



**Innisfree Foundation, Inc.
Financial Statements
December 31, 2021**

Independent Auditor’s Report	1 – 2
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7 – 14



Independent Auditor's Report

To the Trustees of
Innisfree Foundation, Inc.

Prager Metis CPAs, LLC

1360 BEVERLY ROAD
SUITE 300
MCLEAN, VA 22101

T 703.821.0702
F 703.448.1236

www.pragermetis.com

Opinion

We have audited the accompanying financial statements of Innisfree Foundation, Inc., 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 Innisfree Foundation, Inc. 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 the report. We are required to be independent of Innisfree Foundation, Inc. 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.

Correction of Errors

As discussed in Note 14 of the financial statements, errors resulting in the understatement of amounts previously reported for investments, investment return, net, various liability and expense accounts, and net assets were discovered by management of Innisfree Foundation, Inc. during the current year. Accordingly, these amounts have been restated and an adjustment has been made to net assets as of December 31, 2020 to correct the errors. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 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 Innisfree Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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, including omissions, 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 risk 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 Innisfree Foundation, Inc.'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 Innisfree Foundation, Inc.'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 the timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Prager Metis CPAs, LLC

Prager Metis CPAs, LLC
McLean, Virginia
February 3, 2023

Innisfree Foundation, Inc.
Statement of Financial Position
December 31, 2021

Assets

Cash and cash equivalents	\$ 253,769
Investments	2,732,576
Pledge receivable	39,093
Security deposit	655
Property and equipment, net	<u>259,624</u>
Total assets	<u><u>\$ 3,285,717</u></u>

Liabilities and net assets

Liabilities

Accounts payable and accrued expenses	\$ 11,929
Federal excise taxes payable	8,236
Deferred excise taxes	1,701
Deferred membership income	16,364
Refundable deposits	<u>17,240</u>
Total liabilities	<u><u>55,470</u></u>

Net assets

Without donor restrictions	3,141,327
With donor restrictions	<u>88,920</u>
Total net assets	<u><u>3,230,247</u></u>

Total liabilities and net assets	<u><u>\$ 3,285,717</u></u>
---	----------------------------

The accompanying notes are an integral part of these financial statements.

Innisfree Foundation, Inc.
Statement of Activities
Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Contributions and grants	\$ 355,147	\$ 88,920	\$ 444,067
Memberships, admissions and tours	238,271	-	238,271
Special event income	173,733	-	173,733
Site rentals	35,341	-	35,341
Other program income	38,870	-	38,870
Investment return, net	288,239	-	288,239
Net assets released from restriction	15,000	(15,000)	-
Total revenue and support	<u>1,144,601</u>	<u>73,920</u>	<u>1,218,521</u>
Expenses and losses			
Program	469,072	-	469,072
Management and general	113,186	-	113,186
Fundraising	106,216	-	106,216
Total expenses	<u>688,474</u>	<u>-</u>	<u>688,474</u>
Change in net assets	456,127	73,920	530,047
Net assets – beginning of year	2,257,639	-	2,257,639
Prior period adjustment	427,561	15,000	442,561
Net assets – beginning of year, as restated	<u>2,685,200</u>	<u>15,000</u>	<u>2,700,200</u>
Net assets – end of year	<u>\$ 3,141,327</u>	<u>\$ 88,920</u>	<u>\$ 3,230,247</u>

The accompanying notes are an integral part of these financial statements.

Innisfree Foundation, Inc.
Statement of Functional Expenses
Year Ended December 31, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 275,946	\$ 49,670	\$ 44,179	\$ 369,795
Payroll taxes	30,348	5,463	4,859	40,670
Professional fees	6,218	11,290	3,442	20,950
Federal excise taxes	-	10,680	-	10,680
Other taxes and licenses	-	1,826	-	1,826
Utilities	16,897	3,004	-	19,901
Printing	2,275	501	860	3,636
Insurance	31,160	-	-	31,160
Bank fees	14,913	8,229	3,220	26,362
Supplies	13,054	-	-	13,054
Auto expense	2,076	-	-	2,076
Office expense	1,163	17,439	394	18,996
Dues and subscriptions	540	3,774	933	5,247
Depreciation	15,144	-	-	15,144
Event expenses	-	-	48,329	48,329
Repairs and maintenance	59,338	-	-	59,338
Rent	-	1,310	-	1,310
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	<u>\$ 469,072</u>	<u>\$ 113,186</u>	<u>\$ 106,216</u>	<u>\$ 688,474</u>

The accompanying notes are an integral part of these financial statements.

