



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, 2022 and 2021

With Independent Auditor's Reports

Grounds For Sculpture, Inc. and Subsidiary
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December 31, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the 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, 2022 and 2021, and the related consolidated statements of activities and change in net assets, cash flows, and functional expenses for the years then ended, and the related notes to consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Grounds For Sculpture, Inc. and Subsidiary as of December 31, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary consolidating information and supplementary schedule of expenditures of state financial assistance are presented for purposes of additional analysis and are 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. 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 3, 2023 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Withum Smith + Brown, PC

April 3, 2023

Grounds For Sculpture, Inc. and Subsidiary
Consolidated Statements of Financial Position
December 31, 2022 and 2021

| | <u>2022</u> | <u>2021</u> |
|--|----------------------|----------------------|
| Assets | | |
| Cash and cash equivalents | \$ 1,168,924 | \$ 2,745,827 |
| Investments | 14,898,007 | 16,151,337 |
| Contributions and grants receivable, net | 18,765,323 | 182,340 |
| Accounts receivable | 278,076 | 170,740 |
| Museum shop inventory | 55,684 | 68,837 |
| Prepaid expenses | 155,627 | 144,761 |
| Prepaid utility benefits | 996,145 | 1,051,397 |
| Prepaid production costs, net | 272,566 | 274,950 |
| Deferred income taxes | - | 124,800 |
| Property and equipment, net | 20,898,506 | 20,798,095 |
| Collection (Note 2) | <u>-</u> | <u>-</u> |
| Total assets | <u>\$ 57,488,858</u> | <u>\$ 41,713,084</u> |
| Liabilities and Net Assets | | |
| Liabilities | | |
| Accounts payable | \$ 409,444 | \$ 373,229 |
| Accrued expenses | 271,587 | 224,588 |
| Deferred program revenue | 213,508 | 224,248 |
| Loan payable | 643,099 | 840,098 |
| Line of credit | 950,000 | 500,000 |
| Economic Injury Disaster Loan | <u>150,000</u> | <u>150,000</u> |
| Total liabilities | <u>2,637,638</u> | <u>2,312,163</u> |
| Net assets | | |
| Without donor restrictions | 24,652,846 | 26,530,687 |
| With donor restrictions | <u>30,198,374</u> | <u>12,870,234</u> |
| Total net assets | <u>54,851,220</u> | <u>39,400,921</u> |
| Total liabilities and net assets | <u>\$ 57,488,858</u> | <u>\$ 41,713,084</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, 2022

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|---|------------------------------------|----------------------|
| Support and revenue | | | |
| Support | | | |
| Contributions of cash and other financial assets | \$ 1,932,279 | \$ 19,826,759 | \$ 21,759,038 |
| Contributions of nonfinancial assets | 149,235 | - | 149,235 |
| Fundraising events | 27,910 | - | 27,910 |
| | <u>2,109,424</u> | <u>19,826,759</u> | <u>21,936,183</u> |
| Revenue | | | |
| Admission fees | 3,912,080 | - | 3,912,080 |
| Membership fees | 927,417 | - | 927,417 |
| Education and event program fees | 242,220 | - | 242,220 |
| Museum shop sales | 518,717 | - | 518,717 |
| Event rentals | 310,335 | - | 310,335 |
| Food service fees | 733,524 | - | 733,524 |
| SREC revenue | 161,145 | - | 161,145 |
| Investment return | (791,425) | (1,879,283) | (2,670,708) |
| | <u>6,014,013</u> | <u>(1,879,283)</u> | <u>4,134,730</u> |
| Net assets released from restrictions | <u>619,336</u> | <u>(619,336)</u> | <u>-</u> |
| | <u>8,742,773</u> | <u>17,328,140</u> | <u>26,070,913</u> |
| Expenses | | | |
| Program services | | | |
| Art and education programs | 6,942,500 | - | 6,942,500 |
| Auxiliary operations | 1,062,848 | - | 1,062,848 |
| Supporting services | | | |
| Management and general | 1,327,365 | - | 1,327,365 |
| Fundraising | 1,162,601 | - | 1,162,601 |
| | <u>10,495,314</u> | <u>-</u> | <u>10,495,314</u> |
| Changes in net assets before provision for income taxes | (1,752,541) | 17,328,140 | 15,575,599 |
| Provision for income taxes | <u>125,300</u> | <u>-</u> | <u>125,300</u> |
| Changes in net assets | (1,877,841) | 17,328,140 | 15,450,299 |
| Net assets | | | |
| Beginning of year | <u>26,530,687</u> | <u>12,870,234</u> | <u>39,400,921</u> |
| End of year | <u>\$ 24,652,846</u> | <u>\$ 30,198,374</u> | <u>\$ 54,851,220</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, 2021

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|---|------------------------------------|----------------------|
| Support and revenue | | | |
| Support | | | |
| Contributions of cash and other financial assets | \$ 2,164,173 | \$ 2,998,546 | \$ 5,162,719 |
| Contributions of nonfinancial assets | 119,415 | - | 119,415 |
| Fundraising events | 11,590 | - | 11,590 |
| PPP Loan forgiveness | 1,158,822 | - | 1,158,822 |
| | <u>3,454,000</u> | <u>2,998,546</u> | <u>6,452,546</u> |
| Revenue | | | |
| Admission fees | 3,078,306 | - | 3,078,306 |
| Membership fees | 803,966 | - | 803,966 |
| Education and event program fees | 88,385 | - | 88,385 |
| Museum shop sales | 230,006 | - | 230,006 |
| Event rentals | 206,686 | - | 206,686 |
| Food service fees | 352,124 | - | 352,124 |
| SREC revenue | 143,740 | - | 143,740 |
| Investment return | 167,347 | 2,336,094 | 2,503,441 |
| | <u>5,070,560</u> | <u>2,336,094</u> | <u>7,406,654</u> |
| Net assets released from restrictions | <u>380,684</u> | <u>(380,684)</u> | <u>-</u> |
| | <u>8,905,244</u> | <u>4,953,956</u> | <u>13,859,200</u> |
| Expenses | | | |
| Program services | | | |
| Art and education programs | 4,931,964 | - | 4,931,964 |
| Auxiliary operations | 663,838 | - | 663,838 |
| Supporting services | | | |
| Management and general | 1,300,197 | - | 1,300,197 |
| Fundraising | 1,130,947 | - | 1,130,947 |
| | <u>8,026,946</u> | <u>-</u> | <u>8,026,946</u> |
| Changes in net assets before provision for income taxes | 878,298 | 4,953,956 | 5,832,254 |
| Provision for income taxes | <u>2,600</u> | <u>-</u> | <u>2,600</u> |
| Changes in net assets | 875,698 | 4,953,956 | 5,829,654 |
| Net assets | | | |
| Beginning of year | <u>25,654,989</u> | <u>7,916,278</u> | <u>33,571,267</u> |
| End of year | <u>\$ 26,530,687</u> | <u>\$ 12,870,234</u> | <u>\$ 39,400,921</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, 2022 and 2021

