

**SOCRATES SCULPTURE PARK, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2021 AND 2020**



**LUTZ AND CARR**

CERTIFIED PUBLIC ACCOUNTANTS, LLP

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## **INDEPENDENT AUDITORS' REPORT**

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

### **Opinion**

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, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2021 and 2020, 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.

### **Basis for Opinion**

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

## **Auditors' 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 auditors' 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 generally accepted auditing standards 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Socrates Sculpture Park, Inc.'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 Socrates Sculpture Park, Inc.'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.

*Lotz + Carr, LLP*

New York, New York  
July 6, 2022

**SOCRATES SCULPTURE PARK, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2021 AND 2020**

	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
Cash and cash equivalents (Notes 1b and 12)		
Without donor restrictions	\$ 596,774	\$ 682,354
Board designated reserve (Note 3a)	1,522,590	1,272,590
Board designated for Future Fund (Note 3b)	16,070	16,002
With donor restrictions	516,766	807,947
Unconditional promises to give (Notes 1c and 4a)		
Without donor restrictions	44,272	48,939
With donor restrictions	326,339	391,106
Prepaid expenses and other assets	20,543	23,154
Donated artwork (Notes 3b and 7b)	150,000	150,000
Property and equipment, at cost, net of accumulated depreciation (Notes 1d and 5a)	31,898	14,820
Construction in progress (Note 5b)	415,627	408,427
Security deposit	4,800	4,800
	<b>\$3,645,679</b>	<b>\$3,820,139</b>
<b>Total Assets</b>		
 <b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 68,302	\$ 64,985
Loan payable (Note 6a)	-	83,780
Total Liabilities	68,302	148,765
Commitments and Contingencies (Notes 8 and 11)		
Net Assets		
Without donor restrictions		
Board designated reserve (Note 3a)	1,522,590	1,272,590
Board designated for Future Fund (Note 3b)	166,070	166,002
Other	736,554	736,277
Total Without Donor Restrictions	2,425,214	2,174,869
With donor restrictions (Note 3c)	1,152,163	1,496,505
Total Net Assets	3,577,377	3,671,374
	<b>\$3,645,679</b>	<b>\$3,820,139</b>
<b>Total Liabilities and Net Assets</b>		

See notes to financial statements.

**SOCRATES SCULPTURE PARK, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<b>2021</b>			<b>2020</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Changes in Net Assets</b>						
Revenue and Public Support (Note 1a)						
Contributions	\$ 798,581	\$ 314,633	\$1,113,214	\$ 711,602	\$ 303,680	\$1,015,282
Loan forgiveness - Paycheck Protection Program (Note 6b)	138,720	-	138,720	137,889	-	137,889
Donated services and materials (Notes 7a and 10)	70,280	-	70,280	68,190	-	68,190
Fundraising benefits	391,638	-	391,638	-	-	-
Direct fundraising benefit costs	(93,684)	-	(93,684)	-	-	-
Program fees and other earned revenue	39,853	-	39,853	24,070	-	24,070
Net investment income (loss)	(1,544)	-	(1,544)	940	-	940
Interest income	210	-	210	415	-	415
	<u>1,344,054</u>	<u>314,633</u>	<u>1,658,687</u>	<u>943,106</u>	<u>303,680</u>	<u>1,246,786</u>
Net assets released from restrictions						
Satisfaction of time and program restrictions	408,975	(408,975)	-	670,994	(670,994)	-
	<u>1,753,029</u>	<u>(94,342)</u>	<u>1,658,687</u>	<u>1,614,100</u>	<u>(367,314)</u>	<u>1,246,786</u>
<b>Total Revenue and Public Support</b>	<u>1,753,029</u>	<u>(94,342)</u>	<u>1,658,687</u>	<u>1,614,100</u>	<u>(367,314)</u>	<u>1,246,786</u>
Expenses (Note 10)						
Program Services	1,305,642	-	1,305,642	1,158,410	-	1,158,410
Supporting Services						
Management and general	267,863	-	267,863	271,138	-	271,138
Fundraising	179,247	-	179,247	183,205	-	183,205
Total Supporting Services	<u>447,110</u>	<u>-</u>	<u>447,110</u>	<u>454,343</u>	<u>-</u>	<u>454,343</u>
<b>Total Expenses</b>	<u>1,752,752</u>	<u>-</u>	<u>1,752,752</u>	<u>1,612,753</u>	<u>-</u>	<u>1,612,753</u>
Increase (Decrease) in Net Assets Before Campaign Activity	277	(94,342)	(94,065)	1,347	(367,314)	(365,967)
Campaign and Reserve Activity						
Board designated investment income for Future Fund (Note 3b)	68	-	68	1,459	-	1,459
Net assets released from restriction - Future Fund to board designated reserve (Note 3a)	250,000	(250,000)	-	250,000	(250,000)	-
Non-Operating and Capital Activity						
Contribution for park related improvements (Note 9)	1,000,000	-	1,000,000	-	-	-
Park related improvements (Note 9)	<u>(1,000,000)</u>	<u>-</u>	<u>(1,000,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	250,345	(344,342)	(93,997)	252,806	(617,314)	(364,508)
Net assets, beginning of year	<u>2,174,869</u>	<u>1,496,505</u>	<u>3,671,374</u>	<u>1,922,063</u>	<u>2,113,819</u>	<u>4,035,882</u>
<b>Net Assets, End of Year</b>	<u>\$ 2,425,214</u>	<u>\$ 1,152,163</u>	<u>\$3,577,377</u>	<u>\$ 2,174,869</u>	<u>\$ 1,496,505</u>	<u>\$3,671,374</u>

