

THE CORPORATION OF YADDO

**Financial Statements as of
December 31, 2021
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

May 9, 2022

To the Board of Directors of
The Corporation of Yaddo:

Opinion

We have audited the accompanying financial statements of The Corporation of Yaddo (a New York not-for-profit corporation), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Corporation of Yaddo as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Corporation of Yaddo and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 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.

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

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INDEPENDENT AUDITOR'S REPORT

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 generally accepted 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Corporation of Yaddo'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Corporation of Yaddo'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.

Report of Summarized Comparative Information

We have previously audited The Corporation of Yaddo's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our reported dated May 10, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements for which it has been derived.

THE CORPORATION OF YADDO

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 879,023	\$ 712,995
Cash and cash equivalents - restricted	1,347,135	1,581,410
Unconditional promises to give, net	93,856	79,656
Grants and other receivables	70,369	56,500
Other current assets	<u>104,695</u>	<u>2,149</u>
Total current assets	<u>2,495,078</u>	<u>2,432,710</u>
PROPERTY AND EQUIPMENT, net:	16,933,948	17,461,469
COLLECTIONS AND FINE ARTS	3,551,348	3,551,348
OTHER ASSETS:		
Board designated and endowment investments	35,557,324	31,506,560
Long-term unconditional promises to give, net	-	40,000
Inventory	38,803	35,897
Security deposit	<u>3,600</u>	<u>3,600</u>
Total other assets	<u>35,599,727</u>	<u>31,586,057</u>
Total assets	<u>\$ 58,580,101</u>	<u>\$ 55,031,584</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Current portion of long-term debt	\$ 17,278	\$ 18,176
Accounts payable	165,317	32,142
Accrued expenses	<u>106,071</u>	<u>93,257</u>
Total current liabilities	<u>288,666</u>	<u>143,575</u>
LONG-TERM DEBT, net of current portion	<u>33,457</u>	<u>50,715</u>
Total liabilities	<u>322,123</u>	<u>194,290</u>
NET ASSETS:		
Without donor restrictions:		
Operating	24,821,977	23,512,663
Board designated	23,484,855	22,075,170
With donor restrictions	<u>9,951,146</u>	<u>9,249,461</u>
Total net assets	<u>58,257,978</u>	<u>54,837,294</u>
Total liabilities and net assets	<u>\$ 58,580,101</u>	<u>\$ 55,031,584</u>

The accompanying notes are an integral part of these statements.

THE CORPORATION OF YADDO

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2020

(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUE AND SUPPORT:		
Net realized and unrealized gain on investments	\$ 1,915,637	\$ 2,031,806
Grants	1,045,916	415,215
Royalties	313,941	550,799
Income on investments, net	938,902	340,411
Special events	651,144	424,739
Contributions	951,997	563,086
Application fees	4,209	25,732
Land lease	16,000	24,134
Estates/bequests	193,674	20,000
Other	1,953	13,166
Donated materials and services	26,404	1,974
Garden association	10,185	4,620
Net assets released from restrictions	<u>532,948</u>	<u>1,006,289</u>
Total revenue and support	<u>6,602,910</u>	<u>5,421,971</u>
EXPENSES:		
Program	2,441,211	1,798,365
Support services	<u>1,442,700</u>	<u>1,405,932</u>
Total expenses	<u>3,883,911</u>	<u>3,204,297</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	2,718,999	2,217,674
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	150,000	611,800
Special events	-	-
Grants	39,297	158,500
Net realized and unrealized gain on investments	1,045,336	903,084
Net assets released from restrictions	<u>(532,948)</u>	<u>(1,006,289)</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>701,685</u>	<u>667,095</u>
CHANGE IN NET ASSETS	3,420,684	2,884,769
NET ASSETS - beginning of year	<u>54,837,294</u>	<u>51,952,525</u>
NET ASSETS - end of year	<u>\$ 58,257,978</u>	<u>\$ 54,837,294</u>

The accompanying notes are an integral part of these statements.

