

**ARMENIAN HERITAGE TRIBUTE AND
GENOCIDE MEMORIAL FOUNDATION, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2017**

**ARMENIAN HERITAGE TRIBUTE AND GENOCIDE
MEMORIAL FOUNDATION, INC.
FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017**

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Trustees of
Armenian Heritage Tribute and Genocide Memorial Foundation, Inc.

We have reviewed the accompanying financial statements of Armenian Heritage Tribute and Genocide Memorial Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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 misstatements whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Koundakjian Company, P.C.

Koundakjian & Company, P.C.
October 17, 2018

**ARMENIAN HERITAGE TRIBUTE AND GENOCIDE
MEMORIAL FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017**

ASSETS

Current Assets

Cash and cash equivalents	\$	134,867	
Unconditional promises to give due in less than one year		20,000	
Investments		213,009	
Accrued interest income		17,503	
Prepaid expenses		<u>1,076</u>	
Total Current Assets	\$		<u>386,455</u>

Other Assets

Permanently restricted cash		5,000	
Investments		<u>2,461,318</u>	
Total Other Assets			<u>2,466,318</u>

Total Assets	\$	<u>2,852,773</u>
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LIABILITIES AND NET ASSETS

Total Current Liabilities

Accounts payable	\$	<u>1,065</u>	
Total Current Liabilities	\$		<u>1,065</u>
Total Liabilities			<u>1,065</u>

Net Assets

Unrestricted net assets			
Board designated endowment		1,378,762	
Other unrestricted net assets		<u>267,820</u>	
Total unrestricted net assets			1,646,582
Temporarily restricted net assets			55,126
Permanently restricted net assets			<u>1,150,000</u>
Total Net Assets			<u>2,851,708</u>

Total Liabilities and Net Assets	\$	<u>2,852,773</u>
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The accompanying notes are an integral part of the financial statements.

ARMENIAN HERITAGE TRIBUTE AND GENOCIDE MEMORIAL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

	<i>Unrestricted</i>	<i>Board Restricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>
Revenues					
Contributions	\$ 49,560	\$ -	\$ -	\$ -	\$ 49,560
Investment income	4,441	101,854	70,628	-	176,923
Fundraising activities, net	-	15,754	-	-	15,754
Donated services	4,588	-	-	-	4,588
Net assets reclassified	(1,035,525)	1,035,525	-	-	-
Net assets released					
from use restrictions	<u>44,823</u>	<u>(11,174)</u>	<u>(33,649)</u>	<u>-</u>	<u>-</u>
Total Revenues and Reclassifications	<u>(932,113)</u>	<u>1,141,959</u>	<u>36,979</u>	<u>-</u>	<u>246,825</u>
Expenses					
Program					
Park maintenance	102,132	-	-	-	102,132
Other programs	<u>10,401</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,401</u>
Total program	112,533	-	-	-	112,533
General and administration	43,143	-	-	-	43,143
Fund raising	<u>5,259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,259</u>
Total Expenses	<u>160,935</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>160,935</u>
Excess of Revenues over Expenses (Expenses over Revenues)	(1,093,048)	1,141,959	36,979	-	85,890
Net Assets - Beginning	<u>1,360,868</u>	<u>236,803</u>	<u>18,147</u>	<u>1,150,000</u>	<u>2,765,818</u>
Net Assets - Ending	<u>\$ 267,820</u>	<u>\$ 1,378,762</u>	<u>\$ 55,126</u>	<u>\$ 1,150,000</u>	<u>\$ 2,851,708</u>

The accompanying notes are an integral part of the financial statements.

**ARMENIAN HERITAGE TRIBUTE AND GENOCIDE
MEMORIAL FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017**

<i>Cash Flows from Operating Activities</i>	
Change in net assets	\$ 85,890
 <i>Adjustments to reconcile change in net assets to net cash from operating activities</i>	
Unrealized gain on marketable securities	\$ (89,660)
Realized loss on marketable securities	16,213
 <i>Changes in operating assets and liabilities</i>	
Decrease in promises to give	5,000
Increase in prepaid expenses	(1,076)
Decrease in accounts payable	(5,063)
Increase in accrued interest income	986
	(73,600)
<i>Net Cash Provided by Operating Activities</i>	12,290
 <i>Net Cash from Investing Activities</i>	
Change in permanently restricted cash	(2,661)
Sale of marketable securities	1,605,260
Return of principal	1,473
Purchase of marketable securities	(1,636,023)
<i>Net Cash Used in Investing Activities</i>	(31,951)
 <i>Net Change in Cash and Cash Equivalents</i>	(19,661)
 <i>Cash and Cash Equivalents at Beginning of Year</i>	154,528
 <i>Cash and Cash Equivalents at End of Year</i>	\$ 134,867

