

City Parks Foundation

Financial Statements

December 31, 2019 and 2018



Independent Auditors' Report

Board of Directors City Parks Foundation

We have audited the accompanying financial statements of City Parks Foundation, which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses and cash flows for the year 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 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 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 the City Parks Foundation as of December 31, 2019, and the changes 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.

Other Matters

Report on Summarized Comparative Information

We have previously audited City Parks Foundation's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 14, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived except for the amounts related to the restatement, the details of which can be found in Note 18.

Adjustments to Prior Period Financial Statements

As part of our audit of the December 31, 2018 financial statements, we also audited the adjustments described in Note 18 that were applied to restate the 2018 financial statements.

PKF O'Connor Davies, LLP

September 22, 2020

City Parks Foundation

Statement of Financial Position
December 31, 2019
(with comparative amounts at December 31, 2018)

	<u>2019</u>	<u>2018</u> (Restated)
ASSETS		
Cash and cash equivalents	\$ 4,278,695	\$ 4,424,794
Assets limited as to use	6,520,940	7,147,751
Investments	23,491,996	22,265,845
Contributions and grants receivable, net	4,269,210	2,574,311
Prepaid expenses and other assets	396,854	105,456
Property and equipment, net	<u>10,353</u>	<u>15,962</u>
	<u>\$ 38,968,048</u>	<u>\$ 36,534,119</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 1,462,273	\$ 1,247,558
Deferred revenue	<u>176,930</u>	<u>165,922</u>
Total Liabilities	<u>1,639,203</u>	<u>1,413,480</u>
Net Assets		
Without Donor Restrictions		
Operating	1,951,942	2,192,201
Board designated fund	<u>10,760,186</u>	<u>10,905,996</u>
Total Without Donor Restrictions	12,712,128	13,098,197
With donor restrictions	<u>24,616,717</u>	<u>22,022,442</u>
Total Net Assets	<u>37,328,845</u>	<u>35,120,639</u>
	<u>\$ 38,968,048</u>	<u>\$ 36,534,119</u>

See notes to financial statements

City Parks Foundation

Statement of Activities Year Ended December 31, 2019 (with summarized totals for the year ended December 31, 2018)

	2019			2018 Total (Restated)
	Without Donor Restrictions	With Donor Restrictions	Total	
SUPPORT AND REVENUE				
Contributions and grants	\$ 1,980,118	\$ 14,042,853	\$ 16,022,971	\$ 10,772,173
Fundraising events, net of costs of direct benefits to donors of \$490,235 in 2019 and \$517,314 in 2018	630,270	702,316	1,332,586	1,057,491
Benefit concerts	1,375,379	-	1,375,379	1,396,509
In-kind contributions	3,391,758	-	3,391,758	3,294,612
Investment return	2,090,221	2,167,155	4,257,376	(805,159)
Earned income	3,742,152	-	3,742,152	4,179,157
Net assets released from restrictions	14,318,049	(14,318,049)	-	-
Total Support and Revenue	<u>27,527,947</u>	<u>2,594,275</u>	<u>30,122,222</u>	<u>19,894,783</u>
EXPENSES				
Program Services				
Arts and Culture	12,770,119	-	12,770,119	8,077,933
Partnerships for Parks	4,338,411	-	4,338,411	4,420,383
Education programs	980,916	-	980,916	1,361,787
Sports	1,326,761	-	1,326,761	1,712,426
Fiscal sponsorships	4,546,820	-	4,546,820	4,465,035
Environmental benefit projects	615,725	-	615,725	8,164
Total Program Services	<u>24,578,752</u>	<u>-</u>	<u>24,578,752</u>	<u>20,045,728</u>
Supporting Services				
General and administrative	2,410,189	-	2,410,189	1,310,661
Fundraising	853,290	-	853,290	999,982
Total Supporting Services	<u>3,263,479</u>	<u>-</u>	<u>3,263,479</u>	<u>2,310,643</u>
Total Expenses	<u>27,842,231</u>	<u>-</u>	<u>27,842,231</u>	<u>22,356,371</u>
Change in Net Assets before net asset transfer	(314,284)	2,594,275	2,279,991	(2,461,588)
Net asset transfer	<u>(71,785)</u>	<u>-</u>	<u>(71,785)</u>	<u>(2,658,943)</u>
Total Change in Net Assets	(386,069)	2,594,275	2,208,206	(5,120,531)
NET ASSETS				
Beginning of year, as restated	<u>13,098,197</u>	<u>22,022,442</u>	<u>35,120,639</u>	<u>40,241,170</u>
End of year, as restated	<u>\$ 12,712,128</u>	<u>\$ 24,616,717</u>	<u>\$ 37,328,845</u>	<u>\$ 35,120,639</u>

See notes to financial statements

City Parks Foundation

Statement of Functional Expenses Year Ended December 31, 2019 (with summarized totals for the year ended December 31, 2018)

