

**OYSTERPONDS HISTORICAL SOCIETY, INC.
AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND
DECEMBER 31, 2016**

KAREN A. HELINSKI, CPA, PLLC
CERTIFIED PUBLIC ACCOUNTANT

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Member of
New York State Society of Certified Public Accountants

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, 2017 and 2016 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, 2017 and 2016, 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

November 14, 2018
Southold, New York

OYSTERPONDS HISTORICAL SOCIETY, INC.
Statement of Financial Position
December 31, 2017 and December 31, 2016

| | <i>December 31, 2017</i> | <i>December 31, 2016</i> |
|--|--------------------------|--------------------------|
| Assets | | |
| Current Assets | | |
| Unrestricted Assets | | |
| Cash and cash equivalents | \$ 84,874 | \$ 69,785 |
| Investments, at market (Note 1) | 2,330,799 | 2,150,949 |
| Inventories, at cost | 9,543 | 4,140 |
| Prepaid expenses | 11,766 | 3,660 |
| Receivables (Note 1) | 14,371 | 13,614 |
| Total Current Assets, Unrestricted | 2,451,353 | 2,242,148 |
| Restricted Assets | | |
| Cash, and cash equivalents | 12,428 | 12,403 |
| Investments, at market (Note 1) | 400,758 | 356,241 |
| Total Current Assets, Restricted | 413,186 | 368,644 |
| Total Current Assets | 2,864,539 | 2,610,792 |
| Noncurrent Assets | | |
| Equipment, net of \$55,445 accumulated depreciation | 10,329 | 16,528 |
| Webb House, net of \$77,953 accumulated depreciation | 27,110 | 30,395 |
| Building & Improvements, net of \$445,287. accum. depreciation | 1,117,453 | 1,127,032 |
| Total Noncurrent Assets | 1,154,892 | 1,173,955 |
| Total Assets | \$ 4,019,431 | \$ 3,784,747 |
| Liabilities and Net Assets | | |
| Current Liabilities | | |
| Accounts payable | \$ 6,088 | \$ 1,318 |
| Payroll and Sales Tax Liabilities | 1,280 | 1,269 |
| Security Deposit | 0 | 2,000 |
| Total Current Liabilities | 7,368 | 4,587 |
| Net Assets | | |
| Unrestricted | 3,561,377 | 3,383,268 |
| Temporarily restricted | 37,500 | 28,248 |
| Restricted | 413,186 | 368,644 |
| Total Net Assets | 4,012,063 | 3,780,160 |
| Total Liabilities and Net Assets | \$ 4,019,431 | \$ 3,784,747 |

OYSTERPONDS HISTORICAL SOCIETY, INC.
Statement of Activities
For the Years Ended December 31, 2017 and December 31, 2016

| | <i>December 31, 2017</i> | <i>December 31, 2016</i> |
|---|--------------------------|--------------------------|
| <i>Changes in Unrestricted Net Assets</i> | | |
| <i>Support and Revenue</i> | | |
| Membership Dues | \$ 40,455 | \$ 13,670 |
| Donations | 104,114 | 82,300 |
| Grants (Note 9) | 15,971 | 50,613 |
| Realized gains on sales of investments, net (Note 7) | 105,056 | 15,643 |
| Unrealized gains on investments, net (Note 6) | 162,684 | 64,612 |
| Fundraising (Note 8) | 224,844 | 201,575 |
| Rental income (Note 10) | 9,500 | 26,579 |
| Mission | 1,102 | 2,503 |
| Investment income | 64,238 | 57,038 |
| <i>Total Support and Revenue</i> | <u>727,964</u> | <u>514,533</u> |
| <i>Expenses</i> | | |
| Program Expenses | 306,560 | 283,241 |
| Management and general | 74,977 | 58,181 |
| Fundraising | 122,070 | 112,898 |
| <i>Total Expenses</i> | <u>503,607</u> | <u>454,320</u> |
| <i>Increase (Decrease) in Unrestricted Net Assets</i> | <u>\$ 224,357</u> | <u>\$ 60,213</u> |
| <i>Changes in Restricted Net Assets:</i> | | |
| <i>Revenues</i> | | |
| Interest and dividend income (Note 4) | \$ 24,962 | \$ 32,368 |
| <i>Total Revenues</i> | <u>24,962</u> | <u>32,368</u> |
| <i>Expenses</i> | | |
| Program expenses | 17,416 | 16,604 |
| <i>Total Program expenses</i> | <u>17,416</u> | <u>16,604</u> |
| <i>Increase (Decrease) in Restricted Net Assets</i> | <u>\$ 7,546</u> | <u>\$ 15,764</u> |
| <i>Change in Net Assets</i> | <u>231,903</u> | <u>75,977</u> |
| <i>Net Assets at Beginning of Year</i> | 3,780,160 | 3,704,183 |
| <i>Net Assets at End of Year</i> | <u>\$ 4,012,063</u> | <u>\$ 3,780,160</u> |

