

The Statue of Liberty - Ellis Island Foundation, Inc.

Financial Report
March 31, 2021

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RSM US LLP

Independent Auditor's Report

Board of Directors
The Statue of Liberty - Ellis Island Foundation, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of The Statue of Liberty - Ellis Island Foundation, Inc., which comprise the statement of financial position as of March 31, 2021, 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.

Auditor's 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Statue of Liberty - Ellis Island Foundation, Inc. as of March 31, 2021, 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.

Report on Summarized Comparative Information

We have previously audited The Statue of Liberty - Ellis Island Foundation, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 15, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

RSM US LLP

New York, New York
January 27, 2022

The Statue of Liberty - Ellis Island Foundation, Inc.

Statement of Financial Position

March 31, 2021

(With Comparative Information as of March 31, 2020)

	2021	2020
Assets		
Cash	\$ 3,710,094	\$ 2,898,473
Investments	61,889,326	46,163,285
Contributions and bequest receivable – net	2,152,016	5,101,671
Other assets	618,661	621,320
Property and equipment – net	841,346	1,140,252
	<u>69,211,443</u>	<u>55,925,001</u>
Total assets	\$ 69,211,443	\$ 55,925,001
Liabilities and Net Assets		
Liabilities:		
Accounts payable, accrued expenses and other	\$ 2,236,254	\$ 2,074,723
Refundable advance	447,500	-
Total liabilities	<u>2,683,754</u>	<u>2,074,723</u>
Commitments and contingency		
Net assets:		
Without donor restrictions:		
Undesignated	2,345,695	1,651,972
Audio tour	7,632,056	8,510,833
Peopling of America maintenance and operations fund	2,562,472	1,579,874
Board-designated "endowment" fund	44,851,959	33,357,989
Total net assets without donor restrictions	<u>57,392,182</u>	<u>45,100,668</u>
With donor restrictions:		
The Statue of Liberty Museum	2,799,100	7,228,232
Liberty Museum maintenance and operations fund	6,336,407	1,521,378
Total net assets with donor restrictions	<u>9,135,507</u>	<u>8,749,610</u>
Total net assets	<u>66,527,689</u>	<u>53,850,278</u>
Total liabilities and net assets	<u>\$ 69,211,443</u>	<u>\$ 55,925,001</u>

See notes to financial statements.

The Statue of Liberty - Ellis Island Foundation, Inc.

Statement of Activities

Year Ended March 31, 2021

(With Summarized Comparative Information for the Year Ended March 31, 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Summarized Comparative Information
Operating revenue, gain and other support:				
Contributions	\$ 3,088,608	\$ 50,799	\$ 3,139,407	\$ 5,902,428
Bequests	338,446	-	338,446	99,758
American Family Immigration History Center sales including product sales	331,663	-	331,663	966,892
Audio tours	785,390	-	785,390	13,761,995
Miscellaneous income	-	-	-	411
Net assets released due to satisfaction of purpose and/or time restrictions	979,931	(979,931)	-	-
Net assets appropriated to operations from board-designated "endowment" fund	1,000,000	-	1,000,000	1,000,000
Total operating revenue, gain and other support	6,524,038	(929,132)	5,594,906	21,731,484
Expenses:				
Program services:				
Ellis Island Museum project	1,204,566	-	1,204,566	671,339
Liberty Museum project	879,286	-	879,286	6,187,442
Audio tour	354,601	-	354,601	6,527,268
American Family Immigration History Center	233,624	-	233,624	512,815
Public awareness and education	206,277	-	206,277	188,458
Maintenance of Liberty Museum exhibits	104,552	-	104,552	276,796
Maintenance of Peopling of America exhibits	147,259	-	147,259	147,648
Total program services	3,130,165	-	3,130,165	14,511,766
Supporting services:				
Management and general	2,562,024	-	2,562,024	3,125,850
Fundraising	1,211,027	-	1,211,027	3,484,409
Total supporting services	3,773,051	-	3,773,051	6,610,259
Total operating expenses	6,903,216	-	6,903,216	21,122,025
Results of operations	(379,178)	(929,132)	(1,308,310)	609,459
Nonoperating activities:				
Net investment return	13,670,692	1,315,029	14,985,721	(5,334,261)
Net assets appropriated to operations from board-designated "endowment" fund	(1,000,000)	-	(1,000,000)	(1,000,000)
Total nonoperating activities	12,670,692	1,315,029	13,985,721	(6,334,261)
Change in net assets	12,291,514	385,897	12,677,411	(5,724,802)
Net assets:				
Beginning	45,100,668	8,749,610	53,850,278	59,575,080
Ending	\$ 57,392,182	\$ 9,135,507	\$ 66,527,689	\$ 53,850,278

See notes to financial statements.

