

THE BATTERY CONSERVANCY, INC.

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2011 AND 2010

THE BATTERY CONSERVANCY, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
The Battery Conservancy, Inc.

We have audited the accompanying statements of financial position of The Battery Conservancy, Inc. (a not-for-profit corporation) as of December 31, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Battery Conservancy, Inc. as of December 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Lutz + Carr, LLP

New York, New York
April 11, 2012

THE BATTERY CONSERVANCY, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Assets		
Cash and cash equivalents (Notes 1b and 4)		
Unrestricted	\$ 2,439,800	\$ 2,315,318
Board designated (Note 2a)	1,011,788	1,011,788
Permanently restricted (Note 2c)	<u>90,000</u>	<u>90,000</u>
	3,541,588	3,417,106
Investments (Notes 1c and 5)		
Unrestricted	1,021,869	1,010,591
Temporarily restricted	826,554	803,458
Unconditional promises to give (Notes 1d and 6)		
Unrestricted	22,462	-
Restricted to specific programs and periods	50,000	372,865
Accounts receivable	10,469	-
Prepaid expenses	42,562	32,165
Property and equipment and reimbursable advances, at cost, net of accumulated depreciation (Notes 1e and 7)	9,176,751	8,384,930
Security deposit	<u>7,542</u>	<u>7,542</u>
Total Assets	<u><u>\$14,699,797</u></u>	<u><u>\$14,028,657</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	<u>\$ 60,720</u>	<u>\$ 100,298</u>
Commitments and Contingencies (Note 8)		
Net Assets		
Unrestricted		
Board-designated (Notes 2a and 3)	1,011,788	1,011,788
Other	<u>12,651,235</u>	<u>11,650,248</u>
Total Unrestricted	13,663,023	12,662,036
Temporarily restricted (Note 2b)	886,054	1,176,323
Permanently restricted (Notes 2c and 3)	<u>90,000</u>	<u>90,000</u>
Total Net Assets	<u>14,639,077</u>	<u>13,928,359</u>
Total Liabilities and Net Assets	<u><u>\$14,699,797</u></u>	<u><u>\$14,028,657</u></u>

See notes to financial statements.

THE BATTERY CONSERVANCY, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Changes in Unrestricted Net Assets		
Revenues, Gains and Other Support		
Contributions (Note 9)	\$ 842,817	\$ 638,538
Fundraising benefits	1,314,438	1,212,869
Less: Direct costs benefiting donors	(123,210)	(118,428)
Donated equipment, services and use of facilities (Note 10)	414,615	556,104
Database income	18,513	89,150
Royalties	23,712	1,795
Net investment income (Note 5)	41,906	58,242
Miscellaneous income	13,011	11,972
	<u>2,545,802</u>	<u>2,450,242</u>
Net assets released from restrictions		
Satisfaction of time and program restrictions	<u>540,269</u>	<u>2,739,223</u>
Total Revenues, Gains and Other Support	<u>3,086,071</u>	<u>5,189,465</u>
Expenses		
Program Services		
Battery Park Programs	<u>1,391,615</u>	<u>1,163,406</u>
Supporting Services		
Management and general	187,823	213,688
Fundraising	192,960	194,834
Total Supporting Services	<u>380,783</u>	<u>408,522</u>
Total Expenses	<u>1,772,398</u>	<u>1,571,928</u>
Increase in Unrestricted Net Assets Before Donated		
Legal Services	1,313,673	3,617,537
Donated legal services relating to litigation and settlement (Note 10)	<u>(312,686)</u>	<u>(454,175)</u>
Increase in Unrestricted Net Assets	<u>1,000,987</u>	<u>3,163,362</u>
Changes in Temporarily Restricted Net Assets		
Contributions	250,000	74,000
Net assets released from restrictions	<u>(540,269)</u>	<u>(2,739,223)</u>
Decrease in Temporarily Restricted Net Assets	<u>(290,269)</u>	<u>(2,665,223)</u>
Increase in net assets	710,718	498,139
Net assets, beginning of year	<u>13,928,359</u>	<u>13,430,220</u>
Net Assets, End of Year	<u><u>\$14,639,077</u></u>	<u><u>\$13,928,359</u></u>

See notes to financial statements.

