

The Statue of Liberty - Ellis Island Foundation, Inc.

Financial Report
March 31, 2024

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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, 2024, 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, 2024, 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 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 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 17, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2023, 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 11, 2024

The Statue of Liberty - Ellis Island Foundation, Inc.

Statement of Financial Position

March 31, 2024

(With Summarized Comparative Information as of March 31, 2023)

	FY2024	FY2023
Assets		
Cash	\$ 2,856,308	\$ 3,438,618
Contributions receivable, net	4,525,354	600,604
Other receivables	911,784	665,394
Other assets	474,390	322,234
Investments	90,950,330	69,566,818
Property and equipment, net	393,439	287,886
Operating lease right-of-use asset	497,643	-
	<u>497,643</u>	<u>-</u>
Total assets	<u>\$ 100,609,248</u>	<u>\$ 74,881,554</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 2,911,913	\$ 1,609,443
Refundable advance	334,000	-
Operating lease liability	526,299	-
	<u>526,299</u>	<u>-</u>
Total liabilities	<u>3,772,212</u>	<u>1,609,443</u>
Commitments and contingency		
Net assets:		
Without donor restrictions:		
Undesignated	3,478,954	2,514,529
Self-Guided/Audio Tour	15,636,965	13,271,514
Ellis Exhibit care fund	2,845,828	2,530,126
Ellis Museum project	4,763,799	4,443,429
Board-designated "endowment" fund	45,319,000	41,886,276
	<u>45,319,000</u>	<u>41,886,276</u>
Total net assets without donor restrictions	<u>72,044,546</u>	<u>64,645,874</u>
With donor restrictions:		
Ellis Museum project	15,188,072	120,000
Liberty Museum project	-	458,072
Liberty Exhibit care fund	9,541,918	7,910,665
Education grant	62,500	137,500
	<u>62,500</u>	<u>137,500</u>
Total net assets with donor restrictions	<u>24,792,490</u>	<u>8,626,237</u>
	<u>24,792,490</u>	<u>8,626,237</u>
Total net assets	<u>96,837,036</u>	<u>73,272,111</u>
	<u>96,837,036</u>	<u>73,272,111</u>
Total liabilities and net assets	<u>\$ 100,609,248</u>	<u>\$ 74,881,554</u>
	<u>\$ 100,609,248</u>	<u>\$ 74,881,554</u>

See notes to financial statements.

The Statue of Liberty - Ellis Island Foundation, Inc.

Statement of Activities

Year Ended March 31, 2024

(With Summarized Comparative Information for the Year Ended March 31, 2023)

	FY2024			FY2023
	Without Donor Restrictions	With Donor Restrictions	Total	Summarized Comparative Information
Operating revenue, gain and other support:				
Contributions	\$ 1,983,851	\$ 16,407,967	\$ 18,391,818	\$ 2,636,810
Contributed nonfinancial assets	100,525	-	100,525	74,998
Bequests	75,155	-	75,155	639,657
Product sales and session fees	707,101	-	707,101	684,580
Self-Guided/Audio tour	12,346,064	-	12,346,064	10,886,245
Employee Retention Credit	-	-	-	25,431
Net assets released due to satisfaction of purpose and/or time restrictions	1,894,577	(1,894,577)	-	-
Net assets appropriated to operations from Board-designated "endowment" fund	3,235,000	-	3,235,000	1,965,000
Total operating revenue, gain and other support	20,342,273	14,513,390	34,855,663	16,912,721
Expenses:				
Program services:				
Ellis Wall of Honor Expansion project	867,122	-	867,122	1,657,581
Ellis Museum project	6,972,880	-	6,972,880	3,398,959
Liberty Museum project	221,134	-	221,134	139,763
Liberty Exhibit care	258,548	-	258,548	190,051
Ellis Exhibit care	92,798	-	92,798	103,163
Self-Guided/Audio Tour operations	4,308,155	-	4,308,155	3,896,063
Family History Center operations	695,736	-	695,736	1,026,324
Public Awareness and Education	440,185	-	440,185	569,127
Total program services	13,856,558	-	13,856,558	10,981,031
Supporting services:				
Management and general	1,854,883	-	1,854,883	1,965,815
Fundraising	2,235,270	-	2,235,270	1,844,617
Total supporting services	4,090,153	-	4,090,153	3,810,432
Total operating expenses	17,946,711	-	17,946,711	14,791,463
Change in net assets before nonoperating activities	2,395,562	14,513,390	16,908,952	2,121,258
Nonoperating activities:				
Loss on disposal of property and equipment	-	-	-	(318,407)
Net investment income (loss)	8,238,110	1,652,863	9,890,973	(1,632,657)
Net assets appropriated to operations from Board-designated "endowment" fund	(3,235,000)	-	(3,235,000)	(1,965,000)
Total nonoperating activities	5,003,110	1,652,863	6,655,973	(3,916,064)
Change in net assets	7,398,672	16,166,253	23,564,925	(1,794,806)
Net assets:				
Beginning	64,645,874	8,626,237	73,272,111	75,066,917
Ending	\$ 72,044,546	\$ 24,792,490	\$ 96,837,036	\$ 73,272,111

