

City Parks Foundation

Financial Statements

December 31, 2020 and 2019

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, 2020, 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 City Parks Foundation as of December 31, 2020, 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 Matter

Report on Summarized Comparative Information

We have previously audited City Parks Foundation's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report date September 22, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

PKF O'Connor Davies, LLP

June 24, 2021

City Parks Foundation

Statement of Financial Position
December 31, 2020
(with comparative amounts at December 31, 2019)

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 6,814,497	\$ 4,278,695
Assets limited as to use	5,103,555	6,520,940
Investments	27,063,199	23,491,996
Contributions and grants receivable, net	1,994,058	4,269,210
Prepaid expenses and other assets	45,030	396,854
Equipment, net	<u>4,743</u>	<u>10,353</u>
	<u>\$ 41,025,082</u>	<u>\$ 38,968,048</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 1,716,944	\$ 1,462,273
Paycheck Protection Program loan	1,581,215	-
Deferred revenue	<u>224,500</u>	<u>176,930</u>
Total Liabilities	<u>3,522,659</u>	<u>1,639,203</u>
 Net Assets		
Without Donor Restrictions		
Operating	386,265	1,951,942
Board designated fund	<u>11,747,777</u>	<u>10,760,186</u>
Total Without Donor Restrictions	12,134,042	12,712,128
 With donor restrictions	<u>25,368,381</u>	<u>24,616,717</u>
 Total Net Assets	<u>37,502,423</u>	<u>37,328,845</u>
	<u>\$ 41,025,082</u>	<u>\$ 38,968,048</u>

See notes to financial statements

City Parks Foundation

Statement of Activities Year Ended December 31, 2020 (with summarized totals for the year ended December 31, 2019)

	2020			2019 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
SUPPORT AND REVENUE				
Contributions and grants	\$ 881,725	\$ 10,052,593	\$ 10,934,318	\$ 16,022,971
Fundraising events, net of costs of direct benefits to donors of \$111,156 in 2020 and \$490,235 in 2019	129,903	8,020	137,923	1,332,586
Benefit concerts	-	-	-	1,375,379
In-kind contributions	3,202,865	-	3,202,865	3,391,758
Investment return	1,608,757	1,603,262	3,212,019	4,257,376
Earned income	122,811	-	122,811	3,742,152
Net assets released from donor restrictions	10,912,211	(10,912,211)	-	-
Total Support and Revenue	<u>16,858,272</u>	<u>751,664</u>	<u>17,609,936</u>	<u>30,122,222</u>
EXPENSES				
Program Services				
Arts and Culture	2,280,598	-	2,280,598	12,770,119
Partnerships for Parks	4,030,525	-	4,030,525	4,338,411
Education programs	872,540	-	872,540	980,916
Sports	832,748	-	832,748	1,326,761
Fiscal sponsorships	2,383,154	-	2,383,154	4,546,820
Grants	2,861,167	-	2,861,167	-
Environmental benefit projects	1,819,992	-	1,819,992	615,725
Total Program Services	<u>15,080,724</u>	<u>-</u>	<u>15,080,724</u>	<u>24,578,752</u>
Supporting Services				
General and administrative	1,352,159	-	1,352,159	2,410,189
Fundraising	979,198	-	979,198	853,290
Total Supporting Services	<u>2,331,357</u>	<u>-</u>	<u>2,331,357</u>	<u>3,263,479</u>
Total Expenses	<u>17,412,081</u>	<u>-</u>	<u>17,412,081</u>	<u>27,842,231</u>
Change in Net Assets Before Net Asset Transfer	(553,809)	751,664	197,855	2,279,991
Net asset transfer	(24,277)	-	(24,277)	(71,785)
Total Change in Net Assets	(578,086)	751,664	173,578	2,208,206
NET ASSETS				
Beginning of year	<u>12,712,128</u>	<u>24,616,717</u>	<u>37,328,845</u>	<u>35,120,639</u>
End of year	<u>\$ 12,134,042</u>	<u>\$ 25,368,381</u>	<u>\$ 37,502,423</u>	<u>\$ 37,328,845</u>

