

The Statue of Liberty- Ellis Island Foundation, Inc.

Financial Report
March 31, 2022

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RSM US LLP

Independent Auditor's Report

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

Opinion

We have audited the financial statements of The Statue of Liberty-Ellis Island Foundation, Inc. (the Foundation), which comprise the statement of financial position as of March 31, 2022, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of March 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 for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating 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 Foundation's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's 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 auditor's 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 GAAS 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 a 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 an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks 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 a 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 Foundation'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 Foundation'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 other matters, 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 Foundation's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 27, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

RSM US LLP

New York, New York
September 27, 2022

The Statue of Liberty - Ellis Island Foundation, Inc.

Statement of Financial Position

March 31, 2022

(With Summarized Comparative Information as of March 31, 2021)

	FY2022	FY2021
Assets		
Cash	\$ 6,576,980	\$ 3,710,094
Contributions receivable—net	1,057,324	2,152,016
Other assets	907,420	618,661
Investments	67,179,369	61,889,326
Property and equipment—net	585,476	841,346
	<u>76,306,569</u>	<u>69,211,443</u>
Total assets	\$ 76,306,569	\$ 69,211,443
Liabilities and Net Assets		
Liabilities:		
Accounts payable, accrued expenses and other	\$ 1,239,652	\$ 2,236,254
Refundable advance (PPP)	-	447,500
Total liabilities	<u>1,239,652</u>	<u>2,683,754</u>
Commitments and contingency		
Net assets:		
Without donor restrictions:		
Undesignated	4,048,753	2,345,695
Audio tour	9,193,139	7,632,056
Peopling of America maintenance and operations fund	2,781,370	2,562,472
Ellis Island Museum project	4,640,598	-
Board-designated "endowment" fund	45,504,708	44,851,959
Total net assets without donor restrictions	<u>66,168,568</u>	<u>57,392,182</u>
With donor restrictions:		
Liberty Museum project	2,287,590	2,799,100
Liberty Museum maintenance and operations fund	6,610,759	6,336,407
Total net assets with donor restrictions	<u>8,898,349</u>	<u>9,135,507</u>
Total net assets	<u>75,066,917</u>	<u>66,527,689</u>
Total liabilities and net assets	<u>\$ 76,306,569</u>	<u>\$ 69,211,443</u>

See notes to financial statements.

The Statue of Liberty - Ellis Island Foundation, Inc.

Statement of Activities

Year Ended March 31, 2022

(With Summarized Comparative Information for the Year Ended March 31, 2021)

	FY2022			FY2021
	Without Donor Restrictions	With Donor Restrictions	Total	Summarized Comparative Information
Operating revenue, gain and other support:				
Contributions	\$ 2,039,760	\$ 20,308	\$ 2,060,068	\$ 2,690,607
Bequests	6,889,390	-	6,889,390	338,446
Product sales and session fees	514,287	-	514,287	331,663
Audio tours	6,042,906	-	6,042,906	785,390
PPP and ERC revenue	792,668	-	792,668	448,800
Net assets released due to satisfaction of purpose and/or time restrictions	531,818	(531,818)	-	-
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	17,810,829	(511,510)	17,299,319	5,594,906
Expenses:				
Program services:				
Ellis Island Museum project	2,582,367	-	2,582,367	1,204,566
Liberty Museum project	424,998	-	424,998	879,286
Audio tour	2,141,991	-	2,141,991	354,601
American Family Immigration History Center	344,122	-	344,122	233,624
Public awareness and education	217,574	-	217,574	206,277
Maintenance of Liberty Museum exhibits	104,320	-	104,320	104,552
Maintenance of Peopling of America exhibits	125,881	-	125,881	147,259
Total program services	5,941,253	-	5,941,253	3,130,165
Supporting services:				
Management and general	2,748,558	-	2,748,558	2,562,024
Fundraising	1,225,293	-	1,225,293	1,211,027
Total supporting services	3,973,851	-	3,973,851	3,773,051
Total operating expenses	9,915,104	-	9,915,104	6,903,216
Results of operations	7,895,725	(511,510)	7,384,215	(1,308,310)
Nonoperating activities:				
Net investment gain	1,880,661	274,352	2,155,013	14,985,721
Net assets appropriated to operations from board-designated "endowment" fund	(1,000,000)	-	(1,000,000)	(1,000,000)
Total nonoperating activities	880,661	274,352	1,155,013	13,985,721
Change in net assets	8,776,386	(237,158)	8,539,228	12,677,411
Net assets:				
Beginning	57,392,182	9,135,507	66,527,689	53,850,278
Ending	\$ 66,168,568	\$ 8,898,349	\$ 75,066,917	\$ 66,527,689

See notes to financial statements.

