

The Statue of Liberty - Ellis Island Foundation, Inc.

Financial Report
March 31, 2023

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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, 2023, 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, 2023, 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 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 27, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

RSM US LLP

New York, New York
October 17, 2023

The Statue of Liberty - Ellis Island Foundation, Inc.

Statement of Financial Position

March 31, 2023

(With Summarized Comparative Information as of March 31, 2022)

	FY2023	FY2022
Assets		
Cash	\$ 3,438,618	\$ 6,576,980
Contributions receivable, net	600,604	1,057,324
Other receivables	665,394	500,020
Other assets	322,234	407,400
Investments	69,566,818	67,179,369
Property and equipment, net	287,886	585,476
	<u>74,881,554</u>	<u>76,306,569</u>
	\$ 74,881,554	\$ 76,306,569
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,609,443	\$ 1,239,652
Total liabilities	<u>1,609,443</u>	<u>1,239,652</u>
Commitments and contingency		
Net assets:		
Without donor restrictions:		
Undesignated	2,514,529	4,048,753
Self-Guided/Audio Tour	13,271,514	9,193,139
Ellis Exhibit care fund	2,530,126	2,781,370
Ellis Museum project	4,443,429	4,640,598
Board-designated "endowment" fund	41,886,276	45,504,708
Total net assets without donor restrictions	<u>64,645,874</u>	<u>66,168,568</u>
With donor restrictions:		
Ellis Museum project	120,000	-
Liberty Museum project	458,072	2,287,590
Liberty Exhibit care fund	7,910,665	6,610,759
Education grant	137,500	-
Total net assets with donor restrictions	<u>8,626,237</u>	<u>8,898,349</u>
Total net assets	<u>73,272,111</u>	<u>75,066,917</u>
Total liabilities and net assets	<u>\$ 74,881,554</u>	<u>\$ 76,306,569</u>

See notes to financial statements.

The Statue of Liberty - Ellis Island Foundation, Inc.

Statement of Activities

Year Ended March 31, 2023

(With Summarized Comparative Information for the Year Ended March 31, 2022)

	FY2023			FY2022
	Without Donor Restrictions	With Donor Restrictions	Total	Summarized Comparative Information
Operating revenue, gain and other support:				
Contributions	\$ 2,289,911	\$ 346,899	\$ 2,636,810	\$ 2,049,070
Contributed nonfinancial assets	74,998	-	74,998	10,998
Bequests	639,657	-	639,657	6,889,390
Product sales and session fees	684,580	-	684,580	514,287
Self-Guided/Audio Tour	10,886,245	-	10,886,245	6,042,906
PPP and ERC revenue	25,431	-	25,431	792,668
Net assets released due to satisfaction of purpose and/or time restrictions	418,917	(418,917)	-	-
Net assets appropriated to operations from board-designated "endowment" fund	1,965,000	-	1,965,000	1,000,000
Total operating revenue, gain and other support	16,984,739	(72,018)	16,912,721	17,299,319
Expenses:				
Program services:				
Ellis Wall of Honor Expansion project	1,657,581	-	1,657,581	-
Ellis Museum project	3,398,959	-	3,398,959	2,582,367
Liberty Museum project	139,763	-	139,763	424,998
Liberty Exhibit care	190,051	-	190,051	104,320
Ellis Exhibit care	103,163	-	103,163	125,881
Self-Guided/Audio Tour operations	3,896,063	-	3,896,063	2,141,991
Family History Center operations	1,026,324	-	1,026,324	344,122
Public Awareness and Education	569,127	-	569,127	217,574
Total program services	10,981,031	-	10,981,031	5,941,253
Supporting services:				
Management and general	1,965,815	-	1,965,815	2,748,558
Fundraising	1,844,617	-	1,844,617	1,225,293
Total supporting services	3,810,432	-	3,810,432	3,973,851
Total operating expenses	14,791,463	-	14,791,463	9,915,104
Results of operations	2,193,276	(72,018)	2,121,258	7,384,215
Nonoperating activities:				
Loss on disposal of property and equipment	(318,407)	-	(318,407)	-
Net investment (loss) gain	(1,432,563)	(200,094)	(1,632,657)	2,155,013
Net assets appropriated to operations from board-designated "endowment" fund	(1,965,000)	-	(1,965,000)	(1,000,000)
Total nonoperating activities	(3,715,970)	(200,094)	(3,916,064)	1,155,013
Change in net assets	(1,522,694)	(272,112)	(1,794,806)	8,539,228
Net assets:				
Beginning	66,168,568	8,898,349	75,066,917	66,527,689
Ending	\$ 64,645,874	\$ 8,626,237	\$ 73,272,111	\$ 75,066,917

See notes to financial statements.