THE BATTERY CONSERVANCY, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Cash Flows From Operating Activities		
Increase in net assets	\$ 710,718	\$ 498,139
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	239,754	116,084
Unrealized (gain) loss on investments	(9,803)	3,601
Donated stock	(59,233)	(52,439)
(Increase) decrease in:		
Unconditional promises to give	300,403	272,279
Accounts receivable	(10,469)	998,145
Prepaid expenses	(10,397)	(6,690)
Increase (decrease) in accounts payable and accrued expenses	<u>(39,578)</u>	<u>52,328</u>
Net Cash Provided By Operating Activities	<u>1,121,395</u>	<u>1,881,447</u>
Cash Flows From Investing Activities		
Additions to property and equipment and refundable advances	(1,031,575)	(4,837,585)
Proceeds from sale of securities	59,233	2,674,458
Purchase of securities	(19,571)	(41,569)
Purchase of Certificates of Deposit	<u>(5,000)</u>	<u>-</u>
Net Cash Used By Investing Activities	<u>(996,913)</u>	<u>(2,204,696)</u>
Net increase (decrease) in cash and cash equivalents	124,482	(323,249)
Cash and cash equivalents, beginning of year	<u>3,417,106</u>	<u>3,740,355</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,541,588</u>	<u>\$ 3,417,106</u>

See notes to financial statements.

THE BATTERY CONSERVANCY, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2011 AND 2010****Note 1 - Organization and Summary of Significant Accounting Policies****a - Organization**

The Battery Conservancy, Inc. (the "Organization") is a not-for-profit corporation which was formed May 6, 1994 to restore and revitalize Manhattan's Historic Battery Park and Castle Clinton National Monument, the park's major landmark.

b - Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments, with an initial maturity of three months or less, to be cash equivalents, except for cash equivalents held in the Organization's investment portfolio.

c - Investments

The Organization reflects investments at fair value in the statement of financial position. Interest, dividends, and gains and losses on investments are reflected in the statement of activities as increases and decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law. Gains and other investment income that are limited to specific uses by donor-imposed restrictions are reported as increases in unrestricted net assets if the restrictions are met in the same fiscal year in which the gains and other investment income are recognized.

Fair value is an estimate of the exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (i.e., the exit price at the measurement date). Fair value measurements are not adjusted for transaction costs and a fair value hierarchy is implemented that prioritizes inputs to valuation techniques used to measure fair value into three levels:

- Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 Inputs other than quoted market prices that are observable, either directly or indirectly, and reasonably available. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability and are developed based on market data obtained from sources independent of the Organization.
- Level 3 Unobservable inputs. Unobservable inputs reflect the assumptions that the General Partner or Investment Manager of Archstone Partnerships develops based on available information about what market participants would use in valuing the asset or liability.

THE BATTERY CONSERVANCY, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2011 AND 2010****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****c - Investments (continued)**

The values assigned to investments and any unrealized gains or losses reported are based on available information and do not necessarily represent amounts that might be realized if a ready market existed and such differences could be material. Furthermore, the ultimate realization of such amounts depends on future events and circumstances and therefore valuation estimates may differ from the value realized upon disposition of individual positions.

d - Contributions and Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

e - Property and Equipment

Property and equipment are recorded at cost and are being depreciated using the straight-line method over the estimated useful life of the asset. Most physical improvements made by the Organization to Battery Park are owned by the City of New York. Projects in progress, therefore, may not be owned by the Organization and amounts represent the Organization's share of related capital expenditures.

Donated items are capitalized at the estimated fair value at the date of the gift and are depreciated over their estimated useful lives.

f - Financial Statement Presentation

The Organization is required to report 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.

g - Use of 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. Actual results could differ from those estimates.

THE BATTERY CONSERVANCY, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2011 AND 2010****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****h - Tax Status**

The Battery Conservancy, Inc. is a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation. Management has evaluated all income tax positions, including the position that the Organization is exempt from income taxes or not subject to income taxes or unrelated business income, and concluded that no disclosures relating to uncertain tax positions are required in the financial statements. The Organization's tax returns for years prior to 2008 are no longer subject to examination by taxing authorities.

i - Subsequent Events

The Organization has evaluated subsequent events through April 11, 2012, the date that the financial statements are considered available to be issued.

Note 2 - Restrictions on Assets**a - Board Designated**

A portion of this fund was designated by the Board to be used to support the operation and staffing of the Harbor Park Visitor Center. In November 1999, the Board approved to re-designate the funds to the *River that Flows Two Ways* public art project in the amount of \$48,032. The art project was completed in 2000, therefore, \$48,032 was transferred to the endowment (Note 2c). The balance of the board designated fund as of December 31, 2011 and 2010 was \$11,788.

