PERELSON
WEINER LLP

FOUR FREEDOMS PARK CONSERVANCY, INC.
AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2013

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AND SUBSIDIARY
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C O N T E N T S

PERELSON
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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Four Freedoms Park Conservancy, Inc.
and Subsidiary

We have audited the accompanying consolidated financial statements of Four Freedoms Park Conservancy, Inc. and Subsidiary (the "Organization"), which comprise the consolidated statement of financial position as of December 31, 2013, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Organization's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Four Freedoms Park Conservancy, Inc. and Subsidiary as of December 31, 2013, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Perelson Weiner LLP

July 15, 2014

FOUR FREEDOMS PARK CONSERVANCY, INC.
AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2013

ASSETS

Cash and cash equivalents	$	2,148,418
Government grants receivable		2,350,000
Cash held in escrow for construction		139,005
Pledges and grants receivable, net		92,500
Inventory		92,596
Prepaid expenses and other assets		94,610
Fixed assets, at cost, less accumulated depreciation		178,896
Total assets	$	5,096,025

LIABILITIES AND NET ASSETS

Accounts and accrued expenses payable	$	350,803
Total liabilities		350,803
Net assets		
Unrestricted		3,687,102
Temporarily restricted		1,058,120
Total net assets		4,745,222
	$	5,096,025

See notes to consolidated financial statements.

FOUR FREEDOMS PARK CONSERVANCY, INC.
AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

	Unrestricted	Temporarily Restricted	Total
Revenue			
Contributions and grants	$ 302,489	$ 79,987	$ 382,476
Government grants - construction reimbursement	2,550,000		2,550,000
NYS Parks grants - park operations	729,000		729,000
Membership	114,148		114,148
Fundraising event	193,729		193,729
Interest income	283		283
Other income	63,280		63,280
Fulfillment of restrictions	1,924,699	(1,924,699)	
Total revenue	5,877,628	(1,844,712)	4,032,916
Expenses			
Program services	2,121,967		2,121,967
Park operations	996,949		996,949
Management and general	150,245		150,245
Fundraising	421,848		421,848
Total expenses	3,691,009		3,691,009
Increase (decrease) in net assets	2,186,619	(1,844,712)	341,907
Net assets			
January 1, 2013	1,500,483	2,902,832	4,403,315
December 31, 2013	$ 3,687,102	$ 1,058,120	$ 4,745,222

See notes to consolidated financial statements.

FOUR FREEDOMS PARK CONSERVANCY, INC.
AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

	Program Services	Park Operations	Management and General	Fundraising	Total Expenses
Construction costs	$ 1,037,730				$ 1,037,730
Fdr4freedoms digital resource	190,550				190,550
Renwick Ruin feasibility study	1,480				1,480
Barge dock	34,656				34,656
Fundraising event				$ 96,202	96,202
Visitor services	55,219			3,157	58,376
Salaries, payroll taxes and benefits	393,390	$ 601,267	$ 81,981	81,876	1,158,514
Professional fees	169,116	608	36,510	73,020	279,254
Security and surveillance		212,095			212,095
Repairs and maintenance		77,792			77,792
Uniforms		15,987			15,987
Personnel development		4,525			4,525
Promotion	32,185		5,364	101,316	138,865
Strategic internet communications	132,369			56,729	189,098
Travel and entertainment	12,476	2,272	979	2,139	17,866
Occupancy and utilities	35,979	22,531	11,993		70,503
Insurance		13,775	2,977		16,752
Office expenses	25,864	30,276	9,339	7,409	72,888
Depreciation	953	15,821	1,102		17,876
	$ 2,121,967	$ 996,949	$ 150,245	$ 421,848	$ 3,691,009

See notes to consolidated financial statements.

