



NEW YORK WORLD'S FAIR 1940 INCORPORATED

ANNUAL REPORT

YEAR ENDED DECEMBER 27, 1939



## NEW YORK WORLD'S FAIR 1940 INCORPORATED

### ANNUAL REPORT

The New York World's Fair opened on April 30, 1939, and was operated daily from that date to October 31, 1939.

In the six months of operation the total paid attendance was 25,817,265, from which the Fair derived direct cash revenues of \$11,301,264.34.

Gross concession revenues, which included the receipts of restaurants, refreshment stands, shows and amusements, souvenirs, etc., amounted to \$36,898,089.32, a per capita expenditure for each visitor of \$1.429.

The Fair Corporation's revenue from its participation in concessions amounted to \$4,036,711.11, and its profit from Fair-owned concessions was \$1,022,509.20.

/s/ HARVEY D. GIBSON,  
*Chairman of the Board.*

/s/ GROVER A. WHALEN,  
*President.*

February 5, 1940.

## ANNUAL REPORT OF THE TREASURER

We present herewith the results of the operation of the Fair for the 1939 period, together with the figures which reflect our position as of December 27, 1939.

### *Construction Costs*

Due primarily to increased costs of construction incurred particularly in the period immediately preceding the opening of the Fair and to lower attendance than anticipated, especially in the first few weeks of the Fair, it was necessary for us to borrow money from the banks for working capital, and the Debenture holders consented to modify the terms of the bond indenture (as of August 25, 1939) so as to permit the use of the 40% of gate receipts from that date on, up to an amount of \$2,800,000 to reduce our obligations for construction work done.

### *Construction Obligations*

Construction obligations which were not paid when they became due showed a balance of \$2,399,974.46 in August. By the end of the Fair period this amount had been reduced to \$257,652.57 by application of the released gate receipts and the loans from the Debenture holders. The balance still due the contractors and the loaning bond holders will be liquidated out of 40% of the first gate receipts from the 1940 operation.

### *Obligation to Assenting Debenture Holders*

In addition to the modification of the indenture releasing gate receipts, certain debenture holders loaned to us, from funds on deposit (on August 25, 1939) with the Trustee, the sum of \$1,122,018.84, for which we gave them our notes. Of this amount \$275,520.76 remains unpaid and will share with the unpaid construction claims in 40% of the first 1940 gate receipts.

### *Debentures and Bank Loans*

Total sales of Debentures amounted to \$26,862,800. Payments amounting to \$2,820,594, or 10½%, were made in reduction of our Debenture indebtedness, and there remains in the hands of the Trustee for the Debenture holders \$59,399.94 for distribution at a later date. Interest amounting to \$1,969,690.53 has been paid to Debenture holders, from the date of issue to January 1, 1940.

We borrowed from the banks a total of \$4,250,000, pledging certain concession revenues to secure these loans. Liquidation of these loans commenced June 1, 1939, and the final payments were made early in October.

*Investments and Expenditures*

As of December 27, 1939, your Corporation has invested in real and personal property, as shown on the balance sheet presented herewith, the sum of \$56,773,569.26. These investments represent, in addition to the necessary working capital, expenditures made in connection with the development and promotion of the Fair Site at Flushing, Borough of Queens, leased from the City of New York, and the erection of buildings and structures thereon. The direct and indirect construction expenditures and the administration and promotion expenses during the year ended December 27, 1939 totalled \$26,661,106.63.

*Construction Expenditures*

Expenditures for direct construction from inception to December 27, 1939 amounted to \$28,989,045.23. For the year ended December 27, 1939 construction expenditures were \$11,130,675.56.

*Other Expenditures*

Expenditures other than construction from inception to December 27, 1939 amounted to \$25,723,193.01, and commitments other than construction, amounted to \$173,894.20. For the year ended December 27, 1939 similar expenditures amounted to \$15,530,431.07.