| | <u>2022</u> | <u>2021</u> |
|---|---------------------|---------------------|
| Operating activities | | |
| Changes in net assets | \$ 15,450,299 | \$ 5,829,654 |
| Adjustments to reconcile changes in net assets to net cash used in operating activities | | |
| Depreciation and amortization | 678,486 | 637,830 |
| Deferred income tax | 124,800 | 2,100 |
| Realized and unrealized loss (gain) | 2,941,742 | (2,278,449) |
| Endowment fund contributions | (1,041,391) | (2,688,770) |
| Bad debt | 5,000 | - |
| Write off of subsidiary | (520,000) | - |
| PPP Loan forgiveness | - | (1,158,822) |
| Changes in assets and liabilities | | |
| Contributions and grants receivable | (18,582,983) | (93,805) |
| Accounts receivable | (112,336) | (15,848) |
| Museum shop inventory | 13,153 | 1,426 |
| Prepaid expenses | (10,866) | (52,027) |
| Prepaid utility benefits | 55,252 | 51,815 |
| Prepaid production costs | 2,384 | (274,950) |
| Accounts payable | 36,215 | (36,778) |
| Accrued expenses | 46,999 | (227,917) |
| Deferred program revenue | (10,740) | 29,122 |
| Net cash used in operating activities | <u>(923,986)</u> | <u>(275,419)</u> |
| Investing activities | | |
| Purchase of investments | (5,762,671) | (3,115,304) |
| Proceeds from sale of investments | 4,594,259 | 1,626,637 |
| Purchase of property and equipment | <u>(778,897)</u> | <u>(1,218,122)</u> |
| Net cash used in investing activities | <u>(1,947,309)</u> | <u>(2,706,789)</u> |
| Financing activities | | |
| Proceeds from Paycheck Protection Program loan | - | 566,572 |
| Proceeds from line of credit | 450,000 | 500,000 |
| Repayments of long-term debt | (196,999) | (191,508) |
| Endowment fund contributions | <u>1,041,391</u> | <u>2,688,770</u> |
| Net cash provided by financing activities | <u>1,294,392</u> | <u>3,563,834</u> |
| Net change in cash and cash equivalents | (1,576,903) | 581,626 |
| Cash and cash equivalents | | |
| Beginning of year | <u>2,745,827</u> | <u>2,164,201</u> |
| End of year | <u>\$ 1,168,924</u> | <u>\$ 2,745,827</u> |
| Supplemental disclosure of cash flow information | | |
| Cash paid during the year for interest | <u>\$ 54,008</u> | <u>\$ 34,335</u> |
| Cash paid during the year for taxes | <u>\$ 500</u> | <u>\$ 500</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, 2022

| | Program Services | | | Supporting Services | | | Total |
|----------------------------------|----------------------------|----------------------|------------------------|------------------------|---------------------|---------------------------|----------------------|
| | Art and Education Programs | Auxiliary Operations | Program Services Total | Management and General | Fundraising | Supporting Services Total | |
| Payroll | \$ 2,096,374 | \$ 343,328 | \$ 2,439,702 | \$ 618,709 | \$ 508,090 | \$ 1,126,799 | \$ 3,566,501 |
| Payroll taxes and benefits | 484,999 | 92,276 | 577,275 | 150,136 | 124,593 | 274,729 | 852,004 |
| Cost of goods sold | - | 247,555 | 247,555 | - | - | - | 247,555 |
| Occupancy | 1,029,242 | 172,168 | 1,201,410 | 117,245 | 127,891 | 245,136 | 1,446,546 |
| Insurance | 159,840 | 18,057 | 177,897 | 48,539 | 19,148 | 67,687 | 245,584 |
| Outside artistic services | 1,786,446 | - | 1,786,446 | - | 6,904 | 6,904 | 1,793,350 |
| Outside fees and services | 195,305 | 624 | 195,929 | 144,193 | 34,770 | 178,963 | 374,892 |
| Office and administrative | 10,041 | 4,603 | 14,644 | 5,950 | 77,110 | 83,060 | 97,704 |
| Travel and meetings | 19,403 | 734 | 20,137 | 13,448 | 3,120 | 16,568 | 36,705 |
| Credit card and bank fees | 136,741 | 21,282 | 158,023 | 962 | 31,849 | 32,811 | 190,834 |
| Program materials | 62,341 | 28,053 | 90,394 | 2,202 | 28,634 | 30,836 | 121,230 |
| Advertising and marketing | 245,759 | 21 | 245,780 | 243 | 1,665 | 1,908 | 247,688 |
| Openings | - | - | - | - | 33,626 | 33,626 | 33,626 |
| Printing and publications | 86,028 | - | 86,028 | 575 | 15,209 | 15,784 | 101,812 |
| Computer support and maintenance | 104,318 | 23,065 | 127,383 | 31,462 | 26,971 | 58,433 | 185,816 |
| Supplies and equipment rental | 32,931 | 27,644 | 60,575 | 10,579 | 1,993 | 12,572 | 73,147 |
| Gifts, meals and hospitality | 47,204 | 441 | 47,645 | 27,515 | 11,181 | 38,696 | 86,341 |
| Education and training | 18,940 | 1,009 | 19,949 | 22,368 | 14,168 | 36,536 | 56,485 |
| Depreciation and amortization | 426,588 | 81,988 | 508,576 | 79,231 | 90,679 | 169,910 | 678,486 |
| Interest | - | - | - | 54,008 | - | 54,008 | 54,008 |
| Bad debt | - | - | - | - | 5,000 | 5,000 | 5,000 |
| | <u>\$ 6,942,500</u> | <u>\$ 1,062,848</u> | <u>\$ 8,005,348</u> | <u>\$ 1,327,365</u> | <u>\$ 1,162,601</u> | <u>\$ 2,489,966</u> | <u>\$ 10,495,314</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, 2021

