

**SOCRATES SCULPTURE PARK, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2018 AND 2017**



## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Socrates Sculpture Park, Inc.

We have audited the accompanying financial statements of Socrates Sculpture Park, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Socrates Sculpture Park, Inc. as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Lotz + Carr, LLP*

New York, New York  
September 19, 2019

**SOCRATES SCULPTURE PARK, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Cash and cash equivalents (Notes 1b and 12)		
Without donor restrictions	\$ 619,694	\$ 329,265
Board designated reserve (Note 3a)	583,947	757,684
With donor restrictions	499,317	935,000
Investments (Notes 1e and 5)		
Without donor restrictions	1,034	-
With donor restrictions	500,000	-
Board designated reserve (Note 3a)	250,517	-
Unconditional promises to give (Notes 1c and 4a)		
Without donor restrictions	80,000	60,000
With donor restrictions	1,231,925	490,900
Prepaid expenses and other assets	8,735	17,400
Donated artwork (Note 7b)	150,000	-
Property and equipment, at cost, net of accumulated depreciation (Notes 1d and 6a)	20,341	42,077
Construction in progress (Note 6b)	231,183	201,748
Security deposit	4,800	4,800
	<u>                    </u>	<u>                    </u>
<b>Total Assets</b>	<b><u>\$4,181,493</u></b>	<b><u>\$2,838,874</u></b>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 63,901	\$ 57,594
	<u>                    </u>	<u>                    </u>
Commitments and Contingency (Notes 8 and 11)		
Net Assets		
Without Donor Restrictions		
Board designated reserve (Note 3a)	834,464	757,684
Board designated for Future Fund (Note 3b)	150,000	-
Other	670,703	597,696
Total Without Donor Restrictions	<u>1,655,167</u>	<u>1,355,380</u>
With donor restrictions (Note 3c)	<u>2,462,425</u>	<u>1,425,900</u>
Total Net Assets	<u>4,117,592</u>	<u>2,781,280</u>
	<u>                    </u>	<u>                    </u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$4,181,493</u></b>	<b><u>\$2,838,874</u></b>

See notes to financial statements.

## SOCRATES SCULPTURE PARK, INC.

## STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Changes in Net Assets</b>						
Revenue and Public Support (Note 1a)						
Contributions	\$ 781,483	\$ 826,925	\$1,608,408	\$ 714,239	\$ 191,000	\$ 905,239
Donated services and materials (Notes 7a and 10)	100,629	-	100,629	123,764	-	123,764
Fundraising benefits	435,015	-	435,015	373,010	-	373,010
Direct fundraising benefit costs	(56,840)	-	(56,840)	(47,154)	-	(47,154)
Interest income	1,772	-	1,772	1,176	-	1,176
Other earned revenue	18,599	-	18,599	34,036	-	34,036
	<u>1,280,658</u>	<u>826,925</u>	<u>2,107,583</u>	<u>1,199,071</u>	<u>191,000</u>	<u>1,390,071</u>
Net assets released from restrictions						
Satisfaction of time and program restrictions	290,400	(290,400)	-	227,720	(227,720)	-
	<u>1,571,058</u>	<u>536,525</u>	<u>2,107,583</u>	<u>1,426,791</u>	<u>(36,720)</u>	<u>1,390,071</u>
Total Revenue and Public Support						
Expenses (Note 10)						
Program Services	1,053,602	-	1,053,602	1,050,232	-	1,050,232
Supporting Services						
Management and general	220,318	-	220,318	226,734	-	226,734
Fundraising	223,012	-	223,012	176,888	-	176,888
Total Supporting Services	<u>443,330</u>	<u>-</u>	<u>443,330</u>	<u>403,622</u>	<u>-</u>	<u>403,622</u>
Total Expenses	<u>1,496,932</u>	<u>-</u>	<u>1,496,932</u>	<u>1,453,854</u>	<u>-</u>	<u>1,453,854</u>
Increase (Decrease) in Net Assets Before Campaign Activity	74,126	536,525	610,651	(27,063)	(36,720)	(63,783)
Campaign and Reserve Activity						
Future Fund Campaign Contributions (Note 9)	-	500,000	500,000	75,000	535,000	610,000
Board Designated Contribution to Reserve	75,661	-	75,661	-	-	-
Board Designated Contribution of Artwork to Future Fund (Note 7b)	150,000	-	150,000	-	-	-
	<u>299,787</u>	<u>1,036,525</u>	<u>1,336,312</u>	<u>47,937</u>	<u>498,280</u>	<u>546,217</u>
Increase in net assets						
Net assets, beginning of year	<u>1,355,380</u>	<u>1,425,900</u>	<u>2,781,280</u>	<u>1,307,443</u>	<u>927,620</u>	<u>2,235,063</u>
	<u>\$ 1,655,167</u>	<u>\$ 2,462,425</u>	<u>\$4,117,592</u>	<u>\$ 1,355,380</u>	<u>\$ 1,425,900</u>	<u>\$2,781,280</u>
<b>Net Assets, End of Year</b>						

See notes to financial statements.