See notes to financial statements

City Parks Foundation

Statement of Functional Expenses Year Ended December 31, 2020

(with summarized totals for the year ended December 31, 2019)

	2020											2019 Total		
	Program Services							Supporting Services						
	Arts and Culture	Partnerships for Parks	Education Programs	Sports	Fiscal Sponsorships	Grants	Environmental Benefit Projects	Total	General and Administrative	Fundraising	Direct Costs of Fundraising Events		Total	Total
Salaries	\$ 878,828	\$ 898,059	\$ 607,741	\$ 573,575	\$ 86,582	\$ -	\$ -	\$ 3,044,785	\$ 649,501	\$ 637,468	\$ -	\$ 1,286,969	\$ 4,331,754	\$ 7,062,520
Payroll taxes and employee benefits	247,642	241,069	180,356	138,661	29,683	-	-	837,411	159,549	143,848	-	303,397	1,140,808	1,695,438
Total salaries and related expenses	1,126,470	1,139,128	788,097	712,236	116,265	-	-	3,882,196	809,050	781,316	-	1,590,366	5,472,562	8,757,958
Artist fees	340,929	-	-	-	17,475	-	-	358,404	-	-	-	-	358,404	1,739,605
Consultants and professional fees	189,390	19,507	31,553	68,160	798,263	-	563,459	1,670,332	163,154	132,058	-	295,212	1,965,544	3,951,374
Grants	-	115,650	-	-	-	2,769,468	1,256,533	4,141,651	-	-	-	-	4,141,651	184,614
Supplies	606	46,626	7,522	10,276	672,043	-	-	737,073	21,444	2,327	-	23,771	760,844	1,112,011
Equipment	177,210	1,742	3,572	32,055	658,211	-	-	872,790	26	-	-	26	872,816	7,187,072
Awards and recognition	-	42,889	804	242	7,748	-	-	51,683	6,891	-	-	6,891	58,574	79,006
Promotion and advertising	7,835	1,411	413	200	59,643	-	-	69,502	69,538	4,043	-	73,581	143,083	683,806
Telephone	4,499	7,625	2,155	1,132	773	-	-	16,184	2,290	1,435	-	3,725	19,909	30,138
Meetings and seminars	304	3,151	1,090	-	1,601	-	-	6,146	464	25	-	489	6,635	91,434
Postage and shipping	407	-	91	-	972	-	-	1,470	2,859	317	-	3,176	4,646	18,845
Insurance	27,757	-	-	-	4,076	-	-	31,833	37,325	-	-	37,325	69,158	113,932
Travel and entertainment	1,765	781	649	1,036	780	-	-	5,011	6,160	935	111,156	118,251	123,262	390,067
Dues, fees and technology	21,205	22,231	2,108	7,411	45,304	91,699	-	189,958	117,296	10,420	-	127,716	317,674	595,237
In-kind expense	376,611	2,629,784	34,486	-	-	-	-	3,040,881	115,662	46,322	-	161,984	3,202,865	3,391,758
Depreciation	5,610	-	-	-	-	-	-	5,610	-	-	-	-	5,610	5,609
Total Expenses	2,280,598	4,030,525	872,540	832,748	2,383,154	2,861,167	1,819,992	15,080,724	1,352,159	979,198	111,156	2,442,513	17,523,237	28,332,466
Less costs with direct benefit to donors	-	-	-	-	-	-	-	-	-	-	(111,156)	(111,156)	(111,156)	(490,235)
Total Expenses Reported by Function on the Statement of Activities	<u>\$ 2,280,598</u>	<u>\$ 4,030,525</u>	<u>\$ 872,540</u>	<u>\$ 832,748</u>	<u>\$ 2,383,154</u>	<u>\$ 2,861,167</u>	<u>\$ 1,819,992</u>	<u>\$ 15,080,724</u>	<u>\$ 1,352,159</u>	<u>\$ 979,198</u>	<u>\$ -</u>	<u>\$ 2,331,357</u>	<u>\$ 17,412,081</u>	<u>\$ 27,842,231</u>

