

FOUR FREEDOMS PARK CONSERVANCY, INC.

**FINANCIAL STATEMENTS
AND
ACCOUNTANTS' REPORT**

DECEMBER 31, 2020

FOUR FREEDOMS PARK CONSERVANCY, INC.

Index

	<u>Page</u>
Independent Accountants' Review Report	1
Statement of financial position as of December 31, 2020	2
Statement of activities for the year ended December 31, 2020	3
Statement of expenses for the year ended December 31, 2020	4
Statement of cash flows for the year ended December 31, 2020	5
Notes to financial statements	6 - 12



Skody Scot & Company, CPAs, P.C.

520 Eighth Avenue, Suite 2200, New York, NY 10018 • (T) 212-967-1100 • (F) 212-967-2002

www.skodyscot.com

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To: The Board of Directors of
Four Freedoms Park Conservancy, Inc.

We have reviewed the accompanying statement of financial position of Four Freedoms Park Conservancy, Inc. (a not-for-profit organization) as of December 31, 2020, and the related statements of activities, expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with U.S. generally accepted accounting principles. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with U.S. generally accepted accounting principles.

New York, NY
May 24, 2021

Skody Scot & Company, CPAs, P.C.

FOUR FREEDOMS PARK CONSERVANCY, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

ASSETS

Cash	\$ 835,190
Contributions receivable	50,000
Prepaid expenses	8,616
Property and equipment, net	35,014
Security deposits receivable	391
	<hr/>
Total assets	<u>\$ 929,211</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable and accrued expenses	\$ 27,960
Security deposits payable	14,250
Total liabilities	<hr/> 42,210
Commitments and contingencies (see notes)	
Net Assets:	
Without donor restrictions	837,001
With donor restrictions	50,000
	<hr/>
Total net assets	887,001
Total liabilities and net assets	<hr/> <u>\$ 929,211</u>

**See independent accountants' review report
and accompanying notes.**

FOUR FREEDOMS PARK CONSERVANCY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenues:			
Contributions	\$ 434,801	\$ -	\$ 434,801
Contributions in-kind	91,116	-	91,116
Government grants	93,519	-	93,519
Program service revenue	93,205	-	93,205
Interest income	6	-	6
Net assets released from restriction:			
Expiration of time restrictions	50,000	(50,000)	-
Total support and revenues	<u>762,647</u>	<u>(50,000)</u>	<u>712,647</u>
Expenses:			
Program expenses:			
Park maintenance & operations	513,892	-	513,892
Public offerings	317,656	-	317,656
Total program expenses	<u>831,548</u>	<u>-</u>	<u>831,548</u>
Supporting services:			
Management and general	113,316	-	113,316
Fundraising	46,061	-	46,061
Total expenses	<u>990,925</u>	<u>-</u>	<u>990,925</u>
Increase/(decrease) in net assets	(228,278)	(50,000)	(278,278)
Net assets, beginning of year	<u>1,065,279</u>	<u>100,000</u>	<u>1,165,279</u>
Net assets, end of year	<u>\$ 837,001</u>	<u>\$ 50,000</u>	<u>\$ 887,001</u>

