

**THE BATTERY CONSERVANCY, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**



**LUTZ AND GARR**  
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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, 2020 and 2019, and the related statements of activities, 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 from 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, 2020 and 2019, 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.

**Emphasis of Matter**

As discussed in Note 15 to the financial statements, in March 2020, the United States declared the global pandemic novel coronavirus COVID-19 outbreak a national emergency. As a result, The Battery Conservancy, Inc. has suspended some of its program activities at the direction of state and local governmental authorities. Our opinion is not modified with respect to this matter.

*Lutz + Carr, LLP*

New York, New York  
May 14, 2021

**THE BATTERY CONSERVANCY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Cash and cash equivalents (Notes 1b, 4 and 6)		
Without donor restrictions	\$ 1,449,688	\$ 777,754
With donor restrictions	123,000	-
Restricted cash - SeaGlass capital reserve fund (Notes 4, 6 and 9d)	547,004	547,004
Investments (Notes 1c and 7)		
Without donor restrictions (Note 3a)	5,688,981	5,748,698
With donor restrictions		
Time and purpose restrictions	3,587,500	3,647,500
Perpetual in nature (Note 3b)	90,000	90,000
Unconditional promises to give (Notes 1d and 8)		
Without donor restrictions	-	25,025
Accounts receivable	9,463	6,000
Prepaid expenses	86,567	59,830
Property and equipment and reimbursable advances, at cost, net of accumulated depreciation (Notes 1e and 9)	<u>6,996,137</u>	<u>7,332,418</u>
<b>Total Assets</b>	<b><u>\$18,578,340</u></b>	<b><u>\$18,234,229</u></b>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 225,418	\$ 94,461
Security deposit payable	<u>115,000</u>	<u>115,000</u>
Total Liabilities	<u>340,418</u>	<u>209,461</u>
Commitment and Contingency (Notes 10, 14 and 15)		
Net Assets		
Without Donor Restrictions		
Board designated endowment (Notes 3a and 5)	1,011,788	1,011,788
Other	<u>13,425,634</u>	<u>13,275,480</u>
Total Without Donor Restrictions	<u>14,437,422</u>	<u>14,287,268</u>
With Donor Restrictions		
Time and purpose restrictions (Note 3b)	3,710,500	3,647,500
Perpetual in nature (Notes 3b and 5)	<u>90,000</u>	<u>90,000</u>
Total With Donor Restrictions	<u>3,800,500</u>	<u>3,737,500</u>
Total Net Assets	<u>18,237,922</u>	<u>18,024,768</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$18,578,340</u></b>	<b><u>\$18,234,229</u></b>

See notes to financial statements.

## THE BATTERY CONSERVANCY, INC.

## STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<b>Changes in Net Assets Without Donor Restrictions</b>		
Revenues, Gains and Other Support		
Contributions (Note 12)	\$ 2,241,525	\$ 507,576
Loan forgiveness - Paycheck Protection Program (Note 11)	312,900	-
Fundraising benefits	-	1,674,470
Less: Direct costs benefiting donors	-	(169,553)
Other event income	-	63,000
Donated services (Note 13)	31,209	212,364
Database income	1,382	967
Concession income (net payments made to DPR of \$84,590 (2019) (Note 9d)	3,365	81,906
Royalties	-	719
Net investment income (Note 7)	375,637	299,363
Miscellaneous income	291	720
	<u>2,966,309</u>	<u>2,671,532</u>
Net assets released from restrictions		
Satisfaction of time and program restrictions	60,000	40,000
	<u>60,000</u>	<u>40,000</u>
Total Revenues, Gains and Other Support	<u>3,026,309</u>	<u>2,711,532</u>
Expenses		
Program Services		
Park Programs	2,362,140	2,569,282
Supporting Services		
Management and general	339,600	357,506
Fundraising	174,415	318,082
Total Supporting Services	<u>514,015</u>	<u>675,588</u>
Total Expenses	<u>2,876,155</u>	<u>3,244,870</u>
Increase (Decrease) in Net Assets Without Donor Restrictions Before Donated Legal Services	150,154	(533,338)
Donated legal services relating to licensing and sublicensing (Note 13)	-	(184,261)
	<u>-</u>	<u>(184,261)</u>
Increase (Decrease) in Net Assets Without Donor Restrictions	<u>150,154</u>	<u>(717,599)</u>
<b>Changes in Net Assets With Donor Restrictions</b>		
Contributions (Notes 1d and 12)	123,000	40,000
Net assets released from restrictions	(60,000)	(40,000)
	<u>63,000</u>	<u>-</u>
Increase in Net Assets With Donor Restrictions	<u>63,000</u>	<u>-</u>
Increase (decrease) in net assets	213,154	(717,599)
Net assets, beginning of year	18,024,768	18,742,367
	<u>18,024,768</u>	<u>18,742,367</u>
<b>Net Assets, End of Year</b>	<u><u>\$18,237,922</u></u>	<u><u>\$18,024,768</u></u>

