

**FOUR FREEDOMS PARK CONSERVANCY, INC.
AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS
AND
AUDITORS' REPORT**

DECEMBER 31, 2015

**FOUR FREEDOMS PARK CONSERVANCY, INC.
AND SUBSIDIARY**

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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 AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of Four Freedoms Park Conservancy, Inc. and Subsidiary (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31 2015, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the 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 preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 of 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 auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 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 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 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, 2015, 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.

Skody Scot & Company, CPAs, P.C.

New York, NY
October 29, 2016

**FOUR FREEDOMS PARK CONSERVANCY, INC.
AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015**

ASSETS

Cash & cash equivalents	\$ 1,599,940
Cash held in escrow	139,089
Contributions & other receivables	960,345
Government grants receivable	16,650
Inventory	97,872
Prepaid expenses	96,414
Construction funding retainage	543,520
Property and equipment, net	496,561
Security deposits receivable	45,122
	<hr/>
Total assets	<u>\$ 3,995,513</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable and accrued expenses	\$ 7,586
Security deposits payable	14,250
Deferred rent	66,629
	<hr/>
Total liabilities	88,465
	<hr/>
Commitments and contingencies (see notes)	
Net Assets:	
Unrestricted	2,111,471
Temporarily restricted	1,795,577
Permanently restricted	-
	<hr/>
Total net assets	3,907,048
	<hr/>
Total liabilities and net assets	<u>\$ 3,995,513</u>

**See accompanying notes to
consolidated financial statements.**

**FOUR FREEDOMS PARK CONSERVANCY, INC.
AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015**

Support and Revenues:

Unrestricted:	
Contributions	\$ 1,371,807
Contributions in-kind	50,214
Government grants	381,650
Program service revenue	280,802
Special events:	
Event income	313,221
Less: related direct costs	<u>(87,548)</u>
Net special event income	225,673
Interest income	43
Release of prior year's restricted contributions	200,650
Temporarily restricted:	
Contributions	856,308
Release of prior year's restricted contributions	<u>(200,650)</u>
Total support and revenues	<u>3,166,497</u>

Expenses:

Program Expenses:	
Park maintenance & operations	1,249,084
Public offerings	<u>851,179</u>
Total program expenses	2,100,263
Management and general	349,374
Fundraising	<u>329,937</u>
Total expenses	<u>2,779,574</u>

Increase/(Decrease) In Net Assets:

Unrestricted	(268,735)
Temporarily restricted	655,658
Permanently restricted	-
Increase/(decrease) in net assets	<u>386,923</u>
Net assets, beginning of year	<u>3,520,125</u>
Net assets, end of year	<u><u>\$3,907,048</u></u>

**See accompanying notes to
consolidated financial statements.**

**FOUR FREEDOMS PARK CONSERVANCY, INC.
AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2015**

Cash flows from operating activities:	
Increase/(decrease) in net assets	\$ 386,923
Adjustments for non-cash items included in operating activities:	
Depreciation	115,788
Loss on asset disposal	4,925
Changes in assets and liabilities:	
Contributions & other receivables	(793,943)
Government grants receivable	(16,650)
Prepaid expenses	3,341
Inventory	(2,890)
Accounts payable and accrued expenses	(174,396)
Security deposits payable	14,250
Deferred rent	1,967
Net cash provided/(used) by operating activities	<u>(460,685)</u>
Cash flows from investing activities:	
Purchase of property and equipment	(20,632)
Increase in cash held in escrow	(73)
Net cash provided/(used) by investing activities	<u>(20,705)</u>
Cash flows from financing activities	
	<u>-</u>
Net increase/(decrease) in cash	(481,390)
Cash & cash equivalents at beginning of year	<u>2,081,330</u>
Cash & cash equivalents at end of year	<u><u>\$ 1,599,940</u></u>

