

THE STICKLEY MUSEUM AT CRAFTSMAN FARMS, INC.
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2020
(With Summarized Comparative Totals for December 31, 2019)

THE STICKLEY MUSEUM AT CRAFTSMAN FARMS, INC.
FINANCIAL STATEMENTS
December 31, 2020
(With Summarized Comparative Totals for December 31, 2019)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
The Stickley Museum at Craftsman Farms, Inc.
Morris Plains, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of The Stickley Museum at Craftsman Farms, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

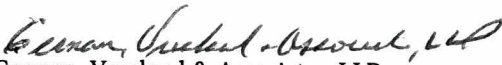
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Stickley Museum at Craftsman Farms, Inc. as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited The Stickley Museum at Craftsman Farms, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated November 6, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2021, on our consideration of The Stickley Museum at Craftsman Farms, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Stickley Museum at Craftsman Farms, Inc.'s internal control over financial reporting and compliance.


German, Vreeland & Associates, LLP
Cedar Knolls, New Jersey
October 11, 2021

THE STICKLEY MUSEUM AT CRAFTSMAN FARMS, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2020
(With Summarized Comparative Totals for December 31, 2019)

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 277,840	\$ 210,532
Investments	359,003	295,834
Cash restricted for education center	53,268	242,149
Unconditional promises to give restricted for education center	54,241	137,957
Grants receivable restricted for education center	12,326	312,657
Grants receivable-other	150,000	150,000
Security deposits	306	306
Inventory, net	28,803	168,938
Fixed assets, net of accumulated depreciation	91,617	33,605
Collections	-	-
TOTAL ASSETS	<u>\$ 1,027,404</u>	<u>\$ 1,551,978</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable	\$ 10,951	\$ 17,751
Accrued expenses	12,468	11,235
Line of credit	75,000	30,000
TOTAL LIABILITIES	<u>98,419</u>	<u>58,986</u>
NET ASSETS		
Without donor restrictions	603,171	592,923
With donor restrictions	325,814	900,069
TOTAL NET ASSETS	<u>928,985</u>	<u>1,492,992</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,027,404</u>	<u>\$ 1,551,978</u>

See accompanying notes.

THE STICKLEY MUSEUM AT CRAFTSMAN FARMS, INC.
STATEMENT OF ACTIVITIES
Year Ended December 31, 2020
(With Summarized Comparative Totals for December 31, 2019)

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL 2020	TOTAL 2019
REVENUE, GAINS AND OTHER SUPPORT				
Contributions	\$ 117,882	\$ 59,084	\$ 176,966	\$ 157,535
Membership contributions	52,450	-	52,450	44,030
Donated services	-	-	-	4,963
Grants	37,730	43,875	81,605	222,000
Paycheck Protection Program grant	61,171	-	61,171	-
Admissions	2,868	-	2,868	17,293
Museum shop sales	33,123	-	33,123	57,527
Special events revenue (net of costs of direct benefits to donors of \$10,827 for 2020 and \$37,106 for 2019)	136,606	-	136,606	126,007
Interest and dividends	4,798	590	5,388	7,832
Net unrealized and realized gains on investments	32,186	3,415	35,601	30,856
Program revenue	54,945	-	54,945	52,025
Other income	8,877	-	8,877	1,100
Net assets released from restrictions	681,219	(681,219)	-	-
Total revenue, gains and other support	1,223,855	(574,255)	649,600	721,168
EXPENSES				
Program services	1,043,892	-	1,043,892	493,930
Management and general	116,237	-	116,237	122,371
Fundraising	53,478	-	53,478	75,493
Total expenses	1,213,607	-	1,213,607	691,794
CHANGE IN NET ASSETS	10,248	(574,255)	(564,007)	29,374
NET ASSETS-Beginning of year	592,923	900,069	1,492,992	1,463,618
NET ASSETS-End of year	\$ 603,171	\$ 325,814	\$ 928,985	\$ 1,492,992

See accompanying notes.