See notes to financial statements.

## THE BATTERY CONSERVANCY, INC.

## STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020					2019				
	Program Services	Supporting Services			Total Expenses	Program Services	Supporting Services			Total Expenses
	Park Programs	Management and General	Fundraising	Total		Park Programs	Management and General	Fundraising	Total	
Salaries	\$ 951,086	\$ 131,564	\$ 103,686	\$235,250	\$1,186,336	\$1,085,436	\$ 131,755	\$ 153,828	\$285,583	\$1,371,019
Payroll taxes	67,495	9,337	7,358	16,695	84,190	77,650	9,426	11,004	20,430	98,080
Employee benefits	205,137	28,377	22,364	50,741	255,878	244,302	29,654	34,623	64,277	308,579
Park maintenance	248,892	2,120	-	2,120	251,012	329,472	-	6,479	6,479	335,951
Consultants	11,210	5,850	1,395	7,245	18,455	236,167	537	49,482	50,019	286,186
Technology service and equipment	85,727	11,859	9,346	21,205	106,932	52,162	6,332	7,392	13,724	65,886
Advertising and promotion	7,657	3,175	419	3,594	11,251	764	12,184	8,009	20,193	20,957
Office supplies	2,115	293	231	524	2,639	4,494	546	636	1,182	5,676
Postage, mailing and delivery	962	1,144	1,072	2,216	3,178	266	162	17,887	18,049	18,315
Insurance	268	27,385	-	27,385	27,653	-	24,459	-	24,459	24,459
Indirect benefit expenses	-	-	-	-	-	-	-	10,878	10,878	10,878
Travel and entertainment	2,569	114	-	114	2,683	2,267	2,646	1,961	4,607	6,874
Accounting	-	69,585	-	69,585	69,585	-	84,085	-	84,085	84,085
Occupancy	49,436	6,839	5,389	12,228	61,664	52,871	6,418	7,492	13,910	66,781
Miscellaneous expense	2,945	3,106	2,130	5,236	8,181	8,600	14,354	8,411	22,765	31,365
Bad debt	-	-	21,025	21,025	21,025	-	-	-	-	-
Total expenses before depreciation	1,635,499	300,748	174,415	475,163	2,110,662	2,094,451	322,558	318,082	640,640	2,735,091
Depreciation	726,641	38,852	-	38,852	765,493	659,092	34,948	-	34,948	694,040
Total Expenses	2,362,140	339,600	174,415	514,015	2,876,155	2,753,543	357,506	318,082	675,588	3,429,131
Less: Donated Legal Services	-	-	-	-	-	(184,261)	-	-	-	(184,261)
Total Expenses, Per the Statement of Activities	<u>\$2,362,140</u>	<u>\$ 339,600</u>	<u>\$ 174,415</u>	<u>\$514,015</u>	<u>\$2,876,155</u>	<u>\$2,569,282</u>	<u>\$ 357,506</u>	<u>\$ 318,082</u>	<u>\$675,588</u>	<u>\$3,244,870</u>

See notes to financial statements.