See notes to financial statements.

The Statue of Liberty - Ellis Island Foundation, Inc.

Statement of Functional Expenses

Year Ended March 31, 2024

(With Summarized Comparative Information for the Year Ended March 31, 2023)

	Program Services									Supporting Services			FY2024 Total	FY2023 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	\$ 151	\$ 2,078,413	\$ 75	\$ 2,620	\$ 907	\$ 4,308,155	\$ 134,121	\$ 347,353	\$ 6,871,795	\$ 252,567	\$ 851,573	\$ 1,104,140	\$ 7,975,935	\$ 5,373,404
Design and construction	851,805	4,414,656	141,923	-	-	-	460	-	5,408,844	-	-	-	5,408,844	4,779,349
Personnel costs	15,166	472,303	14,865	147,915	66,338	-	408,535	71,967	1,197,089	1,187,068	808,818	1,995,886	3,192,975	2,947,644
Printing and shipping	-	-	-	-	-	-	55,647	326	55,973	303	417,435	417,738	473,711	606,676
Occupancy	-	-	689	23,642	13,899	-	5,238	4,822	48,290	134,628	33,752	168,380	216,670	362,906
Other	-	1,127	2,689	-	-	-	17,137	4,523	25,476	115,551	59,833	175,384	200,860	218,426
Repairs and maintenance	-	-	60,443	68,960	6,615	-	22,717	-	158,735	22,613	-	22,613	181,348	100,385
Insurance	-	6,381	-	472	-	-	14,128	7,779	28,760	66,939	37,251	104,190	132,950	93,251
Depreciation	-	-	450	14,939	5,039	-	6,785	3,415	30,628	75,214	23,905	99,119	129,747	218,667
Cost of goods sold	-	-	-	-	-	-	30,968	-	30,968	-	2,703	2,703	33,671	90,755
Total 2024														
expenses	\$ 867,122	\$ 6,972,880	\$ 221,134	\$ 258,548	\$ 92,798	\$ 4,308,155	\$ 695,736	\$ 440,185	\$ 13,856,558	\$ 1,854,883	\$ 2,235,270	\$ 4,090,153	\$ 17,946,711	
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	

See notes to financial statements.

The Statue of Liberty - Ellis Island Foundation, Inc.

Statement of Cash Flows

Year Ended March 31, 2024

(With Summarized Comparative Information for the Year Ended March 31, 2023)

