

**Forest Lawn Heritage
Foundation, Inc.**

Financial Statements

March 31, 2024 and 2023

Forest Lawn Heritage Foundation, Inc.

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Independent Auditors' Report

To the Board of Directors of
Forest Lawn Heritage Foundation, Inc.
Buffalo, New York

Opinion

We have audited the accompanying financial statements of Forest Lawn Heritage Foundation, Inc. (the "Foundation"), which comprise the statements of financial position as of March 31, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of March 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. GAAP. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' 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 auditors' 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Troncois Segarra & Associates LLP

Williamsville, New York
June 25, 2024

Forest Lawn Heritage Foundation, Inc.

Statements of Financial Position

March 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
<i>Current Assets</i>		
Cash	\$ 114,374	\$ 34,622
Pledges receivable	1,635	62,550
Inventory	50,506	77,787
Prepaid expenses	266,419	176,943
Due from Buffalo City Cemetery	-	240
	<u>432,934</u>	<u>352,142</u>
Total current assets	432,934	352,142
<i>Investments</i>	87,306	68,907
<i>Artwork Collections</i>	99,165	99,165
<i>Property and Equipment, net</i>	<u>187,693</u>	<u>189,094</u>
	<u>\$ 807,098</u>	<u>\$ 709,308</u>
Liabilities and Net Assets		
<i>Current Liabilities</i>		
Line of credit	\$ 121,309	\$ 98,671
Gift certificates outstanding	15,577	14,186
	<u>136,886</u>	<u>112,857</u>
Total liabilities	136,886	112,857
<i>Net Assets</i>		
Without donor restrictions	570,292	456,384
With donor restrictions	99,920	140,067
	<u>670,212</u>	<u>596,451</u>
Total net assets	<u>\$ 807,098</u>	<u>\$ 709,308</u>

See independent auditors' report and notes to financial statements.

Forest Lawn Heritage Foundation, Inc.

Statements of Activities

for the years ended March 31, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Total	With Donor Restrictions	Total
Revenue						
Contributions and pledges	\$ 182,765	\$ 4,200	\$ 186,965	\$ 104,508	\$ 187,848	\$ 292,356
Sales and services	2,973	-	2,973	1,402	-	1,402
Contributions of nonfinancial assets from Buffalo City Cemetery	22,360	-	22,360	36,174	-	36,174
Net assets released from restrictions	62,550	(62,550)	-	142,098	(142,098)	-
Total revenue	<u>270,648</u>	<u>(58,350)</u>	<u>212,298</u>	<u>284,182</u>	<u>45,750</u>	<u>329,932</u>
Investment Income (Loss), net						
Interest and dividend income	-	1,333	1,333	-	1,011	1,011
Capital gains distributions	-	465	465	-	7,954	7,954
Net unrealized loss	-	16,405	16,405	-	(11,232)	(11,232)
Total investment income (loss), net	<u>-</u>	<u>18,203</u>	<u>18,203</u>	<u>-</u>	<u>(2,267)</u>	<u>(2,267)</u>
Total revenue and investment income (loss), net	<u>270,648</u>	<u>(40,147)</u>	<u>230,501</u>	<u>284,182</u>	<u>43,483</u>	<u>327,665</u>
Expenses						
Program services	76,591	-	76,591	173,631	-	173,631
Supporting services						
Management and general	62,251	-	62,251	67,746	-	67,746
Fundraising	17,898	-	17,898	3,107	-	3,107
Total expenses	<u>156,740</u>	<u>-</u>	<u>156,740</u>	<u>244,484</u>	<u>-</u>	<u>244,484</u>
Increase (Decrease) in Net Assets	113,908	(40,147)	73,761	39,698	43,483	83,181
Net Assets, beginning of year	<u>456,384</u>	<u>140,067</u>	<u>596,451</u>	<u>416,686</u>	<u>96,584</u>	<u>513,270</u>
Net Assets, end of year	<u>\$ 570,292</u>	<u>\$ 99,920</u>	<u>\$ 670,212</u>	<u>\$ 456,384</u>	<u>\$ 140,067</u>	<u>\$ 596,451</u>

See independent auditors' report and notes to financial statements.

