



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

Grounds For Sculpture, Inc. and Subsidiaries
Consolidated Financial Statements
December 31, 2025 and 2024
With Independent Auditor's Reports

Grounds For Sculpture, Inc. and Subsidiaries
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December 31, 2025 and 2024

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Independent Auditor's Report

To the Board of Trustees of
Grounds For Sculpture, Inc. and Subsidiaries:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Grounds For Sculpture, Inc. and Subsidiaries (the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, and the related consolidated statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Grounds For Sculpture, Inc. and Subsidiaries as of December 31, 2025 and 2024, 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. 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 Grounds For Sculpture, Inc. and Subsidiaries 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 within one year after the date 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 supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such 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 GAAS. 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 10, 2026 on our consideration of Grounds For Sculpture, Inc. and Subsidiaries' 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 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 Grounds For Sculpture, Inc. and Subsidiaries' 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 Grounds For Sculpture, Inc. and Subsidiaries' internal control over financial reporting and compliance.



April 10, 2026

Grounds For Sculpture, Inc. and Subsidiaries
Consolidated Statements of Financial Position
December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Cash and cash equivalents	\$ 877,927	\$ 1,057,955
Investments	49,087,147	41,491,765
Contributions and grants receivable, net	3,954,269	3,862,818
Unconditional promises to give, donated facilities	157,690	236,533
Accounts receivable	330,160	244,188
Museum shop inventory	29,187	25,842
Work in progress	182,539	-
Prepaid expenses	201,559	70,382
Prepaid utility benefits	845,140	893,331
Prepaid production costs, net	68,577	152,561
Property and equipment, net	34,147,429	19,860,527
Deferred income taxes	141,800	-
Total assets	<u>\$ 90,023,424</u>	<u>\$ 67,895,902</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 680,025	\$ 261,323
Accrued expenses	351,203	358,887
Deferred revenue	430,551	226,372
Loan payable	-	232,315
Line of credit	950,000	950,000
Economic Injury Disaster Loan	140,010	143,765
Total liabilities	<u>2,551,789</u>	<u>2,172,662</u>
Net assets		
Net assets without donor restrictions	39,347,823	24,912,763
Net assets with donor restrictions	48,123,812	40,810,477
Total net assets	<u>87,471,635</u>	<u>65,723,240</u>
Total liabilities and net assets	<u>\$ 90,023,424</u>	<u>\$ 67,895,902</u>

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

Grounds For Sculpture, Inc. and Subsidiaries
Consolidated Statement of Activities and Changes in Net Assets,
Year Ended December 31, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
Support			
Contributions of cash and other financial assets	\$ 1,919,076	\$ 5,258,241	\$ 7,177,317
Contributions of nonfinancial assets	14,444,928	-	14,444,928
Fundraising events	82,923	-	82,923
Total support	<u>16,446,927</u>	<u>5,258,241</u>	<u>21,705,168</u>
Revenue			
Production revenue	641,839	-	641,839
Cost of sales	(468,320)	-	(468,320)
Gross profit from sales	<u>173,519</u>	<u>-</u>	<u>173,519</u>
Admission fees	2,721,733	-	2,721,733
Membership fees	825,306	-	825,306
Education and event program fees	381,557	-	381,557
Museum shop sales	408,828	-	408,828
Event rentals	431,986	-	431,986
Food service fees	586,513	-	586,513
SREC revenue	128,851	-	128,851
Investment return, net	659,170	5,676,817	6,335,987
Gain on sale of property and equipment	22,870	-	22,870
Income tax benefit	140,300	-	140,300
Total revenue	<u>6,480,633</u>	<u>5,676,817</u>	<u>12,157,450</u>
Net assets released from restrictions	3,621,723	(3,621,723)	-
Total support and revenue	<u>26,549,283</u>	<u>7,313,335</u>	<u>33,862,618</u>
Expenses			
Program services			
Art and education programs	6,269,594	-	6,269,594
Auxiliary operations	1,578,505	-	1,578,505
Total program services	<u>7,848,099</u>	<u>-</u>	<u>7,848,099</u>
Supporting services			
Management and general	2,728,511	-	2,728,511
Fundraising	1,537,613	-	1,537,613
Total supporting services	<u>4,266,124</u>	<u>-</u>	<u>4,266,124</u>
Total expenses	<u>12,114,223</u>	<u>-</u>	<u>12,114,223</u>
Changes in net assets	14,435,060	7,313,335	21,748,395
Net assets			
Beginning of year	24,912,763	40,810,477	65,723,240
End of year	<u>\$ 39,347,823</u>	<u>\$ 48,123,812</u>	<u>\$ 87,471,635</u>

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

Grounds For Sculpture, Inc. and Subsidiaries
Consolidated Statement of Activities and Changes in Net Assets
Year Ended December 31, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
Support			
Contributions of cash and other financial assets	\$ 1,251,142	\$ 3,737,967	\$ 4,989,109
Contributions of nonfinancial assets	24,993	-	24,993
Fundraising events	89,060	-	89,060
Total support	<u>1,365,195</u>	<u>3,737,967</u>	<u>5,103,162</u>
Revenue			
Admissions fees	3,641,670	-	3,641,670
Membership fees	874,526	-	874,526
Education and event program fees	349,861	-	349,861
Museum shop sales	426,167	-	426,167
Event rentals	361,315	-	361,315
Food service fees	688,797	-	688,797
SREC revenue	144,605	-	144,605
Investment return, net	613,571	4,831,016	5,444,587
Gain on sale of property and equipment	108,570	-	108,570
Total revenue	<u>7,209,082</u>	<u>4,831,016</u>	<u>12,040,098</u>
Net assets released from restrictions	1,493,747	(1,493,747)	-
Total support and revenue	<u>10,068,024</u>	<u>7,075,236</u>	<u>17,143,260</u>
Expenses			
Program services			
Art and education programs	6,048,762	-	6,048,762
Auxiliary operations	1,172,429	-	1,172,429
Total program services	<u>7,221,191</u>	<u>-</u>	<u>7,221,191</u>
Supporting services			
Management and general	1,598,488	-	1,598,488
Fundraising	1,314,410	-	1,314,410
Total supporting services	<u>2,912,898</u>	<u>-</u>	<u>2,912,898</u>
Total expenses	<u>10,134,089</u>	<u>-</u>	<u>10,134,089</u>
Changes in net assets	(66,065)	7,075,236	7,009,171
Net assets			
Beginning of year	24,978,828	33,735,241	58,714,069
End of year	<u>\$ 24,912,763</u>	<u>\$ 40,810,477</u>	<u>\$ 65,723,240</u>