	2019											2018 Total (Restated)	
	Program Services						Supporting Services						
	Arts and Culture	Partnerships for Parks	Education Programs	Sports	Fiscal Sponsorships	Environmental Benefit Projects	Total	General and Administrative	Fundraising	Direct Costs of Fundraising Events	Total		Total
Salaries	\$ 2,800,497	\$ 783,526	\$ 693,376	\$ 956,915	\$ 111,084	\$ -	\$ 5,345,398	\$ 1,218,531	\$ 498,591	\$ -	\$ 1,717,122	\$ 7,062,520	\$ 7,447,510
Payroll taxes and employee benefits	731,006	195,601	183,439	167,675	41,433	-	1,319,154	265,150	111,134	-	376,284	1,695,438	1,811,960
Total salaries and related expenses	3,531,503	979,127	876,815	1,124,590	152,517	-	6,664,552	1,483,681	609,725	-	2,093,406	8,757,958	9,259,470
Artist fees	1,606,119	2,000	-	-	92,715	-	1,700,834	-	-	38,771	38,771	1,739,605	1,740,490
Consultants and professional fees	802,453	21,364	8,266	87,450	2,267,581	502,100	3,689,214	77,619	175,941	8,600	262,160	3,951,374	2,730,011
Grants	-	41,974	-	-	29,480	113,160	184,614	-	-	-	-	184,614	77,524
Supplies	3,269	426,171	33,826	24,410	614,596	450	1,102,722	6,189	2,265	835	9,289	1,112,011	1,035,187
Equipment	6,089,501	323	15,612	19,478	931,676	-	7,056,590	721	-	129,761	130,482	7,187,072	2,832,546
Awards and recognition	-	54,292	2,645	7,114	8,378	-	72,429	1,384	-	5,193	6,577	79,006	75,247
Promotion and advertising	231,769	4,597	1,909	16,623	165,802	-	420,700	239,453	64	23,589	263,106	683,806	418,377
Telephone	15,523	7,827	2,300	1,029	572	-	27,251	2,077	810	-	2,887	30,138	26,509
Meetings and seminars	4,784	55,325	18,844	214	11,449	-	90,616	818	-	-	818	91,434	99,787
Postage and shipping	494	-	37	-	9,745	-	10,276	3,339	4,967	263	8,569	18,845	19,742
Insurance	67,806	474	-	3,034	1,654	-	72,968	40,273	-	691	40,964	113,932	95,369
Travel and entertainment	21,059	4,378	11,680	15,703	5,554	-	58,374	11,330	40,231	280,132	331,693	390,067	498,147
Dues, fees and technology	70,506	4,393	8,982	27,116	255,101	15	366,113	207,437	19,287	2,400	229,124	595,237	645,428
In-kind expense	319,724	2,736,166	-	-	-	-	3,055,890	335,868	-	-	335,868	3,391,758	3,294,612
Depreciation and amortization	5,609	-	-	-	-	-	5,609	-	-	-	-	5,609	25,239
Total Expenses	12,770,119	4,338,411	980,916	1,326,761	4,546,820	615,725	24,578,752	2,410,189	853,290	490,235	3,753,714	28,332,466	22,873,685
Less costs with direct benefit to donors	-	-	-	-	-	-	-	-	-	(490,235)	(490,235)	(490,235)	(517,314)
Total Expenses Reported by Function on the Statement of Activities	<u>\$ 12,770,119</u>	<u>\$ 4,338,411</u>	<u>\$ 980,916</u>	<u>\$ 1,326,761</u>	<u>\$ 4,546,820</u>	<u>\$ 615,725</u>	<u>\$ 24,578,752</u>	<u>\$ 2,410,189</u>	<u>\$ 853,290</u>	<u>\$ -</u>	<u>\$ 3,263,479</u>	<u>\$ 27,842,231</u>	<u>\$ 22,356,371</u>

City Parks Foundation

Statement of Cash Flows Year Ended December 31, 2019

(with comparative totals for the year ended December 31, 2018)

	2019	2018 (Restated)
CASH FLOW FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,208,206	\$ (5,120,531)
Adjustments to reconcile change in net assets		
net cash from operating activities:		
Depreciation and amortization	5,609	25,239
Realized gain on sales of investments	(1,025,767)	(474,139)
Unrealized (gain) loss on investments	(2,516,326)	2,133,426
Changes in operating assets and liabilities:		
Contributions and grants receivable	(1,694,899)	2,245,087
Prepaid expenses and other assets	(291,398)	(15,774)
Accounts payable and accrued expenses	214,715	(378,278)
Deferred revenue	11,008	(183,056)
Net Cash from Operating Activities	(3,088,852)	(1,768,026)
 CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of investments	(687,309)	(899,709)
Proceeds from sales of investments	3,003,251	1,235,157
Net Cash from Investing Activities	2,315,942	335,448
Net Change in Cash, Cash Equivalents and Restricted Cash	(772,910)	(1,432,578)
 CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
Beginning of year	11,572,545	13,005,123
End of year	\$ 10,799,635	\$ 11,572,545
 CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
Cash and cash equivalents	\$ 4,278,695	\$ 4,424,794
Restricted cash - Assets limited as to use	6,520,940	7,147,751
Total	\$ 10,799,635	\$ 11,572,545

See notes to financial statements

City Parks Foundation

Notes to Financial Statements
December 31, 2019 and 2018

1. Organization and Nature of Operations

City Parks Foundation (“CPF”) was organized as a nonprofit corporation in 1989 pursuant to the Not-For-Profit Corporation Laws of the State of New York. CPF is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. CPF was formed to promote and assist in the programming and revitalization of New York City’s parks and such other facilities that are under the jurisdiction of the New York City Department of Parks and Recreation (“DPR”).

CPF is dedicated to invigorating and transforming parks into dynamic, vibrant centers of urban life through sports, arts, community building and education programs for all New Yorkers. CPF’s programs – located in more than 400 parks, recreation centers and public schools across New York City – reach 300,000 people each year. CPF’s ethos is simple: thriving parks mean thriving communities.

In June 1991, CPF and the City of New York’s Commissioner of the DPR entered into an agreement whereby the City of New York would “defend, indemnify, and hold harmless CPF from and against any and all liability, suits, claims, demands, actions, judgments, costs and expenses, arising from damage to persons or property resulting from the acts or omissions of CPF, its agents, employees, officers and directors in connection with the performance of its activities on behalf of DPR.” This agreement is terminable at will by DPR.