**See accompanying notes to
consolidated financial statements.**

**FOUR FREEDOMS PARK CONSERVANCY, INC.
AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2015**

	Program Expenses			Supporting Services		Total Expenses
	Park Maintenance & Operations	Public Offerings	Total Program	Management and General	Fundraising	
Personnel costs:						
Salaries	\$ 552,188	\$ 396,135	\$ 948,323	\$ 84,029	\$ 168,056	\$ 1,200,408
Payroll taxes and benefits	141,647	98,339	239,986	18,062	46,874	304,922
Total personnel costs	693,835	494,474	1,188,309	102,091	214,930	1,505,330
Direct expenses:						
Advertising and promotion	-	18,432	18,432	-	6,612	25,044
Construction	28,774	-	28,774	1,511	-	30,285
Consultants	-	18,299	18,299	100,717	-	119,016
Depreciation	57,894	41,684	99,578	8,105	8,105	115,788
Education	-	22,972	22,972	-	-	22,972
Equipment purchases	6,757	1,511	8,268	-	-	8,268
Insurance	8,338	11,464	19,802	7,147	-	26,949
Landscaping	192,326	-	192,326	-	-	192,326
Loss on asset disposal	-	-	-	4,925	-	4,925
Office supplies and expenses	14,347	15,582	29,929	17,671	20,726	68,326
Printing	-	26,314	26,314	-	22,188	48,502
Professional fees	16,476	-	16,476	66,827	2,500	85,803
Program supplies and expenses	-	76,294	76,294	-	8,199	84,493
Rent and utilities	87,203	108,939	196,142	38,988	39,998	275,128
Repairs and maintenance	36,428	10,381	46,809	-	6,279	53,088
Security	99,008	-	99,008	-	-	99,008
Supplies	7,698	-	7,698	-	-	7,698
Travel and meetings	-	-	-	1,392	-	1,392
Website	-	4,833	4,833	-	400	5,233
Total direct expenses	555,249	356,705	911,954	247,283	115,007	1,274,244
Total expenses	\$ 1,249,084	\$ 851,179	\$ 2,100,263	\$ 349,374	\$ 329,937	\$ 2,779,574

See accompanying notes to consolidated financial statements.

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

Note 1 - Summary of Significant Accounting Policies

Four Freedoms Park

In 1973, Governor Nelson Rockefeller and Mayor John Lindsay changed the name of Welfare Island to Roosevelt Island and dedicated four acres at the southern end of the island for a park to be built in memory of President Franklin D. Roosevelt. Louis I. Kahn was commissioned to design the memorial park, which was named Four Freedoms Park (the Park). Construction of the Park began on March 29, 2010, and was completed in September 2012. The Park was officially declared a New York State Park by Governor Andrew Cuomo at a dedication ceremony which took place on October 17, 2012. The Park was opened to the public on October 24, 2012.

Franklin D. Roosevelt Four Freedoms Park, LLC

Franklin D. Roosevelt Four Freedoms Park, LLC (the 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 the Subsidiary is 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 Subsidiary to the Four Freedoms Park Conservancy, Inc.

Four Freedoms Park Conservancy, Inc.

Four Freedoms Park Conservancy, Inc. (the Conservancy), a not-for-profit organization, was incorporated in the State of New York on June 30, 2011. The mission of the Conservancy is to operate, maintain, program, and fund Four Freedoms Park under a Cooperative Agreement with the New York State Office of Parks, Recreation, and Historic Preservation.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Conservancy and the Subsidiary (collectively called the Organization). All balances and transactions between the entities have been eliminated in consolidation.

Tax Status

The Conservancy is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Subsidiary 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.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

Basis of Presentation

In accordance with GAAP the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a consolidated statement of cash flows.

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.

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 - making the history of The Roosevelt Era accessible to park visitors and the general public through the fdr4freedoms online digital resource as well as through programs.

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.

Inventory

Inventory consists of items for sale in the Park gift shop. Inventory is stated at the lower of cost or market and is determined using a periodic inventory method.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

For the purposes of the consolidated statement of financial position and the consolidated statement of cash flows, the Organization considers as cash equivalents money market funds and all highly liquid resources, such as investments in bank notes, with an original maturity of three months or less.

Revenue Recognition

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 temporarily or permanently restricted support and increases in the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Program service revenue relates to fees received in exchange for program services. Revenue is recognized when the program service is provided. Any revenue received which has not been earned is recorded as deferred income.

In accordance with grant provisions, grants are recorded as revenue when earned, either through expenditure or accomplishment of a specific goal or benchmark. All unreimbursed expenses as of the period-end are recorded as grant receivable and all advanced funds not expended are recorded as refundable advances.

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

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statement of activities and in the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Organization allocates salaries based on estimated time and other expenses based on usage. The Organization classifies expenses, which are not directly related to a specific program, as Management and General expenses.

**FOUR FREEDOMS PARK CONSREVANCY, INC.
AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies (Continued)

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 9). 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.

