total liabilities and net assets	<u>\$ 36,402,761</u>	<u>\$ 28,116,566</u>

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

**Grounds For Sculpture, Inc. and Subsidiary**  
**Consolidated Statement of Activities and Changes in Net Assets**  
**Year Ended December 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support and revenue</b>			
Support			
Contributions and grants	\$ 1,843,041	\$ 7,541,584	\$ 9,384,625
In-kind contributions	111,787	-	111,787
	<u>1,954,828</u>	<u>7,541,584</u>	<u>9,496,412</u>
<b>Revenue</b>			
Admission fees	1,177,529	-	1,177,529
Membership fees	526,907	-	526,907
Education and event program fees	15,118	-	15,118
Food services	14,300	-	14,300
Museum shop sales	21,352	-	21,352
Event rentals	11,959	-	11,959
Rental income	244,476	-	244,476
SREC revenue	162,600	-	162,600
Investment return	1,534,621	35,214	1,569,835
	<u>3,708,862</u>	<u>35,214</u>	<u>3,744,076</u>
Net assets released from restrictions	149,140	(149,140)	-
	<u>5,812,830</u>	<u>7,427,658</u>	<u>13,240,488</u>
<b>Expenses</b>			
Program services			
Art and education programs	3,483,873	-	3,483,873
Auxiliary operations	442,186	-	442,186
Supporting services			
Management and general	1,262,226	-	1,262,226
Fundraising	618,650	-	618,650
	<u>5,806,935</u>	<u>-</u>	<u>5,806,935</u>
Changes in net assets before provision for income taxes	5,895	7,427,658	7,433,553
Provision for income taxes	3,950	-	3,950
<b>Changes in net assets</b>	1,945	7,427,658	7,429,603
<b>Net assets</b>			
Beginning of year	25,653,044	488,620	26,141,664
End of year	<u>\$ 25,654,989</u>	<u>\$ 7,916,278</u>	<u>\$ 33,571,267</u>

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

**Grounds For Sculpture, Inc. and Subsidiary**  
**Consolidated Statement 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>
<b>Support and revenue</b>			
Support			
Contributions and grants	\$ 2,288,718	\$ 57,611	\$ 2,346,329
In-kind contributions	116,790	-	116,790
Fundraising events	<u>80,182</u>	<u>-</u>	<u>80,182</u>
	<u>2,485,690</u>	<u>57,611</u>	<u>2,543,301</u>
<b>Revenue</b>			
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	<u>966,198</u>	<u>27,928</u>	<u>994,126</u>
	<u>5,498,288</u>	<u>27,928</u>	<u>5,526,216</u>
Net assets released from restrictions	<u>61,431</u>	<u>(61,431)</u>	<u>-</u>
	<u>8,045,409</u>	<u>24,108</u>	<u>8,069,517</u>
<b>Expenses</b>			
Program services			
Art and education programs	4,929,014	-	4,929,014
Auxiliary operations	755,378	-	755,378
Supporting services			
Management and general	1,293,381	-	1,293,381
Fundraising	<u>864,438</u>	<u>-</u>	<u>864,438</u>
	<u>7,842,211</u>	<u>-</u>	<u>7,842,211</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>
<b>Changes in net assets</b>	181,598	24,108	205,706
<b>Net assets</b>			
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 Cash Flows**  
**Years Ended December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Operating activities</b>		
Changes in net assets	\$ 7,429,603	\$ 205,706
Adjustments to reconcile changes in net assets to net cash used in operating activities		
Depreciation and amortization	601,265	596,188
Deferred income tax expense	2,700	20,100
Realized and unrealized gains	(1,421,962)	(883,618)
Endowment fund contributions	(7,503,800)	(3,200)
Changes in assets and liabilities		
Contributions and grants receivable	49,960	(27,263)
Museum shop inventory	22,745	(11,167)
Prepaid expenses and other assets	15,586	(24,988)
Prepaid utility benefits	52,788	(1,156,000)
Accounts payable	157,917	(173,910)
Accrued expenses	45,240	168,357
Deferred program revenue	(31,111)	(46,792)
Net cash used in operating activities	<u>(579,069)</u>	<u>(1,336,587)</u>
<b>Investing activities</b>		
Purchase of investments	(12,352,036)	(271,572)
Proceeds from investments	6,562,835	346,594
Purchase of property and equipment	<u>(278,655)</u>	<u>(232,695)</u>
Net cash used in investing activities	<u>(6,067,856)</u>	<u>(157,673)</u>
<b>Financing activities</b>		
Proceeds from long-term debt	78,800	1,120,736
Proceeds from Paycheck Protection Program Loan	592,250	-
Proceeds from Economic Injury Disaster Loan	150,000	-
Repayments of long-term debt	(136,505)	(31,426)
Endowment fund contributions	<u>7,503,800</u>	<u>3,200</u>
Net cash provided by financing activities	<u>8,188,345</u>	<u>1,092,510</u>
Net change in cash and cash equivalents	1,541,420	(401,750)
<b>Cash and cash equivalents</b>		
Beginning of year	<u>622,781</u>	<u>1,024,531</u>
End of year	<u>\$ 2,164,201</u>	<u>\$ 622,781</u>
<b>Supplemental disclosure of cash flow information</b>		
Cash paid during the year for interest	<u>\$ 44,430</u>	<u>\$ 12,772</u>

