

**OYSTERPONDS HISTORICAL SOCIETY, INC.
AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND
DECEMBER 31, 2015**

KAREN A. HELINSKI, CPA, PLLC
CERTIFIED PUBLIC ACCOUNTANT

Independent Auditor's Report


Board of Directors
Oysterponds Historical Society, Inc.
PO Box 70
Orient, New York 11957

Dear Members of the Board:

We have audited the comparative statements of financial position of Oysterponds Historical Society, Inc. as of December 31, 2016 and 2015 and the related statements of activity and cash flows for the years then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures on the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Oysterponds Historical Society, Inc. as of December 31, 2016 and 2015, and the results of its operation and its cash flows for the year then ended in conformity with generally accepted accounting principles.


Karen A. Helinski, CPA, PLLC
Certified Public Accountant

September 6, 2017
Southold, New York

OYSTERPONDS HISTORICAL SOCIETY, INC.
Statement of Financial Position
December 31, 2016 and December 31, 2015

	<i>December 31, 2016</i>	<i>December 31, 2015</i>
Assets		
Current Assets		
Unrestricted Assets		
Cash and cash equivalents	\$ 69,785	\$ 71,145
Investments, at market (note 2)	2,150,949	2,096,212
Inventories, at cost	4,140	5,375
Prepaid expenses	3,660	4,502
Receivables (note 2)	13,614	0
Total Current Assets, Unrestricted	2,242,148	2,177,234
Restricted Assets		
Cash, and cash equivalents	12,403	12,393
Investments, at market (note 2)	356,241	350,756
Total Current Assets, Restricted	368,644	363,149
Total Current Assets	2,610,792	2,540,383
Noncurrent Assets		
Equipment, net of \$48,320 accumulated depreciation	16,528	12,561
Webb House, net of \$73,140 accumulated depreciation	30,395	36,743
Building & Improvements, net of \$403,826. accum. depreciation	1,127,032	1,116,905
Total Noncurrent Assets	1,173,955	1,166,209
Total Assets	\$ 3,784,747	\$ 3,706,592
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 1,318	\$ 0
Payroll and Sales Tax Liabilities	1,269	1,409
Security Deposit	2,000	1,000
Total Current Liabilities	4,587	2,409
Net Assets		
Unrestricted	3,383,268	3,297,459
Temporarily Restricted Income	28,248	43,575
Restricted	368,644	363,149
Total Net Assets	3,780,160	3,704,183
Total Liabilities and Net Assets	\$ 3,784,747	\$ 3,706,592

See accountant's report and notes to financial statements

OYSTERPONDS HISTORICAL SOCIETY, INC.
Statement of Activities
For the Years Ended December 31, 2016 and December 31, 2015

	<i>December 31, 2016</i>	<i>December 31, 2015</i>
<i>Changes in Unrestricted Net Assets</i>		
<i>Support and Revenue</i>		
Membership Dues	\$ 13,670	\$ 38,356
Donations	82,300	14,105
Grants (Note 9)	50,613	12,933
Realized (loss) on sale of investments (Note 7)	15,643	28,456
Unrealized (loss) gains on investments	64,612	(112,499)
Fundraising (Note 8)	201,575	170,057
Rental income (Note 10)	26,579	2,500
Mission	2,503	5,272
Royalties	0	79
Investment income	57,038	79,359
<i>Total Support and Revenue</i>	514,533	238,618
<i>Expenses</i>		
Program Expenses	283,241	293,163
Management and general	58,181	69,404
Fundraising	112,898	105,799
<i>Total Expenses</i>	454,320	468,366
<i>Increase (Decrease) in Unrestricted Net Assets</i>	\$ 60,213	\$ (229,748)
<i>Changes in Restricted Net Assets:</i>		
<i>Revenues</i>		
Interest and dividend income (Note 4)	\$ 32,368	\$ 27,347
<i>Total Revenues</i>	32,368	27,347
<i>Expenses</i>		
Program expenses	16,604	17,917
<i>Total Program expenses</i>	16,604	17,917
<i>Increase (Decrease) in Restricted Net Assets</i>	15,764	9,430
<i>Change in Net Assets</i>	75,977	(220,318)
<i>Net Assets at Beginning of Year</i>	3,704,183	3,924,501
<i>Net Assets at End of Year</i>	\$ 3,780,160	\$ 3,704,183

OYSTERPONDS HISTORICAL SOCIETY, INC.
Statement of Functional Expense
For the Year Ended December 31, 2016