THE CORPORATION OF YADDO

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2021 (With Comparative Totals for 2020)

	Program Services		Supporting Services			2021 Total	2020 Total
	Artistic Services and Public Gardens	Artistic Program Administration	Communication and Public Relations	Development			
Salaries and wages	\$ 836,882	\$ 189,617	\$ 176,464	\$ 367,641	\$ 1,570,604	\$ 1,429,369	
Employee benefits	85,612	16,463	13,782	23,023	138,880	167,188	
Payroll taxes	74,844	14,653	12,551	30,448	132,496	129,803	
Pension costs	38,014	6,300	7,308	15,612	67,234	65,325	
Total salaries and related expenses	<u>1,035,352</u>	<u>227,033</u>	<u>210,105</u>	<u>436,724</u>	<u>1,909,214</u>	<u>1,791,685</u>	
Depreciation	704,007	92,669	-	1,669	798,345	623,824	
Renovations, repairs and purchases	183,076	-	-	-	183,076	142,842	
Fund raising benefits/events	-	-	-	180,383	180,383	133,449	
Insurance expense	77,880	16,179	8,746	12,039	114,844	102,211	
Fuel and utilities	118,937	3,124	521	2,082	124,664	85,571	
Other professional fees and contract services	30,039	13,690	6,104	46,711	96,544	66,986	
Space rental	-	-	-	48,840	48,840	52,800	
Equipment	8,675	856	1,315	995	11,841	34,979	
Telephone and internet expense	7,738	5,179	-	8,830	21,747	24,966	
Repairs, maintenance, gas - Yaddo vehicles	11,872	1,225	-	-	13,097	18,943	
Supplies	54,395	2,739	337	2,648	60,119	17,745	
Miscellaneous	68,794	4,930	13,179	10,527	97,430	17,219	
Audit and tax services	-	24,100	-	-	24,100	16,200	
Travel and support services	24,306	1,588	778	8,062	34,734	15,318	
Library, dues, subscriptions, and publications	5,393	4,981	1,060	9,038	20,472	14,660	
Food expense	77,329	-	-	-	77,329	14,259	
Admissions committee	-	-	-	-	-	9,803	
Printing and mailing expense	2,022	2,672	3,200	3,120	11,014	6,992	
Donor cultivation	-	125	-	11,197	11,322	5,024	
Yaddo medals	-	-	4,800	-	4,800	4,825	
Value of donated materials and services	26,404	-	-	-	26,404	1,974	
Meetings, conferences, and education	192	1,915	-	-	2,107	1,515	
Cost of goods sold	4,800	-	-	-	4,800	507	
Board expense	-	6,685	-	-	6,685	-	
Total other expenses	<u>1,405,859</u>	<u>182,657</u>	<u>40,040</u>	<u>346,141</u>	<u>1,974,697</u>	<u>\$ 1,412,612</u>	
	<u>\$ 2,441,211</u>	<u>\$ 409,690</u>	<u>\$ 250,145</u>	<u>\$ 782,865</u>	<u>\$ 3,883,911</u>	<u>\$ 3,204,297</u>	

The accompanying notes are an integral part of these statements.

THE CORPORATION OF YADDO

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2021 (With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 3,420,684	\$ 2,884,769
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation	798,345	623,824
Net realized and unrealized (gain) loss on investments	(2,960,973)	(2,934,890)
Donated investment securities	(17,121)	(7,485)
Changes in:		
Unconditional promises to give	25,800	9,418
Grants and other receivables	(13,869)	63,302
Other current assets	(102,546)	6,320
Inventory	(2,906)	1,624
Accounts payable	133,175	(20,642)
Accrued expenses	12,814	4,069
Net cash flow from operating activities	<u>1,293,403</u>	<u>630,309</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	3,343,607	402,188
Purchases of investments	(4,416,277)	(2,057,222)
Purchase of property and equipment	<u>(270,824)</u>	<u>(90,810)</u>
Net cash flow from investing activities	<u>(1,343,494)</u>	<u>(1,745,844)</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Borrowings of long-term debt	-	69,110
Payments made on line-of-credit	-	(89,890)
Payments made on long-term debt	<u>(18,156)</u>	<u>(19,915)</u>
Net cash flow from financing activities	<u>(18,156)</u>	<u>(40,695)</u>
CHANGE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	(68,247)	(1,156,230)
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH - beginning of year	<u>2,294,405</u>	<u>3,450,635</u>
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH - end of year	<u>\$ 2,226,158</u>	<u>\$ 2,294,405</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	<u>\$ 151</u>	<u>\$ 441</u>

The accompanying notes are an integral part of these statements.

