

New York Landmarks Conservancy, Inc.

Financial Statements

December 31, 2019



Independent Auditors' Report

Board of Directors New York Landmarks Conservancy, Inc.

We have audited the accompanying financial statements of New York Landmarks Conservancy, Inc. (the "Organization"), 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 of 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 New York Landmarks Conservancy, Inc. as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Board of Directors
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Report on Summarized Comparative Information

We have previously audited the Organization's December 31, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 17, 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.

PKF O'Connor Davies, LLP

April 22, 2020

New York Landmarks Conservancy, Inc.

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

	2019	2018
ASSETS		
Cash and cash equivalents	\$ 2,989,901	\$ 3,274,740
Pledges receivable	20,500	23,500
Program-related loans receivable	80,951	131,840
Due from New York City Historic Properties Fund, Inc.	38,644	37,735
Prepaid expenses and other assets	58,128	5,000
Cash and cash equivalents held for other agencies	106,867	107,479
Investments	11,037,972	8,782,053
Property and equipment, net	86,544	15,556
Investments in perpetuity	2,397,068	2,397,068
	\$ 16,816,575	\$ 14,774,971
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued liabilities	\$ 58,551	\$ 5,003
Grants payable	799,516	874,138
Deferred rent	48,725	63,340
Due to New York City Historic Properties Fund, Inc.	-	83,684
Amounts Held for Other Agencies		
Queens Historic Properties Fund	106,867	106,688
West Park Presbyterian Church	-	791
Total Liabilities	1,013,659	1,133,644
 Net Assets		
Without Donor Restrictions		
Undesignated	1,425,555	1,368,402
Board designated	10,190,389	8,420,359
Total Without Donor Restrictions	11,615,944	9,788,761
With donor restrictions	4,186,972	3,852,566
Total Net Assets	15,802,916	13,641,327
	\$ 16,816,575	\$ 14,774,971

See notes to financial statements

New York Landmarks Conservancy, Inc.

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

	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
OPERATING REVENUE AND SUPPORT				
Contributions	\$ 2,005,576	\$ 322,491	\$ 2,328,067	\$ 2,816,626
Special events, net of direct benefit to donors of \$323,770 and \$380,132	1,124,366	-	1,124,366	1,161,474
Government grants	27,000	-	27,000	27,000
Investment return used for operations	324,715	104,654	429,369	353,052
Program services income	545	51,215	51,760	35,781
	3,482,202	478,360	3,960,562	4,393,933
Net assets released from restrictions	631,771	(631,771)	-	-
Total Operating Revenue and Support	4,113,973	(153,411)	3,960,562	4,393,933
EXPENSES				
Program	2,621,922	-	2,621,922	2,043,347
Administration	299,899	-	299,899	335,902
Development and fundraising	682,355	-	682,355	817,789
Total Expenses	3,604,176	-	3,604,176	3,197,038
Excess (Deficit) of Operating Revenue and Support Over Expenses	509,797	(153,411)	356,386	1,196,895
NON-OPERATING ACTIVITIES				
Non-operating investment return	1,317,386	487,817	1,805,203	(910,123)
Change in Net Assets	1,827,183	334,406	2,161,589	286,772
NET ASSETS				
Beginning of year	9,788,761	3,852,566	13,641,327	13,354,555
End of year	\$ 11,615,944	\$ 4,186,972	\$ 15,802,916	\$ 13,641,327

See notes to financial statements

New York Landmarks Conservancy, Inc.

