

THE BATTERY CONSERVANCY, INC.

**Financial Statements
for year ended
December 31, 2023**

Independent Auditor's Report

The Board of Trustees of
The Battery Conservancy, Inc.

Opinion

We have audited the accompanying financial statements of The Battery Conservancy, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2023 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Year Financial Statements

The financial statements of the Organization as of December 31, 2022 were audited by other auditors, whose report dated August 31, 2023 expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Condon D'Meara McGinty & Donnelly LLP

April 22, 2024

THE BATTERY CONSERVANCY, INC.

Statement of Financial Position

Assets

	December 31	
	2023	2022
Assets		
Cash and cash equivalents	\$ 482,882	\$ 1,726,593
Restricted cash – SeaGlass capital reserve fund	658,597	617,469
Investments, at fair value	8,423,681	7,615,658
Unconditional promises to give	128,312	153,741
Accounts receivable	30,321	9,022
Prepaid expenses	45,712	29,897
Property and equipment, at cost, net	5,693,242	6,408,232
Right-of-use asset – operating lease	181,403	242,606
Security deposit	15,000	15,000
Total assets	\$15,659,150	\$16,818,218

Liabilities and Net Assets

Liabilities		
Accounts payable and accrued expenses	\$ 108,726	\$ 227,893
Operating lease liability	181,403	242,606
Security deposit payable	110,000	110,000
Total liabilities	400,129	580,499
Net assets		
Without donor restrictions		
Board designated endowment	1,011,788	1,011,788
Property and equipment, net	5,693,242	6,408,232
Operations	6,180,758	6,319,794
Total without donor restrictions	12,885,788	13,739,814
With donor restrictions	2,373,233	2,497,905
Total net assets	15,259,021	16,237,719
Total liabilities and net assets	\$15,659,150	\$16,818,218

See notes to financial statements.

THE BATTERY CONSERVANCY, INC.

Statement of Activities

	2023		Year Ended December 31		2022	
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue						
Contributions	\$ 922,998	\$ -	\$ 922,998	\$ 413,157	\$ 40,000	\$ 453,157
Fundraising benefits (net of direct benefits to donor of \$228,129 in 2023 and \$711,307 in 2022)	1,314,533	-	1,314,533	1,718,938	-	1,718,938
Contributed nonfinancial assets	56,259	-	56,259	34,444	-	34,444
Park usage event fees	92,000	-	92,000	267,000	-	267,000
Concession income (net payments made to NYC Parks of \$75,881 in 2023 and \$22,940 in 2022)	245,087	-	245,087	159,518	-	159,518
Database income	85	-	85	1,051	-	1,051
Royalties	349	-	349	161	-	161
Net investment return	349,924	-	349,924	(478,650)	-	(478,650)
Other	10,227	-	10,227	38,710	-	38,710
Net assets released from restrictions	124,672	(124,672)	-	194,153	(194,153)	-
Total public support and revenue	<u>3,116,134</u>	<u>(124,672)</u>	<u>2,991,462</u>	<u>2,348,482</u>	<u>(154,153)</u>	<u>2,194,329</u>
Expenses						
Program services						
Park programs	3,307,417	-	3,307,417	3,061,455	-	3,061,455
Supporting services						
Management and general	435,590	-	435,590	485,542	-	485,542
Fundraising	227,153	-	227,153	283,337	-	283,337
Total supporting services	662,743	-	662,743	768,879	-	768,879
Total expenses	<u>3,970,160</u>	<u>-</u>	<u>3,970,160</u>	<u>3,830,334</u>	<u>-</u>	<u>3,830,334</u>
(Decrease) in net assets	(854,026)	(124,672)	(978,698)	(1,481,852)	(154,153)	(1,636,005)
Net assets, beginning of year	<u>13,739,814</u>	<u>2,497,905</u>	<u>16,237,719</u>	<u>15,221,666</u>	<u>2,652,058</u>	<u>17,873,724</u>
Net assets, end of year	<u>\$ 12,885,788</u>	<u>\$ 2,373,233</u>	<u>\$ 15,259,021</u>	<u>\$ 13,739,814</u>	<u>\$ 2,497,905</u>	<u>\$ 16,237,719</u>

See notes to financial statements.

THE BATTERY CONSERVANCY, INC.