THE CORPORATION OF YADDO

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

1. THE ORGANIZATION

The Corporation of Yaddo (Corporation) is a non-profit organization qualified under Section 501 (c)(3) of the Internal Revenue Code. Yaddo, originally endowed by Spencer and Katrina Trask, provides short-term residencies for qualified visual artists, writers, composers, photographers, choreographers, video artists, performance artists and filmmakers selected by peer review panels composed of appropriate leading artists in the disciplines from all over the United States and abroad. Yaddo receives funds from private donors, foundations and corporations, fund raising events, and government agencies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Corporation's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

In preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash represents demand deposits with purchased maturities of three months or less. The Corporation's cash balances may at times exceed federally insured limits. The Corporation has not experienced any losses in these accounts and believes it is not exposed to any significant risk with respect to cash and cash equivalents.

Operating cash and cash equivalents consist of amounts to be used for daily operations. Restricted cash and cash equivalents consist of amounts restricted to the Capital Campaign as well as amounts designated by the board. Cash and restricted cash, as stated on the statement of cash flows, were as follows for the year ended December 31:

	<u>2021</u>	<u>2020</u>
Operating cash and cash equivalents	\$ 879,023	\$ 712,995
Restricted cash and cash equivalents	<u>1,347,135</u>	<u>1,581,410</u>
	<u>\$ 2,226,158</u>	<u>\$ 2,294,405</u>

Investments

All investments in publicly traded fixed income securities and equity securities are stated at fair value. Fair value is determined using quoted market prices. Certain alternative investments, such as pooled funds and investments in limited partnerships, are recorded at Net Asset Value (NAV) as a practical expedient. All realized and unrealized gains and losses are reported directly in the accompanying statement of activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

Investments are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Corporation that is, in substance, unconditional. A promise is unconditional if its receipt depends only on the passage of time and no right of return of any assets transferred exists. A conditional promise to give is not recognized until said condition is satisfied.

The Corporation uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. All long-term unconditional promises to give will be received in one to four years and are recorded at the present value of estimated future cash flows.

Fair Value Measurement – Definition and Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and GAAP provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The valuation methodology used for the Corporation's assets measured at fair value is to value the investments at quoted market prices on the last business day of the fiscal year.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciated, and are stated at cost and, once complete, is depreciated over the estimated useful lives of the related assets using the straight-line method.

The estimated useful lives of property and equipment are as follows:

Buildings and renovations	25 years
Property improvements	15 years
Leasehold improvements	25 years
Equipment, furnishings, software and vehicles	5 years

Maintenance, repairs and minor replacements are charges to operations as incurred while major additions and improvements are capitalized. When assets are sold, retired, or otherwise disposed of, the applicable costs and accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

Inventory consists of food, supplies, merchandise stated at lower of cost or net realizable value, and a watercolor painting. The painting is valued at \$33,000 which, if sold, said proceeds would be with donor restrictions for a residency.

Collections and Fine Arts

The Corporation has a collection of fine arts that were acquired primarily through contributions. Each item in the collection is cataloged, preserved, and cared for regularly. The collections are recorded at appraised value (as of September 1995 and September 1999). There is no intent to sell any of the collections and fine arts.

Long-Lived Assets

The Corporation assesses its long-lived assets for impairment when events or circumstances indicate their carrying amounts may not be recoverable. This is accomplished by comparing the expected undiscounted future cash flows of the long-lived assets with the respective carrying amount as of the date of assessment. If the expected undiscounted future cash flows exceed the respective carrying amount as of the date of assessment, the long-lived assets are considered not to be impaired. If the expected undiscounted future cash flows are less than the carrying value, an impairment loss is recognized and measured as the difference between the carrying value and the fair value of the long-lived asset. No impairment of long-lived asset was recognized in 2021 or 2020.