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



**Grounds For Sculpture Inc. and Subsidiary**  
**Consolidated Statement of Functional Expenses**  
**Year Ended December 31, 2020**

	Program Services			Supporting Services			Total
	Art and Education Programs	Auxiliary Operations	Program Services Total	Management and General	Fundraising	Supporting Services Total	
Payroll	\$ 920,945	\$ 79,440	\$ 1,000,385	\$ 505,348	\$ 262,843	\$ 768,191	\$ 1,768,576
Payroll taxes and benefits	585,100	91,592	676,692	184,024	107,583	291,607	968,299
Cost of goods sold	-	34,614	34,614	-	-	-	34,614
Occupancy	670,959	143,410	814,369	103,555	80,536	184,091	998,460
Insurance	140,739	14,644	155,383	41,299	15,557	56,856	212,239
Outside artistic services	351,786	-	351,786	-	-	-	351,786
Outside fees and services	114,408	574	114,982	206,385	350	206,735	321,717
Office and administrative	1,487	497	1,984	3,276	12,808	16,084	18,068
Travel and meetings	6,950	370	7,320	740	1,431	2,171	9,491
Credit card and bank fees	38,166	1,509	39,675	897	16,579	17,476	57,151
Program materials	19,903	2,470	22,373	489	14,782	15,271	37,644
Advertising and marketing	67,625	42	67,667	-	309	309	67,976
Printing and publications	98,603	13	98,616	82	6,390	6,472	105,088
Computer support and maintenance	63,833	9,793	73,626	46,929	14,340	61,269	134,895
Supplies and equipment rental	17,141	1,070	18,211	11,460	856	12,316	30,527
Gifts, meals and hospitality	4,072	149	4,221	10,635	2,367	13,002	17,223
Education and training	8,466	226	8,692	8,588	10,206	18,794	27,486
Depreciation and amortization	373,690	61,773	435,463	94,089	71,713	165,802	601,265
Interest	-	-	-	44,430	-	44,430	44,430
	<u>\$ 3,483,873</u>	<u>\$ 442,186</u>	<u>\$ 3,926,059</u>	<u>\$ 1,262,226</u>	<u>\$ 618,650</u>	<u>\$ 1,880,876</u>	<u>\$ 5,806,935</u>

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

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

	Program Services			Supporting Services			Total
	Art and Education Programs	Auxiliary Operations	Program Services Total	Management and General	Fundraising	Supporting Services Total	
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	150,318	37,210	187,528	248,775
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>\$ 1,293,381</u>	<u>\$ 864,438</u>	<u>\$ 2,157,819</u>	<u>\$ 7,842,211</u>

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

# Grounds For Sculpture, Inc. and Subsidiary

## Notes to Consolidated Financial Statements

### December 31, 2020 and 2019

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#### 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. Due to COVID-19 and the related government executive orders, Grounds for Sculpture, Inc. was temporarily closed from March 2020 to the middle of July 2020. Upon reopening, Grounds for Sculpture, Inc. was open for reduced hours and a reduced capacity taking into consideration the safety of its patrons and staff. All special events and other programs, in addition to the sale of merchandise, did not occur during these periods.