**THE BATTERY CONSERVANCY, INC.**

**STATEMENTS OF CASH FLOWS**

**YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>Cash Flows From Operating Activities</b>		
Increase (decrease) in net assets	\$ 213,154	\$ (717,599)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	765,493	694,040
Unrealized and realized gains on investments	(223,728)	(133,620)
Bad debt	21,025	-
(Increase) decrease in:		
Unconditional promises to give	4,000	636,531
Accounts receivable	(3,463)	20,655
Prepaid expenses	(26,737)	(3,726)
Increase (decrease) in accounts payable and accrued expenses	32,832	(50,721)
Net Cash Provided By Operating Activities	<u>782,576</u>	<u>445,560</u>
 <b>Cash Flows From Investing Activities</b>		
Additions to property and equipment and refundable advances	(331,087)	(28,118)
Purchase of investments	(8,018,649)	(13,313,622)
Proceeds from sales of investments and maturities of certificates of deposit	<u>8,362,094</u>	<u>5,238,439</u>
Net Cash Provided (Used) By Investing Activities	<u>12,358</u>	<u>(8,103,301)</u>
 Net increase (decrease) in cash, cash equivalents and restricted cash	794,934	(7,657,741)
Cash, cash equivalents and restricted cash, beginning of year	<u>1,324,758</u>	<u>8,982,499</u>
 <b>Cash, Cash Equivalents and Restricted Cash, End of Year</b>	<u><u>\$2,119,692</u></u>	<u><u>\$ 1,324,758</u></u>

See notes to financial statements.

**THE BATTERY CONSERVANCY, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2020 AND 2019****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 net assets without donor restrictions unless their use is donor 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 net assets without donor restrictions 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, 2020 AND 2019****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. Conditional promises to give, that have a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization uses the allowance method to determine uncollectible promises to give. The allowance, when necessary, is based on prior years' experience and management's analysis of specific promises made.

**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 or the term of the lease agreement. Donated items are capitalized at the estimated fair value at the date of the gift and are depreciated over their estimated useful lives.

**f - Donated Services**

Donated and contributed services, which require specialized skills and which the Organization would have to pay for if not donated, are recorded at the estimated fair value at the time services are rendered.

**g - Revenue Recognition**

The Organization has revenue streams that are accounted for as exchange transactions, including park usage and other event fees and concession sublicensing revenue. The Organization recognizes revenue at the point or over the period during which the related performance obligations are satisfied. All of the Organization's revenue from contracts with customers is for a distinct performance obligation satisfied at a point in time and does not consist of multiple transactions.

THE BATTERY CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

**Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

h - Financial Statement Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and Board of Directors

Net Assets With Donor Restrictions

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or the passage of time. Other donor restrictions are perpetual in nature, whereby, the donor has stipulated the funds be maintained in perpetuity.

i - Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Expenses are applied directly to programs where applicable or allocated on a reasonable and consistent basis. A substantial portion of the Organization's expenses are directly related to program activities. The expenses that are allocated include general office expenses, park maintenance, technology service and equipment, salaries, payroll taxes and employee benefits which are allocated based on employee time and effort.

j - 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.

k - 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.

l - Subsequent Events

The Organization has evaluated subsequent events through May 14, 2021, the date that the financial statements are considered available to be issued.

**THE BATTERY CONSERVANCY, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2020 AND 2019****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****m - Prior Year Information**

For comparability, certain 2019 amounts have been reclassified, where appropriate, to conform to the financial statement presentation used in 2020.

**n - New Accounting Pronouncement**

In 2020, the Organization adopted Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers*, which requires entities to recognize revenue through the application of a five-step model, which includes identification of the contract, identification of the performance obligation(s), determination of the transaction price, allocation of the transaction price to the performance obligations, and recognition of revenue as the Organization satisfies the performance obligations. The ASU also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The adoption of this ASU had no impact on the Organization’s financial statements.

In February 2016, the FASB issued ASU 2016-02, “*Leases (Topic 842)*”. The core principles of ASU 2016-02 change the way organizations will account for their leases by recognizing lease assets and related liabilities on the statement of financial position for all leases with terms longer than 12 months and disclosing key information about leasing arrangements. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021. The Organization is currently evaluating the impact of ASU 2016-02 on its financial statements.

**Note 2 - Information Regarding Liquidity and Availability**

The Organization operates with a balanced budget for each fiscal year based on the revenues expected to be available to fund anticipated expenses. A substantial portion of annual revenue is comprised of contribution revenue raised during the current year, and revenue from other sources earned during the year. The Organization considers general expenditures to consist of all expenses related to its ongoing program activities, and the expenses related to general and administrative and fundraising activities undertaken to support those services.