The Statue of Liberty - Ellis Island Foundation, Inc.

Statement of Functional Expenses

Year Ended March 31, 2023

(With Summarized Comparative Information for the Year Ended March 31, 2022)

	Program Services								Supporting Services				FY2023 Total	FY2022 Summarized Comparative Information Total
	Ellis Wall of Honor Expansion Project	Ellis Museum Project	Liberty Museum Project	Liberty Exhibit Care	Ellis Exhibit Care	Self-Guided/ Audio Tour Operations	Family History Center Operations	Public Awareness and Education	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Professional fees	\$ -	\$ 60,000	\$ 1,281	\$ 1,300	\$ 1,286	\$ 3,890,358	\$ 115,658	\$ 312,926	\$ 4,382,809	\$ 299,550	\$ 691,045	\$ 990,595	\$ 5,373,404	\$ 2,931,811
Design and construction	1,627,722	3,098,958	52,669	-	-	-	-	-	4,779,349	-	-	-	4,779,349	2,640,743
Personnel costs	29,859	214,174	15,672	113,208	42,073	5,705	709,080	200,240	1,330,011	1,172,567	445,066	1,617,633	2,947,644	2,749,585
Printing and shipping	-	-	-	-	-	-	51,802	-	51,802	610	554,264	554,874	606,676	471,680
Occupancy	-	15,035	34,431	-	31,798	-	4,192	19,135	104,591	183,141	75,174	258,315	362,906	257,530
Depreciation	-	9,714	20,059	245	22,990	-	6,195	12,363	71,566	98,530	48,571	147,101	218,667	539,500
Other	-	1,078	-	-	-	-	31,945	15,836	48,859	153,723	15,844	169,567	218,426	165,901
Repairs and maintenance	-	-	11,864	73,656	5,016	-	-	-	90,536	9,849	-	9,849	100,385	43,399
Insurance	-	-	3,787	1,642	-	-	16,697	8,627	30,753	47,845	14,653	62,498	93,251	40,088
Cost of goods sold	-	-	-	-	-	-	90,755	-	90,755	-	-	-	90,755	74,867
Total 2023 expenses	\$ 1,657,581	\$ 3,398,959	\$ 139,763	\$ 190,051	\$ 103,163	\$ 3,896,063	\$ 1,026,324	\$ 569,127	\$ 10,981,031	\$ 1,965,815	\$ 1,844,617	\$ 3,810,432	\$ 14,791,463	
Total 2022 expenses	\$ -	\$ 2,582,367	\$ 424,998	\$ 104,320	\$ 125,881	\$ 2,141,991	\$ 344,122	\$ 217,574	\$ 5,941,253	\$ 2,748,558	\$ 1,225,293	\$ 3,973,851	\$ 9,915,104	

See notes to financial statements.

The Statue of Liberty - Ellis Island Foundation, Inc.

Statement of Cash Flows

Year Ended March 31, 2023

(With Summarized Comparative Information for the Year Ended March 31, 2022)

	FY2023	FY2022
Cash flows from operating activities:		
Change in net assets	\$ (1,794,806)	\$ 8,539,228
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized loss (gain) on investments	2,654,491	(2,240,013)
Loss on disposal of property and equipment	318,407	-
Depreciation	218,667	539,500
Changes in operating assets and liabilities:		
Decrease in contributions receivable	456,720	1,094,692
Increase in other receivables	(165,374)	(395,358)
Decrease in other assets	85,166	106,599
Increase (decrease) in accounts payable and accrued expenses	369,791	(996,602)
Decrease in refundable advance	-	(447,500)
Net cash provided by operating activities	2,143,062	6,200,546
Cash flows from investing activities:		
Purchase of property and equipment	(239,484)	(283,630)
Proceeds from sales of investments	2,569,712	28,480,441
Purchases of investments	(7,611,652)	(31,530,471)
Net cash used in investing activities	(5,281,424)	(3,333,660)
Net change in cash	(3,138,362)	2,866,886
Cash:		
Beginning	6,576,980	3,710,094
Ending	\$ 3,438,618	\$ 6,576,980

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 Wall of Honor Expansion: For more than 30 years, the American Immigrant Wall of Honor has been a unique and lasting monument celebrating countless immigrant stories. Virtually every nationality from every inhabited continent can be found on the Wall of Honor, alongside those who endured forced migration from slavery. In response to continued interest in the Wall of Honor, the Foundation is expanding the monument since the Wall is currently full; soon there will be room for many more individuals and families to commemorate their family's immigrant history.