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 their 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.

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

## **Notes to Consolidated Financial Statements**

### **December 31, 2020 and 2019**

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#### **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.

##### **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.

##### **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 \$9,787 and \$16,790 were recorded for the years ended December 31, 2020 and 2019, 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 \$102,000 and \$100,000 included in occupancy expense for the years ended December 31, 2020 and 2019, 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, 2020 and 2019**

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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.

**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 \$67,976 and \$128,890 for the years ended December 31, 2020 and 2019, 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.

**Collection**

The collection consists 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. Collection items are 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.

## **Grounds For Sculpture, Inc. and Subsidiary Notes to Consolidated Financial Statements December 31, 2020 and 2019**

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During 2020 and 2019, GFS purchased \$-0- and \$153,525, respectively of artwork, which is included in outside artistic services 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 2020 or 2019.

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.

### **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. and files tax returns in the U.S. federal and State of New Jersey jurisdictions. GFSL, Inc. provides for the recognition of deferred income tax 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.

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There were no uncertain tax positions at December 31, 2020 and 2019. Additionally, neither entity had any income tax related penalties or interest for the years covered by the consolidated financial statements.

**Accounting Pronouncements Adopted in the Current Year**

*Collections*

In March 2019, the Financial Accounting Standards Board (“FASB”) issued the Accounting Standards Update (“ASU”) 2019-03, *Updating the Definition of Collections*. The new ASU aligns the US GAAP definition of collections with the American Alliance of Museum’s current policy regarding the management of collections. Under the amendments, the definition of collections will be expanded to allow the proceeds from sales of collection items to be used in the direct care of existing collection items. Entities can allow proceeds to be used for both direct care and acquisitions, or they can retain the narrower definition and continue to restrict the use of proceeds to the acquisition of new collection items consistent with the current US GAAP definition. The amendments in this update are effective for fiscal years beginning after December 15, 2019. The Organization adopted and implemented this pronouncement on January 1, 2020 using the prospective method of application. The adoption of ASU 2019-03 resulted in no material changes to the recognition of collections.

**Recent Accounting Pronouncements Issued Not Yet Effective**

*Leases*

In February 2016, the Financial Accounting Standards Board (“FASB”) issued the Accounting Standards Update (“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, 2021. Management does not expect this ASU to have a significant impact on the Organization’s combined financial statements.

**Gifts In-Kind**

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*, which is effective for fiscal years beginning after June 15, 2021, with early adoption permitted, and is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, along with expanded disclosure requirements. Management does not expect this ASU to have a significant impact on the Organization’s combined financial statements.

**3. INVESTMENTS**

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

	2020		2019	
	Cost	Fair Value	Cost	Fair Value
Exchange traded funds	\$ 9,286,958	\$ 11,242,265	\$ 3,591,433	\$ 4,522,419
Common stock	104,918	208,106	64,422	216,677
Mutual funds	506,914	506,914	117,968	48,952
Pooled investments	286,630	426,936	294,197	385,009
	\$ 10,185,420	\$ 12,384,221	\$ 4,068,020	\$ 5,173,057

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Investment return 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:

	<u>2020</u>	<u>2019</u>
Interest and dividend income	\$ 155,587	\$ 118,127
Realized gain	328,197	66,949
Unrealized gains	1,093,765	816,669
Investment fees	<u>(7,714)</u>	<u>(7,619)</u>
	<u>\$ 1,569,835</u>	<u>\$ 994,126</u>

**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 in 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 amortizes the prepaid utility benefits over the six year period using estimated usage.

	<u>2020</u>	<u>2019</u>
Prepaid utility benefits at December 31	\$ 1,103,212	\$ 1,156,000
Less: Current portion	<u>(65,435)</u>	<u>(59,203)</u>
Prepaid utility benefits, net of current portion	<u>\$ 1,037,777</u>	<u>\$ 1,096,797</u>

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

2021	\$ 65,435
2022	58,889
2023	58,742
2024	58,595
2025	58,449
Thereafter	<u>803,102</u>
	<u>\$ 1,103,212</u>



**Grounds For Sculpture, Inc. and Subsidiary**  
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**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>2020</u>	<u>2019</u>
Land	-	\$ 5,511,306	\$ 5,267,140
Buildings and site improvements	15-39	16,949,788	16,932,280
Furniture and equipment	5-15	1,112,747	1,102,141
Computer software and hardware	3-5	325,630	325,630
Vehicles	5	131,827	131,827
		24,031,298	23,759,018
Less: Accumulated depreciation		(3,813,495)	(3,218,605)
		<u>\$ 20,217,803</u>	<u>\$ 20,540,413</u>

Depreciation expense charged to operations amounted to \$601,265 and \$596,188 for the years ended December 31, 2020 and 2019, respectively.

