

THE BATTERY CONSERVANCY, INC.

**Financial Statements
for years ended
December 31, 2024
and
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, 2024 and December 31, 2023, and the related statements of activities, functional expenses and cash flows for the years 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, 2024 and December 31, 2023, 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.

Basis for Opinion

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

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.

Cordon O'Meara McGinty + Donnelly LLP

April 22, 2025

THE BATTERY CONSERVANCY, INC.

Statement of Financial Position

Assets

	December 31	
	2024	2023
Assets		
Cash and cash equivalents	\$ 387,857	\$ 482,882
Restricted cash – SeaGlass capital reserve fund	689,404	658,597
Investments, at fair value	8,774,005	8,423,681
Unconditional promises to give	10,300	128,312
Accounts receivable	-	30,321
Prepaid expenses	48,258	45,712
Property and equipment, at cost, net	5,053,546	5,693,242
Right-of-use asset – operating lease	117,720	181,403
Security deposit	15,000	15,000
Total assets	\$15,096,090	\$15,659,150

Liabilities and Net Assets

Liabilities		
Accounts payable and accrued expenses	\$ 140,492	\$ 108,726
Operating lease liability	117,720	181,403
Security deposit payable	110,000	110,000
Total liabilities	368,212	400,129
Net assets		
Without donor restrictions		
Board designated		
Quasi - endowment	1,511,788	1,511,788
Operating reserve	1,595,447	1,560,581
Property and equipment, net	5,053,546	5,693,242
Operations	4,829,023	4,620,177
Total without donor restrictions	12,989,804	13,385,788
With donor restrictions	1,738,074	1,873,233
Total net assets	14,727,878	15,259,021
Total liabilities and net assets	\$ 15,096,090	\$15,659,150

See notes to financial statements.

THE BATTERY CONSERVANCY, INC.
Statement of Activities

	Year Ended December 31				
	2024		2023		
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue					
Contributions	\$ 676,039	\$ 50,000	\$ 726,039	\$ 922,998	\$ 922,998
Fundraising benefits (net of direct benefits to donor of \$164,240 in 2024 and \$228,129 in 2023)	1,648,848	-	1,648,848	1,314,533	1,314,533
Contributed nonfinancial assets	30,000	-	30,000	56,259	56,259
Park usage event fees	126,398	-	126,398	92,000	92,000
Concession income (net payments made to NYC Parks of \$101,561 in 2024 and \$75,881 in 2023)	183,356	-	183,356	245,087	245,087
Net investment return	475,160	-	475,160	349,924	349,924
Other	4,266	-	4,266	10,661	10,661
Net assets released from restrictions	185,159	(185,159)	-	124,672	-
Total public support and revenue	<u>3,329,226</u>	<u>(135,159)</u>	<u>3,194,067</u>	<u>3,116,134</u>	<u>2,991,462</u>
Expenses					
Program services					
Park programs	3,146,479	-	3,146,479	3,307,417	3,307,417
Supporting services					
Management and general	394,105	-	394,105	435,590	435,590
Fundraising	184,626	-	184,626	227,153	227,153
Total supporting services	578,731	-	578,731	662,743	662,743
Total expenses	<u>3,725,210</u>	<u>-</u>	<u>3,725,210</u>	<u>3,970,160</u>	<u>3,970,160</u>
(Decrease) in net assets	(395,984)	(135,159)	(531,143)	(854,026)	(978,698)
Net assets, beginning of year	<u>13,385,788</u>	<u>1,873,233</u>	<u>15,259,021</u>	<u>14,239,814</u>	<u>16,237,719</u>
Net assets, end of year	<u>\$ 12,989,804</u>	<u>\$ 1,738,074</u>	<u>\$ 14,727,878</u>	<u>\$ 13,385,788</u>	<u>\$ 15,259,021</u>

See notes to financial statements.

THE BATTERY CONSERVANCY, INC.