Ellis Museum project and care: To support the National Park Service, Foundation staff care for the ongoing maintenance of technology-related exhibits in the Ellis Island museum. These include interactive exhibits, A/V and touchscreens. The original exhibitry at this museum is more than 30 years old, and the Foundation is working with the National Park Service to reimagine the museum for the 21st Century. The Foundation looks to maintain the museum's exceptional storytelling, while deepening the experience for the contemporary visitor.

Liberty Museum project and care: The Foundation designed and built a new, LEED-certified, freestanding museum on Liberty Island, which opened in May 2019. Before the opening of the new Museum, less than 20% of Liberty Island visitors could experience the exhibits that were located in the statue's pedestal, due to restricted access, but now all visitors can enjoy the Museum without the need for additional advanced reservations or tickets. Foundation staff care for the ongoing maintenance of technology-related exhibits, which include the Immersive Theater with three enormous screens, the popular interactive Becoming Liberty Exhibit and the Liberty Star video terminals.

Self-Guided/Audio Tour: Under an agreement with the National Park Service, the Foundation is authorized to operate a self-guided/audio tour program with content covering Liberty Island and the Ellis Island Museum. The audio tour is available in 12 languages, as well as an ASL and audio descriptor tour. Revenues generated by these tours are available for projects jointly agreed to by the Foundation and the National Park Service.

The Family History Center: The American Family Immigration History Center at Ellis Island welcomes tens of thousands of visitors annually. Foundation staff operate the Family History Center, welcoming visitors to search for their family's records. The Foundation's 65-million-record electronic database contains the arrival records of immigrants, passengers and crew members who entered the United States through the Port of New York/Ellis Island between 1820-1957. The database, which is managed by the Foundation, is also available for free at www.LibertyEllisFoundation.org. Revenues are generated by reservation fees for terminals at the Center, as well as sales from historical documents and other mission-related products on the web and at the Center.

Public awareness and education: The Foundation seeks to inform external audiences about the Statue of Liberty, Ellis Island and the Foundation's mission and initiatives. The Foundation works closely with the National Park Service on media relations and is active on social media. The Foundation offers educational experiences online and partners for limited programming on the Islands. Through the Statue of Liberty-Ellis Island Award, the Foundation also recognizes remarkable individuals who have made transformative contributions to America and the world.

The Statue of Liberty - Ellis Island Foundation, Inc.

Notes to Financial Statements

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.

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.

The Statue of Liberty - Ellis Island Foundation, Inc.

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

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, 2023, 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.

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, 2023, which amounted to approximately 15% of total contributions and bequest revenue for the year. 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.

The receivables from two donors accounted for 89% of total contributions receivable as of March 31, 2023. The receivables from three donors accounted for 99% of total contributions receivable as of March 31, 2022.

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.

The Statue of Liberty - Ellis Island Foundation, Inc.

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Exchange transactions: The Foundation has revenue from AFIHC sales and self-guided/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.

Revenue from self-guided/audio tour: The Foundation has sub-contract agreements for the operation of self-guided/audio tours. Revenue generated from self-guided/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 self-guided/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. The receivable from the self-guided/audio tour contractor as of March 31, 2023 and 2022, was \$660,697 and \$497,367, respectively, and included in the other receivables balance.

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, 2023, amounts payable to two contractors accounted for 43% of the total accounts payable and accrued expenses balance. As of March 31, 2022, amounts payable to one contractor accounted for 15% of total accounts payable and accrued expenses balance. The commitments to the contractors as of March 31, 2023, for the contracts entered but the work was not yet performed before year end was approximately \$3,930,000.

The Statue of Liberty - Ellis Island Foundation, Inc.

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

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, 2022, 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, 2023 and 2022, UBIT expenses were approximately \$0 and \$17,000, 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.

Recently adopted accounting pronouncements: In February 2016, the Financial Accounting Standards Board (FASB) issued the ASC Topic 842, Leases, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their statement of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements (see Note 14).

