

**The Green-Wood Historic Fund, Inc.**

Financial Statements

December 31, 2018 and 2017



## Independent Auditors' Report

### Board of Trustees

#### The Green-Wood Historic Fund, Inc.

We have audited the accompanying financial statements of The Green-Wood Historic Fund, Inc., which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Green-Wood Historic Fund, Inc. as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Change in Accounting Principle*

As discussed in Note 2 to the financial statements, the Cemetery adopted new accounting guidance in 2018 resulting in a change in the manner in which it presents net assets and reports certain aspects of its financial statements. Our opinion is not modified with respect to this matter.

*PKF O'Connor Davies, LLP*

March 29, 2019

**The Green-Wood Historic Fund, Inc.**

Statements of Financial Position

	December 31,	
	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash	\$ 582,364	\$ 1,741,062
Investments	1,273,148	101,022
Accounts receivable	1,592	98,734
Prepaid expenses	50	-
Fine arts and collectibles	<u>196,550</u>	<u>196,550</u>
	<u>\$ 2,053,704</u>	<u>\$ 2,137,368</u>
<b>LIABILITIES AND NET ASSETS (DEFICIT)</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 27,720	\$ 10,373
Due to The Green-Wood Cemetery	<u>1,204,545</u>	<u>989,929</u>
Total Liabilities	<u>1,232,265</u>	<u>1,000,302</u>
Net Assets (Deficit)		
Without donor restrictions	(213,561)	137,066
With donor restrictions	<u>1,035,000</u>	<u>1,000,000</u>
Total Net Assets	<u>821,439</u>	<u>1,137,066</u>
	<u>\$ 2,053,704</u>	<u>\$ 2,137,368</u>

See notes to financial statements

**The Green-Wood Historic Fund, Inc.**

Statements of Activities

	Year Ended December, 31 2018			Year Ended December, 31 2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE</b>						
Grants, contributions and other programs	\$ 2,860,886	\$ 35,000	\$ 2,895,886	\$ 805,756	\$ -	\$ 805,756
Support and allocations from The Green-Wood Cemetery for salaries, labor and benefits	300,000	-	300,000	220,000	-	220,000
Special events net of costs with direct donor benefits to donors of \$57,750 and \$46,900	654,406	-	654,406	318,919	-	318,919
Book sales	6,472	-	6,472	10,903	-	10,903
Realized and unrealized (loss) gain on investments	(84,213)	-	(84,213)	3,913	-	3,913
Interest and dividends	18,806	-	18,806	4,587	-	4,587
Net assets released from restrictions	-	-	-	22,275	(22,275)	-
<b>Total Revenue</b>	<b>3,756,357</b>	<b>35,000</b>	<b>3,791,357</b>	<b>1,386,353</b>	<b>(22,275)</b>	<b>1,364,078</b>
<b>EXPENSES</b>						
Program expenses	3,274,536	-	3,274,536	810,684	-	810,684
Management and administration	415,651	-	415,651	221,956	-	221,956
Fundraising	416,797	-	416,797	318,829	-	318,829
<b>Total Expenses</b>	<b>4,106,984</b>	<b>-</b>	<b>4,106,984</b>	<b>1,351,469</b>	<b>-</b>	<b>1,351,469</b>
<b>Change in Net Assets</b>	<b>(350,627)</b>	<b>35,000</b>	<b>(315,627)</b>	<b>34,884</b>	<b>(22,275)</b>	<b>12,609</b>
<b>NET ASSETS (DEFICIT)</b>						
Beginning of year	137,066	1,000,000	1,137,066	102,182	1,022,275	1,124,457
End of Year	\$ (213,561)	\$ 1,035,000	\$ 821,439	\$ 137,066	\$ 1,000,000	\$ 1,137,066