FOUR FREEDOMS PARK CONSERVANCY, INC.
AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013

Cash flows from operating activities	
Cash received from contributions and grants	$ 904,853
Cash received from government grants	3,421,609
Cash received from NYS Parks	729,000
Cash transferred from cash held in escrow	322,435
Cash paid for construction	(3,080,123)
Cash paid for fdr4freedoms digital resource	(187,424)
Cash paid for Renwick Ruin feasibility study	(522)
Cash paid to employees and vendors	(3,180,173)
Other income received	63,280
Interest received	283
Net cash used in operating activities	(1,006,782)
Cash flows from investing activities	
Acquisition of property and equipment	(113,164)
Net cash used in investing activities	(113,164)
Net decrease in cash and cash equivalents	(1,119,946)
Cash and cash equivalents, beginning of year	3,268,364
Cash and cash equivalents, end of year	$ 2,148,418

RECONCILIATION OF INCREASE IN NET ASSETS TO NET CASH USED IN OPERATING ACTIVITIES

Increase in net assets	$ 341,907
Adjustments to reconcile increase in net assets to net cash used in operating activities	
Depreciation	17,876
Decrease (increase) in assets	
Government grants receivable	871,609
Cash held in escrow	322,435
Pledges and grants receivable	214,500
Inventory	(92,596)
Prepaid expenses and other assets	(28,110)
Decrease in liabilities	
Accounts payable and accrued expenses	(1,915,303)
Retainage payable	(739,100)
Total adjustments	(1,348,689)
Net cash used in operating activities	$ (1,006,782)

See notes to consolidated financial statements.

Note 1 - Organization

Four Freedoms Park Conservancy, Inc. (the "Conservancy") and Franklin D. Roosevelt Four Freedoms Park, LLC (the "Subsidiary"; collectively the "Organization") were formed in the State of New York and are headquartered in New York City. The Conservancy is the sole member of the Subsidiary.

The Franklin D. Roosevelt Four Freedoms Park LLC was formed September 30, 2008 as a New York single member limited liability company by the Franklin and Eleanor Roosevelt Institute (the "Institute") for the purpose of building the first memorial to President Roosevelt in his home state. Governor Nelson Rockefeller and Mayor John Lindsay renamed Welfare Island for President Roosevelt in 1973 and dedicated four acres at the southern end of the island for a park in his memory. Louis I. Kahn was commissioned to design the memorial, named Franklin D. Roosevelt Four Freedoms Park, a New York State park (the "Park"). The project is a partnership between city and state governmental departments and agencies and the private sector. Construction began March 29, 2010 on Roosevelt Island, in the East River across from the United Nations, and was completed in September 2012.

The budget for construction of the Park, development of fdr4freedoms digital resource, operating expenses for the Subsidiary and the Conservancy, through completion was $53 million. Public funding accounted for $21 million. The private sector accounted for $32 million, or 60% of total cost.

The Conservancy is a not-for-profit entity incorporated in New York State on June 30, 2011. In October 2011, the Institute assigned all rights, title and interest in and to the sole membership in the Subsidiary to the Conservancy.

The mission of the Conservancy is to operate, maintain, program and fund the Park under a Cooperative Agreement with N.Y. State Parks Department executed in March 2013. In addition, the Conservancy is creating and will maintain the fdr4freedoms digital resource, an educational initiative using narrative, historical video, photos and documents to make the history of the Roosevelt era accessible electronically to Park visitors, and through the internet, to people everywhere in the world. An extensive schedule of on-site public programs, educational partnerships with schools, and public tours were offered throughout the year.

Opened to the public October 24, 2012, and well received by public and press, the Park welcomed 171,581 visitors through 2013.

Note 2 - Summary of Significant Accounting Policies

a) Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Conservancy and the Subsidiary. All material balances and transactions between the entities have been eliminated in consolidation.

b) Tax Status

The Conservancy is qualified as a tax-exempt organization as defined under the provisions of Sections 501(c)(3) and 509(a) of the Internal Revenue Code of 1986.

The Subsidiary is a single member limited liability company and, accordingly, is treated as a disregarded entity for income tax purposes.

c) Basis of Accounting

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

d) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

e) Net Assets

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

f) Construction and Development Costs

Roosevelt Island is owned by the City of New York and leased to New York State through 2068. At the end of the lease, the Island, including the Park, will revert to New York City. Accordingly, all costs incurred in connection with the construction and development of the Park are expensed as incurred.