Statement of Functional Expenses

	Year Ended December 31									
	2024			2023						
	Supporting Services		Management and	Supporting Services		Management and				
	Park Programs	General	Fundraising	Total	Park Programs	General	Fundraising	Total	Total	
Salaries	\$1,374,386	\$ 170,295	\$ 81,774	\$ 252,069	\$1,626,455	\$ 1,458,315	\$ 142,705	\$ 137,150	\$ 279,855	\$ 1,738,170
Payroll taxes	103,203	12,571	5,990	18,561	121,764	106,368	12,815	11,899	24,714	131,082
Employee benefits	306,586	17,304	16,434	33,738	340,324	308,240	18,976	21,881	40,857	349,097
Park and office maintenance	304,522	2,471	2,040	4,511	309,033	392,708	5,881	2,627	8,508	401,216
Consultants	55,120	58,195	35,582	93,777	148,897	55,814	113,165	26,581	139,746	195,560
Special events	-	-	164,240	164,240	164,240	-	-	228,129	228,129	228,129
Technology service and equipment	62,201	7,070	5,069	12,139	74,340	51,233	11,480	4,473	15,953	67,186
Advertising and promotion	10	314	8,192	8,506	8,516	397	-	1,957	1,957	2,354
Office supplies	241	1,602	1,221	2,823	3,064	405	6,928	372	7,300	7,705
Postage, mailing and delivery	192	2,616	918	3,534	3,726	274	1,609	342	1,951	2,225
Insurance	-	43,835	-	43,835	43,835	-	37,245	-	37,245	37,245
Travel and entertainment	2,677	2,780	5,647	8,427	11,104	7,136	2,196	2,081	4,277	11,413
Accounting	-	58,356	-	58,356	58,356	-	64,787	-	64,787	64,787
Occupancy	59,288	6,974	3,488	10,462	69,750	57,600	7,024	5,620	12,644	70,244
Other	4,001	2,767	15,572	18,339	22,340	4,561	3,426	10,370	13,796	18,357
Total expenses before depreciation	2,272,427	387,150	346,167	733,317	3,005,744	2,443,051	428,237	453,482	881,719	3,324,770
Depreciation	874,052	6,955	2,699	9,654	883,706	864,366	7,353	1,800	9,153	873,519
Total expenses	3,146,479	394,105	348,866	742,971	3,889,450	3,307,417	435,590	455,282	890,872	4,198,289
Less: direct benefits	-	-	164,240	164,240	164,240	-	-	228,129	228,129	228,129
Total expenses per statement of activities	\$3,146,479	\$ 394,105	\$ 184,626	\$ 578,731	\$3,725,210	\$ 3,307,417	\$ 435,590	\$ 227,153	\$ 662,743	\$ 3,970,160

See notes to financial statements.

THE BATTERY CONSERVANCY, INC.

Statement of Cash Flows

	Year Ended	
	December 31	
	2024	2023
Cash flows from operating activities		
(Decrease) in net assets	\$ (531,143)	\$ (978,698)
Adjustments to reconcile (decrease) in net assets to net cash provided by (used in) operating activities:		
Amortization of right-of-use asset – operating lease	63,683	61,203
Depreciation	883,706	873,519
Realized and unrealized (gain) on investments	(100,358)	(163,480)
(Increase) decrease in:		
Unconditional promises to give	118,012	25,429
Accounts receivable	30,321	(21,299)
Prepaid expenses	(2,546)	(15,815)
Increase (decrease) in:		
Accounts payable and accrued expenses	31,766	(119,167)
Operating lease liability	<u>(63,683)</u>	<u>(61,203)</u>
Net cash provided by (used in) operating activities	<u>429,758</u>	<u>(399,511)</u>
Cash flows from investing activities		
Additions to property and equipment	(244,010)	(158,529)
Purchases of investments	(9,734,694)	(3,037,035)
Proceeds from sales of investments	<u>9,484,728</u>	<u>2,392,492</u>
Net cash (used in) investing activities	<u>(493,976)</u>	<u>(803,072)</u>
Net (decrease) in cash and cash equivalents	(64,218)	(1,202,583)
Cash, and cash equivalents, beginning of year	<u>1,141,479</u>	<u>2,344,062</u>
Cash, and cash equivalents, end of year	<u>\$ 1,077,261</u>	<u>\$ 1,141,479</u>
Summary of cash and cash equivalents balances:		
Operating	\$ 387,857	\$ 482,882
Restricted-SeaGlass capital reserve fund	<u>689,404</u>	<u>658,597</u>
Total	<u>\$ 1,077,261</u>	<u>\$ 1,141,479</u>

See notes to financial statements.