Statement of Functional Expenses
Year Ended December 31, 2023 and December 31, 2022

	2023				2022				
	Management and		Supporting Services		Management and		Supporting Services		
	Park Programs	General	Fundraising	Total	Park Programs	General	Fundraising	Total	
Salaries	\$1,458,315	\$ 142,705	\$ 137,150	\$ 279,855	\$1,738,170	\$ 148,901	\$ 119,120	\$ 268,021	\$ 1,489,003
Payroll taxes	106,368	12,815	11,899	24,714	131,082	11,088	8,870	19,958	110,879
Employee benefits	308,240	18,976	21,881	40,857	349,097	26,217	20,975	47,192	262,185
Park and office maintenance	392,708	5,881	2,627	8,508	401,216	3,647	61,286	64,933	495,425
Consultants	55,814	113,165	26,581	139,746	195,560	58,414	40,189	98,603	227,846
Special events	-	-	228,129	228,129	228,129	-	711,307	711,307	711,307
Technology service and equipment	51,233	11,480	4,473	15,953	67,186	47,122	4,031	51,153	89,810
Advertising and promotion	397	-	1,957	1,957	2,354	-	9,032	9,032	10,521
Office supplies	405	6,928	372	7,300	7,705	1,889	229	2,118	2,467
Postage, mailing and delivery	274	1,609	342	1,951	2,225	331	1,672	2,003	2,365
Insurance	-	37,245	-	37,245	37,245	36,839	-	36,839	37,119
Travel and entertainment	7,136	2,196	2,081	4,277	11,413	2,784	3,265	6,049	11,620
Accounting	-	64,787	-	64,787	64,787	71,663	-	71,663	71,663
Occupancy	57,600	7,024	5,620	12,644	70,244	6,392	5,113	11,505	63,917
Other	4,561	3,426	10,370	13,796	18,357	3,874	9,555	13,429	26,685
Total expenses before depreciation and moving costs	2,443,051	428,237	453,482	881,719	3,324,770	419,161	994,644	1,413,805	3,612,812
Depreciation	864,366	7,353	1,800	9,153	873,519	18,312	-	18,312	880,760
Moving costs	-	-	-	-	-	48,069	-	48,069	48,069
Total expenses	3,307,417	435,590	455,282	890,872	4,198,289	485,542	994,644	1,480,186	4,541,641
Less: direct benefits	-	-	228,129	228,129	228,129	-	711,307	711,307	711,307
Total expenses per statement of activities	\$3,307,417	\$ 435,590	\$ 227,153	\$ 662,743	\$3,970,160	\$ 485,542	\$ 283,337	\$ 768,879	\$ 3,830,334

See notes to financial statements.

THE BATTERY CONSERVANCY, INC.

Statement of Cash Flows

	Year Ended	
	December 31	
	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
(Decrease) in net assets	\$ (978,698)	\$(1,636,005)
Adjustments to reconcile (decrease) in net assets to net cash (used in) operating activities:		
Non-cash operating lease expense	61,203	242,606
Depreciation	873,519	880,760
Loss on disposal of property and equipment	-	3,987
Realized and unrealized (gain) loss on investments	(163,480)	562,131
(Increase) decrease in:		
Unconditional promises to give	25,429	72,997
Accounts receivable	(21,299)	672
Prepaid expenses	(15,815)	54,519
Security deposit	-	(15,000)
Increase (decrease) in:		
Accounts payable and accrued expenses	(119,167)	26,546
Operating lease liability	(61,203)	(242,606)
Security deposit payable	-	(5,000)
Net cash (used in) operating activities	<u>(399,511)</u>	<u>(54,393)</u>
Cash flows from investing activities		
Additions to property and equipment	(158,529)	(180,331)
Purchases of investments	(3,037,035)	(3,415,197)
Proceeds from sales of investments	<u>2,392,492</u>	<u>3,380,748</u>
Net cash (used in) investing activities	<u>(803,072)</u>	<u>(214,780)</u>
Net (decrease) in cash and cash equivalents	(1,202,583)	(269,173)
Cash, and cash equivalents, beginning of year	<u>2,344,062</u>	<u>2,613,235</u>
Cash, and cash equivalents, end of year	<u>\$ 1,141,479</u>	<u>\$ 2,344,062</u>
Summary of cash and cash equivalents balances:		
Operating	\$ 482,882	\$ 1,726,593
Restricted-SeaGlass capital reserve fund	<u>658,597</u>	<u>617,469</u>
Total	<u>\$ 1,141,479</u>	<u>\$ 2,344,062</u>

See notes to financial statements.

THE BATTERY CONSERVANCY, INC.**Notes to Financial Statements
December 31, 2023****Note 1 – Nature of organization and summary of significant accounting policies**Nature of 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.