Forest Lawn Heritage Foundation, Inc.

Statement of Functional Expenses for the year ended March 31, 2024 with comparative totals for 2023

	Program Services	Supporting Services		2024	2023
		Management and General	Fundraising		
Contributions to					
Buffalo City Cemetery	\$ 67,045	\$ -	\$ -	\$ 67,045	\$ 172,098
Contributed services	-	22,360	-	22,360	36,174
Professional fees	-	19,843	-	19,843	19,404
Office supplies	-	394	17,898	18,292	3,107
Cost of sales	9,546	-	-	9,546	1,374
Bank charges	-	8,569	-	8,569	7,678
Interest	-	7,719	-	7,719	1,786
Depreciation	-	1,401	-	1,401	1,560
Computer software	-	1,204	-	1,204	875
Other	-	761	-	761	428
Total expenses	\$ 76,591	\$ 62,251	\$ 17,898	\$ 156,740	\$ 244,484

See independent auditors' report and notes to financial statements.

Forest Lawn Heritage Foundation, Inc.

Statement of Functional Expenses

for the year ended March 31, 2023

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Contributions to Buffalo City Cemetery	\$ 172,098	\$ -	\$ -	\$ 172,098
Contributed services	-	36,174	-	36,174
Professional fees	-	19,404	-	19,404
Bank charges	-	7,678	-	7,678
Office supplies	-	-	3,107	3,107
Interest	-	1,786	-	1,786
Depreciation	159	1,401	-	1,560
Cost of sales	1,374	-	-	1,374
Computer software	-	875	-	875
Other	-	428	-	428
Total expenses	\$ <u>173,631</u>	\$ <u>67,746</u>	\$ <u>3,107</u>	\$ <u>244,484</u>

See independent auditors' report and notes to financial statements.

Forest Lawn Heritage Foundation, Inc.

Statements of Cash Flows for the years ended March 31, 2024 and 2023

	2024	2023
<i>Cash Flows from Operating Activities</i>		
Increase in net assets	\$ 73,761	\$ 83,181
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,401	1,560
Net unrealized loss on investments	(16,405)	11,232
Capital gains distributions	(465)	(7,954)
(Increase) decrease in assets:		
Pledges receivable	60,915	(62,550)
Inventory	27,281	(272)
Prepaid expenses	(89,476)	(98,907)
Due to/from Buffalo City Cemetery, net	240	(4,588)
Increase (decrease) in liabilities:		
Gift certificates outstanding	1,391	545
	58,643	(77,753)
<i>Cash Flows from Investing Activities</i>		
Purchases of investments	(1,529)	(1,211)
<i>Cash Flows from Financing Activities</i>		
Net proceeds on line of credit	22,638	78,703
Net increase (decrease) in cash	79,752	(261)
<i>Cash, beginning of year</i>	34,622	34,883
<i>Cash, end of year</i>	\$ 114,374	\$ 34,622
<i>Supplemental Disclosure of Cash Flow Information</i>		
Cash paid during the year for interest	\$ 7,719	\$ 1,786

See independent auditors' report and notes to financial statements.

Forest Lawn Heritage Foundation, Inc.

Notes to Financial Statements

1. Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities – Forest Lawn Heritage Foundation, Inc. (the “Foundation”) is a 501 (c)(3) not-for-profit corporation located in Buffalo, NY incorporated under the laws of the State of New York. The Foundation was established to assure the preservation and restoration of Buffalo City Cemetery’s (“Forest Lawn”) historically significant buildings, landmarks, landscape, and archives, as well as the stories they tell for Western New York, the nation and the world. The Foundation also helps educate teachers, students and the public about the vast cultural, historical, and natural resources that are located at Forest Lawn. The Foundation offers tours, workshops, lectures, theatrical performances and exhibitions that highlight Forest Lawn’s rich history and remarkable natural and man-made beauty. Management and administration of the Foundation are provided by officers and employees of Forest Lawn without charge.