| | Program Services | | | Supporting Services | | | Total |
|----------------------------------|----------------------------|----------------------|------------------------|------------------------|---------------------|---------------------------|---------------------|
| | Art and Education Programs | Auxiliary Operations | Program Services Total | Management and General | Fundraising | Supporting Services Total | |
| Payroll | \$ 1,387,164 | \$ 205,467 | \$ 1,592,631 | \$ 668,790 | \$ 427,881 | \$ 1,096,671 | \$ 2,689,302 |
| Payroll taxes and benefits | 286,277 | 44,300 | 330,577 | 135,050 | 79,902 | 214,952 | 545,529 |
| Cost of goods sold | - | 94,130 | 94,130 | - | - | - | 94,130 |
| Occupancy | 939,597 | 162,482 | 1,102,079 | 94,040 | 111,079 | 205,119 | 1,307,198 |
| Insurance | 152,824 | 16,845 | 169,669 | 42,258 | 17,859 | 60,117 | 229,786 |
| Outside artistic services | 1,064,227 | - | 1,064,227 | 850 | 42,355 | 43,205 | 1,107,432 |
| Outside fees and services | 273,753 | 2,141 | 275,894 | 150,611 | 55,995 | 206,606 | 482,500 |
| Office and administrative | 6,416 | 1,170 | 7,586 | 3,438 | 33,827 | 37,265 | 44,851 |
| Travel and meetings | 1,039 | 66 | 1,105 | 2,420 | 319 | 2,739 | 3,844 |
| Credit card and bank fees | 106,962 | 11,162 | 118,124 | 2,685 | 28,369 | 31,054 | 149,178 |
| Program materials | 39,827 | 7,140 | 46,967 | 43 | 20,391 | 20,434 | 67,401 |
| Advertising and marketing | 96,891 | 21 | 96,912 | - | 186 | 186 | 97,098 |
| Openings | - | - | - | - | 38,457 | 38,457 | 38,457 |
| Printing and publications | 20,548 | 261 | 20,809 | 419 | 20,774 | 21,193 | 42,002 |
| Computer support and maintenance | 70,658 | 16,521 | 87,179 | 55,845 | 25,178 | 81,023 | 168,202 |
| Supplies and equipment rental | 50,762 | 29,336 | 80,098 | 9,496 | 102,562 | 112,058 | 192,156 |
| Gifts, meals and hospitality | 17,016 | 448 | 17,464 | 12,326 | 28,995 | 41,321 | 58,785 |
| Education and training | 9,862 | 648 | 10,510 | 12,662 | 13,738 | 26,400 | 36,910 |
| Depreciation and amortization | 408,141 | 71,700 | 479,841 | 74,909 | 83,080 | 157,989 | 637,830 |
| Interest | - | - | - | 34,355 | - | 34,355 | 34,355 |
| | <u>\$ 4,931,964</u> | <u>\$ 663,838</u> | <u>\$ 5,595,802</u> | <u>\$ 1,300,197</u> | <u>\$ 1,130,947</u> | <u>\$ 2,431,144</u> | <u>\$ 8,026,946</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, 2022 and 2021

1. ORGANIZATION AND PURPOSE

Grounds For Sculpture, Inc. (“GFS”) 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, GFS 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, fundraising events, admissions income, and income from programs operated to promote GFS’s purpose.

GFS seeks to be inclusive, reflective, and responsive to the dynamic world we live in. The potential power of this aspiration has moved our board and staff to update our value system which includes a deep commitment to diversity and inclusion at all levels. Effective 2021, GFS had actively begun reaching individuals, families and groups who might otherwise not be served by our offerings.

GFSL, Inc. (“GFSL”), a wholly owned for profit subsidiary of GFS, operates a restaurant, café and catering service for patrons of the park through a contract with an outside foodservice management company. Under the terms of the 10-year agreement, fees are paid based on sales volume and the agreement can be cancelled by either party with notice. Significant sources of revenue for GFSL related to food service fees paid as part of the previously noted contract. As of August 11, 2022, GFSL was dissolved as a corporation in the State of New Jersey. Effective for 2022 all contractual terms of the original agreement with the outside company have been assigned to GFS and the contract was extended until December 31, 2034.

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, 2022 and 2021

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.

Contributed Nonfinancial Assets

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. Contributed nonfinancial asset donations of \$25,235 and \$17,415 were recorded for the years ended December 31, 2022 and 2021, 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 fair market value of the premise used is determined annually by an independent real estate expert using market comparisons for similar space. The consolidated financial statements include a contributed nonfinancial asset contribution of \$124,000 and \$102,000 included in occupancy expense for the years ended December 31, 2022 and 2021.

Other Revenues

Revenues without donor restrictions are obtained from the admission fees, food service, event rentals, sale of merchandise, fundraising 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 sold, which is generally within a short time period as these tickets are normally used as tickets are used on the day of attendance or in advance with a specific time and date of eligible use. In addition, tickets purchased are nonrefundable upon purchase. 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

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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.

Operating Agreement

For the year ended December 31, 2021, food service fees were received under an operating agreement for the use of restaurant facilities and equipment, which expired in December 2024, but which could be terminated by either party with 120 days written notice. The agreement called for a base fee, 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 food service income was received monthly under the terms of the agreement.

On November 1, 2021, the above-mentioned operating agreement was amended to reflect a different fee structure effective January 1, 2022, which expires on December 31, 2034, but which can still be terminated by either party with 120 days written notice. The terms of the agreement call for a fee structure of between 2% and 12.5% of gross revenues from restaurant sales, private dining revenue, cafés, and outside catering sales.

Investments

Investments, primarily consisting of equity securities, are stated at fair value. Investments in equity securities 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 \$247,688 and \$97,098 for the years ended December 31, 2022 and 2021, respectively.

Production Costs

The Organization has established a policy that the production costs are capitalized at cost and are amortized over the estimated run of the production. In addition, if the production runs less than two weeks into the new fiscal year, all production costs are recognized in the current fiscal year. The Organization had one substantial production that had production costs that crossed over December 31, 2022, and one substantial production that had production costs that crossed over December 31, 2021. For the years ended December 31, 2022 and 2021, net production costs were \$272,566 and \$274,950, respectively.

Grounds For Sculpture, Inc. and Subsidiary

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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 and are not capitalized. Purchases of collection items are recorded as decreases in net assets without donor restrictions.

During 2022, GFS purchased \$15,882 of artwork, which is included in outside artistic services in the consolidated statements of functional expenses. There was no artwork purchased during 2021. 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 2022 or 2021.

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, 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 an initial 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.

**Grounds For Sculpture, Inc. and Subsidiary
Notes to Consolidated Financial Statements
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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. As the corporation was dissolved in 2022, all deferred tax assets have been expensed.

There were no uncertain tax positions at December 31, 2022 and 2021. 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

Leases

As of January 1, 2022, the Organization adopted the Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) No. 2016-02, *Leases* on a modified retrospective approach. Comparative prior periods were not adjusted upon adoption, as GFS utilized the practical expedient available under the guidance. Further, GFS elected to implement the package of practical expedients. The ASU requires that a lessee recognizes a right-of-use asset and a corresponding liability with limited exceptions for its obligation under an operating lease, as well as expands disclosure requirements for both lessors and lessees. The adoption of the ASU did not have a material effect on the financial statements as GFS did not have material leases during 2022 or 2021.

3. CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of unconditional promises to give as follows at December 31:

| | <u>2022</u> | <u>2021</u> |
|---------------------------------------|----------------------|-------------------|
| Contributions receivable | \$ 19,728,666 | \$ 182,340 |
| Less: Discount to present value at 5% | <u>(963,343)</u> | <u>-</u> |
| Contributions receivable, net | <u>\$ 18,765,323</u> | <u>\$ 182,340</u> |

Contributions receivable for the year ended December 31, 2021 were due to be collected during the year ended December 31, 2022.

Grounds For Sculpture, Inc. and Subsidiary
Notes to Consolidated Financial Statements
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Contributions are expected to be collected as follows during the years ending December 31:

| | |
|------------|----------------------|
| 2023 | \$ 14,957,325 |
| 2024 | 659,961 |
| 2025 | 503,639 |
| 2026 | 475,111 |
| 2027 | 413,819 |
| Thereafter | <u>1,755,468</u> |
| | <u>\$ 18,765,323</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>2022</u> | <u>2021</u> |
|--|-------------------|-------------------|
| Prepaid utility benefits at December 31 | \$ 996,145 | \$ 1,051,397 |
| Less: Current portion | <u>(76,000)</u> | <u>(72,510)</u> |
| Prepaid utility benefits, net of current portion | <u>\$ 920,145</u> | <u>\$ 978,887</u> |

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

| | |
|------------|-------------------|
| 2023 | \$ 76,000 |
| 2024 | 58,595 |
| 2025 | 58,449 |
| 2026 | 58,302 |
| 2027 | 58,157 |
| Thereafter | <u>686,642</u> |
| | <u>\$ 996,145</u> |

Grounds For Sculpture, Inc. and Subsidiary
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5. 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:

| | 2022 | | | |
|---|----------------------|----------------------|----------------|----------------|
| | Total | Level 1 | Level 2 | Level 3 |
| Exchange traded funds | | | | |
| Fixed income equities | \$ 2,915,348 | \$ 2,915,348 | \$ - | \$ - |
| International equities | 1,248,163 | 1,248,163 | - | - |
| Large Cap U.S. equities | 8,157,212 | 8,157,212 | - | - |
| Small/mid Cap U.S. equities | 1,327,953 | 1,327,953 | - | - |
| Equities | | | | |
| Common stock | 245,828 | 245,828 | - | - |
| Mutual funds | | | | |
| Bond funds | 587,000 | 587,000 | - | - |
| | <u>14,481,504</u> | <u>\$ 14,481,504</u> | <u>\$ -</u> | <u>\$ -</u> |
| Investments measured at net asset value (a) | 416,503 | | | |
| | <u>\$ 14,898,007</u> | | | |

| | 2021 | | | |
|---|----------------------|----------------------|----------------|----------------|
| | Total | Level 1 | Level 2 | Level 3 |
| Exchange traded funds | | | | |
| Fixed income equities | \$ 2,758,747 | \$ 2,758,747 | \$ - | \$ - |
| International equities | 1,409,301 | 1,409,301 | - | - |
| Large Cap U.S. equities | 9,555,342 | 9,555,342 | - | - |
| Small/mid Cap U.S. equities | 1,523,685 | 1,523,685 | - | - |
| Equities | | | | |
| Common stock | 232,025 | 232,025 | - | - |
| Mutual funds | | | | |
| Stock funds | 206,941 | 206,941 | - | - |
| | <u>15,686,041</u> | <u>\$ 15,686,041</u> | <u>\$ -</u> | <u>\$ -</u> |
| Investments measured at net asset value (a) | 465,296 | | | |
| | <u>\$ 16,151,337</u> | | | |

Grounds For Sculpture, Inc. and Subsidiary
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(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. There are no unfunded commitments. The redemption requirements state that 80% is available after the month end close in which the request was made. The remaining 20% is available 90 days after the end of the month requested. The investment strategy of the community foundation is to be able to distribute 5% of its long-term assets' average fair value and to maintain purchasing power of the long-term assets through growth.

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>2022</u> | <u>2021</u> |
|------------------------------|-----------------------|---------------------|
| Interest and dividend income | | |
| Realized (loss) gains | \$ 279,298 | \$ 232,898 |
| Unrealized (loss) gains | (133,660) | 202,290 |
| Investment fees | (2,808,082) | 2,076,159 |
| | <u>(8,264)</u> | <u>(7,906)</u> |
| | <u>\$ (2,670,708)</u> | <u>\$ 2,503,441</u> |

6. PROPERTY AND EQUIPMENT

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

| <u>Description</u> | <u>Estimated Useful Life (Years)</u> | <u>2022</u> | <u>2021</u> |
|---------------------------------|---|----------------------|----------------------|
| Land | - | \$ 6,676,906 | \$ 6,563,241 |
| Buildings and site improvements | 15-39 | 16,958,215 | 16,949,788 |
| Furniture and equipment | 5-15 | 1,792,452 | 1,273,828 |
| Computer software and hardware | 3-5 | 329,190 | 330,736 |
| Vehicles | 5 | <u>156,905</u> | <u>131,827</u> |
| | | 25,913,668 | 25,249,420 |
| Less: Accumulated depreciation | | <u>(5,015,162)</u> | <u>(4,451,325)</u> |
| | | <u>\$ 20,898,506</u> | <u>\$ 20,798,095</u> |

Depreciation expense charged to operations amounted to \$678,486 and \$637,830 for the years ended December 31, 2022 and 2021, respectively.

Grounds For Sculpture, Inc. and Subsidiary
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7. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of December 31, 2022 and 2021, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, were as follows:

| | <u>2022</u> | <u>2021</u> |
|--|---------------------|---------------------|
| Financial assets | | |
| Cash and cash equivalents | \$ 1,168,924 | \$ 2,745,827 |
| Contributions and grants receivable | 18,765,323 | 182,340 |
| Accounts receivable | 278,076 | 170,740 |
| Investments | <u>14,898,007</u> | <u>16,151,337</u> |
| Total financial assets | 35,110,330 | 19,250,244 |
| Add: Unused line of credit availability | 550,000 | 1,000,000 |
| Less: Assets with donor restrictions | <u>29,719,012</u> | <u>10,836,697</u> |
| Total financial assets to meet cash needs for general expenditures within one year | <u>\$ 5,941,318</u> | <u>\$ 9,413,547</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 \$142,000 and \$161,000 in funds functioning as an endowment at December 2022 and 2021, respectively, not included above, which is available for general expenditure with Board approval.

8. DEFERRED PROGRAM REVENUE

GFS has deferred program revenue of \$213,508 and \$224,248 at December 31, 2022 and 2021, 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. Deferred program revenue at January 1, 2021 was \$195,126.

