

THE BATTERY CONSERVANCY, INC.

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2015 AND 2014

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 financial statements of The Battery Conservancy, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities 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 risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Battery Conservancy, Inc. as of December 31, 2015 and 2014, 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.

Lotz + Carr, LLP

New York, New York
April 29, 2016

THE BATTERY CONSERVANCY, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014

	2015	2014
Assets		
Cash and cash equivalents (Notes 1b and 4)		
Unrestricted	\$ 1,860,456	\$ 2,774,593
SeaGlass capital reserve fund (Note 7d)	48,082	-
Board designated endowment (Note 2a)	1,011,788	1,011,788
Temporarily restricted	132,125	198,174
Permanently restricted (Note 2c)	90,000	90,000
	3,142,451	4,074,555
Investments (Notes 1c and 5)		
Unrestricted	1,659,018	1,231,543
Temporarily restricted	218,442	678,533
Unconditional promises to give (Notes 1d, 6 and 9)		
Temporarily restricted	250,000	224,260
Accounts receivable	47,012	40,939
Prepaid expenses	42,190	51,721
Property and equipment and reimbursable advances, at cost, net of accumulated depreciation (Notes 1e and 7)	10,241,359	9,445,148
Security deposits	11,273	11,273
Total Assets	\$15,611,745	\$15,757,972
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 107,993	\$ 138,718
Deferred revenue	4,463	4,292
Security deposit payable (Note 7)	125,000	15,000
Total Liabilities	237,456	158,010
Commitments and Contingencies (Note 8)		
Net Assets		
Unrestricted		
Board designated endowment (Notes 2a and 3)	1,011,788	1,011,788
Other	13,671,934	13,397,207
Total Unrestricted	14,683,722	14,408,995
Temporarily restricted (Note 2b)	600,567	1,100,967
Permanently restricted (Notes 2c and 3)	90,000	90,000
Total Net Assets	15,374,289	15,599,962
Total Liabilities and Net Assets	\$15,611,745	\$15,757,972

See notes to financial statements.

THE BATTERY CONSERVANCY, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Changes in Unrestricted Net Assets		
Revenues, Gains and Other Support		
Contributions (Note 9)	\$ 660,894	\$ 599,620
Fundraising benefits	2,818,609	1,396,081
Less: Direct costs benefiting donors	(954,212)	(154,010)
Donated services (Note 10)	207,715	273,457
Database income	15,089	21,668
Concession income	51,500	50,000
Royalties	558	1,205
SeaGlass revenue (Note 7d)	95,094	-
Net investment income (Note 5)	10,406	15,566
Miscellaneous income	3,328	11,867
	<u>2,908,981</u>	<u>2,215,454</u>
Net assets released from restrictions		
Satisfaction of time and program restrictions	<u>723,640</u>	<u>326,572</u>
Total Revenues, Gains and Other Support	<u>3,632,621</u>	<u>2,542,026</u>
Expenses		
Program Services		
Park Programs	<u>2,518,822</u>	<u>1,784,640</u>
Supporting Services		
Management and general	406,136	347,648
Fundraising	<u>260,221</u>	<u>291,074</u>
Total Supporting Services	<u>666,357</u>	<u>638,722</u>
Total Expenses	<u>3,185,179</u>	<u>2,423,362</u>
Increase in Unrestricted Net Assets Before Donated Legal Services	447,442	118,664
Donated legal services relating to licensing and sublicensing (Note 10)	<u>(172,715)</u>	<u>(238,457)</u>
Increase (Decrease) in Unrestricted Net Assets	<u>274,727</u>	<u>(119,793)</u>
Changes in Temporarily Restricted Net Assets		
Contributions (Notes 1d and 9)	223,240	204,921
Net assets released from restrictions	<u>(723,640)</u>	<u>(326,572)</u>
Decrease in Temporarily Restricted Net Assets	<u>(500,400)</u>	<u>(121,651)</u>
Decrease in net assets	(225,673)	(241,444)
Net assets, beginning of year	<u>15,599,962</u>	<u>15,841,406</u>
Net Assets, End of Year	<u><u>\$15,374,289</u></u>	<u><u>\$15,599,962</u></u>

See notes to financial statements.

