

MADISON SQUARE PARK CONSERVANCY, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022
(With Independent Auditors' Report)

MADISON SQUARE PARK CONSERVANCY, INC.

DECEMBER 31, 2023 AND 2022

TABLE OF CONTENTS

	Page
Independent Auditors' Report	1 - 2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5 - 6
Statements of Cash Flows	7
Notes to Financial Statements	8 - 20

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Madison Square Park Conservancy, Inc.

Opinion

We have audited the accompanying financial statements of Madison Square Park Conservancy, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Madison Square Park Conservancy, Inc. as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Madison Square Park Conservancy, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of Madison Square Park Conservancy, Inc. as of December 31, 2022, were audited by other auditors whose report dated September 14, 2023, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Madison Square Park Conservancy, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Madison Square Park Conservancy, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Madison Square Park Conservancy, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Bederson LLP

Fairfield, New Jersey
July 16, 2024



MADISON SQUARE PARK CONSERVANCY, INC.**STATEMENTS OF FINANCIAL POSITION****DECEMBER 31, 2023 AND 2022**

	ASSETS	
	<u>2023</u>	<u>2022</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 433,728	\$ 2,612,805
Certificates of deposit	-	315,574
Contributions receivable, net	418,942	796,109
Prepays and other current assets	491,379	512,589
Investments	<u>13,628,248</u>	<u>9,725,268</u>
TOTAL CURRENT ASSETS	<u>14,972,297</u>	<u>13,962,345</u>
PROPERTY and EQUIPMENT , - net of accumulated depreciation of \$556,779, and \$468,753, respectively	<u>214,702</u>	<u>214,027</u>
OTHER ASSETS:		
Security deposit	<u>13,531</u>	<u>13,531</u>
TOTAL ASSETS	<u>\$ 15,200,530</u>	<u>\$ 14,189,903</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 279,897	\$ 427,835
Due to The City of NY	-	187,314
Deferred revenue	1,177,867	74,693
Refundable advances	-	2,770
Note payable	<u>335,360</u>	<u>652,000</u>
TOTAL CURRENT LIABILITIES	<u>1,793,124</u>	<u>1,344,612</u>
NET ASSETS:		
Without donor restrictions	1,563,998	1,404,949
With donor restrictions	<u>11,843,408</u>	<u>11,440,342</u>
TOTAL NET ASSETS	<u>13,407,406</u>	<u>12,845,291</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 15,200,530</u>	<u>\$ 14,189,903</u>

The accompanying notes are an integral
part of these financial statements.