THE BATTERY CONSERVANCY, INC.**Notes to Financial Statements
December 31, 2024****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 20, 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, including those with Board designations, 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, 2024 and December 31, 2023, the Organization has cash restricted for a capital reserve for the SeaGlass Carousel of \$689,404 and \$658,597, respectively (see note 8).

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, 2024****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 credit losses

As of December 31, 2024 and December 31, 2023, the Organization's management has determined that there are no potentially uncollectible receivables and thus, an allowance for credit losses is not necessary. Such estimate is based on management's experience, the aging of the receivables, subsequent receipts and current and future anticipated economic conditions.

THE BATTERY CONSERVANCY, INC.

Notes to Financial Statements (continued)
December 31, 2024

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.

Operating lease

Right-of-use (“ROU”) assets and lease liabilities are recognized at the lease commencement date based on the future lease payments over the expected lease term. The Organization has decided to exclude leases with terms shorter than 12 months. The Organization has elected to use a risk-free rate to discount its office space to net present value.

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.

Total revenue recognized over time and at a point in time is as follows for the years ended December 31, 2024 and December 31, 2023:

	<u>2024</u>	<u>2023</u>
Revenue recognized at a point in time	\$ 2,669,791	\$ 2,568,321
Revenue recognized over time	<u>284,917</u>	<u>320,968</u>
Total	<u>\$ 2,954,708</u>	<u>\$ 2,889,289</u>

THE BATTERY CONSERVANCY, INC.**Notes to Financial Statements (continued)
December 31, 2024****Note 1 – Nature of organization and summary of significant accounting policies (continued)**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.

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 bank 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, 2024. 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, 2025, 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 BATTERY CONSERVANCY, INC.

Notes to Financial Statements (continued)
December 31, 2024

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

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 Organization's financial assets as of December 31, 2024 and December 31, 2023 available to meet cash needs for general expenditures within one year are summarized as follows:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 387,857	\$ 482,882
Restricted cash – SeaGlass capital reserve fund	689,404	658,597
Investments, at fair value	8,774,005	8,423,681
Unconditional promises to give	10,300	128,312
Accounts receivable	<u>-</u>	<u>30,321</u>
Total financial assets	9,861,566	9,723,793
Less: net assets with donor restrictions, subject to expenditure for specific purpose or passage of time	(1,648,074)	(2,283,233)
Add: net assets with donor restrictions expected to be met and released from restriction in less than one year	515,922	134,814
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>(3,796,639)</u>	<u>(3,730,966)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 4,864,775</u>	<u>\$ 3,776,408</u>

In addition to these financial assets available within one year, the Organization maintains board designated quasi-endowment and operating reserve funds of \$3,107,235 and \$3,072,369 as of December 31, 2024 and December 31, 2023, respectively. 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 (continued)
December 31, 2024

Note 3 – Net assets

Net assets without donor restrictions – board designated

The Board has established a Board-designated fund called the “Board-Designated Quasi-Endowment Fund,” to which unrestricted funds are contributed and spent at the discretion of the Board, the purpose of which is “growing an endowment-like fund to provide financial stability and future funding for operations.” This fund had a balance of \$1,511,788 as of December 31, 2024 and December 31, 2023. Spending from the fund during 2024 and 2023 was \$35,038 and \$21,788, respectively.

In addition, the Board has established a Board-designated Operating Reserve Fund “for purposes of holding reserves against the possibility of future operating losses” and “to provide liquidity to fund operating deficits not otherwise payable from available working capital.” The Operating Reserve Fund was established in 2023 with an initial allocation of \$1.5 million in unrestricted funds. The Board also established a policy to maintain a balance in such fund during each fiscal year equal to no less than 50% of the budgeted revenues for such fiscal year, which minimum target amount which shall be established by the Board annually upon its approval of the budget. The fund had a balance of \$1,595,447 and \$1,560,581 as of December 31, 2024 and December 31, 2023, respectively. There was no spending from this fund during 2024 and 2023.