**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).

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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:

	<b>2020</b>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Exchange traded funds				
Fixed income equities	\$ 1,827,918	\$ 1,827,918	\$ -	\$ -
International equities	1,244,180	1,244,180	-	-
Large Cap US equities	6,865,677	6,865,677	-	-
Small/mid Cap US equities	1,304,490	1,304,490	-	-
Equities				
Common stock	208,106	208,106	-	-
Mutual funds				
Bond funds	506,914	506,914	-	-
	<u>11,957,285</u>	<u>\$ 11,957,285</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at net asset value (a)	<u>426,936</u>			
	<u>\$ 12,384,221</u>			
	<b>2019</b>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Exchange traded funds				
Fixed income equities	\$ 678,517	\$ 678,517	\$ -	\$ -
Commodities	106,423	106,423	-	-
International equities	838,919	838,919	-	-
Large Cap US equities	1,856,120	1,856,120	-	-
Real Estate	195,628	195,628	-	-
Small/mid Cap US equities	846,812	846,812	-	-
Equities				
Common stock	216,677	216,677	-	-
Mutual funds				
Stock 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>			

(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.

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**7. FINANCIAL ASSETS AND LIQUIDITY RESOURCES**

As of December 31, 2020, and 2019, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, were as follows:

	<u>2020</u>	<u>2019</u>
Financial assets		
Cash and cash equivalents	\$ 2,164,201	\$ 622,781
Prepaid and other assets	1,350,838	1,419,212
Contributions and grants receivable, current	88,535	138,495
Investments	<u>12,384,221</u>	<u>5,173,057</u>
Total financial assets	15,987,795	7,353,545
Less: Non current assets	1,195,946	1,330,846
Less: Endowment funds	<u>7,364,943</u>	<u>485,421</u>
Total financial assets to meet cash needs for general expenditures within one year	<u>\$ 7,426,906</u>	<u>\$ 5,537,278</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 \$149,000 and \$135,000 in funds functioning as an endowment at December 2020 and 2019, respectively, not included above, which is available for general expenditure with Board approval.

**8. DEFERRED PROGRAM REVENUE**

GFS has deferred program revenue of \$195,126 and \$226,237 at December 31, 2020 and 2019, 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 originally matured on October 21, 2025, but due to COVID-19 the loan was postponed for three months during 2020. Due to this postponement, the maturity date was extended to January 19, 2026 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 was \$1,031,606 and \$1,089,310 as of December 2020 and 2019, respectively.

	<u>2020</u>	<u>2019</u>
Loan payable at December 31	\$ 1,031,606	\$ 1,089,310
Less: Current portion	<u>(187,968)</u>	<u>(185,603)</u>
Loan payable, net of current portion	<u>\$ 843,638</u>	<u>\$ 903,707</u>

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Maturities of the loan payable are as follows:

2021	\$ 187,968
2022	195,300
2023	202,918
2024	210,788
2025	219,054
Thereafter	<u>15,578</u>
	<u>\$ 1,031,606</u>

**10. PAYCHECK PROTECTION PROGRAM LOAN**

On April 14, 2020, the Organization issued an unsecured promissory note (the "PPP Loan") for \$592,250 through the Paycheck Protection Program ("PPP") established under the CARES Act and administered by the U.S. Small Business Administration ("SBA"). The PPP Loan is guaranteed by the SBA. The PPP Loan may be forgiven, in whole or in part, if the Organization was eligible for the PPP Loan at the time of application, used the loan proceeds for eligible expenses within the defined 7-week period after the PPP Loan was disbursed ("Covered Period"), and otherwise satisfied PPP requirements. The PPP Loan was made through TD Bank, N.A. (the "Lender"), has a two-year term, bears interest at 1.00% per annum, and matures on April 14, 2022. If the PPP Loan is not forgiven, monthly principal and interest payments are deferred until seven months after the end of the Covered Period. The PPP Loan may be prepaid at any time prior to maturity with no prepayment penalties. Accordingly, the Organization has reflected the PPP Loan as debt in the accompanying consolidated statement of financial position.