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. On March 2, 2021, the loan was modified, decreasing the per annum interest rate to 2.75%. The loan is collateralized by the investments held by GFS that have neither a donor restriction nor board designation placed on them. The balance outstanding was \$643,099 and \$840,098 as of December 31, 2022 and 2021, respectively.

| | <u>2022</u> | <u>2021</u> |
|--------------------------------------|-------------------|-------------------|
| Loan payable at December 31 | \$ 643,099 | \$ 840,098 |
| Less: Current portion | <u>(202,564)</u> | <u>(197,000)</u> |
| Loan payable, net of current portion | <u>\$ 440,535</u> | <u>\$ 643,098</u> |

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Maturities of the loan payable for the years ending December 31 are as follows:

| | | |
|------|----|----------------|
| 2023 | \$ | 202,564 |
| 2024 | | 208,253 |
| 2025 | | 214,166 |
| 2026 | | <u>18,116</u> |
| | \$ | <u>643,099</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"). Additionally, on March 16, 2021, the Organization also issued a second unsecured promissory note for \$566,572 through the Paycheck Protection Program. The PPP Loans are guaranteed by the SBA. As of December 31, 2021, the Organization applied for and has been notified that \$1,158,822 in eligible expenditures for payroll and other expenses described in the CARES Act has been forgiven. Loan forgiveness is reflected in support in the accompanying consolidated statements of activities and changes in net assets. The PPP Loans were made through TD Bank, N.A. (the "Lender").

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 30 months after the date of the promissory note or July 2, 2023. 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 and long-term debt in the accompanying statement of financial position.

| | | |
|--------------------------------------|----|----------------|
| Loan payable at December 31, 2021 | \$ | 150,000 |
| Less: Current portion | | <u>(3,307)</u> |
| Loan payable, net of current portion | \$ | <u>146,693</u> |

Maturities of the EIDL Loan are as follows for the years ending December 31:

| | | |
|------------|----|----------------|
| 2023 | \$ | 3,307 |
| 2024 | | 3,704 |
| 2025 | | 3,808 |
| 2026 | | 3,914 |
| 2027 | | 4,023 |
| Thereafter | | <u>131,244</u> |
| | \$ | <u>150,000</u> |

12. LINE OF CREDIT

On March 15, 2021, the Organization entered into an unsecured loan (credit line) with The Atlantic Foundation for \$1,500,000, with an interest rate of 5%, compounded quarterly. The Organization was obligated to pay quarterly interest only payments, with the balance due on September 15, 2022.

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On August 25, 2022, the above-mentioned loan was amended to reflect a new maturity date of September 15, 2023. The principal amount of the loan and any accrued and unpaid interest has been amended to be due and payable as follows: 1) one-third of the outstanding principal amount is due on March 31, 2023, 2) one-third of the outstanding principal amount is due on June 30, 2023, and 3) one-third of the outstanding principal amount and any accrued and unpaid interest is due on September 15, 2023.

On December 2, 2022, an additional loan modification was made by The Atlantic Foundation deferring the principal repayments to one-third due on March 31, June 30 and September 15, 2026 with forgiveness of interest from September 15, 2022 through September 15, 2026.

The outstanding balance as of December 31, 2022 and 2021 was \$950,000 and \$500,000, respectively.

13. 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. Effective January 1, 2022, employees that are participating in the Plan are eligible for a maximum annual contribution of up to 3% of their salary. A 2% profit sharing contribution is also available to employees who meet all plan eligibility requirements and are employed as of December 31. Discretionary annual employer contributions amounted to \$88,945 and \$-0- for the years ended December 31, 2022 and 2021, respectively.

14. CONTRIBUTED NONFINANCIAL ASSETS

The Organization received contributed nonfinancial assets comprised of services received during the years ended December 31, 2022 and 2021 as follows:

| Nonfinancial Contributions Category | Type of Contribution | Valuation | 2022 | 2021 |
|--|-----------------------------|-------------------------------------|-------------------|-------------------|
| Occupancy | Lease | Fair market value for similar lease | \$ 124,000 | \$ 102,000 |
| Horticulture | Landscaping | Donor provided fair market value | 19,791 | 16,915 |
| Program materials | Supplies | Donor provided fair market value | 5,444 | 500 |
| | | | <u>\$ 149,235</u> | <u>\$ 119,415</u> |

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, 2022 and 2021 as follows:

| | Hours | Value |
|------|--------------|--------------|
| 2022 | 7,900 | \$ 103,809 |
| 2021 | 5,328 | \$ 64,528 |

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15. INCOME TAXES

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

| | <u>2022</u> | <u>2021</u> |
|----------------------|-------------------|-----------------|
| Current tax expense | | |
| Federal | \$ - | \$ - |
| State | 500 | 500 |
| | <u>500</u> | <u>500</u> |
| Deferred tax expense | | |
| Federal | 98,000 | 2,000 |
| State | 26,800 | 100 |
| | <u>124,800</u> | <u>2,100</u> |
| | <u>\$ 125,300</u> | <u>\$ 2,600</u> |

As of August 11, 2022, GFSL was officially dissolved with the State of New Jersey, Department of Treasury. At December 31, 2021, deferred income tax assets were attributable to net operating loss carryforwards. At December 31, 2022 and 2021, GFSL had federal net operating loss carryforwards of approximately \$-0- and \$469,000, respectively, and state net operating loss carryforwards of approximately \$-0- and \$289,000, respectively.

The remaining deferred tax asset associated with the net operating loss carryforwards amounted to \$-0- and \$124,800 for the years ended December 31, 2022 and 2021, respectively.

Net operating loss carryforwards of approximately \$-0- and \$9,000 were used for years ended December 31, 2022 and 2021.