**See independent accountants' review report
and accompanying notes.**

FOUR FREEDOMS PARK CONSERVANCY, INC.
STATEMENT OF EXPENSES
YEAR ENDED DECEMBER 31, 2020

	<u>Program Expenses</u>			<u>Supporting</u>		
	<u>Park Maintenance & Operations</u>	<u>Public Offerings</u>	<u>Total Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Personnel costs:						
Salaries	\$ 141,975	\$ 148,428	\$ 290,403	\$ 16,133	\$ 16,134	\$ 322,670
Payroll taxes and benefits	25,284	26,433	51,717	2,874	2,873	57,464
Total personnel costs	<u>167,259</u>	<u>174,861</u>	<u>342,120</u>	<u>19,007</u>	<u>19,007</u>	<u>380,134</u>
Direct expenses:						
Consultants	638	638	1,276	15,636	638	17,550
Depreciation	35,658	35,658	71,316	8,914	8,914	89,144
Insurance	29,198	18,580	47,778	5,309	-	53,087
Landscaping	15,219	-	15,219	-	-	15,219
Office supplies and expenses	8,385	5,563	13,948	11,938	1,021	26,907
Professional fees	97,167	-	97,167	49,532	-	146,699
Program equipment	-	1,150	1,150	-	-	1,150
Program supplies and expenses	232	35,978	36,210	-	-	36,210
Promotion	-	8,342	8,342	-	13,499	21,841
Rent and utilities	44,345	25,821	70,166	2,980	2,982	76,128
Repairs and maintenance	43,884	3,075	46,959	-	-	46,959
Security	71,907	7,990	79,897	-	-	79,897
Total direct expenses	<u>346,633</u>	<u>142,795</u>	<u>489,428</u>	<u>94,309</u>	<u>27,054</u>	<u>610,791</u>
Total expenses	<u>\$ 513,892</u>	<u>\$ 317,656</u>	<u>\$ 831,548</u>	<u>\$ 113,316</u>	<u>\$ 46,061</u>	<u>\$ 990,925</u>

**See independent accountants' review report
and accompanying notes.**

FOUR FREEDOMS PARK CONSERVANCY, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020

Cash flows from operating activities:	
Increase/(decrease) in net assets	\$ (278,278)
Adjustments for non-cash items included in operating activities:	
Depreciation	89,144
Changes in assets and liabilities:	
Contributions and other receivables	94,000
Prepaid expenses	(1,755)
Construction funding retainage	339,700
Security deposits receivable	4,260
Accounts payable and accrued expenses	(63,704)
Deferred revenue	(20,000)
Net cash provided/(used) by operating activities	163,367
Cash flows from investing activities	-
Cash flows from financing activities	-
Net increase/(decrease) in cash	163,367
Cash at beginning of year	671,823
Cash at end of year	\$ 835,190

**See independent accountants' review report
and accompanying notes.**

**FOUR FREEDOMS PARK CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies

The Organization

Four Freedoms Park Conservancy, Inc. (Organization or Conservancy), a not-for-profit organization, was incorporated in the State of New York on June 30, 2011. The mission of the Organization is to operate, maintain, program, and fund Four Freedoms Park (Park) under a Cooperative Agreement with the New York State Office of Parks, Recreation, and Historic Preservation. The Organization primarily receives its support from contributions, government grants, and program service revenue.

Franklin D. Roosevelt Four Freedoms Park, LLC (LLC, a former subsidiary), was formed on September 30, 2008, as a single member limited liability company by the Franklin and Eleanor Roosevelt Institute (the Institute). The purpose of this LLC was to build the first memorial to President Franklin D. Roosevelt in his home state of New York. In October 2011, the Institute assigned all rights, title, and interest in the LLC to the Conservancy. In 2018, the LLC became a disregarded entity, all assets are recorded on the books of the Conservancy. The LLC no longer has any transactions.

Tax Status

The Conservancy is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The LLC is a single member limited liability company and is treated as a disregarded entity for income tax purposes. Accordingly, no provision for federal, state or local income taxes has been recorded. The Organization does not believe its financial statements contain any uncertain tax positions.

Major Programs

The Organization's two major programs include the following: Park Maintenance & Operations – ensuring that the Park remains beautiful and safe by providing security, repairs and maintenance, utilities, and park personnel; and Public Offerings – education and public event programming.

Basis of Accounting

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Use of Estimates

Management uses estimates and assumptions in preparing the consolidated financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**FOUR FREEDOMS PARK CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies (Continued)

Receivables

Receivables that are expected to be collected within one year are recorded at their net realizable value. Receivables that are expected to be collected in future years are recorded at the present value of estimated future cash flows. All receivables are expected to be received within one year and as such have been stated at their net realizable value. The allowance for bad debt is maintained at a level that, in management's judgment, is adequate to absorb uncollectible receivables. As of December 31, 2020, management has determined that future bad debts are likely to be immaterial and has not recorded an allowance for bad debt.

Investments

The policy of the Organization is to sell donated investments soon after receipt and consider them cash donations valued at the sale price.

