

**MADISON SQUARE PARK CONSERVANCY, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**



LUTZ AND GARR

CERTIFIED PUBLIC ACCOUNTANTS, LLP

551 FIFTH AVENUE - SUITE 400, NEW YORK, NY 10176

212-697-2299 FAX: 212-949-1768

## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of  
Madison Square Park Conservancy, Inc.

We have audited the accompanying financial statements of Madison Square Park Conservancy, Inc. (a not-for-profit corporation), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Madison Square Park Conservancy, Inc. as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 14 to the financial statements, in March 2020, the United States declared the global pandemic novel coronavirus COVID-19 outbreak a national emergency. As a result, Madison Square Park Conservancy, Inc. has suspended some of its program activities at the direction of state and local governmental authorities. Our opinion is not modified with respect to this matter.

*Lotz + Carr, LLP*

New York, New York  
June 10, 2021

## MADISON SQUARE PARK CONSERVANCY, INC.

## STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Cash and cash equivalents (Notes 1b and 9)	\$ 1,156,545	\$ 1,109,247
Restricted cash (Notes 1b, 1o and 9)	1,186,510	689,187
Certificates of deposit (Notes 1c and 1d)	314,832	312,043
Contributions receivable (Notes 1e and 5)		
Without donor restrictions	144,985	141,702
With donor restrictions	1,919,735	2,080,752
Accounts receivable and other assets	33,531	44,992
Prepaid expenses	166,952	204,416
Investments (Notes 1c, 1f and 4)		
Without donor restrictions	26,107	214,904
With donor restrictions (Note 7)	11,217,100	10,201,116
Property and equipment, at cost, net of accumulated depreciation (Notes 1g and 6)	<u>280,215</u>	<u>286,732</u>
<b>Total Assets</b>	<u><u>\$16,446,512</u></u>	<u><u>\$15,285,091</u></u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 214,665	\$ 505,245
Due to The City of New York (Note 10a)	151,662	194,258
Deferred revenue (Note 1h)	78,043	114,007
Total Liabilities	<u>444,370</u>	<u>813,510</u>
Commitments and Contingencies (Notes 10, 13 and 14)		
Net Assets (Note 3)		
Without donor restrictions	2,007,789	1,794,771
With donor restrictions	<u>13,994,353</u>	<u>12,676,810</u>
Total Net Assets	<u>16,002,142</u>	<u>14,471,581</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$16,446,512</u></u>	<u><u>\$15,285,091</u></u>

See notes to financial statements.

## MADISON SQUARE PARK CONSERVANCY, INC.

## STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Changes in Net Assets</b>						
Revenue and Other Support						
Contributions	\$ 2,705,578	\$ 841,205	\$ 3,546,783	\$ 3,635,214	\$ 970,603	\$ 4,605,817
Loan forgiveness - Paycheck Protection Program (Note 8)	471,903	-	471,903	-	-	-
Fundraising benefits	-	-	-	1,429,639	-	1,429,639
Less: Direct benefit expense	-	-	-	(385,335)	-	(385,335)
Park usage event fees	25,000	-	25,000	325,000	-	325,000
Other events	-	-	-	37,500	-	37,500
Artwork loan fees and commissions	45,900	-	45,900	25,000	-	25,000
Net sublicensing and concession revenue (Notes 10b and 10c)	846,029	-	846,029	893,237	-	893,237
Net investment income (Note 4)	24,483	997,970	1,022,453	26,232	1,207,612	1,233,844
Other income	28,557	-	28,557	63,215	-	63,215
Donated services and facilities (Note 12)	46,216	-	46,216	271,000	-	271,000
	<u>4,193,666</u>	<u>1,839,175</u>	<u>6,032,841</u>	<u>6,320,702</u>	<u>2,178,215</u>	<u>8,498,917</u>
Net assets released from restrictions						
Satisfaction of program and time restrictions	495,500	(495,500)	-	1,764,557	(1,764,557)	-
Endowment appropriations for use in operations	21,832	(21,832)	-	141,322	(141,322)	-
	<u>4,710,998</u>	<u>1,321,843</u>	<u>6,032,841</u>	<u>8,226,581</u>	<u>272,336</u>	<u>8,498,917</u>
Total Revenue and Other Support (Note 11)						
Expenses (Notes 10d and 11)						
Program Services	3,280,895	-	3,280,895	7,237,117	-	7,237,117
Supporting Services						
Management and general	703,231	-	703,231	521,854	-	521,854
Fundraising	513,854	-	513,854	538,332	-	538,332
Total Supporting Services	<u>1,217,085</u>	<u>-</u>	<u>1,217,085</u>	<u>1,060,186</u>	<u>-</u>	<u>1,060,186</u>
Total Expenses	<u>4,497,980</u>	<u>-</u>	<u>4,497,980</u>	<u>8,297,303</u>	<u>-</u>	<u>8,297,303</u>
Increase (Decrease) in Net Assets Before Non-Operating and Capital Activity (Note 3a)	213,018	1,321,843	1,534,861	(70,722)	272,336	201,614
Non-Operating and Capital Activity						
Endowment appropriations for park related improvements	4,300	(4,300)	-	160,607	(160,607)	-
Park related improvements	<u>(4,300)</u>	<u>-</u>	<u>(4,300)</u>	<u>(160,607)</u>	<u>-</u>	<u>(160,607)</u>
Increase (decrease) in net assets	213,018	1,317,543	1,530,561	(70,722)	111,729	41,007
Net assets, beginning of year	<u>1,794,771</u>	<u>12,676,810</u>	<u>14,471,581</u>	<u>1,865,493</u>	<u>12,565,081</u>	<u>14,430,574</u>
<b>Net Assets, End of Year</b>	<u>\$ 2,007,789</u>	<u>\$13,994,353</u>	<u>\$16,002,142</u>	<u>\$ 1,794,771</u>	<u>\$12,676,810</u>	<u>\$14,471,581</u>