*Total Construction and Other Expenditures*

The total expenditures from inception to date are as follows:

For Construction .....	\$28,989,045.23
For Other Expenditures .....	25,480,138.83
	<hr/>
	\$54,469,184.06
For Supplies, Insurance, etc. ....	243,054.18
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	<u>\$54,712,238.24</u>

The difference between this figure and the total of investments referred to above (\$56,773,569.26) is represented by the following items:

Cash .....	\$1,439,698.36
Accounts Receivable .....	229,609.00
Deposit with City of New York .....	100,000.00
Other Deposits .....	292,023.66
	<hr/>
	<u>\$2,061,331.02</u>

All expenditures and commitments have been made within the limits provided by authorized budgets and construction appropriations.

(Signed) BAYARD F. POPE  
Treasurer

February 5, 1940

ARTHUR ANDERSEN & CO.

67 Wall Street,  
New York, N. Y.

AUDITORS' REPORT

To the Board of Directors,

NEW YORK WORLD'S FAIR 1940 INCORPORATED:

We have made an examination of the accounts of New York World's Fair 1940 Incorporated for the year ended December 27, 1939. In connection therewith we have examined or made comprehensive test checks of accounting records of the Corporation and other supporting evidence and have reviewed the system of internal control and the accounting procedures of the Corporation by methods and to the extent we deemed appropriate in view of the detailed auditing performed by the Corporation's own staff of auditors.

In our opinion the accompanying balance sheet fairly presents the position of New York World's Fair 1940 Incorporated at December 27, 1939.

/s/ ARTHUR ANDERSEN & Co.

New York, N. Y.,  
February 26, 1940.

NEW YORK WORLD'S FAIR 1940 INCORPORATED

BALANCE SHEET—DECEMBER 27, 1939

CASH IN BANKS AND ON HAND (Excluding segregated funds of \$292,023.66 shown below) .....	\$ 1,439,698.36	
ACCOUNTS RECEIVABLE (Less reserve of \$321,067.82) .....		229,609.00
SEGREGATED FUNDS:		
Participants' funds on deposit .....	\$ 133,498.04	
Funds segregated for possible additional deposit with Trustee (Note 1) .....	158,525.62	292,023.66
MISCELLANEOUS ASSETS:		
Funds deposited with City of New York under lease agreement (Note 3(d)) .....	\$ 100,000.00	
Casualty insurance premium deposits (in excess of amounts applied to claims and expenses) .....	50,000.00	150,000.00
DEFERRED CHARGES AND PREPAID ITEMS:		
Inventories of supplies .....	\$ 97,184.04	
Unexpired insurance premiums, etc. ....	95,870.14	193,054.18
CONSTRUCTION, ORGANIZATION, PROMOTION AND OPERATING EXPENDITURES, LESS REVENUES TO DATE:		
Direct cost of construction .....	\$28,989,045.23	
Pre-Fair period organization, promotion and other expenses .....	13,309,730.35	
1939 Fair period operating expenses .....	10,821,492.67	
Advances to financed concessions (net)—repayment doubtful .....	507,881.29	
1939-1940 Interim period expenses .....	841,034.52	
	\$54,469,184.06	
Less—Revenues—		
Pre-Fair period .....	\$10,302,494.73	
1939 Fair period .....	20,177,059.43	
1939-1940 Interim period .....	669,933.69	
	\$31,149,487.85	
Deduct—Provision for bad debts. ....	330,363.49	30,819,124.36
		23,650,059.70
		\$25,954,444.90

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NEW YORK WORLD'S FAIR 1940 INCORPORATED