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

Grounds For Sculpture, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating activities		
Changes in net assets	\$ 21,748,395	\$ 7,009,171
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Contributed net assets received in acquisition (noncash)	(14,433,510)	-
Depreciation	914,112	714,371
Realized and unrealized gains	(5,407,757)	(4,679,473)
Endowment fund contributions	(2,944,478)	(3,264,279)
Unconditional promises to give - donated facilities	78,843	78,843
Bad debt	1,390	2,437
Deferred income taxes	(141,800)	-
Changes in operating assets and liabilities		
Contributions and grants receivable	(91,451)	155,571
Accounts receivable	(87,362)	(16,656)
Museum shop inventory	(3,345)	13,507
Work in progress	(182,539)	-
Prepaid expenses	(131,177)	255,125
Prepaid utility benefits	48,191	50,625
Prepaid production costs	83,984	(123,408)
Accounts payable	418,702	(53,533)
Accrued expenses	(7,684)	(81,688)
Deferred program revenue	204,179	(12,242)
Net cash provided by operating activities	<u>66,693</u>	<u>48,371</u>
Investing activities		
Purchase of property and equipment	(801,999)	(302,233)
Proceeds from sale of investments	8,539,192	5,005,922
Purchase of investments	(10,726,817)	(7,947,316)
Proceeds from sale of property and equipment	34,495	-
Net cash used in investing activities	<u>(2,955,129)</u>	<u>(3,243,627)</u>
Financing activities		
Repayment of debt	(236,070)	(211,892)
Endowment fund contributions	2,944,478	3,264,279
Net cash provided by financing activities	<u>2,708,408</u>	<u>3,052,387</u>
Net change in cash and cash equivalents	(180,028)	(142,869)
Cash and cash equivalents		
Beginning of year	1,057,955	1,200,824
End of year	<u>\$ 877,927</u>	<u>\$ 1,057,955</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for		
Interest	<u>\$ 9,380</u>	<u>\$ 13,716</u>

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

Grounds For Sculpture, Inc. and Subsidiaries
Consolidated Statement of Functional Expenses
Year Ended December 31, 2025

	Art and Education Programs	Auxiliary Operations	Total Program Services	Management and General	Fundraising	Supporting Services Total	Total
Payroll	\$ 2,506,627	\$ 627,973	\$ 3,134,600	\$ 841,636	\$ 704,070	\$ 1,545,706	\$ 4,680,306
Payroll taxes and benefits	628,347	252,494	880,841	198,403	161,023	359,426	1,240,267
Cost of goods sold	-	179,087	179,087	-	-	-	179,087
Occupancy	1,202,686	195,461	1,398,147	351,329	124,148	475,477	1,873,624
Insurance	195,856	34,558	230,414	113,535	23,909	137,444	367,858
Outside artistic services	381,900	-	381,900	1,090	5,580	6,670	388,570
Outside fees and services	121,310	27,046	148,356	833,450	61,780	895,230	1,043,586
Office and administrative	20,247	6,919	27,166	7,995	97,416	105,411	132,577
Travel and meetings	24,163	6,160	30,323	15,439	7,727	23,166	53,489
Credit card and bank fees	106,396	16,920	123,316	730	29,599	30,329	153,645
Program materials	55,384	12,625	68,009	4,126	79,438	83,564	151,573
Advertising and marketing	324,872	22,480	347,352	-	12,515	12,515	359,867
Openings	-	-	-	-	47,714	47,714	47,714
Printing and publications	28,050	575	28,625	846	9,454	10,300	38,925
Computer support and maintenance	115,273	39,762	155,035	47,819	34,357	82,176	237,211
Supplies and equipment rental	16,809	25,446	42,255	10,457	741	11,198	53,453
Gifts, meals, and hospitality	30,339	695	31,034	59,220	10,188	69,408	100,442
Education and training	18,918	2,724	21,642	47,034	18,008	65,042	86,684
Depreciation	492,417	127,580	619,997	185,559	108,556	294,115	914,112
Interest	-	-	-	9,843	-	9,843	9,843
Bad debt	-	-	-	-	1,390	1,390	1,390
	<u>\$ 6,269,594</u>	<u>\$ 1,578,505</u>	<u>\$ 7,848,099</u>	<u>\$ 2,728,511</u>	<u>\$ 1,537,613</u>	<u>\$ 4,266,124</u>	<u>\$ 12,114,223</u>

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

Grounds For Sculpture, Inc. and Subsidiaries
Consolidated Statement of Functional Expenses
Year Ended December 31, 2024

