



**GT REILLY**  
**& COMPANY**  
CPAs and Advisors

Audited Financial Statements

Mary M.B. Wakefield Charitable Trust

December 31, 2018

# Mary M.B. Wakefield Charitable Trust

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## Audited Financial Statements

December 31, 2018

INDEPENDENT AUDITORS' REPORT	1
AUDITED FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	2
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	3
STATEMENTS OF FUNCTIONAL EXPENSE	4
STATEMENTS OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6



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## **Independent Auditors' Report**

Board of Trustees  
Mary M.B. Wakefield Charitable Trust

We have audited the accompanying financial statements of Mary M.B. Wakefield Charitable Trust which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Trust'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 Trust'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 Mary M.B. Wakefield Charitable Trust of December 31, 2018 and 2017, and the changes in its net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

G.T. Reilly & Company

Milton, Massachusetts  
June 24, 2020

# Mary M.B. Wakefield Charitable Trust

## Statements of Financial Position

December 31

	<u>2018</u>	<u>2017</u>
<b><u>Assets</u></b>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 25,136	\$ 104,721
Prepaid income-based taxes (Note 1)	-	35,606
	<u>25,136</u>	<u>140,327</u>
TOTAL CURRENT ASSETS	<u>25,136</u>	<u>140,327</u>
INVESTMENTS, AT FAIR VALUE (Note 2)	<u>17,198,041</u>	<u>24,230,372</u>
PROPERTY AND EQUIPMENT		
Land	4,350,000	4,350,000
Land improvements	106,293	100,118
Buildings and building improvements	4,148,301	4,113,091
Furniture, fixtures and equipment	69,480	69,480
Vehicles	8,466	8,466
	<u>8,682,540</u>	<u>8,641,155</u>
Accumulated depreciation	<u>(954,824)</u>	<u>(852,869)</u>
	<u>7,727,716</u>	<u>7,788,286</u>
TOTAL ASSETS	<u>\$ 24,950,893</u>	<u>\$ 32,158,985</u>
<b><u>Liabilities and Net Assets</u></b>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	<u>\$ 6,843</u>	<u>\$ 65,915</u>
NET ASSETS (Note 4)		
Without Donor Restriction (Trustee-designated):		
Operations	19,810,712	24,971,435
Capital projects	2,519,823	3,503,923
Special projects	2,613,515	3,614,017
	<u>24,944,050</u>	<u>32,089,375</u>
With Donor Restriction	-	3,695
TOTAL NET ASSETS	<u>24,944,050</u>	<u>32,093,070</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 24,950,893</u>	<u>\$ 32,158,985</u>

## Mary M.B. Wakefield Charitable Trust

### Statements of Activities and Changes in Net Assets

#### For the Years Ended December 31

	2018			2017		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
<b>REVENUE AND SUPPORT:</b>						
Donations	\$ 9,282	\$ 3,654	\$ 12,936	\$ 25,807	\$ 7,775	\$ 33,582
Workshops and programs	8,948	-	8,948	10,546	-	10,546
Fundraising events, net of direct expenses	33,589	-	33,589	4,918	-	4,918
Contributed services (Note 6)	35,000	-	35,000	-	-	-
Net assets released from restrictions (Note 4)	7,349	(7,349)	-	4,080	(4,080)	-
	<u>94,168</u>	<u>(3,695)</u>	<u>90,473</u>	<u>45,351</u>	<u>3,695</u>	<u>49,046</u>
<b>EXPENSES (NOTE 1):</b>						
Program services	470,044	-	470,044	407,216	-	407,216
General and administrative	222,346	-	222,346	247,583	-	247,583
Fundraising	64,679	-	64,679	56,676	-	56,676
Total Expenses	<u>757,069</u>	<u>-</u>	<u>757,069</u>	<u>711,475</u>	<u>-</u>	<u>711,475</u>
CHANGE IN NET ASSETS - OPERATING ACTIVITIES	<u>(662,901)</u>	<u>(3,695)</u>	<u>(666,596)</u>	<u>(666,124)</u>	<u>3,695</u>	<u>(662,429)</u>
<b>INVESTMENT INCOME (LOSSES):</b>						
Dividends and interest income	320,559	-	320,559	219,227	-	219,227
Net realized gains on investments	1,350,184	-	1,350,184	972,499	-	972,499
Net unrealized (losses) gains on investments (Note 1)	(8,153,167)	-	(8,153,167)	1,187,611	-	1,187,611
CHANGE IN NET ASSETS FROM INVESTING ACTIVITIES	<u>(6,482,424)</u>	<u>-</u>	<u>(6,482,424)</u>	<u>2,379,337</u>	<u>-</u>	<u>2,379,337</u>
NET (DECREASE) INCREASE IN NET ASSETS	<u>(7,145,325)</u>	<u>(3,695)</u>	<u>(7,149,020)</u>	<u>1,713,213</u>	<u>3,695</u>	<u>1,716,908</u>
NET ASSETS AT BEGINNING OF YEAR	<u>32,089,375</u>	<u>3,695</u>	<u>32,093,070</u>	<u>30,376,162</u>	<u>-</u>	<u>30,376,162</u>
NET ASSETS AT END OF YEAR	<u>\$ 24,944,050</u>	<u>\$ -</u>	<u>\$ 24,944,050</u>	<u>\$ 32,089,375</u>	<u>\$ 3,695</u>	<u>\$ 32,093,070</u>