Note 2 - Summary of Significant Accounting Policies (Continued)

g) Fdr4freedoms Digital Resource Costs

Costs incurred in connection with production and development of the digital resource, including but not limited to creating, designing, editing, title clearing, digitizing, maintaining and hosting the fdr4freedoms digital resource are expensed as incurred as the digital resource is available publicly to internet users, and Management has determined that no direct economic benefit is expected to be derived in the future for the costs to be recognized over a definitive period.

h) Cash and Cash Equivalents

For statement of cash flow purposes, the Organization considers all highly liquid financial instruments with a maturity at the time of purchase of three months or less to be cash equivalents.

i) Cash Held in Escrow for Construction

Disbursement of construction payments and receipt of requisition funds from New York State and New York City were transacted in escrow bank accounts set up for each construction phase pursuant to certain Escrow Agreements amongst Roosevelt Island Operating Corporation ("RIOC"), a public benefit corporation of the State of New York, and the Subsidiary. Upon the satisfaction of specified conditions, the escrow were released from restriction.

j) Pledges and Grants Receivable

Pledges and grants receivable are recorded at the estimated realizable value if expected to be collected within one year and at the present value of estimated future cash flows if expected to be collected in more than one year. The Organization provides an allowance for doubtful receivables using the reserve method.

k) Inventories

Inventories consist of materials held for sale by the Conservancy and are stated at the lower of cost (first-in, first-out method) or market.

l) Fixed Assets

Fixed assets are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Major improvements and replacements of property are capitalized. Maintenance, repairs and minor improvements and replacements are expensed as incurred.

Note 2 - Summary of Significant Accounting Policies (Continued)

m) Retainage Payable

Certain percentages of amounts due under construction contracts are recorded as retainage payable when they become billable under the contracts.

Upon completion of projects under contract, retainage is released and paid to the contractor. As of December 31, 2013, all retainage has been released.

n) Fair Value

The estimated fair value of the Organization's assets and liabilities approximate their carrying values.

o) Contributions and Revenue Recognition

Contributions received, including unconditional promises to give, are recognized as support in the period received at their fair values. Contributions are recorded as temporarily restricted support if they are received with donor stipulations that limit their use. When a donor restriction expires, that is, when a stipulated purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Accordingly, pledges and grants receivable are not recorded until collectability is assured.

Admission to the Park is free to all visitors.

p) Government Grants

The Federal, New York State and New York City governmental departments and agencies awarded the Organization grants of approximately $21,000,000 in support of the development and construction of the Park. These grants are awarded based on allowable expenses paid.

The funds that New York State and New York City and Federal Government have committed to the Park are available on a reimbursement basis for certain construction costs after the costs have been incurred. All requisitions for reimbursement must be approved by the representatives of their respective departments and agencies before the Park receives the funds.

The Organization recognizes revenue in connection with these grants as expenditures are made. During 2013, the Organization incurred expenses of approximately $2,350,000 which are reimbursable by government departments and agencies, and included as government grants receivable as of December 31, 2013.

Note 2 - Summary of Significant Accounting Policies (Continued)

p) Government Grants (Continued)

From inception through December 31, 2013, the Organization incurred expenses of approximately $19,500,000 million which were reimbursable by government departments and agencies, of which approximately $17,150,000 have been collected.

q) New York State Parks Grants

Effective March 2013, the Conservancy entered into a Cooperative Agreement ("Agreement") with the Office of the State Comptroller of the State of New York acting by and through the Office of Parks, Recreation and Historic Preservation ("State Parks"). Pursuant to the Agreement, State Parks grants an exclusive license to the Conservancy to maintain and operate the land and improvements which comprise the Park, and will pay the Conservancy an annual state subsidy for the sole purpose of subsidizing basic park operations as defined in the Agreement. The state subsidy for the period commencing October 24, 2012 through March 31, 2013 was $179,000. The state subsidy for fiscal year ending March 31, 2014, and in any future fiscal year, will not exceed $350,000. The Conservancy received its first $179,000 from State Parks for fiscal year 2012 in August 2013, and $350,000 for fiscal year 2013 in September 2013.

In furtherance of the Agreement, under the direction of State Parks, the Conservancy is entitled to annual payments from a $2,000,000 investment account funded by the Alphawood Foundation (the "Fund") maintained in the Natural Heritage Trust ("NHT"), a public benefit corporation qualified as a 501(c)(3) of the Internal Revenue Code, pursuant to a Gift Agreement dated May 19, 2010 between the Fund and NHT. Payments to the Conservancy are anticipated to be 5% of the Fund's principal value, up to a maximum of $100,000 in any fiscal year. The Conservancy received its first $100,000 from NHT for fiscal year 2012 in April 2013, and $100,000 for fiscal year 2013 in September 2013.