	Art and Education Programs	Auxiliary Operations	Total Program Services	Management and General	Fundraising	Supporting Services Total	Total
Payroll	\$ 2,393,332	\$ 455,298	\$ 2,848,630	\$ 677,562	\$ 583,270	\$ 1,260,832	\$ 4,109,462
Payroll taxes and benefits	575,135	106,440	681,575	171,049	137,686	308,735	990,310
Cost of goods sold	-	178,053	178,053	-	-	-	178,053
Occupancy	1,065,232	198,701	1,263,933	195,306	124,471	319,777	1,583,710
Insurance	183,638	21,496	205,134	83,074	22,473	105,547	310,681
Outside artistic services	549,600	-	549,600	600	2,640	3,240	552,840
Outside fees and services	198,172	8,026	206,198	243,535	75,970	319,505	525,703
Office and administrative	1,734	1,122	2,856	3,820	60,476	64,296	67,152
Travel and meetings	16,865	527	17,392	12,591	4,834	17,425	34,817
Credit card and bank fees	131,548	16,616	148,164	1,056	32,985	34,041	182,205
Program materials	53,252	12,875	66,127	346	78,838	79,184	145,311
Advertising and marketing	230,974	13,000	243,974	-	6,491	6,491	250,465
Openings	-	-	-	-	30,688	30,688	30,688
Printing and publications	18,815	178	18,993	1,308	9,294	10,602	29,595
Computer support and maintenance	102,424	27,013	129,437	41,979	25,984	67,963	197,400
Supplies and equipment rental	22,842	41,232	64,074	12,531	213	12,744	76,818
Gifts, meals, and hospitality	40,166	801	40,967	43,071	10,695	53,766	94,733
Education and training	15,084	1,568	16,652	20,831	6,139	26,970	43,622
Depreciation	449,949	89,483	539,432	76,113	98,826	174,939	714,371
Interest	-	-	-	13,716	-	13,716	13,716
Bad debt	-	-	-	-	2,437	2,437	2,437
	<u>\$ 6,048,762</u>	<u>\$ 1,172,429</u>	<u>\$ 7,221,191</u>	<u>\$ 1,598,488</u>	<u>\$ 1,314,410</u>	<u>\$ 2,912,898</u>	<u>\$ 10,134,089</u>

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

Grounds For Sculpture, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

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, New Jersey, 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.

Johnson Atelier, LLC ("JA") is a limited liability company formed in New Jersey on March 25, 2025. JA is a wholly owned subsidiary of GFS and supports GFS's mission through its operation as a professional art fabrication and production facility serving artists, institutions, and other clients. JA provides comprehensive fabrication and project management services across all stages of production, including modeling, milling, painting, finishing, and installation. Utilizing a combination of traditional techniques and advanced technologies, JA supports projects from initial concept through final execution and installation.

60 Sculptors Way, LLC ("60SW") is a limited liability company formed in New Jersey on April 7, 2025. 60SW is a wholly-owned disregarded entity of GFS and operates a real estate holding company, including ownership of property that is leased to JA.

2. Summary of Significant Accounting Policies

a. Principles of Consolidation

The consolidated financial statements include the accounts of Grounds For Sculpture, Inc. and subsidiaries, 60 Sculptors Way, LLC and Johnson Atelier, LLC. Grounds For Sculpture, Inc. has full ownership of the subsidiaries. Collectively, the three organizations are referred to in the consolidated financial statements as (the "Organization"). All significant intercompany accounts and transactions have been eliminated in consolidation.

b. Basis of Presentation

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

Net Assets without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and Board of Trustees.

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 the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

c. Revenue Recognition

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

Grounds For Sculpture, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2025 and 2024

d. Contributions

The Organization 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.

e. Contributed Nonfinancial Assets

The Organization's policy is to recognize contributed professional services, facilities, and other costs if the services, goods, or facilities 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 \$11,418 and \$24,993 from these sources were recorded for the years ended December 31, 2025 and 2024, respectively.

The Organization also received contributions meeting the criteria for treatment as nonfinancial assets. During 2025, the Organization received contributions of land, buildings and equipment totaling \$14,433,510 that are included with the above for total contributed nonfinancial assets of \$14,444,928.

f. Other Revenues

Revenues without donor restrictions are obtained from the admissions fees, event rentals, production revenue, museum shop sales of merchandise, fundraising events, event rentals, food service fees and education and event program fees. These revenues are recorded when the service is provided, or the merchandise is sold. Admission fee revenues are recorded when the tickets are sold, which is generally within a short time period as these tickets are normally 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. Museum shop sales are recorded as revenues upon transfer of the goods to the purchaser, with a very limited right of return. Rental event 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 revenue in the consolidated statements of financial position.

Membership fees, which are nonrefundable, are composed 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 revenue in the consolidated statements of financial position.

Production revenue is generated primarily from commissioned projects and related services. Revenue is recognized upon the transfer of the project or the provision of the service. Revenue for certain fixed-price contracts is recognized at the point in time that the contracted project of defined deliverable is substantially complete. Amounts collected in advance of project completion are recorded as deferred revenue. For time and materials contracts, revenue is recognized over time as labor is performed and materials are provided.

Grounds For Sculpture, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2025 and 2024

Food service fees are received under an operating agreement for the use of restaurant facilities and equipment, which expires in December 2034. The agreement contains an option whereby either party can terminate with 120 days' written notice. The agreement calls for a base fee of 2% and 12.5% of gross revenues from restaurant sales, private dining revenue, cafés, and outside catering sales. The food service income is received monthly under the terms of the agreement.

g. 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 and decreases in the fair value of investments are reflected in the consolidated statements of activities and changes in nets assets as increases or decreases in nets assets without donor restrictions unless the use was restricted by explicit donor stipulations or by law.

h. Museum Shop Inventory

The Organization 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.

i. Work in Progress

Work in progress represents costs incurred on projects that are not yet completed as of year-end. Such costs include direct labor, direct materials, subcontract costs, and certain allocated indirect costs. These costs are capitalized as work in progress until the related project is completed, at which time they are recognized as expense in accordance with the Organization's revenue recognition policy. As of December 31, 2025, total work in progress of \$182,539, consisting of \$13,306 recorded as inventory/work in progress and \$169,233 related to project work in progress.

j. Advertising and Marketing

Advertising is expensed in the period incurred. Advertising amounted to \$359,867 and \$250,465 for the years ended December 31, 2025 and 2024, respectively.

k. Production Costs

The Organization has established a policy that 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, 2025, and one substantial production that had production costs that crossed over December 31, 2024. For the years ended December 31, 2025 and 2024, net production costs were \$68,577 and \$152,561, respectively.

l. 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 less accumulated depreciation. 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.