	FY2024	FY2023
Cash flows from operating activities:		
Change in net assets	\$ 23,564,925	\$ (1,794,806)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized (gain) loss on investments	(9,985,973)	2,654,491
Loss on disposal of property and equipment	-	318,407
Depreciation	129,747	218,667
Amortization of operating lease right-of-use asset	151,611	-
Changes in operating assets and liabilities:		
(Increase) decrease in contributions receivable	(3,924,750)	456,720
Increase in other receivables	(246,390)	(165,374)
(Increase) decrease in other assets	(152,156)	85,166
Increase in accounts payable and accrued expenses	1,302,470	369,791
Increase in refundable advance	334,000	-
Decrease in operating lease liability	(122,955)	-
Net cash provided by operating activities	11,050,529	2,143,062
Cash flows from investing activities:		
Purchase of property and equipment	(235,300)	(239,484)
Proceeds from sales of investments	6,747,944	2,569,712
Purchases of investments	(18,145,483)	(7,611,652)
Net cash used in investing activities	(11,632,839)	(5,281,424)
Net change in cash	(582,310)	(3,138,362)
Cash:		
Beginning	3,438,618	6,576,980
Ending	\$ 2,856,308	\$ 3,438,618
Supplemental cash flow information related to leases:		
Operating cash outflows—payments on an operating lease:	\$ 144,215	\$ 189,876
Right-of-use assets obtained in exchange for a new lease obligation:		
Operating lease	\$ 649,254	\$ -

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 (the Liberty Museum), maintained museum exhibits and funded hundreds more projects on the islands.

Ellis Wall of Honor Expansion project: 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 (the Ellis Museum). These include interactive exhibits, A/V and touchscreens. The original exhibitory at this museum is more than 30 years old, and the Foundation is working with the National Park Service to reimagine the Ellis Museum for the 21st Century. The Foundation looks to maintain the Ellis 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 Liberty Museum without the need for additional advanced reservations or tickets. The 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 operations: 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 operations: 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 without donor restrictions include the board-designed "endowment" fund (Note 7).

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: The Financial Accounting Standards Board's (FASB) authoritative guidance on fair value measurements establishes a framework for measuring fair value and expands disclosure about fair value measurements. This guidance enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. Under this guidance, assets and liabilities carried at fair value must be classified and disclosed in one of the following three categories:

Level 1: Quoted market prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

The Foundation uses net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, as a practical expedient to estimate the fair values of investments in commingled investment funds, which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in 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, 2024, all of the Foundation's cash in bank accounts was 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.

The Statue of Liberty - Ellis Island Foundation, Inc.

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

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. The Foundation determines the allowance for uncollectable contributions receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. There was no allowance for uncollectable contributions receivable for the year ended March 31, 2024 and 2023. 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 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.

For the year ended March 31, 2024, the contributions from three donors for the Ellis Museum project accounted for 75% of total contributions and bequests revenue. These donors are also the Foundation's board members, or the organizations with which the board members are associated. For the year ended March 31, 2023, the distributions from one bequest accounted for 15% of total contributions and bequest revenue.

The receivables from two donors accounted for 87% and 89% of total contributions receivable as of March 31, 2024 and 2023, respectively.

The Foundation recognizes revenue from its share of the donor's bequests when the probate courts declare the testamentary instrument valid and the proceeds are measurable.

Contributed nonfinancial assets are recorded at the respective fair values of the goods or services received at the date of donation.

Unpaid volunteers have made contributions of their time to assist with the Family History Center 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 the Family History Center 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

The Statue of Liberty - Ellis Island Foundation, Inc.

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

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: Revenue generated from self-guided/audio tours is recognized at the time of sale and collected by the NPS's concessioned ferry operator. The ferry operator remits payments to the Foundation monthly. The self-guided/audio tours revenue 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, 2024 and 2023, was \$848,305 and \$660,697, 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, 2024 and 2023, amounts payable to two contractors accounted for 52% and 43% of total accounts payable and accrued expenses balance, respectively.

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, 2023, 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. There was no UBIT expense for the years ended March 31, 2024 and 2023.

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)

Leases: The Foundation adopted the FASB ASC Topic 842, Leases, effective April 1, 2022, and recognized and measured leases existing at April 1, 2022 (the beginning of the period of adoption), with certain practical expedients available. The Foundation elected not to record right-of-use (ROU) assets and corresponding lease liabilities for short-term leases with a lease term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease. To determine the present value of lease payments, the Foundation made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date.