The Organization regularly monitors liquidity to meet its operating needs and other commitments and obligations, while seeking to maximize the investment of its available funds. Management prepares regular cash flow projections to determine liquidity needs, and has a policy to maintain liquid financial assets on an ongoing basis sufficient to cover ninety days of general expenditures. Financial assets in excess of daily cash requirements are invested in certificates of deposit, money market funds, and other short-term investments.

**THE BATTERY CONSERVANCY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

**Note 2 - Information Regarding Liquidity and Availability (continued)**

The Organization's financial assets as of December 31 and those available within one year to meet cash needs for general expenditures within one year are summarized as follows:

	<u>2020</u>	<u>2019</u>
Financial Assets at Year End:		
Cash and cash equivalents	\$ 2,119,692	\$ 1,324,758
Investments	9,366,481	9,486,198
Unconditional promises to give	-	25,025
Accounts receivable	<u>9,463</u>	<u>6,000</u>
Total Financial Assets	11,495,636	10,841,981
Less: Amounts not Available to be Used within One Year:		
Net assets with donor restrictions, subject to expenditure for specific purpose or passage of time	(3,710,500)	(3,647,500)
Plus: Net assets with donor restrictions expected to be met and released from restriction in less than one year	123,000	2,000,000
Net assets with donor restrictions for endowment, subject to spending policy and appropriation	(90,000)	(90,000)
Plus: Endowment appropriations for use in operations within one year	24,985	16,250
Net assets without donor restrictions, subject to spending policy and appropriation	<u>(1,558,792)</u>	<u>(1,558,792)</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$ 6,284,329</u>	<u>\$ 7,561,939</u>

In addition to these financial assets available within one year, the Organization maintains a board designated endowment of \$1,011,788. The endowment, which is invested under the direction of the Finance Committee, could be made available at any time to meet cash needs for general expenditures at the discretion of the Board of Trustees.

**THE BATTERY CONSERVANCY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

**Note 3 - Net Assets**

a - Net Assets Without Donor Restrictions - Board Designated Endowment

In April 2002, the Organization received a without donor restrictions 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.

The Organization's Board of Trustees transferred an additional \$11,788 to the fund in 2000.

b - Net Assets With Donor Restrictions

Net assets with donor restrictions as of December 31 are restricted for future programs and periods as follows:

	<u>2020</u>	<u>2019</u>
Operating		
Subject to Expenditure for Specified Purpose:		
Capital Reserve	\$ 500,000	\$ 500,000
Playscape	3,087,500	3,087,500
Horticultural Interns	40,000	40,000
Education	55,000	-
Improvements and equipment	28,000	-
Bosque	<u>-</u>	<u>20,000</u>
Total Net Assets With Donor Restrictions	<u>\$3,710,500</u>	<u>\$3,647,500</u>

Time and Purpose Restrictions

Net assets restricted for future programs and periods include a gift of \$3,000,000 restricted to the shared costs of special features of Playscape. In 2019, the Organization spent the last of the funds raised in 2012-2013 for recovery from SuperStorm Sandy.

Perpetual in Nature

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.

**THE BATTERY CONSERVANCY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

**Note 4 - Cash and Restricted Cash**

The following table provides a reconciliation of cash and restricted cash reported within the statement of financial position that sum to the total of the same such amounts shown in the statement of cash flows at December 31.

	<b>2020</b>	<b>2019</b>
Cash	\$1,572,688	\$ 777,754
Restricted cash	547,004	547,004
Total Cash and Restricted Cash Shown in the Statement of Cash Flows	<b>\$2,119,692</b>	<b>\$1,324,758</b>

**Note 5 - Endowment Funds**

The Organization's endowments consist of two individual funds, comprised of corporate bonds and U.S. Treasury Securities, established for specific purposes. The endowments include both a donor-restricted 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.

**THE BATTERY CONSERVANCY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

**Note 5 - Endowment Funds (continued)**

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 net assets with donor restrictions (a) the original value of gifts donated to the donor restricted - perpetual in nature endowment, (b) the original value of subsequent gifts to the donor restricted endowment and (c) accumulations to the donor restricted 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 as perpetual in nature is classified as time and purpose restricted net assets until those amounts are appropriated for expenditure by the Organization.