## Mary M.B. Wakefield Charitable Trust

### Statements of Functional Expense

For the Years Ended December 31

	2018				2017			
	Program	Gen. & Admin	Fundraising	Total	Program	Gen. & Admin	Fundraising	Total
Salary and wages	\$ 232,324	\$ 48,326	\$ 24,783	\$ 305,433	\$ 217,923	\$ 49,926	25,223	\$ 293,072
Payroll taxes	17,718	3,686	1,890	23,294	17,526	4,015	2,029	23,570
Employee benefits	53,359	11,099	5,692	70,150	45,203	10,356	5,232	60,791
Ground maintenance and tools	46,555	-	-	46,555	31,073	-	-	31,073
Collections storage	17,874	-	-	17,874	16,109	-	-	16,109
Insurance	14,068	12,505	4,689	31,262	12,830	11,404	4,277	28,511
Utilities	11,221	9,974	3,740	24,935	8,557	7,606	2,852	19,015
Other expenses	5,268	-	-	5,268	6,807	-	-	6,807
Professional fees	-	63,061	-	63,061	-	98,774	-	98,774
Payment in lieu of real estate taxes	-	10,000	-	10,000	-	20,000	-	20,000
Taxes	25,777	22,913	8,592	57,282	5,827	5,180	1,942	12,949
Depreciation	45,880	40,782	15,293	101,955	45,361	40,322	15,121	100,804
Total Expenses	<u>\$ 470,044</u>	<u>\$ 222,346</u>	<u>\$ 64,679</u>	<u>\$ 757,069</u>	<u>\$ 407,216</u>	<u>\$ 247,583</u>	<u>\$ 56,676</u>	<u>\$ 711,475</u>

# Mary M.B. Wakefield Charitable Trust

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## Statements of Cash Flows

For the Years Ended December 31

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (decrease) increase in net assets	<b>\$ (7,149,020)</b>	\$ 1,716,908
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	<b>101,955</b>	100,804
Net realized gains on investments	<b>(1,444,409)</b>	(1,035,465)
Net unrealized losses (gains) on investments	<b>8,153,167</b>	(1,187,611)
Changes in operating assets and liabilities:		
Prepaid income-based taxes	<b>35,606</b>	12,901
Accounts payable and accrued expenses	<b>(59,072)</b>	62,870
	<hr/>	<hr/>
NET CASH USED IN OPERATING ACTIVITIES	<b>(361,773)</b>	(329,593)
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	<b>(6,787,034)</b>	(5,208,162)
Proceeds from sale of investments	<b>7,110,607</b>	5,459,950
Additions to property and equipment	<b>(41,385)</b>	(44,980)
	<hr/>	<hr/>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<b>282,188</b>	206,808
	<hr/>	<hr/>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<b>(79,585)</b>	(122,785)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<b>104,721</b>	227,506
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<b>\$ 25,136</b>	\$ 104,721
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# Mary M.B. Wakefield Charitable Trust

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## Notes to Financial Statements

December 31, 2018

### Note 1 – Nature of Organization and Significant Accounting Policies

Nature of Activities – Mary M.B. Wakefield Charitable Trust (“the Trust”) is a private operating foundation, established for the preservation of historical structures, collections and grounds for the education and enjoyment of interested individuals of the Wakefield Charitable Trust located in Milton, Massachusetts.

