

RIVERSIDE PARK CONSERVANCY, INC.
(formerly known as Riverside Park Fund, Inc.)
AND AFFILIATE

Consolidated Financial Statements
for the year ended
June 30, 2013
(with summarized comparative information for 2012)

Independent Auditor's Report

To the Board of Directors of
Riverside Park Conservancy, Inc. and Affiliate

We have audited the accompanying consolidated financial statements of Riverside Park Conservancy, Inc. (formerly known as Riverside Park Fund, Inc.) and Affiliate (collectively the "Conservancy") which comprise the consolidated statement of financial position as of June 30, 2013 and the related consolidated statements of activities, functional expenses and cash flows for the year then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated financial statements in order to design audit procedures that are appropriate in 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 consolidated 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 consolidated financial statements referred to in the first paragraph on the previous page present fairly, in all material respects, the statement of financial position of Riverside Park Conservancy, Inc. and Affiliate as of June 30, 2013 and the results of their activities and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Conservancy's 2012 consolidated financial statements, and our report dated December 19, 2012, expressed an unmodified opinion on those audited consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Cordon O'Meara, Molly & Donnelly LLP

RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE

Consolidated Statement of Financial Position

Assets

	June 30	
	2013	2012
Current assets		
Cash and cash equivalents	\$1,261,630	\$1,001,327
Contributions receivable	15,705	52,500
Accounts receivable	24,655	26,708
Prepaid expenses	55,785	-
Total current assets	1,357,775	1,080,535
Investments, at fair value	782,097	729,414
Property and equipment, at cost, net	3,335	5,557
Total assets	\$2,143,207	\$1,815,506

Liabilities and Net Assets

Current liabilities		
Accounts payable	\$ 111,248	\$ 89,307
Deferred revenue	195,594	1,000
Total current liabilities	306,842	90,307
Net assets		
Unrestricted	199,542	216,321
Temporarily restricted	1,078,155	975,260
Permanently restricted	558,668	533,618
Total net assets	1,836,365	1,725,199
Total liabilities and net assets	\$2,143,207	\$1,815,506

See notes to consolidated financial statements.

RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE

Consolidated Statement of Activities
For the Year Ended June 30, 2013
(with summarized comparative information for the year ended June 30, 2012)

	<u>2013</u>			<u>2012</u>	
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Total</u>
Public support and revenue					
Contributions	\$ 430,296	\$ 560,371	\$ 25,050	\$ 1,015,717	\$ 950,055
Special events proceeds (net of direct benefits to donors of \$39,288)	355,074	-	-	355,074	368,561
Interest and dividends	2,093	19,677	-	21,770	16,419
RTA fees	302,107	-	-	302,107	272,252
Sports camp fees	67,198	-	-	67,198	-
Other	91,762	-	-	91,762	59,481
Net assets released from restrictions	499,624	(499,624)	-	-	-
Total public support and revenue	<u>1,748,154</u>	<u>80,424</u>	<u>25,050</u>	<u>1,853,628</u>	<u>1,666,768</u>
Expenses					
Program services					
Park projects	371,790	-	-	371,790	371,779
Park user services	733,533	-	-	733,533	534,320
Volunteers	285,249	-	-	285,249	235,626
Total program services	<u>1,390,572</u>	<u>-</u>	<u>-</u>	<u>1,390,572</u>	<u>1,141,725</u>
Supporting services					
Management and general	176,258	-	-	176,258	172,777
Fundraising	198,103	-	-	198,103	198,246
Total supporting services	<u>374,361</u>	<u>-</u>	<u>-</u>	<u>374,361</u>	<u>371,023</u>
Total expenses	<u>1,764,933</u>	<u>-</u>	<u>-</u>	<u>1,764,933</u>	<u>1,512,748</u>
Increase (decrease) in net assets from operating activities	(16,779)	80,424	25,050	88,695	154,020
Non-operating activities					
Unrealized gain on investments	-	22,471	-	22,471	45,219
Increase (decrease) in net assets	(16,779)	102,895	25,050	111,166	199,239
Net assets, beginning of year	<u>216,321</u>	<u>975,260</u>	<u>533,618</u>	<u>1,725,199</u>	<u>1,525,960</u>
Net assets, end of year	\$ 199,542	\$ 1,078,155	\$ 558,668	\$ 1,836,365	\$ 1,725,199

See notes to consolidated financial statements.

RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE

Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2013

(with summarized comparative information for the year ended June 30, 2012)

	2013										2012
	Program Services					Management and Supporting Services					Total Expenses
	Park Projects	Park User Services	Volunteers	Total	General	Fundraising	Total	Total Expenses			
Salaries	\$ 199,100	\$ 320,241	\$ 146,975	\$ 666,316	\$ 92,605	\$ 105,432	\$ 198,037	\$ 864,353	\$ 773,788		
Payroll taxes and employee benefits	42,335	68,094	31,252	141,681	19,691	22,418	42,109	183,790	146,404		
Total salaries and related costs	241,435	388,335	178,227	807,997	112,296	127,850	240,146	1,048,143	920,192		
Professional fees	4,538	7,298	3,350	15,186	28,927	2,403	31,330	46,516	55,887		
Tennis Association lessons and junior programming	-	74,965	-	74,965	-	-	-	74,965	-		
Occupancy	9,869	15,874	7,285	33,028	4,590	5,226	9,816	42,844	41,366		
Communications	8,881	15,093	6,556	30,530	9,753	5,510	15,263	45,793	32,882		
Minor equipment and equipment rental	690	690	690	2,070	11,044	690	11,734	13,804	4,544		
Administrative	789	20,792	583	22,164	1,908	15,746	17,654	39,818	32,892		
Insurance	2,404	3,867	1,775	8,046	1,118	1,273	2,391	10,437	9,746		
Park events	-	96,838	-	96,838	-	-	-	96,838	86,245		
Park supplies	25,857	17,159	76,717	119,733	-	-	-	119,733	101,084		
Volunteer recognition and appreciation	-	-	10,066	10,066	-	-	-	10,066	7,915		
Park improvements	77,327	7,955	-	85,282	-	-	-	85,282	170,709		
Sports camp	-	84,667	-	84,667	-	-	-	84,667	-		
Special event	-	-	-	-	-	39,405	39,405	39,405	35,286		
Depreciation	-	-	-	-	2,222	-	2,222	2,222	2,222		
Other	-	-	-	-	4,400	-	4,400	4,400	11,778		
Total	\$ 371,790	\$ 733,533	\$ 285,249	\$1,390,572	\$ 176,258	\$ 198,103	\$ 374,361	\$1,764,933	\$1,512,748		

See notes to consolidated financial statements.

RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE

Consolidated Statement of Cash Flows

	For the	
	Year Ended	
	June 30	
	<u>2013</u>	<u>2012</u>
Cash flows from operating activities		
Increase in net assets	\$ 111,166	\$ 199,239
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	2,222	2,222
Fair value of donated stock	(3,990)	(4,819)
Proceeds from sale of donated stock	3,990	4,819
Unrealized (gain) on investments	(22,471)	(45,219)
Permanently restricted contributions	(25,050)	(25,350)
(Increase) decrease in assets		
Contributions receivable	36,795	(20,870)
Account receivable	2,053	(26,708)
Prepaid expenses	(55,785)	6,708
Increase in liabilities		
Accounts payable	21,941	33,196
Deferred revenue	194,594	1,000
Net cash provided by operating activities	<u>265,465</u>	<u>124,218</u>
Cash flows from investing activities		
Purchase of investments	(19,677)	(14,339)
Net change in money market funds	(10,535)	(20,152)
Net cash (used in) investing activities	<u>(30,212)</u>	<u>(34,491)</u>
Cash flows provided by financing activities		
Permanently restricted contributions	<u>25,050</u>	<u>25,350</u>
Net increase in cash and cash equivalents	260,303	115,077
Cash and cash equivalents, beginning of year	<u>1,001,327</u>	<u>886,250</u>
Cash and cash equivalents, end of year	<u>\$1,261,630</u>	<u>\$1,001,327</u>

See notes to consolidated financial statements.

RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE**Notes to Consolidated Financial Statements
June 30, 2013****Note 1 – Nature of organization****Riverside Park Conservancy, Inc.**

Riverside Park Conservancy, Inc. (the “Conservancy”) (formerly known as Riverside Park Fund, Inc.) is a private, not-for-profit corporation established in 1986. The Conservancy was organized to help restore, maintain and improve Riverside Park (the “Park”). Stretching four miles along the Hudson River from 59th Street to 158th Street on Manhattan’s Upper West Side, Riverside Park’s over 330 acres provide recreation and relaxation for a very diverse population.

On November 5, 2012 at the annual meeting of the membership, the members of Riverside Park Fund, Inc. voted to change the organization’s name to Riverside Park Conservancy, Inc. as presented by the Board of Directors. On November 13, 2012 the New York Department of State certified an amendment of the certificate of incorporation reflecting this change.

The Conservancy’s goals are to raise private funds for the Park, serve as its advocate, and educate the public about the park, strengthening the constituency for its long-term preservation. The Conservancy manages park projects such as restoring pathways and facilities, resurfacing playing fields and dog runs, and rehabilitating large horticulture areas. It also supports park users at playgrounds, tennis courts and community gardens and sponsors free programming and events. The Conservancy also directs an extensive corps of volunteers, one of the largest in the City of New York.

The Conservancy works in partnership with the New York City Department of Parks and Recreation and uses the grounds and facilities of Riverside Park to further its exempt purpose. The Park is owned by the City of New York. All improvements made by the Conservancy to the Park inure to the benefit of New York City.

Riverside Tennis Association, LLC

The Riverside Tennis Association, LLC (the “RTA”) was founded in the early 1980’s in order to protect the 10 public clay tennis courts in Riverside Park at 97th Street along the Hudson River. During the 2007 fiscal year, the Conservancy entered into an agreement whereby it became the sole member of the RTA.

Principles of consolidation

The accompanying consolidated financial statements, include the activity of both entities. All material intercompany accounts and transactions have been eliminated in consolidation.

RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE**Notes to Consolidated Financial Statements (continued)
June 30, 2013****Note 2 – Summary of significant accounting policies**Net assets

The Conservancy reports information regarding its consolidated financial position and consolidated activities into three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

- Unrestricted net assets consist of all activity without donor imposed restrictions.
- Temporarily restricted net assets consist of activity based on specific donor restrictions that are expected to be satisfied by passage of time or performance of activities.
- Permanently restricted net assets consist of activity restricted by donors that must remain intact in perpetuity.

Cash and cash equivalents

The Conservancy considers highly liquid assets with original maturities of 90 days or less to be cash equivalents, unless such assets are held as part of its investment strategy in which case these assets are included in investments.

Investments

The fair value of the investments is based on publicly quoted prices. The cost of investments sold is determined on an average cost basis. Investment return is allocated between unrestricted and temporarily restricted net assets.

Fair value measurements

For assets measured at fair value on a recurring basis as of June 30, 2013, accounting principles generally accepted in the United States of America require quantitative disclosures about the fair value measurements separately for each major class of assets. The Conservancy's investments have all been classified in the highest level of hierarchy (Level 1). Its quoted prices are in active markets for identical assets.

Contributions receivable

Contributions including unconditional promises to give ("pledges") are recognized as revenue in the period received and when the conditions on which they depend have been substantially met. Conditional promises to give are recognized when the conditions on which they depend are substantially met. As of June 30, 2013, all of the Conservancy's pledges are expected to be collected within one year.

RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE**Notes to Consolidated Financial Statements (continued)****June 30, 2013****Note 2 – Summary of significant accounting policies (continued)****Allowance for doubtful accounts**

The Conservancy has determined that all of its contributions receivable are collectible and an allowance for doubtful accounts is not required. Such estimate is based on management's experience, the aging of the receivables, subsequent receipts and the current economic conditions.

Property and equipment

Expenditures of property and equipment, that the Conservancy retains title to and leasehold improvements which benefit future periods, above a nominal amount and with a useful life greater than one year, are capitalized at cost, or if donated, at the estimated fair value at the time of donation. Depreciation or amortization is computed using the straight-line method over the assets estimated useful life or the life of the lease, which range from five to seven years. The Conservancy's leasehold improvements are fully amortized.

Contributions

Contributions received including unconditional promises to give, are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or absence of donor restrictions, at the time of receipt or promise. Donor-restricted contributions that have their restriction met within the fiscal year are reported as unrestricted revenue. Restrictions that are not met are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Bequests are recorded as revenue when a legally binding obligation is received and when a fair value can be reasonably determined.

In-kind services

Organizations are required to recognize contributions of services if they create or enhance non-financial assets, or require specialized skills, are provided by individuals possessing those skills and typically would have been purchased if not provided in-kind. Board members and other individuals volunteer their time and perform a variety of tasks that assist the Conservancy. These services do not meet the criteria to be recorded and have not been included in the consolidated financial statements.

RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE**Notes to Consolidated Financial Statements (continued)****June 30, 2013****Note 2 – Summary of significant accounting policies (continued)**Functional expenses

The cost of providing the various programs and other activities has been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements. Actual results could differ from these estimates.

Concentrations of credit risk

The Conservancy's financial instruments that are potentially exposed to concentrations of credit risk consist of cash, cash equivalents, investments and receivables. The Conservancy places its cash and cash equivalents with what it believes to be quality financial institutions and invests in mutual funds. At times, cash balances were in excess of the FDIC insurance limit. However, the Conservancy has not experienced any losses in these accounts to date. The Conservancy's investments are subject to various risks such as interest rate, market volatility, liquidity and credit. Due to the level of uncertainty related to the foregoing risks, it is reasonably possible that changes in these risks could materially affect the fair value of the investments reported in the consolidated statement of financial position at June 30, 2013. The Conservancy routinely assesses the financial strength of its cash, cash equivalents and investment portfolio. The Conservancy's management monitors the collectability of receivables. As a consequence, management believes concentrations of credit risk are limited.

Summarized comparative information

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class or functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Conservancy's consolidated financial statements for the year ended June 30, 2012 from which the summarized information was derived.

Reclassifications

Certain items in the 2012 fiscal year consolidated financial statements have been reclassified for comparative purposes only.

RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE

Notes to Consolidated Financial Statements (continued)
June 30, 2013

Note 2 – Summary of significant accounting policies (continued)

Subsequent events

The Conservancy has evaluated events and transactions for potential recognition or disclosure through November 15, 2013, which is the date the consolidated financial statements were available to be issued.

Note 3 – Investments

The following is a summary of the investments at fair value held by the Conservancy as of June 30, 2013:

Chase money market fund	\$ 246,038
Vanguard long-term bond index fund	223,117
Vanguard 500 stock index fund	<u>312,942</u>
Total	<u>\$ 782,097</u>

Note 4 – Property and equipment

A summary of the property and equipment and the accumulated depreciation and amortization as of June 30, 2013 is as follows:

Furniture and equipment	\$ 37,652
Leasehold improvements	<u>8,365</u>
Sub-total	46,017
Less: accumulated depreciation and amortization	<u>42,682</u>
Total	<u>\$ 3,335</u>

Note 5 – Temporarily restricted net assets

The following summarizes the changes in temporarily restricted net assets for the year ended June 30, 2013:

	Balance, June 30, <u>2012</u>	Contributions and Investment Return	Net assets Released	Balance, June 30, <u>2013</u>
Programs:				
User group programs	\$ 779,047	\$ 560,371	\$ (484,742)	\$ 854,676
Unspent investment return earned on endowment funds	<u>196,213</u>	<u>42,148</u>	<u>(14,882)</u>	<u>223,479</u>
Total	<u>\$ 975,260</u>	<u>\$ 602,519</u>	<u>\$ (499,624)</u>	<u>\$1,078,155</u>

RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE

Notes to Consolidated Financial Statements (continued)
June 30, 2013

Note 6 – Endowment funds

Effective September 17, 2010, the State of New York enacted the New York Prudent Management of Institutional Funds Act (NYPMIFA), the provisions of which apply to endowment funds existing on or established after that date. The Conservancy's endowment consists of several funds established for a variety of purposes. The Conservancy acts prudently when making decisions to spend or accumulate donor restricted endowment assets and in doing so to consider a number of factors including the duration and preservation of its donor restricted endowment funds. The Conservancy classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment.

The Conservancy's long-term assets are invested in accordance with sound investment practices that emphasize long-term investment fundamentals. In establishing the investment objectives of the Conservancy, the Board of Directors takes into account a number of factors including the financial needs and circumstances of the Conservancy, the time horizon available for investment, the nature of the Conservancy's cash flows and liabilities, and other factors that affect their risk tolerance.

The investment return generated from its permanently restricted funds is recorded as temporarily restricted until such time as appropriated by the Board of Directors or until it is spent in accordance with the donor's terms. Effective for the year ended June 30, 2013, the Board of Directors approved an appropriation of \$12,806.

From time to time the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NYPMIFA requires. There were no such deficiencies as of June 30, 2013.

Permanently restricted net assets consist of the following as of June 30, 2013:

103 rd and 107 th Street Ballfields Endowment	\$ 175,000
Peter Jay Sharp Volunteer House	100,000
Volunteer Grant Program	75,000
Alex and Thelma Schwarz Fund	50,000
Neufeld Playground at 76 th Street	50,000
Ralph Ellison Memorial	50,000
Warsaw Ghetto Memorial Plaza	46,668
Firemen's Memorial Island	<u>12,000</u>
Total	<u>\$ 558,668</u>

RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE**Notes to Consolidated Financial Statements (continued)
June 30, 2013****Note 7 – Commitments****Office and storage space**

The Conservancy leases office and storage space under a non-cancelable operating lease expiring on September 30, 2014. The Conservancy's annual rent is equal to the Conservancy's proportionate share of the landlord's carrying, maintenance, operating and depreciation charges, along with the scheduled contributions to the landlord's capital improvement funds. The Conservancy's proportionate share of its expenses is based on its proportionate share of its square footage in the building, as defined in the agreement. The annual rent is also subject to an annual increase based on the increase in the landlord's expenses. Rent expense for the year ending June 30, 2013 is \$42,845.

License agreement

The Conservancy and the New York City Department of Parks and Recreation ("Parks") entered into a licensing agreement on March 31, 2006 which granted the Conservancy a license to maintain, operate, improve and provide programming in Riverside Park. The agreement is subject to certain terms and conditions and further subject to renewal at the discretion of Parks and upon request by the Conservancy. In May 2011, this license agreement was renewed and the term of the agreement will expire on March 30, 2016.

Note 8 – Retirement plan

The Conservancy maintains a 401(k) plan for all eligible employees. Employees may make contributions to the plan in accordance with limits established by the Internal Revenue Service. The Conservancy does not make any matching contributions to the plan.

Note 9 – Tax status

The Conservancy is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"). In addition, the Conservancy has been determined by the Internal Revenue Service to be a publicly supported organization, and not a private foundation, within the meaning of Section 509(a)(1) of the Code. The RTA is a limited liability corporation. Since the Conservancy is the sole member of the RTA, it is considered a disregarded entity for tax purposes. As of June 30, 2013, no amounts have been recognized for uncertain income tax positions. The Conservancy's tax returns for the 2010 fiscal year and forward are subject to the usual review by the appropriate authorities.