BALANCE SHEET—DECEMBER 27, 1939

ACCOUNTS PAYABLE AND ACCRUALS:			
Accounts payable .....	\$ 330,493.50		
Accrued pay roll .....	47,670.58		
Accrued interest on debentures, notes, etc. ....	484,118.69		
Miscellaneous accruals .....	103,397.46	\$ 965,680.23	
NOTES AND ACCOUNTS PAYABLE UNDER CONTRACTORS' PLAN (Note 2):			
Notes issued to Consenting Debenture Holders, due January 1, 1941, less payments thereon of \$809,913.94 .....	\$ 312,104.90		
Accounts payable to Contractors (including claims of \$158,176.84 subject to reduction), less payments thereon of \$1,749,888.65 .....	416,427.25		
	\$ 728,532.15		
Deduct—Unapplied cash held by Contractors' Committee and Assignment Trustee .....	195,358.82	533,173.33	
LIABILITY UNDER PARTICIPANTS' DEPOSITS .....			
		133,498.04	
DEPOSITS ON UNEXECUTED REVENUE CONTRACTS AND OTHER CREDITS ....			
		64,632.96	
EQUIPMENT NOTES PAYABLE (4%) DUE DECEMBER 30, 1940 .....			
		274,654.28	
FOUR PER CENT. DEBENTURES AND BANK LOANS DUE JANUARY 1, 1941:			
Four Per Cent. Debentures—			
authorized \$30,000,000.00—			
Principal amount issued (including \$3,529,500.00 deposited as collateral to bank loans) ....	\$26,962,800.00		
Deduct—Principal amount of debentures held by Trustee .....	100,000.00	\$26,862,800.00	
Deduct—			
Principal amount redeemed (10½%) .....	\$ 2,820,594.00		
Undistributed pledged cash held by Trustee .....	59,399.94	2,879,993.94	
Balance (debentures, and bank loans upon which debentures are pledged as collateral) .....			
		23,982,806.06	
CONTINGENT LIABILITIES REPORTED (Note 3)			
			\$25,954,444.90

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NOTES:

(1) Under the Indenture of the Four Per Cent. Debentures, 40% (after the first \$1,177,000 exempted for the 1940 operating season under the Second Supplemental Indenture) of the "gate receipts" (as defined) must be pledged to secure the payment of principal and interest on such Debentures. During the period from April 30, 1939 to October 31, 1939, the Corporation deposited the sum of \$4,617,513.55 with the Trustee of the Debentures and the Assignment Trustee. The basis used by the Corporation in allocating certain cash receipts from the sales of souvenir books and special combination tickets has been questioned by the Trustee and the matter is subject to adjudication. In anticipation of the possibility of an additional payment to the Trustee, the Corporation has segregated the amount of \$158,525.62 from its general corporate funds.

(2) Notes and Accounts Payable Under Contractors' Plan reflect the following:

Notes issued to Consenting Debenture Holders, due January 1, 1941 .....			\$1,122,018.84
Less—Payments made thereon, including \$12,613.96 shown below .....			809,913.94
			\$ 312,104.90
Accounts payable to Contractors .....	\$2,399,974.46		
Less—Agreed reductions .....	233,658.56		
			\$2,166,315.90
Net (including claims of \$158,176.84 subject to reduction) .....	\$2,166,315.90		
Deduct—			
Funds borrowed from Consenting Debenture Holders .....	\$1,122,018.84		
Less — Adjusting payments made therefrom .....	12,613.96		
			\$1,109,404.88
Funds released by Assignment Trustee, etc. ....	640,483.77	1,749,888.65	416,427.25
			\$ 728,532.15
Deduct—Unapplied cash held by—			
Contractors' Committee .....	\$ 117,134.09		
Assignment Trustee .....	78,224.73	195,358.82	
			\$ 533,173.33
			\$ 533,173.33

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(3) Contingent Liabilities Reported:

(a) Under Employment Agreements—

Agreements have been made with the President and a consultant of the Corporation covering their employment to the termination of the Fair.

(b) Under Commitments for Expenditures—

Purchase orders for materials which had not been received and contracts for services which had not been rendered (\$173,894.20).

(c) Under Lawsuits and Claims—

Certain litigation against the Corporation has been instituted at December 27, 1939, and other threatened litigation or claims were pending at that date. In the opinion of counsel to the Corporation, it is impossible to ascertain the ultimate liability of the Corporation with respect to such lawsuits and claims.

(d) Under Lease Agreement—

The lease agreement dated June 29, 1936 with the City of New York provides, among other things, that the Corporation, within four months after the termination of the Fair, at its own cost and expense shall demolish and remove all buildings, structures and other facilities not useful for park purposes as certified by the Commissioner of Parks.

(e) Other Contingent Liabilities—

(i) Under a certain Act of Congress approved August 16, 1937 (Public Resolution Number 61), the Corporation is contingently liable for the customs duty on articles imported from foreign countries for purpose of exhibition or use in constructing, installing or maintaining foreign buildings or exhibits at the Fair, in the event that such articles are not withdrawn as provided under such Act. At December 27, 1939, the customs duty on such articles amounted to approximately \$735,000. This amount is covered by insurance with the exception of customs duty on articles imported for the Corporation's own use.