Basis of Presentation – The accompanying financial statements of the Trust are prepared under the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Accounting Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets, liabilities, revenues, expenses and the disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

Change in Financial Statement Presentation – In August of 2016, the Financial Accounting Standards Board issued Accounting Standard Update (ASU) 2016-14, "*Presentation of Financial Statements of Not-for-Profit Entities*" (Topic 958), which the Trust adopted in 2018 and applied retroactively. The ASU is intended to improve net asset classification requirements as well as information presented in financial statements and notes about a not-for-profit entity's liquidity and availability of resources (see Note 9), and its expenses. The Trust now includes a statement of functional expenses with its financial presentation. Except for the change in terminology used to present restricted versus unrestricted net assets, the adoption and retroactive application of the ASU had no effect on the Trust's net assets or the changes in net assets as of and for the year ended December 31, 2017, as previously reported. The Trust continues to present its net assets in the statement of financial position and changes in net assets based on the existence or absence of donor-imposed restrictions as discussed below. In addition, commencing with the year ended December 31, 2018, the Trust is required to report investment fees with investment returns, as discussed further below.

Net Assets Without Donor Restrictions – These are net assets available for use in general operations and not subject to donor restrictions. At its discretion, the Trustees have designated net assets without restrictions for specific purposes (see Note 4).

Net Assets With Donor Restrictions – These net assets are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met with the passage of time, the occurrence of events or the use of the funds as specified by the donor. Other donor-imposed restrictions may be perpetual in nature where the donor stipulates that the funds be maintained in perpetuity, such as endowments.

Donor-restricted support and gains are recorded as "net assets with donor restrictions" when received or pledged. When a temporary donor-imposed restriction expires, either by use of the funds for the specified purpose or by the expiration of a time restriction, related amounts of "net assets with donor restrictions" are reclassified to "net assets without donor restrictions" and reported in the statement of activities as "net assets released from restrictions".

## Note 1 – Nature of Organization and Significant Accounting Policies (Cont.)

Contributions made with donor-imposed restrictions to maintain the principal in perpetuity, while allowing the use of income generated therefrom, are also classified as "net assets with donor restrictions". Income derived from the investment of these perpetual net assets is reported as an increase in "net assets without donor restrictions", or "net assets with donor restrictions", depending on the terms of the donor instrument. Unrealized gains or losses on perpetual net assets are reported as increases or decreases in "net assets with donor restrictions", unless the donor explicitly states otherwise.

See Note 4 regarding restrictions on net assets.

Cash and Cash Equivalents – The Trust considers highly liquid investments with maturities of three months or less at purchase to be cash equivalents. Cash equivalents intended for long-term use are classified as investments, see below (see Note 2).

Fair Value Measurements – The Trust follows Accounting Standards Codification (ASC) Topic 820, "Fair Value Measurements and Disclosures", for assets and liabilities that are measured at fair value on a recurring basis, and to determine fair value disclosures. This standard defines fair value, establishes a framework for measuring fair value and requires disclosures about fair value measurement. The applicability of this standard is limited to the Trust's investments.

Investments – The Trust reports investments at fair value. Interest and dividends are recorded when earned. Gains and losses are recognized in the statement of activities as incurred (realized) or based on fair value changes during the period (unrealized). As discussed above, investment fees are now reported with the net realized gains and losses in the statement of activities. Investments are reflected as long-term assets in accordance with the Trust's intent to hold investments for long-term growth.

Historical Collections – The Trust's collections consist of historical artifacts, art objects and furniture that were donated to the Trust in 2005 (valued at \$1.3 million at the time of the donation). In accordance with accounting practices followed by similar organizations, the Trust's collections are not recognized as assets on the statement of financial position (see Note 3).

Property and Equipment – Property and equipment are recorded at cost or, if donated, at estimated fair value at the time of donation. Maintenance and repairs are expensed as incurred. Expenditures for renewals and improvements that significantly extend the useful life of an asset are capitalized.