**See notes to financial statements.**

## SOCRATES SCULPTURE PARK, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021 WITH COMPARATIVE TOTALS FOR 2020

	Program Services	Supporting Services		2021	2020
		Management and General	Fundraising	Total Expenses	Total Expenses
Salaries, payroll taxes and employee benefits	\$ 770,494	\$ 173,112	\$ 133,912	1,077,518	\$ 952,162
Grant expense	107,517	-	-	107,517	103,350
Park related improvements	1,000,000	-	-	1,000,000	-
Exhibition expenses	24,321	-	-	24,321	71,601
Artistic and teaching fees	27,623	-	-	27,623	14,193
Grounds maintenance and security	22,178	-	-	22,178	15,659
Consulting services	1,321	-	-	1,321	3,732
Professional services	88,993	46,346	-	135,339	82,155
Equipment rental and maintenance	46,511	1,698	142	48,351	55,795
Photography and documentation	4,525	-	-	4,525	9,259
Marketing	25,818	2,245	3,600	31,663	28,505
Supplies and materials	86,367	8,180	-	94,547	134,928
Occupancy	31,968	7,104	5,328	44,400	40,700
Telephone	7,041	1,565	1,173	9,779	8,374
Office expenses	6,443	1,432	1,074	8,949	4,052
Travel	1,855	8,939	725	11,519	5,963
Postage and mailing	1,955	1,295	1,981	5,231	6,925
Insurance	31,893	7,165	5,543	44,601	40,789
Fundraising event expenses	753	54	20,612	21,419	9,231
Technology	3,683	5,893	5,157	14,733	13,154
Other expenses	-	2,835	-	2,835	2,447
Total expenses before depreciation	2,291,259	267,863	179,247	2,738,369	1,602,974
Depreciation	14,383	-	-	14,383	9,779
	2,305,642	267,863	179,247	2,752,752	
Less: Park related improvements shown separately in the Statement of Activities	(1,000,000)	-	-	(1,000,000)	
Total Expenses, 2021	<u>\$1,305,642</u>	<u>\$ 267,863</u>	<u>\$ 179,247</u>	<u>\$1,752,752</u>	
Total Expenses, 2020	<u>\$1,158,410</u>	<u>\$ 271,138</u>	<u>\$ 183,205</u>		<u>\$1,612,753</u>

See notes to financial statements.

**SOCRATES SCULPTURE PARK, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2020**

	<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	\$ 614,981	\$ 188,926	\$ 148,255	\$ 952,162
Grant expense	103,350	-	-	103,350
Exhibition expenses	71,601	-	-	71,601
Artistic and teaching fees	13,029	-	1,164	14,193
Grounds maintenance and security	15,659	-	-	15,659
Consulting services	3,732	-	-	3,732
Professional services	48,886	33,269	-	82,155
Equipment rental and maintenance	44,646	8,597	2,552	55,795
Photography and documentation	7,500	-	1,759	9,259
Marketing	25,927	1,505	1,073	28,505
Supplies and materials	127,002	7,926	-	134,928
Occupancy	26,287	8,076	6,337	40,700
Telephone	5,409	1,661	1,304	8,374
Office expenses	2,617	804	631	4,052
Travel	952	4,757	254	5,963
Postage and mailing	6,314	241	370	6,925
Insurance	26,345	8,093	6,351	40,789
Fundraising event expenses	680	-	8,551	9,231
Technology	3,289	5,261	4,604	13,154
Other expenses	425	2,022	-	2,447
Total expenses before depreciation	1,148,631	271,138	183,205	1,602,974
Depreciation	9,779	-	-	9,779
Total Expenses	<u>\$1,158,410</u>	<u>\$ 271,138</u>	<u>\$ 183,205</u>	<u>\$1,612,753</u>