See notes to financial statements.

## MADISON SQUARE PARK CONSERVANCY, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020 WITH COMPARATIVE TOTALS FOR 2019

	Program Services						Supporting Services			2020	2019	
	Park Maintenance	Park - Capital Improvements	Kids, Horticulture, and Other Programming	Venice Biennale	Art	Sustainability	Total	Management and General	Fundraising	Total	Total Expenses	Total Expenses
Salaries	\$ 718,605	\$ 66,755	\$ 216,497	\$ -	\$351,894	\$ 187,961	\$1,541,712	\$ 221,875	\$ 334,960	\$ 556,835	\$2,098,547	\$2,119,894
Payroll taxes	61,461	10,330	17,220	-	30,391	16,617	136,019	20,910	31,086	51,996	188,015	198,406
Employee benefits	158,212	29,548	48,078	-	59,242	26,510	321,590	92,132	50,123	142,255	463,845	564,224
Consultants and outside service fees	66,705	9,000	7,385	-	37,889	-	120,979	1,756	-	1,756	122,735	1,025,720
Park grounds improvements	-	4,300	-	-	-	-	4,300	-	-	-	4,300	160,607
Depreciation	27,743	-	8,588	-	13,951	7,455	57,737	8,795	13,282	22,077	79,814	72,210
Equipment purchases and leases	9,942	-	-	-	-	-	9,942	3,012	-	3,012	12,954	43,777
Event costs - other	-	-	-	-	-	-	-	-	23,550	23,550	23,550	71,375
Insurance	4,419	-	-	2,252	9,197	-	15,868	26,041	-	26,041	41,909	101,293
Credit card fees and bank charges	-	-	-	-	-	-	-	8,575	-	8,575	8,575	27,500
Security	290,368	-	-	-	900	-	291,268	-	-	-	291,268	355,354
Exhibition installation and fabrication	-	-	-	-	246,442	4,800	251,242	-	26,300	26,300	277,542	1,250,331
Performers and technical fees	-	-	18,167	-	500	-	18,667	-	-	-	18,667	178,755
Landscaping	98,140	195	-	-	13,400	-	111,735	-	-	-	111,735	141,425
Printing and design	62,749	55,640	4,187	-	44,212	4,256	171,044	3,258	14,106	17,364	188,408	360,445
Professional fees	8,450	7,550	2,500	10,000	56,756	-	85,256	45,400	500	45,900	131,156	708,370
Repairs and maintenance	6,142	1,197	-	-	-	-	7,339	24,511	6,059	30,570	37,909	54,012
Supplies	49,373	-	4,540	-	6,669	142	60,724	9,706	739	10,445	71,169	138,046
Telephone and communications	11,838	-	-	-	36	4,300	16,174	21,339	1,413	22,752	38,926	35,596
Travel, lodging and hospitality	11,341	-	2,257	-	18,750	1,693	34,041	3,020	9,474	12,494	46,535	573,161
Donated office space	-	-	-	-	-	-	-	150,000	-	150,000	150,000	150,000
Bad debt expense	-	-	-	-	-	-	-	24,410	-	24,410	24,410	30,000
Other expenses	23,018	-	3,153	-	3,300	87	29,558	38,491	2,262	40,753	70,311	97,409
Total Expenses	1,608,506	184,515	332,572	12,252	893,529	253,821	3,285,195	703,231	513,854	1,217,085	4,502,280	\$8,457,910
Less: Park related improvements	-	(4,300)	-	-	-	-	(4,300)	-	-	-	(4,300)	(160,607)
Total Expenses Before Non-Operating and Capital Activity, 2020	<u>\$ 1,608,506</u>	<u>\$ 180,215</u>	<u>\$ 332,572</u>	<u>\$ 12,252</u>	<u>\$893,529</u>	<u>\$ 253,821</u>	<u>\$3,280,895</u>	<u>\$ 703,231</u>	<u>\$ 513,854</u>	<u>\$1,217,085</u>	<u>\$4,497,980</u>	
Total Expenses Before Non-Operating and Capital Activity, 2019 (Note 11)	<u>\$ 1,869,381</u>	<u>\$ 712,893</u>	<u>\$ 529,689</u>	<u>\$3,129,256</u>	<u>\$950,046</u>	<u>\$ 45,852</u>	<u>\$7,237,117</u>	<u>\$ 521,854</u>	<u>\$ 538,332</u>	<u>\$1,060,186</u>		<u>\$8,297,303</u>