Depreciation is provided over the estimated useful lives of the assets by using straight-line methods. The estimated useful lives used in the computation of depreciation are as follows:

<u>Asset</u>	<u>Estimated Useful Lives in Years</u>
Land improvements	15
Building and building improvements	50
Furniture, fixtures and equipment	7
Vehicles	5

Contributed Services – Support arising from contributed services provided to the Trust was recognized in the accompanying financial statements with an equal amount recognized as expense, if the services provided require special skills and would need to be purchased by the Trust if not contributed (see Note 6). The value of the contributed services is based on the estimated comparable compensation the Trust would have to pay if the services were not contributed.

## Note 1 – Nature of Organization and Significant Accounting Policies (Cont.)

Expenses by Nature and Function – The statement of activities and changes in net assets reports a summary of the Trust’s expenses by function, either program or supporting functions (general and administrative functions or fundraising). The statement of functional expenses presents the natural classification of expenses by function. Certain expenses are charged directly to the programs or supporting functions to which they relate. Other expenses require allocation to programs and/or supporting functions, which is made on a reasonable basis that is consistently applied. The expenses that are generally allocated include salaries and wages, payroll taxes and benefits, which are allocated on the basis of estimated efforts.

Expense Reclassifications – Certain expense amounts in the 2017 statement of activities and changes in net assets have been retroactively reclassified to conform to current year classifications and allocations. Such reclassifications had no effect on the net assets or the change in net assets as previously reported as of and for the year ended December 31, 2017.

Income Tax Status – The Trust is considered a private operating foundation, pursuant to Section 501(c)(3) of the Internal Revenue Service Code. As a private operating foundation, the Trust must spend at least 85% of its adjusted net income or its minimum investment return directly for the active conduct of its exempt purpose. As a private foundation, the Trust is required to file a return with the IRS and is subject to excise taxes on certain investment income.

Evaluation of Subsequent Events – Management has evaluated subsequent events involving the Trust for potential recognition or disclosure in the accompanying financial statements. Subsequent events are events or transactions that occurred after December 31, 2018 through June 24, 2020, the date these financial statements were available to be issued.

## Note 2 – Investments

The Trust’s investments are managed and segregated based upon the Board of Trustees’ discretionary designations and consist of the following at December 31:

	2018		2017	
	Cost	Fair Value	Cost	Fair Value
Operations	\$ 10,551,475	\$ 12,075,197	\$ 9,729,035	\$ 17,189,304
Capital Projects	2,332,901	2,509,329	2,136,790	3,425,681
Special Projects	2,403,681	2,613,515	2,301,396	3,615,387
	<u>\$ 15,288,057</u>	<u>\$ 17,198,041</u>	<u>\$ 14,167,221</u>	<u>\$ 24,230,372</u>

Under generally accepted accounting principles, valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value accounting standards established a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The three tiers are defined as:

Level 1 – Observable inputs such as quoted prices in active markets.

Level 2 – Inputs other than Level 1 inputs that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions which are significant to the fair value measurement.

## Note 2 – Investments (Cont.)

The Trust's investments, by type and level of inputs used to determine fair value, are summarized as follows at December 31:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>2018</b>				
Money Market Funds	\$ 1,008,479	\$ -	\$ -	\$ 1,008,479
Equity Securities	15,580,835	-	-	15,580,835
Limited Partnership	-	608,727	-	608,727
	<u>\$ 16,589,314</u>	<u>\$ 608,727</u>	<u>\$ -</u>	<u>\$ 17,198,041</u>
<b>2017</b>				
Money Market Funds	\$ 245,698	\$ -	\$ -	\$ 245,698
Equity Securities	22,403,810	-	-	22,403,810
Limited Partnership	-	1,580,864	-	1,580,864
	<u>\$ 22,649,508</u>	<u>\$ 1,580,864</u>	<u>\$ -</u>	<u>\$ 24,230,372</u>

The following is a description of the valuation methodologies used for investments measured at fair value, including the general description of such instruments pursuant to the fair value hierarchy:

Money Market Funds – These investments are valued using the net asset value (NAV), generally one dollar per share, provided by the administrator of the fund.

Equity Securities – These investments are actively traded on open markets and are valued in accordance with their last published prices on the date of the financial statements.