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m. 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.

The Organization purchased \$12,000 of artwork during the year ended December 31, 2025. They did not purchase artwork during the year ended December 31, 2024. 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 2025 or 2024. The Organization received contributions of collection items as a result of the contributions from JA.

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.

n. 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.

o. 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, the Organization 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.

p. 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 and detailed by natural classification in the consolidated statements of functional expenses. 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 the Organization. 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, event rentals, and JA are included in auxiliary operations in the consolidated statements of functional expenses.

q. Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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r. Income Taxes

GFS. 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 GFS.

JA is subject to federal and state income taxes and files tax returns in the U.S. federal and State of New Jersey jurisdictions. JA 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 the 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.

60SW is treated as a disregarded entity for tax purposes. Accordingly, the consolidated financial statements do not reflect a provision for federal or state income taxes related to 60SW.

There were no uncertain tax positions at December 31, 2025 or 2024. Additionally, no entity had any income tax-related penalties or interest for the years covered by the consolidated financial statements.

3. Contributions and Grants Receivable

Contributions and grants receivable consist of unconditional promises to give as follows at December 31 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Within one year	\$ 1,510,990	\$ 912,543
One to five years	2,761,065	1,090,500
Over five years	-	2,470,115
Total contributions and grants receivable	4,272,055	4,473,158
Less: Discount to present value at 5%	(317,786)	(610,340)
Contributions and grants receivable, net	<u>\$ 3,954,269</u>	<u>\$ 3,862,818</u>

Contributions are expected to be collected as follows during the years ending December 31:

2026	\$ 1,510,990
2027	931,250
2028	407,000
2029	405,000
2030	1,017,815
	<u>\$ 4,272,055</u>

4. Unconditional Promises to Give, Donated Facilities

The Organization has the use of office and education space under a lease which expires in December 2027. Fix rentals of \$1 are due annually. The value of the donated facilities of \$394,219 was recorded as an unconditional promises to give and contributions of nonfinancial asset revenue in the consolidated statements of activities and changes in net assets in 2023 and is being amortized over the lease term. The value of the unconditional promises to give as of December 31, 2025 and 2024 is \$157,690 and \$236,533, respectively. Future amortization of the unconditional promises to give is as follows: 2026 - \$78,843 and 2027 - \$78,847.

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5. Recurring Fair Value Measurements

The Organization has provided fair value disclosure information for relevant assets in these consolidated financial statements. For applicable assets subject to this pronouncement, the Organization will value such assets 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, the Organization will next attempt to value such assets using observable measurement criteria, including quoted market prices of similar assets 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, the Organization 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 which have been accounted for at fair value on a recurring basis as of December 31, 2025 and 2024 along with the basis for the determination of fair value:

	2025			
	Total	Level 1	Level 2	Level 3
Exchange traded funds				
Fixed income equities	\$ 3,857,982	\$ 3,857,982	\$ -	\$ -
International equities	4,941,035	4,941,035	-	-
Large Cap U.S. equities	35,328,813	35,328,813	-	-
Small/mid Cap U.S. equities	4,293,466	4,293,466	-	-
Common stock	140,350	140,350	-	-
	<u>48,561,646</u>	<u>48,561,646</u>	<u>-</u>	<u>-</u>
Investments measured at net asset value (a)	525,501	-	-	-
	<u>\$ 49,087,147</u>	<u>\$ 48,561,646</u>	<u>\$ -</u>	<u>\$ -</u>

	2024			
	Total	Level 1	Level 2	Level 3
Exchange traded funds				
Fixed income equities	\$ 7,304,991	\$ 7,304,991	\$ -	\$ -
International equities	3,476,765	3,476,765	-	-
Large Cap U.S. equities	22,386,372	22,386,372	-	-
Small/mid Cap U.S. equities	3,647,080	3,647,080	-	-
Common stock	122,198	122,198	-	-
Mutual funds - bond funds	4,081,852	4,081,852	-	-
	<u>41,019,258</u>	<u>41,019,258</u>	<u>-</u>	<u>-</u>
Investments measured at net asset value (a)	472,507	-	-	-
	<u>\$ 41,491,765</u>	<u>\$ 41,019,258</u>	<u>\$ -</u>	<u>\$ -</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. 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.

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Investment return, net 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, 2025 and 2024 and was composed of the following:

	<u>2025</u>	<u>2024</u>
Interest and dividend income	\$ 952,625	\$ 773,238
Realized gains	665,726	483,938
Unrealized gains	4,742,031	4,195,535
Investment fees	(24,395)	(8,124)
	<u>\$ 6,335,987</u>	<u>\$ 5,444,587</u>

6. Prepaid Utility Benefits

In 2019, the Organization 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 the Organization 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, 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 Organization 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 the Organization would purchase the system for the fair value of the equipment less the unused prepaid utility benefits remaining at the time of the buyout. the Organization amortizes the prepaid utility benefits over the six-year period using estimated usage.