MADISON SQUARE PARK CONSERVANCY, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT:						
Contributions	\$ 2,176,305	\$ 502,844	\$ 2,679,149	\$ 1,612,618	\$ 891,157	\$ 2,503,775
Reduction of prior year grants		-	-	(48,000)	-	(48,000)
Fundraising benefits	1,347,168	-	1,347,168	1,151,058	-	1,151,058
Less: direct benefit expense	(664,524)	-	(664,524)	(424,478)	-	(424,478)
Park usage event fees	320,000	-	320,000	360,000	-	360,000
Other events	15,000	-	15,000	37,500	-	37,500
Artwork loan fees and commissions	21,000	-	21,000	56,250	-	56,250
Net sublicensing and concession revenue	904,401	-	904,401	880,208	-	880,208
Net investment income (loss)	108,893	1,166,839	1,275,732	(80,323)	(1,947,696)	(2,028,019)
Other income	85,233	-	85,233	185,727	-	185,727
Donated services and facilities	-	-	-	15,665	-	15,665
	<u>4,313,476</u>	<u>1,669,683</u>	<u>5,983,159</u>	<u>3,746,225</u>	<u>(1,056,539)</u>	<u>2,689,686</u>
 Net assets released from restriction						
Satisfaction of program and time restrictions	1,052,717	(1,052,717)	-	1,550,502	(1,550,502)	-
Endowment appropriations for use in operations	<u>213,900</u>	<u>(213,900)</u>	<u>-</u>	<u>675,000</u>	<u>(675,000)</u>	<u>-</u>
 TOTAL REVENUES AND SUPPORT	<u>5,580,093</u>	<u>403,066</u>	<u>5,983,159</u>	<u>5,971,727</u>	<u>(3,282,041)</u>	<u>2,689,686</u>
 FUNCTIONAL EXPENSES:						
Program services	3,850,408	-	3,850,408	5,025,518	-	5,025,518
Management and general	925,288	-	925,288	1,035,081	-	1,035,081
Fundraising	<u>645,073</u>	<u>-</u>	<u>645,073</u>	<u>654,383</u>	<u>-</u>	<u>654,383</u>
 TOTAL FUNCTIONAL EXPENSES	<u>5,420,769</u>	<u>-</u>	<u>5,420,769</u>	<u>6,714,982</u>	<u>-</u>	<u>6,714,982</u>
 CHANGE IN NET ASSETS BEFORE NON-OPERATING AND CAPITAL ACTIVITY	 159,324	 403,066	 562,390	 (743,255)	 (3,282,041)	 (4,025,296)
 NON-OPERATING AND CAPITAL ACTIVITY:						
Park related improvements	<u>(275)</u>	<u>-</u>	<u>(275)</u>	<u>(162,825)</u>	<u>-</u>	<u>(162,825)</u>
 CHANGE IN NET ASSETS	159,049	403,066	562,115	(906,080)	(3,282,041)	(4,188,121)
 NET ASSETS - beginning of year	<u>1,404,949</u>	<u>11,440,342</u>	<u>12,845,291</u>	<u>2,311,029</u>	<u>14,722,383</u>	<u>17,033,412</u>
 NET ASSETS - end of year	<u>\$ 1,563,998</u>	<u>\$ 11,843,408</u>	<u>\$ 13,407,406</u>	<u>\$ 1,404,949</u>	<u>\$ 11,440,342</u>	<u>\$ 12,845,291</u>

The accompanying notes are an integral
part of these financial statements.

MADISON SQUARE PARK CONSERVANCY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2023

	Program Services					Supporting Services			Total Expenses
	Park Maintenance	Park - Capital Improvements	Art	Sustainability	Total	Management and General	Fundraising	Total	
Salaries	\$ 1,122,167	\$ 13,405	\$ 483,533	\$ 93,819	\$ 1,712,924	\$ 174,035	\$ 475,411	\$ 649,446	\$ 2,362,370
Payroll taxes	101,051	1,507	43,930	8,893	155,381	16,686	44,522	61,208	216,589
Employee benefits	172,445	-	62,629	9,875	244,949	164,288	64,774	229,062	474,011
Consultants and outside service fees	124,796	2,400	-	11,955	139,151	-	300	300	139,451
Park grounds improvements	-	275	-	-	275	-	-	-	275
Depreciation	-	-	-	-	-	88,027	-	88,027	88,027
Equipment purchases and leases	20,759	-	16,897	-	37,656	7,220	-	7,220	44,876
Insurance	6,210	-	10,966	-	17,176	25,254	-	25,254	42,430
Credit card fees and bank charges	-	-	135	-	135	25,516	-	25,516	25,651
Interest expense	-	29,496	-	-	29,496	-	-	-	29,496
Security	2,200	-	880	-	3,080	-	-	-	3,080
Exhibition installation and fabrication	-	-	842,260	-	842,260	-	-	-	842,260
Performers and technical fees	9,925	-	8,269	-	18,194	-	-	-	18,194
Landscaping	75,595	8,392	150	-	84,137	-	-	-	84,137
Printing and design	33,093	27,332	99,355	550	160,330	13,071	8,665	21,736	182,066
Professional fees and contracted services	600	-	127,106	-	127,706	195,680	27,063	222,743	350,449
Repairs and maintenance	3,825	-	396	-	4,221	30,413	11,906	42,319	46,540
Supplies	104,846	8,056	34,701	143	147,746	8,498	2,836	11,334	159,080
Telephone and communications	29,122	-	-	-	29,122	20,143	-	20,143	49,265
Travel, lodging and hospitality	3,464	-	36,593	1,918	41,975	3,418	2,439	5,857	47,832
Donated office space	-	-	-	-	-	150,000	-	150,000	150,000
Other expenses	38,385	-	14,249	2,135	54,769	3,039	7,157	10,196	64,965
Total Expenses	1,848,483	90,863	1,782,049	129,288	3,850,683	925,288	645,073	1,570,361	5,421,044
Less: Park related improvements	-	(275)	-	-	(275)	-	-	-	(275)
TOTAL FUNCTIONAL EXPENSES	\$ 1,848,483	\$ 90,588	\$ 1,782,049	\$ 129,288	\$ 3,850,408	\$ 925,288	\$ 645,073	\$ 1,570,361	\$ 5,420,769

