

**RIVERSIDE PARK CONSERVANCY, INC.  
AND AFFILIATE**

**Consolidated Financial Statements  
For the Years Ended  
December 31, 2016  
and  
December 31, 2015**

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. and Affiliate which comprise the consolidated statement of financial position as of December 31, 2016 and December 31, 2015 and the related consolidated statements of activities, functional expenses and cash flows for the years 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 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 audits 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 above present fairly, in all material respects, the statement of financial position of Riverside Park Conservancy, Inc. and Affiliate as of December 31, 2016 and December 31, 2015 and the results of their activities and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Condon O'Meara McGinty & Donnelly LLP

September 20, 2017

**RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE**

**Consolidated Statement of Financial Position**

<b>Assets</b>		<b>December 31</b>	
		<b>2016</b>	<b>2015*</b>
<b>Current assets</b>			
Cash and cash equivalents		\$3,585,481	\$2,560,740
Accounts receivable		-	5,500
Contribution receivable		128,550	99,997
Prepaid expenses		-	3,256
Total current assets		3,714,031	2,669,493
<b>Investments, at fair value</b>		<b>1,122,012</b>	<b>877,281</b>
<b>Total assets</b>		<b>\$4,836,043</b>	<b>\$3,546,774</b>
<b>Liabilities and Net Assets</b>			
<b>Current liabilities</b>			
Accounts payable		\$ 547,441	\$ 49,602
Deferred RPC - South maintenance fees		492,307	291,516
Total current liabilities		1,039,748	341,118
<b>Net assets</b>			
Unrestricted		1,541,236	1,221,051
Temporarily restricted		1,667,539	1,398,451
Permanently restricted		587,520	586,154
Total net assets		3,796,295	3,205,656
<b>Total liabilities and net assets</b>		<b>\$4,836,043</b>	<b>\$3,546,774</b>

\* Restated

See notes to consolidated financial statements.

**RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE**

**Consolidated Statement of Activities  
For the Year Ended December 31, 2016**

**(with summarized comparative information for the year ended December 31, 2015)**

	2016			2015	
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Total</u>
<b>Public support and revenue</b>					
Contributions	\$ 1,127,131	\$ 895,147	\$ 1,366	\$ 2,023,644	\$ 2,282,537
Special events proceeds (net of direct benefits to donors of \$263,439 for 2016 and \$25,426 for 2015)	650,791	-	-	650,791	492,152
Interest and dividends	3,101	20,167	-	23,268	21,050
RCTA fees	341,339	-	-	341,339	362,993
Sports camp fees	782,157	-	-	782,157	756,771
RPC-South maintenance fees	1,209,247	-	-	1,209,247	647,757
Other	240,798	-	-	240,798	194,604
Net assets released from restrictions	<u>692,324</u>	<u>(692,324)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>5,046,888</u>	<u>222,990</u>	<u>1,366</u>	<u>5,271,244</u>	<u>4,757,864</u>
<b>Expenses</b>					
Program services					
Field operations and volunteers	1,989,207	-	-	1,989,207	-
Park projects	-	-	-	-	663,627
Public programs and events	1,495,873	-	-	1,495,873	-
Park user services	-	-	-	-	2,081,133
Design and construction	330,593	-	-	330,593	-
Volunteers	-	-	-	-	259,595
Total program services	<u>3,815,673</u>	<u>-</u>	<u>-</u>	<u>3,815,673</u>	<u>3,004,355</u>
Supporting services					
Management and general	499,474	-	-	499,474	241,464
Fundraising	411,556	-	-	411,556	348,473
Total supporting services	<u>911,030</u>	<u>-</u>	<u>-</u>	<u>911,030</u>	<u>589,937</u>
Total expenses	<u>4,726,703</u>	<u>-</u>	<u>-</u>	<u>4,726,703</u>	<u>3,594,292</u>
Increase in net assets from operating activities	320,185	222,990	1,366	544,541	1,163,572
Non-operating activities					
Unrealized gain (loss) on investments	-	46,098	-	46,098	(23,112)
Increase in net assets	320,185	269,088	1,366	590,639	1,140,460
Net assets, beginning of year, as restated	<u>1,221,051</u>	<u>1,398,451</u>	<u>586,154</u>	<u>3,205,656</u>	<u>2,065,196</u>
Net assets, end of year	<u>\$ 1,541,236</u>	<u>\$ 1,667,539</u>	<u>\$ 587,520</u>	<u>\$ 3,796,295</u>	<u>\$ 3,205,656</u>

See notes to consolidated financial statements.

**RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE**

**Consolidated Statement of Activities  
For the Year Ended December 31, 2015**

	<u>Unrestricted*</u>	<u>Temporarily Restricted*</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Public support and revenue</b>				
Contributions	\$ 1,073,606	\$ 1,207,281	\$ 1,650	\$ 2,282,537
Special events proceeds (net of direct benefits to donors of \$25,426)	492,152	-	-	492,152
Interest and dividends	1,430	19,620	-	21,050
RCTA fees	362,993	-	-	362,993
Sports camp fees	756,771	-	-	756,771
RPC-South maintenance fees	647,757	-	-	647,757
Other	194,604	-	-	194,604
Net assets released from restrictions	<u>940,342</u>	<u>(940,342)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>4,469,655</u>	<u>286,559</u>	<u>1,650</u>	<u>4,757,864</u>
<b>Expenses</b>				
Program services				
Park projects	663,627	-	-	663,627
Park user services	2,081,133	-	-	2,081,133
Volunteers	259,595	-	-	259,595
Total program services	<u>3,004,355</u>	<u>-</u>	<u>-</u>	<u>3,004,355</u>
Supporting services				
Management and general	241,464	-	-	241,464
Fundraising	348,473	-	-	348,473
Total supporting services	<u>589,937</u>	<u>-</u>	<u>-</u>	<u>589,937</u>
Total expenses	<u>3,594,292</u>	<u>-</u>	<u>-</u>	<u>3,594,292</u>
Increase in net assets from operating activities	875,363	286,559	1,650	1,163,572
Non-operating activities				
Unrealized (loss) on investments	<u>-</u>	<u>(23,112)</u>	<u>-</u>	<u>(23,112)</u>
<b>Increase in net assets</b>	<u>875,363</u>	<u>263,447</u>	<u>1,650</u>	<u>1,140,460</u>
<b>Net assets, beginning of year, as previously reported</b>	220,688	1,260,004	584,504	2,065,196
<b>Prior period adjustments</b>	<u>125,000</u>	<u>(125,000)</u>	<u>-</u>	<u>-</u>
<b>Net assets, beginning of year, as restated</b>	<u>345,688</u>	<u>1,135,004</u>	<u>584,504</u>	<u>2,065,196</u>
<b>Net assets, end of year, as restated</b>	<u>\$ 1,221,051</u>	<u>\$ 1,398,451</u>	<u>\$ 586,154</u>	<u>\$ 3,205,656</u>

\*Restated

See notes to consolidated financial statements.

RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE

Consolidated Statement of Functional Expenses  
For the Year Ended December 31, 2016

2016

	Program Services				Supporting Services			Total Expenses
	Field Operations & Volunteers	Public Programs & Events		Design & Construction	Management and General		Fundraising	
Salaries	\$1,252,583	\$ 444,310	\$ 24,000	\$1,720,893	\$ 291,953	\$ 204,520	\$ 496,473	\$2,217,366
Payroll taxes and employee benefits	176,072	11,558	5,210	192,840	77,693	21,573	99,266	292,106
Total salaries and related costs	1,428,655	455,868	29,210	1,913,733	369,646	226,093	595,739	2,509,472
Professional fees	-	992	-	992	78,998	-	78,998	79,990
Tennis Association lessons and junior programming	-	66,020	-	66,020	3,287	-	3,287	69,307
Occupancy	9,743	17,166	7,887	34,796	4,641	6,959	11,600	46,396
Telephone	3,567	6,420	3,012	12,999	2,041	2,735	4,776	17,775
Communications	19,407	17,194	1,676	38,277	19,735	1,941	21,676	59,953
Minor equipment and equipment rental	329	329	329	987	5,267	329	5,596	6,583
Administrative	499	44,076	499	45,074	6,498	26,674	33,172	78,246
Insurance	4,429	14,969	3,585	22,983	2,110	3,163	5,273	28,256
Park events	-	87,502	-	87,502	-	-	-	87,502
Park supplies	144,749	-	-	144,749	-	-	-	144,749
Volunteer recognition and appreciation	3,692	-	-	3,692	-	-	-	3,692
Park improvements	208,268	19,477	284,395	512,140	-	-	-	512,140
Sports camp	-	683,998	-	683,998	-	-	-	683,998
Special event	-	1,155	-	1,155	-	143,560	143,560	144,715
RPC - South	165,789	80,646	-	246,435	2,534	-	2,534	248,969
Other	80	61	-	141	4,717	102	4,819	4,960
<b>Total</b>	<b>\$1,989,207</b>	<b>\$1,495,873</b>	<b>\$ 330,593</b>	<b>\$3,815,673</b>	<b>\$ 499,474</b>	<b>\$ 411,556</b>	<b>\$ 911,030</b>	<b>\$4,726,703</b>