Current and long-term portions of prepaid utility benefits as of December 31, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Prepaid utility benefits at December 31	\$ 845,140	\$ 893,331
Less: Current portion	(42,039)	(90,229)
Prepaid utility benefits, net of current portion	<u>\$ 803,101</u>	<u>\$ 803,102</u>

Prepaid utility benefits are expected to be realized as follows:

2026	\$ 42,039
2027	58,302
2028	58,157
2029	58,011
2030	57,866
Thereafter	570,765
	<u>\$ 845,140</u>

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7. Financial Assets and Liquidity Resources

As of December 31, 2025 and 2024, financial assets and liquidity resources available within one year for general expenditures, such as operating expenses, were as follows:

	<u>2025</u>	<u>2024</u>
Financial assets		
Cash and cash equivalents	\$ 877,927	\$ 1,057,955
Contributions and grants receivable	3,954,269	3,862,818
Accounts receivable	330,160	244,188
Investments	49,087,147	41,491,765
Total financial assets	<u>54,249,503</u>	<u>46,656,726</u>
Add: Unused line of credit availability	550,000	550,000
Less: Net assets with donor restrictions - financial assets	(47,947,507)	(40,573,944)
Less: Board-restricted endowments	<u>(3,011,580)</u>	<u>(3,274,663)</u>
Total financial assets to meet cash needs for general expenditures within one year	<u><u>\$ 3,840,416</u></u>	<u><u>\$ 3,358,119</u></u>

The Organization'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. The amounts shown above in board-restricted endowments are available for general expenditures with board approval.

8. Property and Equipment

Property and equipment at December 31, 2025 and 2024 were composed of the following:

	<u>2025</u>	<u>2024</u>
Land	\$ 9,286,223	\$ 6,676,906
Buildings and site improvements	28,869,176	16,985,165
Furniture and equipment	2,536,623	1,966,825
Computer software and hardware	343,958	216,540
Vehicles	147,164	126,471
Property and equipment, gross	<u>41,183,144</u>	<u>25,971,907</u>
Less: Accumulated depreciation	<u>(7,035,715)</u>	<u>(6,111,380)</u>
Property and equipment, net	<u><u>\$ 34,147,429</u></u>	<u><u>\$ 19,860,527</u></u>

Depreciation expense charged to operations amounted to \$914,112 and \$714,371 for the years ended December 31, 2025 and 2024, respectively.

9. Deferred Revenue

The Organization has deferred revenue of \$430,551 and \$226,372 at December 31, 2025 and 2024, respectively. Deferred revenue consists primarily of advance collections for program fees, event deposits and membership dues, including the portion of membership fees applicable to future periods. It also includes amounts billed and collected in advance of satisfying the related performance obligations. Such amounts are recognized as revenue when the related contractual obligations are completed or otherwise earned in accordance with the associated revenue recognition policy.

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10. Loan Payable

During the year ended December 31, 2019, the Organization 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, the Organization was required to make interest-only payments. Effective November 2019, the Organization 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 the Organization that have neither a donor restriction nor board designation placed on them. The balance outstanding was \$0- and \$232,315 as of December 31, 2025 and 2024, respectively.

11. 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.

On December 2, 2022, a 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.

On August 1, 2025, The Atlantic Foundation modified the loan via a grant agreement to provide for forgiveness of the outstanding balance as follows: \$425,000 on August 1, 2026, \$425,000 on August 1, 2027, and \$100,000 on August 1, 2028. The outstanding balance as of December 31, 2025 and 2024 was \$950,000.

12. Economic Injury Disaster Loan ("EIDL")

On July 2, 2020, the Organization obtained an unsecured promissory note (the "EIDL Loan") for \$150,000 through the 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, has a thirty-year term, bears interest at 2.75% per annum, and matures on July 2, 2051. Monthly principal and interest payments were deferred until July 2, 2023. The EIDL Loan may be prepaid at any time prior to maturity with no prepayment penalties.

	<u>2025</u>	<u>2024</u>
Loan payable at December 31,	\$ 140,010	\$ 143,765
Less: Current portion	(3,892)	(3,786)
Loan payable, net of current portion	<u>\$ 136,118</u>	<u>\$ 139,979</u>

Payments are expected to be realized as follows:

2026	\$ 3,892
2027	4,000
2028	4,111
2029	4,226
2030	4,344
Thereafter	119,437
	<u>\$ 140,010</u>

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13. Employee Retirement Plan

All employees of the GFS who have completed minimum services 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 \$159,072 and \$135,035 for the years ended December 31, 2025 and 2024, respectively.

A separate 401(k) plan is available to eligible employees of JA which provides for voluntary employee contributions subject to the annual limitations established under the Internal Revenue Code. Employer matching contributions not to exceed 4% of plan compensation are allowable under this plan in 2025. Total expense for the year ended December 31, 2025 was \$12,351.

14. Income Taxes

JA files separate income tax returns. The provision for income taxes for the year ended December 31, 2025 is as follows:

	<u>2025</u>
Current tax expense	
Federal	\$ -
State	1,500
Total current tax expense	<u>\$ 1,500</u>
Deferred tax benefit	
Federal	\$ (96,400)
State	(45,400)
Total deferred tax expense	<u>(141,800)</u>
	<u>\$ (140,300)</u>

At December 31, 2025 and 2024, deferred income tax assets are attributable to net operating loss carryforwards. At December 31, 2025 and 2024, JA had federal net operating loss carryforwards of approximately \$459,000 and \$0, respectively, and state net operating loss carryforwards of approximately \$505,000 and \$0, respectively, available to offset future taxable income.

The remaining deferred tax asset associated with the net operating loss carryforwards amounted to \$141,800 and \$0 for the years ended December 31, 2025 and 2024, respectively. The net operating loss carryforwards are anticipated to be used in the future therefore, no valuation allowance has been established.