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

	Program								Total Program
	Sacred Sites Program	Public Policy	Technical Services	Emergency Grants	Easements	City Ventures Fund	New York City Historic Properties Fund	Endangered Buildings	
Salaries	\$ 340,437	\$ 208,505	\$ 106,679	\$ 68,383	\$ 29,403	\$ 13,904	\$ -	\$ 36,549	\$ 803,860
Payroll taxes and benefits	84,690	57,706	29,525	18,926	8,137	3,848	-	10,115	212,947
Total Salaries and Related Expenses	425,127	266,211	136,204	87,309	37,540	17,752	-	46,664	1,016,807
Professional fees and purchased services	55,121	31,130	15,927	124,819	4,390	4,746	-	5,457	241,590
Occupancy and insurance	77,061	52,919	27,075	17,356	7,462	3,529	-	9,276	194,678
Equipment lease and maintenance	1,551	1,065	545	350	150	71	-	187	3,919
Telephone	2,843	1,953	999	641	275	130	-	342	7,183
Postage, shipping and messenger	2,216	2,439	779	499	215	101	-	267	6,516
Copying, printing and photos	5,134	12,159	937	601	258	122	-	321	19,532
Supplies	6,615	4,542	2,324	1,490	640	303	-	796	16,710
Travel, catering, and meetings	15,134	5,955	2,984	1,913	822	389	-	1,022	28,219
Other events	2,212	127,092	-	-	-	-	-	-	129,304
Grants - direct	485,862	-	10,625	40,206	-	-	84,100	16,070	636,863
Dues and subscriptions	5,255	2,737	1,400	897	386	182	-	480	11,337
Depreciation	2,255	1,548	792	508	218	103	-	272	5,696
Fees	5,829	4,003	2,048	1,313	564	267	-	702	14,726
Special events	-	-	-	-	-	-	-	-	-
Advertising	27,666	159,954	68,424	10,232	2,342	1,108	16,205	2,911	288,842
Total Expenses Before Reimbursement and Direct Donor Benefit Expenses	1,119,881	673,707	271,063	288,134	55,262	28,803	100,305	84,767	2,621,922
Reimbursement of expenses	-	-	-	-	-	-	-	-	-
Direct donor benefit expenses	-	-	-	-	-	-	-	-	-
Total Expenses Reported by Function on the Statement of Activities	\$ 1,119,881	\$ 673,707	\$ 271,063	\$ 288,134	\$ 55,262	\$ 28,803	\$ 100,305	\$ 84,767	\$ 2,621,922

See notes to financial statements

New York Landmarks Conservancy, Inc.

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

	Administration New York City Historic Properties Fund			Development and Fundraising	2019 Total	2018 Total
	Management and General	Total Administration				
Salaries	\$ 168,716	\$ 285,403	\$ 454,119	\$ 277,806	\$ 1,535,785	\$ 1,486,162
Payroll taxes and benefits	46,694	81,419	128,113	76,886	417,946	410,571
Total Salaries and Related Expenses	215,410	366,822	582,232	354,692	1,953,731	1,896,733
Professional fees and purchased services	25,189	49	25,238	41,477	308,305	178,219
Occupancy and insurance	25,604	88,075	113,679	70,507	378,864	366,649
Equipment lease and maintenance	862	1,427	2,289	1,419	7,627	7,404
Telephone	1,580	2,614	4,194	2,602	13,979	14,846
Postage, shipping and messenger	1,231	3,291	4,522	2,028	13,066	11,517
Copying, printing and photos	1,482	2,452	3,934	2,440	25,906	35,366
Supplies	3,676	6,082	9,758	6,052	32,520	15,254
Travel, catering, and meetings	4,719	486	5,205	7,770	41,194	32,368
Other events	-	-	-	-	129,304	67,551
Grants - direct	-	-	-	-	636,863	601,639
Dues and subscriptions	2,215	-	2,215	3,646	17,198	10,019
Depreciation	1,253	-	1,253	2,063	9,012	9,014
Fees	3,239	73	3,312	5,334	23,372	17,748
Special events	-	-	-	323,770	323,770	380,132
Advertising	13,439	-	13,439	182,325	484,606	385,201
Total Expenses Before Reimbursement and Direct Donor Benefit Expenses	299,899	471,371	771,270	1,006,125	4,399,317	4,029,660
Reimbursement of expenses	-	(471,371)	(471,371)	-	(471,371)	(452,490)
Direct donor benefit expenses	-	-	-	(323,770)	(323,770)	(380,132)
Total Expenses Reported by Function on the Statement of Activities	\$ 299,899	\$ -	\$ 299,899	\$ 682,355	\$ 3,604,176	\$ 3,197,038

See notes to financial statements

New York Landmarks Conservancy, Inc.

