

New York Landmarks Conservancy, Inc.

Financial Statements

December 31, 2022

Independent Auditors' Report

**To the Board of Directors of
New York Landmarks Conservancy, Inc.**

Opinion

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, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Report on Summarized Comparative Information

We have previously audited the Organization's December 31, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 19, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

PKF O'Connor Davies, LLP

April 17, 2023

New York Landmarks Conservancy, Inc.

Statement of Financial Position
December 31, 2022
(with comparative amounts at December 31, 2021)

	2022	2021
ASSETS		
Cash and cash equivalents	\$ 4,798,505	\$ 3,833,675
Pledges receivable	400,000	97,500
Program-related loans receivable	295,841	329,795
Prepaid expenses and other assets	-	21,225
Cash and cash equivalents held for others	58,830	106,978
Investments	10,955,299	13,368,762
Property and equipment, net	-	31,666
Right of use asset - operating lease, net	4,104,853	-
Investments held in perpetuity	2,392,068	2,392,068
	\$ 23,005,396	\$ 20,181,669
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued liabilities	\$ 32,997	\$ 29,033
Grants payable	934,745	670,611
Lease payable	4,295,822	-
Deferred rent	-	3,697
Amounts Held for Others		
Queens Historic Properties Fund	58,830	106,978
Total Liabilities	5,322,394	810,319
Net Assets		
Without Donor Restrictions		
Undesignated	2,356,323	2,098,063
Board designated	11,068,046	12,765,769
Total Without Donor Restrictions	13,424,369	14,863,832
With donor restrictions	4,258,633	4,507,518
Total Net Assets	17,683,002	19,371,350
	\$ 23,005,396	\$ 20,181,669

See notes to financial statements

New York Landmarks Conservancy, Inc.

Statement of Activities
Year Ended December 31, 2022
(with summarized totals for the year ended December 31, 2021)

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
OPERATING REVENUE AND SUPPORT				
Contributions and grants	\$ 2,919,772	\$ 880,920	\$ 3,800,692	\$ 2,307,287
Contributed services	16,934	-	16,934	57,945
Special events, net of direct benefit to donors of \$228,593 and \$271,087	1,059,213	-	1,059,213	1,189,353
Government grants	49,500	-	49,500	28,080
Program services income	-	41,525	41,525	28,346
	<u>4,045,419</u>	<u>922,445</u>	<u>4,967,864</u>	<u>3,611,011</u>
Net assets released from restrictions	539,519	(539,519)	-	-
Total Operating Revenue and Support	<u>4,584,938</u>	<u>382,926</u>	<u>4,967,864</u>	<u>3,611,011</u>
EXPENSES				
Program	2,745,104	-	2,745,104	2,274,142
Administration	421,628	-	421,628	394,274
Development and fundraising	760,475	-	760,475	713,247
Total Expenses	<u>3,927,207</u>	<u>-</u>	<u>3,927,207</u>	<u>3,381,663</u>
Excess of Operating Revenue and Support Over Expenses	657,731	382,926	1,040,657	229,348
NON-OPERATING ACTIVITIES				
Forgiveness of Paycheck Protection Program loans	-	-	-	589,319
Non-operating investment return	(2,097,194)	(631,812)	(2,729,006)	1,666,817
Change in Net Assets	(1,439,463)	(248,886)	(1,688,349)	2,485,484
NET ASSETS				
Beginning of year	<u>14,863,832</u>	<u>4,507,519</u>	<u>19,371,351</u>	<u>16,885,866</u>
End of year	<u>\$ 13,424,369</u>	<u>\$ 4,258,633</u>	<u>\$ 17,683,002</u>	<u>\$ 19,371,350</u>

See notes to financial statements

New York Landmarks Conservancy, Inc.