CPF’s primary sources of revenues are contributions and grants, earned income and investment income.

Components of Program Services

CPF enriches the lives of New Yorkers each year by providing the following program services:

- Arts and Culture: CityParks Shows plays a central role in activating CPF’s mission to create vibrant and healthy urban communities through dynamic programming in parks for all New Yorkers. CityParks Shows brings hundreds of live music, dance and theater performances to communities throughout New York City’s five boroughs. The SummerStage festival presents over 200 artists performing free performances and benefit concerts each year in 18 parks throughout the city, ranging from indie, reggae, afrobeat, soul, modern dance, latin and much more. The Swedish Cottage Marionette Theatre, home to one of the last public marionette companies in the U.S., presents modern takes on classic fairy tales, and the traveling PuppetMobile presents family-friendly puppet shows and workshops outdoors around the city, free of charge.

City Parks Foundation

Notes to Financial Statements
December 31, 2019 and 2018

1. Organization and Nature of Operations (*continued*)

Components of Program Services (continued)

- Partnerships for Parks: Partnerships for Parks (“PFP”), a joint program with DPR, promotes community involvement in parks by building, linking and strengthening a citywide constituency of parks’ supporters. Each year, PFP supports and empowers a growing network of 600 community groups and volunteers dedicated to promoting their local parks and improving the surrounding communities. Through direct engagement, intensive training and technical assistance, and practical toolkits, CPF enables citizens to play an active and effective role in decisions regarding their local green spaces. In 2019 and 2018, more than 1,100 clean-up events in parks engaged 26,000 and 24,000 volunteers, improving over 330 individual parks for each year. In 2019 and 2018, PFP provided approximately 500 and 600 volunteers with leadership training and distributes grants each year to local park groups.
- Education programs: CityParks Learn plays a central role in activating CPF’s mission to create vibrant and healthy urban communities through dynamic outdoor programming for all New Yorkers. CPF’s environmental education programs help students experience the fun of science, while learning about their relationship to the natural world and the ways in which they can protect our natural environment. CPF provides environmental science programs for elementary, middle and high school students throughout New York City, serving nearly 5,000 kids through school-day, afterschool and summer programming, as well as credit-bearing training and paid internships for teenagers.
- Sports: CityParks Play has a central role in activating CPF’s mission to create vibrant and healthy urban communities through dynamic programming in parks for all New Yorkers. CPF serves 13,000 kids and seniors in New York City’s neighborhood parks with free sports programs including tennis, soccer, golf, track and field, and multi-sport instruction, and more. CPF helps residents of New York City stay active and healthy, discover new sports, and make new friends.
- Fiscal sponsorships: As fiscal sponsor for a number of New York City parks groups and DPR programs, CPF helps improve the appearance and use of parks through direct physical enhancements, encouragement of neighborhood volunteers, and innovations in DPR operations.

City Parks Foundation

Notes to Financial Statements
December 31, 2019 and 2018

1. Organization and Nature of Operations (*continued*)

Components of Program Services (continued)

- Environmental benefit projects: As the administrator of mitigation funds from the New York State Department of Environmental Conservation (“DEC”), CPF funds environmental benefit projects that address green infrastructure, such as the creation and/or improvement of open space, waterfront access, and other programs along Newtown Creek and the East River (see Note 13).

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect certain 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Adoption of New Accounting Policies

Restricted Cash

Effective January 1, 2019, CPF adopted Accounting Standard Update (“ASU”) ASU 2016-08, *Statement of Cash Flows – Restricted Cash*, which requires that the 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, amounts generally described as restricted cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. CPF adopted ASU 2016-08 using a retrospective transition method.

Recognition of Contributions

Effective January 1, 2019, CPF adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. This guidance provides a framework for evaluating whether grants and contributions should be accounted for as exchange transactions or as nonexchange transactions. Analysis of various provisions of this standard resulted in no significant changes in the way CPF recognizes contributions, and, therefore, no changes to the previously issued audited financial statements were required on a retrospective basis.

City Parks Foundation

Notes to Financial Statements
December 31, 2019 and 2018

2. Summary of Significant Accounting Policies (*continued*)

Adoption of New Accounting Policies (continued)

Revenue from Contracts with Customers

Effective January 1, 2019, CPF adopted ASU 2014-09, *Revenue from Contracts with Customers*, as amended. The guidance provides a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. The new revenue recognition guidance does not apply to how contributions and pledges are recognized, as they are specifically scoped out of the new guidance. The core principle of the new guidance is that an entity should recognize revenue from the transfer of promised goods or services to customers in an amount that reflects the consideration the entity expects to receive for those promised goods or services to customers. The guidance includes a five-step framework to determine the timing and amount of revenue to recognize related to contracts with customers. In addition, this guidance requires new or expanded disclosures related to judgments made by entities when following this framework.

Analysis of various provisions of this standard resulted in no changes in the way CPF recognizes revenue, and, therefore, no changes to the previously issued audited financial statements were required on a retrospective basis.

Net Asset Presentation

CPF maintains its net assets under the following two classes:

Without donor restrictions – includes the net assets that are available for the general support of CPF's operations. Net assets without donor restrictions may be used at the discretion of CPF's management and Board of Directors (the "Board"). The Board has designated a portion of CPF's net assets without donor restrictions as a Board designated endowment fund, wherein the assets will be retained for investment. CPF's management hopes that the Board designated endowment fund will continue to grow to secure the long-term stability of CPF.