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:

	<b>2020</b>		<b>Total</b>
	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	
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, 2020 AND 2019**

**Note 5 - Endowment Funds (continued)**

	<b>2019</b>		
	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
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>

Changes in the Organization's endowment funds for the years ended December 31, 2020 and 2019 are summarized as follows:

	<b>2020</b>		
	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
Endowment funds, beginning of year	\$1,011,788	\$90,000	\$1,101,788
Interest	24,985	-	24,985
Appropriation of endowment assets for expenditure	<u>(24,985)</u>	<u>-</u>	<u>(24,985)</u>
Endowment Funds, End of Year	<u>\$1,011,788</u>	<u>\$90,000</u>	<u>\$1,101,788</u>

	<b>2019</b>		
	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
Endowment funds, beginning of year	\$1,011,788	\$90,000	\$1,101,788
Interest	16,250	-	16,250
Appropriation of endowment assets for expenditure	<u>(16,250)</u>	<u>-</u>	<u>(16,250)</u>
Endowment Funds, End of Year	<u>\$1,011,788</u>	<u>\$90,000</u>	<u>\$1,101,788</u>

**Note 6 - Concentration of Credit Risk**

The Organization maintains its cash balances at two banks located in New York, New York.



**THE BATTERY CONSERVANCY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**Note 7 - Investments**

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

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Money market funds	\$ 244,010	\$ 244,010	\$ 133,727	\$ 133,727
Corporate bonds - fixed income	4,201,134	4,321,853	4,777,145	4,827,870
U.S Treasury securities - fixed income	3,746,786	3,783,261	4,449,681	4,494,540
International bonds	1,006,569	1,017,357	-	-
Exchange-traded products	-	-	30,216	30,061
	<u>\$9,198,499</u>	<u>\$9,366,481</u>	<u>\$9,390,769</u>	<u>\$9,486,198</u>

Net investment income consists of:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$162,088	\$181,375
Realized gain on sale of investments	151,175	12,536
Unrealized gain on investments	72,553	121,084
Investment fees	<u>(10,179)</u>	<u>(15,632)</u>
	<u>\$375,637</u>	<u>\$299,363</u>

**Note 8 - Unconditional Promises to Give**

Unconditional promises to give are due within one year. Uncollectible promises are expected to be insignificant.

**THE BATTERY CONSERVANCY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

**Note 9 - Property and Equipment**

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

	<u>Life</u>	<u>2020</u>	<u>2019</u>
Office furniture and equipment	5 years	\$ 55,161	\$ 55,161
Park furniture and equipment	3-15 years	916,489	795,409
Website	3 years	66,150	66,150
Improvements - Castle Clinton	15 years	34,319	34,319
Tenant improvements	Life of Lease	178,016	178,016
Bosque	10 years	107,767	107,767
Reimbursable advances (Note 9b)	8 years	-	7,355
New Amsterdam Plein and Pavilion (Note 9c)	7 years	2,187,355	2,187,355
SeaGlass Carousel (Note 9d)	13.5 years	8,503,829	8,503,829
Projects in progress (Note 9e)		<u>1,407,561</u>	<u>1,092,074</u>
		13,456,647	13,027,435
Less: Accumulated depreciation		<u>(6,460,510)</u>	<u>(5,695,017)</u>
		<u>\$ 6,996,137</u>	<u>\$ 7,332,418</u>

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, 2020, the Organization has been reimbursed the full construction cost of \$521,206. Beginning January 1, 2021, the Organization is required to 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, 2020 and 2019 are comprised of the following:

	<u>2020</u>	<u>2019</u>
Construction costs	\$521,206	\$521,206
Reimbursements	<u>(521,206)</u>	<u>(513,851)</u>
	<u>\$ -</u>	<u>\$ 7,355</u>

**THE BATTERY CONSERVANCY, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2020 AND 2019****Note 9 - Property and Equipment (continued)**

b - (continued)

Effective June 1, 2018, the Organization sublicensed the operations of two food kiosks 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 service is 12 % of gross receipts against a guaranteed annual minimum of \$40,000 with annual escalation of 1%. During the year ended December 31, 2020, the Organization accepted a flat fee of \$10,000 due to the impact of COVID-19 restrictions on the kiosk's operations during the 2020 season.