In April 2002, the Organization received an unrestricted grant of \$1,000,000 from the Verizon Foundation. The Board of Directors resolved that this gift be established as a board designated endowment fund and that the earnings be used to maintain year-round gardens along the Battery Waterfront at the tip of Manhattan.

b - Temporarily Restricted

Temporarily restricted net assets of \$886,054 at December 31, 2011 are restricted to specific programs and are expected to be released from restriction during the year ended December 31, 2012.

c - Permanently Restricted

As part of the art project the *River that Flows Two Ways*, the Organization was required by the City of New York Parks Recreation to establish a \$90,000 fund dedicated for the care of the artwork. The fund is to guarantee regular, annual financial support for any necessary repairs, maintenance and general upkeep.

THE BATTERY CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

Note 3 - Endowment Funds

The Organization's endowments consist of two individual funds, comprised of money market funds, established for specific purposes. The endowments include both a government required endowment fund and a fund designated by the Board of Directors to function as an endowment. Net assets associated with the endowment funds, including funds designated by the Board of Directors to function as an endowment, are classified and reported based on the existence or absence of donor-imposed restrictions.

Consistent with New York State Not-for-Profit Corporation Law and the New York Prudent Management of Institutional Funds Act ("NYPMIFA"), the Organization 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 with the direction of any applicable donor gift instrument 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 Organization.

The Organization's endowment funds composition, by type of fund and net asset classification, are summarized as follows:

	2011		
	Unrestricted	Permanently Restricted	Total
Donor restricted endowment funds	\$ -	\$90,000	\$ 90,000
Board designated endowment funds	<u>1,011,788</u>	<u>-</u>	<u>1,011,788</u>
Total Endowment Funds	<u>\$1,011,788</u>	<u>\$90,000</u>	<u>\$1,101,788</u>
	2010		
	Unrestricted	Permanently Restricted	Total
Donor restricted endowment funds	\$ -	\$90,000	\$ 90,000
Board designated endowment funds	<u>1,011,788</u>	<u>-</u>	<u>1,011,788</u>
Total Endowment Funds	<u>\$1,011,788</u>	<u>\$90,000</u>	<u>\$1,101,788</u>

THE BATTERY CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

Note 3 - Endowment Funds (continued)

Changes in the Organization's endowment funds for the years ended December 31, 2011 and 2010 are summarized as follows:

	2011		
	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment funds, beginning of year	\$1,011,788	\$90,000	\$1,101,788
Interest	6,939	-	6,939
Appropriation of endowment assets for expenditure	<u>(6,939)</u>	<u>-</u>	<u>(6,939)</u>
Endowment Funds, End of Year	<u>\$1,011,788</u>	<u>\$90,000</u>	<u>\$1,101,788</u>
	2010		
	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment funds, beginning of year	\$1,011,788	\$90,000	\$1,101,788
Interest	11,699	-	11,699
Appropriation of endowment assets for expenditure	<u>(11,699)</u>	<u>-</u>	<u>(11,699)</u>
Endowment Funds, End of Year	<u>\$1,011,788</u>	<u>\$90,000</u>	<u>\$1,101,788</u>

Note 4 - Concentration of Credit Risk

The Organization maintains its cash balances at a bank located in New York, New York.

THE BATTERY CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

Note 5 - Investments

Investments and fair value hierarchy are summarized as follows:

	<u>2011</u>		<u>2010</u>	
	<u>Fair Market Value</u>	<u>Cost</u>	<u>Fair Market Value</u>	<u>Cost</u>
Mutual Funds (Level 1)				
Vanguard Short Term - Treasury	\$ 972,269	\$ 967,898	\$ 949,834	\$ 955,266
Certificates of deposit	<u>876,154</u>	<u>876,154</u>	<u>864,215</u>	<u>864,215</u>
	<u>\$1,848,423</u>	<u>\$1,844,052</u>	<u>\$1,814,049</u>	<u>\$1,819,481</u>

Net investment income consists of:

	<u>2011</u>	<u>2010</u>
Interest and dividends	\$32,103	\$61,843
Unrealized gains (losses)	<u>9,803</u>	<u>(3,601)</u>
Net Investment Income	<u>\$41,906</u>	<u>\$58,242</u>

Note 6 - Unconditional Promises to Give

Unconditional promises to give are due as follows:

	<u>2011</u>	<u>2010</u>
Due in less than one year	\$72,462	\$347,865
Due in one to five years	<u>-</u>	<u>25,000</u>
	<u>\$72,462</u>	<u>\$372,865</u>

Uncollectible promises are expected to be insignificant.