Limited Partnership – This investment in Second Curve Partners International, Ltd does not have a quoted price in an active market or significant other observable inputs that have quoted market prices, although the Trust can redeem its investment at the net asset value each June 30 and December 31 pursuant to written notice which must be received at least 60 days prior to the redemption date. This fund is regulated and registered under the monetary authority of the Cayman Islands and is not registered under the United States Securities Act of 1933. The prospectus has advised that this fund is intended and designed for a limited number of experienced and sophisticated investors who are able to bear the risk of substantial impairment or loss of the entire investment. The objective of the fund is to achieve superior investment returns by investing primarily in the financial services sector, specifically in common stocks and warrants in both the United States and Puerto Rico.

Investments are not insured and are subject to ongoing market fluctuations. In general, they are exposed to various risks, such as interest rate, credit, economic conditions and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets.

Subsequent Investment Values – Subsequent to the date of the financial statements, the Trust's total investment portfolio increased by approximately \$4.4 million, net of realized gains or losses and operating and capital expenses paid during the period by June of 2020.

### Note 3 – Historical Collections

The Trust's collections are made up of works of art, jewelry, antique furniture and tableware, as well as other artifacts of historic, cultural and scientific significance that are held for educational, research and curatorial purposes. The current fair values of the donated collections, which are not reflected in the statements of financial position, are not readily determinable and have not been subjected to auditing procedures.

### Note 4 – Net Assets

The Trust does not have any net assets with donor restrictions that are perpetual in nature at December 31, 2018 or 2017.

At December 31, 2017, net assets with donor restrictions of \$3,695, which were temporary in nature, represented net assets restricted for busing students to the Wakefield Charitable Trust property in Milton, Massachusetts. There are no net assets with donor restrictions at December 31, 2018.

Net assets were released from donor restrictions by incurring expenses or by the occurrence of other events satisfying their restricted purposes as follows during the year ended December 31:

	<u>2018</u>	<u>2017</u>
Bus rental	\$ 7,349	\$ 2,880
Purchase of laptop	-	1,200
	<u>\$ 7,349</u>	<u>\$ 4,080</u>

The Board of Trustees has designated the Trust's net assets without restrictions for the following purposes:

Operations – Includes all real and certain tangible property used for charitable endeavors, as well as, financial assets for use in the ongoing operations of the Trust.

Capital Projects – Includes financial assets set aside for the ongoing improvements and maintenance of the buildings and grounds and such other capital projects as may be needed in the future.

Special Projects – Includes financial assets that may support future educational endeavors and other special projects necessary for the ongoing operations of the Trust.

Net assets without restriction by category, including the changes therein, are as follows:

	<u>Operations</u>	<u>Capital Projects</u>	<u>Special Projects</u>	<u>Total</u>
<b><u>For the year ended December 31, 2018:</u></b>				
Net assets, beginning of year	\$ 24,971,435	\$ 3,503,923	\$ 3,614,017	\$ 32,089,375
Change in net assets from operating activities	(634,947)	(28,129)	175	(662,901)
Investment return:				
Investment income	220,885	50,816	48,858	320,559
Investment advisor fees	(65,949)	(13,791)	(14,485)	(94,225)
Net realized and unrealized gains	(4,722,097)	(951,611)	(1,035,050)	(6,708,758)
Net investment return	(4,567,161)	(914,586)	(1,000,677)	(6,482,424)
Release of net assets for expenditure	41,385	(41,385)	-	-
Net assets, end of year	<u>\$ 19,810,712</u>	<u>\$ 2,519,823</u>	<u>\$ 2,613,515</u>	<u>\$ 24,944,050</u>

## Note 4 – Net Assets (Cont.)

For the year ended December 31, 2017:

Net assets, beginning of year	<u>\$ 23,531,741</u>	<u>\$ 3,426,474</u>	<u>\$ 3,417,947</u>	<u>\$ 30,376,162</u>
Change in net assets from operating activities	<u>(663,312)</u>	<u>(3,382)</u>	<u>570</u>	<u>(666,124)</u>
Investment return:				
Investment income	150,254	36,213	32,760	219,227
Investment advisor fees	(62,401)	(186)	(379)	(62,966)
Net realized and unrealized gains	<u>1,970,173</u>	<u>89,784</u>	<u>163,119</u>	<u>2,223,076</u>
Net investment return	<u>2,058,026</u>	<u>125,811</u>	<u>195,500</u>	<u>2,379,337</u>
Release of net assets for expenditure	<u>44,980</u>	<u>(44,980)</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 24,971,435</u>	<u>\$ 3,503,923</u>	<u>\$ 3,614,017</u>	<u>\$ 32,089,375</u>

Management's analysis of advisory fees determined that the fees charged in 2016 and 2015 were in excess of the fee agreement in place by approximately \$21,000 and \$5,000, respectively. As a result, an adjustment for the excess fees was made during the year ended December 31, 2017.