Statement of Functional Expenses Year Ended December 31, 2022 (with summarized totals for the year ended December 31, 2021)

	Program					Nonprofit Technical Assistance Grant Program	New York City Historic Properties Fund	Endangered Buildings	Total Program
	Sacred Sites Program	Public Policy	Technical Services	Emergency Grants	Easements				
Salaries	\$ 352,949	\$ 191,012	\$ 75,416	\$ 46,239	\$ 33,973	\$ 30,225	\$ -	\$ 39,977	\$ 769,791
Payroll taxes and benefits	96,129	58,152	22,960	14,077	10,343	9,202	-	12,171	223,034
Total Salaries and Related Expenses	449,078	249,164	98,376	60,316	44,316	39,427	-	52,148	992,825
Professional fees and purchased services	47,946	47,007	8,018	4,916	3,612	3,213	-	4,250	118,962
In-kind legal	-	-	-	-	-	-	-	-	-
Occupancy and insurance	93,826	56,758	22,409	13,740	10,095	8,982	-	11,879	217,689
Equipment lease and maintenance	1,473	891	352	216	158	141	-	186	3,417
Telephone	3,397	2,055	811	498	366	325	-	430	7,882
Postage, shipping and messenger	1,792	1,084	428	262	193	171	-	227	4,157
Copying, printing and photos	1,584	335	132	81	60	53	-	70	2,315
Supplies	2,414	1,460	577	353	260	231	-	306	5,601
Travel, catering, and meetings	9,427	3,457	1,365	837	615	547	-	724	16,972
Other events	-	229,600	-	-	-	-	-	-	229,600
Grants - direct	687,829	-	-	38,500	-	29,350	92,063	42,700	890,442
Dues and subscriptions	3,487	1,965	776	476	349	311	-	411	7,775
Depreciation	6,595	3,989	1,575	966	709	631	-	835	15,300
Fees	4,640	2,807	1,108	679	499	444	-	587	10,764
Special events	-	-	-	-	-	-	-	-	-
Advertising	26,042	86,728	19,744	68,968	209	186	19,280	246	221,403
Total Expenses Before Reimbursement and Direct Donor Benefit Expenses	1,339,530	687,300	155,671	190,808	61,441	84,012	111,343	114,999	2,745,104
Reimbursement of expenses	-	-	-	-	-	-	-	-	-
Direct donor benefit expenses	-	-	-	-	-	-	-	-	-
Total Expenses Reported by Function on the Statement of Activities	\$ 1,339,530	\$ 687,300	\$ 155,671	\$ 190,808	\$ 61,441	\$ 84,012	\$ 111,343	\$ 114,999	\$ 2,745,104

See notes to financial statements

New York Landmarks Conservancy, Inc.

Statement of Functional Expenses *(continued)* Year Ended December 31, 2022 (with summarized totals for the year ended December 31, 2021)

	Administration			Development and Fundraising	2022 Total	2021 Total
	Management and General	New York City Historic Properties Fund	Total Administration			
Salaries	\$ 204,623	\$ 305,112	\$ 509,735	\$ 281,963	\$ 1,561,489	\$ 1,531,249
Payroll taxes and benefits	62,296	85,177	147,473	85,841	456,348	440,147
Total Salaries and Related Expenses	<u>266,919</u>	<u>390,289</u>	<u>657,208</u>	<u>367,804</u>	<u>2,017,837</u>	<u>1,971,396</u>
Professional fees and purchased services	21,754	-	21,754	29,977	170,693	174,129
In-kind legal	16,934	-	16,934	-	16,934	57,945
Occupancy and insurance	89,155	59,969	149,124	83,784	450,597	366,528
Equipment lease and maintenance	954	1,386	2,340	1,315	7,072	7,376
Telephone	2,202	3,198	5,400	3,034	16,316	19,206
Postage, shipping and messenger	1,161	1,686	2,847	1,600	8,604	9,562
Copying, printing and photos	6,638	522	7,160	495	9,970	8,035
Supplies	1,564	2,272	3,836	2,155	11,592	9,593
Travel, catering, and meetings	3,703	205	3,908	5,103	25,983	9,141
Other events	-	7,437	7,437	-	237,037	17,160
Grants - direct	-	-	-	-	890,442	689,294
Dues and subscriptions	2,105	-	2,105	2,900	12,780	20,896
Depreciation	4,273	6,207	10,480	5,887	31,667	34,284
Fees	3,007	-	3,007	4,143	17,914	18,505
Special events	-	-	-	228,593	228,593	271,087
Advertising	1,259	-	1,259	252,278	474,940	448,364
Total Expenses Before Reimbursement and Direct Donor Benefit Expenses	<u>421,628</u>	<u>473,171</u>	<u>894,799</u>	<u>989,068</u>	<u>4,628,971</u>	<u>4,132,501</u>
Reimbursement of expenses	-	(473,171)	(473,171)	-	(473,171)	(479,751)
Direct donor benefit expenses	-	-	-	(228,593)	(228,593)	(271,087)
Total Expenses Reported by Function on the Statement of Activities	<u>\$ 421,628</u>	<u>\$ -</u>	<u>\$ 421,628</u>	<u>\$ 760,475</u>	<u>\$ 3,927,207</u>	<u>\$ 3,381,663</u>

See notes to financial statements

New York Landmarks Conservancy, Inc.