THE BATTERY CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

Note 7 - Property and Equipment

a - Property and equipment consist of the following at December 31:

	<u>Life</u>	<u>2011</u>	<u>2010</u>
Computer equipment	3 years	\$ 295,101	\$ 282,709
Park furniture and equipment	5 years	75,600	32,786
Equipment	5 years	33,880	33,880
Leasehold improvements	5 years	191,392	191,392
Bosque	10 years	63,022	63,022
New Amsterdam Plein and Pavillion (Note 7c)	7 years	2,187,355	-
Reimbursable advances (Note 7b)	8 years	461,704	476,704
Projects in progress (Note 7d)		<u>6,797,777</u>	<u>7,993,763</u>
		10,105,831	9,074,256
Less: Accumulated depreciation		<u>(929,080)</u>	<u>(689,326)</u>
		<u>\$9,176,751</u>	<u>\$8,384,930</u>

Depreciation expense for the years ended December 31, 2011 and 2010 was \$220,266 and \$116,084, respectively.

b - The Organization constructed two food kiosks within the Bosque Gardens in Battery Park, which it will operate and maintain under a license agreement with The City of New York's Department of Parks and Recreation ("DPR"). Under the agreement, the Organization also provides maintenance for the Gardens. The Organization subleases the operations and maintenance of the kiosks to another vendor, and in accordance with the terms of the DPR license agreement, will retain sublicensing revenue until the Organization recovers the amount of costs it incurred to construct the kiosks. Through December 31, 2011, the Organization has been reimbursed \$59,502 and anticipates the recovery period to be several years. After recovering the construction costs, the Organization will remit DPR the amount of annual sublicensing revenue which exceeds the lesser of \$280,000 or its actual annual garden maintenance costs. Reimbursable advances as of December 31, 2011 and 2010 are comprised of the following:

	<u>2011</u>	<u>2010</u>
Construction costs	\$521,206	\$521,206
Reimbursements	<u>(59,502)</u>	<u>(44,502)</u>
	461,704	476,704
Less: Accumulated depreciation	<u>(216,569)</u>	<u>(157,918)</u>
	<u>\$245,135</u>	<u>\$318,786</u>

THE BATTERY CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

Note 7 - Property and Equipment (continued)

- c - The Organization constructed a food and beverage concession within the New Amsterdam Plein and Pavilion at the Peter Minuit Plaza in Battery Park, which it will operate and maintain under a seven (7) year license agreement with The City of New York's Department of Parks and Recreation ("DPR"). Under the agreement, the Organization also provides for the maintenance of the Plaza. Effective November 1, 2011, the Organization subleased the operations of the concession to another vendor, and in accordance with the terms of the DPR license agreement, will retain sublicensing revenue to provide services for the maintenance and/or improvement of the licensed premises. It is estimated that the value of such services will be \$468,000 per year. If any sublicensing revenue exceeds the lesser of the annual eligible service costs or \$468,000, such funds will be paid by the Organization directly to the DPR.
- d - As of December 31, 2011 and 2010, projects in progress were comprised of the following:

	2011	2010
SeaGlass Carousel	\$6,531,583	\$5,812,358
Battery Playspace	266,194	266,194
New Amsterdam Plein and Pavilion	-	1,915,211
	\$6,797,777	\$7,993,763

Note 8 - Commitments and Contingencies

- a - In 1996, the Organization entered into a Memorandum of Intent to document the mutual commitment to further the partnership the Organization and the National Park Service to implement the park's 1997 General Management Plan's preferred alternative to rehabilitate and adaptively reuse Castle Clinton National Monument as a year-round ticketing, visitor, and interpretive services and performing arts facility. This Memorandum of Intent completes the Initial phase of the Partnership Construction Process. Priority actions have been agreed upon for the subsequent Definition and Agreement which will require additional approval.
- b - The Organization was obligated under the terms of a lease for office space through June 30, 2010. Beginning July 2010, a revised lease took effect for expanded new office space. The new monthly rent is \$7,306 through June 30, 2015. The landlord's affiliate agreed to make a charitable contribution to the Organization of \$4,384 per month for the entire term of the lease. The landlord can terminate the lease for any reason with six months notice.