THE STICKLEY MUSEUM AT CRAFTSMAN FARMS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2020
(With Summarized Comparative Totals for December 31, 2019)

	2020			2019
	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL EXPENSES
Salaries and wages	\$ 193,023	\$ 37,150	\$ 23,841	\$ 254,014
Payroll taxes	14,477	3,206	2,999	20,682
Benefits	12,535	2,776	2,597	17,908
Total salaries and related expenses	220,035	43,132	29,437	292,604
Restoration, preservation and rehabilitation	628,715	-	-	628,715
Supplies	4,902	8,558	-	13,460
Museum shop expenses	31,299	-	-	31,299
Inventory reserve	121,000	-	-	121,000
Special events expenses	-	-	4,897	4,897
Contracted services	7,001	31,879	11,662	50,542
Insurance	12,265	6,132	6,132	24,529
Professional services	-	12,488	-	12,488
Printing	107	-	619	726
Postage and shipping	131	4,933	-	5,064
Facilities maintenance	7,095	-	-	7,095
Telephone and communications	-	6,193	-	6,193
Professional development	442	730	-	1,172
Education, conferences and workshops	6,515	-	-	6,515
Total expenses before depreciation	1,039,507	114,045	52,747	1,206,299
Depreciation	4,385	2,192	731	7,308
Total expenses	\$ 1,043,892	\$ 116,237	\$ 53,478	\$ 1,213,607
				\$ 691,794

See accompanying notes.

THE STICKLEY MUSEUM AT CRAFTSMAN FARMS, INC.
STATEMENT OF CASH FLOWS
Year Ended December 31, 2020
(With Summarized Comparative Totals for December 31, 2019)

	2020	2019
CHANGE IN NET ASSETS	\$ (564,007)	\$ 29,374
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	7,308	-
Net unrealized and realized (gains) on investments	(35,601)	(30,856)
Inventory reserve	121,000	-
Change in operating assets and liabilities		
Unconditional promises to give	83,716	80,230
Grants receivable	300,331	(107,514)
Inventory	19,135	28,097
Accounts payable	(6,800)	8,989
Accrued expenses	1,233	(563)
Contributions restricted for education center	(39,084)	(26,275)
Net cash (used in) operating activities	<u>(112,769)</u>	<u>(18,518)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(112,332)	(349,262)
Proceeds from sale of investments	84,764	369,633
Decrease (increase) in restricted cash	188,881	(93,257)
Purchase of fixed assets	(65,320)	(33,605)
Decrease in restricted investments	-	104,723
Net cash provided by (used in) investing activities	<u>95,993</u>	<u>(1,768)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Collections of contributions restricted for education center	39,084	26,275
Proceeds from line of credit	55,000	-
Payments on line of credit	(10,000)	(10,000)
Net cash provided by financing activities	<u>84,084</u>	<u>16,275</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	67,308	(4,011)
CASH AND CASH EQUIVALENTS-Beginning of year	<u>210,532</u>	<u>214,543</u>
CASH AND CASH EQUIVALENTS-End of year	<u>\$ 277,840</u>	<u>\$ 210,532</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	<u>\$ 2,616</u>	<u>\$ 2,049</u>

See accompanying notes.

THE STICKLEY MUSEUM AT CRAFTSMAN FARMS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020
(With Summarized Comparative Totals for December 31, 2019)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - The financial statements of The Stickley Museum at Craftsman Farms, Inc. (the “Organization”) have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Organization – The Organization was incorporated on January 4, 1989 to preserve, interpret and make relevant the legacy and ideals of Gustav Stickley and the American Arts and Crafts movement by providing creative programming and authentic experiences that educate, engage and inspire diverse audiences. The Organization is located in the Township of Parsippany-Troy Hills, New Jersey. The Organization is supported primarily through donor contributions and grants. During 2015, the Organization changed its legal name from The Craftsman Farms Foundation, Inc. to The Stickley Museum at Craftsman Farms, Inc.

Tax Status and Incorporation – The Organization was incorporated under Title 15 of the revised statutes of the State of New Jersey as a nonprofit corporation. The corporation is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. Accordingly, the financial statements do not reflect a provision for federal income taxes. The Organization has no uncertain tax positions at December 31, 2020 and 2019. Generally, in accordance with the statutes of limitations, the Organization is no longer subject to examinations by the Internal Revenue Service for returns filed prior to 2017. In addition, there was no interest or penalties related to income taxes included in the financial statements.