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

The Foundation's lease may include a non-lease component representing additional services transferred to the Foundation, such as common area maintenance for real estate. The Foundation has made an accounting policy election to account for lease and non-lease components in its lease agreement. Non-lease components that are variable in nature are recorded in variable lease expense in the period incurred.

Recently adopted accounting pronouncements: In June 2016, the FASB issued Accounting Standards Update (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. This guidance is effective for the Foundation in the year ended March 31, 2024 and was applied using the prospective approach. There was no impact to the financial statements from the adoption of this standard.

Note 3. Liquidity and Availability of Resources

The following represents the Foundation's available financial assets as of March 31, 2024 and 2023, to meet general expenditures over the next 12 months:

	FY2024	FY2023
Financial assets at March 31:		
Cash	\$ 2,856,308	3,438,618
Investments	90,950,330	69,566,818
Contributions receivable, net	4,525,354	600,604
Other receivables	911,784	665,394
Total financial assets at March 31	<u>99,243,776</u>	<u>74,271,434</u>
Less those unavailable for general expenditures within one year:		
Funds restricted by donors for specific projects	24,792,490	8,626,237
Investments held for long-term purpose, net of estimated subsequent year appropriations	45,164,828	41,106,402
Total financial assets unavailable within one year	<u>69,957,318</u>	<u>49,732,639</u>
Financial assets available to meet cash needs for general expenditures within one year at March 31	<u>\$ 29,286,458</u>	<u>\$ 24,538,795</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" fund portfolio. The Foundation does not intend to spend from its board-designated "endowment" fund other than amounts appropriated for general operations as part of its annual budget approval and appropriation process. Amounts from its board-designated "endowment" fund could be made available if necessary. The Foundation also held other investment funds to support various projects.

Note 4. Contributions Receivable

Unconditional contributions receivable have been recorded 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 5.23% to 5.37%. Unconditional contributions receivable were due as follows at March 31:

	FY2024	FY2023
In less than one year	\$ 3,362,500	\$ 540,223
In more than one year and less than five years	1,225,000	62,500
	<u>4,587,500</u>	<u>602,723</u>
Less unamortized discount on contributions and bequest receivable	(62,146)	(2,119)
	<u>\$ 4,525,354</u>	<u>\$ 600,604</u>

During the year-end March 31, 2024, the Foundation received a conditional contribution in an amount of \$1,000,000. The revenue recognition of this contribution was contingent on the fundraising and construction milestones for the Ellis Museum capital campaign in the following fiscal years. The Foundation recognized \$334,000 of cash received from the donor during the fiscal year as a refundable advance on the statement of financial position. The remaining contribution amount of \$666,000 is a conditional receivable as of March 31, 2024, and not included in the statement of financial position or statement of activities. There was no conditional receivable as of March 31, 2023.

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	FY2024 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	\$ 32,727,914	\$ 32,727,914	\$ -	\$ -
U.S. treasuries	1,617,602	-	1,617,602	-
Mutual funds:				
U.S. equities	22,200,844	22,200,844	-	-
International equities	3,301,239	3,301,239	-	-
Fixed income	13,234,508	13,234,508	-	-
Total investments in fair value hierarchy	73,082,107	\$ 71,464,505	\$ 1,617,602	\$ -
Investments measured at net asset value	17,868,223			
Total investments	\$ 90,950,330			

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	55,090,414	\$ 50,594,240	\$ 4,496,174	\$ -
Investments measured at net asset value	14,476,404			
Total investments	\$ 69,566,818			

Investment balance as of March 31, 2024 and 2023, is held for the following purposes:

	FY2024	FY2023
Board-designated "endowment" fund	\$ 45,500,348	\$ 41,971,789
Liberty Exhibit care fund	10,145,978	7,910,665
Ellis Exhibit care fund	2,938,626	2,685,244
Ellis Museum project	16,303,283	4,670,136
Self-Guided/Audio Tour	16,062,095	12,328,984
Total investments	\$ 90,950,330	\$ 69,566,818

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 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, 2024 and 2023. The Foundation had no unfunded commitments in these commingled investment funds as of March 31, 2024.