Statement of Cash Flows
Year Ended December 31, 2022
(with comparative amounts for the year ended December 31, 2021)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (1,688,349)	\$ 2,485,484
Adjustments to reconcile change in net assets to net cash from operating activities		
Amortization of right to use assets- operating lease	296,322	-
Amortization of imputed interest-lease payable	98,741	-
Depreciation	31,667	34,284
Deferred rent	-	(22,181)
Net realized and unrealized loss (gain) on investments	3,061,023	(1,103,058)
Forgiveness of Paycheck Protection Program loans	-	(589,319)
Changes in operating assets and liabilities		
Pledges receivable	(302,500)	(15,000)
Prepaid expenses and other assets	21,225	88,024
Accounts payable and accrued liabilities	3,964	(41,097)
Grants payable	264,134	(12,297)
Payments on lease payable	(207,791)	-
Net Cash from Operating Activities	1,578,436	824,840
CASH FLOWS FROM INVESTING ACTIVITIES		
Loan repayments	33,954	28,314
Loan disbursements	-	(300,000)
Proceeds from sales of investments	4,778,725	2,414,893
Purchase of investments	(5,256,387)	(3,563,478)
Change in short term investments	(169,898)	574,838
Net Cash from Investing Activities	(613,606)	(845,433)
CASH FLOWS FROM FINANCING ACTIVITIES		
Paycheck Protection program loan proceeds	-	297,712
Net Change in Cash and Cash Equivalents	964,830	277,119
CASH AND CASH EQUIVALENTS		
Beginning of the year	3,833,675	3,556,556
End of the year	\$ 4,798,505	\$ 3,833,675
NON-CASH FINANCING ACTIVITY		
Forgiveness of Paycheck Protection Program loans	\$ -	\$ 589,319

See notes to financial statements

New York Landmarks Conservancy, Inc.

Notes to Financial Statements
December 31, 2022

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.

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.

Adoption of New Accounting Policies

Contributed Nonfinancial Assets

As of January 1, 2022, the Organization adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958). ASU 2020-07 brings more transparency and consistency to the presentation and disclosure of gifts-in-kind. The standard does not change the accounting for gifts-in-kind, however it does provide matters related to presentation and disclosure.

New York Landmarks Conservancy, Inc.

Notes to Financial Statements
December 31, 2022

2. Summary of Significant Accounting Policies (continued)

Adoption of New Accounting Policies (continued)

Leases

In February 2016, the Financial Accounting Standards Board (“FASB”) issued ASU No. 2016-02, *Leases* (Topic 842) which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset.

The Organization adopted the requirements of the new standard effective January 1, 2022, using the modified retrospective transition method, which applies the provisions of the standard at the effective date without any adjustment to the comparative periods presented. The Organization adopted the following practical expedients and elected the following accounting policies related to this standard: Carry forward of historical lease classifications and accounting treatment. Accordingly, the Organization will recognize lease payments on a straight-line basis over the lease term and variable payments in the period when the corresponding obligation is incurred. Adoption of this standard resulted in the recognition of an initial operating lease liability and right-of-use asset of \$4,401,175. As part of the adoption of Topic 842, the prior year deferred rent balance of \$3,697 was captured within the new right-of-use asset balance at the adoption date. The standard did not materially impact operating results or liquidity.

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.

Program-Related Loans Receivable

Program-related loans receivable are recorded at cost. Management deems all program-related loans receivable to be collectible at December 31, 2022.

Cash and Cash Equivalents Held for Others

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 others.

New York Landmarks Conservancy, Inc.

Notes to Financial Statements
December 31, 2022

2. Summary of Significant Accounting Policies (continued)

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.

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.

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, 2022

2. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

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

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 at 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.

New York Landmarks Conservancy, Inc.

Notes to Financial Statements
December 31, 2022

2. Summary of Significant Accounting Policies (continued)

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 2019.