Financial Statement Presentation – The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors; net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

Promises to Give – Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured at the present value of future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

Revenue and Revenue Recognition – Revenues are derived primarily from admissions, programs fees and museum shop sales. Revenues are recognized in the periods in which goods are services are provided. The Organization receives grants and contracts from federal, state, and local agencies, as well as from private organizations, to be used for specific programs. Unconditional grant awards are recorded as contribution revenue in the period which they are awarded. Grants awards having the existence of a condition but lacking in both the existence of a barrier and right of return to the resource provider, are classified as restricted contribution revenue until conditions of the award are met. Conditional grant awards, having both the existence of a barrier and right of return to the resource provider, are classified as deferred revenue when received and are recognized as contribution revenue when the awards are expended for the purpose of the grant or other conditions are satisfied.

THE STICKLEY MUSEUM AT CRAFTSMAN FARMS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020
(With Summarized Comparative Totals for December 31, 2019)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Cash and Cash Equivalents – For purposes of the statement of cash flows, the Organization considers all highly liquid investing instruments purchased with an original maturity of three months or less to be cash equivalents.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures included in the financial statements. Accordingly, actual results could differ from those estimates.

Investments – Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Realized and unrealized gains and losses are included in the statement of activities.

Fixed Assets and Depreciation – Fixed assets are recorded at cost when purchased or at fair value at date of gift. Depreciation is provided for by the straight-line method over the estimated useful lives of the assets. Major renewals and betterments are charged to fixed assets; maintenance, minor repairs and replacements which do not improve or extend the lives of the respective assets are expensed currently. The Organization continually evaluates whether current events or circumstances require adjustments to the carrying value or estimated useful lives of fixed assets.

Valuation of Long-Lived Assets – In accordance with the accounting pronouncements related to accounting for the impairment or disposal of long-lived assets, the Organization reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Management has determined that no assessment was required for the periods presented in these financial statements.

Inventory – Inventory consists of books, arts-and crafts style home décor, art prints, pottery and tiles, and Stickley-branded merchandise which are valued at lower of cost or net realizable value on a first-in, first-out basis. During 2020, a \$121,000 inventory reserve was recorded in the financial statements.

Advertising – The Organization expenses advertising costs as incurred. Advertising expenses for the years ended December 31, 2020 and 2019 were \$80 and \$2,419, respectively.

Functional Expenses – Expenses are charged to each program based on direct expenditures that are incurred. Any program expenditures not directly chargeable are allocated to programs based on time spent.

Donated Services – Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The statement of activities reflects donated services and corresponding expenses of \$-0- and \$4,963 for the years ended December 31, 2020 and 2019, respectively.

THE STICKLEY MUSEUM AT CRAFTSMAN FARMS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020
(With Summarized Comparative Totals for December 31, 2019)

NOTE 2 – PROMISES TO GIVE – Unconditional promises to give consist of the following:

	2020	2019
Restricted to rehabilitation of Education Center	\$ 55,500	\$ 140,750
Less: Unamortized discount	(1,259)	(2,793)
Net unconditional promises to give	<u>\$ 54,241</u>	<u>\$ 137,957</u>
Amounts due in:		
Less than one year	\$ 25,500	\$ 85,750
One to five years	30,000	55,000
	<u>\$ 55,500</u>	<u>\$ 140,750</u>

Unconditional promises to give due in more than one year are recognized at fair value, using present value techniques and a discount rate of 2%. Uncollectible amounts for unconditional promises to give are expected to be insignificant.

NOTE 3 – INVESTMENTS - At December 31, 2020 and 2019 investments were comprised of the following:

	2020		2019	
	Cost	Fair Value	Cost	Fair Value
Exchange traded funds	<u>\$ 308,081</u>	<u>\$ 359,003</u>	<u>\$ 274,541</u>	<u>\$ 295,834</u>

The following schedule summarizes the investment return in the statement of activities for the years ended December 31, 2020 and 2019:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$ 4,798	\$ 590	\$ 5,388
Realized gains	5,638	333	5,971
Unrealized gains	26,548	3,082	29,630
Total	<u>\$ 36,984</u>	<u>\$ 4,005</u>	<u>\$ 40,989</u>
	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$ 7,069	\$ 763	\$ 7,832
Realized gains	3,513	746	4,259
Unrealized gains	24,118	2,479	26,597
Total	<u>\$ 34,700</u>	<u>\$ 3,988</u>	<u>\$ 38,388</u>

Investment expenses relating to investment revenues for the years ended December 31, 2020 and 2019 were \$4,499 and \$4,883, respectively.