The Statue of Liberty - Ellis Island Foundation, Inc.

Statement of Functional Expenses

Year Ended March 31, 2021

(With Summarized Comparative Information for the Year Ended March 31, 2020)

	Program Services							Supporting Services			2021 Total	2020 Summarized Comparative Information Total	
	Ellis Island Museum project	Liberty Museum project	Audio Tour	American Family Immigration History Center	Public Awareness and Education	Maintenance of Liberty Museum exhibits	Maintenance of Peopling of America exhibits	Total Program Services	Management and General	Fundraising			Total Supporting Services
Personnel costs	\$ 163,263	\$ 59,645	\$ -	\$ 213,596	\$ 150,510	\$ 98,126	\$ 32,591	\$ 717,731	\$ 1,428,463	\$ 442,006	\$ 1,870,469	\$ 2,588,200	\$ 3,445,004
Design and construction costs	1,004,362	735,706	-	-	-	-	-	1,740,068	2,400	-	2,400	1,742,468	6,274,856
Professional fees	-	-	-	-	-	-	3,066	3,066	490,680	303,115	793,795	796,861	2,966,279
Depreciation	24,820	51,252	-	11,419	31,590	245	42,609	161,935	251,750	91,867	343,617	505,552	486,348
Communications	561	8,482	-	4,923	-	5,183	40,971	60,120	90,500	244,810	335,310	395,430	524,381
Audio tour contractors	-	-	354,075	-	-	-	-	354,075	-	-	-	354,075	6,483,268
Occupancy	11,410	23,563	-	-	14,523	-	14,819	64,315	115,739	42,235	157,974	222,289	375,838
Insurance	-	-	-	-	-	-	-	-	108,377	-	108,377	108,377	83,771
Other	150	638	526	2,516	9,654	998	13,203	27,685	74,115	8,388	82,503	110,188	296,250
Cost of goods sold	-	-	-	1,170	-	-	-	1,170	-	78,606	78,606	79,776	186,030
Total 2021 expenses	\$1,204,566	\$ 879,286	\$ 354,601	\$ 233,624	\$ 206,277	\$ 104,552	\$ 147,259	\$ 3,130,165	\$ 2,562,024	\$ 1,211,027	\$ 3,773,051	\$ 6,903,216	
Total 2020 expenses	\$ 671,339	\$6,187,442	\$ 6,527,268	\$ 512,815	\$ 188,458	\$ 276,796	\$ 147,648	\$ 14,511,766	\$ 3,125,850	\$ 3,484,409	\$ 6,610,259		\$ 21,122,025

See notes to financial statements.

The Statue of Liberty - Ellis Island Foundation, Inc.

Statement of Cash Flows

Year Ended March 31, 2021

(With Comparative Information for the Year Ended March 31, 2020)

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 12,677,411	\$ (5,724,802)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net realized and unrealized (gain)/loss on investments	(14,812,650)	5,479,348
Depreciation	505,552	486,348
Changes in operating assets and liabilities:		
Decrease in contributions and bequest receivable	2,949,655	7,000,063
Decrease in other assets	2,659	298,267
Increase (decrease) in accounts payable, accrued expenses and other	161,531	(2,341,099)
Increase in refundable advance	447,500	-
Net cash provided by operating activities	1,931,658	5,198,125
Cash flows from investing activities:		
Purchase of property and equipment	(206,646)	(172,163)
Proceeds from sales of investments	29,080,982	12,768,516
Purchases of investments	(29,994,373)	(17,170,035)
Net cash used in investing activities	(1,120,037)	(4,573,682)
Net change in cash	811,621	624,443
Cash:		
Beginning	2,898,473	2,274,030
Ending	\$ 3,710,094	\$ 2,898,473

See notes to financial statements.

The Statue of Liberty - Ellis Island Foundation, Inc.

Notes to Financial Statements

Note 1. Organization

The Statue of Liberty - Ellis Island Foundation, Inc. (the Foundation) is a not-for-profit organization incorporated under the laws of the State of Delaware.