Property and Equipment

The Organization capitalizes certain property and equipment with estimated lives of three years or more. Property and equipment are stated at cost, less accumulated depreciation. Depreciation of property and equipment is computed by the straight-line method over estimated useful lives ranging from three to thirty years. Leasehold improvements are depreciated by the straight-line method over the life of the improvement or the term of the lease, whichever is shorter. Expenditures for repairs and maintenance are charged as an expense, and major renewals and betterments are capitalized.

Construction and Development Costs

Roosevelt Island is owned by the City of New York and is leased to the State of New York through 2068. The Park is operated by the Organization pursuant to a cooperative agreement between the Organization and the State of New York (see Note 10). All improvements and integral fixtures and equipment belong to the State of New York. Accordingly, all costs incurred in connection with the construction, improvement, and development of the Park were expensed as incurred.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. This classification includes net assets designated by the board or management for a specified purpose.

Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature (endowment), where the donor stipulates that resources be maintained in perpetuity.

FOUR FREEDOMS PARK CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition

The Organization recognizes contributions when cash, noncash assets, or an unconditional promise to give is received. Conditional promises to give, which 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. Amounts received prior to the meeting of these conditions, if any, are reported as deferred revenue in the statement of financial position. As of December 31, 2020, the Organization did not have any conditional pledges that were not recognized.

Contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as revenue with donor restrictions and increases in net assets with donor restrictions. Contributions received with restrictions that are met in the same reporting period are reported as revenue without donor restrictions and increases in net assets without donor restrictions. When a restriction expires (either a stipulated time period ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions.

Program service revenue relates to fees received in exchange for program services and consists primarily of license fees for park usage. Revenue is recognized when the program service is provided. Any revenue received which has not been earned is recorded as deferred revenue.

The Organization receives grants from governmental agencies. Depending upon the terms of the grant, it can be either an exchange transaction or a contribution. In accordance with grant provisions, the grant can be an expense reimbursement grant which requires that approved expenses be incurred prior to reimbursement by the grantor. Other grants permit advances of grant funds or full payment of grant funds at the start of the grant. If the grant is an exchange type grant, all unreimbursed expenses, for approved purposes, as of year-end are recorded as receivables and any unexpended advances are recorded as refundable advances. If the grant is a contribution, it is recognized in accordance with the contribution recognition policy described above.

During the year ended December 31, 2020, the Organization received \$5,000 of advanced EIDL funds from the U.S. Small Business Administration. Management has determined that the correct model to follow is the grant model and that the purpose-related conditions imposed on the grant were met by year-end. Therefore, the full amount has been recognized as revenue. The amount is included with government grants in the statement of activities for the year ended December 31, 2020.

**FOUR FREEDOMS PARK CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies (Continued)

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include salaries, payroll taxes and benefits, and professional fees based on estimated time and effort and other expenses, such as depreciation, insurance, office supplies and expenses, promotion, and rent and utilities, based on usage. The Organization classifies expenses, which are not directly related to a specific program, as Management and General expenses.

Note 2 - Construction Funding Retainage

In accordance with grant agreements, reimbursements from the City of New York (the City) are subject to a 5% retainage. All remaining construction funding retainage held by the City of New York was released to the Organization during the year ended December 31, 2020.

Note 3 - Property and Equipment

Property and equipment by major class consisted of the following at December 31, 2020:

Office equipment	\$ 58,319
Program equipment	133,986
Furniture and fixtures	69,506
Vehicles	75,187
Leasehold improvements	<u>411,485</u>
	748,483
Less: Accumulated depreciation	<u>(713,469)</u>
	<u>\$ 35,014</u>

Note 4 - Net Assets With Donor Restrictions

As of December 31, 2020, net assets with donor restrictions are available as follows:

2021 activities	\$ 50,000
-----------------	-----------

**FOUR FREEDOMS PARK CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 5 - Revenue from Contracts with Customers

All revenue derived from contracts with customers during 2020 was fully earned in the same annual reporting period. Detail of revenue from contracts with customers during the year ended December 31, 2020, is as follows:

License fees for park usage	\$ 88,520
Guided tours	50

Note 6 - Donated Services

Services were donated to the Organization by various organizations and meet the criteria for being recognized as contributions in accordance with GAAP. Amounts are recorded at their estimated fair market values at the date of donation using published rates and prices.