The accompanying notes are an integral
part of these financial statements.

MADISON SQUARE PARK CONSERVANCY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2022

	Program Services					Supporting Services			Total
	Park Maintenance	Park - Capital Improvements	Art	Sustainability	Total	Management and General	Fundraising	Total	Expenses
Salaries	\$ 893,648	\$ 24,474	\$ 409,950	\$ 131,482	\$ 1,459,554	\$ 342,563	\$ 413,349	\$ 755,912	\$ 2,215,466
Payroll taxes	83,066	591	36,810	12,195	132,662	27,493	37,071	64,564	197,226
Employee benefits	133,981	8,979	48,740	14,869	206,569	150,913	51,825	202,738	409,307
Consultants and outside service fees	74,857	14,176	-	7,600	96,633	600	300	900	97,533
Park grounds improvements	162,825	-	-	-	162,825	-	-	-	162,825
Depreciation	33,483	917	15,360	4,926	54,686	12,834	15,487	28,321	83,007
Equipment purchases and leases	11,458	-	1,310	1,067	13,835	4,422	-	4,422	18,257
Events costs - other	-	-	-	-	-	-	102,449	102,449	102,449
Insurance	6,832	-	13,254	-	20,086	23,359	-	23,359	43,445
Credit card fees and bank charges	10	-	-	-	10	29,406	-	29,406	29,416
Interest expense	-	17,637	-	-	17,637	-	-	-	17,637
Security	364,962	-	1,533	750	367,245	-	-	-	367,245
Exhibition installation and fabrication	-	850	656,654	-	657,504	-	-	-	657,504
Performers and technical fees	450	-	6,973	4,250	11,673	-	-	-	11,673
Landscaping	166,795	41,250	31,778	-	239,823	-	-	-	239,823
Printing and design	36,410	30,605	50,612	2,892	120,519	60,006	18,331	78,337	198,856
Professional fees and contracted services	4,202	1,227,800	104,160	467	1,336,629	152,534	-	152,534	1,489,163
Repairs and maintenance	10,142	-	1,000	-	11,142	27,533	2,577	30,110	41,252
Supplies	90,317	2,969	47,099	859	141,244	22,097	1,868	23,965	165,209
Telephone and communications	21,503	-	-	-	21,503	23,983	734	24,717	46,220
Travel, lodging and hospitality	13,115	-	40,401	512	54,028	1,841	9,229	11,070	65,098
Donated office space	-	-	-	-	-	150,000	-	150,000	150,000
Other expenses	44,251	-	14,351	3,934	62,536	5,497	1,163	6,660	69,196
Total Expenses	2,152,307	1,370,248	1,479,985	185,803	5,188,343	1,035,081	654,383	1,689,464	6,877,807
Less: Park related improvements	(162,825)	-	-	-	(162,825)	-	-	-	(162,825)
TOTAL FUNCTIONAL EXPENSES	\$ 1,989,482	\$ 1,370,248	\$ 1,479,985	\$ 185,803	\$ 5,025,518	\$ 1,035,081	\$ 654,383	\$ 1,689,464	\$ 6,714,982

The accompanying notes are an integral
part of these financial statements.