Advertising

Advertising costs are expensed as incurred and amounted to \$474,940 for the year ended December 31, 2022.

Leases

As of January 1, 2022, the Organization leases a building and determines if an arrangement is a lease at inception. The operating lease is included in right of use assets – operating lease (“ROU asset”), and lease payable on the accompanying statement of financial position.

ROU asset represents the right to use an underlying asset for the lease term and lease payable represents the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The lease does not provide an implicit borrowing rate. The Organization uses a risk-free rate based on the information available at the commencement date in determining the present value of lease payments. The operating lease ROU asset includes any lease payments made and excludes lease incentives. The lease term may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization’s lease agreement does not contain any material residual value guarantees or material restrictive covenants.

The Organization has a lease agreement with lease and non-lease components, which are generally accounted for separately. Variable lease components in this lease are utilities, maintenance, insurance, and storage expenses and are recognized in operating expenses in the period in which the obligation is incurred.

The Organization applies the short-term lease exemption to all of its classes of underlying assets. During the year ended December 31, 2022, there were no short-term lease costs.

New York Landmarks Conservancy, Inc.

Notes to Financial Statements
December 31, 2022

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

Leases (continued)

For the year ended December 31, 2021, U.S. GAAP guidance stated rent shall be charged to expense over the lease term as it became payable. If rental payments are not made on a straight-line basis, rental expense shall be recognized on a straight-line basis unless another systematic and rational basis is more representative of the time pattern in which use benefit is derived from the leased property, in which case that basis shall be used. The difference between the straight-line rent expense and rent paid is reflected as a deferred rent liability in the accompanying statement of financial position as of December 31, 2021.

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 17, 2023.

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 2021.

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, 2022 are deemed fully collectible by management, and are scheduled to be collected as follows:

2023	\$ 330,000
2024	<u>70,000</u>
	<u>\$ 400,000</u>

New York Landmarks Conservancy, Inc.

Notes to Financial Statements
December 31, 2022

5. Program-Related Loans Receivable

Program-related loans receivable consist of three unsecured loans, two of which were made to churches for landmark restoration and preservation of their historic buildings. Monthly payments for the church loans range from \$876 to \$2,080, including interest ranging from 2% to 3% per annum through June 1, 2026. The remaining loan was made to New York City Historic Properties Fund, Inc. ("NYCHPF") for general operating purposes with interest accruing at 2% per annum through February 1, 2026, and the entire balance due at maturity on February 1, 2026. The loans are deemed fully collectible by management. Future minimum principal payments are due as follows as of December 31:

2023	\$	20,217
2024		10,097
2025		10,300
2026		<u>255,227</u>
	\$	<u>295,841</u>

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

The Organization has a management contract with NYCHPF, a related party, whereby NYCHPF reimburses the Organization for management and administrative costs provided. During 2022, the Organization was reimbursed \$473,171 by NYCHPF for direct expenses and common costs associated with the administration and management of NYCHPF. At December 31, 2022, the Organization had no outstanding receivable from NYCHPF relating to this contract.

7. Investments

Investments at December 31, 2022 consist of:

Mutual Funds, at Fair Value	
US large cap growth	\$ 1,147,071
US large cap value	2,608,911
US large cap	1,275,404
US mid cap	662,868
International equities	2,012,576
US taxable core	1,939,791
Preferred securities	604,747
Ultra short term fixed income	504,752
Short term fixed income	624,912
Floating rate loan fund	373,914
REITs	121,346
Global multi asset	<u>249,111</u>
Total Mutual Funds, at Fair Value	12,125,403
United States Treasury notes, at Fair Value	495,868
Cash and cash equivalents, at cost	<u>726,096</u>
Total Investments	<u>\$ 13,347,367</u>

New York Landmarks Conservancy, Inc.

Notes to Financial Statements
December 31, 2022

7. Investments (continued)

Mutual funds stated at fair value are measured using Level 1 inputs. United States Treasury notes are stated at fair value using Level 2 inputs.

Investment earnings (loss) consist of the following for the year ended December 31, 2022:

Realized and unrealized loss on investments	\$ (3,061,023)
Interest and dividends	423,820
Investment fees	(91,803)
	<u>\$ (2,729,006)</u>

8. Property and Equipment

Property and equipment consist of the following at December 31, 2022:

Furniture and equipment	\$ 213,146
Leasehold improvements	<u>58,894</u>
	272,040
Accumulated depreciation	<u>(272,040)</u>
	<u>\$ -</u>

9. Commitments and Contingencies

The Organization occupies offices in New York City at One Whitehall Street (the "Facility") under a noncancellable operating lease expiring December 31, 2034.

