

SOCRATES SCULPTURE PARK, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019



LUTZ AND GARR

CERTIFIED PUBLIC ACCOUNTANTS, LLP

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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, 2020 and 2019, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, 2020 and 2019, 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.

Emphasis of Matter

As discussed in Note 14 to the financial statements, in March 2020, the United States declared the global pandemic novel coronavirus COVID-19 outbreak a national emergency. As a result, Socrates Sculpture Park, Inc. has suspended some of its program activities at the direction of state and local governmental authorities. Our opinion is not modified with respect to this matter.

Lotz + Carr, LLP

New York, New York
July 9, 2021

SOCRATES SCULPTURE PARK, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Assets		
Cash and cash equivalents (Notes 1b and 13)		
Without donor restrictions	\$ 682,354	\$ 548,422
Board designated reserve (Note 3a)	1,272,590	621,484
Board designated for Future Fund (Note 3b)	16,002	14,543
With donor restrictions	807,947	1,178,192
Investments (Notes 1e and 5)		
Board designated reserve (Note 3a)	-	401,106
Unconditional promises to give (Notes 1c and 4a)		
Without donor restrictions	48,939	99,300
With donor restrictions	391,106	640,369
Prepaid expenses and other assets	23,154	29,960
Donated artwork (Notes 3b and 8b)	150,000	150,000
Property and equipment, at cost, net of accumulated depreciation (Notes 1d and 6a)	14,820	13,873
Construction in progress (Note 6b)	408,427	389,100
Security deposit	4,800	4,800
	<u> </u>	<u> </u>
Total Assets	<u><u>\$3,820,139</u></u>	<u><u>\$4,091,149</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 64,985	\$ 55,267
Loan payable (Note 7a)	83,780	-
Total Liabilities	<u>148,765</u>	<u>55,267</u>
Commitments and Contingencies (Notes 9, 12 and 14)		
Net Assets		
Without Donor Restrictions		
Board designated reserve (Note 3a)	1,272,590	1,022,590
Board designated for Future Fund (Note 3b)	166,002	164,543
Other	736,277	734,930
Total Without Donor Restrictions	<u>2,174,869</u>	<u>1,922,063</u>
With Donor Restrictions (Note 3c)	<u>1,496,505</u>	<u>2,113,819</u>
Total Net Assets	<u>3,671,374</u>	<u>4,035,882</u>
	<u> </u>	<u> </u>
Total Liabilities and Net Assets	<u><u>\$3,820,139</u></u>	<u><u>\$4,091,149</u></u>

See notes to financial statements.