Basis of Accounting – 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 (“U.S. GAAP”).

Basis of Presentation – The Foundation reports information regarding its financial position and activities according to two classes of net assets that are based upon existence or absence of restriction on use that are placed by its donors, or the passage of time. Net assets without donor restrictions represent resources available for the general support of the Foundation’s activities. Net assets with donor restrictions represent contributions and pledges and other inflows of assets for use towards a specific program or purpose, whose use by the Foundation is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those stipulations. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions. Contributions and pledges with donor restrictions whose restrictions are met in the same reporting period are recorded as an increase in net assets with donor restrictions and a satisfaction of program restrictions. The Foundation had net assets with donor restrictions of \$99,920 and \$140,067 at March 31, 2024 and 2023, respectively.

Cash – The Foundation considers all highly liquid investments with original maturities of three months or less at date of purchase to be cash. The Foundation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Although the accounts exceed the federally insured deposit amounts, management does not anticipate nonperformance by their financial institution.

Pledges Receivable – The Foundation recognizes all signed pledges received as revenue in the period the unconditional pledge is received. All pledges are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as an increase in net assets with donor restrictions.

Forest Lawn Heritage Foundation, Inc.
Notes to Financial Statements (continued)

1. Nature of Activities and Summary of Significant Accounting Policies (continued)

Unconditional pledges and promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional pledges and promises to give that are expected to be collected in future years are recorded at the net present value of their estimated future cash flows. Conditional pledges and promises to give are not included as revenue until conditions are substantially met. Interest is not charged or recorded on outstanding receivables

The Foundation has elected to record any uncollectible pledges using the direct write-off method. U.S. GAAP requires that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method. Pledges receivable are considered by management to be fully collectible and, accordingly, no allowances for credit loss was considered necessary at March 31, 2024 and 2023.

Inventory – Inventory, which consists primarily of Forest Lawn guidebooks and gift shop merchandise sold to the general public, is stated at the lower of cost or net realizable value. Cost is determined using a weighted-average approach, which approximates the first-in, first-out method.

Tree Fund – Net assets with donor restrictions at March 31, 2024 and 2023 include donations received by the Foundation for a tree fund. The tree fund, together with investment earnings and appreciation, had a fair value of \$87,306 and \$68,907 at March 31, 2024 and 2023, respectively. Income from the tree fund is to be used to purchase trees, rhododendrons and azaleas, and the maintenance and replacement of those trees and plants only. The principal, and changes in value thereon, shall remain inviolate.

Investments – The Foundation’s investments consist of a mutual fund that is stated at fair value, based on a quoted market price. The difference between the fair value of the investment at the beginning of the year and the end of the year is recorded as an unrealized gain or loss in the statements of activities. Mutual funds are valued at the daily closing price as reported by the fund. The mutual fund held by the Foundation is an open-end mutual fund that is registered with the Securities and Exchange Commission. This fund is required to publish their daily net asset value and to transact at that price. The mutual fund held by the Foundation is deemed to be actively traded.

Interest and dividends are recognized when earned or declared. For the year ended March 31, 2024, the Foundation had net investment income of \$18,203. For the year ended March 31, 2023, the Foundation had net investment losses of \$2,267.

Forest Lawn Heritage Foundation, Inc.
Notes to Financial Statements (continued)

1. Nature of Activities and Summary of Significant Accounting Policies (continued)

A framework has been established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The investment held by the Foundation is classified as Level 1.

Artwork Collections – Artwork collections are comprised of donated and purchased items that are on display throughout Forest Lawn for the enjoyment of visitors. Donated collection items are carried at their estimated fair value on the date of donation and purchased collection items are carried at their cost.