City Parks Foundation

Statement of Cash Flows Year Ended December 31, 2020

(with comparative totals for the year ended December 31, 2019)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 173,578	\$ 2,208,206
Adjustments to reconcile change in net assets		
net cash from operating activities:		
Depreciation	5,610	5,609
Realized gain on sales of investments	(729,146)	(1,025,767)
Unrealized gain on investments	(1,826,972)	(2,516,326)
Changes in operating assets and liabilities:		
Contributions and grants receivable	2,275,152	(1,694,899)
Prepaid expenses and other assets	351,824	(291,398)
Accounts payable and accrued expenses	254,671	214,715
Deferred revenue	47,570	11,008
Net Cash from Operating Activities	552,287	(3,088,852)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(15,640,584)	(687,309)
Proceeds from sales of investments	14,625,499	3,003,251
Net Cash from Investing Activities	(1,015,085)	2,315,942
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan	1,581,215	-
Net Change in Cash, Cash Equivalents and Restricted Cash	1,118,417	(772,910)
 CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
Beginning of year	10,799,635	11,572,545
End of year	\$ 11,918,052	\$ 10,799,635
 CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
Cash and cash equivalents	\$ 6,814,497	\$ 4,278,695
Restricted cash - Assets limited as to use	5,103,555	6,520,940
Total	\$ 11,918,052	\$ 10,799,635

See notes to financial statements

City Parks Foundation

Notes to Financial Statements
December 31, 2020 and 2019

1. Nature of the Organization and Tax Status

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 in a typical 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 typically presents over 200 artists performing free performances and benefit concerts each year in 15-18 parks throughout the city, ranging from indie, reggae, afrobeat, soul, modern dance, latin and much more. In 2020, CPF added SummerStage Anywhere, which provided free digital performances to the public across the globe. 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, 2020 and 2019

1. Nature of the Organization and Tax Status *(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.
- 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.
- 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 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.
- Grants: In response to the COVID-19 pandemic and in collaboration with a consortium of leading philanthropic organizations, CPF became the administrator of the New York City Green Relief and Recovery Fund. This funding was designated to respond to the most urgent needs facing the grassroots and non-profit stewardship organizations that maintain, program and activate New York City open spaces. In 2020, CPF distributed 194 grants totaling \$2,769,468.
- 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, 2020 and 2019

1. Nature of the Organization and Tax Status (*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 15).

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.

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, 2020 and 2019

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 are included in the determination of the change in net assets.

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, 2020 and 2019, the allowance for doubtful accounts was \$20,000.

City Parks Foundation

Notes to Financial Statements
December 31, 2020 and 2019

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

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, 2020 and 2019.

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.

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 15).

City Parks Foundation

Notes to Financial Statements
December 31, 2020 and 2019

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

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.

In-kind contributions were as follows for the years ended December 31:

<u>In-kind Contributions</u>	<u>2020</u>	<u>2019</u>
Personnel service costs	\$ 2,849,053	\$ 2,990,486
Office space	294,537	294,537
Telecommunications and computer support	59,275	106,735
	<u>\$ 3,202,865</u>	<u>\$ 3,391,758</u>

City Parks Foundation

Notes to Financial Statements
December 31, 2020 and 2019

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

In-kind Contributions (continued)

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, 2020 and 2019, 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 six main program services: Arts and Culture, Partnerships for Parks, Education programs, Sports, Grants 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 donor restrictions.

Advertising Costs

Advertising costs are expensed when incurred. Advertising costs for the years ended December 31, 2020 and 2019 were \$143,083 and \$683,806.

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 as of and for the year ended December 31, 2019, from which the summarized information was derived.

City Parks Foundation

Notes to Financial Statements
December 31, 2020 and 2019

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

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, 2017.

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 June 24, 2021.

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, 2020 and 2019, there was approximately \$8.0 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 \$1.5 million and \$1.8 million as of December 31, 2020 and 2019.