SOCRATES SCULPTURE PARK, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Changes in Net Assets						
Revenue and Public Support (Note 1a)						
Contributions	\$ 711,602	\$ 303,680	\$1,015,282	\$ 622,057	\$ 489,619	\$1,111,676
Loan forgiveness - Paycheck Protection Program (Note 7b)	137,889	-	137,889	-	-	-
Donated services and materials (Notes 8a and 11)	68,190	-	68,190	48,410	-	48,410
Fundraising benefits	-	-	-	479,988	-	479,988
Direct fundraising benefit costs	-	-	-	(70,489)	-	(70,489)
Program fees and other earned revenue	24,070	-	24,070	10,849	-	10,849
Net investment income	940	-	940	1,677	-	1,677
Interest income	415	-	415	988	-	988
	<u>943,106</u>	<u>303,680</u>	<u>1,246,786</u>	<u>1,093,480</u>	<u>489,619</u>	<u>1,583,099</u>
Net assets released from restrictions						
Satisfaction of time and program restrictions	<u>670,994</u>	<u>(670,994)</u>	<u>-</u>	<u>588,225</u>	<u>(588,225)</u>	<u>-</u>
Total Revenue and Public Support	<u>1,614,100</u>	<u>(367,314)</u>	<u>1,246,786</u>	<u>1,681,705</u>	<u>(98,606)</u>	<u>1,583,099</u>
Expenses (Note 11)						
Program Services	<u>1,158,410</u>	<u>-</u>	<u>1,158,410</u>	<u>1,228,611</u>	<u>-</u>	<u>1,228,611</u>
Supporting Services						
Management and general	271,138	-	271,138	265,263	-	265,263
Fundraising	183,205	-	183,205	185,478	-	185,478
Total Supporting Services	<u>454,343</u>	<u>-</u>	<u>454,343</u>	<u>450,741</u>	<u>-</u>	<u>450,741</u>
Total Expenses	<u>1,612,753</u>	<u>-</u>	<u>1,612,753</u>	<u>1,679,352</u>	<u>-</u>	<u>1,679,352</u>
Increase (Decrease) in Net Assets Before Campaign Activity	1,347	(367,314)	(365,967)	2,353	(98,606)	(96,253)
Campaign and Reserve Activity						
Board designated investment income for Future Fund (Note 3b)	1,459	-	1,459	14,543	-	14,543
Net assets released from restriction - Future Fund to board designated reserve (Note 3a)	<u>250,000</u>	<u>(250,000)</u>	<u>-</u>	<u>250,000</u>	<u>(250,000)</u>	<u>-</u>
Increase (decrease) in net assets	252,806	(617,314)	(364,508)	266,896	(348,606)	(81,710)
Net assets, beginning of year	<u>1,922,063</u>	<u>2,113,819</u>	<u>4,035,882</u>	<u>1,655,167</u>	<u>2,462,425</u>	<u>4,117,592</u>
Net Assets, End of Year	<u><u>\$ 2,174,869</u></u>	<u><u>\$ 1,496,505</u></u>	<u><u>\$3,671,374</u></u>	<u><u>\$ 1,922,063</u></u>	<u><u>\$ 2,113,819</u></u>	<u><u>\$4,035,882</u></u>

See notes to financial statements.

SOCRATES SCULPTURE PARK, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020 WITH COMPARATIVE TOTALS FOR 2019

	Program Services	Supporting Services		2020	2019
		Management and General	Fundraising	Total Expenses	Total Expenses
Salaries, payroll taxes and employee benefits	\$ 614,981	\$ 188,926	\$ 148,255	\$ 952,162	\$ 833,375
Grant expense	103,350	-	-	103,350	179,870
Exhibition expenses	71,601	-	-	71,601	92,987
Artistic and teaching fees	13,029	-	1,164	14,193	41,164
Grounds maintenance and security	15,659	-	-	15,659	7,522
Consulting services	3,732	-	-	3,732	26,818
Professional services	48,886	33,269	-	82,155	89,060
Equipment rental and maintenance	44,646	8,597	2,552	55,795	53,718
Photography and documentation	7,500	-	1,759	9,259	5,350
Marketing	25,927	1,505	1,073	28,505	30,785
Supplies and materials	127,002	7,926	-	134,928	88,841
Occupancy	26,287	8,076	6,337	40,700	44,400
Telephone	5,409	1,661	1,304	8,374	7,254
Office expenses	2,617	804	631	4,052	1,237
Travel	952	4,757	254	5,963	9,502
Postage and mailing	6,314	241	370	6,925	26,993
Insurance	26,345	8,093	6,351	40,789	36,855
Fundraising event expenses	680	-	8,551	9,231	23,035
Technology	3,289	5,261	4,604	13,154	10,212
Other expenses	425	2,022	-	2,447	54,990
Total expenses before depreciation	1,148,631	271,138	183,205	1,602,974	1,663,968
Depreciation	9,779	-	-	9,779	15,384
Total Expenses, 2020	<u>\$1,158,410</u>	<u>\$ 271,138</u>	<u>\$ 183,205</u>	<u>\$1,612,753</u>	
Total Expenses, 2019	<u>\$1,228,611</u>	<u>\$ 265,263</u>	<u>\$ 185,478</u>		<u>\$1,679,352</u>

See notes to financial statements.