	<i>Total</i>	<i>Mission and</i>	<i>Management</i>	<i>Fundraising</i>
			<i>Program Services</i>	
<i>Expenditures - Unrestricted Net Assets</i>				
Personnel and benefits	\$ 150,135	\$ 105,144	\$ 15,854	\$ 29,137
Building and grounds	16,450	16,450	0	0
Missions and programs	21,000	21,000	0	0
Fundraising Events (Note 8)	69,584	0	0	69,584
Utilities and heating	15,903	13,097	2,806	0
Insurance	12,124	10,585	1,539	0
Internet	13,365	9,356	4,009	0
Office supplies	14,181	10,636	3,545	0
Consultants	21,867	21,867	0	0
Advertising and printing	10,160	7,601	0	2,559
Vail House Rental	8,613	0	0	8,613
Legal and accounting	16,622	16,622	0	0
Travel	1,087	1,087	0	0
NYS filing fees	275	0	275	0
Investment fees and misc. fees	26,161	445	25,716	0
Depreciation	56,793	49,351	4,437	3,005
 <i>Total expenditures - unrestricted</i>				
<i>Net Assets</i>	\$ 454,320	\$ 283,241	\$ 58,181	\$ 112,898

Expenditures - Restricted Net Assets

Webb House- payroll expenses	7,902	7,902		
Webb House- depreciation	3,452	3,452		
Webb House - maintenance and adminstration	5,250	5,250		
 <i>Total Expenditures - restricted</i>				
<i>Net Assets</i>	\$ 16,604	\$ 16,604		

OYSTERPONDS HISTORICAL SOCIETY, INC.
Statement of Cash Flows
For the Years Ended December 31, 2016 and December 31, 2015

	<i>December 31, 2016</i>	<i>December 31, 2015</i>
<i>Cash flows from operating activities</i>		
Changes in net assets	\$ 75,977	\$ (220,318)
 <i>Adjustments to reconcile net income to net cash provided by operating activities:</i>		
(Increase) decrease in prepaid expenses	842	(579)
Depreciation and amortization	60,245	49,202
(Increase) decrease in accounts receivable	(13,614)	72
Increase (decrease) in investment activities	(44,739)	131,636
Increase (decrease) in security deposit	1,000	0
Increase (decrease) in payroll and sales tax liabilities	(200)	(1,222)
Increase (decrease) in accounts payable	1,318	(3,827)
(Increase) decrease in inventories	1,235	(3,800)
Total adjustments	6,087	171,482
 <i>Net cash provided by operating activities</i>	 82,064	 (48,836)
 <i>Cash flow from investing activities:</i>		
Cash payments for the purchase of property or improvements	(83,414)	(22,877)
<i>Net cash used by investing activities</i>	(83,414)	(22,877)
 <i>Net increase(decrease) in cash and equivalents</i>	 (1,350)	 (71,713)
 <i>Cash and equivalents, beginning of year</i>	 83,538	 155,251
 <i>Cash and equivalents, end of year</i>	 \$ 82,188	 \$ 83,538

OYSTERPONDS HISTORICAL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 1: Nature of Organization and Summary of Significant Accounting Policies

Nature of Organization

The Oysterponds Historical Society, Inc., a non-profit organization, was incorporated October 4, 1944 under the provisions of Section 501(c)(3) of the Internal Revenue Code. The organization is exempt from federal tax under these provisions and is not a private foundation.

The Oysterponds Historical Society, Inc. (The Society) has as its purpose to encourage and advance local history in the community it serves. The mission of the society is to discover, procure, preserve, research and exhibit as appropriate that which relates to the natural, social, civil and military history of Orient and East Marion. (Formerly known as Oysterponds) The Organization offers programs of interest to its members and the public, operates a museum featuring changing exhibits, publishes appropriate publications, provides research facilities, initiates and support local events of a historical nature.

The Oysterponds Historical Society owns and is responsible for the preservation and maintenance of seven buildings and the property on which they sit. These include the Village House, built in 1799 on its present site and exhibited as the boarding house which it became in the mid 19th century; the Hallock Building, a 19th century cookhouse and dormitory which was transferred to the Oysterponds Historical Society property in the 1950's and has been renovated and climate-controlled to contain the library of archival documents and photographs and the extensive painting and textile collections; the Old Point School House, which houses the Society's offices and the Janet T. Swanson Gallery, a venue for exhibitions of artifacts from the collections as well as work by local artists; Webb House, an eighteenth century former inn which was moved from Greenport to its present location in the 19th century and deeded to the Oysterponds Historical Society together with Poquatuck Park which it overlooks, and which exhibits important examples of local 18th and 19th century furniture; a seine shed housing a collection of carriages; a small private school house, and the Director's House.