Net assets with temporary donor restrictions

Net assets with temporary donor restrictions as of December 31, 2024 and December 31, 2023 are restricted for future programs and periods as follows:

	<u>2024</u>	<u>2023</u>
Operating		
Subject to expenditure for specified purpose:		
Playscape future enhancements	\$1,582,152	\$ 1,708,418
Playscape programs	15,922	34,815
Education	50,000	40,000
Total net assets with temporary donor restrictions	<u>\$1,648,074</u>	<u>\$ 1,783,233</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.

THE BATTERY CONSERVANCY, INC.**Notes to Financial Statements (continued)
December 31, 2024****Note 4 – Endowment funds**

The Organization's endowments consist of two individual funds 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 a quasi-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 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 BATTERY CONSERVANCY, INC.

Notes to Financial Statements (continued)
December 31, 2024**Note 4 – Endowment funds (continued)**

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

	2024		Total
	Without Donor Restrictions	With Donor Restrictions	
Board designated quasi- endowment funds	\$ 1,511,788	\$ -	\$ 1,511,788
Donor-restricted endowment funds	<u>-</u>	<u>90,000</u>	<u>90,000</u>
Total endowment funds	<u>\$ 1,511,788</u>	<u>\$ 90,000</u>	<u>\$ 1,601,788</u>
	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Board designated endowment funds	\$ 1,511,788	\$ -	\$ 1,511,788
Donor-restricted endowment funds	<u>-</u>	<u>90,000</u>	<u>90,000</u>
Total endowment funds	<u>\$ 1,511,788</u>	<u>\$ 90,000</u>	<u>\$ 1,601,788</u>

The activity in the Organization's endowment funds for the years ended December 31, 2024 and December 31, 2023 is summarized as follows:

	2024		Total
	Without Donor Restrictions	With Donor Restrictions	
Endowment funds, beginning of year	\$ 1,511,788	\$ 90,000	\$ 1,601,788
Interest and dividends	35,028	-	35,028
Appropriation of endowment assets for expenditure	<u>(35,028)</u>	<u>-</u>	<u>(35,028)</u>
Endowment funds, end of year	<u>\$ 1,511,788</u>	<u>\$ 90,000</u>	<u>\$ 1,601,788</u>

THE BATTERY CONSERVANCY, INC.

Notes to Financial Statements (continued)
December 31, 2024

Note 4 – Endowment funds (continued)

	2023		Total
	Without Donor Restrictions	With Donor Restrictions	
Endowment funds, beginning of year	\$ 1,511,788	\$ 90,000	\$ 1,601,788
Interest	21,788	-	21,788
Appropriation of endowment assets for expenditure	(21,788)	-	(21,788)
Endowment funds, end of year	\$ 1,511,788	\$ 90,000	\$ 1,601,788

Note 5 – Investments, at fair value

All investments are classified as Level 1 in the fair value hierarchy and are summarized as follows as of December 31, 2024 and December 31, 2023:

	2024		2023	
	Cost	Fair Value	Cost	Fair Value
Money market funds	\$ 1,587,569	\$ 1,587,569	\$ 1,631,480	\$ 1,631,480
Domestic corporate bonds	-	-	2,380,541	2,278,391
U.S. Treasury securities – fixed income	1,495,603	1,582,739	4,580,438	4,128,579
International corporate bonds	-	-	397,189	373,758
Exchange-traded and mutual funds	5,488,813	5,603,697	10,789	11,473
Total	\$ 8,571,985	\$ 8,774,005	\$ 9,000,437	\$ 8,423,681

Net investment return for the years ended December 31, 2024 and December 31, 2023 consists of:

	2024	2023
Interest and dividends	\$ 384,463	\$ 193,276
Realized and unrealized gain on sale of investments	100,358	163,480
Investment fees	(9,661)	(6,832)
Total	\$ 475,160	\$ 349,924

THE BATTERY CONSERVANCY, INC.