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15. Contributed Nonfinancial Assets

The Organization received contributed nonfinancial assets composed of services and property and equipment received during the years ended December 31, 2025 and 2024 as follows:

Nonfinancial Contributions Category	Type of Contribution	Valuation	2025	2024
Property and equipment	Land	Fair market value based on appraisal	\$ 5,049,812	\$ -
Property and equipment	Buildings and site improvements	Fair market value based on appraisal	9,310,188	-
Property and equipment	Equipment	Fair market value for similar assets	73,510	-
Development	Transportation	Donor provided fair market value	2,500	-
Membership	Artist fee	Donor provided fair market value	95	-
Horticulture	Landscaping	Donor provided fair market value	8,823	16,993
Facilities	Construction work	Donor provided fair market value	-	8,000
			<u>\$ 14,444,928</u>	<u>\$ 24,993</u>

The Organization pays for most services requiring specific expertise. However, many individuals donate their time in performing a variety of tasks to assist the Organization's 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, 2025 and 2024 as follows:

	Hours	Value
2025	13,019	\$ 201,667
2024	11,408	\$ 172,604

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16. Net Assets

Net assets are composed of the following at December 31, 2025 and 2024:

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Grounds For Sculpture, Inc.						
Operating	\$36,336,243	\$ -	\$36,336,243	\$21,638,100	\$ -	\$21,638,100
Board-designated endowment	3,011,580	-	3,011,580	3,274,663	-	3,274,663
Time restricted - building and ground use	-	176,306	176,306	-	236,533	236,533
Purpose restricted for programs	-	617,374	617,374	-	481,307	481,307
Endowment fund	-	47,330,132	47,330,132	-	40,092,637	40,092,637
	<u>\$39,347,823</u>	<u>\$48,123,812</u>	<u>\$87,471,635</u>	<u>\$24,912,763</u>	<u>\$40,810,477</u>	<u>\$65,723,240</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors for the years ended December 31, 2025 and 2024 as follows:

	2025	2024
Purpose restrictions		
Community access	\$ 11,000	\$ 10,000
Endowment fund distributions	3,237,201	1,267,800
Education	51,600	36,241
Exhibitions, conservation care, acquisitions	39,870	21,000
Events	7,500	2,500
Capacity building	80,133	76,500
Marketing	115,576	-
Catering	-	863
Time restrictions		
Building and grounds lease	78,843	78,843
	<u>\$ 3,621,723</u>	<u>\$ 1,493,747</u>

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17. Endowment Funds

The Organization's endowment fund ("Fund") includes both donor-restricted funds and funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Purpose

The donor-endowed funds were established at the Organization 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 the Organization.

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 and under the terms of the grant established that payments to the Organization will be paid out in installments. The first installment of the \$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 an additional \$16,470,000 was distributed to the Organization on March 30, 2023. During 2025, an additional \$1,852,300 was distributed to the Organization. The remaining grant funds will be distributed by December 2030 under the terms of the grant agreement. The gross contribution receivables (excluding a discount to present value) included in contributions and grants receivable on the consolidated statements of financial position at December 31, 2025 and 2024 related to the endowment were \$3,727,889 and \$4,154,617, respectively.

Interpretation of Relevant Law

The Board of Trustees 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 of Trustees 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:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, January 1, 2024	\$ 3,314,201	\$ 33,265,142	\$ 36,579,343
Investment return	482,762	4,831,016	5,313,778
Contributions, net of discount		3,264,279	3,264,279
Amounts appropriated for expenditure	(522,300)	(1,267,800)	(1,790,100)
Endowment net assets, December 31, 2024	3,274,663	40,092,637	43,367,300
Investment return	432,817	5,676,817	6,109,634
Contributions, net of discount		2,944,478	2,944,478
Amounts appropriated for expenditure	(695,900)	(1,383,800)	(2,079,700)
Endowment net assets, December 31, 2025	\$ 3,011,580	\$ 47,330,132	\$ 50,341,712

2025

Donor restricted "true" endowment

Historical gift value	\$ -	\$ 36,535,491	\$ 36,535,491
Appreciation and cumulative unappropriated earnings	-	10,794,641	10,794,641
Board designated "funds" functioning as endowment	3,011,580	-	3,011,580
	\$ 3,011,580	\$ 47,330,132	\$ 50,341,712

2024

Donor restricted "true" endowment

Historical gift value	\$ -	\$ 33,591,005	\$ 33,591,005
Appreciation and cumulative unappropriated earnings	-	6,501,632	6,501,632
Board designated "funds" functioning as endowment	3,274,663	-	3,274,663
	\$ 3,274,663	\$ 40,092,637	\$ 43,367,300

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18. Concentrations

The Organization 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 Organization's financial condition, changes in net assets, and cash flows.

The Organization 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 the Organization's exposure to credit risk. For the years ended December 31, 2025 and 2024, the Organization did not record an allowance.

The Organization has received revenue from two donors that amounted to 21%, and one donor that amounted to 59% of total contribution revenue for the years ended December 31, 2025 and 2024, respectively. As of December 31, 2025 and 2024, the Organization had contribution receivable balances from the three and two donors that amounted to 84% and 87% of total contribution receivable, respectively. The Organization received contributions totaling approximately \$163,171 and \$105,966 from members of the Board of Trustees for the years ended December 31, 2025 and 2024, respectively. Production revenue from one donor represented 37.5% of total production revenue for the year ended December 31, 2025.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, based on the market decline, and that such changes could materially affect the amount reported in the Organization's consolidated statements of financial position.

The Organization has investment holdings in two equity securities that amounted to 72% and 70% of total investments for the years ended December 31, 2025 and 2024, respectively.

19. Subsequent Events

The Organization has evaluated subsequent events occurring after the consolidated statement of financial position date through April 10, 2026, the date the consolidated financial statements were available to be issued. Based upon this evaluation, the Organization has determined that there are no subsequent events that have occurred that require adjustment to or disclosure in the consolidated financial statements.