16. NET ASSETS

Net assets were comprised of the following at December 31:

| <u>Detail of Net Assets</u> | <u>2022</u> | | | <u>2021</u> | | |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | <u>Without Donor</u> | <u>With Donor</u> | <u>Total</u> | <u>Without Donor</u> | <u>With Donor</u> | <u>Total</u> |
| | <u>Restrictions</u> | <u>Restrictions</u> | | <u>Restrictions</u> | <u>Restrictions</u> | |
| Grounds For Sculpture, Inc. | | | | | | |
| Operating | \$ 20,910,351 | \$ - | \$ 20,910,351 | \$ 26,711,109 | \$ - | \$ 26,711,109 |
| Board designated endowment | 3,741,855 | - | 3,741,855 | 4,710,208 | - | 4,710,208 |
| Time restricted for future periods | - | 25,000 | 25,000 | - | 40,000 | 40,000 |
| Purpose restricted for programs | - | 242,392 | 242,392 | - | 279,876 | 279,876 |
| Endowment fund | - | 29,930,982 | 29,930,982 | - | 12,550,358 | 12,550,358 |
| | <u>24,652,206</u> | <u>30,198,374</u> | <u>54,850,580</u> | <u>31,421,317</u> | <u>12,870,234</u> | <u>44,291,551</u> |
| GFSL, Inc. | | | | | | |
| Operating | <u>640</u> | <u>-</u> | <u>640</u> | <u>(340,983)</u> | <u>-</u> | <u>(340,983)</u> |
| | <u>\$ 24,652,846</u> | <u>\$ 30,198,374</u> | <u>\$ 54,851,220</u> | <u>\$ 31,080,334</u> | <u>\$ 12,870,234</u> | <u>\$ 43,950,568</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>2022</u> | <u>2021</u> |
|--|-------------------|-------------------|
| Wellness | \$ 7,500 | \$ 7,500 |
| Endowment fund distributions | 394,400 | 336,100 |
| Education | 53,816 | 7,784 |
| Charging stations | - | 12,000 |
| Horticulture | - | 3,000 |
| Exhibitions, conservation care, acquisitions | 74,600 | 9,300 |
| Time restricted for future periods | 20,000 | 5,000 |
| Marketing | 22,500 | - |
| Capacity building | 34,500 | - |
| Digital engagement and innovation fund | 7,566 | - |
| Catering | 4,454 | - |
| | <u>\$ 619,336</u> | <u>\$ 380,684</u> |

17. 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.

During the year ended December 31, 2020, The Atlantic Foundation, an unrelated party, 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 installments. The first installment of \$5,000,000 was received in 2020. The remaining installments were dependent upon the Organization raising an additional \$5,000,000 in matching funds by December 1, 2022. The Organization met this challenge and 85% of the remaining corpus value of the GFS Fund as of February 28, 2023 of \$16,470,000 is due to be distributed to GFS by March 31, 2023. The remaining corpus of the GFS Fund will be distributed to GFS by December 31, 2030. The funds received during the years ended December 31, 2022 and 2021 have been consolidated with the existing donor restricted 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

Grounds For Sculpture, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2022 and 2021

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.

Net Asset Composition

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

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|---------------------------------------|------------------------------------|----------------------|
| Endowment net assets, January 1, 2020 | \$ 4,094,125 | \$ 7,870,894 | \$ 11,965,019 |
| Investment return | 621,183 | 2,336,094 | 2,957,277 |
| Contributions | - | 2,688,770 | 2,688,770 |
| Amounts appropriated for expenditure | <u>(5,100)</u> | <u>(345,400)</u> | <u>(350,500)</u> |
| Endowment net assets, December 31, 2021 | 4,710,208 | 12,550,358 | 17,260,566 |
| Investment loss | (685,653) | (1,879,283) | (2,564,936) |
| Contributions, net of discount | - | 19,654,307 | 19,654,307 |
| Amounts appropriated for expenditure | <u>(282,700)</u> | <u>(394,400)</u> | <u>(677,100)</u> |
| Endowment net assets, December 31, 2022 | <u>\$ 3,741,855</u> | <u>\$ 29,930,982</u> | <u>\$ 33,672,837</u> |
| Investment by type of fund | | | |
| Donor restricted "true" endowment | | | |
| Historical gift value | \$ - | \$ 30,147,549 | \$ 30,147,549 |
| Appreciation and cumulative unappropriated earnings | - | (216,567) | (216,567) |
| Board designated "funds" functioning as endowment | <u>3,741,855</u> | <u>-</u> | <u>3,741,855</u> |
| | <u>\$ 3,741,855</u> | <u>\$ 29,930,982</u> | <u>\$ 33,672,837</u> |

**Grounds For Sculpture, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2022 and 2021**

Underwater Endowment Funds

From time to time, the fair value of assets associated with individual donor-restricted endowment fund may fail below the level that the donor or state law requires the Organization to retain as a fund of perpetual durations. Deficiencies of this nature exist in the accumulated donor-restricted endowment funds, which has an original gift value of approximately \$11,158,741, a current fair value of \$10,890,198, and a deficiency of approximately \$268,543 as of December 31, 2022. These are deficiencies resulting from unfavorable market fluctuations and continued appropriation for certain programs that was deemed prudent by the board of trustees. There were no underwater funds as of December 31, 2021.

18. CONCENTRATIONS

GFS has significant cash balances at financial institutions which throughout the year regularly exceed the federally insured limit of \$250,000. Any loss incurred or a lack of access to such funds could have a significant adverse impact on the Company's financial condition, results of operations, and cash flows.

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. For the years ended December 31, 2022 and 2021, GFS did not record an allowance.

GFS has received revenue from two donors that amounted to 70%, and two donors that amounted to 61% of total revenue for the years ended December 31, 2022 and 2021, respectively. As of December 31, 2022, GFS had receivables balances from the same two donors that amounted to 96% of total receivables. There was no concentration of receivables as of December 31, 2021. GFS received contributions totaling approximately \$739,050 and \$255,000 from members of the Board of Trustees for the years ended December 31, 2022 and 2021, respectively.

19. SUBSEQUENT EVENTS

GFS has evaluated subsequent events occurring after the consolidated statement of financial position date through the date of April 3, 2023, the date the consolidated financial statements were available for release. Based upon this evaluation, GFS has determined that there are no subsequent events that have occurred which require adjustment to or disclosure in the consolidated financial statements.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT

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

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the 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, 2022, 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 and have issued our report thereon dated April 3, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting ("internal control") as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audits, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Withum Smith + Brown, PC

April 3, 2023

**Grounds For Sculpture, Inc. and Subsidiary
Supplementary Schedule of Expenditures of State Financial Assistance and Notes to
the Schedule of Expenditures of State Financial Assistance
December 31, 2022**

| <u>STATE GRANTOR / PROGRAM TITLE</u> | <u>AWARD NUMBER</u> | <u>AWARD PERIOD</u> | <u>CURRENT YEAR EXPENDITURES</u> |
|--|---------------------|-------------------------|----------------------------------|
| <u>State of New Jersey Department of State</u> | | | |
| New Jersey State Council on the Arts | | | |
| General Operating Support | 2205X010031 | 07/01/2021 - 06/30/2022 | \$ 37,487 |
| Capital Arts Program | 2205X390012 | 06/01/2022 - 12/31/2023 | 56,832 |
| General Operating Support | 2305X010088 | 07/01/2022 - 06/30/2023 | 150,000 |
| | | | <u>\$ 244,319</u> |

Note A – BASIS OF PRESENTATION

The supplementary schedule of expenditures of state financial assistance (the "Schedule") includes the state grant activity of Grounds For Sculpture, Inc. and Subsidiary under programs of the state government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of *Government Auditing Standards*. Because the Schedule presents only a selected portion of the operations of Grounds For Sculpture, Inc. and Subsidiary, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Grounds For Sculpture, Inc. and Subsidiary.