## SOCRATES SCULPTURE PARK, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2018 WITH COMPARATIVE TOTALS FOR 2017

	Program Services	Supporting Services		2018	2017
		Management and General	Fundraising	Total Expenses	Total Expenses
Salaries, payroll taxes and employee benefits	\$ 399,968	\$ 126,673	\$ 146,332	\$ 672,973	\$ 658,805
Grant expense	95,300	-	-	95,300	104,500
Exhibition expenses	98,859	-	-	98,859	61,101
Artistic and teaching fees	25,368	-	2,407	27,775	35,200
Grounds maintenance and security	39,649	-	-	39,649	31,775
Consulting services	55,087	-	-	55,087	62,298
Professional services	35,297	42,824	18,060	96,181	102,867
Equipment rental and maintenance	62,050	17,434	2,674	82,158	80,311
Photography and documentation	4,459	-	1,046	5,505	3,150
Marketing	30,615	663	743	32,021	30,451
Supplies and materials	119,621	1,996	3,368	124,985	122,973
Occupancy	26,388	8,358	9,654	44,400	43,600
Telephone	4,044	1,281	1,480	6,805	6,693
Office expenses	1,569	497	574	2,640	5,209
Travel	1,888	3,377	4,494	9,759	4,564
Postage and mailing	5,665	1,407	2,150	9,222	9,593
Insurance	19,677	6,232	7,199	33,108	27,349
Fundraising event expenses	905	89	17,374	18,368	28,257
Technology	5,457	4,678	5,457	15,592	8,381
Other expenses	-	4,809	-	4,809	3,149
Total expenses before depreciation	1,031,866	220,318	223,012	1,475,196	1,430,226
Depreciation	21,736	-	-	21,736	23,628
Total Expenses, 2018	<u>\$1,053,602</u>	<u>\$ 220,318</u>	<u>\$ 223,012</u>	<u>\$1,496,932</u>	
Total Expenses, 2017	<u>\$1,050,232</u>	<u>\$ 226,734</u>	<u>\$ 176,888</u>		<u>\$1,453,854</u>

See notes to financial statements.

**SOCRATES SCULPTURE PARK, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2017**

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total Expenses</u>
		<u>Management and General</u>	<u>Fundraising</u>	
Salaries, payroll taxes and employee benefits	\$ 421,399	\$ 111,091	\$ 126,315	\$ 658,805
Grant expense	104,500	-	-	104,500
Exhibition expenses	60,700	401	-	61,101
Artistic and teaching fees	31,994	-	3,206	35,200
Grounds maintenance and security	31,775	-	-	31,775
Consulting services	58,560	3,738	-	62,298
Professional services	53,862	49,005	-	102,867
Equipment rental and maintenance	60,285	19,552	474	80,311
Photography and documentation	2,142	-	1,008	3,150
Marketing	23,145	6,531	775	30,451
Supplies and materials	111,477	11,496	-	122,973
Occupancy	27,904	7,412	8,284	43,600
Telephone	4,284	1,137	1,272	6,693
Office expenses	3,334	885	990	5,209
Travel	1,389	1,850	1,325	4,564
Postage and mailing	4,762	3,720	1,111	9,593
Insurance	17,503	4,650	5,196	27,349
Fundraising event expenses	7,589	1,782	18,886	28,257
Technology	-	335	8,046	8,381
Other expenses	-	3,149	-	3,149
Total expenses before depreciation	1,026,604	226,734	176,888	1,430,226
Depreciation	23,628	-	-	23,628
Total Expenses	<u>\$1,050,232</u>	<u>\$ 226,734</u>	<u>\$ 176,888</u>	<u>\$1,453,854</u>

See notes to financial statements.