THE BATTERY CONSERVANCY, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Cash Flows From Operating Activities		
Decrease in net assets	\$ (225,673)	\$ (241,444)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Depreciation	584,643	378,198
Unrealized (gains) losses on investments	3,746	(911)
(Increase) decrease in:		
Unconditional promises to give	(25,740)	135,079
Accounts receivable	(6,073)	(36,734)
Prepaid expenses	9,531	(14,145)
Increase (decrease) in:		
Accounts payable and accrued expenses	(30,725)	82,728
Deferred revenue	171	4,292
Security deposits payable	110,000	-
Net Cash Provided By Operating Activities	<u>419,880</u>	<u>307,063</u>
Cash Flows From Investing Activities		
Additions to property and equipment and refundable advances	(1,380,854)	(272,784)
Purchase of investments	(11,729)	(50,977)
Redemption of investments	40,599	-
Net Cash Used By Investing Activities	<u>(1,351,984)</u>	<u>(323,761)</u>
Net decrease in cash and cash equivalents	(932,104)	(16,698)
Cash and cash equivalents, beginning of year	<u>4,074,555</u>	<u>4,091,253</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,142,451</u>	<u>\$ 4,074,555</u>

See notes to financial statements.

THE BATTERY CONSERVANCY, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2015 AND 2014****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 The Battery, Manhattan's birthplace 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 reflect the assumptions developed by the Organization 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, 2015 AND 2014****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. 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.

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.

THE BATTERY CONSERVANCY, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2015 AND 2014****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****i - Subsequent Events**

The Organization has evaluated subsequent events through April 29, 2016, 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 Organization's Board of Trustees to be used to support the *River that Flows Two Ways* public art project in the amount of \$48,032. When the art project was completed in 2000, this amount was required to be transferred to the endowment (Note 2c). The balance of the board designated fund as of December 31, 2015 and 2014 was \$11,788.

In April 2002, the Organization received an unrestricted grant of \$1,000,000 from the Verizon Foundation. The Board of Trustees 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 are restricted for future programs and periods, including costs related to SuperStorm Sandy. The Organization combined a fundraising campaign to recover from SuperStorm Sandy with its 2012 Year End Appeal. A temporary restricted fund was created from gifts identifiable as Sandy-related. Significant expenses to date have included rebuilding the Bosque Fountain and setting up a new office. Other costs include extensive replanting of the Gardens of Remembrance and paying for increased rent during a five-year sublease. New issues attributable to damage from Sandy continue to be uncovered, and likely will be for years to come. The balance of Sandy-related temporarily restricted net assets as of December 31, 2015 and 2014 was \$152,019 and \$213,592, respectively.

THE BATTERY CONSERVANCY, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2015 AND 2014****Note 2 - Restrictions on Assets (continued)****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 and Recreation to establish a \$90,000 fund dedicated for the care of the artwork. The purpose of the fund is to provide for regular annual financial support for any necessary repairs, maintenance and general upkeep.

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 Trustees to function as an endowment. Net assets associated with the endowment funds, including funds designated by the Board of Trustees to function as an endowment, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of earnings while seeking to maintain the purchasing power of the endowment assets. Endowment assets consist of donor-restricted funds that the Organization must hold in perpetuity. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce consistent results while assuming a low level of investment risk.

The Organization has a policy of appropriating for distribution each year an amount equal to the results on its invested funds.

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 BATTERY CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

Note 3 - Endowment Funds (continued)

In accordance with NYPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (i) the duration and preservation of the endowment fund;
- (ii) the purposes of the Organization and the endowment fund;
- (iii) general economic conditions;
- (iv) the possible effect of inflation or deflation;
- (v) the expected total return from income and the appreciation of investments;
- (vi) other resources of the Organization;
- (vii) where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the Organization; and
- (viii) the investment policy of the Organization

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

	2015		
	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>
	2014		
	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, 2015 AND 2014

Note 3 - Endowment Funds (continued)

Changes in the Organization's endowment funds for the years ended December 31, 2015 and 2014 are summarized as follows:

	2015		
	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment funds, beginning of year	\$1,011,788	\$90,000	\$1,101,788
Interest	2,503	-	2,503
Appropriation of endowment assets for expenditure	<u>(2,503)</u>	<u>-</u>	<u>(2,503)</u>
Endowment Funds, End of Year	<u>\$1,011,788</u>	<u>\$90,000</u>	<u>\$1,101,788</u>
	2014		
	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment funds, beginning of year	\$1,011,788	\$90,000	\$1,101,788
Interest	3,301	-	3,301
Appropriation of endowment assets for expenditure	<u>(3,301)</u>	<u>-</u>	<u>(3,301)</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 two banks located in New York, New York.