The Statue of Liberty - Ellis Island Foundation, Inc.

Statement of Functional Expenses

Year Ended March 31, 2022

(With Summarized Comparative Information for the Year Ended March 31, 2021)

	Program Services							Supporting Services			FY2022 Total	FY2021 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	\$ 241,440	\$ 14,615	\$ -	\$ 248,015	\$ 162,060	\$ 102,935	\$ 42,537	\$ 811,602	\$ 1,521,318	\$ 416,665	\$ 1,937,983	\$ 2,749,585	\$ 2,588,200
Design and construction costs	2,301,066	297,606	-	-	-	-	-	2,598,672	42,071	-	42,071	2,640,743	1,742,468
Audio tour contractors	-	-	2,141,991	-	-	-	-	2,141,991	-	-	-	2,141,991	354,075
Professional fees	-	1,077	-	4,163	4,732	1,067	1,066	12,105	467,108	310,607	777,715	789,820	796,861
Depreciation	26,661	55,052	-	9,518	33,932	245	44,999	170,407	270,414	98,679	369,093	539,500	505,552
Communications	123	9,955	-	4,404	-	-	18,667	33,149	99,467	339,064	438,531	471,680	395,430
Occupancy	13,077	27,001	-	-	16,642	-	16,982	73,702	135,430	48,398	183,828	257,530	222,289
Other	-	17,762	-	1,837	-	-	1,506	21,105	177,656	10,539	188,195	209,300	110,188
Cost of goods sold	-	-	-	74,867	-	-	-	74,867	-	-	-	74,867	79,776
Insurance	-	1,930	-	1,318	208	73	124	3,653	35,094	1,341	36,435	40,088	108,377
Total 2022 expenses	\$ 2,582,367	\$ 424,998	\$ 2,141,991	\$ 344,122	\$ 217,574	\$ 104,320	\$ 125,881	\$ 5,941,253	\$ 2,748,558	\$ 1,225,293	\$ 3,973,851	\$ 9,915,104	
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

See notes to financial statements.

The Statue of Liberty - Ellis Island Foundation, Inc.

Statement of Cash Flows

Year Ended March 31, 2022

(With Summarized Comparative Information for the Year Ended March 31, 2021)

	FY2022	FY2021
Cash flows from operating activities:		
Change in net assets	\$ 8,539,228	\$ 12,677,411
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized gain on investments	(2,240,013)	(14,812,650)
Depreciation	539,500	505,552
Changes in operating assets and liabilities:		
Decrease in contributions receivable	1,094,692	2,949,655
(Increase) decrease in other assets	(288,759)	2,659
(Decrease) increase in accounts payable, accrued expenses and other	(996,602)	161,531
(Decrease) increase in refundable advance	(447,500)	447,500
Net cash provided by operating activities	6,200,546	1,931,658
Cash flows from investing activities:		
Purchase of property and equipment	(283,630)	(206,646)
Proceeds from sales of investments	28,480,441	29,080,982
Purchases of investments	(31,530,471)	(29,994,373)
Net cash used in investing activities	(3,333,660)	(1,120,037)
Net change in cash	2,866,886	811,621
Cash:		
Beginning	3,710,094	2,898,473
Ending	\$ 6,576,980	\$ 3,710,094

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 nonprofit that collaborates with the National Park Service (NPS) in one of America's most successful public-private partnerships. In 1982, President Ronald Reagan asked Lee Iacocca to raise private funds for the historic restoration of the Statue of Liberty and Ellis Island. The Foundation has since created a museum on Ellis Island, constructed the Statue of Liberty Museum, maintained museum exhibits, and funded hundreds more projects on the islands.

Ellis Island Museum: More than 30 years after the museum on Ellis Island opened, the Foundation is working with a design team to reimagine the entire experience to fully embrace this sacred space as the Ellis Island National Museum of Immigration.