Statement of Cash Flows
Year Ended December 31, 2019
(with comparative amounts for the year ended December 31, 2018)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,161,589	\$ 286,772
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	9,012	9,014
Deferred rent	(14,615)	(22,790)
Net realized and unrealized (gain) loss on investments	(1,959,996)	803,792
Changes in operating assets and liabilities		
Pledges receivable	3,000	(12,500)
Due from New York City Historic Properties Fund, Inc.	(909)	(1,506)
Prepaid expenses and other assets	(53,128)	5,000
Accounts payable and accrued liabilities	53,548	2,417
Grants payable	(74,622)	85,270
Due to New York City Historic Properties Fund, Inc.	(83,684)	3,361
Net Cash from Operating Activities	40,195	1,158,830
CASH FLOWS FROM INVESTING ACTIVITIES		
Loans issued	-	(73,323)
Loan repayments	50,889	50,678
Purchase of property and equipment	(80,000)	-
Proceeds from sales of investments	2,300,956	4,841,332
Purchase of investments	(2,526,987)	(7,569,130)
Change in short term investments	(69,892)	26,665
Net Cash from Investing Activities	(325,034)	(2,723,778)
Net Change in Cash and Cash Equivalents	(284,839)	(1,564,948)
CASH AND CASH EQUIVALENTS		
Beginning of the year	3,274,740	4,839,688
End of the year	\$ 2,989,901	\$ 3,274,740

See notes to financial statements

New York Landmarks Conservancy, Inc.

Notes to Financial Statements
December 31, 2019

1. Organization and Tax Status

New York Landmarks Conservancy, Inc. (the "Organization"), established in 1973, is a non-profit organization dedicated to the preservation and reuse of architecturally, culturally and historically significant buildings throughout New York City and the State of New York. The Organization's goals are to devise and implement economically sound reuse strategies for landmark buildings, carry out studies, utilize legal and economic tools as incentives to historic preservation, disseminate preservation-related information to the public, assist community groups in achieving urban renewal through the revitalization of existing structures, and provide technical assistance to owners of landmark properties. The Organization derives most of its revenue and support from contributions and grants made by individuals, corporations and foundations.

The Organization has been granted tax-exempt status from the Internal Revenue Service under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to federal or state income taxes.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires the Organization's management to make certain estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Change in Accounting Principle

Effective January 1, 2019, the Organization adopted new U.S. GAAP revenue recognition guidance which 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. As permitted by the new framework, the Organization elected not to adjust the promised amount of consideration for the effects of a significant financing component as all revenue is collected within one year or less. Adoption of the ASU had an immaterial impact on the Organization's financial statements.

New York Landmarks Conservancy, Inc.

Notes to Financial Statements
December 31, 2019

2. Summary of Significant Accounting Policies (continued)

Change in Accounting Principle (continued)

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 provides a framework for evaluating whether grants and contributions should be accounted for as an exchange transaction or as non-exchange transactions. ASU 2018-08 is effective for fiscal years beginning after December 15, 2018 and the Organization adopted ASU 2018-08 on a modified prospective basis and has determined there to be immaterial impact to its financial statements.

Measure of Operations

The Organization includes in its measure of operations all revenues and expenses that are an integral part of its program and supporting activities and excludes contributions with donor restrictions that are permanent in nature and investment return in excess of the Organization's spend rate.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with maturities of three months or less when purchased.

Pledges Receivable

Pledges receivable are stated at their estimated realizable value. Amounts due in more than one year are stated at the present value of the estimated future cash flows, discounted using a risk-adjusted rate.

Cash and Cash Equivalents Held for Other Agencies

The Organization maintains cash and cash equivalents for others in connection with transactions in which the Organization acts as an agent. These cash and cash equivalents are reported in the statement of financial position with related liability accounts categorized under amounts held for other agencies.

Fair Value Measurements

The Organization 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.

New York Landmarks Conservancy, Inc.

Notes to Financial Statements
December 31, 2019

2. Summary of Significant Accounting Policies (continued)

Investments and Investment Income Recognition

Investments are stated at fair value. 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.

Property and Equipment

Property and equipment are stated at cost and depreciated on a straight line basis over their estimated useful lives, ranging from 3 to 15 years. The Organization capitalizes all expenditures for property and equipment in excess of \$5,000. Leasehold improvements are stated at cost and depreciated on a straight-line basis over the shorter of the lease term or their estimated useful life.