With donor restrictions – represent amounts restricted by donors to be used for specific activities or at some future date, or which require CPF to maintain in perpetuity the income of which can be used for specific or general purposes. When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Income and gains earned on endowment fund investments are available to be used in the "with donor restrictions" or "without donor restrictions" net asset classes based upon stipulations by the donors.

City Parks Foundation

Notes to Financial Statements
December 31, 2019 and 2018

2. Summary of Significant Accounting Policies (*continued*)

Cash Equivalents and Restricted Cash (“Assets Limited as to Use”)

All highly liquid debt instruments with a maturity of three months or less when acquired are considered to be cash equivalents. Cash equivalents also include money market funds, commercial paper and time deposits with maturities of one day to three months. Cash and cash equivalents do not include cash and investments whose use is limited.

Assets limited as to use primarily include funds set aside from the DEC to finance environmental benefit projects in communities in and around Greenpoint, Brooklyn, along Newtown Creek and the East River.

Investments Valuation

Investments are carried at fair value.

Fair Value Measurements

CPF follows U.S. GAAP guidance on fair value measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Investment Income Recognition

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of the change in net assets.

City Parks Foundation

Notes to Financial Statements
December 31, 2019 and 2018

2. Summary of Significant Accounting Policies *(continued)*

Contributions and Grants Receivable

Contributions and grants receivable that are expected to be collected within one year are recorded at net realizable value. Contributions and grants receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contributions and grants on the statement of activities. Conditional contributions and grants are not included as support until the conditions are substantially met.

CPF determines an allowance for doubtful accounts based upon prior experience and management's assessment of the receivables. As of December 31, 2019 and 2018, the allowance for doubtful accounts was \$20,000.

Property and Equipment

Equipment is capitalized for purchases exceeding \$5,000 and recorded at cost. CPF capitalizes items that they hold and retain title to throughout its useful life. Items that are purchased that CPF does not hold or retain title to are expensed on the statement of activities. Depreciation of equipment is provided on a straight-line basis over its estimated useful life, which is five years.

Impairment of Long-Lived Assets

Long-lived assets such as property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. CPF records impairment losses on long lived assets used in operations when the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets. No impairment charges were recognized during the years ended December 31, 2019 and 2018.

Conditional Asset Retirement Obligations

CPF accounts for Conditional Asset Retirement Obligations ("CARO") in accordance with U.S. GAAP, which defines a conditional asset retirement obligation as a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the entity. Uncertainty with respect to the timing and/or method of settlement of the asset retirement obligation does not defer recognition of a liability. The fair value of the CARO is recorded on a discounted basis and accreted over time for the change in fair value. Management has determined that there are no CARO liabilities that are required to be recorded.

City Parks Foundation

Notes to Financial Statements
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2. Summary of Significant Accounting Policies (*continued*)

Earned Income and Deferred Revenue

CPF receives earned income primarily from six sources: 1) income from producing concerts and other events for third parties at the SummerStage site; 2) box office revenues from marionette theater shows in the Swedish Cottage Marionette Theatre in Central Park; 3) income from children's birthday parties and other events in the Swedish Cottage Marionette Theatre in Central Park; 4) fees earned from the administration of fiscal sponsor accounts for various parks groups and DPR programs/funds; 5) fees from providing educational programming for schools and community groups; and 6) concession revenue from the sales of food and beverages at SummerStage is primarily generated from a sublicensed concessionaire that remits payments to CPF per contracted terms. Such amounts are deferred and recognized as revenue in the period in which the underlying services are provided and/or the performance or events are held. Deferred revenue also includes fees received by fiscal year-end for performances or events occurring in the next fiscal period and administrative fees to be earned on mitigation projects (see Note 14).

Contributions and Grants

Unconditional contributions and grants, including promises to give cash and other assets, are reported at fair value at the date the contribution or grant is received. The gifts are reported as with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

In-kind Contributions

The value of office space, facilities, and personnel service costs (including fringe benefits) paid by DPR are reported as expenses and in-kind contributions in the accompanying statement of activities. Donated professional services are recognized in the financial statements if the services enhance or create nonfinancial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. CPF records contributed professional services at their fair value on the date received.

Due to the unique nature and the difficulty in valuation of facilities provided by DPR and utilized for SummerStage and the Swedish Cottage Marionette Theatre in Central Park, CPF is unable to determine the value to record these in-kind contributions, nor their corresponding expenses in the accompanying statement of activities.

Many volunteers have made significant contributions of time in furtherance of CPF's policies and programs. The value of this contributed time does not meet the criteria for recognition and, therefore, is not reflected in the accompanying statement of activities.

City Parks Foundation

Notes to Financial Statements December 31, 2019 and 2018

2. Summary of Significant Accounting Policies *(continued)*

In-kind Contributions (continued)

In-kind contributions were as follows for the years ended December 31, 2019 and 2018:

<u>In-kind Contributions</u>	<u>2019</u>	<u>2018</u>
Personnel service costs	\$ 2,990,486	\$ 2,905,698
Office space	294,537	294,537
Telecommunications and computer support	106,735	94,377
	<u>\$ 3,391,758</u>	<u>\$ 3,294,612</u>

Periodically, CPF enters into barter/reciprocal transactions, where it exchanges advertising space within its electronic and social media, or on-site signage and promotion at SummerStage, for reciprocal advertising space or traffic or marketing and social media support. Revenue from barter transactions is recognized during the period in which the advertisements are displayed by CPF. No gain or loss is recorded from barter transactions as the revenue recognized equals the advertising costs incurred. For the years ended December 31, 2019 and 2018, CPF entered into several such arrangements for which no revenue or expense was recognized as sufficient evidence of fair value was indeterminable.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services in reasonable ratios determined by management. CPF allocated direct costs to its five main program services: Arts and Culture, Partnerships for Parks, Education programs, Sports and Fiscal Sponsorships. Allocated expenses among program services and general and administrative include salaries, payroll taxes and employee benefits, information technology, and occupancy, which are allocated based on time and costs where efforts are made. All other operating expenses are deemed to be program related.