MADISON SQUARE PARK CONSERVANCY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 562,115	\$ (4,188,121)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	88,027	83,007
Contributions for endowment	(100,000)	(100,000)
Reduction of prior year grants	-	48,000
Unrealized (gain) loss on investments	(1,031,947)	2,174,881
Realized (gain) loss on investments	(24,868)	132,597
Decrease or (increase) in assets:		
Contributions receivable	377,167	663,198
Prepays and other current assets	21,210	(173,706)
Other assets	-	18,125
(Decrease) or increase in liabilities:		
Accounts payable and accrued expenses	(147,938)	(43,500)
Due to The City of New York	(187,314)	6,722
Deferred revenue	1,103,174	1,464
Refundable advances	(2,770)	2,770
NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES	<u>656,856</u>	<u>(1,374,563)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment in certificates of deposit	-	(433)
Proceeds from certificates of deposit	315,574	-
Purchase of investments	(13,673,932)	(2,103,354)
Proceeds from sale of investments	10,827,767	2,395,723
Acquisition of property and equipment	(88,702)	
PPP loan	-	(55,175)
NET CASH PROVIDED BY (USED BY) INVESTING ACTIVITIES	<u>(2,619,293)</u>	<u>236,761</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from loan payable	-	652,000
Payments on loan payable	(316,640)	-
Contributions for endowment	100,000	100,000
NET CASH PROVIDED BY (USED BY) FINANCING ACTIVITIES	<u>(216,640)</u>	<u>752,000</u>
NET INCREASE (DECREASE) IN CASH	<u>(2,179,077)</u>	<u>(385,802)</u>
CASH AND CASH EQUIVALENTS - beginning	<u>2,612,805</u>	<u>2,998,607</u>
CASH AND CASH EQUIVALENTS - ending	<u>\$ 433,728</u>	<u>\$ 2,612,805</u>
Supplemental disclosure of cash flow information:		
Cash paid for:		
Interest	<u>\$ 29,496</u>	<u>\$ 17,637</u>

The accompanying notes are an integral
part of these financial statements.

MADISON SQUARE PARK CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

Organization

Madison Square Park Conservancy, Inc. ("MSPC", or the "Organization") is the nonprofit entrusted by the City of New York to operate Madison Square Park, a 6.2-acre public space in the heart of Manhattan. Our mission is to conserve, maintain, and program this ever-evolving, historic green space, including raising 100% of the park's operating budget. Our dedicated team takes great pride in caring for and shaping an urban oasis for all to enjoy.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

In December 2023 most of the cash and cash equivalents were transferred to money market accounts and were categorized as investments, see Note 6.

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.

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.

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.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

MADISON SQUARE PARK CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

The financial statements of MSPC have been prepared in accordance with U.S. generally accepted accounting principles which require the Organization to report information regarding its financial position and activities into 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 MSPC. 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 by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

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.

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.

MADISON SQUARE PARK CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program 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.

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.

Income Taxes

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.

MADISON SQUARE PARK CONSERVANCY, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2023 AND 2022****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Adoption of ASU 2016-13 and Related Standards**

Effective January 1, 2023, the MSPC adopted ASU 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The MSPC adopted this new guidance utilizing the modified retrospective transition method. Topic 326 requires measurement and recognition of expected versus incurred losses for financial assets held. Financial assets held by the MSPC that are subject to ASU 2016-13 include trade accounts receivable. The adoption of this ASU did not have a material impact on the MSPC's financial statements.

Subsequent Events

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through July 16, 2024, the date the financial statements were available to be issue.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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>2023</u>	<u>2022</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 433,728	\$ 2,612,805
Certificates of deposit	-	315,574
Contributions receivable	418,942	796,109
Investments	<u>13,628,248</u>	<u>9,725,268</u>
Total financial assets	\$ 14,480,918	\$ 13,449,756
Less: amounts not available to be used within one year		
Net assets with donor restrictions	(11,843,408)	(11,440,342)
Less: net assets with restrictions to be met within one year	521,000	752,717
Less: endowment appropriations for use in operations within one year	<u>233,534</u>	<u>228,557</u>
Financial assets available to meet general expenditures within one year	<u>\$ 3,392,044</u>	<u>\$ 2,990,688</u>

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.