See notes to financial statements.

## MADISON SQUARE PARK CONSERVANCY, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2019

	Program Services						Supporting Services			Total Expenses	
	Park Maintenance	Park - Capital Improvements	Kids, Horticulture, and Other Programming	Venice Biennale	Art	Sustainability	Total	Management and General	Fundraising		Total
Salaries	\$ 742,373	\$ 176,039	\$ 194,204	\$ 330,023	\$224,508	\$ 35,975	\$1,703,122	\$ 159,813	\$ 256,959	\$ 416,772	\$2,119,894
Payroll taxes	66,805	15,479	17,755	33,900	21,912	2,799	158,650	14,736	25,020	39,756	198,406
Employee benefits	180,596	9,110	68,100	38,243	68,476	2,151	366,676	103,013	94,535	197,548	564,224
Consultants and outside service fees	115,894	-	30,340	798,994	80,192	-	1,025,420	-	300	300	1,025,720
Park grounds improvements	-	160,607	-	-	-	-	160,607	-	-	-	160,607
Depreciation	33,218	-	8,694	-	10,045	1,610	53,567	7,149	11,494	18,643	72,210
Equipment purchases and leases	8,928	3,315	23,450	1,178	2,266	-	39,137	4,640	-	4,640	43,777
Event costs - other	-	-	-	-	-	-	-	-	71,375	71,375	71,375
Insurance	1,816	-	-	58,487	12,372	-	72,675	28,618	-	28,618	101,293
Credit card fees and bank charges	44	1,811	-	2,067	-	-	3,922	23,339	239	23,578	27,500
Security	348,552	-	1,700	1,940	480	-	352,672	-	2,682	2,682	355,354
Exhibition installation and fabrication	-	386,696	-	511,807	351,828	-	1,250,331	-	-	-	1,250,331
Performers and technical fees	-	-	112,307	66,448	-	-	178,755	-	-	-	178,755
Landscaping	130,275	1,250	-	-	9,900	-	141,425	-	-	-	141,425
Printing and design	51,909	37,545	20,036	164,090	57,372	-	330,952	5,181	24,312	29,493	360,445
Professional fees	5,250	20,751	1,900	592,573	34,305	-	654,779	49,820	3,771	53,591	708,370
Repairs and maintenance	16,558	4,730	-	3,285	-	-	24,573	20,505	8,934	29,439	54,012
Supplies	64,973	16	20,128	22,144	14,071	208	121,540	14,281	2,225	16,506	138,046
Telephone and communications	7,809	22	-	3,669	-	-	11,500	23,456	640	24,096	35,596
Travel, lodging and hospitality	5,618	32,340	12,560	463,190	36,078	527	550,313	9,641	13,207	22,848	573,161
Donated office space	52,530	12,450	13,740	23,355	15,885	2,550	120,510	11,310	18,180	29,490	150,000
Bad debt expense	-	-	-	-	-	-	-	30,000	-	30,000	30,000
Other expenses	36,233	11,339	4,775	13,863	10,356	32	76,598	16,352	4,459	20,811	97,409
<b>Total Expenses</b>	<b>1,869,381</b>	<b>873,500</b>	<b>529,689</b>	<b>3,129,256</b>	<b>950,046</b>	<b>45,852</b>	<b>7,397,724</b>	<b>521,854</b>	<b>538,332</b>	<b>1,060,186</b>	<b>8,457,910</b>
Less: Park related improvements	-	(160,607)	-	-	-	-	(160,607)	-	-	-	(160,607)
<b>Total Expenses Before Non-Operating and Capital Activity (Note 11)</b>	<b>\$ 1,869,381</b>	<b>\$ 712,893</b>	<b>\$ 529,689</b>	<b>\$3,129,256</b>	<b>\$950,046</b>	<b>\$ 45,852</b>	<b>\$7,237,117</b>	<b>\$ 521,854</b>	<b>\$ 538,332</b>	<b>\$1,060,186</b>	<b>\$8,297,303</b>