Note B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting.

See Independent Auditor's Report.

**Grounds For Sculpture, Inc. and Subsidiary
Schedule of Findings and Responses
Year Ended December 31, 2022**

PRIOR YEAR FINDINGS

There were no prior year audit findings and/or questioned costs.

SUMMARY OF AUDITOR'S RESULTS

Based upon the results of the audit procedures performed:

- The Organization complied with the terms and conditions of the grants as listed on the supplementary schedule of expenditures of state financial assistance.
- We did not note any costs claimed on the final reports submitted to NJS Council on the Arts that that are ineligible under the terms of the grants.

See Independent Auditor's Report.

SUPPLEMENTARY INFORMATION

Grounds For Sculpture, Inc. and Subsidiary
Consolidating Statement of Financial Position
December 31, 2022

| | <u>Grounds For Sculpture, Inc.</u> | <u>GFSL, Inc.</u> | <u>Eliminations</u> | <u>Total</u> |
|--|--|---------------------------|---------------------------|---------------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ 1,168,284 | \$ 640 | \$ - | \$ 1,168,924 |
| Investments | 14,898,007 | - | - | 14,898,007 |
| Contributions and grants receivable, net | 18,765,323 | - | - | 18,765,323 |
| Accounts receivable | 278,076 | - | - | 278,076 |
| Museum shop inventory | 55,684 | - | - | 55,684 |
| Prepaid expenses | 155,627 | - | - | 155,627 |
| Prepaid utility benefits | 996,145 | - | - | 996,145 |
| Prepaid production costs | 272,566 | - | - | 272,566 |
| Property and equipment, net | 20,898,506 | - | - | 20,898,506 |
| Collection (Note 2) | - | - | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total assets | <u>\$ 57,488,218</u> | <u>\$ 640</u> | <u>\$ -</u> | <u>\$ 57,488,858</u> |
| Liabilities and Net Assets | | | | |
| Liabilities | | | | |
| Accounts payable | \$ 409,444 | \$ - | \$ - | \$ 409,444 |
| Accrued expenses | 271,587 | - | - | 271,587 |
| Deferred program revenue | 213,508 | - | - | 213,508 |
| Loan payable | 643,099 | - | - | 643,099 |
| Line of credit | 950,000 | - | - | 950,000 |
| Emergency Injury Disaster Loan | 150,000 | - | - | 150,000 |
| Total liabilities | <u>2,637,638</u> | <u>-</u> | <u>-</u> | <u>2,637,638</u> |
| Net assets | | | | |
| Capital contribution | - | 520,000 | (520,000) | - |
| Without donor restrictions | 24,652,206 | (519,360) | 520,000 | 24,652,846 |
| With donor restrictions | <u>30,198,374</u> | <u>-</u> | <u>-</u> | <u>30,198,374</u> |
| Total net assets | <u>54,850,580</u> | <u>640</u> | <u>-</u> | <u>54,851,220</u> |
| Total liabilities and net assets | <u>\$ 57,488,218</u> | <u>\$ 640</u> | <u>\$ -</u> | <u>\$ 57,488,858</u> |

See Independent Auditor's Report.

Grounds For Sculpture, Inc. and Subsidiary
Consolidating Statement of Financial Position
December 31, 2021

| | <u>Grounds For Sculpture, Inc.</u> | <u>GFSL, Inc.</u> | <u>Eliminations</u> | <u>Total</u> |
|-------------------------------------|--|-----------------------------|-----------------------------|-----------------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ 2,742,074 | \$ 3,753 | \$ - | \$ 2,745,827 |
| Investments | 16,151,337 | - | - | 16,151,337 |
| Contributions and grants receivable | 182,340 | - | - | 182,340 |
| Accounts receivable | 170,740 | - | - | 170,740 |
| Museum shop inventory | 68,837 | - | - | 68,837 |
| Prepaid expenses | 144,761 | - | - | 144,761 |
| Prepaid utility benefits | 1,051,397 | - | - | 1,051,397 |
| Production costs | 274,950 | - | - | 274,950 |
| Deferred tax asset | - | 124,800 | - | 124,800 |
| Property and equipment, net | 20,798,077 | 18 | - | 20,798,095 |
| Intercompany (payable) receivable | (78,163) | 78,163 | - | - |
| Investment in subsidiary | 520,000 | - | (520,000) | - |
| Collection (Note 2) | - | - | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total assets | <u>\$ 42,026,350</u> | <u>\$ 206,734</u> | <u>\$ (520,000)</u> | <u>\$ 41,713,084</u> |
| Liabilities and Net Assets | | | | |
| Liabilities | | | | |
| Accounts payable | \$ 370,826 | \$ 2,403 | \$ - | \$ 373,229 |
| Accrued expenses | 224,588 | - | - | 224,588 |
| Deferred program revenue | 198,934 | 25,314 | - | 224,248 |
| Loan payable | 840,098 | - | - | 840,098 |
| Line of credit | 500,000 | - | - | 500,000 |
| Emergency Injury Disaster Loan | 150,000 | - | - | 150,000 |
| Total liabilities | <u>2,284,446</u> | <u>27,717</u> | <u>-</u> | <u>2,312,163</u> |
| Net assets | | | | |
| Capital contribution | - | 520,000 | (520,000) | - |
| Without donor restrictions | 26,871,670 | (340,983) | - | 26,530,687 |
| With donor restrictions | <u>12,870,234</u> | <u>-</u> | <u>-</u> | <u>12,870,234</u> |
| Total net assets | <u>39,741,904</u> | <u>179,017</u> | <u>(520,000)</u> | <u>39,400,921</u> |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities and net assets | <u>\$ 42,026,350</u> | <u>\$ 206,734</u> | <u>\$ (520,000)</u> | <u>\$ 41,713,084</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, 2022