## SOCRATES SCULPTURE PARK, INC.

## STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<b>Cash Flows From Operating Activities</b>		
Increase in net assets	\$1,336,312	\$ 546,217
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
Depreciation expense	21,736	23,628
Donated artwork	(150,000)	-
Capital campaign contributions	(500,000)	(385,000)
(Increase) decrease in:		
Unconditional promises to give	(511,025)	(250,780)
Prepaid expenses and other assets	8,665	1,000
Decrease in accounts payable and accrued expenses	6,307	(35,538)
Net Cash Provided (Used) By Operating Activities	<u>211,995</u>	<u>(100,473)</u>
<b>Cash Flows From Investing Activities</b>		
Payments toward construction in progress	(29,435)	(25,905)
Purchase of investments	(751,551)	-
Net Cash Used By Investing Activities	<u>(780,986)</u>	<u>(25,905)</u>
<b>Cash Flows From Financing Activities</b>		
Capital campaign contributions received	<u>250,000</u>	<u>385,000</u>
Net increase (decrease) in cash and cash equivalents	(318,991)	258,622
Cash and cash equivalents, beginning of year	<u>2,021,949</u>	<u>1,763,327</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$1,702,958</u></u>	<u><u>\$2,021,949</u></u>

See notes to financial statements.



**SOCRATES SCULPTURE PARK, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2018 AND 2017****Note 1 - Organization and Summary of Significant Accounting Policies****a - Organization**

Socrates Sculpture Park, Inc. is the only site in the New York Metropolitan area specifically dedicated to providing artists with opportunities to create and exhibit large-scale sculpture in a unique outdoor environment that encourages strong interaction between artists, artworks and the public. The Park's existence is based on the belief that reclamation, revitalization and creative expression are essential to the survival, humanity and improvement of our urban environment.

The location of Socrates Sculpture Park, Inc. was an abandoned riverside landfill and illegal dumpsite until 1986 when a coalition of artists and community members, under the leadership of artist Mark di Suvero, transformed it into an open studio and exhibition space for artists and a neighborhood park for local residents. Today it is an internationally renowned outdoor museum and artist residency program that also serves as a vital New York City park offering a wide variety of free public programs.

For the year ended December 31, 2018, Socrates Sculpture Park, Inc. received approximately 18% of its total revenue and public support from one donor.

**b - Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments, purchased with an initial maturity of three months or less, including money market funds, to be cash equivalents.

**c - Contributions and Unconditional Promises to Give**

Contributions received are recorded as net assets with or without donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions are recognized when the donor makes a promise to give to the Organization, that is, in substance, unconditional. Donated marketable securities and other noncash donations are recorded at their fair values at the date of donation. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are released to net assets without donor restrictions.

The Organization uses the allowance method to determine uncollectible promises to give. Such allowance is based on prior years' experience and management's analysis of specific promises made.

**d - Property and Equipment**

Property and equipment are recorded at cost and are depreciated using the straight-line method over the estimated useful lives of the assets.

**SOCRATES SCULPTURE PARK, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2018 AND 2017****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****e - Investments and Fair Value Measurements**

The Organization reflects investments in certificates of deposit at fair value in the statement of financial position. Interest, dividends, gains and losses on investments are reflected in the statement of activities as increase and decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Investment income restricted by the donor is reported as increases in net assets without donor restriction if the restrictions expire in the fiscal year in which the income is recognized.

Generally accepted accounting principles establish a fair value measurement hierarchy that prioritizes the inputs to valuation techniques. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs consist of unobservable inputs and have the lowest priority. The Organization uses the higher priority valuation techniques based on available inputs to measure fair values.

**f - Grants and Appropriations**

Unconditional grants and appropriations are recognized at the time authorized and awarded.

**g - Marketing Costs**

Marketing costs are charged to operations when incurred. Marketing expense for December 31, 2018 and 2017 was \$32,021 and \$30,451, respectively.

**h - Financial Statement Presentation**

The financial statements have been prepared in accordance with U.S. generally accepted accounting principles, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

**Net Assets Without Donor Restrictions**

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of Organization's management and Board of Directors.

**Net Assets With Donor Restrictions**

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions may be temporary in nature; those restrictions will be met by actions of the Organization or the passage of time. Other donor restrictions may be perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

**SOCRATES SCULPTURE PARK, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2018 AND 2017****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****i - Functional Allocation of Expenses**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Expenses are applied directly to programs, where applicable, or allocated on a reasonable and consistent basis. A substantial portion of the Organization's expenses are directly related to program activities, which are made up of the grants, membership and educational programs. The expenses that are allocated include salaries and employee benefits, insurance, depreciation, occupancy and office expenses which are allocated on the basis of an estimate of time and effort.

**j - Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**k - Tax Status**

Socrates Sculpture Park, Inc. is a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

**l - Prior Year Information**

For comparability, certain 2017 amounts have been reclassified, where appropriate, to conform to the financial statement presentation used in 2018.