See notes to financial statements.

## MADISON SQUARE PARK CONSERVANCY, INC.

## STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<b>Cash Flows From Operating Activities</b>		
Increase in net assets	\$1,530,561	\$ 41,007
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
Depreciation	79,814	72,210
Bad debt expense	24,410	30,000
Unrealized (gain) loss on investments	221,481	(941,103)
Realized gain on investments	(908,027)	-
(Increase) decrease in:		
Contributions receivable	133,324	(100,056)
Accounts receivable and other assets	11,461	98,296
Prepaid expenses	37,464	152,140
Increase (decrease) in:		
Accounts payable and accrued expenses	(290,580)	326,257
Due to The City of New York	(42,596)	31,534
Deferred revenue	(35,964)	114,007
Refundable advances	-	(141,250)
Net Cash Provided (Used) By Operating Activities	<u>761,348</u>	<u>(316,958)</u>
<b>Cash Flows From Investing Activities</b>		
Investment in certificate of deposit	(2,789)	-
Purchase of investments	(3,903,985)	(799,462)
Proceeds from sale of investments	3,763,344	558,385
Purchase of property and equipment	(73,297)	(67,539)
Net Cash Used By Investing Activities	<u>(216,727)</u>	<u>(308,616)</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	544,621	(625,574)
Cash, cash equivalents and restricted cash, beginning of year	<u>1,798,434</u>	<u>2,424,008</u>
<b>Cash, Cash Equivalents and Restricted Cash, End of Year</b>	<u><u>\$2,343,055</u></u>	<u><u>\$1,798,434</u></u>

See notes to financial statements.



**MADISON SQUARE PARK CONSERVANCY, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2020 AND 2019****Note 1 - Organization and Summary of Significant Accounting Policies****a - Organization**

Madison Square Park Conservancy, Inc. (the "Organization"), a not-for-profit corporation, was incorporated in the State of New York on November 12, 2002.

Madison Square Park Conservancy's mission is to protect, nurture and enhance Madison Square Park, a dynamic seven-acre public green space, creating an environment that fosters moments of inspiration. As stewards, we strive to engage the community through our beautiful gardens, inviting amenities, and world-class programming. We believe that in an urban setting everyone deserves access to a park that allows for recreation, respite, and reflection.

**b - Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments, purchased with a maturity of three months or less, to be cash equivalents, except for those managed by the Organization's investment managers as part of their long-term investment strategies.

**c - Fair Value Measurements**

Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-based measurement. Generally accepted accounting principles establish a framework for measuring fair value which maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those the market participants would use in pricing the asset based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumptions about the inputs market participants would use in pricing the asset developed based on the best information available in the circumstances. Fair value measurements are categorized into three levels as follows:

Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 Inputs that are unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

**MADISON SQUARE PARK CONSERVANCY, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2020 AND 2019****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****d - Certificates of Deposit**

Certificates of deposit are reported at fair value in the statement of financial position. The value of certificates of deposit are based on quoted market prices in active markets and are, therefore, classified within Level 1 of the fair value hierarchy.

**e - Contributions**

Contributions are recognized when the donor makes a promise to give to the Organization, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal 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. Membership revenue is recognized as contribution revenue as it represents general operating support of the Organization.

Conditional promises to give, that have a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. The Organization receives cost-reimbursement government grants which are conditioned upon incurring allowable qualifying expenses. Amounts are received as revenue when the Organization has incurred expenditures in compliance with specific grant provisions.

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

**f - Investments**

The Organization reflects investments at fair value in the statement of financial position. Interest, dividends, and realized and unrealized gains and losses are reflected in the statement of activities as increases and decreases in net assets without donor restrictions unless their use is 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 satisfied or expire in the fiscal year in which the gains and other investment income are recognized. All other donor restricted gains and other investment income 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.