THE STICKLEY MUSEUM AT CRAFTSMAN FARMS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020
(With Summarized Comparative Totals for December 31, 2019)

NOTE 4 – FAIR VALUE MEASUREMENTS – The Organization has provided fair value disclosure information for relevant assets and liabilities in these financial statements. The following table summarizes assets which have been accounted for at fair value on a recurring basis as of December 31, 2020 and 2019, along with the basis for the determination of fair value:

2020				
	Total	Quoted Prices In Active Markets (Level 1)	Observable Measurement Criteria (Level 2)	Unobservable Measurement Criteria (Level 3)
Exchange traded funds	\$ 359,003	\$ 359,003	\$ -	\$ -
2019				
	Total	Quoted Prices In Active Markets (Level 1)	Observable Measurement Criteria (Level 2)	Unobservable Measurement Criteria (Level 3)
Exchange traded funds	\$ 295,834	\$ 295,834	\$ -	\$ -

The Organization values such assets using quoted market prices in active markets (Level 1) for identical assets to the extent possible. To the extent possible that such markets are not available, the Organization values such assets using observable measurement criteria, including quoted market prices of similar assets in active and inactive markets and other corroborated factors (Level 2). In the event that quoted market prices in active markets and other observable measurement criteria are not available, the Organization develops measurement criteria based on the best information available (Level 3).

NOTE 5 – FIXED ASSETS AND DEPRECIATION - Fixed assets and accumulated depreciation at December 31, 2020 and 2019 were comprised of:

	Life Years	2020	2019
Equipment	5	\$ 23,366	\$ 15,644
Furniture		87,210	29,612
		110,576	45,256
Less: accumulated depreciation		(18,959)	(11,651)
Net fixed assets		\$ 91,617	\$ 33,605

Depreciation expense for the years ended December 31, 2020 and 2019 totaled \$7,308 and \$-0-, respectively. Certain office equipment and furniture that was purchased and recorded as fixed assets during 2019 was not placed in service until 2020.

NOTE 6 - RESTRICTED ASSETS – Restricted cash, restricted unconditional promises to give, restricted grants and restricted investments have been restricted by donors for the Education Center Rehabilitation Project.

THE STICKLEY MUSEUM AT CRAFTSMAN FARMS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020
(With Summarized Comparative Totals for December 31, 2019)

NOTE 7 – COLLECTION ITEMS – Collection items acquired either through purchase or donation are not capitalized. Purchases of collection items are recorded as decreases in net assets without donor restrictions if purchased with unrestricted assets and as decreases in net assets with donor restrictions if purchased with donor-restricted assets. Contributions of collection items are not recognized in the statement of activities. The Organization adheres to the ethical principles and definition of direct care established by the American Alliance of Museums and considers direct care to entail actions that enhance the life, usefulness, or quality of the collection items to ensure they will continue to benefit the public. The proceeds from deaccession of collection items may be used for acquisitions of new collection items or the direct care of existing collections. Proceeds from deaccessions or insurance recoveries are reflected in the statement of activities based on the absence or existence and nature of donor-imposed restrictions.

The Organization's collection is comprised of items purchased and donated. The collection includes furniture, textiles, pottery, metalwork, historic household objects, works on paper, photographs, archival materials, and other items relating to the preservation and interpretation at this historic house museum. The Organization's staff ensures that the collection is protected and preserved.

NOTE 8 – LINE OF CREDIT – The Organization has a total available line of credit of \$75,000 with Provident Bank at December 31, 2020 and 2019. The line of credit had outstanding balances of \$75,000 and \$30,000 at December 31, 2020 and 2019, respectively. Interest on outstanding balances is at 1% in excess of the Wall Street Journal Prime Rate (the "Index"). The line of credit is secured by the Organization's investment account.

NOTE 9 – RESTRICTIONS ON NET ASSETS - In 2018, the Organization began a project to rehabilitate one of Gustav Stickley's nine original buildings remaining on the property of Craftsman Farms owned by the Township of Parsippany-Troy Hills, New Jersey. This building was a garage at the ground level, with two upper levels that were destroyed by fire in 1950 and rebuilt as one level. After the property became an historic site, this upper level served as the administrative office for the Organization's staff. The Education Center Rehabilitation Project is to preserve the original, historic, ground-level garage and reestablish the two upper levels on the historic stone foundation. The rehabilitated building houses a large, multi-use program space in the Stickley-era garage at the ground level. The rebuilt upper levels serve as administrative offices, collections storage, and resource library. Financial support for the rehabilitation is through grant commitments from the Township of Parsippany-Troy Hills in New Jersey and the Morris County Historic Preservation Trust, and from a fundraising campaign conducted by the Organization. During 2020 and 2019 rehabilitation costs were \$601,989 and \$120,090, respectively, and are included in restoration, preservation and rehabilitation costs in the statement of functional expenses. The rehabilitation was substantially complete in 2020.