Statue of Liberty Museum: The Foundation built a brand new 26,000-square-foot Statue of Liberty Museum to preserve and share the history and legacy of one of the world's most inspiring icons. The museum features an Immersive Theater, the Becoming Liberty digital experience, the Statue of Liberty's original torch, and other exhibits. Foundation staff maintain the touchscreens and other interactive exhibits.

Audio Tours: The Foundation partners with Acoustiguide to provide customized audio tours of Liberty and Ellis Island. Tours are available in 12 languages and are included in the ferry ticket price.

The American Family Immigration History Center: AFIHC supplies access to nearly 65 million arrival records for people who entered the United States through the Port of New York from 1892-1954. The database, also available for free on the Foundation's website, includes reproductions of ship passenger manifests and images of the 900+ ships that brought immigrants to this country. History Center operations are managed by Foundation staff.

Public awareness and education: The Foundation curates and develops virtual educational experiences and partners for limited programming on the Islands. The Foundation is active on social media and works closely with the NPS on media relations. Through the Statue of Liberty-Ellis Island Award, the Foundation also recognizes remarkable individuals who have made transformative contributions to America and the world.

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.

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.

The Statue of Liberty-Ellis Island Foundation, Inc.

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

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, 2022, 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.

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.

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

The Statue of Liberty-Ellis Island Foundation, Inc.

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Contributions and Contributions 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. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend are substantially met.

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.

The Foundation received the distributions from one bequest in the year ended March 31, 2022, which amounted to approximately 69% of total contributions and bequest revenue for the year. There were no contributions from any particular donor that made up more than 10% of total contributions and bequests in the year ended March 31, 2021.

The receivables from three donors accounted for 99% of total contributions receivable as of March 31, 2022. The receivables from three donors accounted for 87% of total contributions and bequest receivable as of March 31, 2021.

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

Revenue from product sales and session fees: Revenue generated from the session 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.

The Statue of Liberty-Ellis Island Foundation, Inc.

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

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 maintenance and operations fund: Under an agreement with the National Park Service for the building of the Peopling exhibits, the Foundation had agreed to set aside funds of \$2,000,000 during the year ended March 31, 2016, to support maintenance and operation of technology-based exhibits. The funds balance as of March 31, 2022 and 2021 was \$2,781,370 and \$2,562,472, respectively. 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 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, 2022, amounts payable to one contractor accounted for 15% of the total balance. As of March 31, 2021, amounts payable to two contractors accounted for 48% of total accounts payable, accrued expenses and other.

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, 2021, 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, 2022 and 2021, UBIT expenses were approximately \$17,000 and \$5,000, respectively.

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.

The Statue of Liberty-Ellis Island Foundation, Inc.

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Recently issued accounting pronouncements: In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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 date 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 ASU should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021. The Foundation is currently evaluating the impact of the adoption of this ASU on the financial statements.

Note 3. Liquidity and Availability of Resources

The following represents the Foundation's available financial assets as of March 31, 2022 and 2021, to meet general expenditures over the next 12 months:

	FY2022	FY2021
Financial assets at March 31:		
Cash	\$ 6,576,980	\$ 3,710,094
Investments	67,179,369	61,889,326
Contributions receivable, net	1,057,324	2,152,016
Total financial assets at March 31	<u>74,813,673</u>	<u>67,751,436</u>
Less those unavailable for general expenditures within one year:		
Funds restricted by donors for specific projects	8,898,349	9,135,507
Investments held for long-term purpose	46,020,603	46,223,311
Total financial assets unavailable within one year	<u>54,918,952</u>	<u>55,358,818</u>
Financial assets available to meet cash needs for general expenditures within one year at March 31	<u>\$ 19,894,721</u>	<u>\$ 12,392,618</u>

The Statue of Liberty-Ellis Island Foundation, Inc.

Notes to Financial Statements

Note 3. Liquidity and Availability of Resources (Continued)

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. Additionally, the Foundation has a board-designated "endowment" portfolio of \$45,504,708 and \$44,851,959 as of March 31, 2022 and 2021, respectively. The Foundation also maintains the fund held for Peopling of America maintenance and operations of \$2,781,370 and \$2,562,472 as of March 31, 2022 and 2021, 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 6.0% 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 2022 and 2021 was approximately 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 activity of the board-designated "endowment" fund for the years ended March 31, 2022 and 2021, are as follows:

	FY2022	FY2021
Balance, beginning	\$ 44,851,959	\$ 33,357,989
Net investment return	1,652,749	12,493,970
Appropriated to operations from board-designated "endowment" fund	(1,000,000)	(1,000,000)
Net change	(1,000,000)	(1,000,000)
Balance, ending	\$ 45,504,708	\$ 44,851,959

The Statue of Liberty-Ellis Island Foundation, Inc.