MADISON SQUARE PARK CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)

The Organization regularly monitors liquidity to meet its operating needs and other commitments and obligations, while seeking to maximize the investment of its available funds. Management prepares regular cash flow projections to determine liquidity needs, and has a policy to maintain liquid financial assets on an ongoing basis sufficient to cover 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.

NOTE 4 – 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, 2023, the required reserve was approximately \$1.3 million, based on operating expenses in the Organization's 2023 budget of approximately \$5.1 million. As of December 31, 2022, the required reserve was approximately \$1.3 million, based on operating expenses in the Organization's 2022 budget of approximately \$5 million. Cash and certificates of deposit were in excess of the required reserve balance as of December 31, 2023 and 2022.

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

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

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.

Martin Friedman Fund for Madison Square Art

The Martin Friedman Fund for Madison Square Art, which was established in 2011, is a restricted endowment fund for costs associated with MSPC art personnel and the presentation of art exhibitions.

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.

Bass Tree Fund

The Bass Tree Fund endowment was established in 2022 to fund the care, conservation, planting, and perpetuation of trees in Madison Square Park.

MADISON SQUARE PARK CONSERVANCY, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2023 AND 2022****NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)**

Net assets with donor restrictions as of December 31, 2023 and 2022 are comprised of the following:

	<u>2023</u>	<u>2022</u>
Operating - Subject to expenditure for specified purpose:		
Programming	\$ 194,750	\$ 732,967
Capital campaign	<u>975,640</u>	<u>1,083,169</u>
	<u>1,170,390</u>	<u>1,816,136</u>
Subject to passage of time:		
General operations	177,105	42,978
Donated facilities - long term lease	<u>186,408</u>	<u>324,662</u>
	<u>363,513</u>	<u>367,640</u>
	<u>1,533,903</u>	<u>2,183,776</u>
Endowments subject to spending policy and appropriation:		
Investment income above original gift amount:		
Park fund	2,040,676	1,333,474
Martin Friedman fund for Madison Square Art	161,016	69,173
Sol Lewitt fund for artists' work	<u>229,437</u>	<u>75,543</u>
	<u>2,431,129</u>	<u>1,478,190</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	1,428,087	1,428,087
Bass tree fund	<u>200,000</u>	<u>100,000</u>
	<u>7,878,376</u>	<u>7,778,376</u>
Total Endowments	<u>10,309,505</u>	<u>9,256,566</u>
Total Net Assets with Donor Restrictions	<u>\$ 11,843,408</u>	<u>\$ 11,440,342</u>

MADISON SQUARE PARK CONSERVANCY, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2023 AND 2022****NOTE 6 – INVESTMENTS**

Investments at December 31, 2023 and 2022, which are all classified as Level 1 in the fair value hierarchy, are reflected at fair value and consist of the following:

	2023		2022	
	Cost	Fair Value	Cost	Fair Value
Cash and money market funds	\$ 3,796,845	\$ 3,796,845	\$ 330,534	\$ 330,534
Mutual funds and exchange traded funds:				
Fixed income	4,337,631	4,400,502	5,487,089	4,755,263
Equities	5,211,175	5,430,901	4,656,237	4,639,471
	<u>\$ 13,345,651</u>	<u>\$ 13,628,248</u>	<u>\$ 10,473,860</u>	<u>\$ 9,725,268</u>

Net investment income (loss) consists of the following:

	2023	2022
Interest and dividends	\$ 273,026	\$ 232,193
Realized gain (loss) on sale of investments	24,868	(26,272)
Unrealized gain (loss) on investments	1,031,946	(2,174,881)
Investment fees	(54,107)	(59,059)
	<u>\$ 1,275,733</u>	<u>\$ (2,028,019)</u>

NOTE 7 – CONTRIBUTIONS RECEIVABLE

Contributions receivable as of December 31, 2023 and 2022 are due as follows:

	2023	2022
Due within one year	\$ 377,680	\$ 573,219
Due within one to five years	42,500	238,500
	420,180	811,719
Less: Discount to present value	(1,238)	(15,610)
	<u>\$ 418,942</u>	<u>\$ 796,109</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 is 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. The grant has not yet been recognized in the accompanying financial statements, since it is conditional on incurring qualifying expenditures.