The Foundation adopted the standard effective March 1, 2022, and recognized and measured leases existing at March 1, 2022 (the beginning of the period of adoption), with certain practical expedients available. The Foundation elected not to record ROU assets and corresponding lease liabilities for short-term leases with a lease term of 12 months or less. In addition, the Foundation elected the hindsight practical expedient to determine the lease term for existing leases. The Foundation's election of the hindsight practical expedient resulted in the shortening of lease term for its office lease. Lease disclosures for the year ended March 31, 2022, are made under prior lease guidance in FASB ASC 840.

The Foundation's operating lease for its office space was terminated a few days after the end of fiscal year 2023. Therefore, the adoption of the new lease standard did not result in the recording of additional ROU assets and liabilities in the year ended March 31, 2023. The adoption also did not materially impact change in net assets or cash flows and did not result in a cumulative-effect adjustment to the opening balance of net assets.

The Statue of Liberty - Ellis Island Foundation, Inc.

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

In September 2020, the FASB issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. The Foundation adopted this standard effective March 1, 2022. Adoption of this standard did not have a significant impact on the financial statements with the exception of increased disclosure (see Note 15).

Recently issued accounting pronouncements: 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.

Note 3. Liquidity and Availability of Resources

The following represents the Foundation's available financial assets as of March 31, 2023 and 2022, to meet general expenditures over the next 12 months:

	FY2023	FY2022
Financial assets at March 31:		
Cash	\$ 3,438,618	\$ 6,576,980
Investments	69,566,818	67,179,369
Contributions receivable, net	600,604	1,057,324
Other receivables	665,394	500,020
Total financial assets at March 31	<u>74,271,434</u>	<u>75,313,693</u>
Less those unavailable for general expenditures within one year:		
Funds restricted by donors for specific projects	8,626,237	8,898,349
Investments held for long-term purpose	41,106,402	46,020,603
Total financial assets unavailable within one year	<u>49,732,639</u>	<u>54,918,952</u>
Financial assets available to meet cash needs for general expenditures within one year at March 31	<u>\$ 24,538,795</u>	<u>\$ 20,394,741</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 \$41,886,276 and \$45,504,708 as of March 31, 2023 and 2022, respectively. The Foundation also maintains the fund held for Ellis Exhibit care of \$2,530,126 and \$2,781,370 as of March 31, 2023 and 2022, 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. Contributions Receivable

All contributions 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 2.08% to 3.64%. Unconditional contributions receivable are due as follows at March 31:

	FY2023	FY2022
In less than one year	\$ 540,223	\$ 1,003,000
In more than one year and less than five years	62,500	56,223
	<u>602,723</u>	<u>1,059,223</u>
Less unamortized discount on contributions and bequest receivable	(2,119)	(1,899)
	<u>\$ 600,604</u>	<u>\$ 1,057,324</u>

As of March 31, 2023 and 2022, the Foundation did not have outstanding unrecorded conditional contributions receivables.

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	FY2023 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	\$ 14,053,480	\$ 14,053,480	\$ -	\$ -
U.S. treasuries	4,496,174	-	4,496,174	-
Mutual funds:				
U.S. equities	18,681,757	18,681,757	-	-
International equities	3,919,740	3,919,740	-	-
Fixed income	13,939,263	13,939,263	-	-
Total investments in fair value hierarchy	<u>55,090,414</u>	<u>50,594,240</u>	<u>4,496,174</u>	<u>-</u>
Investments measured at net asset value	14,476,404			
Total investments	<u>\$ 69,566,818</u>	<u>\$ 50,594,240</u>	<u>\$ 4,496,174</u>	<u>\$ -</u>

The Statue of Liberty - Ellis Island Foundation, Inc.

Notes to Financial Statements

Note 5. Investments and Fair Value Measurements (Continued)

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:				
U.S. 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>

Investment balance as of March 31, 2023 and 2022, is held for the following purposes:

	FY2023	FY2022
Board-designated "endowment" fund	\$ 41,971,789	\$ 45,674,931
Liberty Exhibit care fund	7,910,665	6,610,759
Ellis Exhibit care fund	2,685,244	2,915,895
Ellis Museum project	4,670,136	4,921,776
Self-Guided/Audio Tour	12,328,984	7,056,008
Total investments	<u>\$ 69,566,818</u>	<u>\$ 67,179,369</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.

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 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.

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, 2023 and 2022. The Foundation has no unfunded commitments in these commingled investment funds as of March 31, 2023.