Donated Materials and Services

Contributions of donated materials and services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. The majority of donated materials and services are from the Yaddo Garden Association for the maintenance of the rose garden.

Financial Statement Presentation

The Corporation reports its activities and the related net assets using two net asset categories: without donor restrictions and with donor restrictions.

Net assets without donor restrictions include resources which are available for the support of the Corporation's operating activities. The Board of Directors can authorize use of these assets, as it desires, to carry on the purpose of the Corporation. Net assets without donor restrictions also include board designated net assets which are resources designated by the Board of Directors.

Net assets with donor restrictions include resources that have been donated to the Corporation subject to restrictions defined by the donor.

Reclassification

Certain reclassifications have been made to the prior year information to conform to the current year presentation.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. Expenses are allocated to program and supporting services based on where time and efforts are made and benefit received.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Corporation of Yaddo is a New York not-for-profit corporation organized under Section 501 (c)(3) of the Internal Revenue Code and is also classified by the Internal Revenue Service as not a private foundation.

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Corporation is substantially supported by contributions and grants from state and local governments. In addition, some support is received in the form of restricted contributions from donors. Because a donor restriction requires resources to be used in a particular manner or in a future period, the Corporation must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets reported on the accompanying statement of financial position may not be available for expenditure within one year.

As of December 31, the Corporation has the following liquid resources available to meet cash needs for general expenditure within one year of the statement of financial position date:

	<u>2021</u>	<u>2020</u>
Financial assets, at year end:	\$ 37,947,707	\$33,977,121
Less: those unavailable for general expenditure		
Restricted by donors with purpose restriction	(9,951,146)	(9,249,461)
Board designations	<u>(23,484,855)</u>	<u>(22,075,170)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,511,706</u>	<u>\$ 2,652,490</u>

Financial assets include cash and cash equivalents, unconditional promises to give, grants and other receivables, board designated and endowment investments. The Corporation's ability to meet its cash needs is dependent on continued contributions, collection of receivables, and investment market performance. They regularly monitors liquidity required to meet its operating needs, and has a policy to structure its financial assets to be available as general expenditures become due. As part of the Corporations liquidity management, the Corporation also has a committed line-of-credit in the amount of \$3,000,000, which it could draw upon in the event of an unanticipated liquidity need.

4. INVESTMENTS

The Corporation's investments consisted of the following as of December 31:

	<u>2021</u>	<u>2020</u>
Equity securities	\$ 22,077,034	\$ 19,997,507
Fixed income	3,634,906	5,663,427
Pooled funds	2,872,749	2,667,545
Investment in limited partnership	<u>6,972,635</u>	<u>3,178,081</u>
	<u>\$ 35,557,324</u>	<u>\$ 31,506,560</u>

4. INVESTMENTS (Continued)

The following investments are valued at net asset value per share (unitized basis) as of December 31:

	Net Asset Value at 12/31/21	Net Asset Value at 12/31/20	2021 Unfunded Commitments	2020 Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Pooled funds	\$ 2,872,749	\$ 2,667,545	\$ -	\$ -	Ineligible	None
Investment in partnerships	<u>6,972,635</u>	<u>3,178,081</u>	<u>-</u>	<u>-</u>	Ineligible	None
	<u>\$ 9,845,384</u>	<u>\$ 5,845,626</u>	<u>\$ -</u>	<u>\$ -</u>		

Pooled Funds

The Corporation holds two separate pooled investment funds. The interest is based on the fund's pro-rata share of the net asset value of the investments held as determined by the independent investment managers.

Investment in Partnerships

The Corporation holds an interest in two Delaware limited liability partnerships. The interests in the partnerships are based on the valuations per share as of December 31, 2021.