SOCRATES SCULPTURE PARK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

	<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	\$ 533,816	\$ 167,217	\$ 132,342	\$ 833,375
Grant expense	179,870	-	-	179,870
Exhibition expenses	92,987	-	-	92,987
Artistic and teaching fees	37,808	-	3,356	41,164
Grounds maintenance and security	6,944	578	-	7,522
Consulting services	26,818	-	-	26,818
Professional services	50,534	38,526	-	89,060
Equipment rental and maintenance	45,497	6,291	1,930	53,718
Photography and documentation	4,334	-	1,016	5,350
Marketing	24,792	5,177	816	30,785
Supplies and materials	77,997	9,535	1,309	88,841
Occupancy	28,440	8,909	7,051	44,400
Telephone	4,647	1,455	1,152	7,254
Office expenses	792	249	196	1,237
Travel	1,078	4,818	3,606	9,502
Postage and mailing	23,013	1,574	2,406	26,993
Insurance	23,607	7,395	5,853	36,855
Fundraising event expenses	1,163	1,001	20,871	23,035
Technology	2,553	4,085	3,574	10,212
Other expenses	46,537	8,453	-	54,990
Total expenses before depreciation	1,213,227	265,263	185,478	1,663,968
Depreciation	15,384	-	-	15,384
Total Expenses	<u>\$1,228,611</u>	<u>\$ 265,263</u>	<u>\$ 185,478</u>	<u>\$1,679,352</u>

See notes to financial statements.

SOCRATES SCULPTURE PARK, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Decrease in net assets	\$ (364,508)	\$ (81,710)
Adjustments to reconcile decrease in net assets to net cash used by operating activities:		
Depreciation expense	9,779	15,384
(Increase) decrease in:		
Unconditional promises to give	299,624	72,256
Prepaid expenses and other assets	6,806	(21,225)
Increase (decrease) in accounts payable and accrued expenses	9,718	(8,634)
Net Cash Used By Operating Activities	<u>(38,581)</u>	<u>(23,929)</u>
Cash Flows From Investing Activities		
Payments toward construction in progress	(19,327)	(157,917)
Purchase of investments	-	(743,223)
Proceeds from sale of investments	401,106	1,093,668
Purchase of property and equipment	(10,726)	(8,916)
Net Cash Provided By Investing Activities	<u>371,053</u>	<u>183,612</u>
Cash Flows From Financing Activities		
Proceeds from loan payable	183,780	-
Repayment of loan payable	(100,000)	-
Capital campaign contributions received	-	500,000
Net Cash Provided By Financing Activities	<u>83,780</u>	<u>500,000</u>
Net increase in cash and cash equivalents	416,252	659,683
Cash and cash equivalents, beginning of year	<u>2,362,641</u>	<u>1,702,958</u>
Cash and Cash Equivalents, End of Year	<u><u>\$2,778,893</u></u>	<u><u>\$2,362,641</u></u>

See notes to financial statements.

SOCRATES SCULPTURE PARK, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2020 AND 2019****Note 1 - Organization and Summary of Significant Accounting Policies****a - Organization**

Socrates Sculpture Park, Inc. (the "Organization") 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 years ended December 31, 2020 and 2019, Socrates Sculpture Park, Inc. received approximately 24% and 12% of its total revenue and public support from two government agencies (2020) and one government agency (2019), respectively.

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. Conditional promises to give, that is, those with a measurable performance-related or other barrier and right of return of assets transferred or release of a promisor's obligation to transfer assets in the future - are not recognized until the conditions on which they depend have been met. 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.

SOCRATES SCULPTURE PARK, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2020 AND 2019****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****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.