OYSTERPONDS HISTORICAL SOCIETY, INC.
Statement of Functional Expense
For the Year Ended December 31, 2017

| | <i>Total</i> | <i>Mission and Program Services</i> | <i>Management</i> | <i>Fundraising</i> |
|---|-------------------|---|-------------------|--------------------|
| <i>Expenditures - Unrestricted Net Assets</i> | | | | |
| Personnel and benefits | \$ 193,441 | \$ 128,605 | \$ 25,164 | \$ 39,672 |
| Building and grounds | 17,064 | 17,064 | 0 | 0 |
| Missions and programs | 22,315 | 22,315 | 0 | 0 |
| Fundraising Events (Note 8) | 71,563 | 0 | 0 | 71,563 |
| Utilities and heating | 12,126 | 10,307 | 1,819 | 0 |
| Insurance | 13,750 | 11,413 | 2,337 | 0 |
| Internet | 14,405 | 10,084 | 3,601 | 720 |
| Office supplies | 12,032 | 9,024 | 3,008 | 0 |
| Consultants | 30,474 | 30,474 | 0 | 0 |
| Advertising and printing | 9,902 | 7,427 | 0 | 2,475 |
| Vail House Rental (Note 10) | 4,681 | 0 | 0 | 4,681 |
| Legal and accounting | 17,215 | 17,215 | 0 | 0 |
| Travel | 411 | 411 | 0 | 0 |
| NYS Filing Fees and Taxes | 8,092 | 0 | 8,092 | 0 |
| Investment fees and misc. fees | 27,708 | 385 | 27,323 | 0 |
| Depreciation | 48,428 | 41,836 | 3,633 | 2,959 |
| <i>Total expenditures - unrestricted</i> | <u>\$ 503,607</u> | <u>\$ 306,560</u> | <u>\$ 74,977</u> | <u>\$ 122,070</u> |
| <i>Net Assets</i> | <u>\$ 503,607</u> | <u>\$ 306,560</u> | <u>\$ 74,977</u> | <u>\$ 122,070</u> |

Expenditures - Restricted Net Assets

| | | | |
|--|------------------|------------------|--|
| Webb House- payroll expenses | 6,064 | 6,064 | |
| Webb House- depreciation | 4,813 | 4,813 | |
| Webb House - maintenance and administration | 6,539 | 6,539 | |
| <i>Total Expenditures - restricted</i> | <u>17,416</u> | <u>17,416</u> | |
| <i>Net Assets</i> | <u>\$ 17,416</u> | <u>\$ 17,416</u> | |