| | <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</u> | <u>Restrictions</u> | | <u>Restrictions</u> | <u>Restrictions</u> | |
| Support and revenue | | | | | | |
| Support | | | | | | |
| Contributions of cash and other financial assets | \$ 1,932,279 | \$ - | \$ - | \$ 1,932,279 | \$ 19,826,759 | \$ 21,759,038 |
| Contributions of nonfinancial assets | 149,235 | - | - | 149,235 | - | 149,235 |
| Fundraising events | 27,910 | - | - | 27,910 | - | 27,910 |
| | <u>2,109,424</u> | <u>-</u> | <u>-</u> | <u>2,109,424</u> | <u>19,826,759</u> | <u>21,936,183</u> |
| Revenue | | | | | | |
| Admission fees | 3,912,080 | - | - | 3,912,080 | - | 3,912,080 |
| Membership fees | 927,417 | - | - | 927,417 | - | 927,417 |
| Education and event program fees | 242,220 | - | - | 242,220 | - | 242,220 |
| Museum shop sales | 518,717 | - | - | 518,717 | - | 518,717 |
| Event rentals | 310,335 | - | - | 310,335 | - | 310,335 |
| Food service fees | 733,524 | - | - | 733,524 | - | 733,524 |
| SREC revenue | 161,145 | - | - | 161,145 | - | 161,145 |
| Investment return | <u>(1,258,867)</u> | <u>(52,558)</u> | <u>520,000</u> | <u>(791,425)</u> | <u>(1,879,283)</u> | <u>(2,670,708)</u> |
| | <u>5,546,571</u> | <u>(52,558)</u> | <u>520,000</u> | <u>6,014,013</u> | <u>(1,879,283)</u> | <u>4,134,730</u> |
| Net assets released from restrictions | <u>619,336</u> | <u>-</u> | <u>-</u> | <u>619,336</u> | <u>(619,336)</u> | <u>-</u> |
| | <u>8,275,331</u> | <u>(52,558)</u> | <u>520,000</u> | <u>8,742,773</u> | <u>17,328,140</u> | <u>26,070,913</u> |
| Expenses | | | | | | |
| Program services | | | | | | |
| Art and education programs | 6,942,500 | - | - | 6,942,500 | - | 6,942,500 |
| Auxiliary operations | 1,062,329 | 519 | - | 1,062,848 | - | 1,062,848 |
| Supporting services | | | | | | |
| Management and general | 1,327,365 | - | - | 1,327,365 | - | 1,327,365 |
| Fundraising | <u>1,162,601</u> | <u>-</u> | <u>-</u> | <u>1,162,601</u> | <u>-</u> | <u>1,162,601</u> |
| | <u>10,494,795</u> | <u>519</u> | <u>-</u> | <u>10,495,314</u> | <u>-</u> | <u>10,495,314</u> |
| Changes in net assets before provision for income taxes | (2,219,464) | (53,077) | 520,000 | (1,752,541) | 17,328,140 | 15,575,599 |
| Provision for income taxes | <u>-</u> | <u>125,300</u> | <u>-</u> | <u>125,300</u> | <u>-</u> | <u>125,300</u> |
| Changes in net assets | (2,219,464) | (178,377) | 520,000 | (1,877,841) | 17,328,140 | 15,450,299 |
| Net assets | | | | | | |
| Beginning of year | <u>26,871,670</u> | <u>(340,983)</u> | <u>-</u> | <u>26,530,687</u> | <u>12,870,234</u> | <u>39,400,921</u> |
| End of year | \$ 24,652,206 | \$ (519,360) | \$ 520,000 | \$ 24,652,846 | \$ 30,198,374 | \$ 54,851,220 |

See Independent Auditor's Report.

Grounds For Sculpture, Inc. and Subsidiary
Consolidating Statement of Activities and Changes in Net Assets
Year Ended December 31, 2021

| | <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> | <u>Restrictions</u> | | | | |
| Support and revenue | | | | | | |
| Support | | | | | | |
| Contributions of cash and other financial assets | \$ 2,164,173 | \$ - | \$ - | \$ 2,164,173 | \$ 2,998,546 | \$ 5,162,719 |
| Contributions of nonfinancial assets | 119,415 | - | - | 119,415 | - | 119,415 |
| Fundraising events | 11,590 | - | - | 11,590 | - | 11,590 |
| PPP Loan forgiveness | <u>1,158,822</u> | <u>-</u> | <u>-</u> | <u>1,158,822</u> | <u>-</u> | <u>1,158,822</u> |
| | <u>3,454,000</u> | <u>-</u> | <u>-</u> | <u>3,454,000</u> | <u>2,998,546</u> | <u>6,452,546</u> |
| Revenue | | | | | | |
| Admission fees | 3,078,306 | - | - | 3,078,306 | - | 3,078,306 |
| Membership fees | 803,966 | - | - | 803,966 | - | 803,966 |
| Education and event program fees | 88,385 | - | - | 88,385 | - | 88,385 |
| Museum shop sales | 230,006 | - | - | 230,006 | - | 230,006 |
| Event rentals | 206,686 | - | - | 206,686 | - | 206,686 |
| Food service fees | 342,424 | 9,700 | - | 352,124 | - | 352,124 |
| SREC revenue | 143,740 | - | - | 143,740 | - | 143,740 |
| Investment return | <u>167,347</u> | <u>-</u> | <u>-</u> | <u>167,347</u> | <u>2,336,094</u> | <u>2,503,441</u> |
| | <u>5,060,860</u> | <u>9,700</u> | <u>-</u> | <u>5,070,560</u> | <u>2,336,094</u> | <u>7,406,654</u> |
| Net assets released from restrictions | <u>380,684</u> | <u>-</u> | <u>-</u> | <u>380,684</u> | <u>(380,684)</u> | <u>-</u> |
| | <u>8,895,544</u> | <u>9,700</u> | <u>-</u> | <u>8,905,244</u> | <u>4,953,956</u> | <u>13,859,200</u> |
| Expenses | | | | | | |
| Program services | | | | | | |
| Art and education programs | 4,931,964 | - | - | 4,931,964 | - | 4,931,964 |
| Auxiliary operations | 663,303 | 535 | - | 663,838 | - | 663,838 |
| Supporting services | | | | | | |
| Management and general | 1,300,197 | - | - | 1,300,197 | - | 1,300,197 |
| Fundraising | <u>1,130,947</u> | <u>-</u> | <u>-</u> | <u>1,130,947</u> | <u>-</u> | <u>1,130,947</u> |
| | <u>8,026,411</u> | <u>535</u> | <u>-</u> | <u>8,026,946</u> | <u>-</u> | <u>8,026,946</u> |
| Changes in net assets before provision for income taxes | 869,133 | 9,165 | - | 878,298 | 4,953,956 | 5,832,254 |
| Provision for income taxes | <u>-</u> | <u>2,600</u> | <u>-</u> | <u>2,600</u> | <u>-</u> | <u>2,600</u> |
| Changes in net assets | 869,133 | 6,565 | - | 875,698 | 4,953,956 | 5,829,654 |
| Net assets | | | | | | |
| Beginning 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> |
| End of year | <u>\$ 26,871,670</u> | <u>\$ (340,983)</u> | <u>\$ -</u> | <u>\$ 26,530,687</u> | <u>\$ 12,870,234</u> | <u>\$ 39,400,921</u> |

See Independent Auditor's Report.