As of December 31, 2020 and 2019, one donor comprised 22% and 26% of contributions and grants receivable.

As of December 31, 2020, concentrations of CPF's investments amounting to 15% or more of the fair value of its total investment portfolio included approximately 46% invested in a stock market index fund and approximately 20% invested in the Total Bond Market Index Fund. 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 the stock market index fund and approximately 16% invested in the Total Bond Market Index Fund.

City Parks Foundation

Notes to Financial Statements December 31, 2020 and 2019

4. Investments

Investments consisted of the following as of December 31:

	2020	2019
Equity funds	\$ 16,455,786	\$ 13,893,020
Fixed income funds	10,607,413	9,598,976
	\$ 27,063,199	\$ 23,491,996

Investment return consisted of the following for the years ended December 31, 2020 and 2019:

	2020	2019
Interest and dividends	\$ 655,901	\$ 715,283
Realized gain on sales of investments	729,146	1,025,767
Unrealized gain on investments	1,826,972	2,516,326
	\$ 3,212,019	\$ 4,257,376

Financial assets carried at fair value at December 31, 2020 and 2019 were classified in the table below as Level 1 as follows:

	2020	2019
Equity Funds:		
Stock market index fund	\$ 12,328,368	\$ 4,612,900
International value fund	4,127,418	2,289,693
Small cap index fund	-	1,862,216
Dividend appreciation index fund	-	3,415,138
Fidelity Contrafund	-	1,713,073
Total Equity Funds	16,455,786	13,893,020
Fixed Income Funds:		
Total bond market index fund	5,295,609	3,871,271
Inter-term investment grade fund	5,311,804	2,096,862
Inflation protected securities fund	-	1,662,629
PIMCO Senior Floating Rate Fund	-	1,968,214
Total Fixed Income Funds	10,607,413	9,598,976
Total Investments	\$ 27,063,199	\$ 23,491,996

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, 2020 and 2019, there were no significant transfers between fair value levels.

City Parks Foundation

Notes to Financial Statements December 31, 2020 and 2019

5. Contributions and Grants Receivable

Contributions and grants receivable amounted to \$1,994,058 and \$4,269,210 as of December 31, 2020 and 2019. The receivables are comprised of the following at December 31:

	<u>2020</u>	<u>2019</u>
Amounts due in		
Less than one year	\$ 1,522,927	\$ 3,798,079
Between one and five years	491,131	491,131
Allowance for unfulfilled promises to give	<u>(20,000)</u>	<u>(20,000)</u>
	<u>\$ 1,994,058</u>	<u>\$ 4,269,210</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. Management has also determined that, as of December 31, 2020, it was immaterial to record a discount on the contributions receivable.

6. Equipment

Equipment consisted of the following as of December 31:

	<u>2020</u>	<u>2019</u>
Equipment	\$ 91,675	\$ 91,675
Accumulated depreciation	<u>(86,932)</u>	<u>(81,322)</u>
Equipment, net	<u>\$ 4,743</u>	<u>\$ 10,353</u>

7. Paycheck Protection Program Loan

On April 16, 2020, CPF received loan proceeds in the amount of \$1,581,215 under the Paycheck Protection Program (the "PPP"). The PPP, established as part of the Coronavirus, Aid, Relief and Economic Security Act (the "CARES Act"), provides for loans to qualifying entities for amounts up to 2.5 times the 2019 average monthly payroll expenses of the qualifying entity. The PPP loan bears an interest rate of 1% per annum. All or a portion of the PPP loan principal and accrued interest is forgivable as long as the borrower uses the loan proceeds for eligible purposes, as described in the CARES Act, over a period of either eight or twenty-four weeks (the "Covered Period"). The amount of loan forgiveness could be reduced if the borrower terminated employees or reduces salaries below a certain threshold during the Covered Period and does not qualify for certain safe harbors. The unforgiven portion of the PPP loan, if any, is payable within two years from the date of the loan. Loan payments of principal and interest are deferred until the amount of loan forgiveness is determined by the United States Small Business Administration ("SBA"). If CPF does not apply for forgiveness, payments begin approximately 16 months after the loan date.