Deferred Rent

Certain operating leases provide a rent holiday which is amortized on a straight line basis over the term of the lease. Other operating leases may contain escalation costs which are also amortized on a straight line basis over the lease term.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Salaries are allocated on the basis of staff estimates of time and effort. Direct program costs such as grants, construction and professional fees are allocated directly to the programs. Special event costs are netted with the contributions. All other costs that are not charged directly to a program are allocated based on the percentage of overall salary allocation.

Net Asset Presentation

Net assets without donor restrictions have no restriction as to use or purpose imposed by donors. Net assets with donor restrictions are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature, and are limited to a specific time period or purpose. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained for investment in perpetuity.

New York Landmarks Conservancy, Inc.

Notes to Financial Statements
December 31, 2019

2. Summary of Significant Accounting Policies (continued)

Contributions

Contributions received, including unconditional promises to give, are recognized as revenue in the period received. The Organization reports gifts as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are restricted as support for future periods. When donor restrictions expire, that is, when a stipulated time restriction ends or purpose restriction is accomplished, 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.

The Organization reports gifts of goods and equipment at fair value on the date of the gift. Such gifts are reported as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations as to how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or purchased long-lived assets are placed in service.

Contributed Services

The fair value of contributed services is reported as a contribution if such services create or enhance non-financial assets, or require specialized skills, and are provided by individuals possessing such specialized skills and would typically need to be purchased if not provided by donation.

Art Collection

The Organization maintains a donated art collection that is not recognized as an asset on the statement of financial position. The collection has been appraised at \$400,000 as of June 2008.

Accounting for Uncertainty in Income Taxes

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

Advertising

Advertising costs are expensed as incurred and amounted to \$484,606 for the year ended December 31, 2019.

New York Landmarks Conservancy, Inc.

Notes to Financial Statements
December 31, 2019

2. Summary of Significant Accounting Policies (continued)

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 April 22, 2020.

Prior Year Summarized Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information is not intended to include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for 2018.

3. Concentration of Credit Risk

The Organization maintains cash in bank accounts which at times may exceed federally insured limits. This potentially subjects the Organization to a concentration of credit risk. The Organization has not experienced any losses in such accounts.

The investment portfolio is managed by professional investment advisors and managers and is diversified by type of investment and industry concentrations so that no individual investment or group of investments represents a significant concentration of market risk.

4. Pledges Receivable

Pledges receivable at December 31, 2019 are deemed fully collectible by management. Collection of these pledges is expected in 2020.

5. Program-Related Loans Receivable

Program-related loans receivable consist of secured loans made to various individuals, corporations and organizations for landmark restoration and preservation of their historic properties. The loans bear interest ranging from 2% to 3% with loan terms expiring through 2023. All loan payments are current as of December 31, 2019.

Based on an evaluation of the historical collectability of outstanding loans receivable, management has deemed that an allowance for uncollectible amounts was not necessary at December 31, 2019. Ultimate losses, however, may vary materially from current estimates at December 31, 2019. Management reviews these estimates on an ongoing basis, and as changes become necessary, adjusts the allowance accordingly.

New York Landmarks Conservancy, Inc.

Notes to Financial Statements
December 31, 2019

5. Program-Related Loans Receivable *(continued)*

Scheduled collections on the outstanding loans are to be received as follows:

2020	\$	22,842
2021		23,536
2022		24,252
2023		10,321
	\$	<u>80,951</u>

6. Due from New York City Historic Properties Fund, Inc. (NYCHPF)

The Organization has a management contract with NYCHPF, a related party, whereby NYCHPF reimburses the Organization for management and administrative costs provided. During 2019, the Organization was reimbursed \$471,371 by NYCHPF for direct expenses and common costs associated with the administration and management of NYCHPF. At December 31, 2019, the Organization had a receivable from NYCHPF of \$38,644.

7. Investments

Investments at December 31, 2019 consist of:

Mutual Funds, at Fair Value		
Global cash	\$	500,599
US large cap growth		2,301,928
US large cap value		2,311,839
US large cap		988,110
US mid cap		564,537
International equities		1,709,201
US taxable core		1,916,244
Preferred securities		380,871
Short term fixed income		899,344
REITs		244,188
MLP/energy infrastructure		349,615
Global multi asset		<u>1,023,049</u>
Total Mutual Funds, at Fair Value		13,189,525
Cash and cash equivalents, at cost		<u>245,515</u>
Total Investments	\$	<u>13,435,040</u>

Investments stated at fair value are measured using Level 1 inputs.