**g - Property and Equipment**

Property and equipment acquired are recorded at cost and are depreciated using the straight-line method over the estimated useful life of the related asset.

**MADISON SQUARE PARK CONSERVANCY, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2020 AND 2019****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****h - Revenue Recognition**

The Organization has revenue streams that are accounted for as exchange transactions, including park usage and other event fees, artwork loan fees and commissions, 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.

**i - 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 grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

**j - 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. Accordingly, actual results could differ from those estimates.

**k - Functional Allocation of Expenses**

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

**MADISON SQUARE PARK CONSERVANCY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

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

l - Tax Status

Madison Square Park Conservancy, Inc. is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

m - Subsequent Events

The Organization has evaluated subsequent events through June 10, 2021, the date that the financial statements are considered available to be issued.

n - Prior Year Information

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

o - New Accounting Standards

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

In 2020, The Organization also adopted ASU No. 2016-18, *Statement of Cash Flows (Topic 230)*. The ASU requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. Therefore, restricted cash and restricted cash equivalents are included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position that sum to the total of the same such amounts in the statement of cash flows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$1,156,545	\$1,109,247
Restricted cash	<u>1,186,510</u>	<u>689,187</u>
Total Cash and Restricted Cash Shown in the Statement of Cash Flows	<u>\$2,343,055</u>	<u>\$1,798,434</u>

**MADISON SQUARE PARK CONSERVANCY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

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

o - New Accounting Standards (continued)

Amounts included in restricted cash represent cash received with donor-imposed restrictions that limit the use of cash for specified purposes or the passage of time (Note 3b).

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

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

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

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

	<u>2020</u>	<u>2019</u>
Financial Assets at Year End:		
Cash and cash equivalents	\$ 2,343,055	\$ 1,798,434
Certificate of deposit	314,832	312,043
Contributions receivable	2,064,720	2,222,454
Accounts receivable and other assets	33,531	44,992
Investments	<u>11,243,207</u>	<u>10,416,020</u>
Total Financial Assets	15,999,345	14,793,943
Less: Amounts not Available to be Used within One Year:		
Net assets with donor restrictions	(13,994,353)	(12,676,810)
Less: Net assets with restrictions to be met within one year	1,585,992	946,749
Less: Endowment appropriations for use in operations within one year	<u>267,000</u>	<u>310,000</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$ 3,857,984</u>	<u>\$ 3,373,882</u>

**MADISON SQUARE PARK CONSERVANCY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

**Note 3 - Net Assets**

a - Net Assets Without Donor Restrictions

Board Designated Operating Reserve

The Organization maintains a significant portion of its net assets without donor restrictions as a board designated reserve for operating expenses. Pursuant to the policy adopted by the Board of Trustees, the reserve balance maintained is not to be less than three months of annual operating expenses. As of December 31, 2020 and 2019, the required reserve was approximately \$1.1 million, based on operating expenses in the Organization's 2020 budget of approximately \$4.9 million and 2019 operating budget of approximately \$4.3 million. Cash without donor restrictions and certificates of deposit were in excess of the required reserve balance as of December 31, 2020 and 2019.

COVID Relief Reserve Fund

The Board of Trustees approved the designation of the \$213,018 operating surplus for the year ended December 31, 2020 to create a COVID relief reserve fund to be used for 2021 operating purposes.

b - Net Assets With Donor Restrictions

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

	<u>2020</u>	<u>2019</u>
Operating - Subject to expenditure for specified purpose:		
Music and art programing	\$ 341,750	\$ 193,750
Capital Campaign	<u>2,050,613</u>	<u>1,620,614</u>
	<u>2,392,363</u>	<u>1,814,364</u>
Subject to passage of time:		
General Operations	19,000	154,251
Donated facilities - long-term lease (Note 12)	<u>594,282</u>	<u>691,325</u>
	<u>613,282</u>	<u>845,576</u>
	<u>3,005,645</u>	<u>2,659,940</u>
Endowments subject to spending policy and appropriation:		
Investment income above original gift amount:		
Park Fund	2,660,504	1,945,578
Martin Art Fund	227,003	134,112
LeWitt Art Fund	<u>422,825</u>	<u>258,804</u>
	<u>3,310,332</u>	<u>2,338,494</u>
Investment in perpetuity:		
Park Fund	5,418,332	5,418,332
Martin Friedman Fund for Madison Square Art	831,957	831,957
Sol Lewitt Fund for Artists' Work	<u>1,428,087</u>	<u>1,428,087</u>
	<u>7,678,376</u>	<u>7,678,376</u>
Total Endowments	<u>10,988,708</u>	<u>10,016,870</u>
Total Net Assets with Donor Restrictions	<u>\$13,994,353</u>	<u>\$12,676,810</u>

## MADISON SQUARE PARK CONSERVANCY, INC.

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

**Note 3 - Net Assets (continued)**b - Net Assets With Donor Restrictions (continued)

The Organization's net assets with donor restrictions include endowment funds established for the following purposes:

1) Park Fund

The Park Fund endowment was established in 2002, with funds raised through the Organization's original capital campaign, to fund the maintenance, beautification and programming of Madison Square Park.