Net assets with donor restrictions as of December 31, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
The Education Center Rehabilitation Project	\$ 119,575	\$ 682,425
New Jersey Historic Trust – cottage restoration	150,000	150,000
Amy Stahl Memorial Fund-education programs	36,294	32,698
Library Resource Center	14,945	34,946
Collection Fund	5,000	-
Total	<u>\$ 325,814</u>	<u>\$ 900,069</u>

THE STICKLEY MUSEUM AT CRAFTSMAN FARMS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020
(With Summarized Comparative Totals for December 31, 2019)

NOTE 10 – GRANTS - The Organization receives support from foundation and government grants. Support from these grants is not necessarily comparable on a year-to-year basis, and there is no assurance that such grants will always be received. The Organization is economically dependent on government grants to carry on certain specific projects. Entitlement to the resources is conditional upon compliance with the terms and conditions of the grant agreements and any applicable regulations. During 2020 and 2019 the terms and conditions of the grants were met by the Organization, and all costs included in the final reports to the respective grantor agencies included only eligible costs. Government grant awards that were expended during 2020 and 2019 included:

	2020	2019
New Jersey Historic Trust – Historic Preservation	\$ 35,100	\$ -
New Jersey Historic Commission – Historic Preservation	37,730	28,000
Morris County Historic Preservation Trust Fund - Rehabilitation	309,106	42,486
Township of Parsippany – Troy Hills - Restoration	-	44,000
Total	<u>\$ 381,936</u>	<u>\$ 114,486</u>

NOTE 11 – RESTORATION, PRESERVATION AND REHABILITATION - The Organization undertakes from time to time substantial historic restoration, preservation and rehabilitation efforts and financial results will accordingly vary substantially between years. Expenditures for restoration, preservation and rehabilitation are not reflected as an increase in assets since the property operated by the Organization is owned by the Township of Parsippany-Troy Hills (see Note 12).

NOTE 12 – COMMITMENTS - The Organization has had an operating agreement with the Township of Parsippany-Troy Hills since June 20, 1991, which was replaced by a successor agreement dated September 4, 2002. In addition, since July 2002 the Organization has had a lease with the Township which initially covered only the Main House but which now covers other buildings, including additional buildings sold by the Organization to the Township in 2007. The terms of the operating agreement and lease currently run until October 30, 2031 and the Organization has an option to extend the operating agreement and lease terms for an additional 25 years. The lease agreement requires lease payments of \$5 annually. The Township provides certain maintenance and security services pursuant to the operating agreement. The Organization is required to provide periodic reports on its activities, strategic plans and financials pursuant to the operating agreement.

NOTE 13 – FACILITIES MAINTENANCE - A substantial amount of the expenses for facilities maintenance are paid by the Township of Parsippany-Troy Hills in accordance with the lease and operating agreement.

NOTE 14 – PENSION PLAN - During 2013 the Organization established a 401(k) Profit-Sharing Plan. The Plan covers employees who meet certain eligibility requirements. Employees who satisfy the eligibility requirements may make salary reduction contributions to the Plan equal to at least 1% but no more than 100% of his or her compensation. The Organization does not make matching contributions to the Plan.

NOTE 15 – COMPARATIVE FINANCIAL INFORMATION - The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

THE STICKLEY MUSEUM AT CRAFTSMAN FARMS, INC.
NOTES TO FINANCIAL STATEMENTS
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(With Summarized Comparative Totals for December 31, 2019)

NOTE 16 – RECENT ACCOUNTING PRONOUNCEMENTS

Issued and Adopted - In March 2019, FASB issued ASU No. 2019-03, *Updating the Definition of Collections*. ASU 2019-03 eliminates diversity in practice by aligning the definition of *collections* in GAAP with the definition used by the American Alliance of Museums (AAM). Under the clarified definition, proceeds from the sale of collection items can be used for either acquiring new collection items and/or for the direct care for existing collection items.

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which supersedes or replaces nearly all revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue and was adopted in 2019.