Fiscal Sponsorships

CPF has variance power over the fiscal sponsorship contributions it receives. The fiscal sponsorship contributions received by CPF and investment return allocated to fiscal sponsorship funds are recognized under contributions and grants on the statement of activities as with donor restrictions. The expenditures incurred for fiscal sponsorships are recognized as expenses by CPF and the corresponding net assets are released from restriction.

Advertising Costs

Advertising costs are expensed when incurred. Advertising costs for the years ended December 31, 2019 and 2018 were \$683,806 and \$418,377.

City Parks Foundation

Notes to Financial Statements
December 31, 2019 and 2018

2. Summary of Significant Accounting Policies (*continued*)

Prior Year Summarized Financial Information

The financial statements include prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with CPF's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

Accounting for Uncertainty in Income Taxes

CPF recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that CPF has no uncertain tax positions that would require financial statement recognition or disclosure. CPF is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to December 31, 2016.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is September 22, 2020.

3. Concentrations of Credit Risk

Financial instruments that potentially subject CPF to a concentration of credit risk include cash and cash equivalents, assets limited as to use, investments and contributions and grants receivable. At times, the cash balance may exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits. The FDIC provides deposit insurance coverage of up to \$250,000 per depositor. As of December 31, 2019 and 2018, there was approximately \$8.0 million and \$8.9 million of cash accounts with banks that exceeded FDIC limits. Contributions and grants receivable are expected to be collected in the normal course of business.

In addition, CPF's cash and cash equivalents includes funds held in Vanguard money market mutual funds that are not insured by the FDIC which amounted to approximately \$1.8 million and \$1.6 million as of December 31, 2019 and 2018.

As of December 31, 2019 and 2018, one donor comprised 26% and 56% of contributions and grants receivable.

As of December 31, 2019, concentrations of CPF's investments amounting to 15% or more of the fair value of its total investment portfolio included approximately 20% invested in a stock market index fund and approximately 16% invested in the Total Bond Market Index Fund. As of December 31, 2018, concentrations of CPF's investments amounting to 15% or more of the fair value of its total investment portfolio included approximately 21% invested in the stock market index fund and approximately 18% invested in the Total Bond Market Index Fund.

City Parks Foundation

Notes to Financial Statements December 31, 2019 and 2018

4. Investments

Investments consisted of the following as of December 31:

	2019	2018
Equity funds	\$ 13,893,020	\$ 12,396,016
Fixed income funds	9,598,976	9,869,829
	\$ 23,491,996	\$ 22,265,845

Investment return consisted of the following for the years ended December 31, 2019 and 2018:

	2019	2018
Interest and dividends	\$ 715,283	\$ 854,128
Realized gain on sales of investments	1,025,767	474,139
Unrealized gain (loss) on investments	2,516,326	(2,133,426)
	\$ 4,257,376	\$ (805,159)

Financial assets carried at fair value at December 31, 2019 and 2018 were classified in the table below as Level 1 as follows:

	2019	2018
Equity Funds:		
Stock market index fund	\$ 4,612,900	\$ 4,636,163
International value fund	2,289,693	1,908,303
Small cap index fund	1,862,216	1,478,938
Dividend appreciation index fund	3,415,138	2,645,618
Fidelity Contrafund	1,713,073	1,726,994
Total Equity Funds	13,893,020	12,396,016
Fixed Income Funds:		
Total bond market index fund	3,871,271	4,088,769
Inter-term investment grade fund	2,096,862	1,998,616
Inflation protected securities fund	1,662,629	1,537,168
PIMCO Senior Floating Rate Fund	1,968,214	2,245,276
Total Fixed Income Funds	9,598,976	9,869,829
Total Investments	\$ 23,491,996	\$ 22,265,845

CPF assumes that any transfers between fair value levels during the period occur at the beginning of the period. For the years ended December 31, 2019 and 2018, there were no significant transfers between fair value levels.

City Parks Foundation

Notes to Financial Statements December 31, 2019 and 2018

5. Contributions and Grants Receivable

Contributions and grants receivable amounted to \$4,269,210 and \$2,574,311 as of December 31, 2019 and 2018. The receivables are comprised of the following at December 31:

	<u>2019</u>	<u>2018</u>
Amounts due in		
Less than one year	\$ 3,798,079	\$ 2,594,311
Between one and five years	491,131	-
Allowance for unfulfilled promises to give	<u>(20,000)</u>	<u>(20,000)</u>
	<u>\$ 4,269,210</u>	<u>\$ 2,574,311</u>

CPF determines whether an allowance for uncollectible pledges and grants receivable should be provided based on prior years' experience and management's analysis of specific promises made. As of December 31, 2019 and 2018, the allowance for doubtful accounts was \$20,000. Management has also determined that, as of December 31, 2019, it was immaterial to record a discount on the contributions receivable.