2) Martin Friedman Fund for Madison Square Art

The Martin Art Fund endowment was established in 2011 to fund the curatorial position in Martin Friedman's name.

3) Sol LeWitt Fund for Artists' Work

The LeWitt Art Fund endowment was established in 2005 to fund the presentation of art exhibitions in Madison Square Park.

**Note 4 - Investments**

Investments at December 31, 2020 and 2019, which are all classified as Level 1 in the fair value hierarchy, are reflected at fair value and consist of the following:

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash and money market funds	\$ 303,658	\$ 303,658	\$ 260,921	\$ 260,921
Mutual funds and exchange traded funds:				
Fixed income	6,901,807	7,219,507	7,762,314	7,839,617
Equities - domestic	2,900,050	3,512,769	1,131,560	2,242,431
Equities - foreign	<u>168,488</u>	<u>207,273</u>	<u>70,540</u>	<u>73,051</u>
	<u>\$10,274,003</u>	<u>\$11,243,207</u>	<u>\$9,225,335</u>	<u>\$10,416,020</u>

Net investment income consists of the following:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 391,115	\$ 345,976
Realized gain on sale of investments	908,027	-
Unrealized gain (loss) on investments	(221,481)	941,103
Investment fees	<u>(55,208)</u>	<u>(53,235)</u>
	<u>\$1,022,453</u>	<u>\$1,233,844</u>

**MADISON SQUARE PARK CONSERVANCY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

**Note 5 - Contributions Receivable**

Contributions receivable are due as follows:

	<u>2020</u>	<u>2019</u>
Due within one year	\$1,061,419	\$ 976,952
Due within one to five years	<u>1,091,583</u>	<u>1,366,500</u>
	2,153,002	2,343,452
Less: Discount to present value	<u>(88,282)</u>	<u>(120,998)</u>
	<u>\$2,064,720</u>	<u>\$2,222,454</u>

Contributions receivable due after one year are reflected at present value of estimated future cash flows using a discount rate of 3%. Uncollectible contributions receivable are expected to be insignificant.

During 2019, the Organization was awarded a cost-reimbursement grant by the New York State Senate in the amount of \$540,000 for the Park House Capital Improvement Project. For the year ended December 31, 2020, this grant has not yet been recognized in the accompanying financial statements, since it is conditional on incurring qualifying expenditures.

The Organization has also received a pledge of \$1,000,000 subject to meeting certain fundraising goals of the capital campaign.

**Note 6 - Property and Equipment**

Property and equipment consist of the following:

	<u>Life</u>	<u>2020</u>	<u>2019</u>
Office equipment and website	3-5 years	\$153,335	\$101,082
Leasehold improvements	Life of lease	295,930	295,930
Park machinery, furniture and program equipment	5-7 years	<u>198,969</u>	<u>177,925</u>
		648,234	574,937
Less: Accumulated depreciation		<u>(368,019)</u>	<u>(288,205)</u>
		<u>\$280,215</u>	<u>\$286,732</u>



**MADISON SQUARE PARK CONSERVANCY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

**Note 7 - Endowment Funds**

The Organization's endowment consists of the donor-restricted endowment funds described in Note 3b. 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 perpetual in nature (a) the original value of gifts donated to the permanent 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 subject to spending policy and appropriation 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 are donor-restricted and are summarized by net asset classification as follows:

	<b>2020</b>		
	<b>Investment Income Above Original Amount</b>	<b>Investment in Perpetuity</b>	<b>Total</b>
Donor-Restricted Endowment Funds			
Park Fund	\$2,660,504	\$5,418,332	\$ 8,078,836
Martin Friedman Fund for Madison Square Art	227,003	831,957	1,058,960
Sol LeWitt Fund for Artists' Work	<u>422,825</u>	<u>1,428,087</u>	<u>1,850,912</u>
	<u>\$3,310,332</u>	<u>\$7,678,376</u>	<u>\$10,988,708</u>