New York Landmarks Conservancy, Inc.

Notes to Financial Statements
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8. Property and Equipment

Property and equipment consist of the following at December 31, 2019:

Furniture and equipment	\$ 258,546
Leasehold improvements	58,894
	<u>317,440</u>
Accumulated depreciation	(230,896)
	<u>\$ 86,544</u>

9. Operating Lease

The Organization occupies offices in New York City at One Whitehall Street, under a noncancellable operating lease expiring February 28, 2022. Future minimum lease payments under the terms of the agreement are as follows:

2020	\$ 247,752
2021	247,752
2022 (two months)	41,292
	<u>\$ 536,796</u>

Rental expense for 2019 was \$268,054, which included letter of credit fees and tax escalation costs charged by the lessor amounting to \$26,939.

10. Net Assets Without Donor Restrictions

At December 31, 2019, the Board of Directors has designated a portion of the Organization's accumulated net assets without donor restrictions of \$10,190,389 to be used for preservation grants and easements, restoration of endangered buildings, and future operating purposes.

New York Landmarks Conservancy, Inc.

Notes to Financial Statements
December 31, 2019

11. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods at December 31, 2019:

Subject to expenditure for a specified purpose:

City Ventures Fund	\$ 43,569
Emergency Grant Program	48,213
Sacred Sites Program	503,160
Porzeolt Foundation	7,702
Lucy G. Moses Awards Program	432,615
Brendan Gill Endowment for Historic Preservation	552,418
Frederick Law Olmstead House	22,854
25 Year Anniversary Fund Endowment	184,373
	<u>1,794,904</u>

Held as endowment and subject to the Organization's spending policy and appropriation:

Lucy G. Moses Awards Endowment	330,000
Brendan Gill Endowment for Historic Preservation	1,783,225
25 Year Anniversary Endowment	278,843
	<u>2,392,068</u>
Total Net Assets with Donor Restrictions	<u>\$ 4,186,972</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time in 2019 as follows:

Program restrictions accomplished:

City Ventures Fund	\$ 2,670
Emergency Grant Program	87,966
Sacred Sites Program	158,971
Porzeolt Foundation	731
Lucy G. Moses Awards Endowment	150,660
Brendan Gill Endowment for Historic Preservation	84,100
25 Year Anniversary Fund Endowment	20,554
Frederick Law Olmstead House	66,119
	<u>571,771</u>

Time restrictions expired:

Pledges timing	60,000
Total Restrictions Released	<u>\$ 631,771</u>

New York Landmarks Conservancy, Inc.

Notes to Financial Statements
December 31, 2019

12. Endowment

Interpretation of Law

The Organization follows the New York Prudent Management of Institutional Funds Act (“NYPMIFA”), which requires the preservation of the 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, the Board of Directors retains in perpetuity (a) the original value of the gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations of investment returns 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 the Board of Directors in a manner consistent with the standard of prudence prescribed by NYPMIFA.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while attempting to increase the value of the endowment assets, including both donor-restricted and board designated funds.

The Organization utilizes a total return investment approach with its asset allocation diversified over multiple asset classes and sub classes. Endowment return objectives are to provide adequate funding over the long term with a moderate level of risk. In order to achieve this objective, the Organization follows the strategy of weighing the asset allocation to higher return asset classes, including equities, with marginally higher risk characteristics. The total return objective includes the funding of both the current year spending rate amount and the amount required to be retained pursuant to the Board of Director’s interpretation of State law.

Spending Rate Methods

The Organization invests its endowment funds and allocates the related earnings for expenditure in accordance with the total return concept. The endowment usage is determined in accordance with the policy adopted by the Organization. The Board of Directors utilizes various spending methods to determine its annual drawdown from the endowment funds as follows:

Board Designated - at the discretion of the Board of Directors

Donor Restricted:

- Lucy G. Moses Awards Endowment – 4% of the trailing 5 year average of the fair value balance of the endowment fund to offset allocated expenses
- Brendan Gill Endowment for Historic Preservation – 4% of the trailing 5 year average of the fair value balance of the endowment fund to provide a grant to NYCHPF
- 25 Year Anniversary Endowment – 5% of the trailing 5 year average of the fair value balance of the endowment fund to provide working capital

New York Landmarks Conservancy, Inc.