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 - Revenue Recognition

The Organization has revenue streams that are accounted for as exchange transactions. Program income and other earned revenue are recognized at the point or over the period of time during which the program takes place. All of the Organization's revenue from contracts with customers is for a distinct performance obligation with a duration of less than one year and does not consist of multiple transactions.

g - Grants and Appropriations

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

h - Marketing Costs

Marketing costs are charged to operations when incurred. Marketing expense for December 31, 2020 and 2019 was \$28,505 and \$30,785, respectively.

SOCRATES SCULPTURE PARK, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2020 AND 2019****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****i - 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.

j - 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.

k - 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.

l - 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.

m - Subsequent Events

The Organization has evaluated subsequent events through July 9, 2021 the date that the financial statements are considered available to be issued.

SOCRATES SCULPTURE PARK, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2020 AND 2019****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****n - Recent Accounting Pronouncements**

The Financial Accounting Standards Board issued ASU 2016-02, “*Leases (Topic 842)*,” which changes the way organizations will account for their leases by recognizing lease assets and related liabilities on the statements of financial position for all leases with terms longer than twelve months and disclosing key information about leasing arrangements. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021. The Organization is currently evaluating the impact of ASU 2016-02 on its financial statements.

For 2020, the Organization adopted Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers*, which requires entities to recognize revenue through the application of a five-step model, which includes identification of the contract, identification of the performance obligation(s), determination of the transaction price, allocation of the transaction price to the performance obligations, and recognition of revenue as the Organization satisfies the performance obligations. The ASU also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The adoption of this ASU had no significant impact on the Organization’s financial statements.

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.

SOCRATES SCULPTURE PARK, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Note 2 - Information Regarding Liquidity and Availability (continued)

The Organization's financial assets as of December 31, 2020 and 2019 and those available within one year to meet cash needs for general expenditures within one year are summarized as follows:

	<u>2020</u>	<u>2019</u>
Financial Assets at Year End:		
Cash and cash equivalents	\$2,778,893	\$2,362,641
Investments	-	401,106
Unconditional promises to give	<u>440,045</u>	<u>739,669</u>
Total Financial Assets	3,218,938	3,503,416
Less: Amounts not Available to be Used within One Year:		
Net assets with donor restrictions, subject to expenditure for specific purposes or passage of time	(1,496,505)	(2,113,819)
Plus: Net assets with restrictions to be met in less than a year	927,106	722,468
Less: Board designated funds	<u>(1,438,592)</u>	<u>(1,187,133)</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$1,210,947</u>	<u>\$ 924,932</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.

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 2020, a release from net assets with donor restrictions of \$250,000 was added to this reserve. During 2019, a release from net assets with donor restrictions of \$250,000 was added to this reserve, and \$61,874 was appropriated to fund certain capital expenditures. As of December 31, 2020 and 2019, the reserve balance was \$1,272,590 and \$1,022,590, respectively.

SOCRATES SCULPTURE PARK, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Note 3 - Net Assets (continued)

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

During 2018, the Board of Directors allocated a specific contribution of donated artwork without donor restrictions in the amount of \$150,000 (Note 8b) to establish a reserve fund to be used for the purposes of the Future Fund Campaign (Note 10). During 2020 and 2019, interest income earned on investments without donor restrictions totaling \$1,459 and \$14,543, respectively, were added to this reserve. As of December 31, 2020 and 2019, the Future Fund balance was \$166,002 and \$164,543, respectively.

c - Net Assets With Donor Restrictions

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

	2020	2019
Future exhibitions and programs	\$ 524,405	\$ 636,175
Future periods	37,100	217,644
Future Fund Campaign (Note 10)	935,000	1,260,000
Total	\$1,496,505	\$2,113,819

Note 4 - Promises to Give

a - Unconditional Promises to Give

Unconditional promises to give are due as follows:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Due within one year	\$48,939	\$285,725	\$334,664
Due in one to five years	-	113,625	113,625
	48,939	399,350	448,289
Less: Discount to present value	-	(8,244)	(8,244)
Total	\$48,939	\$391,106	\$440,045

SOCRATES SCULPTURE PARK, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 4 - Promises to Give (continued)

a - Unconditional Promises to Give (continued)

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Due within one year	\$99,300	\$544,130	\$643,430
Due in one to five years	-	102,100	102,100
	99,300	646,230	745,530
Less: Discount to present value	-	(5,861)	(5,861)
Total	<u>\$99,300</u>	<u>\$640,369</u>	<u>\$739,669</u>

Unconditional promises due in one to five years are discounted to present value using a discount rate of 3%. Uncollectible promises 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 accompanying financial statements.