Notes to Financial Statements (continued)
December 31, 2024

Note 6 – Property and equipment

Property and equipment consist of the following as of December 31, 2024 and December 31, 2023:

	Estimate Useful		
	Life	2024	2023
Office furniture and equipment	5 years	\$ 63,024	\$ 63,024
Park furniture and equipment	3-15 years	1,030,137	1,002,663
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	197,541	132,841
SeaGlass Carousel	13.5 years	8,503,829	8,503,829
Battery Playscape	15 years	2,365,109	2,339,539
Projects in progress		<u>196,527</u>	<u>70,261</u>
Sub-total		12,472,108	12,228,098
Less: accumulated depreciation		<u>7,418,562</u>	<u>6,534,856</u>
Total		<u>\$ 5,053,546</u>	<u>\$ 5,693,242</u>

As of December 31, 2024 and December 31, 2023, the Battery Playscape Parkhouse represents projects in process.

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 years ended December 31, 2024 and December 31, 2023 was \$63,685 and \$61,203, respectively. There were no variable lease costs incurred. As of December 31, 2024, the remaining term of the Organization's operating lease is 21 months and the discount rate is 3.98%.

Maturities of the Organization's operating lease liability as of December 31, 2024 are as follows:

2025	\$ 69,750
2026	<u>52,312</u>
Total payments due	122,062
Less: amount attributable to interest	<u>4,342</u>
Operating lease liability	<u>\$ 117,720</u>

THE BATTERY CONSERVANCY, INC.**Notes to Financial Statements (continued)
December 31, 2024****Note 8 – Commitments**Operating agreements

Effective July 9, 2024, The City of New York's Department of Parks and Recreation ("NYC Parks") licensed the Organization to operate and maintain the 25 acres of The Battery (less the areas already separately licensed to the Organization as described below) for the use and enjoyment of the general public. The license allows the Organization to receive a share of revenue from sales made at New Amsterdam Plein and Pavilion (see below) of tickets for ferry service to the Statue of Liberty and Ellis Island National Monuments. The license allows the Organization to host and/or produce a variety of public and private events – including fundraising and other revenue events – throughout the park. The initial term is ten years, renewable for two (2) five-year periods.

The Organization holds a license from The City of New York's Department of Parks and Recreation ("NYC Parks") to operate and maintain two food kiosks that Organization constructed within the Bosque Gardens in 2007. Under the agreement, the Organization also provides maintenance for the Gardens. The Organization sublicenses 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, 2024 and December 31, 2023, there were no remittances required to NYC Parks.

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 been renewed through May 2025. 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 holds a license from NYC Parks to operate and maintain a food and beverage concession within the New Amsterdam Plein and Pavilion at the Peter Minuit Plaza. That license expired on February 25, 2025. The Organization is in the process of registering an extension. 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 NYC Parks.

THE BATTERY CONSERVANCY, INC.

Notes to Financial Statements (continued)

December 31, 2024

Note 8 – Commitments (continued)

Operating agreements (continued)

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 an MGF 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 Organization holds a license for operations and maintenance of SeaGlass Carousel (the "Carousel"), from NYC Parks for the period August 20, 2015 (when it first opened to the public) 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, 2026. 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. Amounts greater than \$1,000,000 are paid 100% to NYC Parks.

Construction contract

During November 2024, the Organization entered into an agreement for the manufacturing and installation of custom-made metal works for approximately \$198,000. Through December 31, 2024, the Organization paid approximately \$19,800 under the agreement. The project is expected to be completed in 2025.

Note 9 – Contributed nonfinancial assets

For the years ended December 31, 2024 and December 31, 2023, the Organization received the following donated services:

	<u>2024</u>	<u>2023</u>
Horticultural	\$ 30,000	\$ 25,000
Legal	<u>-</u>	<u>31,259</u>
Total	<u>\$ 30,000</u>	<u>\$ 56,259</u>

Horticultural services are utilized by the Organization in the performance of its program services and legal 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.

THE BATTERY CONSERVANCY, INC.**Notes to Financial Statements (continued)
December 31, 2024****Note 10 – 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, 2024 and December 31, 2023, the Organization contributed \$23,315 and \$20,275, respectively, to the plan.

Note 11 – 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.