The Foundation was established in 1982 to raise all the funds for, and oversee the historic restorations of, the Statue of Liberty and Ellis Island, working in cooperation with its public partner, the National Park Service, U.S. Department of the Interior. The National Park Service operates both the Statue of Liberty and Ellis Island. For the Statue of Liberty's centennial in 1986, the Foundation staged Liberty Weekend July 3-July 6. The same year, the Foundation then funded and managed the largest historic restoration in U.S. history at Ellis Island with the development of the Ellis Island Immigration Museum, which opened in September 1990. To date, the Foundation has saved and restored a total of five major buildings on Ellis Island.

The Foundation opened the American Family Immigration History Center® (the AFIHC) and its website at www.statueofliberty.org in April 2001. The AFIHC and the website provides free access to arrival records of people who entered through the Port of New York between 1820-1957, and offers reproductions of the ship passengers' manifest pages as well as images of ships of passage.

In 2015, the Foundation completed the Peopling of America® Center (the Center) in the Ellis Island Immigration Museum. The Center expands upon the story of the Ellis Island Years (1892-1954) by including the story of those who arrived before Ellis Island and those who have come since 1954, becoming citizens and altering the demographic landscape of America. The Center follows the arc of the American experience: from immigration, to assimilation, to citizenship, played out in every generation, past, present and future. With the completion of the Center, the Ellis Island Immigration Museum was renamed the Ellis Island National Museum of Immigration, becoming the country's official museum chronicling all immigration from the colonial era to today.

The Foundation operates a self-guided audio tour program for the Statue of Liberty and Ellis Island available in twelve languages, which includes accessibility tours. Audio tour revenues are dedicated to be used for new Statue of Liberty Museum (the Museum) and other projects authorized by the National Park Service and the Foundation's board of directors.

The National Park Service asked the Foundation to undertake the building of a new, LEED certified, freestanding museum on Liberty Island. The construction of the Museum began in 2016 and allows for universal access, giving all visitors a more meaningful experience and deeper understanding of Lady Liberty's history and what she stands for. Before the opening of the Museum, fewer than 20% of visitors could access the monument due to life-safety precautions and upgrades. Upon the completion of the Museum, all visitors are able to explore the Museum at will – without the need for additional advanced reservations or tickets. In addition, it created a beautiful and new destination on Liberty Island by providing an additional venue, which greatly enhances the overall visitor experience. The Museum opened on May 16, 2019.

Note 2. Summary of Significant Accounting Policies

Basis of accounting and financial statement presentation: The accompanying financial statements have been prepared on the accrual basis of accounting. The Foundation reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net assets without donor restrictions: Net assets available for use in general operations and not subject to donor restrictions.

The Statue of Liberty - Ellis Island Foundation, Inc.

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Net assets with donor restrictions: Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Investments: Investments are reported at fair value. Investment returns include realized and unrealized gains and losses resulting from the change in the market value of investments, and interest and dividend income, net of investment fees. Purchases and sales of securities are recorded on a trade-date basis.

Fair value measurements: Assets and liabilities reported at fair value are categorized based upon the level of judgment associated with the inputs used to measure their fair values. Level inputs are defined as follows:

Level 1: Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange or Nasdaq Global Market.

Level 2: Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data. Level 2 also includes derivative contracts whose value is determined using a pricing model with observable market inputs or can be derived principally from or corroborated by observable market data.

Level 3: Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation; also includes observable inputs for nonbinding single dealer quotes not corroborated by observable market data.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

The Foundation assesses the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer in accordance with its accounting policy regarding the recognition of transfers between levels of the fair value hierarchy.

Concentration of credit and market risks: The Foundation's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash. The Foundation maintains cash in bank accounts with creditworthy, high-quality financial institutions. The balances in these accounts at times may exceed federally insured limits. At March 31, 2021, all of the Foundation's cash in bank accounts is held by one financial institution. The Foundation has not experienced any losses in such accounts.

The Statue of Liberty - Ellis Island Foundation, Inc.

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Market risk represents the potential loss that can be caused by a change in the market value of the financial instrument. The Foundation's exposure to market risk is determined by a number of factors, including interest rates and market volatility. The Foundation attempts to minimize exposure to such risks by diversifying its portfolio and engaging an investment consultant to perform due diligence services and ongoing evaluation of investment and fund managers. In addition, the Foundation has an investment committee of the board of directors that oversees its investment portfolio.

Contributions and bequest receivable: Unconditional promises to give are recorded as contributions receivable when the promise is made and documented. Contributions receivable due within one year are recorded at their net realizable value. Contributions receivable due in more than one year are recorded at the present value of their net realizable value, using applicable risk-adjusted interest rates at the time the promise is received.