Loan payable at December 31, 2020	\$ 592,250
Less: Current portion	<u>(325,053)</u>
Loan payable, net of current portion	<u>\$ 267,197</u>

Maturities of the PPP loan payable are as follows:

2021	\$ 325,053
2022	<u>267,197</u>
	<u>\$ 592,250</u>

**11. SBA ECONOMIC INJURY DISASTER LOAN ("EIDL")**

On July 2, 2020, the Organization issued an unsecured promissory note (the "EIDL Loan") for \$150,000 through the Small Business Administration established under the Small Business Act and administered by the U.S. Small Business Administration ("SBA"). The EIDL Loan is collateralized by a secured interest in property owned by the Organization. The EIDL Loan was made through the SBA (the "Lender"), has a thirty-year term, bears interest at 2.75% per annum, and matures on July 2, 2051. Monthly principal and interest payments are deferred until twelve months after the date of the promissory note or July 2, 2021. The EIDL Loan may be prepaid at any time prior to maturity with no prepayment penalties. Accordingly, the Organization has reflected the EIDL Loan as short-term and long-term debt in the accompanying consolidated statement of financial position.

Loan payable at December 31, 2020	\$ 150,000
Less: Current portion	<u>(1,475)</u>
Loan payable, net of current portion	<u>\$ 148,525</u>

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Maturities of the EIDL Loan are as follows:

2021	\$	1,475
2022		3,610
2023		3,710
2024		3,814
2025		3,920
Thereafter		<u>133,471</u>
	\$	<u><u>150,000</u></u>

**12. EMPLOYEE RETIREMENT PLAN**

All employees of the Organization 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, the Organization may make 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 7% of their salary or the amount contributed into the Plan. Discretionary annual employer contributions amounted to \$22,211 and \$86,547 for the years ended December 31, 2020 and 2019, respectively.

**13. 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, 2020 and 2019 as follows:

	<u>Hours</u>	<u>Value</u>
2020	3,197	\$ 32,539
2019	7,339	\$ 78,844

**14. INCOME TAXES**

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

	<u>2020</u>	<u>2019</u>
Current tax expense		
Federal	\$ -	\$ -
State	<u>1,250</u>	<u>1,500</u>
	<u>1,250</u>	<u>1,500</u>
Deferred tax expense		
Federal	2,000	14,000
State	<u>700</u>	<u>6,100</u>
	<u>2,700</u>	<u>20,100</u>
	<u><u>\$ 3,950</u></u>	<u><u>\$ 21,600</u></u>

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At December 31, 2020 and 2019, deferred income tax assets are attributable to net operating loss carryforwards. At December 31, 2020 and 2019, GFSL had federal net operating loss carryforwards of approximately \$477,000 and \$486,000, respectively, and state net operating loss carryforwards of approximately \$299,000 and \$307,000, 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 \$126,900 and \$129,600 for the years ended December 31, 2020 and 2019, respectively.

Net operating loss carryforwards of approximately \$9,000 and \$66,000 were used for the years ended December 31, 2020 and 2019, respectively. The net operating loss carryforwards are anticipated to be used prior to their expiration therefore, no valuation allowance has been established.

**15. OPERATING LEASES**

Equipment lease expense under non-cancelable operating leases for office equipment expiring through May 2025 amounted to \$8,459 and \$12,562 for the years ended December 31, 2020 and 2019, respectively.

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

2021	\$ 7,932
2022	7,842
2023	7,392
2024	7,392
2025	<u>3,696</u>
	<u>\$ 34,254</u>

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% escalations, plus commissions of 5% for food sales and 10-15% 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.