5. FAIR VALUE MEASUREMENTS

The following are measured at fair value on a recurring basis at December 31, 2021:

<u>Description</u>	Level 1 <u>Inputs</u>	Level 2 <u>Inputs</u>	Level 3 <u>Inputs</u>	<u>Total</u>
Equity securities - domestic	\$ 20,146,662	\$ -	\$ -	\$ 20,146,662
Equity securities - foreign	1,930,372	-	-	1,930,372
Mutual funds - fixed income	<u>3,634,906</u>	<u>-</u>	<u>-</u>	<u>3,634,906</u>
	<u>\$ 25,711,940</u>	<u>\$ -</u>	<u>\$ -</u>	25,711,940
Investments measured at net asset value				<u>9,845,384</u>
				<u>\$ 35,557,324</u>

5. FAIR VALUE MEASUREMENTS (Continued)

The following are measured at fair value on a recurring basis at December 31, 2020:

<u>Description</u>	<u>Level 1</u> <u>Inputs</u>	<u>Level 2</u> <u>Inputs</u>	<u>Level 3</u> <u>Inputs</u>	<u>Total</u>
Equity securities - domestic	\$ 18,415,107	\$ -	\$ -	\$ 18,415,107
Equity securities - foreign	1,582,400	-	-	1,582,400
Mutual funds - fixed income	<u>5,663,427</u>	<u>-</u>	<u>-</u>	<u>5,663,427</u>
	<u>\$ 25,660,934</u>	<u>\$ -</u>	<u>\$ -</u>	25,660,934
Investments measured at net asset value				<u>5,845,626</u>
				<u>\$ 31,506,560</u>

Investments at net asset value are included to permit reconciliation to the amounts shown in the accompanying statements of financial position.

There were no changes in valuation techniques during 2021 or 2020. The Corporation recognizes transfers between levels in the fair value hierarchy at the end of the reporting period.

6. PROMISES TO GIVE

Unconditional promises to give consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Unconditional promises to give, net	<u>\$ 93,856</u>	<u>\$ 119,656</u>
Amounts due in:		
Less than one year	96,125	88,425
One to five years	<u>-</u>	<u>40,000</u>
	96,125	128,425
Less: Discount to present value	<u>(2,269)</u>	<u>(8,769)</u>
Net unconditional promises to give	<u>\$ 93,856</u>	<u>\$ 119,656</u>

Unconditional promises to give are primarily from board members and are reflected at the present value of the estimated future cash flows using a discount rate at December 31, 2021 and 2020 of 2% and 2%, respectively.

At December 31, 2021 and 2020, management believes that all grants and pledges receivable are collectible and a provision for bad debts is not necessary.

7. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Land	\$ 4,717,000	\$ 4,717,000
Buildings and improvements	25,247,082	25,000,241
Equipment and furniture	<u>1,372,296</u>	<u>1,348,313</u>
	31,336,378	31,065,554
Less: Accumulated depreciation	<u>(14,402,430)</u>	<u>(13,604,085)</u>
	<u>\$ 16,933,948</u>	<u>\$ 17,461,469</u>

Depreciation expense was \$798,345 and \$623,824 for the years ended December 31, 2021 and 2020, respectively.

8. LINE-OF-CREDIT

The Corporation has a line-of-credit, payable on demand, from a bank for \$3,000,000 with interest at LIBOR plus 1 % (2.99% at December 31, 2021). All borrowings under this line-of-credit are secured by investments. There was no outstanding balance at December 31, 2021 and 2020.

9. LONG-TERM DEBT

Long-term debt consists of vehicle loan with monthly payment of \$1,440, including interest at 0.0%, maturing November 2024, secured by the vehicle.

Maturities of long-term debt as of December 31 are as follows:

2022	\$ 17,278
2023	17,278
2024	<u>16,179</u>
	<u>\$ 50,735</u>

Interest expense was \$151 and \$441 for the years ended December 31, 2021 and 2020, respectively.

10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2021 and 2020 consist of assets held in perpetuity and assets restricted due to time or purpose, based on a donor's intent.

10. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets with donor restrictions held in perpetuity consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
General residencies *	\$ 4,313,514	\$ 4,163,514
Restoration and maintenance of buildings *	605,443	605,443
Yaddo medal *	127,000	127,000
Mansion upkeep and restoration *	38,060	38,060
	<u>\$ 5,084,017</u>	<u>\$ 4,934,017</u>

Net assets with donor restrictions due to time or purpose consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Facilities Improvement and Capital Campaign Expenses *	\$ 72,547	\$ 168,550
Mansion restoration and upkeep *	486,219	402,604
Philip Guston Fund *	500,000	500,000
Residencies for subsequent periods *	3,563,756	2,996,688
Restoration, library	1,764	1,764
Yaddo garden	10,400	10,400
Stipends	80,488	92,351
Yaddo medal	103,634	86,466
NYSCA Grant- electronic media and film workspace	20,000	40,800
Annual residency	25,000	12,500
Trees	1,129	1,129
Photography Studio	2,092	2,092
Solar study	100	100
	<u>\$ 4,867,129</u>	<u>\$ 4,315,444</u>

The following is a reconciliation of changes in net assets with donor restrictions due to time or purpose for years ended December 31:

	<u>2021</u>	<u>2020</u>
Beginning Balance	\$ 4,315,444	\$ 3,648,349
Contributions	89,297	770,300
Write-offs	(50,000)	-
Investment income, net	1,045,336	903,084
Released from time restriction	(532,948)	(1,006,289)
Ending Balance	<u>\$ 4,867,129</u>	<u>\$ 4,315,444</u>

* funds are included in endowment net assets with donor restriction (see note 11).

11. DONOR RESTRICTED ENDOWMENTS

The Corporation's endowment consists of several funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors' of the Corporation has interpreted the New York State Prudent Management of Institutional Funds Act (NYPMIFA) 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 Corporation classifies as net assets with donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with NYPMIFA, the Corporation 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 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 Corporation, and (7) the Corporation's investment policies.

Investment Return Objectives, Risk Parameters and Strategies. The Corporation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the funds if possible. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy. The Corporation has a policy of appropriating for distribution each year 5% of its board designated endowment fund's average fair value of the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Corporation considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation.

The Corporation expects the current spending policy to allow its endowment funds to grow at a nominal average annually, which is consistent with the Corporation's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

11. DONOR RESTRICTED ENDOWMENTS (Continued)

Endowment net asset composition by type of fund as of December 31, 2021 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Endowment Assets</u>
Donor-restricted endowment funds	\$ -	\$ 9,706,539	\$ 9,706,539
Board-designated endowment funds	<u>23,484,855</u>	<u>-</u>	<u>23,484,855</u>
	<u>\$ 23,484,855</u>	<u>\$ 9,706,539</u>	<u>\$ 33,191,394</u>

Changes in endowment net assets as of December 31, 2021 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Endowment Assets</u>
Endowment net assets, beginning of year	\$ 22,075,170	\$ 9,001,859	\$ 31,077,029
Contributions	313,941	105,797	419,738
Investment return, net	2,880,976	1,018,899	3,899,875
Amounts appropriated for expenditure	(1,407,747)	(420,016)	(1,827,763)
Distribution from board-designated endowment pursuant to distribution policy	<u>(377,485)</u>	<u>-</u>	<u>(377,485)</u>
Endowment net assets, end of year	<u>\$ 23,484,855</u>	<u>\$ 9,706,539</u>	<u>\$ 33,191,394</u>

Changes in endowment net assets as of December 31, 2020 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Endowment Assets</u>
Endowment net assets, beginning of year	\$ 20,828,597	\$ 8,419,886	\$ 29,248,483
Contributions	570,779	677,800	1,248,579
Investment return, net	2,395,036	880,265	3,275,301
Amounts appropriated for expenditure	(1,396,253)	(976,092)	(2,372,345)
Distribution from board-designated endowment pursuant to distribution policy	<u>(322,989)</u>	<u>-</u>	<u>(322,989)</u>
Endowment net assets, end of year	<u>\$ 22,075,170</u>	<u>\$ 9,001,859</u>	<u>\$ 31,077,029</u>

12. RETIREMENT PLAN

The Corporation has a defined contribution retirement plan (Tax Sheltered Annuities under the Internal Revenue Code Section 403(b) through Teachers Insurance and Annuities Association - College Retirement Equities Fund (TIAA-CREF)) for all employees who meet certain plan eligibility requirements. The retirement plan cost was \$67,233 and \$65,325 for 2021 and 2020, respectively.