Investment Objective	Fair Value		Redemption Frequency (if Currently Eligible)	Redemption Notice Period
	FY2023	FY2022		
Private equities (a)	\$ 3,196,422	\$ 3,061,511	Monthly	30 days
International equities (b)	5,528,099	4,930,927	Monthly	5 days
Fixed income (c)	645,993	700,548	Monthly	10 days
Emerging markets (d)	-	2,864,144	Monthly	10 days
Multi-strategy (e)	2,431,048	2,513,182	Annually	95 days
Infrastructure composite (f)	2,674,842	-	Bi-Annually	90 days
	<u>\$ 14,476,404</u>	<u>\$ 14,070,312</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 seek long-term capital appreciation by investing in a portfolio of emerging equity investments.
- (e) 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.

The Statue of Liberty - Ellis Island Foundation, Inc.

Notes to Financial Statements

Note 5. Investments and Fair Value Measurements (Continued)

(f) The objective of this category is to invest in a broad range of infrastructure and infrastructure-related assets located in member countries of the Organization for Economic Co-Operation and Development (OECD) with a primary focus on the U.S., Canada, Western Europe and Australia.

Note 6. Property and Equipment

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

	FY2023	FY2022	Estimated Useful Life
Office and computer equipment	\$ 251,365	\$ 632,595	5 years
Software and website	1,267,109	1,260,185	3-5 years
Donated software	1,228,000	1,228,000	3 years
Furniture and fixtures	78,661	1,219,733	10 years
Leasehold improvements	11,692	1,472,358	Remaining term of lease
	<u>2,836,827</u>	<u>5,812,871</u>	
Less accumulated depreciation and amortization	2,548,941	5,227,395	
	<u>\$ 287,886</u>	<u>\$ 585,476</u>	

Note 7. 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 2023 and 2022 was approximately 5% and 2%, respectively.

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 7. Board-Designated "Endowment" Fund (Continued)

The activity of the board-designated "endowment" fund for the years ended March 31, 2023 and 2022, are as follows:

	FY2023	FY2022
Balance, beginning	\$ 45,504,708	\$ 44,851,959
Net investment (loss) return	(1,653,432)	1,652,749
Appropriated to operations from board-designated "endowment" fund	(1,965,000)	(1,000,000)
Balance, ending	<u>\$ 41,886,276</u>	<u>\$ 45,504,708</u>

Note 8. Self-Guided/Audio Tour Fund

The net assets and changes in net assets of the self-guided/audio tour program are summarized below.

	FY2023	FY2022
Balance, beginning	\$ 9,193,139	\$ 7,632,056
Operating revenue:		
Revenue	10,886,245	6,042,906
Investment gain (loss)	272,978	(38,644)
Operating expenses	(3,896,063)	(2,141,991)
Net operating revenue	<u>7,263,160</u>	<u>3,862,271</u>
Program expenses funded from audio tour revenue:		
Ellis Museum project	(3,184,785)	(2,301,188)
Total program expenses funded from audio tour revenue	<u>(3,184,785)</u>	<u>(2,301,188)</u>
Balance, ending	<u>\$ 13,271,514</u>	<u>\$ 9,193,139</u>

Note 9. Ellis Exhibit Care Fund

Ellis Exhibit Care fund: Under an agreement with the National Park Service for the building of technology exhibits within the Ellis Island museum, 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. 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.

The net assets and changes in net assets of the Ellis Exhibit Care fund are summarized below.

	FY2023	FY2022
Balance, beginning	\$ 2,781,370	\$ 2,562,472
Operating expenses	(155,118)	(125,881)
Net investment (loss) gain	(96,126)	344,779
Balance, ending	<u>\$ 2,530,126</u>	<u>\$ 2,781,370</u>

The Statue of Liberty - Ellis Island Foundation, Inc.

Notes to Financial Statements

Note 9. Ellis Exhibit Care Fund (Continued)

The net assets of the Ellis Exhibit Care fund are included in \$2,685,244 and \$2,915,895 held in the investment balance as of March 31, 2023 and 2022, respectively (see Note 5).

Note 10. 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 the Liberty Island and education purpose. A portion of these restricted net assets was placed in the Liberty Exhibit care fund. The appropriations from the Liberty Exhibit care 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 Liberty Exhibit care 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, 2023, the Foundation allocated \$7.9 million from the net assets with donor restrictions to the Liberty Exhibit care fund. The Liberty Exhibit care fund is invested alongside the investments held for the board-designated "endowment" fund. The investment fund held for the Liberty Exhibit care fund incurred \$200,094 in investment loss and \$274,352 in investment gain for the years ended March 31, 2023 and 2022, respectively. There were no appropriations from the Liberty Museum maintenance and operations fund during the years ended March 31, 2023 and 2022.