Investment Objective	Fair Value		Redemption Frequency (if Currently Eligible)	Redemption Notice Period
	FY2024	FY2023		
Private equities (a)	\$ 3,450,965	\$ 3,196,422	Annually	365 days
International equities (b)	10,224,342	5,528,099	Quarterly,	65 - 180 days
Fixed income (c)	632,221	645,993	Every 3 years	
Multi-strategy (d)	599,644	2,431,048	Semi-Monthly	5 days
Infrastructure composite (e)	2,961,051	2,674,842	Every 2 years	95 days
	<u>\$ 17,868,223</u>	<u>\$ 14,476,404</u>	Annually	90 days

The Statue of Liberty - Ellis Island Foundation, Inc.

Notes to Financial Statements

Note 5. Investments and Fair Value Measurements (Continued)

- (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 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.
- (e) 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:

	FY2024	FY2023	Estimated Useful Life
Office and computer equipment	\$ 272,379	\$ 251,365	5 years
Software and website	2,705,709	2,495,109	3-5 years
Furniture and fixtures	78,661	78,661	10 years
Leasehold improvements	15,378	11,692	Remaining term of lease
	<u>3,072,127</u>	<u>2,836,827</u>	
Less accumulated depreciation and amortization	2,678,688	2,548,941	
	<u>\$ 393,439</u>	<u>\$ 287,886</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 Statue of Liberty - Ellis Island Foundation, Inc.

Notes to Financial Statements

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

The objective of the board-designated "endowment" fund 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 board-designated "endowment" fund 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 board-designated "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 2024 and 2023 was approximately 4.6% and 5.0%, respectively.

Though the earnings of the board-designated "endowment" fund are needed to meet short-term spending needs, for which a limited amount of liquidity is maintained, the board-designated "endowment" fund itself is long-term in nature. As such, the assets of the board-designated "endowment" fund 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, 2024 and 2023, are as follows:

	FY2024	FY2023
Balance, beginning	\$ 41,886,276	\$ 45,504,708
Net investment gain (loss)	6,667,724	(1,653,432)
Appropriated to operations from Board-designated "endowment" fund	(3,235,000)	(1,965,000)
Balance, ending	<u>\$ 45,319,000</u>	<u>\$ 41,886,276</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.

	FY2024	FY2023
Balance, beginning	\$ 13,271,514	\$ 9,193,139
Operating revenue:		
Revenue	12,346,064	10,886,245
Investment gain	733,111	272,978
Operating expenses	(4,308,155)	(3,896,063)
Net operating revenue	<u>8,771,020</u>	<u>7,263,160</u>
Program expenses funded from audio tour revenue:		
Ellis Museum project	(6,405,569)	(3,184,785)
Total program expenses funded from audio tour revenue	<u>(6,405,569)</u>	<u>(3,184,785)</u>
Balance, ending	<u>\$ 15,636,965</u>	<u>\$ 13,271,514</u>

The Statue of Liberty - Ellis Island Foundation, Inc.

Notes to Financial Statements

Note 9. Ellis Exhibit Care Fund

Under an agreement with the National Park Service for the building of technology exhibits within the Ellis 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 fund activities are summarized below.

	FY2024	FY2023
Balance, beginning	\$ 2,530,126	\$ 2,781,370
Operating expenses	(92,798)	(155,118)
Net investment gain (loss)	408,500	(96,126)
Balance, ending	<u>\$ 2,845,828</u>	<u>\$ 2,530,126</u>

Note 10. Ellis Museum Project Fund

The Ellis Museum project fund is being used for the revitalization of the Ellis Island Museum. The fund activities are summarized below.