The Agreement may only be terminated under specific conditions outlined in the Agreement.

r) Membership

Membership dues are considered contributions to the Organization and are recognized as revenue upon receipt.

Note 2 - Summary of Significant Accounting Policies (Continued)

s) Contributed Services

Members of the Board of Directors serve without compensation. In addition, the President/CEO of the Conservancy serves full-time without compensation. Since the services do not meet the criteria for recognition, the value of contributed time has not been reflected in the accompanying consolidated financial statements.

t) Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the consolidated statement of activities. Expenses have been charged to program and supporting services either directly, when identifiable, or indirectly based on management's estimation of the services benefited.

u) Accounting for Uncertainty in Income Taxes

The Organization recognizes the effect from an uncertain tax position only if it is more likely than not that the tax position will not be sustained based on the technical merits of the position upon examination by the taxing authorities. Management has determined that the Conservancy had no uncertain tax positions that would require financial statement recognition or disclosure as of December 31, 2013. No income tax associated interest or penalties were incurred in 2013.

The Organization's Forms 990, Return of Organization Exempt from Income Tax, for the period from May 13, 2011 (inception) through December 31, 2011 and for the years ended December 31, 2013 and 2012 are subject to examination by the Internal Revenue Service, generally for three years after they were filed. There are currently no audits for any tax periods in progress.

v) Subsequent Events Evaluation

Management has evaluated subsequent events through July 15, 2014, the date the consolidated financial statements were available to be issued, and has determined that, except as disclosed in Note 8, there are no subsequent events that require adjustment or disclosure.

Note 3 - Fixed Assets

Fixed assets as of December 31, 2013 consisted of:

		Estimated Useful Life
Headquarters construction in progress	$ 59,961	
Furniture	18,175	3-4 Years
Equipment	78,955	4 Years
Computers	14,735	3 Years
Utility automobiles	28,205	5 Years
	200,031	
Less: accumulated depreciation	(21,135)	
	$ 178,896	

Depreciation expense was $17,876 for 2013.

Note 4 - Employee Retirement Plan

A defined contribution retirement plan qualified under Section 403(b) of the Internal Revenue Code covering all eligible employees is maintained. Employees may make contributions to the Plan through payroll deductions up to the maximum amount allowed. During 2013, the Organization made a contribution which equals 4% of eligible participants' compensation. Plan contributions for the year ended December 31, 2013 were $18,840.

Note 5 - Credit Risk Concentration

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist principally of cash and receivables. At times, cash balances held at financial institutions were in excess of government insured limits. Management mitigates the risk by maintaining funds at high quality financial institutions.

Note 6 - Temporarily Restricted Net Assets

As of December 31, 2013, temporarily restricted net assets, by donor stipulation, are to be used for the following purposes:

Fdr4freedoms Digital Resource	$ 895,528
Renwick Ruin feasibility study	112,605
West Gatehouse and Keep	49,987
	$ 1,058,120

During the year ended December 31, 2013, the restrictions on certain temporarily restricted net assets were satisfied as follows:

Park construction	$ 1,732,669
Fdr4freedoms Digital Resource	190,550
Renwick Ruin feasibility study	1,480
	$ 1,924,699

Note 7 - Lease Commitments

The office premises in New York City were leased pursuant to an operating lease for a one-year term through January 31, 2013. During January 2014, a lease renewal for the period February 1, 2014 through June 30, 2014 was entered into. Rental expenses for 2013 were $42,410.

The Organization has various leases covering office equipment and an office trailer at the Park that expire at various dates through May 31, 2017. Rental expenses for 2013 were $8,733.

Minimum annual rental payments under operating leases, excluding the January 2014 lease discussed in Note 8, are as follows:

Year Ending December 31,	Office	Equipment and Trailer	Total
2014	$ 22,300	$ 6,042	$ 28,342
2015	-	6,042	6,042
2016	-	3,300	3,300
2017	-	1,100	1,100
Total	$ 22,300	$ 16,484	$ 38,784

Note 8 - Subsequent Events

During January 2014, a seven year non-cancelable lease for the Organization's headquarters at an approximate annual rental of $200,000 was entered into.