Net assets released from donor restrictions restricted for the Liberty Museum project and education purpose as a result of satisfying purpose restrictions or lapse of time restriction as set forth by the donors are \$418,917 and \$531,818 in years ended March 31, 2023 and 2022, respectively.

Note 11. 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, 2023 and 2022, approximated \$105,000 and \$93,000, respectively.

Note 12. Employee Retention Credits

The Foundation was eligible for the Employee Retention Credit (ERC) under the Coronavirus Aid, Relief and Economic Security Act (CARES Act). The Foundation received Form 941 Employer Quarterly Federal Tax Return refund payments in the total amount of \$25,431 and \$345,168 in the years ended March 31, 2023 and 2022, respectively. The revenue recognized from refund payments is included in PPP and ERC revenue on the statement of activities.

The Statue of Liberty - Ellis Island Foundation, Inc.

Notes to Financial Statements

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 functions.

- Personnel costs
- Occupancy
- Depreciation

Note 14. Leases

The Foundation had one operating lease in the year ended March 31, 2023. The operating lease is for its office space, with the original lease term ending September 2024. In December 2022, the Foundation entered into an agreement with its landlord to surrender this office space and signed the new lease agreement with the same landlord for a new office space in the same building. The Foundation surrendered the former office space on April 5, 2023, and moved to the new office space on the same date. The termination date of the former lease agreement coincides with the Foundation's 2023 fiscal year-end. Therefore, the Foundation deemed that the related ROU and lease liability are not material to be recorded as of March 31, 2023. The term of the new office lease is four years, commencing on April 5, 2023, and expiring on April 4, 2027. The lease undiscounted cash flows as of the lease commencement date was \$728,338.

Total operating lease cost was approximately \$317,000 and \$241,000 for the years ended March 31, 2023 and 2022, respectively. The operating lease cost is included in the occupancy line item in the statement of functional expense.

Total payments on the operating lease in the year ended March 31, 2023, were \$189,876.

The minimum future lease commitments as of March 31, 2022, for the operating lease as determined under Topic 840 was \$189,876. The entire amount was to be paid in the year ended March 31, 2023.

Note 15. Contributed Nonfinancial Assets

The Foundation received the following contributed non-financial assets in the years ended March 2023 and 2022:

	FY2023			
	Total	Program Services	Management and General	Fundraising
Legal service	\$ 15,593	\$ -	\$ 15,593	\$ -
Equipment rental	625	625	-	-
Ferry service	8,780	8,780	-	-
Aerial footage of the Statue of Liberty	50,000	50,000	-	-
	<u>\$ 74,998</u>	<u>\$ 59,405</u>	<u>\$ 15,593</u>	<u>\$ -</u>

The Statue of Liberty - Ellis Island Foundation, Inc.

Notes to Financial Statements

Note 15. Contributed Nonfinancial Assets (Continued)

	FY2022			
	Total	Program Services	Management and General	Fundraising
Other services	\$ 10,998	\$ 10,998	\$ -	\$ -
	\$ 10,998	\$ 10,998	\$ -	\$ -

Contributed legal service was valued and reported at the estimated fair value based on current rates of similar professional service. Donated equipment, ferry service and aerial footage were valued based on retail prices of identical or similar services or products. There are no donor restrictions for the contributed non-financial assets above.

Note 16. Commitments and Contingency

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 retired on April 30, 2021. The agreement provides for an annual base salary and for post-retirement health and other supplemental retirement benefits. At March 31, 2023 and 2022, approximately \$300,000 and \$515,000, respectively, has been accrued for such medical, severance and retirement benefits in the accompanying financial statements.

In May 2020 and January 2021, the Foundation received the loans in an amount of \$448,800 and \$447,500, respectively, under the U.S. Small Business Administration (SBA)'s Paycheck Protection Program (PPP) established by the CARES Act. The PPP loans were spent on qualifying expenditures. These loans were approved for forgiveness in February 2021 and March 2, 2022 by the SBA. The Foundation recognized the PPP revenue in the years ended 2021 and 2022 when the loans were forgiven. 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 17. 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 October 17, 2023.