Property and Equipment – Property and equipment purchases prices with a cost of \$2,000 or more and with a useful life greater than one year are capitalized and carried at cost. Contributed property and equipment is recorded at its fair market value at the date acquired. Depreciation is provided over the estimated useful life, ranging from five to thirty-nine years using the straight-line method. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

Revenue Recognition – Contributions received by the Foundation are considered to be available for use without donor restrictions unless specifically restricted by the donor. Multi-year pledges for contributions are recorded as revenue in the year that the pledge is received. Net assets without donor restrictions are assets not subject to specific donor-imposed stipulations and are available for the general use of the Foundation. Net assets with donor restrictions are subject to donor-imposed stipulations that are usually met by actions of Forest Lawn, at which time the Foundation transfers the funds and records the transfer as a contribution. Some net assets with donor restrictions are subject to donor restrictions where the principal is inviolate and the income generated by the principal is to be expended for a designated purpose. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions in the statements of activities.

Tree Fund – Net assets with donor restrictions at March 31, 2024 and 2023 include donations received by the Foundation for a tree fund. The tree fund, together with investment earnings and appreciation, had a fair value of \$87,306 and \$68,907 at March 31, 2024 and 2023, respectively. Income from the tree fund is to be used to purchase trees, rhododendrons and azaleas, and the maintenance and replacement of those trees and plants only. The principal, and changes in value thereon, shall remain inviolate.

Forest Lawn Heritage Foundation, Inc.
Notes to Financial Statements (continued)

1. Nature of Activities and Summary of Significant Accounting Policies (continued)

Contracts with Customers – Under Accounting Standards Update (ASU) No. 2014-09 (Topic 606) – *Revenue from Contracts with Customers* (“ASU 2014-09” or “Topic 606”), revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for these goods or services. The Foundation uses a five-step framework as identified in ASU 2014-09.

Revenue from contracts with customers for the Foundation primarily includes revenue from sales for gift shop merchandise and guidebooks. The Foundation recognizes revenue when it satisfies a performance obligation when the customer receives and pays for the merchandise.

Factors that could impact the nature, amount, timing and uncertainty of revenue or cash flow of the Foundation include changes in the number of sales or changes in pricing.

Billings, cash collections, and timing of revenue recognition may result in contract assets and liabilities on the statements of financial position.

Contributions of Nonfinancial Assets – Contributions of nonfinancial assets are recognized as contributions if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills and would otherwise be purchased by the Foundation. However, many individuals volunteer their time and perform a variety of tasks that assist the Foundation with programs, fundraising events and various other assignments. These types of contributed services are not considered material and are not included in the Foundation’s financial statements.

Forest Lawn provides personnel services to the Foundation at no cost to the Foundation. During the years ended March 31, 2024 and 2023, the Foundation recognized revenue and related contributed services of \$22,360 and \$36,174, respectively, for contributed services received from Forest Lawn.

These amounts have been reported as contributed services and in management and general administration on the statements of activities and statements of functional expenses, respectively. The Foundation measured the services received at the cost incurred by Forest Lawn for the personnel providing those services.

Functional Allocation of Expenses – The costs of providing the Foundation’s program and supporting services have been summarized and allocated on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the program and supporting services that benefited.

Forest Lawn Heritage Foundation, Inc.
Notes to Financial Statements (continued)

1. Nature of Activities and Summary of Significant Accounting Policies (continued)

Income Tax Status – The Foundation is an exempt organization as defined under Section 501(c)(3) of the Internal Revenue Code and, as such, is exempt from federal income taxes. Accordingly, no provision for income taxes has been reflected in the accompanying financial statements.

Management Estimates – The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Recently Adopted Accounting Pronouncements – On January 1, 2023, the Foundation adopted ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. The standard replaces the incurred loss model with the current expected credit loss ("CECL") model to estimate credit losses for financial assets measured at amortized cost, such as accounts receivable. Under the CECL model, the Foundation estimates credit losses expected over the life of the financial assets based on historical experience, current conditions and reasonable and supportable forecasts. The adoption of this standard had no impact on the Foundation's financial statements.