Innisfree Foundation, Inc.
Statement of Cash Flows
Year Ended December 31, 2021

Cash flows from operating activities	
Change in net assets	\$ 530,047
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	15,144
Realized and unrealized gain on investments, net	(240,156)
Deferred excise taxes	1,701
Changes in assets and liabilities	
Pledges receivable	(28,593)
Prepaid federal excise taxes	558
Security deposit	(655)
Accounts payable and accrued expenses	(5,603)
Federal excise taxes payable	8,236
Deferred membership income	(4,632)
Refundable deposits	11,740
Net cash provided by operating activities	<u>287,787</u>
Cash flows from investing activities	
Purchase of property and equipment	(138,894)
Purchase of investments	(3,431,258)
Proceeds from sale of investments	2,619,226
Net cash used in investing activities	<u>(950,926)</u>
Net decrease in cash and cash equivalents	(663,139)
Cash and cash equivalents – beginning of year	<u>916,908</u>
Cash and cash equivalents – end of year	<u><u>\$ 253,769</u></u>
Supplemental disclosure of cash flows information	
Cash paid during the year for excise taxes	<u><u>\$ 185</u></u>

The accompanying notes are an integral part of these financial statements.

Note 1 Nature of Organization

Innisfree Foundation, Inc. (the “Foundation”) is a 501(c)(3) exempt private foundation organized in Millbrook, New York. The Foundation, which opened to the public in 1960, is an iconic mid-twentieth century landscape comprised of gardens open to the public (the “Garden”) to study art and landscape. The Foundation generates its revenue primarily through admissions to the Garden as well as donations from the general public.

Note 2 Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and accordingly reflect all significant receivables, payables, and other liabilities.

Net Asset Classification

The Foundation is required to report information regarding its financial position and activities according to two net asset classes as follows:

Net assets without donor restrictions – Net assets not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Trustees.

Net assets with donor restrictions – Net assets that are subject to usage limitations based on donor-imposed or grantor restrictions. Restrictions may be met by the passage of time, by actions of the Foundation, or can be permanent in nature.

Use of Estimates

The preparation of financial statements in conformity with 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Foundation considers cash in demand deposits at banks and highly liquid investments with original maturities of three months or less to be cash and cash equivalents.

Investments

The Foundation holds investments in brokerage accounts which are reported at fair value based on quoted market prices. Investment transactions are recorded on a trade-date basis. The realized gains and losses are determined by a comparison of specific costs at acquisition to proceeds at the time of disposition. Unrealized gains and losses on investments are determined by comparing the investment’s cost to the fair value at the end of each year. The earnings from dividends are recognized on the ex-dividend date and interest is recognized on the accrual method.

Note 2 Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment are recorded at acquisition cost if purchased and at the estimated fair value on the date received if donated. The Foundation's policy is to capitalize expenditures for property and equipment over \$2,500 with an estimated useful life over one year. Expenditures for additions, improvements, and major renewals are capitalized and expenditures for repairs and maintenance are charged to expense when incurred. Depreciation is provided for using the straight-line or accelerated methods over the estimated useful lives of the assets, 5 to 39.5 years.

Revenue Recognition

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, that is when a stipulated restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction. Donor-restricted contributions whose restrictions are met in the same reporting period are recorded as net assets without donor restrictions.

Revenue from admissions, tours and other program income is recognized at the point in time when the service or sale takes place. Payment is required at the time of the service or sale. Revenue recognized at a point in time for the year ended December 31, 2021 totaled \$238,983.

Patrons can become annual members at any point throughout the year and payment is due upon becoming a member. Members may visit the Gardens at any time throughout the membership period. As such, revenue from memberships is recognized ratably over the term of the annual membership. Membership revenue recognized for the year ended December 31, 2021 totaled \$38,158. Deferred membership revenue totaled \$16,364 and \$20,996 at December 31, 2021 and 2020, respectively.

Site rental revenue is recognized at the point in time when the site rental occurs. Refundable deposits are due at the time of booking the rental. Payments received in advance are deferred to the applicable period. Refundable deposits totaled \$17,240 and \$5,500 at December 31, 2021 and 2020, respectively.