The accompanying notes are an integral part of the financial statements

**ARMENIAN HERITAGE TRIBUTE AND GENOCIDE
MEMORIAL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 1 - **Summary of Significant Accounting Policies**

Nature of the Organization - The Armenian Heritage Tribute and Genocide Memorial Foundation, Inc. (the "Foundation") is a nonprofit corporation founded in 2004 by representatives of various Massachusetts Armenian organizations to support the development, construction, funding and maintenance of an Armenian Heritage Tribute and Genocide Memorial (the "Park"). The project is intended to be appealing to the general public and open to them at no charge. It is envisioned as a means to educate the public on Armenian culture, the contributions of Armenian-Americans to New England, and on the Genocide perpetrated on the Armenian people in 1915.

Method of Accounting - The financial statements have been prepared on the accrual basis of accounting. Accordingly, revenue is recorded when earned and expenses are recorded when incurred.

Financial Statement Presentation - The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Contributions - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Unconditional promises to give (pledges) are recorded when the pledges are made. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts. An allowance for uncollectible promises is provided based on management's evaluation of potential uncollectible promises receivable at year end.

Contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that temporarily limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Temporarily restricted contributions whose restrictions are met in the same reporting period as they are received are reported as unrestricted support in these financial statements.

Contributions to the organization may be permanently restricted by the donor.

Investments - Investments are carried at the quoted market value of the securities. Investment return consists of interest, dividends, realized gain (loss), unrealized gain (loss), and capital gain distributions from mutual funds. Investment income is recorded when earned and considered

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MEMORIAL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

available for unrestricted use unless otherwise restricted by the donor or the Foundation's endowment policies.

Cash and Cash Equivalents – Cash and cash equivalents include cash on hand and all investments with an original maturity of three months or less when purchased.

Fair Value – The Foundation has adopted the FASB ASC 820, "Fair Value Measurements." ASC 820 defines a hierarchy which prioritizes the inputs in fair value measurements and expands disclosures about fair value measurements. "Level 1" measurements are measurements using quoted prices in active markets for identical assets or liabilities. "Level 2" measurements use significant other observable inputs. "Level 3" measurements are measurements using significant unobservable inputs which require a company to develop its own assumptions. In recording the fair value of assets and liabilities, companies must use the most reliable measurements available. There was no impact on the Foundation's results of operations, financial position and cash flows upon adoption of ASC 820.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates. Accordingly, actual results could differ from these estimates.

Functional Allocation of Expenses - The Foundation's expenses have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated between program, administration and fundraising expenses.

Advertising - It is the Foundation's policy to expense advertising costs as incurred.

Note 2 – Investments and Fair Value Measurements

Investments are composed of the following publicly traded securities:

	Cost	Market Value
Short-term investments		
Nontraditional bond funds	\$ 85,773	\$ 84,995
Mutual funds	<u>128,922</u>	<u>128,014</u>
	<u>\$214,695</u>	<u>\$213,009</u>
Long-term investments		
Nontraditional bond fund	\$ 361,964	\$ 412,570
Bond mutual funds	316,411	335,997
Asset backed securities	14,684	15,895
Corporate bonds	1,227,185	1,255,611
Treasury bonds and notes	<u>445,208</u>	<u>441,245</u>
	<u>\$2,365,452</u>	<u>\$2,461,318</u>

Long-term investments include funds considered to be part of the endowments of the Foundation.

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MEMORIAL FOUNDATION, INC.
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FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

The following schedule summarizes the investment return on equities and cash deposits for the year.

Interest	\$ 68,936
Dividends	34,540
Realized losses	(16,213)
Unrealized gains	<u>89,660</u>
Total investment return	<u>\$176,923</u>

The valuation of the Foundation's investments using the fair value hierarchy (See Note 1) consisted of the following at December 31, 2017:

	<i>Quoted prices in active markets</i>	
	<i>Level 1</i>	<i>Total</i>
Short-term investments	\$ 213,009	\$ 213,009
Long-term investments	<u>2,461,318</u>	<u>2,461,318</u>
	<u>\$2,674,327</u>	<u>\$2,674,327</u>

There were no investments at Level 2 or Level 3.