Note 5 - Investments

All investments are classified as Level 1 in the fair value hierarchy and are summarized as follows:

	2015		2014	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Mutual Fund Vanguard Short Term - Treasury	\$ 993,457	\$1,001,929	\$ 987,977	\$ 992,703
Money market funds	-	-	40,599	40,599
Certificates of deposit	<u>884,003</u>	<u>884,003</u>	<u>881,500</u>	<u>881,500</u>
	<u>\$1,877,460</u>	<u>\$1,885,932</u>	<u>\$1,910,076</u>	<u>\$1,914,802</u>

THE BATTERY CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

Note 5 - Investments (continued)

Net investment income consists of:

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$14,152	\$14,655
Unrealized gains (losses)	<u>(3,746)</u>	<u>911</u>
Net Investment Income	<u>\$10,406</u>	<u>\$15,566</u>

Note 6 - Unconditional Promises to Give

Unconditional promises to give are due as follows:

	<u>2015</u>	<u>2014</u>
Due in less than one year	\$250,000	\$130,000
Due in one to five years	<u>-</u>	<u>100,000</u>
	250,000	230,000
Less: Discount to present value	<u>-</u>	<u>(5,740)</u>
	<u>\$250,000</u>	<u>\$224,260</u>

Uncollectible promises are expected to be insignificant. Unconditional promises to give for periods due after one year are discounted to net present value using a discount rate of 3%.

Note 7 - Property and Equipment

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

	<u>Life</u>	<u>2015</u>	<u>2014</u>
Office furniture and equipment	3 years	\$ 159,706	\$ 159,706
Park furniture and equipment	5 years	467,086	129,672
Equipment - Castle Clinton	5 years	1,648	1,648
Bosque	10 years	63,022	63,022
Reimbursable advances (Note 7b)	8 years	303,367	372,612
New Amsterdam Plein and Pavillion (Note 7c)	7 years	2,187,355	2,187,355
SeaGlass Carousel (Note 7d)	13.5 years	8,495,969	-
Projects in progress (Note 7e)		<u>719,996</u>	<u>8,103,280</u>
		12,398,149	11,017,295
Less: Accumulated depreciation		<u>(2,156,790)</u>	<u>(1,572,147)</u>
		<u>\$10,241,359</u>	<u>\$ 9,445,148</u>

THE BATTERY CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

Note 7 - Property and Equipment (continued)

a - (continued)

Depreciation expense for the years ended December 31, 2015 and 2014 was \$584,643 and \$378,198, respectively.

b - The Organization constructed two food kiosks within the Bosque Gardens in The Battery, which it operates and maintains 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 a third party, 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, 2015, the Organization has been reimbursed \$217,839 and anticipates the recovery period to be several years. After recovering the construction costs, the Organization will remit to 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, 2015 and 2014 are comprised of the following:

	2015	2014
Construction costs	\$521,206	\$521,206
Reimbursements	<u>(217,839)</u>	<u>(148,594)</u>
	<u>\$303,367</u>	<u>\$372,612</u>

c - The Organization constructed a food and beverage concession within the New Amsterdam Plein and Pavilion at the Peter Minuit Plaza, which it operates and maintains 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 sublicensed the operations of the concession to a third party, and in accordance with the terms of the DPR license agreement, retains sublicensing revenue to provide services for the maintenance and/or improvement of the licensed premises. The agreed upon value of such services is \$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. The Pavilion was significantly damaged from SuperStorm Sandy and did not operate at all in 2013. Following an extensive process of assignment of the license and amendment of terms of the sublicense, Jean's Cafe, a partner organization to the New York Film Academy, operated the Pavilion successfully as the NYFA Cafe at Peter Minuit Plaza in 2015 and 2014. Repairs made necessary by storm damage were performed by the former operator with compensation by the new operator.

THE BATTERY CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

Note 7 - Property and Equipment (continued)

d - The SeaGlass Carousel (the "Carousel") opened for operations in August 2015, which the Organization operates and maintains under a license agreement with The City of New York's Department of Parks and Recreation ("DPR") for the period August 20, 2015 to February 25, 2017, renewable for twelve (12) one-year periods. Effective May 8, 2015, the Organization sublicensed the operations of the Carousel to a third party through August 20, 2020, renewable for five (5) one-year periods. In accordance with the terms of the DPR license agreement, the Organization retains 15% of gross receipts from the sublicensed operator, or a Minimum Guaranteed Fee ("MGF"), whichever is greater, for each operating year. Gross receipts also include revenue collected directly by the Organization for use of the SeaGlass licensed premises. The Organization is required to fund the SeaGlass Capital Reserve Fund (the "Reserve") with revenue from the SeaGlass licensed premises. Once the Reserve balance equals \$500,000, the Organization is required to pay 50% of annual revenue up to \$1,000,000 to DPR. If annual revenue exceeds \$1,000,000, the Organization is required to pay DPR all revenue collected from the sublicensed operator and 15% of gross receipts collected directly by the Organization for use of the SeaGlass licensed premises. The Reserve must be maintained at \$500,000, adjusted each year by the CPI. The Organization must expend all revenue it receives to maintain the licensed premises.