Total contributions in-kind reported on the accompanying statement of activities for the year ended December 31, 2020, amounted to \$91,116. Contributions in-kind consisted of donated legal services.

Note 7 - Government Grants

The Organization was awarded various grants by governmental entities. During the year ended December 31, 2020, total grant revenue recognized under the grants amounted to \$93,519.

Note 8 - Concentrations

The Organization maintains its cash in various accounts with major financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures bank deposits up to \$250,000 per financial institution. At times, the balances of the accounts exceeded the insured limits during the year ended December 31, 2020.

Note 9 - Related Party Transactions

During the year ended December 31, 2020, a member of the Organization's board of directors received \$69,485 in salary as compensation for services provided to the Organization as its Chief Executive Officer.

**FOUR FREEDOMS PARK CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 10 - Commitments and Contingencies

Office Space

The Organization previously leased space pursuant to a non-cancelable operating lease which expired on January 31, 2021. The Organization remained liable for the assignment of the lease for the current subtenant occupying the space up until the expiration date. The Organization is in negotiation with the landlord and subtenant to resolve any rent disputes for the completion of the lease.

Cooperative Agreement

In March 2013, the Organization entered into a cooperative agreement with the New York State Office of Parks, Recreation, and Historic Preservation (the State). The agreement granted to the Organization a license to manage and operate the land and improvements comprising the Park. The agreement had an initial term of 10 years, expiring in 2023. There was an option to extend the agreement for an additional 10 years. There was no rent or other fee due from or to either party of the agreement. The agreement stated that the State would employ best efforts to provide an annual subsidy to the Organization to support basic park operations and security and core maintenance activities. The subsidy from the State was not to exceed \$350,000 in any fiscal year covered by the agreement.

In February 2021, the Organization entered into a friends' programming agreement with the State, which terminated the previous cooperative agreement. The agreement authorizes the Organization to conduct public programming and fundraising efforts. The State will take all operational responsibility and liability for the Park. The agreement has an initial term of two years, expiring in 2023. There is an option to extend the agreement for an additional three years.

The original cooperative agreement asserted that the State shall consent to the Natural Heritage Trust (NHT) paying up to \$100,000 annually to the Organization from a \$2,000,000 investment account established by Alphawood Foundation Chicago. A public benefit corporation of the State of New York, the NHT is a 501(c)(3) charitable organization whose mission is to receive and administer gifts, grants, and contributions to further public programs for parks, recreation, cultural, land and water conservation, and historic preservation.

In February 2021, the agreement with NHT was also updated. The Organization will be eligible for up to \$50,000 annually provided that the Organization raises matching funds from non-State entities. The funds from NHT may only cover non-personnel program costs of the Organization.

**FOUR FREEDOMS PARK CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 11 - Litigation

A complaint was filed against the Organization in March 2017 alleging that the Park did not provide an equally accessible experience for guests with mobility disabilities. The Organization remains committed to taking additional steps to provide a fully and equally accessible experience to all guests. In November 2017, the Organization reached a settlement agreement with plaintiffs which included physical accessibility enhancements. These enhancements are estimated to cost about \$1.5 million and will be funded by existing government grants and future capital campaign contributions. As of December 31, 2020, the Organization has expended \$769,339 on enhancements.

Note 12 - Liquidity and Availability of Financial Assets

The Organization regularly monitors liquidity required to meet its operating needs and other obligations as they come due. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities to be general expenditures. Amounts available for general expenditures over a 12-month period include donor-restricted amounts that are available for ongoing programmatic and support expenditures.

The following reflects the Organization's financial assets, as of December 31, 2020, reduced by amounts not available for general use within one year because of contractual, donor-imposed, or internal restrictions and designations:

Financial assets:	
Cash	\$ 835,190
Receivables	<u>50,000</u>
Total financial assets	885,190
Less those unavailable for general expenditures within one year	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 885,190</u>

Note 13 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures and corrections through May 24, 2021, which is the date the financial statements were available to be issued.