See notes to financial statements

**The Green-Wood Historic Fund, Inc.**

Statement of Functional Expenses  
Year Ended December 31, 2018

	Program Expenses					Total Program Expenses	Supporting Services		Total Expenses
	Public Events and Tours	Genealogy	Historic Collection and Archives	Restorations and Preservation	Educational Programs		Management and Administration	Fundraising	
Salaries expense	\$ 199,711	\$ 19,321	\$ 87,393	\$ -	\$ 59,892	\$ 366,317	\$ 118,926	\$ 104,597	\$ 589,840
Labor expense	80,485	-	-	-	22,995	103,480	-	11,498	114,978
Salary related costs	74,713	7,228	32,694	-	22,406	137,041	44,491	39,130	220,662
Labor related costs	27,989	-	-	-	7,997	35,986	-	3,998	39,984
Total Salaries, Labor and Related Costs	382,898	26,549	120,087	-	113,290	642,824	163,417	159,223	965,464
Grant expenses	-	-	-	2,068,931	-	2,068,931	10,500	12,000	2,091,431
Production costs	304,562	-	-	-	-	304,562	-	-	304,562
Professional fees	-	-	21,360	39,000	37,886	98,246	6,882	44,592	149,720
Computer and website programing	16,838	525	1,050	-	-	18,413	61,822	9,258	89,493
Food and venue	-	-	-	-	-	-	-	75,291	75,291
Printing and publications	28,097	-	-	-	-	28,097	6,978	18,878	53,953
Bad debt	-	-	-	-	-	-	50,000	-	50,000
Tour guides	44,098	-	-	-	-	44,098	-	-	44,098
Bank and credit card charges	-	-	-	-	-	-	39,453	-	39,453
Postage and delivery	1,257	-	-	-	-	1,257	3,742	20,977	25,976
Marketing and promotions	467	-	-	-	-	467	20,196	2,267	22,930
General office expenses	120	-	1,888	-	-	2,008	19,265	1,196	22,469
Genealogical services	-	21,410	-	-	-	21,410	-	-	21,410
Archives supplies	-	-	9,499	-	-	9,499	4,281	1,778	15,558
Legal fees	-	-	-	-	-	-	10,763	-	10,763
Other	34,465	-	259	-	-	34,724	18,352	71,337	124,413
	<u>\$ 812,802</u>	<u>\$ 48,484</u>	<u>\$ 154,143</u>	<u>\$ 2,107,931</u>	<u>\$ 151,176</u>	<u>\$ 3,274,536</u>	<u>\$ 415,651</u>	<u>\$ 416,797</u>	<u>\$ 4,106,984</u>

**The Green-Wood Historic Fund, Inc.**

Statement of Functional Expenses  
Year Ended December 31, 2017

	Program Expenses				Supporting Services			
	Public Events and Tours	Genealogy	Historic Collection and Archives	Educational Programs	Total Program Expenses	Management and Administration	Fundraising	Total Expenses
Salaries expense	\$ 154,766	\$ 14,594	\$ 66,010	\$ 41,319	\$ 276,689	\$ 89,828	\$ 79,004	\$ 445,521
Labor expense	56,496	-	-	16,142	72,638	-	8,071	80,709
Salary related costs	60,235	5,680	25,691	16,082	107,688	34,962	30,749	173,399
Labor related costs	<u>19,625</u>	<u>-</u>	<u>-</u>	<u>5,607</u>	<u>25,232</u>	<u>-</u>	<u>2,804</u>	<u>28,036</u>
Total Salaries, Labor and Related Costs	291,122	20,274	91,701	79,150	482,247	124,790	120,628	727,665
Professional fees	33,783	-	3,080	15,231	52,094	20,075	24,970	97,139
Printing and publications	39,829	-	-	-	39,829	900	42,548	83,277
Marketing and promotions	-	-	-	1,250	1,250	31,059	21,275	53,584
Tour guides	51,236	-	-	-	51,236	-	-	51,236
Food and venue	-	-	-	-	-	-	48,112	48,112
General office expenses	250	210	-	127	587	15,708	19,388	35,683
Computer and website programing	13,800	225	1,425	2,475	17,925	9,329	2,400	29,654
Genealogical services	-	28,568	-	-	28,568	-	-	28,568
Graphic design and video	28,371	-	-	-	28,371	-	-	28,371
Archives supplies	-	-	24,739	-	24,739	1,760	-	26,499
Grant expenses	-	-	22,000	145	22,145	150	3,000	25,295
Bank and credit card charges	17,762	-	-	-	17,762	179	-	17,941
Legal fees	-	-	-	-	-	11,913	-	11,913
Special projects	-	-	-	2,330	2,330	-	2,500	4,830
Other	<u>41,601</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,601</u>	<u>6,093</u>	<u>34,008</u>	<u>81,702</u>
	<u>\$ 517,754</u>	<u>\$ 49,277</u>	<u>\$ 142,945</u>	<u>\$ 100,708</u>	<u>\$ 810,684</u>	<u>\$ 221,956</u>	<u>\$ 318,829</u>	<u>\$ 1,351,469</u>