Basis of Accounting

The Oysterponds Historical Society, Inc. uses the accrual method of accounting.

Cash and Cash Equivalents

The Society considers all highly liquid investment with a maturity of three months or less when purchased to be cash equivalents. Cash and Cash Equivalents for purposes of the statement of cash flows uses the demand deposits which were \$ 82,188 at December 31, 2016.

OYSTERPONDS HISTORICAL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Financial Reporting

The Historical Society uses two classes of net assets

- ◆ Unrestricted net assets consisting of funds available for operations and funds available to capital improvements.

The following is a summary of the Oysterponds Historical Society, Inc. unrestricted net assets:

	<u>Checking, Time Deposits & Money Market Accounts</u>	<u>Investment</u>
Capital One Bank- General	\$ 26,299	\$ -0-
Paypal & Cash on Hand	4,222	-0-
Merrill Lynch	-0-	2,094,715
Vanguard	<u>39,264</u>	<u>56,234</u>
<i>Total Unrestricted net assets</i>	\$ <u>69,785</u>	\$ <u>2,150,949</u>

- ◆ Restricted net assets consist of gifts to the Organization, the principal of which is permanently restricted, the revenue and expenditure for use according to purpose of the fund. An examples of these funds include the Webb House accounts.

The following is a summary of the Oysterponds Historical Society, Inc. restricted net assets:

	<u>Checking, Time Deposits & Money Market Accounts</u>	<u>Investment</u>
Capital One- E Latham park	\$ 12,403	\$ -0-
Vanguard	<u>-0-</u>	<u>356,241</u>
<i>Total Restricted Assets</i>	\$ <u>12,403</u>	\$ <u>356,241</u>

Concentration of credit risk

The Oysterponds Historical Society places its cash and cash equivalents with quality financial institutions. The Society invests in stocks, money funds, certificate of deposits, and mortgage and asset backed securities. The Society believes no significant concentration of credit risk exists with respect to its cash, cash equivalents, investments and accounts receivable.

OYSTERPONDS HISTORICAL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Receivables

Receivables are recognized as revenues in the period the promise is received. Conditional contributions are recognized when the conditions on which they depend are substantially met.

The Society uses the allowance method to determine uncollectible contributions receivable. The allowance is based on prior year's experience and management analysis of specific promise made. The total Receivables as of December 31, 2016 was \$13,614.

Accounts Receivable	\$ 8,579
Grants Receivables	5,000
Unconditional Contributions Receivable	<u>35</u>
 Total Receivables	 <u>\$13,614</u>

Inventory

Inventories held for sale in the Beach Plum Shop are carried on the statement of financial position at the lower of cost or market value.

Property and Equipment

Beginning in 1993, depreciation is recorded for the Society's fixed assets as promulgated by the financial standards accounting board, Opinion #93. The building and improvements capitalized in the general fund and in the Webb House fund are being depreciated using the MACRS method over a period of 31.5 years. Capital Improvements made to the Webb House Shed are being Depreciated using the MACRS method over a period of 27.5 years. Equipment is depreciated using the MACRS method over a period of five or seven years. The total depreciation expense of the year ended December 31, 2016 is \$60,245.

OYSTERPONDS HISTORICAL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 2: Investments

Investments are recorded on the corporate books at fair market value. Time deposits are not classified as investments, but as Cash, time deposits.

Investments as of December 31, 2016 are summarized as follows:

	<u>Fair Value</u>
Unrestricted: Merrill Lynch	\$ 2,094,715
Vanguard	55,268
Vanguard Brokerage	966
Restricted: Vanguard	<u>356,241</u>
 Total Investments	 <u>\$ 2,507,190</u>

Note 3: Tax Status

The Oysterponds Historical Society, Inc. is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, except as to a tax on unrelated business income. Accordingly, no adjustment has been made for income taxes.

Note 4: Restricted Income

Interest and dividends earned on the restricted and unrestricted accounts are deemed to be operating income. The exception to this is the interest and dividends earned on the Vanguard restricted accounts. This income is deemed restricted and is used to fund the restricted expenditures for the Webb House.

Note 5: Temporarily Restricted Income

Consist of donations, restricted to specific projects: when these projects span more than one year, the Oysterponds Historical Society recognizes the relevant revenue for each year based on the actual amounts expended in that year.