The Foundation recognizes revenue from exchange transactions related to fundraising events when the fundraising event has been held and collectability is assured. Revenue received for future events is deferred and recognized as revenue when the event is held.

Note 2 Summary of Significant Accounting Policies (continued)

Functional Expense Allocation

The costs of providing the program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated between program and supporting services. Management's estimate of the allocation of functional expenses is based on actual expenses incurred for program services and an allocation of those expenses not specifically attributable to program services based on ratios determined by management that are consistently applied. The expenses that are allocated include salaries and wages, payroll taxes, professional fees, utilities, printing, bank fees, office expenses, and dues and subscriptions.

Fair Value Measurement

The Foundation determines the fair market value of its financial instruments based on the fair value hierarchy established by GAAP. The Foundation is required to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The hierarchy requires that all financial instruments measured at fair value are classified as Level 1, Level 2, or Level 3.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are described as follows:

- Level 1 Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide information on an ongoing basis.
- Level 2 Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.). If the asset or liability has a specific (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 Significant unobservable inputs (including the Foundation's own assumptions about the factors market participants would use, such as purchase price, estimated liquidation value, restrictions on transferability, prices received in recent significant private placements of securities of the same issuer, prices of securities of comparable companies engaged in similar businesses, changes in the financial condition and prospects of the issuer, and any factors deemed relevant).

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Because of the inherent uncertainty of the valuation of the underlying portfolio companies, the estimated value may differ significantly from the value that would have been used had a ready market for securities existed, and the differences could be material.

Note 2 Summary of Significant Accounting Policies (continued)

Income Taxes

The Foundation is exempt from Federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code (the “Code”). The Foundation has been determined by the Internal Revenue Service to be a private foundation within the meaning of Section 509(a) of the Code and is therefore subject to a federal excise tax on its net investment income.

In addition, the Foundation must make certain minimum distributions in an amount equal to 5% of the average fair value of its non-charitable use assets held during the year. The Foundation made the required distributions for 2021, and in certain years, the Foundation has contributed more than the minimum distributions, thereby creating excess distribution carryforwards that expire through 2025.

Management evaluates tax positions taken by the Foundation and recognizes a tax liability if the Foundation has taken an uncertain tax position that more likely than not will not be sustained upon examination by the Internal Revenue Service. Management has concluded that as of December 31, 2021, there are no uncertain tax positions taken, or expected to be taken, that would require recognition of a liability or disclosure in the financial statements. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax period in progress.

Note 3 Liquidity and Availability of Financial Assets

The Foundation has the following financial assets available within one year of the statement of financial position date to meet cash needs from general operating expenditures:

Financial assets	
Cash and cash equivalents	\$ 253,769
Investments	<u>2,732,576</u>
Total financial assets	2,986,345
Less financial assets unavailable for general expenditure within one year due to:	
Restricted by donors for specified time period or purpose	<u>88,920</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 2,897,425</u></u>

The Foundation regularly monitors liquidity to ensure it can meet its operating needs and other contractual commitments. The Foundation does not foresee any unanticipated liquidity needs.

Note 4 Pledge Receivable

Pledge receivable at December 31, 2021 consists of an unconditional pledge receivable of \$40,000, less an unamortized discount of \$907, which is restricted for use on capital projects for Garden restoration. The Foundation expects to receive \$10,000 in each of the years ending December 31, 2022, 2023, 2024, and 2025. The pledge receivable is reflected at the present value of the estimated future cash flows using a discount rate of 1.55%. Management has determined that the pledge receivable at December 31, 2021 is fully collectible, therefore no allowance for uncollectible accounts is considered necessary.

Note 5 Property and Equipment, net

Property and equipment, net consists of the following at December 31, 2021:

Land	\$ 25,001
Land improvements	170,641
Buildings and improvements	88,202
Equipment	100,580
Vehicles	23,648
	<u>408,072</u>
Accumulated depreciation	<u>(148,448)</u>
Property and equipment, net	<u>\$ 259,624</u>

Note 6 Line of Credit

In August 2021, the Foundation obtained a line of credit for \$100,000 with an interest rate of prime plus 0.75% (4% at December 31, 2021) that matured in August 2022 and was not renewed. The line was secured by the Foundation's investment account. As of December 31, 2021, there was no amount drawn on this line of credit.