Contributions of assets other than cash are recorded at their estimated fair value on the date of donation.

Contributions and unconditional promises to give are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a donor restriction expires, 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.

There were no contributions from any particular donor that made up more than 10% of total contributions in the year ended March 31, 2021. The receivables from three donors accounted for 87% of total contributions and bequest receivable as of March 31, 2021. The Foundation received contributions from two major donors in the year ended March 31, 2020, which amounted to approximately 34% of total contributions revenue for the year. The receivables from two donors accounted for 44% of total contributions and bequest receivable as of March 31, 2020.

The Foundation is a beneficiary under various wills and trust agreements. The Foundation's share of such bequests is recorded when the probate courts declare the testamentary instrument valid and the proceeds are measurable.

Unpaid volunteers have made contributions of their time to assist with the AFIHC and other Foundation programs. The value of this contributed time is not reflected in these financial statements since the services provided neither require specialized skills nor would have been typically purchased by the Foundation.

Exchange transactions: The Foundation has revenue from AFIHC sales and audio tours that are accounted for as exchange transactions. The Foundation recognizes revenue in accordance with Accounting Standards Codification (ASC) Topic 606, Revenue from Contracts with Customers, which provides a five-step model for recognizing revenue from contracts with customers as follows:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as performance obligations are satisfied

The Statue of Liberty - Ellis Island Foundation, Inc.

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Revenue from AFIHC sales including product sales: Revenue generated from the admission fees and sale of immigration documents and related memorabilia is recognized at the time of sale and is reflected in the statement of activities net of related discounts. Cost of goods sold is included in AFIHC program service expenses.

Revenue from audio tours: The Foundation has sub-contract agreements for the operation of the audio tours. Revenue generated from audio tours is recognized at the time of sale and is reflected in the statement of activities, net of related discounts and refunds. Expenses associated with audio tours are reported as program service expenses in the statement of activities.

Payments for the above exchange transactions are due at the point of sale.

Peopling of America Center maintenance and operations fund: Under an agreement with the National Park Service for the building of the Center, the Foundation had agreed to set aside funds of \$2,000,000 during the year ended March 31, 2016, to support its maintenance and operation. These funds are invested together with the board-designated "endowment" fund and are allocated a proportional share of income, gains and losses. Expenses associated with the Center's maintenance and operations are reported as program service expenses in the statement of activities.

Office property and equipment: Property and equipment acquired in excess of \$10,000 with an estimated useful life of more than one year is capitalized and recorded at cost at the date of acquisition or fair value at the date of donation. Depreciation of property and equipment is provided for by the straight-line method over the estimated useful lives of the related assets. Amortization of leasehold improvements is provided for by the straight-line method over the remaining term of the lease.

The restrictions on contributed property and equipment that are absent of donor stipulations specifying how long such donated assets must be used are deemed expired when the assets are placed in service.

Liberty and Ellis Islands are owned by the U.S. government. Accordingly, all costs incurred by the Foundation for the restoration, preservation and expansion of these properties in furtherance of its exempt function are recognized as expenses in the period incurred. As of March 31, 2021, amounts payable to two contractors accounted for 48% of total accounts payable, accrued expenses and other. As of March 31, 2020, amounts payable to one contractor accounted for 24% of the total balance.

Prior-year summarized comparative information: The financial statements include certain 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 accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended March 31, 2020, from which the summarized information was derived.

Use of estimates: The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

Income taxes: The Internal Revenue Service has determined that the Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Foundation is not classified as a private foundation, and is subject to unrelated business income tax (UBIT), if applicable. For the years ended March 31, 2021 and 2020, UBIT expenses were approximately \$5,000 and \$1,300, respectively.

The Statue of Liberty - Ellis Island Foundation, Inc.

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Management evaluated the tax positions for the Foundation and concluded that the Foundation had taken no uncertain income tax positions that require adjustment or disclosure in the accompanying financial statements.

Reclassification: Certain amounts reported in the prior year financial statements have been reclassified to conform to current year's presentation.

Recently adopted accounting pronouncements: The Foundation adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue which it expects to be entitled for the transfer of promised goods and services to customers. The adoption of ASU 2014-09 did not have an impact on the Foundation's financial position, activities, net assets or cash flows as of the adoption date or for the years ended March 31, 2021 and 2020.

The Foundation adopted ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. This ASU removes, modifies, and adds certain disclosure requirements of ASC Topic 820. The adoption of this ASU had no impact on the Foundation's financial position, activities, net assets or cash flows as of the adoption date or for the years ended March 31, 2021 and 2020.