See notes to financial statements

**The Green-Wood Historic Fund, Inc.**

Statements of Cash Flows

	Year Ended December 31,	
	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (315,627)	\$ 12,609
Adjustments to reconcile change in net assets to net cash from operating activities		
Donated investments	-	(12,823)
Realized and unrealized loss (gain) on investments	84,213	(3,913)
Changes in operating activities		
Accounts receivable	97,142	(31,714)
Prepaid expenses	(50)	-
Accounts payable and accrued expenses	17,347	(13,392)
Due to The Green-Wood Cemetery	214,616	13,820
Net Cash From Operating Activities	97,641	(35,413)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of investments	121,236	-
Purchases of investments	(1,377,575)	-
Net Cash From Investing Activities	(1,256,339)	-
Net Change in Cash and Cash Activities	(1,158,698)	(35,413)
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	1,741,062	1,776,475
End of year	\$ 582,364	\$ 1,741,062

See notes to financial statements

## The Green-Wood Historic Fund, Inc.

Notes to Financial Statements  
December 31, 2018 and 2017

### 1. Description of Organization

The Green-Wood Historic Fund, Inc. (the "Organization") is a not-for-profit corporation under the provisions of Section 501(c)(3) of the Internal Revenue Code, located in Brooklyn, NY. The Organization's primary purpose is to preserve and restore The Green-Wood Cemetery's (the "Cemetery") historic and cultural property and to educate the public regarding the historical significance of the Cemetery.

### 2. Summary of Significant Accounting Policies

#### ***Basis of Presentation***

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

#### ***Use of Estimates***

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### ***Change in Accounting Principle***

On January 1, 2018, the Organization adopted new guidance regarding the Presentation of Financial Statements for Not-for-Profit Entities. This guidance requires the Organization to collapse the three-category (unrestricted, temporarily restricted, and permanently restricted) classification of net assets into two categories: with donor restrictions and without donor restrictions. In addition, the new guidance requires the Organization to make certain expanded disclosures relating to (1) the liquidity of financial assets, and (2) expenses by both their natural and functional classification in one location in the financial statements. As a result of implementing this standard prior year amounts for unrestricted net assets were reclassified to net assets without donor restrictions and amounts for temporarily restricted were reclassified to net assets with donor restrictions.

#### ***Net Asset Presentation***

Net assets without donor restrictions may be expended for any purpose in performing the primary objective of the Organization. Net assets with donor restrictions are subject to stipulations imposed by donors. Some donor restrictions are temporary in nature or satisfied by the passage of time. Other donor restrictions may be perpetual in nature, whereby the donor has stipulated the funds be held in perpetuity.

#### ***Investments Valuation***

Investments are recorded at fair value.