Supplementary Information

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Consolidated Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To the Board of Trustees of
Grounds For Sculpture, Inc. and Subsidiaries:

We have audited, in accordance with the 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 ("*Government Auditing Standards*"), the consolidated financial statements of Grounds For Sculpture, Inc. and Subsidiaries which comprise the consolidated statement of financial position as of December 31, 2025, and the related consolidated statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated April 10, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Grounds For Sculpture, Inc. and Subsidiaries' internal control over financial reporting ("internal control") as a basis for designing audit 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 Grounds For Sculpture, Inc. and Subsidiaries' internal control. Accordingly, we do not express an opinion on the effectiveness of Grounds For Sculpture, Inc. and Subsidiaries' 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 Grounds For Sculpture, Inc. and Subsidiaries' 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 audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Grounds For Sculpture, Inc. and Subsidiaries' 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 result of that testing, and not to provide an opinion on the effectiveness of Grounds for Sculpture, Inc. and Subsidiaries' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Withum Smith + Brown, PC

April 10, 2026

Grounds For Sculpture, Inc. and Subsidiaries
Schedule of Expenditures of State Financial Assistance and Notes to the Schedule of
Expenditures of State Financial Assistance
December 31, 2025

<u>State Grantor / Program Title</u>	<u>Award Number</u>	<u>Award Period</u>	<u>Current Year Expenditures</u>	<u>Contract Expenditures to Date</u>
<u>State of New Jersey Department of State</u>				
New Jersey State Council on the Arts				
General Operating Support	C-2605X010024	07/01/2025 - 06/30/2026	\$ 288,890	\$ 288,890
			<u>\$ 288,890</u>	<u>\$ 288,890</u>

Note A – BASIS OF PRESENTATION

The supplemental schedule of expenditures of state financial assistance (the "Schedule") includes the state grant activity of Grounds for Sculpture, Inc. under programs of the state government for the year ended December 31, 2025. The information in this Schedule is presented in accordance with the requirements of the State of New Jersey, Department of Treasury, OMB Policy Circular 25-12-OMB. Because the Schedule presents only a selected portion of the operations of Grounds for Sculpture, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Grounds for Sculpture, Inc.

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.
The Notes to Schedule of Expenditures of State Financial Assistance are an integral part of this statement.

Grounds For Sculpture, Inc. and Subsidiaries
Consolidating Statement of Financial Position
December 31, 2025

	Grounds For Sculpture, Inc.	60 Sculptors Way, LLC	Johnson Atelier, LLC	Total	Eliminating	Total
Assets						
Cash and cash equivalents	\$ 772,640	\$ 5,262	\$ 100,025	\$ 877,927	\$ -	\$ 877,927
Investments	49,087,147	-	-	49,087,147	-	49,087,147
Contributions and grants receivable, net	3,954,269	-	-	3,954,269	-	3,954,269
Unconditional promises to give, donated facilities	157,690	-	-	157,690	-	157,690
Accounts receivable	126,154	-	204,006	330,160	-	330,160
Intercompany receivable	-	100,412	(100,412)	-	-	-
Investment in subsidiary	8,929,842	-	-	8,929,842	(8,929,842)	-
Museum shop inventory	29,187	-	-	29,187	-	29,187
Work in progress	-	-	182,539	182,539	-	182,539
Prepaid expenses	183,428	-	18,131	201,559	-	201,559
Prepaid utility expenses	845,140	-	-	845,140	-	845,140
Prepaid production costs, net	68,577	-	-	68,577	-	68,577
Property and equipment, net	25,879,555	7,920,230	347,644	34,147,429	-	34,147,429
Deferred income taxes	-	-	141,800	141,800	-	141,800
Total assets	\$ 90,033,629	\$ 8,025,904	\$ 893,733	\$ 98,953,266	\$ (8,929,842)	\$ 90,023,424
Liabilities and Net Assets						
Liabilities						
Accounts payable	\$ 378,132	\$ 156,319	\$ 145,574	\$ 680,025	\$ -	\$ 680,025
Accrued expenses	351,203	-	-	351,203	-	351,203
Deferred revenue	213,086	-	217,465	430,551	-	430,551
Line of credit	950,000	-	-	950,000	-	950,000
Economic Injury Disaster Loan	140,010	-	-	140,010	-	140,010
Total liabilities	2,032,431	156,319	363,039	2,551,789	-	2,551,789
Net assets						
Net assets without donor restrictions	39,877,386	7,869,585	530,694	48,277,665	(8,929,842)	39,347,823
Net assets with donor restrictions	48,123,812	-	-	48,123,812	-	48,123,812
Net assets	88,001,198	7,869,585	530,694	96,401,477	(8,929,842)	87,471,635
Total liabilities and net assets	\$ 90,033,629	\$ 8,025,904	\$ 893,733	\$ 98,953,266	\$ (8,929,842)	\$ 90,023,424

See Independent Auditor's Report.

Grounds For Sculpture, Inc. and Subsidiaries
Consolidating Statement of Activities and Changes in Net Assets
Year Ended December 31, 2025