Recently issued accounting pronouncements: In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. In June 2020, the FASB issued ASU 2020-05, which defers the effective of ASU 2016-02, making it effective for annual reporting periods beginning after December 15, 2021. The Foundation is currently evaluating the impact of this ASU on the financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326)*. This update represents a significant change in the allowance for credit losses accounting model by requiring immediate recognition of management's estimates of current expected credit losses. Under the prior model, losses were recognized only as they were incurred, which the FASB has noted delayed recognition of expected losses that might not yet have met the threshold of being probable. The ASU is effective for fiscal years beginning after December 15, 2022. The Foundation is currently evaluating the impact of this ASU on the financial statements.

In November 2019, the FASB issued ASU 2019-11, *Codification Improvements to Topic 326, Financial Instruments – Credit Losses*. This ASU provides narrow-scope improvements to Topic 326. For entities that have not yet adopted ASU 2016-13 as of November 26, 2019, the effective dates for ASU 2019-11 are the same as the effective dates and transition requirements in ASU 2016-13. The Foundation is currently evaluating the impact of this ASU on the financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The Update clarifies the presentation and disclosure of contributed nonfinancial assets, including fixed assets and other items. The Update does not change existing recognition and measurement requirements for contributed nonfinancial assets. The Update is effective for 2022 with early adoption permitted. The Foundation is currently evaluating the impact of the adoption of this ASU on its financial statements.

The Statue of Liberty - Ellis Island Foundation, Inc.

Notes to Financial Statements

Note 3. Liquidity and Availability of Resources

The following represents the Foundation's available financial assets as of March 31, 2021 and 2020 to meet general expenditures over the next 12 months:

	2021	2020
Financial assets at March 31:		
Cash	\$ 3,710,094	\$ 2,898,473
Investments	61,889,326	46,163,285
Contributions and bequest receivable, net	2,152,016	5,101,671
Total financial assets at March 31	<u>67,751,436</u>	<u>54,163,429</u>
Less those unavailable for general expenditures within one year:		
Funds restricted by donors for specific projects	9,135,507	8,749,610
Investments held for long-term purpose	46,223,311	32,999,471
Total financial assets unavailable within one year	<u>55,358,818</u>	<u>41,749,081</u>
Financial assets available to meet cash needs for general expenditures within one year at March 31	<u>\$ 12,392,618</u>	<u>\$ 12,414,348</u>

The Foundation has a liquidation policy to structure its financial assets to be available as project expenditures, liabilities, and other obligations come due. The Foundation invests cash in excess of daily requirements in short-term investments such as money market accounts. To help manage unanticipated liquidity needs, the Foundation had a committed line of credit in the amount of \$10,000,000 with JPMorgan Chase bank that expired on September 14, 2021. The line of credit was never used. Additionally, the Foundation has a board-designated "endowment" portfolio of approximately \$44,900,000 and \$33,300,000 as of March 31, 2021 and 2020, respectively. The Foundation also maintains the fund held for Peopling of America maintenance and operations of approximately \$2,600,00 and \$1,500,000 as of March 31, 2021 and 2020, respectively. The Foundation does not intend to spend from its "endowment" other than amounts appropriated for general operations as part of its annual budget approval and appropriation process for specific net asset funds. Amounts from its "endowment" could be made available if necessary.

Note 4. Board-Designated "Endowment" Fund

Pursuant to a resolution of the Foundation's board of directors, an "endowment" fund was designated in the amount of approximately \$20,000,000 for establishment during the fiscal years ended March 31, 1990 through March 31, 1993, by varying minimum annual allocations of Foundation assets. Earnings of the board-designated "endowment" fund help provide for the continued upkeep and enhancements of the visitor experience at Liberty and Ellis Islands.

The objective of the "endowment" is to provide an annual earnings cash flow to assist in covering the costs of items related to improving or maintaining the visitors' experience at Liberty and Ellis Islands. The overall philosophy concerning the investment of the assets of the "endowment" is to achieve investment returns sufficient to support a spending rate of 4.5% to 6% of the three-year trailing average value of the "endowment" fund while seeking to preserve principal, both in absolute terms and real terms (adjusted for inflation). Annual maximum distributions of all or some of current and accumulated earnings to the unrestricted general fund are authorized through a board resolution. Actual distributions in any given year may vary based on expenditure levels. The actual spending rate for fiscal years 2021 and 2020 was 3%.