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Notes to Financial Statements December 31, 2020 and 2019

7. Paycheck Protection Program Loan (*continued*)

CPF intends to use all proceeds received in accordance with regulations established by the PPP. Management believes its use of the proceeds, including amounts expended through December 31, 2020, will be forgiven. The entire amount received under the PPP is reported as a loan in the statement of financial position of December 31, 2020. The future scheduled maturities of the PPP loan over the next two years are as follows for the years ending December 31:

2021	\$ 1,350,622
2022	<u>230,593</u>
	<u>\$ 1,581,215</u>

8. Net Assets with Donor Restrictions

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

	2020	2019
Subject to expenditure for specified purpose:		
Arts and Culture	\$ 101,904	\$ 97,904
Partnerships for Parks	2,966,912	2,543,046
Education programs	32,651	-
Sports	1,082,544	960,500
Grants	1,390,848	-
Fiscal sponsorships	14,910,636	14,335,137
Environmental benefit projects (Note 15)	<u>4,792,486</u>	<u>6,589,730</u>
Total Subject to Expenditure for Specified Purpose	<u>25,277,981</u>	<u>24,526,317</u>
Endowments subject to CPF's spending policy and appropriation:		
Investment in perpetuity (original amount of \$90,400 in 2020 and 2019), income of which, once appropriated, is expendable to support:		
Nobel Monument	84,000	84,000
Seaman Veteran's Monument	<u>6,400</u>	<u>6,400</u>
Total endowments subject to CPF's spending policy and appropriation:	<u>90,400</u>	<u>90,400</u>
Total Net Assets with Donor Restrictions	<u>\$ 25,368,381</u>	<u>\$ 24,616,717</u>

City Parks Foundation

Notes to Financial Statements December 31, 2020 and 2019

9. 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:

	<u>2020</u>	<u>2019</u>
Arts and Culture	\$ 1,712,719	\$ 1,801,265
Partnerships for Parks	1,100,745	1,602,264
Education programs	354,527	701,950
Sports	410,666	1,254,596
Grants	2,861,167	-
Fiscal sponsorships	2,634,838	4,527,234
Capital projects	17,557	3,816,242
Environmental benefit projects (Note 15)	1,819,992	614,498
	<u>\$ 10,912,211</u>	<u>\$ 14,318,049</u>

10. 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).

City Parks Foundation

Notes to Financial Statements December 31, 2020 and 2019

10. Endowment Net Assets (continued)

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, 2020 and 2019.

Changes in endowment net assets for the year ended December 31, 2020 were as follows:

	2020			Total
	Without Donor Restrictions: Board Designated	With Donor Restrictions: Purpose	With Donor Restrictions: Investments Held in Perpetuity	
Investment Activity:				
Interest and dividends	\$ 279,981	\$ 332,338	\$ -	\$ 612,319
Realized gains	332,785	396,361	-	729,146
Unrealized gains	852,505	974,467	-	1,826,972
Total Investment Activity	1,465,271	1,703,166	-	3,168,437
Releases from endowments	(477,680)	(443,610)	-	(921,290)
Endowment net assets, beginning of year	10,760,186	13,183,011	90,400	24,033,597
Endowment net assets, end of year	\$ 11,747,777	\$ 14,442,567	\$ 90,400	\$ 26,280,744

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	1,169,421	1,346,905	-	2,516,326
Total Investment Activity	1,912,805	2,260,058	-	4,172,863
Releases from endowments	(2,058,615)	(728,743)	-	(2,787,358)
Endowment net assets, beginning of year	10,905,996	11,651,696	90,400	22,648,092
Endowment net assets, end of year	\$ 10,760,186	\$ 13,183,011	\$ 90,400	\$ 24,033,597

City Parks Foundation

Notes to Financial Statements December 31, 2020 and 2019

11. 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.

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, 2020 and 2019, CPF transferred \$24,277 and \$71,785 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.