Notes to Financial Statements
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12. Endowment (continued)

Changes in endowment and other invested funds for 2019 consist of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance, beginning of year, endowment funds	\$ 7,772,205	\$ 2,712,219	\$ 10,484,424
Additions	635,000	-	635,000
Investment return	186,960	64,879	251,839
Capital appreciation	1,350,538	480,012	1,830,550
Expenditures	(48,737)	(12,200)	(60,937)
Transfers	(386,527)	(109,654)	(496,181)
Balance, end of year, endowment funds	9,509,439	3,135,256	12,644,695
Other investments, not part of endowment funds			
Operating fund	542,819	-	542,819
Astor Fund (Sacred Sites)	-	247,526	247,526
Total Investments	\$ 10,052,258	\$ 3,382,782	\$ 13,435,040
Comprised of the following:			
Board Designated	\$ 9,509,439	\$ -	\$ 9,509,439
Second 25 year endowment	-	463,216	463,216
Lucy Moses endowment	-	336,398	336,398
Brendan Gill endowment	-	2,335,642	2,335,642
Total Endowment Funds	9,509,439	3,135,256	12,644,695
Operating fund	542,819	-	542,819
Astor Fund (Sacred Sites)	-	247,526	247,526
Total Investments	\$ 10,052,258	\$ 3,382,782	\$ 13,435,040
Donor endowed	\$ -	\$ 3,135,256	\$ 3,135,256
Board designated	9,509,439	-	9,509,439
Total Endowment Funds	9,509,439	3,135,256	12,644,695
Operating fund	542,819	-	542,819
Astor Fund (Sacred Sites)	-	247,526	247,526
Total Investments	\$ 10,052,258	\$ 3,382,782	\$ 13,435,040

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12. Endowment (continued)

Underwater Endowment 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 the Organization to retain as a fund of perpetual duration. There were no underwater endowment funds as of December 31, 2019.

13. Grants Payable

The Organization issues grants to other non-profit organizations. Grants are given to maintain, repair and restore historic buildings and are given to Sacred Sites, endangered buildings and for emergency preservation. An annual grant is given to the New York City Historic Properties Fund, Inc., which is the Organization's main financing vehicle for restoration work throughout New York City. Grants are expensed at time of commitment and are considered a payable at that time and do not span more than one year.

14. Retirement Plan

The Organization has a 403(b) plan that provides for discretionary contributions for eligible employees, limited to the maximum annual amount allowed by the Internal Revenue Service. The Organization's contributions amounted to \$64,321 in 2019.

15. 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, are comprised of the following at December 31, 2019:

Cash and cash equivalents	\$ 2,989,901
Pledges receivable	20,500
Program-related loans receivable (current)	22,842
Due from New York City Historic Properties Fund, Inc.	38,644
Investments	542,819
	<u>\$ 3,614,706</u>

As part of the Organization's liquidity management, the Organization strives to maintain funds to cover all donor restricted non-endowed funds in either checking or money market accounts. At year-end, any shortfalls are reconciled and funds are transferred from the investment account to a checking account. Investments without donor restrictions can be used if needed. The balance of these investments as of December 31, 2019 was \$542,819. Also, there are Board designated investments of approximately \$9.5 million that can be made available if needed.

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16. Subsequent Events

Subsequent to year-end, the COVID-19 pandemic has resulted in substantial volatility in the global financial markets. As a result, the Organization's investments portfolio has incurred a significant decline in its fair value since December 31, 2019. Because the value of the Organization's individual investments have and will fluctuate in response to changing market conditions, the amount of losses, if any, that will be recognized in subsequent periods, cannot be determined.

The Organization's operations and financial performance may be affected by the recent coronavirus outbreak which has spread globally and is expected to adversely affect economic conditions throughout the world. If the outbreak continues and conditions worsen, the Organization may experience a disruption in operations as well as decline in revenue and support activities. The effects of the outbreak on the Organization's business, financial condition and results of operations cannot be determined at this time.

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