Though the earnings of the "endowment" are needed to meet short-term spending needs, for which a limited amount of liquidity is maintained, the "endowment" itself is long-term in nature. As such, the assets of the "endowment" are allocated to a diversified portfolio as disclosed in Note 5.

The Statue of Liberty - Ellis Island Foundation, Inc.

Notes to Financial Statements

Note 4. Board-Designated “Endowment” Fund (Continued)

The activity of the board-designated “endowment” fund for the years ended March 31, 2021 and 2020, are as follows:

	2021	2020
Balance, beginning	\$ 33,357,989	\$ 38,653,322
Net investment return	12,493,970	(4,295,333)
Appropriated to operations from board-designated "endowment" fund	(1,000,000)	(1,000,000)
Net change	11,493,970	(5,295,333)
Balance, ending	<u>\$ 44,851,959</u>	<u>\$ 33,357,989</u>

Note 5. Investments and Fair Value Measurements

Investments, measured at fair value on a recurring basis, consist of the following at March 31:

	2021	2020
Cash and money market funds	\$ 8,192,186	\$ 9,842,454
Mutual funds:		
U.S. equities	20,480,185	5,943,736
International equities	3,382,432	2,812,738
Fixed income	12,299,291	10,855,833
Emerging markets	-	1,829,373
Total investments in fair value hierarchy (Level 1)	44,354,094	31,284,134
Investments measured at net asset value	17,535,232	14,879,151
Total investments	<u>\$ 61,889,326</u>	<u>\$ 46,163,285</u>

Investment balance as of March 31, 2021 and 2020, is held for the following purposes:

	2021	2020
Board-designated "endowment" fund	\$ 44,936,959	\$ 33,357,989
Liberty Museum maintenance and operations fund	6,336,407	1,521,378
Peopling of America maintenance and operations fund	2,571,352	1,441,482
Audio tour fund for Ellis Island projects	8,044,608	9,842,436
Total investments	<u>\$ 61,889,326</u>	<u>\$ 46,163,285</u>

Below are the valuation techniques used by the Foundation to measure different financial instruments at fair value and the level within the fair value hierarchy in which the financial instrument is categorized.

Investments in mutual funds, exchange-traded funds or other securities traded on a national securities exchange are stated at the last reported sales or evaluation price on the day of valuation. These financial instruments are classified as Level 1 in the fair value hierarchy.

The Statue of Liberty - Ellis Island Foundation, Inc.

Notes to Financial Statements

Note 5. Investments and Fair Value Measurements (Continued)

Investments in commingled investment funds are valued at fair value based on the applicable percentage ownership of the investment funds' net assets as of the measurement date, as reported to the Foundation by the investment fund. In determining the fair value, the Foundation utilizes, as a practical expedient, the net asset value (NAV) or equivalent provided by the fund managers (NAV of funds). The majority of investment funds value securities and other financial instruments on a fair value basis of accounting. The estimated fair values of certain investments of the underlying investment funds, which may include private placements and other securities for which prices are not readily available, are determined by the management, general partner or sponsor of the respective investment funds and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments. The fair value of the Foundation's investments in commingled investment funds generally represents the amount the Foundation would expect to receive if it were to liquidate its investment in the commingled investment fund, excluding any redemption charges that may apply.

The financial statements of the commingled investment funds are audited annually by independent auditing firms.

The table below summarizes the investment strategy and liquidity positions of commingled investment funds at March 31, 2021 and 2020. The Foundation has no unfunded commitments in these commingled investment funds as of March 31, 2021.

Category	Fair Value		Redemption Frequency (if Currently Eligible)	Redemption Notice Period
	2021	2020		
Domestic equities ^(a)	\$ 2,662,434	\$ 3,726,994	Monthly	30 days
International equities ^(b)	5,537,929	3,337,759	Monthly	5 days
Fixed income ^(c)	1,464,199	2,479,652	Monthly	10 days
Long/short equities ^(d)	1,821,255	2,787,600	Annually	75-95 days
Emerging markets ^(e)	3,496,859	711,266	Monthly	10 days
Multi-strategy ^(f)	2,552,556	1,835,880	Annually	95 days
	<u>\$ 17,535,232</u>	<u>\$ 14,879,151</u>		

- (a) The objective of this category is to seek long-term capital appreciation by investing in a diversified portfolio of equity investments.
- (b) The objective of this category is to create capital appreciation by investing in international equities.
- (c) The objective of this category is to achieve favorable income-oriented returns from a diversified portfolio of primarily debt or debt-like securities and the preservation and enhancement of principal.
- (d) The objective of this category is to take long positions in underprice stocks while selling short, overpriced shares. The category provides investors with appreciation of capital while seeking to reduce risk.
- (e) The objective of this category is to seek long-term capital appreciation by investing in a portfolio of emerging equity investments.
- (f) The objective of this category is to achieve capital preservation and steady growth of assets by investing with a diversified group of investment managers in an effort to maximize return and reduce risk. The fund's performance objective is to pursue returns, after fees, expenses, and profit allocations that are comparable to the returns with less risk of the overall U.S. equity markets.