OYSTERPONDS HISTORICAL SOCIETY, INC.
Statement of Cash Flows
For the Years Ended December 31, 2017 and December 31, 2016

| | <i>December 31, 2017</i> | <i>December 31, 2016</i> |
|--|--------------------------|--------------------------|
| <i>Cash flows from operating activities</i> | | |
| Changes in net assets | \$ 231,903 | \$ 75,977 |
| <i>Adjustments to reconcile net income to net cash provided by operating activities:</i> | | |
| (Increase) decrease in prepaid expenses | (8,106) | 842 |
| Depreciation and amortization | 53,399 | 60,245 |
| (Increase) decrease in accounts receivable | (757) | (13,614) |
| (Increase) decrease in inventories | (5,403) | 1,235 |
| Increase (decrease) in security deposit | (2,000) | 1,000 |
| Increase (decrease) in payroll and sales tax liabilities | 11 | (200) |
| Increase (decrease) in accounts payable | 4,770 | 1,318 |
| Increase (decrease) in temporarily deferred income | 9,252 | 0 |
| Total adjustments | 51,166 | 50,826 |
| <i>Net cash provided by operating activities</i> | 283,069 | 126,803 |
| <i>Cash flow from investing activities:</i> | | |
| Increase (decrease) in investment activities | (233,618) | (44,739) |
| Cash payments for the purchase of property or improvements | (34,337) | (83,414) |
| <i>Net cash used by investing activities</i> | (267,955) | (128,153) |
| <i>Net increase(decrease) in cash and equivalents</i> | 15,114 | (1,350) |
| <i>Cash and equivalents, beginning of year</i> | 82,188 | 83,538 |
| <i>Cash and equivalents, end of year</i> | \$ 97,302 | \$ 82,188 |

OYSTERPONDS HISTORICAL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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 \$ 97,302 at December 31, 2017.

OYSTERPONDS HISTORICAL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Financial Reporting

The Historical Society uses three 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 | \$ 16,236 | \$ -0- |
| Capital One Bank- Savings | 42,775 | -0- |
| Paypal | 3,476 | -0- |
| Cash on Hand | 2,895 | -0- |
| Merrill Lynch | -0- | 2,264,737 |
| Vanguard | <u>19,492</u> | <u>66,062</u> |
| <i>Total Unrestricted net assets</i> | \$ <u>84,874</u> | \$ <u>2,330,779</u> |

- ◆ Temporarily restricted net assets consist of gifts or grants to the Organization, the principal of which is temporarily restricted, the revenue and expenditure for use according to purpose of the fund. An example is deferred income for specific functions or purposes, 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.

During 2017 \$37,500 in donations were received that were temporarily restricted by the donors to be used for 2018 operations and for 2018 marketing and membership expenses.

- ◆ 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.

OYSTERPONDS HISTORICAL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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 | \$ 12,428 | \$ -0- |
| Vanguard | <u>-0-</u> | <u>400,758</u> |
| <i>Total Restricted Assets</i> | \$ <u>12,428</u> | \$ <u>400,578</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.

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, 2017 was \$14,371.

| | |
|---------------------|-----------------|
| Accounts Receivable | \$ 9,371 |
| Grants Receivables | <u>5,000</u> |
| Total Receivables | <u>\$14,371</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.

OYSTERPONDS HISTORICAL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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. During the year ended December 31, 2017 there was \$53,241 of programing depreciation expense and \$158 of rental depreciation expense. The total depreciation expense for the year ended December 31, 2017 was \$53,399.

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, 2017 are summarized as follows:

| | <u>Fair Value</u> |
|------------------------------------|-------------------------|
| Unrestricted: Merrill Lynch | \$ 2,264,737 |
| Vanguard | 65,062 |
| Vanguard Brokerage | 1,000 |
| Restricted: Vanguard | <u>400,758</u> |
| Total Investments | <u>\$ 2,731,557</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.

OYSTERPONDS HISTORICAL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 5: 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.

Note 6: Unrealized 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, 2017 is \$162,684.

Note 7: Realized Gains and Losses

The Society incurred realized gains from the sale of proceeds of investments from the following sales of debt & equity holdings held in the Society's investment accounts during the fiscal year end December 31, 2017.