## Note 5 – Storage Lease Agreements

The Trust leases space for the purpose of warehousing its collections. The base monthly rent is \$1,398 and the lease agreement expires in August of 2020. The lease includes an escalation clause whereby the rent increases annually on July 1 based on the urban consumer price index, which is determined prior to that date.

Total rent expense for storage under this agreement was \$17,874 and \$16,109 for the years ended December 31, 2018 and 2017, respectively.

Future minimum payments under the lease agreement are as follows:

Year Ending	
<u>December 31</u>	
2019	\$ 16,775
2020	<u>11,184</u>
	<u>\$ 27,959</u>

Subsequent to the 2018 year-end, in June of 2020, the Trustees agreed to terms under a new lease agreement beginning in August of 2020 upon expiration of the current lease. Under the new terms of the agreement, the three-year lease calls for payments of \$18,500 in year 1, \$20,000 in year 2 and \$21,500 in year 3.

## Note 6 – Related Party Transactions

Management of the Trust's investment portfolio is provided by a company owned by a Trustee. Investment fees paid to this company for the years ended December 31, 2018 and 2017 were \$94,225 and \$62,966, respectively. Additionally, during the year ended December 31, 2018, this company donated accounting services to the Trust for the majority of the year, valued in the amount of \$35,000 based on the estimated amount of time incurred by the company's personnel on behalf of the Trust. There was no cash paid for these services and the value of the donation has been recorded as contributed services in the 2018 statement of activities (see Note 1).

Additionally, another Trustee is a partner at a firm that provided accounting services for the Trust for 2017 and part of 2018. Expenses recorded for these services for the years ended December 31, 2018 and 2017 totaled \$12,047 and \$64,500, respectively.

## Note 7 – Employee Benefit Plan

The Trust maintains a 401(k) defined contribution plan for all of its employees. Employees may elect to defer a percentage of their yearly compensation up to statutory limits. The Trust matches the employee contribution to a maximum of 6% of compensation. Trust contributions to the plan for the years ended December 31, 2018 and 2017 were \$17,538 and \$14,480, respectively.

## Note 8 – Concentrations and Credit Risk

The Trust maintains its cash and cash equivalents in FDIC-insured checking and money market accounts that are invested in short-term government securities. At times, the amounts on deposit at any institution are in excess of insured limits. At December 31, 2018, the Trust had money market funds of approximately \$1,008,000, which were not insured by the FDIC.

The Trust's investments at December 31, 2018 consisted of equity securities (91%), money market funds (5%), and a limited partnership (4%) as disclosed in Note 2.

## Note 9 – Liquidity and Availability of Resources

The Trust's liquidity resources available for operational expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, were comprised of the following at December 31, 2018:

Liquid assets at year-end:	
Cash and cash equivalents	\$ 25,136
Investments	17,198,041
Total liquid assets	<u>17,223,177</u>
Less amounts not available to be used within one year:	
Donor restricted net assets	-
Trustee-designated net assets, capital projects	(2,519,823)
Trustee-designated net assets, special projects	(2,613,515)
	<u>(5,133,338)</u>
Total liquid resources available within one year	<u>\$ 12,089,839</u>

The Trustees anticipate receiving sufficient revenue and support and investment income over the next twelve months to cover general expenditures over that same period. In addition, at their discretion the Trustees can release their internal restrictions on those designated net assets of approximately \$5.1 million reflected above.

## Note 10 – Subsequent Events – Effects of Coronavirus Outbreak

Since December 31, 2018 the United States economy, in the first two quarters of 2020, experienced an economic recession primarily as the result of state and federal mandates to manage a pandemic disease. As in all economic declines the ability of the Wakefield Charitable Trust to provide certain services could be diminished as its fund raising and other revenue generating efforts may face challenges. Further, to the extent that any economic recession causes temporary financial losses to become permanent, this result may negatively impact the Trust's ability to continue as an ongoing charity and its responsibilities as such. Lastly, the length of time that any economic slowdown persists may also negatively influence the Trust's operations and sustainability.