	FY2024		
	Total	Without Donor Restrictions	With Donor Restrictions
Balance, beginning	\$ 4,563,429	\$ 4,443,429	\$ 120,000
Contributions	16,407,966	-	16,407,966
Investment gain	280,632	280,632	-
Adjustment	39,738	39,738	-
Releases from restriction	-	-	(1,339,894)
Balance, ending	<u>\$ 21,291,765</u>	<u>\$ 4,763,799</u>	<u>\$ 15,188,072</u>

	FY2023		
	Total	Without Donor Restrictions	With Donor Restrictions
Balance, beginning	\$ 4,640,598	\$ 4,640,598	\$ -
Contributions	120,000	-	120,000
Investment gain	48,361	48,361	-
Program expenses	(245,530)	(245,530)	-
Balance, ending	<u>\$ 4,563,429</u>	<u>\$ 4,443,429</u>	<u>\$ 120,000</u>

The Statue of Liberty - Ellis Island Foundation, Inc.

Notes to Financial Statements

Note 11. Net Assets With Donor Restrictions

The Foundation's net assets with donor restrictions are restricted for the Liberty Exhibit care, Ellis Museum project (included in Note 10 above) and education purpose. Net assets released from donor restrictions as a result of satisfying purpose restrictions or lapse of time restriction as set forth by the donors are \$1,894,577 and \$418,917 in years ended March 31, 2024 and 2023, respectively.

The appropriations from the Liberty Exhibit care fund are used to support IT staff and other supporting services in the Liberty 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. The Liberty Exhibit care fund is invested alongside the investments held for the board-designated "endowment" fund.

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

	FY2024	FY2023
Balance, beginning	\$ 7,910,665	\$ 6,610,759
Transfer from the Liberty Museum project fund	236,938	1,500,000
Investment gain (loss)	1,652,863	(200,094)
Operating expenses	(258,548)	-
Balance, ending	<u>\$ 9,541,918</u>	<u>\$ 7,910,665</u>

Note 12. 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, 2024 and 2023, approximated \$121,000 and \$105,000, respectively.

Note 13. Functional Allocation of Expenses

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

- Personnel costs
- Occupancy
- Depreciation

The Statue of Liberty - Ellis Island Foundation, Inc.

Notes to Financial Statements

Note 14. Leases

In December 2022, the Foundation entered into an agreement with its landlord to surrender its previous 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 term of the new office lease is four years, commencing on April 5, 2023, and expiring on April 4, 2027.

Total operating lease cost was approximately \$177,000 and \$317,000 for the years ended March 31, 2024 and 2023, respectively. The operating lease cost is included in the occupancy line item in the statement of functional expense.

The remaining lease term as of March 31, 2024 was 3 years. The discount rate used for the lease amortization is 3.62%. There was no discount rate for the year-ended March 31, 2023 as the lease at that time was expiring on April 5, 2023.

Future undiscounted cash flows for each of the next five years and thereafter and reconciliation to the liabilities recognized on the statement of financial position as of March 31, 2024 is as follows:

Year ending March 31:			
2025		\$	179,782
2026			184,276
2027			188,883
2028			2,099
	Total lease payments		<u>555,040</u>
	Less imputed interest		<u>(28,741)</u>
	Total present value of lease liabilities	\$	<u><u>526,299</u></u>

Note 15. Contributed Nonfinancial Assets

The Foundation received the following contributed nonfinancial assets in the years ended March 31, 2024 and 2023:

	FY2024			
	Total	Program Services	Management and General	Fundraising
Legal service	\$ 91,525	\$ -	\$ 91,525	\$ -
Ferry service	9,000	9,000	-	-
	<u>\$ 100,525</u>	<u>\$ 9,000</u>	<u>\$ 91,525</u>	<u>\$ -</u>
	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)

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 nonfinancial assets above.

Note 16. Commitments and Contingency

The Foundation had an employment agreement with its former-President who retired on April 30, 2021. The agreement provides his post-retirement health and other supplemental retirement benefits. At March 31, 2024 and 2023, approximately \$107,000 and \$300,000, respectively, has been accrued for such benefits in the accompanying financial statements.

As of March 31, 2024, commitments over the next five years for contracts entered into but not fulfilled totaled approximately \$51,829,000. The majority is for the revitalization of the Ellis Island Museum planned to be paid through donor contributions and Self-Guided/Audio tour revenue.

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 11, 2024.