	Grounds For Sculpture, Inc. - Without Donor Restrictions	Grounds For Sculpture, Inc. - With Donor Restrictions	Total	60 Sculptors Way, LLC	Johnson Atelier, LLC	Eliminating	Total
Support and revenues							
Support							
Contributions of cash and other financial assets	\$ 1,919,076	\$ 5,258,241	\$ 7,177,317	\$ -	\$ -	\$ -	\$ 7,177,317
Contributions of nonfinancial assets	14,444,928	-	14,444,928	-	-	-	14,444,928
Fundraising events	82,923	-	82,923	-	-	-	82,923
Total support	16,446,927	5,258,241	21,705,168	-	-	-	21,705,168
Revenue							
Production revenue	-	-	-	-	657,395	(15,556)	641,839
Cost of production revenue	-	-	-	-	(468,320)	-	(468,320)
Gross profit	-	-	-	-	189,075	(15,556)	173,519
Admission fees	2,721,733	-	2,721,733	-	-	-	2,721,733
Membership fees	825,306	-	825,306	-	-	-	825,306
Education and event							
Program fees	381,557	-	381,557	-	-	-	381,557
Museum shop sales	408,828	-	408,828	-	-	-	408,828
Event rentals	431,986	-	431,986	-	-	-	431,986
Food service fees	586,513	-	586,513	-	-	-	586,513
SREC revenue	128,851	-	128,851	-	-	-	128,851
Investment return, net	659,170	5,676,817	6,335,987	-	-	-	6,335,987
Gain on sale of property and equipment	22,870	-	22,870	-	-	-	22,870
Rental income	-	-	-	100,412	-	(100,412)	-
Income tax benefit	-	-	-	-	140,300	-	140,300
Total revenue	6,166,814	5,676,817	11,843,631	100,412	140,300	(100,412)	11,983,931
Net assets released from restrictions	3,621,723	(3,621,723)	-	-	-	-	-
Total support and revenues	26,235,464	7,313,335	33,548,799	100,412	329,375	(115,968)	33,862,618
Expenses							
Program services							
Arts and education programs	6,285,150	-	6,285,150	-	-	(15,556)	6,269,594
Auxiliary operations	1,108,099	-	1,108,099	-	540,695	(70,289)	1,578,505
Total program services	7,393,249	-	7,393,249	-	540,695	(85,845)	7,848,099
Supporting services							
Management and general	2,339,979	-	2,339,979	264,790	153,865	(30,123)	2,728,511
Fundraising	1,537,613	-	1,537,613	-	-	-	1,537,613
Total supporting services	3,877,592	-	3,877,592	264,790	153,865	(30,123)	4,266,124
Total expenses	11,270,841	-	11,270,841	264,790	694,560	(115,968)	12,114,223

See Independent Auditor's Report.

Grounds For Sculpture, Inc. and Subsidiaries
Consolidating Statement of Activities and Changes in Net Assets
Year Ended December 31, 2025

	Grounds For Sculpture, Inc. - Without Donor Restrictions	Grounds For Sculpture, Inc. - With Donor Restrictions	Total	60 Sculptors Way, LLC	Johnson Atelier, LLC	Eliminating	Total
Changes in net assets	\$ 14,964,623	\$ 7,313,335	\$ 22,277,958	\$ (164,378)	\$ (365,185)	\$ -	\$ 21,748,395
Capital contribution	-	-	-	8,033,963	895,879	(8,929,842)	-
Net assets							
Beginning of year	24,912,763	40,810,477	65,723,240	-	-	-	65,723,240
End of year	\$ 39,877,386	\$ 48,123,812	\$ 88,001,198	\$ 7,869,585	\$ 530,694	\$ (8,929,842)	\$ 87,471,635

See Independent Auditor's Report.

**Grounds for Sculpture, Inc. and Subsidiaries
Consolidating Schedule of Functional Expenses
Year Ended December 31, 2025**

	Grounds For Sculpture, Inc.					60 Sculptors Way, LLC		Johnson Atelier, LLC			Eliminations	Total
	Arts and Education Programs	Management and General	Auxiliary Operations	Fundraising	Total	Management and General	Management and General	Auxiliary Operations	Total			
Payroll	\$ 2,506,627	\$ 804,907	\$ 419,839	\$ 704,070	\$ 4,435,443	\$ -	\$ 36,729	\$ 208,134	\$ 244,863	\$ -	\$ 4,680,306	
Payroll taxes and benefits	628,347	170,481	94,269	161,023	1,054,120	-	27,922	158,225	186,147	-	1,240,267	
Cost of goods sold	-	-	179,087	-	179,087	-	-	-	-	-	179,087	
Occupancy	1,202,686	196,358	195,462	124,148	1,718,654	154,970	30,124	70,288	100,412	(100,412)	1,873,624	
Insurance	195,856	97,221	23,153	23,909	340,139	11,426	4,888	11,405	16,293	-	367,858	
Outside artistic fees/services	397,456	1,090	-	5,580	404,126	-	-	-	-	(15,556)	388,570	
Outside fees and services	121,310	789,164	1,746	61,780	974,000	4,000	40,286	25,300	65,586	-	1,043,586	
Office and administrative	20,247	4,930	853	97,416	123,446	131	2,934	6,066	9,000	-	132,577	
Travel and meetings	24,163	15,439	346	7,727	47,675	-	-	5,814	5,814	-	53,489	
Credit card and bank charges	106,396	528	16,920	29,599	153,443	14	188	-	188	-	153,645	
Program materials	55,384	4,126	12,625	79,438	151,573	-	-	-	-	-	151,573	
Advertising and marketing	324,872	-	13,000	12,515	350,387	-	-	9,480	9,480	-	359,867	
Openings	-	-	-	47,714	47,714	-	-	-	-	-	47,714	
Printing and publications	28,050	846	575	9,454	38,925	-	-	-	-	-	38,925	
Computer support and maintenance	115,273	44,308	30,169	34,357	224,107	-	3,511	9,593	13,104	-	237,211	
Supplies and equipment rental	16,809	10,457	20,423	741	48,430	-	-	5,023	5,023	-	53,453	
Gifts, meals, and hospitality	30,339	55,751	695	10,188	96,973	-	3,469	-	3,469	-	100,442	
Education/training	18,918	47,034	1,516	18,008	85,476	-	-	1,208	1,208	-	86,684	
Depreciation	492,417	87,959	97,421	108,556	786,353	94,249	3,351	30,159	33,510	-	914,112	
Interest	-	9,380	-	-	9,380	-	463	-	463	-	9,843	
Bad debt	-	-	-	1,390	1,390	-	-	-	-	-	1,390	
	<u>\$ 6,285,150</u>	<u>\$ 2,339,979</u>	<u>\$ 1,108,099</u>	<u>\$ 1,537,613</u>	<u>\$ 11,270,841</u>	<u>\$ 264,790</u>	<u>\$ 153,865</u>	<u>\$ 540,695</u>	<u>\$ 694,560</u>	<u>\$ (115,968)</u>	<u>\$ 12,114,223</u>	

See Independent Auditor's Report.