12. Special Events Revenue

CPF records gross receipts from special fundraising events that consist of exchange transaction revenue and contribution revenue. Due to the COVID-19 pandemic, a limited amount of special events took place with revenue totaling \$137,923, which is comprised solely of contributions during 2020. For the year ended December 31, 2019 special events revenue totaled \$1,822,821, which consisted of contributions for \$1,613,721 and exchange transaction revenue for \$209,100.

13. 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, 2020 and 2019

13. 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 2020 and 2019, approximately 25% of CPF's employees were covered by a collective bargaining agreement. The labor contract with the Theatrical Protective Union Local One (the "Union") expired in April 2020. A Memorandum of Agreement was executed and extends the collective bargaining agreement until April 2024.

14. 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, 2020 and 2019, CPF matched employee contributions up to 3% of gross compensation, amounting to \$96,853 and \$85,814.

Multiemployer Pension Plan

CPF contributed to the Union's 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 difference 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, 2020 and 2019

14. Employee Benefit Plans *(continued)*

Multiemployer Pension Plan (continued)

CPF's participating in this type of plan for the years ended December 31, 2020 and 2019 is outlined in the table below. The "EIN Number" column provides the Employer Identification Number ("EIN") for the Plan. For the year ended December 31, 2020, CPF did not rehire its union-represented employees and therefore did not contribute to the Plan due to government restrictions on holding outdoor events. The most recent Pension Protection Act ("PPA") zone status available is for the Plan's year-end at December 31, 2019. 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 general 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/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 Zone Status		FIP/RP Status Pending/ Implemented	Contributions by CPF		Surcharge Imposed	Expiration Date of Collective- Bargaining Agreement
			2020	2019		2020	2019		
			Pension Fund of Local No. 1 of I.A.T.S.E.	13-6414973		001	Green		

Form 5500 is not yet available for the plan year ended December 31, 2020.

15. 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, 2020 and 2019, the funds held by CPF for this purpose amounted to \$5,103,555 and \$6,520,940, and are reflected as assets limited as to use in the accompanying statement of financial position. Most of these amounts are also included in with donor restrictions as of December 31, 2020 and 2019 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, 2020 and 2019

16. 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 \$84,000 and \$109,000 for the years ended December 31, 2020 and 2019.

17. Liquidity and Availability of Financial Resources

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:

	2020	2019
Financial Assets:		
Cash and cash equivalents	\$ 6,814,497	\$ 4,278,695
Assets limited as to use	5,103,555	6,520,940
Investments	27,063,199	23,491,996
Contributions and grants receivable	1,994,058	4,269,210
Total Financial Assets	<u>40,975,309</u>	<u>38,560,841</u>
Less amounts not available to be used within one year:		
Board designated fund	11,747,777	10,760,186
Restricted by donor with purpose restrictions	16,442,905	16,026,317
Restricted by donor to be held in perpetuity	90,400	90,400
	<u>28,281,082</u>	<u>26,876,903</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 12,694,227</u>	<u>\$ 11,683,938</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 \$11,747,777 and \$10,760,186 is subject to an annual spending rate of 5% as described in Note 10. 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, 2020 and 2019

18. COVID-19

The ongoing Coronavirus pandemic has resulted in substantial volatility in the global economy. For CPF, the pandemic caused the cancellation of most in-person programs in 2020, pivoting certain programming online and significantly reducing the number of people reached. The fiscal impact in 2020 was a significant decline in both revenue and expense. While management has implemented measures to mitigate the impact of the pandemic, including obtaining a PPP loan under the CARES Act as detailed in Note 7, the extent to which CPF's operations are impacted will depend on future developments, which are highly uncertain and cannot be predicted. As a result, management cannot reasonably estimate the overall impact of the Coronavirus pandemic to CPF's future results of operations, cash flows, or financial condition.

19. Subsequent Event

Subsequent to year-end, CPF applied for a second round of funding from the PPP and has received \$1,000,605 through an independent bank. This PPP loan matures in 2026 and has an interest rate of 1.0% per annum.

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