**m - Subsequent Events**

The Organization has evaluated subsequent events through September 19, 2019 the date that the financial statements are considered available to be issued.

**n - Recent Accounting Pronouncement**

In 2018, the Organization adopted Accounting Standards Update ("ASU") 2016-14, *"Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities."* The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two net asset classes now entitled "net assets without donor restrictions" and "net assets with donor restrictions"; (b) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources; (c) requiring that all nonprofits present an analysis of expenses by function and nature and disclose the methods used to allocate costs; and (d) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. As permitted by the ASU in the year of adoption, the Organization opted to not disclose liquidity and availability information for 2017.

**SOCRATES SCULPTURE PARK, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2018 AND 2017**

**Note 2 - Information Regarding Liquidity and Availability**

The Organization operates with a balanced budget for each fiscal year based on the revenues expected to be available to fund anticipated expenses. A substantial portion of annual revenue is comprised of contribution revenue raised during the current year, and revenue from other sources earned during the year. The Organization considers general expenditures to consist of all expenses related to its ongoing program activities, and the expenses related to general and administrative and fundraising activities undertaken to support those services.

The Organization regularly monitors liquidity to meet its operating needs and other commitments and obligations, while seeking to maximize the investment of its available funds. Management prepares regular cash flow projections to determine liquidity needs and has a policy to maintain liquid financial assets on an ongoing basis sufficient to cover at a minimum, ninety days of general expenditures. Financial assets in excess of daily cash requirements are invested in a certificate of deposit.

The Organization's financial assets as of December 31, 2018 and those available within one year to meet cash needs for general expenditures within one year are summarized as follows:

Financial Assets at Year-End:	
Cash and cash equivalents	\$1,702,958
Investments	751,551
Unconditional promises to give	<u>1,311,925</u>
Total Financial Assets	3,766,434
Less: Net assets with donor restrictions, subject to expenditure for specific purposes or passage of time	(2,462,425)
Plus: Net assets with restrictions to be met in less than a year	658,225
Less: Board designated funds	<u>(984,464)</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$ 966,154</u>

In addition to these financial assets available within one year, the Organization's board designated reserve could be made available at any time to meet cash needs for general expenditures at the discretion of the Board.

**SOCRATES SCULPTURE PARK, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2018 AND 2017**

**Note 3 - Net Assets**

a - Net Assets Without Donor Restrictions - Board Designated Reserve

During 2011, the Organization established a board designated reserve with two contributions totaling \$500,000 and other funds. This fund is to be used for projects and purposes to be determined and authorized by the Board of Directors. During 2018, interest income of \$1,119, and a contribution of \$75,661 was added to this reserve. During 2017, interest income of \$569, and \$100,000 was added to the reserve. As of December 31, 2018 and 2017, the reserve balance was \$834,464 and \$757,684, respectively.

b - Net Assets Without Donor Restrictions - Board Designated for Future Fund

During 2018, the Organization designated a specific contribution without donor restrictions of \$150,000 to be used for the purposes of the Future Fund Campaign (Note 9).

c - Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted to future programs and periods.

	<b>2018</b>	<b>2017</b>
Future exhibitions and programs	\$ 441,125	\$ 215,900
Future periods	411,300	25,000
Future Fund Campaign (Note 9)	1,610,000	1,185,000
Total	<b>\$2,462,425</b>	<b>\$1,425,900</b>

**Note 4 - Promises to Give**

a - Unconditional Promises to Give

Unconditional promises to give are due within one year. Uncollectible promises to give are expected to be insignificant.

b - Conditional Pledge

During 2016, the Organization received a \$500,000 grant from a foundation, of which \$250,000 was restricted for the capital costs of the Future Fund campaign, and has been recognized as contribution revenue. The remaining \$250,000 is for institutional reserves and capacity building, and is contingent on the completion of building construction and Organization taking occupancy. Accordingly, this amount has not been recognized in the accompany financial statements.

**SOCRATES SCULPTURE PARK, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2018 AND 2017**

**Note 5 - Investments**

Investments consist of certificates of deposit which are classified as Level 2 within the fair value hierarchy, with a cost basis of \$751,551 as of December 31, 2018.