Financial statement presentation

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States, 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 Trustees.

Net assets with donor restrictions

Net assets subject to stipulations imposed by donors and granters. 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.

Cash equivalents

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.

Restricted cash

As of December 31, 2023 and December 31, 2022, the Organization has cash restricted for a capital reserve for the SeaGlass Carousel of \$658,597 and \$617,469, respectively (see note 9).

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 year in which the gains and other investment income are recognized.

THE BATTERY CONSERVANCY, INC.**Notes to Financial Statements (continued)
December 31, 2023****Note 1 – Nature of organization and summary of significant accounting policies (continued)**Investments (continued)

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 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.

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 substantially 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.

Unconditional promises to give at December 31st are expected to be collected in the subsequent year.

Allowance for doubtful accounts

As of December 31, 2023 and December 31, 2022, the Organization's management has determined that there are no potentially uncollectible receivables and thus, an allowance for doubtful accounts is not necessary. Such estimate is based on management's experience, the aging of the receivables, subsequent receipts and current economic conditions.

THE BATTERY CONSERVANCY, INC.**Notes to Financial Statements (continued)
December 31, 2023****Note 1 – Nature of organization and summary of significant accounting policies (continued)**Property and equipment

The Organization does not own The Battery's 25-acre landscape or any of the features, structures, or improvements to it. The Organization maintains and operates The Battery pursuant to a licensing agreement with the City of New York. All land and improvements are property of the City of New York. Certain improvements to the licensed premises, donated by the Organization to the City of New York to further the Organization's mission and programmatic activities are capitalized and depreciated within the Organization's financial statements.

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.

Contributed nonfinancial assets

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.

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.

Functional allocation of expenses

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. 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, salaries, payroll taxes and employee benefits which are allocated based on employee time and effort.

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 (continued)
December 31, 2023****Note 1 – Nature of organization and summary of significant accounting policies (continued)**Concentrations of credit risk

The Organization's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash, cash equivalents, investments and receivables. The Organization places its cash and cash equivalents with what it believes to be quality financial institutions. At times during the year, the Organization's cash accounts exceeded the FDIC insurance limit. The Organization has not incurred any losses in its cash accounts to date. The Organization's investments are exposed to various risks such as interest rate, market volatility, liquidity and credit. Due to the level of risk associated with investment securities, it is reasonably possible that changes in these risks could materially affect the fair value of the investments reported in the statement of financial position as of December 31, 2023. The Organization routinely monitors the collectability of its receivables to ensure they are viable. As a result, the Organization believes no significant concentrations of credit risk exist with respect to its cash, cash equivalents, investments and receivables.

Subsequent events

The Organization has evaluated events and transactions for potential recognition or any other disclosure through April 22, 2024, which is the date the financial statements were available to be issued.

Note 2 – Liquidity and availability of financial assets

The Organization operates with a balanced budget for each 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 90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in money market funds and other highly liquid investments.

THE BATTERY CONSERVANCY, INC.

Notes to Financial Statements (continued)
December 31, 2023

Note 2 – Liquidity and availability of financial assets (continued)

The Organization's financial assets as of December 31, 2023 and December 31, 2022 available to meet cash needs for general expenditures within one year are summarized as follows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 482,882	\$ 1,726,593
Restricted cash – SeaGlass capital reserve fund	658,597	617,469
Investments, at fair value	8,423,681	7,615,658
Unconditional promises to give	128,312	153,741
Accounts receivable	<u>30,321</u>	<u>9,022</u>
Total financial assets	9,723,793	10,122,483
Less: net assets with donor restrictions, subject to expenditure for specific purpose or passage of time	(2,283,233)	(2,407,905)
Add: net assets with donor restrictions expected to be met and released from restriction in less than one year	134,814	170,847
Less: net assets with donor restrictions for endowment, subject to spending policy and appropriation	(90,000)	(90,000)
Add: endowment appropriations for use in operations within one year	22,000	22,000
Less: net assets without donor restrictions, subject to spending policy and appropriation	<u>(1,670,385)</u>	<u>(1,629,257)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 5,836,989</u>	<u>\$ 6,188,168</u>

In addition to these financial assets available within one year, the Organization maintains a board designated endowment of \$1,011,788 at December 31, 2023 and December 31, 2022. 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.

Note 3 – Net assets

Net assets without donor restrictions – board designated endowment

In April 2002, the Organization received a grant without donor restrictions for \$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 established the fund with an initial \$11,788 deposit in 2000.