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Notes to Financial Statements

Note 6. Contributions and Bequest Receivable

All contributions and bequest receivable have been recorded in these financial statements at their estimated realized value. Those receivables that are payable over more than one year have been discounted to their present value using rates ranging from 1.70% to 3.64%. Unconditional contributions and bequest receivable are due as follows at March 31:

	2021	2020
In less than one year	\$ 1,562,000	\$ 3,506,000
In more than one year and less than five years	612,223	1,668,223
	<u>2,174,223</u>	<u>5,174,223</u>
Less unamortized discount on contributions and bequest receivable	(22,207)	(72,552)
	<u>\$ 2,152,016</u>	<u>\$ 5,101,671</u>

As of March 31, 2021 and 2020, the Foundation did not have outstanding unrecorded conditional contributions receivables.

Note 7. Property and Equipment

Property and equipment at cost is comprised of the following at March 31:

	2021	2020	Estimated Useful Life
Office and computer equipment	\$ 632,592	\$ 632,592	5 years
Software and website*	2,207,598	2,080,850	5 years
Furniture and fixtures	1,214,741	1,195,318	10 years
Leasehold improvements	1,474,310	1,415,003	Remaining term of lease
	<u>5,529,241</u>	<u>5,323,763</u>	
Less accumulated depreciation	4,687,895	4,183,511	
	<u>\$ 841,346</u>	<u>\$ 1,140,252</u>	

* Software and website balance as of March 31, 2021 and 2020, includes a software application developed for use on iOS-powered iPhone devices costing \$1,228,000. The purpose of this application is to enhance the users and the visitors of the Liberty Island's experience and engagement.

Note 8. Pension Plans

The Foundation has a noncontributory defined contribution pension plan covering substantially all employees. Employees become eligible to participate in the plan after completion of one year of service. The Foundation contributes annual amounts equal to 6% of each eligible employee's compensation, which vests immediately. Pension expense included in the statements of activities for the years ended March 31, 2021 and 2020, approximated \$112,000 and \$125,000, respectively.

The Statue of Liberty - Ellis Island Foundation, Inc.

Notes to Financial Statements

Note 9. Audio Tour

The net assets and changes in net assets of the audio tour program are summarized below.

	2021	2020
Balance, beginning	\$ 8,510,833	\$ 2,022,445
Operating revenue:		
Revenue	785,390	13,761,995
Operating expenses	(354,601)	(6,527,268)
Net operating revenue	430,789	7,234,727
Program expenses funded from audio tour revenue:		
Ellis Island Reimagined	(1,309,566)	(746,339)
Total program expenses funded from audio tour revenue	(1,309,566)	(746,339)
Balance, ending	\$ 7,632,056	\$ 8,510,833

Note 10. Peopling of America Maintenance and Operations Fund

The net assets and changes in net assets of the Peopling of America maintenance and operations fund are summarized below.

	2021	2020
Balance, beginning	\$ 1,579,874	\$ 1,943,447
Operating expenses	(147,259)	(147,648)
Net investment loss	1,129,857	(215,925)
Balance, ending	\$ 2,562,472	\$ 1,579,874

The net assets of Peopling of America maintenance and operations fund are included in \$2,571,352 and \$1,441,482 held in the investment balance as of March 31, 2021 and 2020, respectively (see Note 5).

Note 11. Paycheck Protection Program (PPP) Refundable Advance

In May 2020, the Foundation received a loan in an amount of \$448,800 under the U.S. Small Business Administration (SBA)'s Paycheck Protection Program (PPP) established by the CARES Act. The loan date is April 8, 2020, the date of application. The loan was scheduled to mature on April 7, 2022. The interest rate is 0.98% per annum. The PPP loan was spent on qualifying payroll costs. The entire loan amount was approved for forgiveness in February 2021 by the SBA. The Foundation accounted for the loan as a conditional contribution and recognized the entire amount of the loan proceeds as an unrestricted contribution upon forgiveness.