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

2021	\$ 251,820
2022	259,368
2023	267,156
2024	<u>275,164</u>
	<u>\$ 1,053,508</u>

**16. 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.

## **Grounds For Sculpture, Inc. and Subsidiary Notes to Consolidated Financial Statements December 31, 2020 and 2019**

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During the year, The Atlantic Foundation granted funds to the Organization for the creation of the Seward and Cecelia Johnson Endowment. The terms of the grant established that payment to the Organization will be paid out in two separate installments. The first payment of \$5,000,000 was received during the year. The second payment is dependent upon the Organization raising an additional \$5,000,000 in matching funds by December 1, 2022. Under the terms of the agreement additional matching funds, may be distributed in future years. The funds received during 2020 have been consolidated with the existing with donor restriction endowment funds.

### *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, and (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.

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*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:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Endowment net assets, December 31, 2018</b>	\$ 125,148	\$ 317,832	\$ 442,980
Investment return	15,201	27,928	43,129
Contributions	-	3,200	3,200
Amounts appropriated for expenditure	<u>(5,050)</u>	<u>(7,980)</u>	<u>(13,030)</u>
<b>Endowment net assets, December 31, 2019</b>	135,299	340,980	476,279
Investment return	18,963	35,214	54,177
Contributions	-	7,503,800	7,503,800
Amounts appropriated for expenditure	<u>(5,100)</u>	<u>(9,100)</u>	<u>(14,200)</u>
<b>Endowment net assets, December 31, 2020</b>	<u>\$ 149,162</u>	<u>\$ 7,870,894</u>	<u>\$ 8,020,056</u>
<b>Investment by type of fund</b>			
Donor restricted "true" endowment			
Historical gift value	\$ -	\$ 7,804,472	\$ 7,804,472
Appreciation	-	66,422	66,422
Board designated "funds" functioning as endowment	<u>149,162</u>	<u>-</u>	<u>149,162</u>
	<u>\$ 149,162</u>	<u>\$ 7,870,894</u>	<u>\$ 8,020,056</u>

**17. NET ASSETS**

Net assets with donor restrictions were comprised of the following at December 31:

Detail of Net Assets	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Grounds For Sculpture, Inc.						
Operating	\$ 25,853,375	\$ -	\$ 25,853,375	\$ 25,870,896	\$ -	\$ 25,870,896
Board designated endowment	149,162	-	149,162	135,299	-	135,299
Time restricted for future periods	-	5,000	5,000	-	10,000	10,000
Purpose restricted for programs	-	40,384	40,384	-	137,640	137,640
Endowment fund	<u>-</u>	<u>7,870,894</u>	<u>7,870,894</u>	<u>-</u>	<u>340,980</u>	<u>340,980</u>
	26,002,537	7,916,278	33,918,815	26,006,195	488,620	26,494,815
GFSL, Inc.						
Operating	<u>(347,548)</u>	<u>-</u>	<u>(347,548)</u>	<u>(353,151)</u>	<u>-</u>	<u>(353,151)</u>
	<u>\$ 25,654,989</u>	<u>\$ 7,916,278</u>	<u>\$ 33,571,267</u>	<u>\$ 25,653,044</u>	<u>\$ 488,620</u>	<u>\$ 26,141,664</u>



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

	<u>2020</u>	<u>2019</u>
Wellness walks	\$ 7,500	\$ 7,500
Community art programs	-	5,000
Marketing initiative	-	16,000
Public safety initiative	-	951
ADA project	60,000	-
Exhibitions, conservation care and acquisitions	76,640	7,980
Time restricted for future periods	<u>5,000</u>	<u>24,000</u>
	<u>\$ 149,140</u>	<u>\$ 61,431</u>

**18. 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 two donors that amounted to 73%, and one donor that amounted to 15% of total revenue for the years ended December 31, 2020 and 2019, respectively. GFS received contributions totaling approximately \$195,000 and \$123,000 from members of the Board of Trustees for the years ended December 31, 2020 and 2019, respectively.

**19. RISKS AND UNCERTAINTIES**

**Risks Related to COVID-19**

Management continues to evaluate the effects of the COVID-19 matter, considering the facts and circumstances related to the impact of the virus on the Organization's industry and has concluded that while it is reasonably possible that the virus could have a negative effect on the Organization's financial position and, results of its operations, the specific impact is not readily determinable as of the date of these statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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**20. SUBSEQUENT EVENTS**

On March 16, 2021 the Organization received an additional loan in the amount of \$566,572 from the SBA through the Paycheck Protection Program. A portion of the loan may be forgiven, subject to certain guidelines stipulated by the SBA. The balance of the loan that is not forgiven has a maturity of five years, with an effective interest rate of 1.00% annum.