6. Property and Equipment

Property and equipment consisted of the following as of December 31:

	<u>2019</u>	<u>2018</u>
Equipment	\$ 91,675	\$ 91,675
Accumulated depreciation and amortization	<u>(81,322)</u>	<u>(75,713)</u>
Property and Equipment, net	<u>\$ 10,353</u>	<u>\$ 15,962</u>

During 2019, CPF renovated the SummerStage venue at Rumsey Playfield in Central Park, which included the purchase of a new stage and roof structure, sound system and moveable offices and storage units. Total renovation costs of approximately \$5,600,000 were financed through a combination of privately raised funds and \$2,894,000 in funding provided by the New York City Council and Manhattan Borough President. As the City of New York will retain title to the property, CPF expensed the entire cost of the project in the accompanying statement of activities (see Note 18).

City Parks Foundation

Notes to Financial Statements December 31, 2019 and 2018

7. Net Assets with Donor Restrictions

Net assets with donor restrictions were available for the following purposes at December 31:

	2019	2018
Subject to expenditure for specified purpose:		
Arts and Culture	\$ 97,904	\$ -
Partnerships for Parks	2,543,046	446,562
Sports	960,500	644,259
Fiscal sponsorships	14,335,137	13,388,108
Capital projects	-	312,242
Environmental benefit projects (Note 14)	6,589,730	7,140,871
Total Subject to Expenditure for Specified Purpose	24,526,317	21,932,042
Endowments subject to CPF's spending policy and appropriation:		
Investment in perpetuity (original amount of \$90,400 in 2019 and 2018), which once appropriated, is expendable to support:		
Nobel Monument	84,000	84,000
Seaman Veteran's Monument	6,400	6,400
Total endowments subject to CPF's spending policy and appropriation:	90,400	90,400
Total Net Assets with Donor Restrictions, as restated	\$ 24,616,717	\$ 22,022,442

8. Net Assets Released from Donor Restrictions

Net assets with donor restrictions were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by the donors, as follows during year ended December 31:

	2019	2018
Arts and Culture	\$ 1,801,265	\$ 1,514,496
Partnerships for Parks	1,602,264	1,736,171
Education programs	701,950	620,701
Sports	1,254,596	1,581,018
Fiscal sponsorships	4,527,234	6,930,700
Capital projects	3,816,242	712,758
Environmental benefit projects (Note 14)	614,498	8,163
	\$ 14,318,049	\$ 13,104,007

City Parks Foundation

Notes to Financial Statements
December 31, 2019 and 2018

9. Endowment Net Assets

Interpretation of Relevant Law

CPF has interpreted the New York Prudent Management of Institutional Funds Act (“NYPMIFA”) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary, and except in those cases where the law allows appropriation for spending of the original gift amounts. As a result of this interpretation, CPF retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment and (c) accumulations to the endowment made in accordance with the direction of the 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 retained in perpetuity is subject to appropriation for expenditure by CPF in a manner consistent with the standard of prudence prescribed by NYPMIFA.

Return Objectives and Risk Parameters

CPF’s endowment investment policy is to invest primarily in a mix of equities, fixed income securities and cash equivalents based on an asset allocation to satisfy its overall endowment financial and investment objectives as determined by its investment policy. The investment policy provides for an asset allocation that is designed to meet the goals of CPF and is based on a number of factors including the projected spending needs, the maintenance of sufficient liquidity and the return objectives and risk tolerances of CPF.

The asset allocation plan provides for diversification of assets in an effort to maximize the investment return and manage risk of CPF consistent with market conditions. CPF relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Spending Policy

It is CPF’s policy to annually spend 5% of the Board’s designated endowment based upon a three-year moving average, if needed, for operational purposes.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or NYPMIFA requires CPF to retain as a fund of perpetual duration. CPF had not incurred such deficiencies in its endowment funds as of December 31, 2019 and 2018.

City Parks Foundation

Notes to Financial Statements December 31, 2019 and 2018

9. Endowment Net Assets (continued)

Changes in endowment net assets for the year ended December 31, 2019 were as follows:

	2019			Total
	Without Donor Restrictions - Board Designated	With Donor Restrictions: Purpose	With Donor Restrictions: Investments Held in Perpetuity	
Investment Activity:				
Interest and dividends	\$ 283,002	\$ 347,768	\$ -	\$ 630,770
Realized gains	460,382	565,385	-	1,025,767
Unrealized gains	<u>1,169,421</u>	<u>1,346,905</u>	<u>-</u>	<u>2,516,326</u>
Total Investment Activity	<u>1,912,805</u>	<u>2,260,058</u>	<u>-</u>	<u>4,172,863</u>
Releases from endowments	<u>(2,058,615)</u>	<u>(728,743)</u>	<u>-</u>	<u>(2,787,358)</u>
Endowment net assets, beginning of year, as restated	<u>10,905,996</u>	<u>11,651,696</u>	<u>90,400</u>	<u>22,648,092</u>
Endowment net assets, end of year, as restated	<u>\$ 10,760,186</u>	<u>\$ 13,183,011</u>	<u>\$ 90,400</u>	<u>\$ 24,033,597</u>

Changes in endowment net assets for the year ended December 31, 2018 were as follows:

	2018			Total
	Without Donor Restrictions - Board Designated	With Donor Restrictions: Purpose	With Donor Restrictions: Investments Held in Perpetuity	
Investment Activity:				
Interest and dividends	\$ 384,503	\$ 410,798	\$ -	\$ 795,301
Realized gains	229,479	244,660	-	474,139
Unrealized losses	<u>(1,029,616)</u>	<u>(1,103,810)</u>	<u>-</u>	<u>(2,133,426)</u>
Total Investment Activity	<u>(415,634)</u>	<u>(448,352)</u>	<u>-</u>	<u>(863,986)</u>
Releases from endowments	<u>(697,375)</u>	<u>(572,746)</u>	<u>-</u>	<u>(1,270,121)</u>
Endowment net assets, beginning of year, as restated	<u>12,019,005</u>	<u>12,672,794</u>	<u>90,400</u>	<u>24,782,199</u>
Endowment net assets, end of year, as restated	<u>\$ 10,905,996</u>	<u>\$ 11,651,696</u>	<u>\$ 90,400</u>	<u>\$ 22,648,092</u>