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. Due to low interest rates, management has determined that discounting receivables is immaterial. Therefore, all receivables 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, 2015, management has determined that future bad debts are likely to be immaterial and has not recorded an allowance for bad debt.

Advertising Costs

Direct advertising costs are charged to operations when incurred and are included in operating expenses. Direct advertising and promotion expense for the year ended December 31, 2015 was \$25,044.

Note 2 - Cash and Cash Equivalents

Cash and cash equivalents consisted of the following at December 31, 2015:

Checking	\$1,449,938
Money market funds	<u>150,002</u>
	<u>\$1,599,940</u>

Note 3 - Property and Equipment

Property and equipment by major class consisted of the following at December 31, 2015:

Office equipment	\$ 53,318
Program equipment	130,562
Furniture and fixtures	67,015
Vehicles	44,420
Leasehold improvements	<u>411,485</u>
	706,800
Less: Accumulated depreciation	<u>(210,239)</u>
	<u>\$ 496,561</u>

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

Note 4 - Cash Held in Escrow

Disbursement of construction payments and receipt of construction funding from the State of New York and the City of New York were transacted through a bank account held in escrow pursuant to various escrow agreements. Upon the satisfaction of specified conditions, the funds held in escrow are released from restriction. As of December 31, 2015, the balance held in escrow was \$139,089.

Note 5 - Construction Funding Retainage

In accordance with grant agreements, reimbursements from the City of New York (the City) are subject to a 5% retainage. 80% of the retainage is to be released upon substantial progress of the City funded projects, and the remaining 20% is to be released upon final sign-off of the completion of the City funded projects. As of December 31, 2015, construction funding retainage due from the City of New York amounted to \$543,520.

Note 6 - Restrictions on Net Assets

As of December 31, 2015, temporarily restricted net assets are available in future years for the following purposes:

Educational initiatives	\$ 343,202
Hope Memorial	53,400
Renwick Ruin	117,016
Strategic plan	25,480
William J. Vanden Heuvel Fund	271,229
Future program activities	<u>985,250</u>
	<u>\$ 1,795,577</u>

Note 7 - Donated Services

Significant 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 consolidated statement of activities for the year ended December 31, 2015 amounted to \$50,214. Contributions in-kind mainly consisted of donated legal services.

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

Note 8 - Government Grants

The Organization was awarded various grants by governmental entities. Total grant revenue recognized under the grants amounted to \$381,650 during the year ended December 31, 2015.

Note 9 - Commitments and Contingencies

Office Space

The Organization leases space pursuant to a non-cancelable operating lease set to expire on January 31, 2021. Total rent expense charged to operations for the year ended December 31, 2015 was \$186,965. As of December 31, 2015, minimum aggregate annual rentals are as follows:

Year ended December 31, 2016	\$ 189,239
2017	193,969
2018	199,710
2019	204,783
2020	209,897
2021	17,527

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 grants to the Conservancy a license to manage and operate the land and improvements comprising the Park. The agreement has an initial term of 10 years, expiring in 2023. There is an option to extend the agreement for an additional 10 years. There is no rent or other fee due from or to either party of the agreement. The agreement states that the State will 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 shall not exceed \$350,000 in any fiscal year covered by the agreement.

The agreement also asserts that the State shall consent to the Natural Heritage Trust (NHT) paying up to \$100,000 annually to the Conservancy 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.

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

Note 10 - Concentrations

The Organization maintains its bank accounts with financial institutions. Institutional balances do not include transactions which are outstanding and have not cleared their accounts. Balances that exceed the Federal Deposit Insurance Corporation insurance coverage are summarized for the year ended December 31, 2015 as follows:

Institution balances	\$ 1,769,816
Less: Amounts covered	(250,000)
Uninsured amounts	<u>\$ 1,519,816</u>

Note 11 - Pension Plan

In 2012, the Organization adopted a deferred compensation plan, which allows employee contributions and discretionary employer contributions. Organization contributions to the plans for the year ended December 31, 2015 amounted to \$36,190.

Note 12 - Subsidiary Activity and Asset Balances

Activity and asset balances (including eliminated inter-organizational receivables) of the consolidated subsidiary for the year ended December 31, 2015 consisted of the following:

	<u>Beginning Asset Balance</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Asset Balance</u>
Subsidiary	\$ 2,155,132	\$ 42	\$ 648	\$ 2,154,526

Note 13 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures and corrections through October 29, 2016, which is the date the financial statements were available to be issued.