The Organization amortizes the operating lease right-of-use asset over the remaining life of the lease agreement. The right-of-use asset consists of the following at December 31, 2022:

Right of use assets - operating lease	\$ 4,401,175
Less: accumulated amortization	<u>(296,322)</u>
	<u>\$ 4,104,853</u>

The Facility is occupied under an operating lease requiring future minimum payments as follows for the years ending December 31:

2023	\$ 299,700
2024	333,000
2025	399,600
2026	399,600
2027	399,600
Thereafter	<u>3,076,920</u>
Total Undiscounted Operating Lease Payments	4,908,420
Less: imputed interest	<u>(612,598)</u>
Present Value of Operating Lease Liabilities	<u>\$ 4,295,822</u>

New York Landmarks Conservancy, Inc.

Notes to Financial Statements
December 31, 2022

9. Commitments and Contingencies *(continued)*

Occupancy expense for the Organization for 2022 was \$411,511 with \$98,741 related to imputed interest on the lease payable, \$296,322 related to amortization on the right to use assets- operating lease and the remainder relating to other variable lease expenses.

The weighted- average discount rate used for operating leases is 2.26%

10. Net Assets Without Donor Restrictions

At December 31, 2022, the Board of Directors has designated \$11,068,046 of the Organization's accumulated net assets without donor restrictions to be used for preservation grants and easements, restoration of endangered buildings, and future operating purposes.

11. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods at December 31, 2022:

Subject to expenditure for a specified purpose:	
Time Restriction	\$ 80,000
Nonprofit Technical Assistance Grant Program	111,698
Emergency Grant Program	161,196
Sacred Sites Program	443,127
Lucy G. Moses Awards Program	638,341
Brendan Gill Endowment for Historic Preservation	182,502
Frederick Law Olmstead House	63,862
25 Year Anniversary Fund Endowment	185,839
	<u>1,866,565</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
Second 25 Year Anniversary Endowment	278,843
	<u>2,392,068</u>
Total Net Assets with Donor Restrictions	<u>\$ 4,258,633</u>

New York Landmarks Conservancy, Inc.

Notes to Financial Statements
December 31, 2022

11. Net Assets With Donor Restrictions (*continued*)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the passage of time in 2022 as follows:

Program restrictions accomplished:	
Porzeolt Foundation	\$ 1,700
Nonprofit Technical Assistance Grant Program	29,350
Emergency Grant Program	52,861
Sacred Sites Program	288,664
Lucy G. Moses Awards Endowment	74,875
Brendan Gill Endowment for Historic Preservation	92,069
Total Restrictions Released	<u>\$ 539,519</u>

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.

New York Landmarks Conservancy, Inc.

Notes to Financial Statements
December 31, 2022

12. Endowment (continued)

Spending Rate Methods

The spending policies for board designated endowment funds are set at the discretion of the Board of Directors. These funds are used for preservation grants and easements, restoration of endangered buildings and future operating purposes. The annual appropriation amounts are presented and approved with the Organization's annual budget. Within the board designated endowment funds, an amount of \$1 million dollars is held in perpetuity to fund any obligation under the terms of easements held by the Organization. The Organization invests its endowment funds and allocates the related earnings for expenditure in accordance with the total return concept.

The Board of Directors utilizes various targeted spending methods to determine the estimated annual drawdown from the Organization's donor restricted 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 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 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 of the endowment fund to provide working capital

The above targeted spending policies for donor restricted endowment funds and any and all actual appropriation amounts are approved annually at the discretion of the Organization's Board of Directors and must be consistent with the requirements of NYPMIFA as set forth in Section 553 of the New York Not-for-Profit Corporation Law including, but not limited to, the prudence standard of NYPMIFA. Under the prudence standard, an Organization may spend so much of a donor restricted endowment fund as the Organization determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, considering certain factors enumerated in Section 553(a) of the New York Not-for-Profit Corporation Law. The Investment Committee of the Board of Directors reviews and reassesses periodically the adequacy of the current spending policies in light of current operational circumstances.