10. Fiscal Sponsorships

CPF acts as fiscal sponsor to a number of groups and DPR, which engage in activities that are consistent with CPF's mission. CPF accepts tax-deductible donations on behalf of fiscally sponsored groups and DPR and administers the expenditures of those funds for designated tax-exempt charitable purposes. Fiscal sponsorship support is offered to community parks groups and DPR on a case by case basis, in situations in which there is no appropriate community-based 501(c)(3) organization that could otherwise act as a fiscal sponsor.

City Parks Foundation

Notes to Financial Statements December 31, 2019 and 2018

10. Fiscal Sponsorships (*continued*)

CPF's fiscal sponsorship of parks community groups (the "group") is a temporary arrangement, during which time groups are expected to work towards obtaining their own 501(c)(3) designations. For this reason, fiscal sponsorship arrangements will have a specific end date. If at the end of the sponsorship period a group has failed to become a 501(c)(3), and there are unspent funds, the group must identify another fiscal sponsor or these funds will be retained by CPF and used to support CPF's parks-related programming. In addition, should an account show no activity for a one-year period, the account will be terminated and all remaining funds in the account will be spent by CPF on parks-related activities.

At the request of DPR, and with donor approval, CPF will transfer balances held for certain DPR programs to designated DPR fiduciary accounts. For the years ended December 31, 2019 and 2018, CPF transferred \$71,785 and \$2,658,943 (inclusive of \$2,654,297 for the Natural Areas Conservancy, see below) of fiscal sponsor funds to fiduciary accounts administered by DPR. Such amounts are reflected as a net asset transfer in the accompanying statement of activities.

During 2018, a new organization gained its 501(c)(3) status named the Natural Areas Conservancy, unrelated to CPF. CPF expended from with donor restricted funds \$2,654,297, related to the Natural Areas Conservancy.

11. Special Events Revenue

CPF records gross receipts from special fundraising events that consist of exchange transaction revenue and contribution revenue. For the years ended December 31, 2019 and 2018, CPF's special fundraising events revenue consists of the following:

	<u>2019</u>	<u>2018</u>
Contributions revenue	\$ 1,613,721	\$ 1,354,405
Special events exchange transaction revenue	<u>209,100</u>	<u>220,400</u>
Special events revenue, gross	<u>\$ 1,822,821</u>	<u>\$ 1,574,805</u>

12. Contingencies and Commitments

Contingencies

Pursuant to CPF's contractual relationships with certain funding sources, outside governmental agencies have the right to examine CPF's books and records relating to these contracts. The accompanying financial statements make no provision for possible disallowances. Although such possible disallowances could be substantial in amount, in the opinion of management, any actual disallowances would be immaterial.

City Parks Foundation

Notes to Financial Statements December 31, 2019 and 2018

12. Contingencies and Commitments (*continued*)

Litigation

There are various legal proceedings currently pending against CPF. While it is not feasible to predict or determine with certainty the outcome of each case, it is the opinion of management in consultation with legal counsel that the outcomes will not have a material adverse effect on the accompanying financial statements.

Commitments

During 2019 and 2018, approximately 25% of CPF's employees are covered by a collective bargaining agreement. The labor contract with the Theatrical Protective Union Local One ("Local One") was renewed and executed in August 2017 and expires in April 2020.

13. Employee Benefit Plans

Defined Contribution Plan

CPF has adopted a voluntary tax-sheltered annuity program under Section 403(b) of the Internal Revenue Code, as amended. Under the terms of the plan, employees are entitled to defer a portion of their annual compensation, within limitations established by the Internal Revenue Code. CPF may make discretionary matching contributions that can vary each year. During the years ended December 31, 2019 and 2018, CPF matched employee contributions up to 3% of gross compensation, amounting to \$85,814 and \$93,068.

Multiemployer Pension Plan

CPF contributes to the Pension Fund of Local No. 1 of I.A.T.S.E. multiemployer defined benefit pension plan (the "Plan") under the terms of a collective-bargaining agreement that covers its union-represented employees. The risks of participating in the multiemployer plan are different from a single-employer plan in the following aspects:

- a. Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- b. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- c. If an employer chooses to stop participating in some of its multiemployer plans, the employer may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

City Parks Foundation

Notes to Financial Statements December 31, 2019 and 2018

13. Employee Benefit Plans *(continued)*

Multiemployer Pension Plan (continued)

CPF's participation in this type of plan for the years ended December 31, 2019 and 2018 is outlined in the table below. The "EIN Number" column provides the Employer Identification Number ("EIN") for the Plan. The most recent Pension Protection Act ("PPA") zone status available is for the Plan's year-end at December 31, 2018. The zone status is based on information that CPF received from the Plan and is certified by the actuaries of the Plan. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan ("FIP") or a rehabilitation plan ("RP") is pending or has been implemented. The last column lists the expiration date of the collective bargaining agreement to which the Plan is subject.