THE BATTERY CONSERVANCY, INC.

Notes to Financial Statements (continued)
December 31, 2023

Note 3 – Net assets (continued)

Net assets with temporary donor restrictions

Net assets with temporary donor restrictions as of December 31, 2023 and December 31, 2022 are restricted for future programs and periods as follows:

	<u>2023</u>	<u>2022</u>
Operating		
Subject to expenditure for specified purpose:		
Capital Reserve	\$ 500,000	\$ 500,000
Playscape future enhancements	1,708,418	1,785,741
Playscape programs	34,815	82,164
Education	<u>40,000</u>	<u>40,000</u>
Total net assets with temporary donor restrictions	<u>\$2,283,233</u>	<u>\$ 2,407,905</u>

Net assets with perpetual donor restrictions

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 4 – 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 (continued)
December 31, 2023

Note 4 – 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:

	<u>2023</u>		
	<u>Without</u> <u>Donor</u> <u>Restrictions</u>	<u>With</u> <u>Donor</u> <u>Restrictions</u>	<u>Total</u>
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 (continued)
December 31, 2023**Note 4 – Endowment funds (continued)**

	2022		Total
	Without Donor Restrictions	With Donor Restrictions	
Donor-restricted endowment funds	\$ -	\$ 90,000	\$ 90,000
Board designated endowment funds	1,011,788	-	1,011,788
Total endowment funds	<u>\$ 1,011,788</u>	<u>\$ 90,000</u>	<u>\$ 1,101,788</u>

The activity in the Organization's endowment funds for the years ended December 31, 2023 and December 31, 2022 is summarized as follows:

	2023		Total
	Without Donor Restrictions	With Donor Restrictions	
Endowment funds, beginning of year	\$ 1,011,788	\$ 90,000	\$ 1,101,788
Interest	21,788	-	21,788
Appropriation of endowment assets for expenditure	(21,788)	-	(21,788)
Endowment funds, end of year	<u>\$ 1,011,788</u>	<u>\$ 90,000</u>	<u>\$ 1,101,788</u>

	2022		Total
	Without Donor Restrictions	With Donor Restrictions	
Endowment funds, beginning of year	\$ 1,011,788	\$ 90,000	\$ 1,101,788
Interest	21,617	-	21,617
Appropriation of endowment assets for expenditure	(21,617)	-	(21,617)
Endowment funds, end of year	<u>\$ 1,011,788</u>	<u>\$ 90,000</u>	<u>\$ 1,101,788</u>

THE BATTERY CONSERVANCY, INC.

Notes to Financial Statements (continued)
December 31, 2023

Note 5 – Investments, at fair value

All investments are classified as Level 1 in the fair value hierarchy and are summarized as follows at December 31, 2023 and December 31, 2022:

	<u>2023</u>		<u>2022</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Money market funds	\$ 1,631,480	\$ 1,631,480	\$ 88,235	\$ 88,235
Domestic corporate bonds	2,380,541	2,278,391	2,706,300	2,563,586
U.S. Treasury securities – fixed income	4,580,438	4,128,579	4,731,518	4,409,071
International corporate bonds	397,189	373,758	595,347	554,766
Mutual funds	10,789	11,473	-	-
Total	<u>\$ 9,000,437</u>	<u>\$ 8,423,681</u>	<u>\$ 8,121,400</u>	<u>\$ 7,615,658</u>

Net investment return for the years ended December 31, 2023 and December 31, 2022 consists of:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 193,276	\$ 97,659
Realized and unrealized gain (loss) on sale of investments	163,480	(562,131)
Investment fees	(6,832)	(14,178)
Total	<u>\$ 349,924</u>	<u>\$ (478,650)</u>

Note 6 – Property and equipment

Property and equipment consist of the following at December 31, 2023 and December 31, 2022:

	Estimate Useful		
	<u>Life</u>	<u>2023</u>	<u>2022</u>
Office furniture and equipment	5 years	\$ 63,024	\$ 58,024
Park furniture and equipment	3-15 years	1,002,663	958,206
Website	3 years	66,150	66,150
Improvements – Castle Clinton	15 years	28,198	28,198
Tenant improvements	Life of Lease	21,593	21,593
Bosque	10 years	132,841	101,091
SeaGlass Carousel	13.5 years	8,503,829	8,503,829
Battery Playscape	15 years	2,339,539	2,307,478
Projects in progress		<u>70,261</u>	<u>25,000</u>
Sub-total		12,228,098	12,069,569
Less: accumulated depreciation		<u>6,534,856</u>	<u>5,661,337</u>
Total		<u>\$ 5,693,242</u>	<u>\$ 6,408,232</u>

At December 31, 2023, Battery Playscape Parkhouse represents projects in process.