Note 5 - Investments

Investments at December 31, 2019 consisted of certificates of deposit which are classified as Level 2 within the fair value hierarchy, with a cost basis of \$401,106.

SOCRATES SCULPTURE PARK, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Note 6 - Property and Equipment

a - Property and equipment consist of the following:

	<u>Life</u>	<u>2020</u>	<u>2019</u>
Studio improvements	10 years	\$ 18,909	\$ 18,909
Leasehold improvements	7 years	120,072	120,072
Furniture and equipment	3-7 years	90,070	79,344
Website	3 years	<u>16,349</u>	<u>16,349</u>
		245,400	234,674
Less: Accumulated depreciation		<u>(230,580)</u>	<u>(220,801)</u>
		<u>\$ 14,820</u>	<u>\$ 13,873</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 10). Cumulative amounts related to this project totaled \$301,858 and \$295,258 as of December 31, 2020 and 2019, respectively. As of December 31, 2020 and 2019, construction in progress also included \$106,569 and \$93,842, respectively, related to other capital projects.

Note 7 - Loans Payable

a - In April 2020, the Organization received a \$183,780 non-interest bearing loan from the Nonprofit Finance Fund's NYC COVID-19 Response & Impact Fund, with a maturity date of April 28, 2021. As of December 31, 2020, the outstanding balance was \$83,780.

b - During 2020, the Organization received a loan totaling \$137,889 under the Paycheck Protection Program administered by the U.S. Small Business Administration. The loan included provisions for forgiveness if the Organization met certain employee retention requirements and the funds were used for eligible expenses. Because management expected to meet the requirements for forgiveness of the entire loan amount, the loan was recorded as a conditional grant and recognized as revenue for 2020 since eligible expenses totaling \$137,889 were paid with the proceeds of the loan.

SOCRATES SCULPTURE PARK, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Note 8 - Donated Services and Materials

a - Donated services and materials consist of the following:

	2020	2019
Plant materials and labor	\$20,000	\$10,000
Equipment rental	29,590	20,010
Professional fees	18,600	18,400
	\$68,190	\$48,410

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.

Note 9 - Commitments and Contingencies

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 and has a minimum annual obligation of \$23,200 for the eight months ended.

Rent expense under this lease for the years ended December 31, 2020 and 2019 was \$31,900 and \$34,800, respectively.

c - To date, the Organization has entered into contracts totaling approximately \$64,000 for capital expenditures and consulting services related to 2021.

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.

SOCRATES SCULPTURE PARK, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2020 AND 2019****Note 10 - 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.

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 11 - Related Party Transactions

During the years ended December 31, 2020 and 2019, the Organization received donated exhibition installation, labor services, and equipment totaling \$48,190 and \$38,410 respectively, from the company of a Board member emeritus.

Note 12 - 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, 2020 and 2019 was \$9,793 and \$7,690, respectively.

SOCRATES SCULPTURE PARK, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2020 AND 2019****Note 13 - 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.

Note 14 - Risks and Uncertainties

In March 2020, the United States declared the global pandemic novel coronavirus COVID-19 outbreak a national emergency. The Park has been deemed an essential service and has remained open during the pandemic, continuing to offer services to its constituents. However, the Organization has suspended some of its program activities at the direction of state and local governmental authorities. Management continues to evaluate the potential impact that the resulting economic uncertainties will have on the Organization's operations.