Pension Fund	EIN Number	Plan Number	Pension Protection Act		FIP/RP Status Pending/ Implemented	Contributions by CPF		Surcharge Imposed	Expiration Date of Collective- Bargaining Agreement
			Zone Status			2019	2018		
			2019	2018					
Pension Fund of Local No. 1 of I.A.T.S.E.	13-6414973	001	Green	Green	Yes	\$ 302,019	\$ 285,256	No	4/20/2023

Form 5500 is not yet available for the plan year ended December 31, 2019.

14. Mitigation Income

During the year ended March 31, 2010, CPF was approved for \$7,000,000 of mitigation funds from DEC to finance environmental benefit projects ("EBPs") in communities in and around Greenpoint, Brooklyn, along Newtown Creek and the East River. CPF will organize and oversee a community input process to determine which EBPs will be funded. CPF is entitled to 10% of the mitigation funds disbursed for its general and administrative costs.

CPF received \$4,000,000 from DEC in November 2009 and \$3,000,000 in July 2010. The agreement with DEC stipulates that the funds shall be kept by CPF in a separate account and that CPF will apply the funds, and any accrued interest thereon, for the Greenpoint/Newtown Creek EBPs and not for any other purpose. In April 2013, CPF received an additional \$1.2 million of mitigation funds from the New York State Energy Research Development Authority ("NYSERDA") of which CPF is entitled to 10% for its general and administrative costs in accordance with the project agreement. As of December 31, 2019 and 2018, the funds held by CPF for this purpose amounted to \$6,520,940 and \$7,147,751, and are reflected as assets limited as to use in the accompanying statement of financial position. These amounts are also included in with donor restrictions as of December 31, 2019 and 2018 and will be released from restriction as amounts are disbursed by CPF for environmental benefit projects.

City Parks Foundation

Notes to Financial Statements December 31, 2019 and 2018

15. Related Party Transactions (*Not Disclosed Elsewhere*)

CPF transacts business with or contracts services with companies or individuals that may employ members of the Board or relatives of certain employees or members of the Board. The Board or employees are not involved in the transaction process and all such transactions are reported to and approved by the Board.

Related party transactions were recorded as professional fees and amounted to approximately \$109,000 and \$25,000 for the years ended December 31, 2019 and 2018.

16. Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>2019</u>	<u>2018</u>
Financial Assets:		
Cash and cash equivalents	\$ 4,278,695	\$ 4,424,794
Restricted cash	6,520,940	7,147,751
Investments	23,491,996	22,265,845
Contributions and grants receivable	4,269,210	2,574,311
Total Financial Assets	<u>38,560,841</u>	<u>36,412,701</u>
Less amounts not available to be used within one year:		
Restricted by donor with purpose restrictions	16,026,317	23,180,681
Restricted by donor to be held in perpetuity	90,400	90,400
	<u>16,116,717</u>	<u>23,271,081</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 22,444,124</u>	<u>\$ 13,141,620</u>

Liquidity Management

CPF endowment funds consist of funds designated by the Board as endowments and donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use in the absence of language from the donor.

The CPF board designated endowment of \$10,760,186 and \$10,905,996 is subject to an annual spending rate of 5% as described in Note 9. Although CPF does not intend to spend from the Board-designated fund, other than amounts appropriated for general expenditure as part of the annual budget approval and appropriation, these amounts could be made available if necessary.

City Parks Foundation

Notes to Financial Statements December 31, 2019 and 2018

17. Subsequent Events

CPF's operations and financial performance has been affected by the COVID-19 pandemic which has spread globally and is expected to adversely affect economic conditions throughout the world. As a result of the pandemic, CPF applied for and received a \$1,581,215 loan through the Small Business Administration related to the Paycheck Protection Program at a fixed interest rate of 1%. CPF may apply for forgiveness of this loan in accordance with the requirement of the Paycheck Protection Program, including the provisions of Section 1106 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Management believes that most or all of the loan will be forgiven based on current understanding of the legislative guidance.

The COVID-19 pandemic has resulted in substantial volatility in the global financial markets. Because the value of CPF's individual investments has and will fluctuate in response to changing market conditions, the amount of investment losses, if any, which may be recognized in subsequent periods, cannot be determined. Although the pandemic may adversely affect CPF's business, financial conditions and results of operations on an interim basis, the impact cannot be reasonably estimated at this time.

18. Restatement

CPF restated certain amounts reported in the 2018 financial statements to fully expense equipment related to capital projects that were partially paid with funding from New York City. For the year ended December 31, 2018, \$1,248,639 previously recorded as property and equipment on the statement of financial position was expensed and, as a result, net assets was restated as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Net Assets at January 1, 2018, as previously reported	\$ 15,092,552	\$ 25,803,792	\$ 40,896,344
Adjustments to remove capitalized assets and related accumulated depreciation	<u>-</u>	<u>(655,174)</u>	<u>(655,174)</u>
Net Assets at January 1, 2018, as restated	<u>\$ 15,092,552</u>	<u>\$ 25,148,618</u>	<u>\$ 40,241,170</u>

City Parks Foundation

Notes to Financial Statements
December 31, 2019 and 2018

18. Restatement (continued)

As a result of the restatement disclosed above, there were additional restatements to the December 31, 2018 balances, which were as follows:

Expenses at December 31, 2018, as previously reported	\$ 24,421,849
Adjustments to expense previously capitalized assets and adjustment to depreciation expense	<u>593,465</u>
Expenses at December 31, 2018, as restated	<u>\$ 25,015,314</u>
Property and Equipment at December 31, 2018, as previously reported	\$ 1,264,601
Adjustments to remove capitalized assets and related accumulated depreciation	<u>(1,248,639)</u>
Property and Equipment at December 31, 2018, as restated	<u>\$ 15,962</u>

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