Gains and losses, determined using the specific identification method, are included in investment income.

Note 3 - Permanently Restricted Net Assets

Permanently restricted net assets include the historical dollar amounts of gifts, including pledges, which are required by donors to be permanently retained to produce income for general or specific purposes.

Permanently restricted net assets consist of the following funds:

The Najarian Fund, donated by George and Dr. Carolann Najarian. The income from the fund is to be used to sponsor a lecture series on all genocides, not just the Armenian Genocide, at Faneuil Hall each year in connection with the Bostonian Society. The Najarians have donated \$500,000 to this fund.

The Bilezikian Fund, donated by Charles and Doreen Bilezikian. The income from the fund is to be used for annual sustainability and beautification of the Park and reconfiguration of the sculpture. \$250,000 has been donated to this fund.

The Afeyan Fund, donated by Noubar and Anna Afeyan. The income from the fund is to be used for programs. \$250,000 has been donated to this fund.

The One World Fund, donated by the Cummings Foundation. The income from this fund is to be used half for social media, and half for education. \$100,000 has been donated to this fund.

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The Zakarian Fund, donated by the Asbed B. Zakarian and Margaret M. Zakarian Charitable Foundation. The income from this fund is to be used for the maintenance and preservation of the Park. \$50,000 has been donated to this fund.

Note 4 - Temporarily Restricted Net Assets

Temporarily restricted net assets represent contributions and other inflows of assets 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.

Note 5 - Unrestricted Net Assets and Quasi-Endowment

Unrestricted net assets represent the portion of net assets of the Foundation that is neither permanently nor temporarily restricted by donor-imposed stipulations or time restrictions.

Included in unrestricted net assets is a Board Designated Fund, which functions as a quasi-endowment. See Note 11.

Note 6 - Income Tax Status

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. It is not a private foundation in accordance with Section 170(b)(1)(A)(vi). The Foundation qualifies for the charitable contribution deduction under Section 170.

On January 1, 2009 the Foundation adopted the recognition requirements for uncertain tax positions as required by generally accepted accounting principles, with no cumulative adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Foundation has analyzed tax positions taken for filing with the Internal Revenue Service and the Commonwealth of Massachusetts. It does not believe it is subject to tax on unrelated business taxable income (UBTI), and has not filed federal or Massachusetts returns for UBTI. The Foundation believes that the income tax filing positions would be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Foundation's financial condition, results of operations or cash flows. Accordingly, the Foundation has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2017.

The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits or any income tax examinations for any tax years in progress. The Foundation believes it is not subject to income tax examinations for years prior to 2014, except for tax returns for UBTI, for which it has never filed a return.

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Note 7- Concentration of Credit Risk

The Foundation maintains bank accounts at the Citizens Bank. Accounts at the bank are insured under coverage provided by the Federal Deposit Insurance Corporation (FDIC). During the year ended December 31, 2017, the Foundation's cash did not exceed the FDIC limit of \$250,000.

The Foundation also maintains cash in several brokerage money market accounts, which are not insured. The Foundation has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents. The total amount of cash in brokerage money market accounts was \$89,055 at December 31, 2017.

Note 8 – Donated Securities

Donations of securities are recorded as contributions at their estimated fair values at the date of the donations. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted contributions.

Note 9 - Donated Services

The Foundation received donated services in support of its work. Donated services that (a) create or enhance a nonfinancial asset or (b) require specialized skills, are provided by entities or persons possessing those skills, and would need to be purchased if they were not donated, are recorded as contributions in the financial statements. Donated services such as fund raising, clerical assistance, and other volunteer efforts not requiring specialized skills are not recorded in the financial statements.

In 2017, the Foundation received donated legal services of \$4,588 which were included in administrative expenses.

Note 10 – Special Events

The Foundation held one special event during the year. The gross revenues from the event were \$18,725. The direct expenses were \$2,971, for net income of \$15,754.