THE BATTERY CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

Note 8 - Commitments and Contingencies (continued)

b - (continued)

The Organization's future minimum rental obligation under the lease, net of the landlord's contribution, is as follows:

<u>Year Ending December 31,</u>	
2012	\$35,070
2013	35,070
2014	35,070
2015	17,535

c - The Organization has entered into a Memorandum of Understanding with the New York City Economic Development Corporation ("EDC") to act as administrator and agent over awarded federal funds for the development of a feasibility study and the construction of improvements at Castle Clinton (the "Project"). The total Project cost is currently estimated at \$65,000,000. The Organization is obligated to raise \$2,000,000 to match the federal budgeted amount of \$8,000,000. As of December 31, 2011, the Organization had raised and spent \$537,356 for the design, engineering and related services for the Project.

The Organization agreed to be solely responsible for and shall defend, indemnify and hold harmless EDC and the City from all claims, judgments and liabilities for injuries to persons and damage to property, on account of any negligent act, omission, fault or default of the Organization, its agents, employees, servants, and subcontractors with respect to any matter whatsoever in connection with this agreement.

d - The Battery Conservancy, Inc. was involved in a lawsuit stemming from a complaint by a former consultant alleging copyright infringement, breach of contract and other causes of action. In 2011, the Organization agreed to pay \$10,000 in full settlement of the lawsuit.

Note 9 - Concentration

During the year ended December 31, 2011, contributions from one donor represented approximately 11% of total revenue and public support.

THE BATTERY CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

Note 10 - Donated Services and Use of Facilities

During the years ended December 31, 2011 and 2010, the Organization received the following donated services and use of facilities:

	<u>2011</u>	<u>2010</u>
Legal fees	\$312,686	\$454,175
Rent	<u>101,929</u>	<u>101,929</u>
	<u>\$414,615</u>	<u>\$556,104</u>

The above amounts have been reflected in the financial statements using fair values provided by the donors.

Note 11 - Functional Allocation of Expenses

The cost of providing the various program and supporting services has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and the supporting services.

SUPPLEMENTARY INFORMATION



**INDEPENDENT AUDITORS' REPORT ON
SUPPLEMENTARY INFORMATION**

To the Board of Trustees of
The Battery Conservancy, Inc.

We have audited the financial statements of The Battery Conservancy, Inc. as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated April 11, 2012, which contained an unqualified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses for the year ended December 31, 2011 with comparative totals for 2010 is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Lutz + Carr, LLP

New York, New York
April 11, 2012

THE BATTERY CONSERVANCY, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2011 WITH COMPARATIVE TOTALS FOR 2010

	Program	Supporting Services			2011	2010
	Services	Management	Fundraising	Total	Total	Total
	Battery Park	and General			Expenses	Expenses
	Programs					
Salaries	\$ 635,045	\$ 64,309	\$ 104,501	\$168,810	\$ 803,855	\$ 721,239
Payroll taxes	48,574	4,919	7,993	12,912	61,486	54,566
Employee benefits	76,378	7,734	12,569	20,303	96,681	83,146
Park maintenance	123,814	427	1,998	2,425	126,239	174,048
Architect fees	3,412	-	-	-	3,412	39,665
Consultants	415,533	480	10,327	10,807	426,340	567,039
Telephone	10,142	3,907	-	3,907	14,049	12,691
Advertising and promotion	17,315	530	5,965	6,495	23,810	7,681
Office supplies	18,753	1,898	3,086	4,984	23,737	20,335
Postage, mailing and delivery	7,335	743	1,207	1,950	9,285	7,205
Insurance	620	38,427	-	38,427	39,047	18,188
Indirect benefit expenses	-	-	13,819	13,819	13,819	17,389
Travel and entertainment	6,697	1,345	503	1,848	8,545	4,584
Accounting	-	27,797	-	27,797	27,797	27,006
Occupancy	111,161	11,257	18,292	29,549	140,710	143,059
Miscellaneous expense	2,696	11,122	12,700	23,822	26,518	12,178
Total expenses before depreciation	1,477,475	174,895	192,960	367,855	1,845,330	1,910,019
Depreciation	226,826	12,928	-	12,928	239,754	116,084
Total Expenses	1,704,301	187,823	192,960	380,783	2,085,084	2,026,103
Less: Donated Legal Services	(312,686)	-	-	-	(312,686)	(454,175)
Total Expenses, Per Statement of Activities, 2011	<u>\$ 1,391,615</u>	<u>\$ 187,823</u>	<u>\$ 192,960</u>	<u>\$380,783</u>	<u>\$1,772,398</u>	
Total Expenses, Per Statement of Activities, 2010	<u>\$ 1,163,406</u>	<u>\$ 213,688</u>	<u>\$ 194,834</u>	<u>\$408,522</u>		<u>\$1,571,928</u>

See independent auditors' report on supplementary information.