**Note 6 - Property and Equipment**

a - Property and equipment consist of the following:

	<u>Life</u>	<u>2018</u>	<u>2017</u>
Studio improvements	10 years	\$ 18,909	\$ 18,909
Leasehold improvements	7 years	120,072	120,072
Furniture and equipment	3-7 years	75,428	75,428
Website	3 years	<u>11,349</u>	<u>11,349</u>
		225,758	225,758
Less: Accumulated depreciation		<u>(205,417)</u>	<u>(183,681)</u>
		<u>\$ 20,341</u>	<u>\$ 42,077</u>

b - Construction in progress includes design and construction documents and other costs related to the new building to be constructed as part of the Organization's Future Fund Campaign (Note 9). The cumulative amounts totaled \$204,763 and \$201,748, respectively, as of December 31, 2018 and 2017. As of December 31, 2018, construction in progress also included \$26,420 related to another capital project.

**Note 7 - Donated Services and Materials**

a - Donated services and materials consist of the following:

	<u>2018</u>	<u>2017</u>
Plant materials and labor	\$ 55,400	\$ 73,205
Equipment rental	24,034	31,275
Professional fees	12,400	13,984
Ground maintenance	8,640	-
Fundraising event expenses	<u>155</u>	<u>5,300</u>
	<u>\$100,629</u>	<u>\$123,764</u>

b - During 2018, the Organization received a donated artwork which has been recorded at a fair value of \$150,000, the approximate amount which is expected to be realized upon its sale, net of related expenses.

**SOCRATES SCULPTURE PARK, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2018 AND 2017**

**Note 8 - Commitments and Contingency**

- a - The location of Socrates Sculpture Park (the "Park") is licensed to the Organization by New York City Department of Parks and Recreations. Under a five-year license agreement dated October 6, 2011, currently extended to October 6, 2021, the Organization uses, operates and manages the Park as a public sculpture space at no charge. The terms of the license agreement may be further extended by mutual agreement for an additional five-year period.
- b - The Organization occupies office space under a lease agreement with a term which expires August 2021. Minimum annual rentals as follows:

<b><u>Year Ending December 31,</u></b>	
2019	\$34,800
2020	34,800
Thereafter, through August 2021	23,200

Rent expense under this lease for the years ended December 31, 2018 and 2017 was \$34,800 and \$34,000, respectively.

- c - To date, the Organization has entered into contracts totaling approximately \$84,000 for capital expenditures and consulting services related to 2019.
- d - The Organization may be subject to litigation and legal claims that arise in the ordinary course of its activities. One pending matter is a claim for alleged injuries sustained on the Organization's premises. This matter is expected to fall within the Organization's insurance coverage, and management believes that any ultimate resolution of these matters will not have a material adverse effect on the financial condition of the Organization.
- e - Government supported projects are subject to audit by the governmental granting agency.

**Note 9 - Future Fund Campaign**

Launched in 2016 on the occasion of Socrates Sculpture Park's 30th anniversary, The Future Fund is a special campaign that seeks to raise approximately \$3 million in private funding toward capital, program, and capacity initiatives, including soft costs to build 'The Cubes'; and expanded staff and program development; and investment in the cash reserve.

**SOCRATES SCULPTURE PARK, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2018 AND 2017****Note 9 - Future Fund Campaign (continued)**

The campaign seeks to leverage \$4,235,000 million allocated during 2015 for Socrates Sculpture Park in New York City's Department of Parks and Recreation Capital Budget. Those budget allocations are earmarked for the construction of The Cubes – the Park's first permanent building on-site, which will house Socrates administration and provide new opportunities for indoor programming. The building will ultimately be owned by NYC Parks, and maintained, operated and programmed by Socrates through a future license agreement.

The anticipated allocation and use of the funds to be raised by the Organization are to be as follows: \$500,000 in soft costs to build The Cubes, including architectural, engineering, legal fees, and other pre- and post-construction expenses; approximately \$1,500,000 million in future working capital toward essential infrastructure, capacity building, and program development; and \$1,000,000 million allocated to reserve funds that will lay a strong foundation for continued success, new growth, and long-term sustainability.

**Note 10 - Related Party Transactions**

During the years ended December 31, 2018 and 2017, the Organization received donated exhibition installation, labor services, and equipment totaling \$34,934 and \$34,684, respectively, from the company of a Board member emeritus.

**Note 11 - Pension Plan**

The Organization maintains a defined contribution pension plan qualified under Section 403(b) of the Internal Revenue Service Code for all eligible employees. Employees may make contributions to the plan, and the Organization contributes 4% of an employee's salary, subject to statutory limits. Benefits are immediately vested. Pension expense for the years ended December 31, 2018 and 2017 was \$7,003 and \$3,200, respectively.

**Note 12 - Concentration of Credit Risk**

The Organization maintains bank accounts at two financial institutions which are insured by Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 at each institution. Balances, at times, may exceed insured amounts.