See notes to financial statements.

## SOCRATES SCULPTURE PARK, INC.

## STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<b>Cash Flows From Operating Activities</b>		
Decrease in net assets	\$ (93,997)	\$ (364,508)
Adjustments to reconcile decrease in net assets to net cash used by operating activities:		
Depreciation expense	14,383	9,779
Contribution received for park related improvements	(1,000,000)	-
Park related improvements payment	1,000,000	-
Decrease in:		
Unconditional promises to give	69,434	299,624
Prepaid expenses and other assets	2,611	6,806
Increase in accounts payable and accrued expenses	3,317	9,718
Net Cash Used By Operating Activities	<u>(4,252)</u>	<u>(38,581)</u>
<b>Cash Flows From Investing Activities</b>		
Payments toward construction in progress	(7,200)	(19,327)
Proceeds from sale of investments	-	401,106
Purchase of property and equipment	(31,461)	(10,726)
Net Cash Provided (Used) By Investing Activities	<u>(38,661)</u>	<u>371,053</u>
<b>Cash Flows From Financing Activities</b>		
Proceeds from loan payable	-	183,780
Repayment of loan payable	(83,780)	(100,000)
Contribution received for park related improvements	1,000,000	-
Park related improvements payment	(1,000,000)	-
Net Cash Provided (Used) By Financing Activities	<u>(83,780)</u>	<u>83,780</u>
Net increase (decrease) in cash and cash equivalents	(126,693)	416,252
Cash and cash equivalents, beginning of year	<u>2,778,893</u>	<u>2,362,641</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$2,652,200</u>	<u>\$2,778,893</u>

See notes to financial statements.



**SOCRATES SCULPTURE PARK, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2021 AND 2020****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, 2021 and 2020, Socrates Sculpture Park, Inc. received approximately 38% and 24% of its total revenue and public support from one individual (2021) and two government agencies (2020), 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, 2021 AND 2020****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, 2021 and 2020 was \$31,663 and \$28,505, respectively.

**SOCRATES SCULPTURE PARK, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2021 AND 2020****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****i - Financial Statement Presentation**

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"), 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 U.S. GAAP 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.

**SOCRATES SCULPTURE PARK, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2021 AND 2020****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****m - Subsequent Events**

The Organization has evaluated subsequent events through July 6, 2022 the date that the financial statements are considered available to be issued.

**n - Recent Accounting Pronouncement**

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.

**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, 2021 AND 2020**

**Note 2 - Information Regarding Liquidity and Availability (continued)**

The Organization's financial assets as of December 31, 2021 and 2020 available to meet cash needs for general expenditures within one year are summarized as follows:

	<u>2021</u>	<u>2020</u>
Financial Assets at Year End:		
Cash and cash equivalents	\$2,652,200	\$2,778,893
Unconditional promises to give	<u>370,611</u>	<u>440,045</u>
Total Financial Assets	3,022,811	3,218,938
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	(1,152,163)	(1,496,505)
Plus: Net assets with restrictions to be met in less than one year	725,162	927,106
Less: Board designated funds	<u>(1,688,660)</u>	<u>(1,438,592)</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$ 907,150</u>	<u>\$1,210,947</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 2021, a release from net assets with donor restrictions of \$250,000 was added to this reserve. During 2020, 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, 2021 and 2020, the reserve balance was \$1,522,590 and \$1,272,590, respectively.

## SOCRATES SCULPTURE PARK, INC.

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

**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 7b) to establish a reserve fund to be used for the purposes of the Future Fund Campaign (Note 9). During 2021 and 2020, interest income earned on investments without donor restrictions totaling \$68 and \$1,459, respectively, were added to this reserve. As of December 31, 2021 and 2020, the Future Fund balance was \$166,070 and \$166,002, respectively.