## MADISON SQUARE PARK CONSERVANCY, INC.

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Note 7 - Endowment Funds (continued)

	<u>2019</u>		
	<u>Investment Income Above Original Amount</u>	<u>Investment in Perpetuity</u>	<u>Total</u>
Donor-Restricted Endowment Funds			
Park Fund	\$1,945,578	\$5,418,332	\$ 7,363,910
Martin Friedman Fund for Madison Square Art	134,112	831,957	966,069
Sol LeWitt Fund for Artists' Work	<u>258,804</u>	<u>1,428,087</u>	<u>1,686,891</u>
	<u>\$2,338,494</u>	<u>\$7,678,376</u>	<u>\$10,016,870</u>

Changes in endowment funds are summarized as follows for the years ended December 31:

	<u>2020</u>		
	<u>Investment Income Above Original Amount</u>	<u>Investment in Perpetuity</u>	<u>Total</u>
Endowment funds, beginning of year	\$2,338,494	\$7,678,376	\$10,016,870
Net investment gain	997,970	-	997,970
Appropriations for use in operations	<u>(26,132)</u>	<u>-</u>	<u>(26,132)</u>
Endowment Funds, End of Year	<u>\$3,310,332</u>	<u>\$7,678,376</u>	<u>\$10,988,708</u>

	<u>2019</u>		
	<u>Investment Income Above Original Amount</u>	<u>Investment in Perpetuity</u>	<u>Total</u>
Endowment funds, beginning of year	\$1,432,811	\$7,678,376	\$9,111,187
Net investment gain	1,207,612	-	1,207,612
Appropriations for use in operations	<u>(301,929)</u>	<u>-</u>	<u>(301,929)</u>
Endowment Funds, End of Year	<u>\$2,338,494</u>	<u>\$7,678,376</u>	<u>\$10,016,870</u>

**MADISON SQUARE PARK CONSERVANCY, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2020 AND 2019****Note 7 - Endowment Funds (continued)***Return Objectives, Risk Parameters and Strategies*

The Organization has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, with acceptable levels of risk.

Endowment assets are invested in a well-diversified asset mix in multiple managed brokerage accounts. This asset mix is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution, if appropriate, while growing the funds if possible. Therefore, the Organization expects its endowment assets, over time, to produce an average rate of return of approximately 5% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed in order not to expose the funds to unacceptable levels of risk.

*Spending Policy*

Investment income may be used to support the art and park programs. In establishing spending policies for its endowment funds, the Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation.

For the year ended December 31, 2020, the Board of Trustees approved appropriations of \$26,132 from the Park Fund for park ground improvements. For the year ended December 31, 2019, the Board of Trustees approved appropriations of \$214,929 from the Park Fund for park ground improvements and climate change and sustainability work, \$43,500 from the Sol LeWitt Fund for Artists' Work and \$43,500 from the Martin Friedman Fund for Madison Square Art.

**Note 8 - Paycheck Protection Program**

During 2020, the Organization received a loan totaling \$471,903 under the Paycheck Protection Program administered by the U.S. Small Business Administration. The loan included provisions for forgiveness if the Organization met certain employee retention requirements and the funds were used for eligible expenses. Because management expected to meet the requirements for forgiveness of the entire loan amount, the loan was recorded as a conditional grant and recognized as revenue for 2020 since eligible expenses totaling \$471,903 were paid with the proceeds of the loan. In May 2021, the Organization received forgiveness of the full loan amount.

**MADISON SQUARE PARK CONSERVANCY, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2020 AND 2019****Note 9 - Concentration of Credit Risk**

The Organization maintains its cash and cash equivalent balances at various institutions in New York City. Balances often exceed insured limits; however, the Organization believes that these institutions are reputable and that risk of loss is remote.

**Note 10 - Commitments, Contingency and Related Party Transactions**

- a - Under an agreement dated May 2013 with The City of New York, by and through the Department of Parks & Recreation (“Parks”), the Organization maintains, improves and provides recreational and educational programming at Madison Square Park for the benefit of the public. The agreement provides for a ten-year term through May 2023 and includes an option for a five-year renewal term. The agreement requires that the Organization maintain a certain level of annual financial commitment and expenditure, increasing annually by Consumer Price Index, with the exclusion of certain cost categories. Under the terms of the agreement, the Organization reimburses Parks for security staffing. The agreement provides for the Organization to receive 100% of concession fees otherwise due to the City under a license agreement for the operation of a food stand and outdoor café (Note 10b). The agreement limits the number of fundraising and special events held annually at Madison Square Park. In the event that specified revenues exceed budgeted expenditures for a given year, the Organization is required to transfer up to \$250,000 of such excess into a segregated capital reserve fund, to be drawn down to fund capital expenditures approved by the City. Any remaining excess is required to be remitted to the City. For 2020 and 2019, there was no excess revenue.
  