| <u>Brokerage Acct</u> | <u>Gross Proceeds</u> | <u>Gross Basis</u> | <u>Net Gain</u> |
|-----------------------|-----------------------|--------------------|-------------------|
| Merrill Lynch | \$ 443,532 | \$ 339,671 | \$ 103,861 |
| Vanguard Brokerage | 21,426 | 21,250 | 176 |
| Vanguard-Redemption | <u>\$ 76,298</u> | <u>\$ 75,279</u> | <u>\$ 1,019</u> |
| Total | <u>\$ 541,256</u> | <u>\$ 436,200</u> | <u>\$ 105,056</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 | \$ 16,673 | \$ 6,486 | \$ 10,187 |
| Summer Benefit | 147,593 | 43,131 | 104,462 |
| Christmas Tour | 3,560 | 35 | 3,525 |
| North Fork Fresh | 28,543 | 11,391 | 17,152 |
| NYC Dinner | 18,100 | 6,001 | 12,099 |
| NYC Event | 2,250 | -0- | 2,250 |
| Holiday Party | <u>8,125</u> | <u>4,519</u> | <u>3,606</u> |
| Totals | <u>\$ 224,844</u> | <u>\$ 71,563</u> | <u>\$ 153,281</u> |

OYSTERPONDS HISTORICAL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 9: Grants

During the year ended December 31, 2017, the Society was awarded a grant from the Suffolk County Department of Parks, Recreation and Conservation in the amount of \$5,000.

During the prior period the Society had deferred \$10,971 of undisbursed funds which was included in 2016 Temporarily Restricted Assets (“TRA”) from the Robert D.L. Gardiner Foundation Grant. The grant was awarded to aid in the preservation of and education about Long Island History. The 2016 \$10,971 undisbursed “TRA” of the Robert D.L. Gardiner Foundation fund had been expensed entirely during 2017 and recognized in 2017 Grant Income.

| | |
|--|------------------|
| Total 2017 Grant Awarded | \$ 5,000 |
| Robert D.L. Gardiner Foundation- 2016 Deferred | <u>10,971</u> |
| Net Grant Income | <u>\$ 15,971</u> |

Note 10: Rental Income/ Expenses

The Society periodically rents out the Poquatuck Park for events and rents out the Vail House as a residential rental. The detail of the income and expenses allocated to the rental properties for the year ended December 31, 2017 is as follows:

| <u>Source</u> | <u>Amount</u> |
|---------------------------|---------------------|
| Vail House | \$ 8,000 |
| Poquatuck Park | <u>1,500</u> |
| Total Rental Income | <u>\$ 9,500</u> |
| <u>Expense</u> | <u>Amount</u> |
| Insurance | \$ 974 |
| Utilities | 313 |
| Building and Grounds | 2,088 |
| Security | 304 |
| Professional Fees | 500 |
| Real Estate Taxes | 344 |
| Depreciation Expense | <u>158</u> |
| Total Rental Expenses | <u>\$ 4,681</u> |
| Net Rental Income | <u>\$ 4,819</u> |

OYSTERPONDS HISTORICAL SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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 ending December 31, 2017 total was \$17,416 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:

| | |
|--|----------------------|
| 2017 Webb House Operating Budget Reimbursement from Windsor | \$ 7,877 |
| 2017 Webb House Operating Budget Reimbursement from Windsor II | <u>9,539</u> |
| Total Restricted to Unrestricted Funds Transfer | <u>\$ 17,416</u> |

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, 2017 the Historical Society did not receive any non-cash donations for specialized services.

***Note 13: Memorandum of Understanding with Peconic Land Trust:
Orient Methodist Church***

During 2017 the Society entered into a Memorandum of Understanding (the "MOU") with Peconic Land Trust ("PLT") pursuant to which PLT will acquire the Orient Methodist Church and hold the property for up to three years until such time as the Society either raises funds to acquire, manage and operate the property or identifies an alternative arrangement consistent with community support.

On behalf of the community support, the Society made a good faith effort to raise money for a down payment of the purchase price. In addition, they submitted a grant application to New York State for the assistance of approximately 50% of the purchase price. After which the Society had entered in the MOU with Peconic Land Trust, the Orient Methodist Church made the decision to sell the property to another party.

All donors that donated specifically for the acquisition of the Orient Methodist Church were contacted to discuss how they would like their funds to be directed or used. Some chose to have their contribution go towards paying expenses incurred while attempting to purchase the church. Others chose to have their contributions reallocated for OHS operations.