Note 7 Investment Return

The following is a detail of the Foundation's investment return for the year ended December 31, 2021:

Interest and dividends	\$ 67,523
Realized gain on investments	648,036
Unrealized loss on investments	(407,880)
Investment fees	(19,440)
	<u>288,239</u>
Investment return, net	<u>\$ 288,239</u>

Note 8 Federal Excise Taxes

Tax expense differs from amounts currently payable because certain investment income is included in the statement of activities in periods that differ from those in which it is subject to taxation. The difference between tax expense and taxes currently payable is reflected as a deferred tax liability on the statement of financial position.

Federal excise taxes consist of the following at December 31, 2021:

Current	\$ 8,979
Deferred	<u>1,701</u>
Total federal excise taxes	<u><u>\$ 10,680</u></u>

Note 9 Lease Commitment

In November 2021, the Foundation entered into a non-cancellable lease agreement for office space. The lease was due to expire in October 2022, but the Foundation renewed the lease on a month-to-month basis. Minimum future lease payments under this operating lease are \$6,550 for 2022. Lease expense for 2021 related to this lease amounted to \$1,310 and is included as rent expense on the statement of functional expenses.

Note 10 Fair Value Measurement

The following table presents by level, within the fair value hierarchy, the Foundation's investments at fair value as of December 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities	\$ 1,079,233	\$ -	\$ -	\$ 1,079,233
Exchange Traded Funds	<u>1,653,343</u>	<u>-</u>	<u>-</u>	<u>1,653,343</u>
Total	<u><u>\$ 2,732,576</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,732,576</u></u>

Note 11 Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for specific purposes or time periods as follows as of December 31, 2021:

Garden restoration	\$ 40,000
Lake restoration	<u>48,920</u>
Total net assets with donor restrictions	<u><u>\$ 88,920</u></u>

Note 12 Related Party Transactions

The Foundation received \$208,771 of contributions from its board members during the year ended December 31, 2021.

Note 13 Concentrations, Risks and Uncertainties

The Foundation maintains a cash account in a commercial bank. At times the balance in the cash account may exceed the Federal Deposit Insurance Corporation (“FDIC”) limits. Management does not believe the Foundation is subject to significant risk related to this account.

The Foundation maintains its investment securities and limited amounts of cash in brokerage accounts that are protected by the Securities Investor Protection Corporation (“SIPC”). In the event of broker-dealer failure, the SIPC provides up to \$500,000 of protection for each brokerage account with a limit of \$250,000 of claims of uninvested cash balances. The Foundation has investments in these brokerage accounts that are in excess of protection provided by the SIPC. The Foundation has not experienced any losses on its accounts and management believes that the Foundation is not exposed to any significant credit risk related to its investments.

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit 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 and that such changes could materially affect the amounts reported in the statement of financial position.

Note 14 Prior Period Adjustments

During the year ended December 31, 2021, the Foundation identified various prior period errors that were corrected in the current year in order for the December 31, 2020 financial statements to be in accordance with GAAP. The Foundation identified that its investments were being reported at cost rather than fair market value in prior years. The Foundation also identified that accounts payable and accrued expenses related to payroll and professional fees were understated in the prior year and that there was deferred membership income that was previously not reported. In addition, the Foundation identified that there were net assets with donor restrictions at December 31, 2020 that were improperly reported as net assets without donor restrictions. The effect of these restatements on the change in net assets and financial position as of and for the year ended December 31, 2020 are as follows:

Note 14 Prior Period Adjustments (continued)

	As Previously Reported	Restated
<i>Statement of Financial Position</i>		
Investments	\$ 1,201,488	\$ 1,680,388
Accrued liabilities	\$ 2,189	\$ 17,532
Deferred revenue	\$ -	\$ 20,996
Net assets with donor restrictions	\$ -	\$ 15,000
Net assets without donor restrictions	\$ 2,257,639	\$ 2,685,200
 <i>Statement of Activities</i>		
Net realized and unrealized gain on investments	\$ -	\$ 61,033
Revenue	\$ 233,285	\$ 219,564
Expenses	\$ 441,439	\$ 455,126
Change in net assets	\$ 175,648	\$ 209,273

Note 15 Subsequent Events

Management has evaluated subsequent events through February 3, 2023, which is the date the financial statements were available for issuance.