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 license agreement with The City of New York's Department of Parks and Recreation ("DPR"), scheduled to expire on February 25, 2022. 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. During the year ended December 31, 2020, the Organization waived the sublicensing revenue due to the impact of COVID-19 restrictions on the concession's operations during the 2020 season.

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. With the current renewal, the agreement remains in effect through February 25, 2022. 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. The Organization is required to apply revenue from the SeaGlass licensed premises (as defined), to the extent available, to fund a SeaGlass Capital Reserve Fund (the "Reserve"). At times when the Reserve balance equals a target amount of \$500,000 (adjusted each year by CPI), the annual revenue (in excess of any required transfers to the Reserve) up to \$1,000,000 is applied 50% to the Organization and 50% to DPR, and amounts greater than \$1,000,000 is paid 100% to DPR. During the year ended December 31, 2020, the Organization waived the guaranteed minimum fee due to the impact of COVID-19 restrictions on the Carousel's operations during the 2020 season.

**THE BATTERY CONSERVANCY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**Note 9 - Property and Equipment (continued)**

e - As of December 31, 2020 and 2019, Battery Playscape represented projects in progress of \$1,407,561 and \$1,092,074, respectively.

**Note 10 - Commitment**

The Organization rents office space at One Whitehall Street. The monthly rent is \$4,811 through November 30, 2022.

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

<b><u>Year Ending December 31,</u></b>	
2021	\$57,730
2022	52,919

**Note 11 - Loan Forgiveness - Paycheck Protection Program**

On April 21, 2020, the Organization received a loan totaling \$312,900 under the Paycheck Protection Program (PPP) administered by the U.S. Small Business Administration. In November 2020, the Organization received forgiveness of the full loan amount and, accordingly, recognized it as revenue for the year ended December 31, 2020.

In addition, on February 16, 2021, the Organization received a second PPP loan totaling \$313,100.

**Note 12 - Concentration**

For the year ended December 31, 2020, contributions from two individual donors represented approximately 81% of total contributions. During the year ended December 31, 2019, contributions from three individual donors represented approximately 28% of total contributions.

**THE BATTERY CONSERVANCY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

**Note 13 - Donated Services**

During the years ended December 31, 2020 and 2019, the Organization received the following donated services:

	<u>2020</u>	<u>2019</u>
Audit	\$ 6,209	\$ 3,103
Horticultural	25,000	25,000
Legal	<u>-</u>	<u>184,261</u>
	<u>\$31,209</u>	<u>\$212,364</u>

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

**Note 14 - Retirement Plan**

The Organization maintains a defined contribution 401(k) plan for employees that have attained at least age 21 and have completed one year of employment in which the employee works at least 1,000 hours of service. The Organization may elect to make annual discretionary profit sharing contributions to be allocated on behalf of each eligible plan participant. For the years ended December 31, 2020 and 2019, the Organization incurred \$22,467 and \$18,668, respectively, in expenses with regard to this plan.

**THE BATTERY CONSERVANCY, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2020 AND 2019****Note 15 - Risk and Uncertainties**

In March 2020, the COVID-19 pandemic was declared a national emergency. The Organization immediately furloughed seasonal employees that had been hired two weeks before and directed year-round park employees to stay home until commuting to The Battery was safe, adequate PPE were in hand, and park usage increased. Office-based employees worked remotely. All year-round employees remained on payroll throughout this period, which lasted through much of May. The Organization postponed or canceled many programs and ultimately canceled its two major fundraising events – the Gala usually held in June and the Gardeners Luncheon usually held in September. Management reduced expenses (notably seasonal wages and supplies and office-based expenses including printer/copier rental and property insurance) except for computing and telecommunications equipment and licensing to support remote operations. The Organization applied for and received a loan under the Paycheck Protection Program established by the CARES Act. To help offset losses of revenue, the Organization appealed to major donors to request acceleration of their annual contributions, and to request that grants be allocated to general operating expenses rather than for donor restricted purposes, specific programs or garden maintenance. Since May 2020, The Organization has been maintaining The Battery, including tending its signature gardens. The Organization gradually reintroduced small-scale (COVID-cognizant) programming in July 2020.