MADISON SQUARE PARK CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE 7 – CONTRIBUTIONS RECEIVABLE (Continued)

The Organization also received a pledge of \$1,000,000 subject to meeting certain fundraising goals of the capital campaign. During the year ended December 31, 2022, \$100,000 was recognized as revenue. The remaining balance of \$800,000 is conditional and has accordingly not been recognized in the accompanying financial statements.

During 2022, the Organization received a \$500,000 intentional pledge, payable over five years, to create the Bass Tree Fund, an endowed fund for the care, conservation, planting, and perpetuation of trees in Madison Square Park. During each of the years ended December 31, 2023 and 2022, \$100,000 was received and recognized in revenue. The remaining balance of \$300,000 has not been recognized in the accompanying financial statements.

NOTE 8 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	<u>Life</u>	<u>2023</u>	<u>2022</u>
Office equipment and website	3-5 years	\$ 135,636	\$ 135,636
Leasehold improvements	Life of lease	295,930	295,930
Park machinery, furniture and program equipment	5 years	<u>339,915</u>	<u>251,214</u>
Total		771,481	682,780
Less: Accumulated depreciation		<u>(556,779)</u>	<u>(468,753)</u>
Net property and equipment		<u>\$ 214,702</u>	<u>\$ 214,027</u>

Depreciation expense for the years ended December 31, 2023 and 2022, totaled \$88,027 and \$83,007, respectively.

NOTE 9 – LINE OF CREDIT

On December 14, 2021, the Organization entered into a line of credit note agreement with a bank whereby up to \$1 million may be borrowed through the Draw Period, ending on December 14, 2022. During the Draw Period, interest will accrue monthly on outstanding amounts at a rate of 4.198% plus the Secured Overnight Financing Rate ("SOFR"). Subsequent to the Draw Period, the unpaid principal balance will accrue interest at a rate of 1.89% above the most recently published weekly average yield on the United States Treasury Securities - Constant Maturity Series issued by the United States Government for a term of five years, and principal and interest payments will be due monthly through December 14, 2024. The line of credit note is secured by substantially all assets of the Organization. \$335,360 in borrowings were made during the year ended December 31, 2023. As of December 31, 2023, the interest rate is 5.61%. The line of credit was paid in full subsequent to year end on February 22, 2024.

MADISON SQUARE PARK CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE 10 – ENDOWMENT FUNDS

The Organization's endowment consists of the donor-restricted endowment funds described in Note 4. 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 of December 31, 2023 and 2022 as follows:

	2023		
	Investment Income Above Original Amount	Investment in Perpetuity	Total
Donor-Restricted Endowment Funds			
Park fund	\$ 2,040,676	\$ 5,418,332	\$ 7,459,008
Martin Friedman fund for Madison Square Art	161,016	831,957	992,973
Sol Lewitt fund for artists' work	229,437	1,428,087	1,657,524
Bass tree fund	-	200,000	200,000
	<u>\$ 2,431,129</u>	<u>\$ 7,878,376</u>	<u>\$ 10,309,505</u>

MADISON SQUARE PARK CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE 10 – ENDOWMENT FUNDS (Continued)

	2022		
	Investment Income Above Original Amount	Investment in Perpetuity	Total
Donor-Restricted Endowment Funds			
Park fund	\$ 1,333,474	\$ 5,418,332	\$ 6,751,806
Martin Friedman fund for Madison Square Art	69,173	831,957	901,130
Sol Lewitt fund for artists' work	75,543	1,428,087	1,503,630
Bass tree fund	-	100,000	100,000
	<u>\$ 1,478,190</u>	<u>\$ 7,778,376</u>	<u>\$ 9,256,566</u>

Changes in endowment funds are summarized as follows for the years ended December 31, 2023 and 2022:

	2023		
	Investment Income Above Original Amount	Investment in Perpetuity	Total
Endowment funds, beginning of year	\$ 1,478,190	\$ 7,778,376	\$ 9,256,566
Contribution	-	100,000	100,000
Net investment gain	1,166,839	-	1,166,839
Appropriations for use in operations	(213,900)	-	(213,900)
Endowment funds, end of year	<u>\$ 2,431,129</u>	<u>\$ 7,878,376</u>	<u>\$ 10,309,505</u>

	2022		
	Investment Income Above Original Amount	Investment in Perpetuity	Total
Endowment funds, beginning of year	\$ 4,100,886	\$ 7,678,376	\$ 11,779,262
Contribution	-	100,000	100,000
Net investment loss	(1,947,696)	-	(1,947,696)
Appropriations for use in operations	(675,000)	-	(675,000)
Endowment funds, end of year	<u>\$ 1,478,190</u>	<u>\$ 7,778,376</u>	<u>\$ 9,256,566</u>

MADISON SQUARE PARK CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE 10 – 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 art programs, exhibitions, tree maintenance, park maintenance, and 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, 2023, the Board of Trustees approved appropriations of \$34,397 from the LeWitt Art Fund to cover expenses associated with fabrication of an art exhibition, \$20,515 from the Martin Art Fund to fund a new art program employee, and \$158,988 from the Park Fund to cover expenses related to park maintenance and programming.

For the year ended December 31, 2022, the Board of Trustees approved appropriations of \$150,000 from the LeWitt Art Fund to cover expenses associated with fabrication of an art exhibition, \$50,000 from the Martin Art Fund to fund a new art program employee, and \$475,000 from the Park Fund to cover expenses related to park maintenance and programming.

NOTE 11 - CONCENTRATIONS AND CREDIT RISK

MSPC maintains bank accounts with financial institutions which are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2023, cash balances at the financial institutions exceeded the insured limits by a total approximate amount of \$92,000. MSPC has not experienced any loss on such amount.

MADISON SQUARE PARK CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE 12 – COMMITMENTS, CONTINGENCY AND RELATED PARTY TRANSACTIONS

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 provided for a ten-year term through May 2023, which was subsequently extended for a five-year renewal term through May 2028. 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, through December 31, 2022 the Organization reimbursed Parks for security staffing. The Organization is no longer required to reimburse Parks for security staffing effective January 2023. 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 cafe. 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 2023 and 2022, there was no excess revenue.

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 cafe in Madison Square Park. A Board member of the Organization has an interest in the operator. 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, 2023 and 2022 totaled \$904,401 and \$880,208, respectively.

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 terminated the agreement with Parks without penalty in June 2024 due to market conditions.

For the years ended December 31, 2023 and 2022, the Organization paid companies of a Board member approximately \$195,000 and \$146,000, respectively, for catering related to benefit events and an exhibition opening.

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

MADISON SQUARE PARK CONSERVANCY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE 13 – EMPLOYEE RETENTION TAX CREDIT

The Coronavirus Aid, Relief and Economic Security ("CARES") Act enacted in 2020 allowed eligible employers to claim employee retention tax credits for qualified wages. In 2023, the Organization completed an analysis of the CARES Act programs and determined that it was eligible to receive a credit of approximately \$350,000 based on partially suspended operations due to government mandated closures and a decrease in gross receipts. The Organization filed a claim for the credit in 2023 but have yet to receive the funds.

NOTE 14 – DONATED SERVICES AND FACILITIES

The Organization occupies donated office space under a five-year operating lease agreement expiring on March 31, 2025. For each of the years ended December 31, 2023 and 2022, 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, the \$150,000 was released from restrictions for the years ended December 31, 2023 and 2022.

During the year ended December 31, 2022, the Organization also received donated engineering services valued at \$15,665.

Donated services and facilities are utilized by the Organization in connection with its program and administrative supporting services and valued by the respective donor based on rates charged for similar services and facilities.

NOTE 15 – 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, 2023 and 2022 was \$43,778 and \$47,604, respectively.