Note 6: Interest and Dividend Income

The interest and dividends earned on the restricted accounts has been allocated to unrestricted income, as per the stipulations of the donees, that the income earned on these restricted accounts may be classified as unrestricted income and used for offset to operating expenses.

OYSTERPONDS HISTORICAL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 7: Unrealized /Realized Gains and Losses

The Oysterponds Historical Society records on its Statement of Activities, the gain or loss in the investments during the current fiscal year. The current unrealized gain in the investments for the year ended December 31, 2016 is \$64,612.

The society incurred realized gains from the sale of securities.

<u>Brokerage Acct</u>	<u>Gross Proceeds</u>	<u>Gross Basis</u>	<u>Net Gain/ Net Loss</u>
Merrill Lynch	\$ 326,027	\$ 310,288	\$ 15,739
Vanguard Brokerage	15,209	15,305	(96)
Vanguard-Redemption	<u>\$ 36,003</u>	<u>\$ 36,003</u>	<u>\$ -0-</u>
Total	<u>\$ 377,239</u>	<u>\$ 361,596</u>	<u>\$ 15,643</u>

Note 8: Revenue and Support: Fund-raising

The detail of the Fund-raising events income and expenses is as follows:

<u>Name of Event</u>	<u>Income</u>	<u>Expense</u>	<u>Net</u>
Beach Plum	\$ 13,670	\$ 7,224	\$ 6,446
Summer Benefit	130,271	45,225	85,046
Christmas Tour	4,180	235	3,945
North Fork Fresh	26,205	5,474	20,731
NYC Dinner	16,775	6,001	10,774
NYC Event	2,500	-0-	2,500
Holiday Party	7,590	5,425	2,165
Misc Fund-raising	<u>384</u>	<u>-0-</u>	<u>384</u>
Totals	<u>\$ 201,575</u>	<u>\$ 69,584</u>	<u>\$ 131,991</u>

OYSTERPONDS HISTORICAL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 9: Grants

During the year ended December 31, 2016, the Society received grants totaling \$44,966. The first grant of \$39,966 is from the Robert D.L. Gardiner Foundation. The grant is to aid in the preservation of and education about Long Island History. \$28,335 from the Robert D.L. Gardiner Foundation have been used directly for the grants purpose during 2016, \$16,617 was from the Gardiner Foundation Grant awarded during 2015. During 2016 the society had \$10,970 remaining of the Gardiner Foundation which will be disbursed during 2017. The \$10,970 of the undisbursed funds are included in the Temporarily Restricted Revenue.

The other grant was from the Suffolk County Department of Parks, Recreation and conservation in the amount of \$5,000 was awarded during 2016.

Robert D.L. Gardiner Foundation- 2016 Grant Awarded	\$ 39,966
Suffolk County Dept of Parks, Recreation and Conservation	<u>5,000</u>
2016 Grants Awarded	<u>\$ 44,966</u>
Total 2016 Grants Awarded	\$ 44,966
Robert D.L. Gardiner Foundation- 2015 Deferred	16,617
Undisbursed funds from Robert D.L Gardiner Foundation	<u>(10,970)</u>
Net Grant Income	<u>\$ 50,613</u>

Note 10: Rental Income

The Society periodically rents out the Poquatuck Park for events and rents out the Vail House as a residential rental. During 2016 the total rents received was \$26,579. All the rental income received during the year end December 31, 2016 was from the Vail House rental. The Poquatuck Park was not rented during 2016.

Note 11: Webb House Reimbursement

In order to preserve the restricted assets of the Webb House, the Society has elected to allocate a portion of the yearly operating budget plus capital expenses to the Webb House allocation. The amount transferred for the year endind December 31, 2016 total \$36,003 from the Webb House restricted assets to the unrestricted assets of the Oysterponds Historical Society, Inc. The detail of the total transfers that occurred during the year ending 12/31/16 were made up of three specific transfers. The transfers were as follows:

2015 Webb House Operating Budget Reimbursement (transfer in 2016)	\$ 15,757
2016 Webb House Operating Budget Reimbursement	16,604
2016 Webb House Capital Expenses Reimbursement	<u>3,642</u>
Total Restricted to Unrestricted Funds Transfer	<u>\$ 36,003</u>

OYSTERPONDS HISTORICAL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 12: Donated Services

There are numerous volunteers who have donated time to the Historical Society program services during the year, however, these donated services are not reflected in the financial statements since the services do not require specialized skills. During the year ended December 31, 2016 the Historical Society did not receive any non-cash donations for specialized services.