Subsequent Events – Management of the Foundation has evaluated subsequent events, for recognition or disclosure, through June 25, 2024, the date the accompanying financial statements were available to be issued, and determined that no additional recognition or disclosure was required.

2. Liquidity and Availability of Financial Assets

The Foundation primarily generates financial assets through contributions, gift shop sales and investment income. As part of the Foundation's liquidity management, it attempts to structure its financial assets to be available as its general expenditures.

Forest Lawn Heritage Foundation, Inc.
Notes to Financial Statements (continued)

2. Liquidity and Availability of Financial Assets (continued)

The following table presents the Foundation's financial assets available for general expenditures within one year of statement of financial position date:

	2024	2023
Current assets at March 31, 2024, excluding non-financial assets:		
Cash	\$ 114,374	\$ 34,622
Pledges receivable	1,635	62,550
	116,009	97,172
Less amounts unavailable for general expenditures with one year:		
Restricted by donors for specific purpose	(12,614)	(71,160)
Financial assets available to meet cash needs for general expenditures within one year	\$ 103,395	\$ 26,012

For the liquidity presentation purposes, the pledges receivable has been included as current financial assets, as they were to be used to satisfy the donor-imposed restrictions upon receipt. As more fully described in Note 6, the Foundation has a line of credit of \$600,000, which can be drawn upon in the event of unanticipated cash flow needs.

3. Inventory

Inventory at March 31, 2024 and 2023 consisted of the following:

	2024	2023
Books	\$ 45,468	\$ 71,213
Other products	5,038	6,574
	\$ 50,506	\$ 77,787

Forest Lawn Heritage Foundation, Inc.
Notes to Financial Statements (continued)

4. Prepaid Expenses

Prepaid expenses at March 31, 2024 and 2023 consisted of the following:

	2024	2023
Coffee table book	\$ 132,504	\$ 76,946
Shirley Chisholm statue	121,309	98,671
Tree canopy restoration project	10,559	-
Other products	2,047	1,326
	\$ 266,419	\$ 176,943

5. Property and Equipment, net

Property and equipment, net at March 31, 2024 and 2023 consisted of the following:

	2024	2023
Land	\$ 199,938	\$ 199,938
Office equipment	25,513	25,513
Furniture	7,380	7,380
Computers	6,516	6,516
	239,347	239,347
Less: accumulated depreciation	(51,654)	(50,253)
	\$ 187,693	\$ 189,094

Depreciation expense for the years ended March 31, 2024 and 2023 amounted to \$1,401 and \$1,560, respectively.

6. Line of Credit

The Foundation has a \$600,000 line of credit with a local bank secured by substantially all assets of the Foundations, due on demand with interest base on LIBOR rate plus 2% (7.48% at March 31, 2024). The outstanding balance on the line of credit amounted to \$121,309 and \$98,671 at March 31, 2024 and 2023, respectively. The line of credit is subject to various affirmative and negative covenants. At March 31, 2024, the Foundation was in compliance with these covenants.

Forest Lawn Heritage Foundation, Inc.
Notes to Financial Statements (continued)

7. Net Assets with Donor Restrictions

Net assets with donor restrictions at March 31, 2024 and 2023 consisted of the following:

	2024	2023
Tree Fund project	\$ 87,306	\$ 68,907
Coffee table book	8,610	8,610
Keynote speaker	4,000	-
Eternal flame	-	62,550
	\$ 99,916	\$ 140,067

Net assets were released from donor restrictions by incurring expenses in satisfaction of program restriction for the years ended March 31, 2024 and 2023 as follows:

	2024	2023
Eternal flame	\$ 62,550	\$ 125,098
Tibor Baranski project	-	17,000
	\$ 62,550	\$ 142,098

8. Contributions Made by the Foundation

In January 2010, the Foundation commenced a \$4.75 million capital campaign on behalf of Forest Lawn. As a result, for the years ended March 31, 2024 and 2023, the Foundation contributed \$67,045 and \$172,098 respectively, to Forest Lawn. During the years ended March 31, 2024 and 2023, these funds were used to fund various capital projects.