THE BATTERY CONSERVANCY, INC.

Notes to Financial Statements (continued)
December 31, 2023

Note 7 – Operating lease liability

The Organization occupies office space under an operating lease agreement expiring September 30, 2026 for its main office. The lease provides for fixed rent and fixed electrical charges of \$69,750 per annum.

Operating lease expense for the year ended December 31, 2023 was \$61,203. There were no variable lease costs incurred. As of December 31, 2023, the remaining term of the Organization's operating lease is 33 months and the discount rate is 3.98%.

Maturities of the Organization's operating lease liability as of December 31, 2023 are as follows:

2024		\$ 69,750
2025		69,750
2026		<u>52,312</u>
	Total payments due	191,812
	Less: amount attributable to interest	<u>10,409</u>
	Operating lease liability	<u>\$ 181,403</u>

The Organization previously leased office space in New York, NY for its main office under an operating lease agreement which expired November 30, 2022. Occupancy expense for the years ended December 31, 2023 and December 31, 2022 was \$70,244 and \$63,917, respectively.

Note 8 – Concentration

For the years ended December 31, 2023 and December 31, 2022, contributions from two individual donors represented approximately 48% and 36%, respectively, of total contributions.

Note 9 – Commitments

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 ("NYC Parks"). 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 NYC Parks 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 NYC Parks the amount of annual sublicensing revenue which exceeds the lesser of \$280,000 or its actual annual garden maintenance costs. For the years ended December 31, 2023 and December 31, 2022, there were no remittances required to NYC Parks.

THE BATTERY CONSERVANCY, INC.**Notes to Financial Statements (continued)
December 31, 2023****Note 9 – Commitments (continued)**

Effective May 15, 2021, the Organization sublicenses the operations of the two food kiosks to a third party through May 25, 2022, renewable for four (4) one-year periods through May 25, 2026. The sublicenses have currently been renewed through May 2026. In accordance with the terms of the NYC Parks license agreement, the Organization retains 10% of gross receipts from the sublicensed operator, or a Minimum Guaranteed Fee ("MGF"), whichever is greater, for the first operating year, with annual escalations to 11.5% of gross receipts in the fifth operating year.

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, which expires on May 25, 2024. 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 NYC Parks 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 NYC Parks. During the year ended December 31, 2021, the Organization waived the sublicensing revenue due to the impact of COVID-19 restrictions on the concession's operations during the 2021 season. The sublicensing agreement expired in February 2022.

In April 2022, the Organization entered into an agreement to sublicense the operations of the concession to another third party through May 25, 2025, with two optional extensions of one year each. The agreement provides for the Organization to receive a Guaranteed Annual Fee, with annual escalations of 5%. The operator abandoned the property in violation of the sublicense agreement in August 2022, and continued to remit sublicense payments through October 2022. A total of \$50,000 was paid in 2022. In April 2023, the Organization came to a final settlement with the delinquent operator of \$65,000, which included forfeiting its \$10,000 security deposit. That same month, the Organization issued a new request for proposal, and in May 2023, awarded a sublicense to a new operator through May 25, 2026 with three (3) optional one-year renewals.

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 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, 2024. In accordance with the terms of the NYC Parks 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 NYC Parks, and amounts greater than \$1,000,000 is paid 100% to NYC Parks. During the year ended December 31, 2022, the Organization accepted a reduced sublicensing fee of less than the MGF.

THE BATTERY CONSERVANCY, INC.

**Notes to Financial Statements (continued)
December 31, 2023**

Note 10 – Contributed nonfinancial assets

During the years ended December 31, 2023 and December 31, 2022, the Organization received the following donated services:

	2023	2022
Horticultural	\$ 25,000	\$ 25,000
Legal	31,259	-
Audit	-	9,444
Total	\$ 56,259	\$ 34,444

Horticultural services are utilized by the Organization in the performance of its program services and audit services are utilized in the Organization's administrative supporting services. Donated services are valued by the service providers based on rates charged for similar services.

Note 11 – Retirement plan

The Organization maintains a 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, 2023 and December 31, 2022, the Organization contributed \$20,275 and \$18,723, respectively, to the plan.

Note 12 – Tax status

The Organization is a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been determined to be a publicly supported Organization and not a private foundation.