(ii) Under agreements with participants, refunds totaling \$5,609.03 are to be allowed in the form of credits on 1940 participation contracts.

CHARTER MEMBERS OF NEW YORK WORLD'S FAIR 1940  
INCORPORATED

Alfred L. Aiken  
Winthrop W. Aldrich  
Frank Bailey  
Henry de Forest Baldwin  
Philip A. Benson  
Philip Berolzheimer  
Frederick Berry  
James G. Blaine  
Cornelius N. Bliss  
Edward C. Blum  
George Blumenthal  
Henry Breckinridge  
George A. Brownell  
Henry Bruère  
Mortimer N. Buckner  
John S. Burke  
George W. Burleigh  
Charles C. Burlingham  
John R. Burton  
James Byrne  
Newcomb Carlton  
Pierre C. Cartier  
Harry Woodburn Chase  
Colby M. Chester  
Walter P. Chrysler  
Louis K. Comstock  
Martin Conboy  
Frederick L. Cranford  
Paul D. Cravath  
Lincoln Cromwell  
F. Trubee Davison  
Joseph P. Day  
Cleveland E. Dodge  
Robert E. Dowling  
Frederick H. Ecker  
John Erskine  
\*Harris Fahnstock  
Harry Harkness Flagler  
Leon Fraser  
Harvey D. Gibson

\*Deceased

Joseph P. Grace  
Peter Grimm  
Harry F. Guggenheim  
\*Edward S. Harkness  
\*Charles Hayden  
\*Robert W. Higbie  
Charles E. Hughes, Jr.  
Pierre Jay  
Percy H. Johnston  
Ralph Jonas  
Louis W. Kaufmann  
de Lancey Kountze  
Claude W. Kress  
Wilfred Kurth  
Richard W. Lawrence  
George Le Boutillier  
\*Arthur Lehman  
Sam A. Lewisohn  
\*Jonas Lie  
Ercole H. Locatelli  
\*Edward E. Loomis  
George MacDonald  
\*Clarence H. Mackay  
Frederick A. Macnutt  
Percy C. Magnus  
George F. Mand  
George McAneny  
George V. McLaughlin  
George McNeir  
George Meany  
Charles G. Meyer  
Albert G. Milbank  
Cyrus C. Miller  
\*Ogden L. Mills  
Christopher C. Mollenhauer  
Henry Morgenthau, Sr.  
Lewis Spencer Morris  
Malcolm Muir  
David B. Mulligan  
George W. Naumburg

CHARTER MEMBERS (continued)

\*Morgan J. O'Brien  
William Church Osborn  
W. Francklyn Paris  
Thomas I. Parkinson  
James H. Perkins  
Charles C. Pettijohn  
Lewis E. Pierson  
Frank L. Polk  
Eugene H. Pool  
Almerindo Portfolio  
\*James H. Post  
Lewis H. Pounds  
William A. Prendergast  
Samuel W. Reyburn  
Jackson E. Reynolds  
A. Hamilton Rice  
Charles H. Ridder  
William O. Riordan  
Francis E. Rivers  
Nelson A. Rockefeller  
Oliver W. Roosevelt

\*Deceased

Joseph P. Ryan  
David Sarnoff  
William Jay Schieffelin  
Clarence J. Shearn  
Alfred P. Sloan, Jr.  
Alfred E. Smith  
James Speyer  
Percy S. Straus  
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Walter C. Teagle  
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\*Felix M. Warburg  
Thomas J. Watson  
Grover A. Whalen  
Frederick E. Williamson  
Louis C. Wills  
Matthew Woll  
Clarence M. Woolley  
Owen D. Young

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Clarence M. Woolley

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Edward J. Flynn	Bayard F. Pope
Harvey D. Gibson	Percy S. Straus
Walter S. Gifford	Grover A. Whalen

Matthew Woll

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Cleveland E. Dodge	Myron C. Taylor
Walter S. Gifford	Grover A. Whalen
Thomas H. McInnerney	George Whitney
G. Vincent Pach	Frederick E. Williamson



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PERCY S. STRAUS, Chairman

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Cleveland E. Dodge	William Church Osborn
Grover A. Whalen	

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