## The Green-Wood Historic Fund, Inc.

Notes to Financial Statements  
December 31, 2018 and 2017

### 2. Summary of Significant Accounting Policies *(continued)*

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

The Organization follows U.S. GAAP guidance on fair value measurements, which define fair value and establish a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices that are observable, either directly or indirectly with fair value being determined through the use of models or other valuation methodologies. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

#### ***Property, Plant and Equipment***

Purchases of property, plant and equipment expenditures in excess of \$10,000 are capitalized and stated at cost or, if donated, at the estimated fair value of the assets at the date of donation. Depreciation is recognized using the straight line method over the estimated useful lives of such assets as follows:

Benches	7 years
Computer software	3 years

#### ***Impairment of Long-Lived Assets***

Long-lived assets such as property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Organization records impairment losses on long-lived assets used in operations if the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets. No impairment charges were recognized at December 31, 2018 and 2017.

#### ***Fine Arts and Collectibles***

The Organizations' collection of fine arts is comprised of various works, including paintings, sculptures and photographs. The collections, maintained for public exhibitions and education rather than for financial gain, are protected, encumbered and preserved, and are subject to an organizational policy that requires the proceeds from sales of collection items to be used to acquire other items for collections.

#### ***Grants, Contributions and Other Programs***

All grants, contributions and other program revenues are considered available for unrestricted use, unless specifically restricted by the donor or subject to time or other restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are recorded as unrestricted support.

## **The Green-Wood Historic Fund, Inc.**

Notes to Financial Statements  
December 31, 2018 and 2017

### **2. Summary of Significant Accounting Policies (*continued*)**

#### ***Investment Income Recognition***

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded when declared. Realized and unrealized gains and losses are included in the determination of the change in net assets.

#### ***Advertising Costs***

Advertising costs are expensed as incurred. Advertising costs for the years ended December 31, 2018 and 2017 were \$3,853 and \$3,460.

#### ***Functional Expenses***

The financial statements report certain categories of expenses that are attributable to program and supporting services of the Perpetual Care Fund. Therefore, these expenses require an allocation using a reasonable basis that is consistently applied. The expenses that are allocated include salaries and related expenses which are allocated based on estimates of time and effort and other expenses which include grounds maintenance, depreciation and administrative expenses which are allocated based on the functions receiving the benefit.

#### ***Accounting for Uncertainty in Income Taxes***

The Organization recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the Organization had no uncertain tax positions that would require financial statement recognition or disclosure.

#### ***Subsequent Events Evaluation by Management***

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is March 29, 2019.

### **3. Concentrations of Credit Risk**

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and investments. The Organization places its cash with various financial institutions and limits the amount of credit exposure by any one financial institution. At times, the cash balance may be in excess of the Federal Deposit Insurance Corporation insurance limit. Excess amounts totaled approximately \$300,000 and \$1,500,000 at December 31, 2018 and 2017. Investments are diversified to reduce concentrations so that there is no significant concentration of credit risk.

## The Green-Wood Historic Fund, Inc.

Notes to Financial Statements  
December 31, 2018 and 2017

### 4. Accounts Receivable

Accounts receivable at December 31 consist of the following:

	<u>2018</u>	<u>2017</u>
Contributions receivable	\$ 1,592	\$ 48,734
Grant receivable	<u>-</u>	<u>50,000</u>
	<u>\$ 1,592</u>	<u>\$ 98,734</u>

No allowance has been provided as management has deemed all receivables collectible.

### 5. Investments

Investments at December 31, categorized by the fair value hierarchy, consisted of the following:

	<u>2018</u>	<u>2017</u>
Level 1 Inputs		
Money market funds	\$ 24,613	\$ -
Common stock equities	76,192	101,022
Equity mutual funds	188,481	-
Fixed income mutual funds	733,963	-
Exchange traded funds	<u>249,899</u>	<u>-</u>
	<u>\$ 1,273,148</u>	<u>\$ 101,022</u>

### 6. Property, Plant and Equipment

Property, plant and equipment at December 31 consist of the following:

	<u>2018</u>	<u>2017</u>
Benches	\$ 27,319	\$ 27,319
Computer software	<u>39,201</u>	<u>39,201</u>
	66,520	66,520
Accumulated depreciation	<u>(66,520)</u>	<u>(66,520)</u>
	<u>\$ -</u>	<u>\$ -</u>

## The Green-Wood Historic Fund, Inc.

Notes to Financial Statements  
December 31, 2018 and 2017

### 7. Liquidity

The following reflects the Organization's available financial assets, reduced by amounts not available for general use. Amounts not available for use within one year included financial assets received with donor restrictions that are designated for a specific purpose and have been earmarked as resources available for future use.

Total financial assets available to meet cash needs for general expenditure with one year at December 31, 2018 are as follows:

Cash	\$ 582,364
Investments	1,273,148
Accounts receivable	<u>1,592</u>
Financial assets at year end	1,857,104
Less amounts unavailable for general expenditures due to:	
Subject to satisfaction of donor purpose restrictions	<u>(1,035,000)</u>
Financial assets at year end available to meet cash needs for general expenditures within one year	<u>\$ 822,104</u>

Principal sources of liquidity include cash flows generated from the operations of the Organization. As part of the Organization's liquidity strategy, management structures its financial assets, consisting of cash, investments and receivables to be available as its general expenditures, liabilities and obligations come due within one year. Excess cash is invested in highly liquid fixed income securities, which can be drawn upon readily in the event of an unanticipated liquidity need. The Organization receives cash flow from contributions and grants made from donors through its fundraising efforts. Much of these amounts are expected to be collected within one year. The Organization has sufficient liquid capital to cover the current deficit of \$213,561 and to meet operational obligations. The Cemetery has no intention to call the liability owed by the Organization within the next 12 months.

### 8. Related Party Transactions

The Organization shares a common board of trustees with the Cemetery and The Green-Wood Cemetery Perpetual Care Fund. The Organization utilizes the Cemetery's personnel on an as needed basis. These salaries and other general and administrative expenses are allocated to the Organization based on actual usage.

The balance payable to the Cemetery at December 31, 2018 and 2017 was \$1,204,545 and \$989,929 and is due upon demand.

During 2018 and 2017, the Organization received the following from the Cemetery:

	<u>2018</u>	<u>2017</u>
Annual operating support	\$ 300,000	\$ 100,000
Trustee assigned board services	<u>-</u>	<u>120,000</u>
	<u>\$ 300,000</u>	<u>\$ 220,000</u>

## The Green-Wood Historic Fund, Inc.

Notes to Financial Statements  
December 31, 2018 and 2017

### 8. Related Party Transactions *(continued)*

Currently, the Organization and the Cemetery are working together on the Weir Greenhouse Project ("Greenhouse"). Management has estimated that the purchase of the land and the restoration will cost between \$13 and \$14 million. All grants towards the Greenhouse are received by the Historic Fund and transferred to the Cemetery, as the Cemetery is paying the restoration costs. Certain space in the Greenhouse will be leased to the Historic Fund. The annual rent amount is \$1 and this agreement will expire April 30, 2021, unless terminated earlier or extended. The Greenhouse itself carries a preservation covenant, which states that the Greenhouse is to secure the preservation of historic resources and to ensure that public benefit is derived.

The Historic Fund and the Cemetery will also work together on the construction of a new building, which will house Cemetery and Historic Fund offices and activities. The budget for this building has yet to be determined.

### 9. Temporarily Restricted Net Assets

Temporarily restricted net assets activity and balance for the years ended December 31 is as follows:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Net Assets Released</u>	<u>End of Year</u>
<b>2018</b>				
Archive Center	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000
Future period support	-	35,000	-	35,000
	<u>\$ 1,000,000</u>	<u>\$ 35,000</u>	<u>\$ -</u>	<u>\$ 1,035,000</u>
<b>2017</b>				
Archive Center	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000,000</u>

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