- b - Under a license agreement dated October 2013, with a term through November 2025 between Parks and a concessionaire company (the “operator”), the Organization receives the concession fees from the operation of the food stand and outdoor café in Madison Square Park. One of the operator’s owners is a Board member of the Organization. The agreement provides for concession fees based on a percentage of the operator’s gross receipts, subject to an annual minimum fee of \$750,000 per annum, increasing 2% annually. Income received during the years ended December 31, 2020 and 2019 totaled \$846,029 and \$893,237, respectively.

**MADISON SQUARE PARK CONSERVANCY, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2020 AND 2019****Note 10 - Commitments, Contingency and Related Party Transactions (continued)**

- c - In January 2020, the Organization entered into a license agreement with Parks, to provide for the operation of a new specialty food market. The initial term of the agreement is for two years, with an option for three one-year renewals. The agreement requires the Organization to remit to Parks an annual fee equal to 10% of gross receipts, with a minimum annual fee of \$50,000, increasing 2% annually. The Organization has not yet entered into a sublicense agreement with a new market vendor to operate the market.
- d - For the year ended December 31, 2020, the Organization paid the company of a Board member approximately \$1,000 for catering related to an exhibition opening.

For the year ended December 31, 2019, the Organization paid the company of a Board member \$89,878, and the company of another Board member \$30,535 for catering services and event space related to special events.

- e - Government supported projects are subject to audit by the governmental granting agency.

**Note 11 - 2019 Venice Biennale**

During 2018, the Organization was awarded a \$375,000 grant from the U.S. Department of State (the "DOS") to design and implement the official United States exhibition featuring the artwork of Martin Puryear for the U.S. Pavilion during the 2019 Venice Biennale. Expenses for the exhibition incurred during 2018 and 2019 totaled approximately \$3.1 million, funded by the DOS grant and private funding.

**Note 12 - Donated Services and Facilities**

The Organization receives donated office space which is recorded at fair value. The Organization occupies this office space under an operating lease which was formally extended during 2018 for a five-year period through March 2025. For each of the years ended December 31, 2020 and 2019, the value of this donated office space was approximately \$150,000. As the five-year operating lease was recorded as a contribution with donor restrictions, \$112,500 was released from restrictions for the year ended December 31, 2020 (Note 3b).

**MADISON SQUARE PARK CONSERVANCY, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2020 AND 2019****Note 12 - Donated Services and Facilities (continued)**

During the year ended December 31, 2020, the Organization also received donated equipment valued at \$8,716.

During the year ended December 31, 2019, the Organization also received donated architectural design service valued at \$15,000, artwork fabrication service valued at \$100,000 and legal service valued at \$6,000.

**Note 13 - Retirement Plan**

The Organization maintains a defined contribution pension plan for all eligible employees who have completed one year of service. The Organization makes a discretionary contribution to the plan on an annual basis limited to a 4% match of an eligible employee's annual earnings. The total contribution to the plan for the years ended December 31, 2020 and 2019 was \$57,034 and \$53,138, respectively.

**Note 14 - Risks and Uncertainties**

In March 2020, the COVID-19 pandemic was declared a national emergency. The Organization immediately postponed or canceled large-scale fundraising events, an art installation, and other planned programming until reopening is authorized by state and local authorities. The Organization has worked to adapt the in-person programming into the digital space while reducing costs wherever necessary for the remainder of the year. During these challenging times, the Organization is looking to ensure that it can continue to bring virtual programming to the community during the global pandemic. Management also immediately began to assess the potential impact of the loss of income and took initial action to examine opportunities to cut costs, making reductions where feasible. Operations staff had their work hours restructured to ensure safety in Madison Square Park. Throughout this period, the operations staff continues to care for Madison Square Park, so that visitors may continue to use the park with implemented safety measures. Administrative staff began working remotely to ensure safety. To help offset losses of revenue, appeals were made to major donors to request acceleration of their annual contributions and to request that grants be allocated to general operating expenses rather than for donor-restricted purposes or specific programs. The Organization applied for and received a loan under the Paycheck Protection Program ("PPP") established by the CARES Act which was subsequently forgiven in its entirety. In March 2021, the Organization received a second PPP loan totaling \$471,902.