**c - Net Assets With Donor Restrictions**

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

	<u>2021</u>	<u>2020</u>
Future exhibitions and programs	\$ 281,413	\$ 524,405
Future periods	185,750	37,100
Future Fund Campaign (Note 9)	<u>685,000</u>	<u>935,000</u>
Total	<u>\$1,152,163</u>	<u>\$1,496,505</u>

**Note 4 - Promises to Give****a - Unconditional Promises to Give**

Unconditional promises to give are due as follows:

	<u>2021</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Due within one year	\$44,272	\$180,625	\$224,897
Due in one to five years	<u>-</u>	<u>151,625</u>	<u>151,625</u>
	44,272	332,250	376,522
Less: Discount to present value	<u>-</u>	<u>(5,911)</u>	<u>(5,911)</u>
Total	<u>\$44,272</u>	<u>\$326,339</u>	<u>\$370,611</u>

**SOCRATES SCULPTURE PARK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**Note 4 - Promises to Give (continued)**

a - Unconditional Promises to Give (continued)

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

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.

During 2021, the Organization received a \$148,500 grant from a government entity, of which \$49,500 was recorded as restricted income for future programs and \$99,000 of which was conditional upon the approval of future budgets of the donor. Accordingly, the conditional portion of the grant was not recorded in 2021.

**Note 5 - Property and Equipment**

a - Property and equipment consist of the following:

	<b>Life</b>	<b>2021</b>	<b>2020</b>
Studio improvements	10 years	\$ 18,909	\$ 18,909
Leasehold improvements	7 years	120,072	120,072
Furniture and equipment	3-7 years	121,531	90,070
Website	3 years	<u>16,349</u>	<u>16,349</u>
		276,861	245,400
Less: Accumulated depreciation		<u>(244,963)</u>	<u>(230,580)</u>
		<u>\$ 31,898</u>	<u>\$ 14,820</u>

**SOCRATES SCULPTURE PARK, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2021 AND 2020****Note 5 - Property and Equipment (continued)**

- 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). Cumulative amounts related to this project totaled \$309,058 and \$301,858 as of December 31, 2021 and 2020, respectively. As of December 31, 2021 and 2020, construction in progress also included \$106,569 related to other capital projects.

**Note 6 - 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. In April 2021, the loan was repaid in full.
- b - During May 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. In August 2021, the loan was forgiven in full.

During January 2021, the Organization received a loan totaling \$138,720 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 2021 since eligible expenses totaling \$138,720 were paid with the proceeds of the loan. During October 2021, the loan was forgiven in full.



**SOCRATES SCULPTURE PARK, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2021 AND 2020**

**Note 7 - Donated Services and Materials**

a - Donated services and materials consist of the following:

	<b>2021</b>	<b>2020</b>
Plant materials and labor	\$ 9,500	\$20,000
Equipment rental	16,780	29,590
Professional fees	24,000	18,600
Space rental	20,000	-
	<b>\$70,280</b>	<b>\$68,190</b>

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 8 - 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 Recreation. Under a five-year license agreement dated October 6, 2011, currently extended to October 6, 2026, 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 March 2023 and has a minimum annual obligation of \$33,300 for 2022. The Organization also has a minimum obligation of \$11,100 for the three months thereafter.

Rent expense under this lease for the years ended December 31, 2021 and 2020 was \$34,800 and \$31,900, respectively.

c - To date, the Organization has entered into contracts totaling approximately \$49,000 for capital expenditures and consulting services related to 2022.

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.

**SOCRATES SCULPTURE PARK, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2021 AND 2020****Note 8 - Commitments and Contingencies (continued)**

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.

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 ("Parks") 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.

During 2021, the Organization agreed to make a payment of \$1 million to Parks to provided funding for the construction and/or administrative design services for the project. This Organization received a contribution from a member of its Board of Directors specifically for this purpose.

The project is currently with the New York City Mayor's Office of Management and Budget for review, and the Organization expects that construction could begin in fall 2022 or early 2023.

**SOCRATES SCULPTURE PARK, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2021 AND 2020****Note 10 - Related Party Transactions**

During the years ended December 31, 2021 and 2020, the Organization received donated exhibition installation, labor services, and equipment totaling \$60,780 and \$48,190, 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, 2021 and 2020 was \$14,127 and \$9,793, 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.