In January 2021, the Foundation received another PPP loan in an amount of \$447,500. The loan matures on January 20, 2026. The interest rate is 0.98% per annum. The loan, or a portion thereof, is eligible for forgiveness by the SBA if the qualifying entity meets certain conditions. Whether an entity qualifies for a PPP loan, and whether it meets the necessary conditions for forgiveness, requires careful consideration of the PPP requirements and the individual entity's facts and circumstances. The Foundation's application for loan forgiveness is pending approval as of January 27, 2022. This loan balance is accounted for as a conditional contribution and reported as a refundable advance in the statement of financial position.

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Notes to Financial Statements

Note 12. Net Assets with Donor Restrictions

The Foundation's net assets with donor restrictions are restricted for the design, construction and maintenance of the Museum and the upgrading of Liberty Island. A portion of these restricted net assets was placed in the Liberty Museum maintenance and operations fund. The appropriations from the Liberty Museum maintenance and operations fund will be used to support IT staff and other supporting services in the Museum. The spending target is set at 5.0% of assets, with a range of 4.5% to 6.0% depending on the needs of the Foundation (the assets are valued using a trailing three-year average). Though the corpus of the maintenance and operations fund is not considered to be a donor-restricted endowment fund, and thus not subject to the New York Prudent Management of Institutional Funds Act (NYPMIFA) and the Uniform Prudent Management of Institutional Funds Act (UPMIFA), the Foundation invests these assets in a manner similar to what would have been required by NYPMIFA and UPMIFA. By the year ended March 31, 2021, the Foundation allocated \$6 million from the net assets with donor restrictions to the Liberty Museum maintenance and operations fund. The Liberty Museum Fund is invested alongside the investments held for board designated "endowment" fund. The investment fund held for the Liberty Museum maintenance and operations fund incurred \$1,315,029 in investment gain and \$978,622 in investment loss for the year ended March 31, 2021 and 2020, respectively. There were no appropriations from the Liberty Museum Fund during the years ended March 31, 2021 and 2020.

Net assets released from donor restrictions restricted for the Statue of Liberty Museum as a result of satisfying purpose restrictions or lapse of time restriction as set forth by the donors are \$979,931 and \$8,787,503 in years ended March 31, 2021 and 2020, respectively.

Note 13. Functional Allocation of Expenses

Certain expenses are attributable to more than one program or supporting function. The following expenses are allocated consistently based on employees' time and effort. All other expenses are charged directly to either program or supporting function.

- Personnel costs
- Occupancy
- Depreciation

Note 14. Commitments and Contingency

The Foundation is obligated under a noncancelable operating lease for its office space in New York City. On October 6, 2020, the Foundation entered into an amended lease agreement with its landlord. The amended lease agreement is scheduled to expire on September 30, 2024. The aggregate minimum annual rental commitments under the lease exclusive of required payments for increases in real estate taxes are as follows:

Years ending March 31:	
2022	\$ 183,000
2023	188,000
2024	193,000
2025	82,000
	<u>\$ 646,000</u>

Rent expense pertaining to leased office space for the years ended March 31, 2021 and 2020, amounted to approximately \$194,000 and \$343,000, respectively.

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Notes to Financial Statements

Note 14. Commitments and Contingency (Continued)

Deferred rent is the difference between the cumulative amounts recorded for occupancy - office space expense on a straight-line basis over the term of the lease, as compared to the cumulative required amounts paid under the lease. Deferred rent credit of \$178,762 and \$60,719 as of March 31, 2021 and 2020, respectively, is included in other assets in the statement of financial position.

The Foundation has an employment agreement with its President dated March 31, 2017, which was subsequently amended on June 15, 2020. The President's employment continued until April 30, 2021. The agreement provides for an annual base salary and for post-retirement health and other supplemental retirement benefits. At March 31, 2021 and 2020, approximately \$705,000 and \$637,000, respectively, has been accrued for such medical, severance and retirement benefits in the accompanying financial statements.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Foundation operates. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted to, amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the coronavirus pandemic. It is unknown how long the adverse conditions associated with the coronavirus will last and what the complete financial effect will be to the Foundation. Accordingly, management cannot presently estimate the overall operational and financial impact to the Foundation.

Note 15. Subsequent Events

The Foundation evaluates events occurring after the date of the financial statements to consider whether or not the impact of such events needs to be reflected and/or disclosed in the financial statements. Such evaluation is performed through the date the financial statements are available for issuance, which was January 27, 2022.