Notes to Financial Statements

Note 5. Investments and Fair Value Measurements

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

Description	Total	FY2022 Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and money market funds	\$ 7,395,345	\$ 7,395,345	\$ -	\$ -
U.S. treasuries	4,835,292	-	4,835,292	-
Mutual funds:				
US equities	22,097,876	22,097,876	-	-
International equities	4,145,360	4,145,360	-	-
Fixed income	14,635,184	14,635,184	-	-
Total investments in fair value hierarchy	53,109,057	48,273,765	4,835,292	-
Investments measured at net asset value	14,070,312			
Total investments	<u>\$ 67,179,369</u>	<u>\$ 48,273,765</u>	<u>\$ 4,835,292</u>	<u>\$ -</u>

Description	Total	FY2021 Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and money market funds	\$ 8,192,186	\$ 8,192,186	\$ -	\$ -
Mutual funds:				
US equities	20,480,185	20,480,185	-	-
International equities	3,382,432	3,382,432	-	-
Fixed income	12,299,291	12,299,291	-	-
Total investments in fair value hierarchy	44,354,094	44,354,094	-	-
Investments measured at net asset value	17,535,232			
Total investments	<u>\$ 61,889,326</u>	<u>\$ 44,354,094</u>	<u>\$ -</u>	<u>\$ -</u>

Investment balance as of March 31, 2022 and 2021, is held for the following purposes:

	FY2022	FY2021
Board-designated "endowment" fund	\$ 45,674,931	\$ 44,936,959
Liberty Museum maintenance and operations fund	6,610,759	6,336,407
Peopling of America maintenance and operations fund	2,915,895	2,571,352
Ellis Island Museum project	4,921,776	-
Audio tour fund	7,056,008	8,044,608
Total investments	<u>\$ 67,179,369</u>	<u>\$ 61,889,326</u>

The Statue of Liberty-Ellis Island Foundation, Inc.

Notes to Financial Statements

Note 5. Investments and Fair Value Measurements (Continued)

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.

Cash and money market funds are carried at amortized cost, which approximates fair value. They are classified as Level 1 in the fair value hierarchy.

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.

U.S. treasuries are valued based on the last reported bid price provided by broker-dealers and are reported as Level 2 in the fair value hierarchy.

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, 2022 and 2021. The Foundation has no unfunded commitments in these commingled investment funds as of March 31, 2022.

Investment Objective	Fair Value		Redemption Frequency (if Currently Eligible)	Redemption Notice Period
	FY2022	FY2021		
Domestic equities(a)	\$ 3,061,511	\$ 2,662,434	Monthly	30 days
International equities(b)	4,930,927	5,537,929	Monthly	5 days
Fixed income(c)	700,548	1,464,199	Monthly	10 days
Long/short equities(d)	-	1,821,255	Annually	75-95 days
Emerging markets(e)	2,864,144	3,496,859	Monthly	10 days
Multi-strategy(f)	2,513,182	2,552,556	Annually	95 days
	<u>\$ 14,070,312</u>	<u>\$ 17,535,232</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.

The Statue of Liberty-Ellis Island Foundation, Inc.

Notes to Financial Statements

Note 5. Investments and Fair Value Measurements (Continued)

- (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.

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:

	FY2022	FY2021
In less than one year	\$ 1,003,000	\$ 1,562,000
In more than one year and less than five years	56,223	612,223
	<u>1,059,223</u>	<u>2,174,223</u>
Less unamortized discount on contributions and bequest receivable	(1,899)	(22,207)
	<u>\$ 1,057,324</u>	<u>\$ 2,152,016</u>

As of March 31, 2022 and 2021, 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:

	FY2022	FY2021	Estimated Useful Life
Office and computer equipment	\$ 632,595	\$ 632,592	5 years
Software and website*	2,488,185	2,207,598	5 years
Furniture and fixtures	1,219,733	1,214,741	10 years
Leasehold improvements	1,472,358	1,474,310	Remaining term of lease
	<u>5,812,871</u>	<u>5,529,241</u>	
Less accumulated depreciation	5,227,395	4,687,895	
	<u>\$ 585,476</u>	<u>\$ 841,346</u>	

The Statue of Liberty-Ellis Island Foundation, Inc.