Discretionary employer contributions to the plan are based on an amount equal to 5% of eligible individual's annual salary. The plan allows each eligible participant to defer a part of his/her salary by electing to have the Corporation make a contribution to the plan on their behalf.

13. LEASES

The Corporation entered into a lease agreement for office space commencing in September 2009 and terminating in August 2029. Under the lease, the Corporation would pay a monthly rent of \$4,400. The lessor agreed to a 10% reduction in 2021 and continuing through 2022, making the lease payment \$3,960. The Corporation also leases various office equipment via a thirty-six month operating leases from unrelated parties expiring through 2024. Future minimum lease payments are as follows:

2022	\$ 54,710
2023	54,710
2024	53,755
2025	52,800
2026	53,755
Thereafter	<u>140,800</u>
	<u>\$ 410,530</u>

Rent expense for the years ended December 31, 2021 and 2020 totaled \$48,840 and \$52,800 respectively.

14. RELATED PARTY TRANSACTIONS

Two board members made contributions to the Corporation, which amounted to \$444,150 and \$615,500 for the years ended December 31, 2021 and 2020, respectively.

15. SPECIAL EVENTS

A summary of special events for the years ended December 31 is as follows:

	2021			2020		
	<u>Revenues</u>	<u>Expenses</u>	<u>Total</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Total</u>
Saratoga Springs benefit	\$ 160,200	37,341	\$ 122,859	\$ -	\$ 1,427	\$ (1,427)
National benefit series	404,700	105,891	298,809	37,550	4,532	33,018
Other events	<u>86,244</u>	<u>48,935</u>	<u>37,309</u>	<u>387,189</u>	<u>127,490</u>	<u>259,699</u>
	<u>\$ 651,144</u>	<u>\$ 192,167</u>	<u>\$ 458,977</u>	<u>\$ 424,739</u>	<u>\$ 133,449</u>	<u>\$ 291,290</u>

16. COVID-19

The United States is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID – 19 on a national, regional and local level are unknown, but it has the potential to result in a significant economic impact. The impact of this situation on the Corporation and its future results and financial position, specifically the investment portfolio, is not presently determinable.

16. COVID-19 (Continued)

Paycheck Protection Program (PPP)

In April 2020, the Corporation entered into an unsecured promissory note payable to a bank in the amount of \$307,200. This note was entered into by the Corporation as part of the 2nd draw of U.S. Small Business Administration's Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The PPP provides for this borrowing, or a portion of the borrowing, to be forgiven to the extent the Corporation meets defined requirements related to expenditure of the funds and management of the Corporation's personnel complement. The Corporation has elected to account for the PPP arrangement as a conditional contribution and income is recorded as the conditions meeting the requirements for forgiveness were met. The Corporation received notice that the loan was forgiven effective November 2, 2020. Therefore, this amount is recognized within grant revenue on the statements of activities during 2020.

In January 2021, the Corporation entered into an unsecured promissory note payable to a bank in the amount of \$317,500. This note was entered into by the Corporation as part of the 2nd draw of U.S. Small Business Administration's Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The PPP provides for this borrowing, or a portion of the borrowing, to be forgiven to the extent the Corporation meets defined requirements related to expenditure of the funds and management of the Corporation's personnel complement. The Corporation has elected to account for the PPP arrangement as a conditional contribution and income is recorded as the conditions meeting the requirements for forgiveness were met. The Corporation received notice that the loan was forgiven effective August 4, 2021. Therefore, this amount is recognized within grant revenue on the statements of activities during 2021.

17. SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 9, 2022 which is the date the financial statements were available to be issued.