Note 11 – Endowment Funds

At December 31, 2017, the Foundation's endowment consisted of \$1,150,000 of donor restricted endowment funds, \$1,378,762 of board designated quasi-endowment funds and \$49,367 of temporarily restricted endowment funds, for a total of \$2,578,129. The Board of Trustees of the Foundation has interpreted the "Uniform Prudent Management of Institutional Funds Act" (UPMIFA) as requiring the preservation of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets, (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance

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MEMORIAL FOUNDATION, INC.
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with the direction of the applicable donor gift instruction at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Board of Trustees of the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate endowment funds:

- a) The duration and preservation of the fund
- b) The purposes of the Foundation and the donor restricted endowment fund
- c) General economic conditions
- d) The possible effect of inflation and deflation
- e) The expected total return from income and the appreciation of investments
- f) Other resources of the Foundation
- g) The investment policies of the Foundation

The composition of endowment net assets for the Foundation and the changes in endowment net assets of December 31, 2017 are as follows:

	<i>Unrestricted</i>	<i>Quasi- Endowment</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>
Endowment net assets, December 31, 2016	\$(4,995)	\$236,803	\$18,147	\$1,150,000	\$1,399,955
Board designated additions	-	1,051,279	-	-	1,051,279
Interest and dividends	-	48,595	48,959	-	97,554
Realized and unrealized gains	-	53,259	21,668	-	74,927
Expenses	<u>(764)</u>	<u>(11,174)</u>	<u>(33,648)</u>	<u>-</u>	<u>(45,586)</u>
Endowment net assets, December 31, 2017	<u><u>\$(5,759)</u></u>	<u><u>\$1,378,762</u></u>	<u><u>\$55,126</u></u>	<u><u>\$1,150,000</u></u>	<u><u>\$2,578,129</u></u>

Description of Amounts Classified as Permanently Restricted Net Assets and Temporarily Restricted Net Assets (Endowment Only)

Permanently Restricted Net Assets

Perpetual endowment funds that are required to be retained permanently either by explicit donor stipulation or by The Commonwealth of Massachusetts enacted version of UPMIFA are restricted for program support. The Board of Trustees has also designated certain unrestricted assets to be a board designated endowment. As of December 31, 2017, the funds are to be held to provide income for the following purposes:

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MEMORIAL FOUNDATION, INC.
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Najarian Lecture Series	\$ 500,000
Maintenance of the Park	300,000
Programs	250,000
Media	50,000
Education	50,000
	<u>\$1,150,000</u>

Board designated quasi-endowment funds in the amount of \$1,378,762 are to provide income for Park maintenance.

Temporarily Restricted Net Assets

Temporarily restricted net assets that are included in endowment net assets represent residual balances of dividends, interest, and realized and unrealized gains and losses earned on endowment funds in excess of the Board appropriated allocations to support Foundation programs and current operations. Temporarily restricted net assets as of December 31, 2017 are to be used as follows:

Najarian Lecture	\$37,425
Maintenance of the Park	9,177
Media	4,262
Education	4,262
	<u>\$55,126</u>

Endowment Funds with Deficits

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the value of the initial and subsequent donor gift amounts (deficit). When donor endowment deficits exist, they are classified as a reduction of unrestricted net assets. There was a deficiency of \$5,759 during the year ended December 31, 2017.

Return Objectives and Risk Parameters

The Foundation's endowment fund has been conservatively invested in cash equivalents and income oriented mutual funds subjecting the fund to low investment risk and providing the fund with current income. In 2017 the Foundation spent \$33,648 of temporarily restricted net assets from the endowment funds.

Note 12 – Promises to Give

The unconditional promise to give as of December 31, 2017 was one pledge of \$20,000.

Note 13 – Agreement with Massachusetts Department of Transportation

The Park has been constructed by the Massachusetts Department of Transportation (MassDOT) in accordance with plans presented by the Foundation and approved by MassDOT. The Foundation has funded in full all construction costs including materials and work completed by the general contractor or the sub-contractors in connection with the construction of the Park. The Foundation is responsible for maintaining the Park now that construction has been completed.

**ARMENIAN HERITAGE TRIBUTE AND GENOCIDE
MEMORIAL FOUNDATION, INC.
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Note 14 – *Related Party Disclosure*

James Kalustian, President of the Foundation, was appointed by the Massachusetts governor to the Board of Directors of the Rose F. Kennedy Greenway Conservancy (“RFKGC”) in October, 2014. He was elected Chairman of the Board of RFKGC in January, 2016.

The RFKGC is a major vendor of the Armenian Heritage Park, providing landscaping, snow removal, grounds maintenance and repairs to the Park. These services are overseen by a vice president of the Foundation on an arm’s length basis. Total expenses for these services totaled \$73,190 in 2017. Armenian Heritage Park owed RFKGC \$1,000 as of December 31, 2017.

Note 15 – *Subsequent Events*

Management has evaluated subsequent events through October 17, 2018, the date that the financial statements were available to be issued. No subsequent events have been identified that would require adjustment of or disclosure in the accompanying financial statements.