Notes to Financial Statements

Note 7. Property and Equipment (Continued)

*Software and website balance as of March 31, 2022 and 2021, 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 statement of activities for the years ended March 31, 2022 and 2021, approximated \$93,000 and \$112,000, respectively.

Note 9. Audio Tour

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

	FY2022	FY2021
Balance, beginning	\$ 7,632,056	\$ 8,510,833
Operating revenue:		
Revenue	6,042,906	785,390
Investment loss	(38,644)	-
Operating expenses	(2,141,991)	(354,601)
Net operating revenue	3,862,271	430,789
Program expenses funded from audio tour revenue:		
Ellis Island Museum project	(2,301,188)	(1,309,566)
Total program expenses funded from audio tour revenue	(2,301,188)	(1,309,566)
Balance, ending	\$ 9,193,139	\$ 7,632,056

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.

	FY2022	FY2021
Balance, beginning	\$ 2,562,472	\$ 1,579,874
Operating expenses	(125,881)	(147,259)
Net investment gain	344,779	1,129,857
Balance, ending	\$ 2,781,370	\$ 2,562,472

The net assets of Peopling of America maintenance and operations fund are included in \$2,915,895 and \$2,571,352 held in the investment balance as of March 31, 2022 and 2021, respectively (see Note 5).

The Statue of Liberty-Ellis Island Foundation, Inc.

Notes to Financial Statements

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 Coronavirus Aid, Relief and Economic Security Act (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. This amount is reported as PPP revenue on the statement of activities.

In January 2021, the Foundation received another PPP loan in an amount of \$447,500. The loan was scheduled to mature on January 20, 2026. The interest rate is 0.98% per annum. This PPP loan was spent on qualifying payroll costs. The entire loan amount was approved for forgiveness in March 2, 2022, 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. This amount is included in PPP and ERC revenue on the statement of activities.

The SBA may audit any PPP loan at its discretion until the end of the required document retention period for the loan. For PPP loans of more than \$150,000, the required document retention period ends six years after the date the SBA forgave the PPP loan or the borrower repaid the PPP loan in full.

Note 12. Employee Retention Credits

The Foundation was eligible for the Employee Retention Credit (ERC) under the CARES Act. The Foundation received Form 941 Employer Quarterly Federal Tax Return refund payments in the total amount of \$345,168 in the year ended March 31, 2022. The revenue recognized from refund payments is included in PPP and ERC revenue on the statement of activities.

Note 13. 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, 2022, the Foundation allocated \$6 million from the net assets with donor restrictions to the Liberty Museum maintenance and operations fund. The Liberty Museum maintenance and operations fund is invested alongside the investments held for the board-designated "endowment" fund. The investment fund held for the Liberty Museum maintenance and operations fund incurred \$274,352 and \$1,315,029 in investment gain for the years ended March 31, 2022 and 2021, respectively. There were no appropriations from the Liberty Museum maintenance and operations fund during the years ended March 31, 2022 and 2021.

Net assets released from donor restrictions restricted for the Liberty Museum project as a result of satisfying purpose restrictions or lapse of time restriction as set forth by the donors are \$531,818 and \$979,931 in years ended March 31, 2022 and 2021, respectively.

The Statue of Liberty-Ellis Island Foundation, Inc.

Notes to Financial Statements

Note 14. 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 15. 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:	
2023	\$ 188,000
2024	193,000
2025	82,000
	<u>\$ 463,000</u>

Rent expense pertaining to leased office space for the years ended March 31, 2022 and 2021, amounted to approximately \$241,000 and \$194,000, respectively.

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 \$126,237 and \$178,762 as of March 31, 2022 and 2021, respectively, is included in other assets in the statement of financial position.

The Foundation has an employment agreement with its former-President dated March 31, 2017, which was subsequently amended on June 15, 2020. The former-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, 2022 and 2021, approximately \$515,000 and \$705,000, 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 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.

The Statue of Liberty-Ellis Island Foundation, Inc.

Notes to Financial Statements

Note 16. 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 September 27, 2022.