GFS has evaluated subsequent events occurring after the consolidated statement of financial position date through the date of March 25, 2021, the date the consolidated financial statements were available for release. Based upon this evaluation, other than previously disclosed, GFS has determined that there are no subsequent events that have occurred which require adjustment to or disclosure in the consolidated financial statements.

## **SUPPLEMENTARY INFORMATION**

**Grounds For Sculpture, Inc. and Subsidiary**  
**Consolidating Statement of Financial Position**  
**December 31, 2020**

	<u>Grounds For Sculpture, Inc.</u>	<u>GFSL, Inc.</u>	<u>Eliminations</u>	<u>Total</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 2,162,299	\$ 1,902	\$ -	\$ 2,164,201
Investments	12,384,221	-	-	12,384,221
Contributions and grants receivable	88,535	-	-	88,535
Museum shop inventory	70,263	-	-	70,263
Prepaid expenses and other assets	247,626	-	-	247,626
Prepaid utility benefits	1,103,212	-	-	1,103,212
Deferred tax asset	-	126,900	-	126,900
Property and equipment, net	20,217,250	553	-	20,217,803
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>\$ 36,712,243</u>	 <u>\$ 210,518</u>	 <u>\$ (520,000)</u>	 <u>\$ 36,402,761</u>
<b>Liabilities and Net Assets</b>				
<b>Liabilities</b>				
Accounts payable	\$ 409,237	\$ 770	\$ -	\$ 410,007
Accrued expenses	452,505	-	-	452,505
Deferred program revenue	157,830	37,296	-	195,126
Loan payable	1,031,606	-	-	1,031,606
Paycheck Protection Program Loan	592,250	-	-	592,250
Emergency Injury Disaster Loan	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>150,000</u>
Total liabilities	<u>2,793,428</u>	<u>38,066</u>	<u>-</u>	<u>2,831,494</u>
<b>Net assets</b>				
Capital contribution	-	520,000	(520,000)	-
Without donor restrictions	26,002,537	(347,548)	-	25,654,989
With donor restrictions	<u>7,916,278</u>	<u>-</u>	<u>-</u>	<u>7,916,278</u>
Total net assets	33,918,815	172,452	(520,000)	33,571,267
 Total liabilities and net assets	 <u>\$ 36,712,243</u>	 <u>\$ 210,518</u>	 <u>\$ (520,000)</u>	 <u>\$ 36,402,761</u>

See Independent Auditor's Report.

**Grounds For Sculpture, Inc. and Subsidiary**  
**Consolidating Statement of Financial Position**  
**December 31, 2019**

	<u>Grounds For Sculpture, Inc.</u>	<u>GFSL, Inc.</u>	<u>Eliminations</u>	<u>Total</u>
<b>Assets</b>				
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	520,000	-	(520,000)	-
	<u>\$ 28,414,457</u>	<u>\$ 222,109</u>	<u>\$ (520,000)</u>	<u>\$ 28,116,566</u>
<b>Liabilities and Net Assets</b>				
<b>Liabilities</b>				
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	1,089,310	-	-	1,089,310
Paycheck Protection Program Loan	-	-	-	-
Emergency Injury Disaster Loan	-	-	-	-
	<u>1,919,642</u>	<u>55,260</u>	<u>-</u>	<u>1,974,902</u>
<b>Net assets</b>				
Capital contribution	-	520,000	(520,000)	-
Without donor restrictions	26,006,195	(353,151)	-	25,653,044
With donor restrictions	488,620	-	-	488,620
	<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 Statement of Activities and Changes in Net Assets**  
**Year Ended December 31, 2020**