e - As of December 31, 2015 and 2014, projects in progress were comprised of the following:

	<u>2015</u>	<u>2014</u>
Battery Playscape	\$719,996	\$ 386,049
SeaGlass Carousel	<u>-</u>	<u>7,717,231</u>
	<u>\$719,996</u>	<u>\$8,103,280</u>

Note 8 - Commitments and Contingencies

Due to Hurricane Sandy, the offices at One NY Plaza were completely destroyed and the Organization entered into a new lease as of December 4, 2012 at One Whitehall Street. The monthly rent was \$6,442 through November 30, 2014, and is currently \$7,730, through November 29, 2017.

The Organization's future minimum rental obligation under the lease is as follows:

<u>Year Ending December 31,</u>	
2016	\$92,760
2017	85,030

THE BATTERY CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

Note 9 - Concentration

During the year ended December 31, 2015, contributions from two Board members represented approximately 16% of total contributions. During the year ended December 31, 2014, contributions from one individual donor represented approximately 13% of total contributions. At December 31, 2015, one individual donor and one foundation represented 90% of the total unconditional promises to give. At December 31, 2014, an individual donor represented 89% of the total unconditional promises to give.

Note 10 - Donated Services

During the years ended December 31, 2015 and 2014, the Organization received the following donated services:

	2015	2014
Legal	\$172,715	\$238,457
Horticultural	35,000	35,000
	\$207,715	\$273,457

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



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**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, 2015 and 2014, and our report thereon dated April 29, 2016, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audits were conducted 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, 2015 with comparative totals for 2014 is presented for 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 29, 2016

THE BATTERY CONSERVANCY, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2015 WITH COMPARATIVE TOTALS FOR 2014

	Program Services	Supporting Services			2015	2014
	Park Programs	Management and General	Fundraising	Total	Total Expenses	Total Expenses
Salaries	\$ 889,785	\$ 180,362	\$ 132,265	\$312,627	\$1,202,412	\$1,038,347
Payroll taxes	60,557	12,274	9,002	21,276	81,833	77,030
Employee benefits	156,068	31,636	23,199	54,835	210,903	148,973
Park maintenance	527,322	-	-	-	527,322	302,036
Consultants	316,889	-	13,840	13,840	330,729	339,717
Telephone	4,315	11,204	1,853	13,057	17,372	9,226
Advertising and promotion	26,658	5,124	12,129	17,253	43,911	74,272
Office supplies	50,429	10,224	7,496	17,720	68,149	33,386
Postage, mailing and delivery	4,809	975	715	1,690	6,499	18,250
Insurance	-	31,763	-	31,763	31,763	31,259
Indirect benefit expenses	-	-	31,211	31,211	31,211	20,664
Travel and entertainment	8,176	2,954	4,974	7,928	16,104	16,052
Accounting	-	58,883	-	58,883	58,883	53,617
Occupancy	77,568	15,724	11,530	27,254	104,822	89,608
Miscellaneous expense	16,589	12,742	12,007	24,749	41,338	31,184
Total expenses before depreciation	2,139,165	373,865	260,221	634,086	2,773,251	2,283,621
Depreciation	552,372	32,271	-	32,271	584,643	378,198
Total Expenses	2,691,537	406,136	260,221	666,357	3,357,894	2,661,819
Less: Donated Legal Services	(172,715)	-	-	-	(172,715)	(238,457)
Total Expenses, Per the Statement of Activities, 2015	<u>\$2,518,822</u>	<u>\$ 406,136</u>	<u>\$ 260,221</u>	<u>\$666,357</u>	<u>\$3,185,179</u>	
Total Expenses, Per the Statement of Activities, 2014	<u>\$1,784,640</u>	<u>\$ 347,648</u>	<u>\$ 291,074</u>	<u>\$638,722</u>		<u>\$2,423,362</u>

See independent auditors' report on supplementary information.