Issued - In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU No. 2016-02 will require leases to be recorded as an asset on the statement of financial position for the right to use the leased asset and a liability for the corresponding lease obligation for leases with terms of more than twelve months. ASU 2016-02 is effective for not-for-profit organizations for fiscal years beginning after December 15, 2021, with early adoption permitted. The Organization is evaluating the impact the pronouncement may have on the financial statements.

In September 2020, the FASB issued ASU 2020-07 *Presentation and Disclosures by Not-for-Profit Entities For Contributed Non Financial Assets* (Topic 958). This ASU is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The Organization is evaluating the impact the pronouncement may have on the financial statements.

NOTE 17 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS - The following reflects the Organization’s financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions. The Organization’s goal is generally to maintain financial assets to meet 90 days of operating expenses excluding depreciation. The Organization has an investment account which is an operating reserve for expenses in the event needed. The Organization does not believe it is necessary to draw on its investments currently, which are, therefore, designated as operating reserves:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 331,108	\$ 452,681
Unconditional promises to give	54,241	137,957
Grants receivable	162,326	462,657
Investments	359,003	295,834
Total financial assets	<u>906,678</u>	<u>1,349,129</u>
Contractual or donor-imposed restrictions	(325,814)	(900,069)
Operating reserves	<u>(359,956)</u>	<u>(327,061)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 220,908</u>	<u>\$ 121,999</u>

THE STICKLEY MUSEUM AT CRAFTSMAN FARMS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020
(With Summarized Comparative Totals for December 31, 2019)

NOTE 18 – UNCERTAINTIES - The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, the Organization expects this matter to negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

NOTE 19 - PAYCHECK PROTECTION PROGRAM - On April 27, 2020, the Organization was granted a loan from Provident Bank in the amount of \$54,171, pursuant to the Small Business Administration (SBA) Paycheck Protection Program (the “PPP”) under the CARES Act, which was enacted March 27, 2020. The loan is in the form of a note dated April 27, 2020 maturing on April 27, 2022 and bears interest at a rate of 1.00% per annum. Funds from the loan may only be used for qualifying expenses including payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred during a specified period beginning on the funding date. The Organization used the entire loan amount for qualifying expenses. Under the terms of the PPP, the loan may be forgiven if it is used for qualifying expenses as described in the CARES Act. The Organization applied for forgiveness and received confirmation that the loan was forgiven in full in May 2021.

In addition, the Organization received \$7,000 as a grant from the SBA under the Economic Injury Disaster Loan (EIDL) program which does not have to be repaid.

The Organization chose to account for the loan as a conditional contribution in accordance with FASB ASC 958-605 as it expected to meet the PPP’s eligibility requirements and concluded that the PPP loan represents, in substance, a grant that is expected to be forgiven. According to ASC 958-605 the loan is initially recorded as deferred revenue and is recognized as income when conditions of the grant (qualifying expenses) are substantially met. During the year ended December 31, 2020, the Organization recognized \$61,171 of revenue including \$7,000 from the EIDL.

NOTE 20 – SUBSEQUENT EVENTS – Management has evaluated subsequent events through October 11, 2021, the date on which the financial statements were available to be issued.

On March 15, 2021, the Organization received a second draw loan from a bank under the PPP in the amount of \$48,460. The loan is in the form of a promissory note dated March 15, 2021. The loan matures on March 15, 2026 and bears interest at a rate of 1.00% per annum. Funds from the loan may only be used for payroll costs, costs used to continue group health care benefits, rent, utilities and other qualifying expenses. The Organization used the entire loan amount for qualifying expenses. Under the terms of the PPP, the loan may be forgiven if it is used for qualifying expenses as described in the CARES Act. The Organization intends to apply for forgiveness. As indicated in Note 19, the Organization’s first PPP loan was forgiven in May 2021.

In 2021 the outstanding balance on the \$75,000 line of credit with Provident Bank was paid down to \$20,000. The line was fully borrowed in 2000 to ensure that the Organization had access to cash if needed when the Covid crisis first arose.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees of
The Stickley Museum at Craftsman Farms, Inc.
Morris Plains, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Stickley Museum at Craftsman Farms, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated October 11, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Stickley Museum at Craftsman Farms, Inc.'s internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Stickley Museum at Craftsman Farms, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of The Stickley Museum at Craftsman Farms, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Stickley Museum at Craftsman Farms, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



German, Vreeland & Associates, LLP

Cedar Knolls, New Jersey

October 11, 2021