New York Landmarks Conservancy, Inc.

Notes to Financial Statements
December 31, 2022

12. Endowment (continued)

Changes in endowment and other invested funds for 2022 consist of the following:

	Without Donor Restrictions	With Donor Restrictions		Total
		Temporary in Nature	Perpetual in Nature	
Balance, beginning of year, endowment funds	\$ 11,833,795	\$ 1,064,502	\$ 2,392,068	\$ 15,290,365
Additions	-	-	-	-
Investment return	293,053	84,531	-	377,584
Investment fees	(69,074)	(20,097)	-	(89,171)
Capital depreciation	(2,305,024)	(668,451)	-	(2,973,475)
Expenditures	<u>(7,226)</u>	<u>(92,069)</u>	-	<u>(99,295)</u>
Balance, end of year, endowment funds	9,745,524	368,416	2,392,068	12,506,008
Other investments, not included in endowment funds				
Operating fund	771,592	-	-	771,592
Astor Fund (Sacred Sites)	-	69,767	-	69,767
Total Investments	<u>\$ 10,517,116</u>	<u>\$ 438,183</u>	<u>\$ 2,392,068</u>	<u>\$ 13,347,367</u>
Comprised of the following:				
Board Designated	\$ 9,745,524	\$ -	\$ -	\$ 9,745,524
Second 25 year Anniversary endowment	-	185,844	278,843	464,687
Lucy G. Moses endowment	-	77	330,000	330,077
Brendan Gill endowment	-	182,495	1,783,225	1,965,720
Total Endowment Funds	9,745,524	368,416	2,392,068	12,506,008
Operating fund	771,592	-	-	771,592
Astor Fund (Sacred Sites)	-	69,767	-	69,767
Total Investments	<u>\$ 10,517,116</u>	<u>\$ 438,183</u>	<u>\$ 2,392,068</u>	<u>\$ 13,347,367</u>
Donor endowed	\$ -	\$ 368,416	\$ 2,392,068	\$ 2,760,484
Board designated	<u>9,745,524</u>	-	-	<u>9,745,524</u>
Total Endowment Funds	9,745,524	368,416	2,392,068	12,506,008
Operating fund	771,592	-	-	771,592
Astor Fund (Sacred Sites)	-	69,767	-	69,767
Total Investments	<u>\$ 10,517,116</u>	<u>\$ 438,183</u>	<u>\$ 2,392,068</u>	<u>\$ 13,347,367</u>

New York Landmarks Conservancy, Inc.

Notes to Financial Statements
December 31, 2022

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, 2022.

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 and considered a payable at the time of commitment 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 to the plan totaled \$66,020 in 2022.

15. Contributed Services

The Organization received contributed services as follows for the year ended December 31, 2022:

	<u>Amount</u>	<u>Usage in Program/Activities</u>	<u>Donor Restriction</u>	<u>Fair Value Techniques</u>
Legal services	\$ 16,934	Management and General	None	Estimated based on current rates of legal services provided by law firm

The Organization does not have a policy to monetize donations of non-financial assets.

New York Landmarks Conservancy, Inc.

Notes to Financial Statements
December 31, 2022

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, are comprised of the following at December 31, 2022:

Cash and cash equivalents	\$ 4,798,505
Pledges receivable	400,000
Program-related loans receivable	20,217
Investments	<u>265,933</u>
Total Financial Assets	5,484,655
Pledges receivable expected to be collected in more than one year	(70,000)
Donor restricted endowments	<u>(2,830,251)</u>
	<u>\$ 2,584,404</u>

As part of the Organization's liquidity management, the Organization strives to maintain an amount equal to 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, 2022 was \$265,933. Also, there are Board designated investments of approximately \$9.7 million that can be made available if needed.

17. Paycheck Protection Program Loans

On April 7, 2020, the Organization received a loan under the Paycheck Protection Program ("PPP Round 1") in the amount of \$291,607 from the United States Small Business Administration ("SBA"). On February 12, 2021 the Organization received a second loan under the Paycheck Protection Program ("PPP Round 2") in the amount of \$297,712. The PPP Round 1 and 2 loans were subsequently forgiven in full by the SBA on January 27, 2021 and November 8, 2021, respectively, and are included in the non-operating section of the accompanying statement of activities for the year ended December 31, 2021 as forgiveness of Paycheck Protection Program loans.

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