	<u>Grounds For Sculpture, Inc.</u>	<u>GFSL, Inc.</u>	<u>Eliminations</u>	<u>Total Without Donor Restrictions</u>	<u>Grounds For Sculpture, Inc. With Donor Restrictions</u>	<u>Total</u>
	<u>Without Donor Restrictions</u>					
<b>Support and revenue</b>						
Support						
Contributions and grants	\$ 1,843,041	\$ -	\$ -	\$ 1,843,041	\$ 7,541,584	\$ 9,384,625
In-kind contributions	111,787	-	-	111,787	-	111,787
Fundraising events	-	-	-	-	-	-
	<u>1,954,828</u>	<u>-</u>	<u>-</u>	<u>1,954,828</u>	<u>7,541,584</u>	<u>9,496,412</u>
Revenue						
Admission fees	1,177,529	-	-	1,177,529	-	1,177,529
Membership fees	526,907	-	-	526,907	-	526,907
Education and event program fees	15,118	-	-	15,118	-	15,118
Food services	-	14,300	-	14,300	-	14,300
Museum shop sales	21,352	-	-	21,352	-	21,352
Event rentals	11,959	-	-	11,959	-	11,959
Rental income	244,476	-	-	244,476	-	244,476
SREC revenue	162,600	-	-	162,600	-	162,600
Investment return	1,534,618	3	-	1,534,621	35,214	1,569,835
	<u>3,694,559</u>	<u>14,303</u>	<u>-</u>	<u>3,708,862</u>	<u>35,214</u>	<u>3,744,076</u>
Net assets released from restrictions	<u>149,140</u>	<u>-</u>	<u>-</u>	<u>149,140</u>	<u>(149,140)</u>	<u>-</u>
	<u>5,798,527</u>	<u>14,303</u>	<u>-</u>	<u>5,812,830</u>	<u>7,427,658</u>	<u>13,240,488</u>
<b>Expenses</b>						
Program services						
Art and education programs	3,483,873	-	-	3,483,873	-	3,483,873
Auxiliary operations	437,436	4,750	-	442,186	-	442,186
Supporting services						
Management and general	1,262,226	-	-	1,262,226	-	1,262,226
Fundraising	618,650	-	-	618,650	-	618,650
	<u>5,802,185</u>	<u>4,750</u>	<u>-</u>	<u>5,806,935</u>	<u>-</u>	<u>5,806,935</u>
Changes in net assets before provision for income taxes	(3,658)	9,553	-	5,895	7,427,658	7,433,553
Provision for income taxes	<u>-</u>	<u>3,950</u>	<u>-</u>	<u>3,950</u>	<u>-</u>	<u>3,950</u>
<b>Changes in net assets</b>	<b>(3,658)</b>	<b>5,603</b>	<b>-</b>	<b>1,945</b>	<b>7,427,658</b>	<b>7,429,603</b>
<b>Net assets</b>						
Beginning 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>
End of year	<u>\$ 26,002,537</u>	<u>\$ (347,548)</u>	<u>\$ -</u>	<u>\$ 25,654,989</u>	<u>\$ 7,916,278</u>	<u>\$ 33,571,267</u>

See Independent Auditor's Report.

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

	<u>Grounds For Sculpture, Inc.</u> <u>Without Donor Restrictions</u>	<u>GFSL, Inc.</u> <u>Without Donor Restrictions</u>	<u>Eliminations</u>	<u>Total Without Donor Restrictions</u>	<u>Grounds For Sculpture, Inc.</u> <u>With Donor Restrictions</u>	<u>Total</u>
<b>Support and revenue</b>						
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	966,190	8	-	966,198	27,928	994,126
	<u>5,418,104</u>	<u>80,184</u>	<u>-</u>	<u>5,498,288</u>	<u>27,928</u>	<u>5,526,216</u>
Net assets released from restrictions	61,431	-	-	61,431	(61,431)	-
	<u>7,965,225</u>	<u>80,184</u>	<u>-</u>	<u>8,045,409</u>	<u>24,108</u>	<u>8,069,517</u>
<b>Expenses</b>						
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	1,293,381	-	-	1,293,381	-	1,293,381
Fundraising	864,438	-	-	864,438	-	864,438
	<u>7,830,427</u>	<u>11,784</u>	<u>-</u>	<u>7,842,211</u>	<u>-</u>	<u>7,842,211</u>
Changes in net assets before provision for income taxes	134,798	68,400	-	203,198	24,108	227,306
Provision from income taxes	-	21,600	-	21,600	-	21,600
<b>Changes in net assets</b>	<b>134,798</b>	<b>46,800</b>	<b>-</b>	<b>181,598</b>	<b>24,108</b>	<b>205,706</b>
<b>Net assets</b>						
Beginning 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>
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>

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