See notes to consolidated financial statements.

RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE

Consolidated Statement of Functional Expenses  
For the Year Ended December 31, 2015

	Program Services			Management and General		Supporting Services		Total Expenses
	Park Projects	Park User Services	Volunteers	Total	General	Fundraising	Total	
Salaries	\$ 283,433	\$ 477,158	\$ 141,957	\$ 902,548	\$ 124,061	\$ 175,091	\$ 299,152	\$1,201,700
Payroll taxes and employee benefits	59,048	99,407	29,574	188,029	25,846	36,477	62,323	250,352
Total salaries and related costs	342,481	576,565	171,531	1,090,577	149,907	211,568	361,475	1,452,052
Professional fees	4,495	8,618	2,252	15,365	45,015	43,402	88,417	103,782
Tennis Association lessons and junior programming	776	78,708	389	79,873	340	480	820	80,693
Occupancy	10,678	17,977	5,348	34,003	4,674	6,596	11,270	45,273
Communications	5,776	10,470	2,893	19,139	27,829	4,314	32,143	51,282
Minor equipment and equipment rental	549	549	549	1,647	8,786	549	9,335	10,982
Administrative	1,076	47,467	539	49,082	2,157	18,450	20,607	69,689
Insurance	5,837	9,826	2,923	18,586	2,555	3,606	6,161	24,747
Park events	-	68,940	-	68,940	-	-	-	68,940
Park supplies	26,126	18,895	69,918	114,939	-	-	-	114,939
Volunteer recognition and appreciation	-	-	3,253	3,253	-	-	-	3,253
Park improvements	265,833	45,601	-	311,434	-	-	-	311,434
Sports camp	-	626,470	-	626,470	-	-	-	626,470
Special event	-	-	-	-	-	59,508	59,508	59,508
RPC -- South	-	179,647	-	179,647	-	-	-	179,647
RPC -- South maintenance services	-	388,765	-	388,765	-	-	-	388,765
Other	-	2,635	-	2,635	201	-	201	2,836
<b>Total</b>	<b>\$ 663,627</b>	<b>\$2,081,133</b>	<b>\$ 259,595</b>	<b>\$3,004,355</b>	<b>\$ 241,464</b>	<b>\$ 348,473</b>	<b>\$ 589,937</b>	<b>\$3,594,292</b>

See notes to consolidated financial statements.

**RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE**

**Consolidated Statement of Cash Flows**

	<b>For the</b>	
	<b>Year Ended</b>	
	<b>December 31</b>	
	<u>2016</u>	<u>2015</u>
<b>Cash flows from operating activities</b>		
Increase in net assets	\$ 590,639	\$1,140,460
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Proceeds from sale of donated stock	-	15,291
Unrealized (gain) loss on investments	(46,098)	23,112
Permanently restricted contributions	(1,366)	(1,650)
(Increase) decrease in assets		
Accounts receivable	5,500	(3,101)
Contribution receivable	(28,553)	(99,997)
Prepaid expenses	3,256	(3,256)
Increase in liabilities		
Accounts payable	497,839	7,950
Deferred RPC - South maintenance fees	<u>200,791</u>	<u>291,516</u>
Net cash provided by operating activities	<u>1,222,008</u>	<u>1,370,325</u>
<b>Cash flows from investing activities</b>		
Purchases of investments	(20,167)	(19,620)
Net change in money market funds	<u>(178,466)</u>	<u>25,739</u>
Net cash provided by (used in) investing activities	<u>(198,633)</u>	<u>6,119</u>
<b>Cash flows provided by financing activities</b>		
Permanently restricted contributions	<u>1,366</u>	<u>1,650</u>
Net increase in cash and cash equivalents	<b>1,024,741</b>	<b>1,378,094</b>
Cash and cash equivalents, beginning of year	<u>2,560,740</u>	<u>1,182,646</u>
Cash and cash equivalents, end of year	<u><b>\$3,585,481</b></u>	<u><b>\$2,560,740</b></u>

See notes to consolidated financial statements.



**RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE****Notes to Consolidated Financial Statements  
December 31, 2016 and December 31, 2015****Note 1 – Nature of organizations****Riverside Park Conservancy, Inc.**

Riverside Park Conservancy, Inc. (the “Conservancy”) 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 72<sup>nd</sup> Street to 153<sup>rd</sup> Street on Manhattan’s Upper West Side, Riverside Park’s over 330 acres provide recreation and relaxation for a very diverse population. More recently, the Conservancy has helped care for New York City parks adjacent to the Park, specifically Riverside Park South, Sakura Park, West Harlem Piers Park, and a portion of Fort Washington Park, in total an area spanning six miles from 59<sup>th</sup> Street to 181<sup>st</sup> Street.

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 directly supports the ongoing care of the Park by directing an extensive corps of volunteers, one of the largest in the City of New York, and with a staff of full time, year round gardeners and field technicians who provide specialized care to sustain the Park’s continuing restoration.

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 97<sup>th</sup> 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.

**Note 2 – Summary of significant accounting policies****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)  
December 31, 2016 and December 31, 2015****Note 2 – Summary of significant accounting policies (continued)****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 December 31, 2016 and December 31, 2015, 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.

**Allowance for doubtful accounts**

As of December 31, 2016 and December 31, 2015, the Conservancy has determined that its accounts and contribution receivable are all collectible and an allowance for any possible uncollectible receivables is not necessary. Such estimate is based on management's experience, the aging of the receivables, subsequent receipts and current economic conditions.

**RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE****Notes to Consolidated Financial Statements (continued)  
December 31, 2016 and December 31, 2015****Note 2 – Summary of significant accounting policies (continued)****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.

**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. The Conservancy’s property and equipment are fully depreciated and 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.

**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.

**RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE****Notes to Consolidated Financial Statements (continued)  
December 31, 2016 and December 31, 2015****Note 2 – Summary of significant accounting policies (continued)****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 and investments. 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 December 31, 2016. The Conservancy routinely assesses the financial strength of its cash, cash equivalents and investment portfolio. As a consequence, management believes concentrations of credit risk are limited.

**Restatement**

During 2016, management of the Conservancy reviewed supporting documents relating to the net assets classification from prior years of certain temporarily restricted net assets. Management determined that certain temporarily restricted net assets should have been classified as unrestricted net assets. As a result, the 2015 consolidated statement of activities beginning of the year unrestricted net assets were increased by \$125,000 and temporarily restricted net assets were decreased by \$125,000. In addition, for the year ended December 31, 2015, unrestricted net assets were increased by \$77,960 and temporarily restricted net assets were decreased by \$77,960. There was no change to the total net assets as of January 1, 2015 and December 31, 2015.

**Subsequent events**

The Conservancy has evaluated events and transactions for potential recognition or disclosure through September 20, 2017, which is the date the consolidated financial statements were available to be issued.

**RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE**

**Notes to Consolidated Financial Statements (continued)**  
**December 31, 2016 and December 31, 2015**

**Note 3 – Investments**

The following is a summary of the investments at fair value held by the Conservancy as of December 31, 2016 and December 31, 2015:

	<u>2016</u>	<u>2015</u>
Money market funds	\$ 382,562	\$ 204,096
Vanguard long-term bond index fund	270,291	254,018
Vanguard 500 stock index fund	<u>469,158</u>	<u>419,167</u>
Total	<u>\$1,122,011</u>	<u>\$ 877,281</u>

**Note 4 – Temporarily restricted net assets**

The following summarizes the changes in temporarily restricted net assets for the years ended December 31, 2016 and December 31, 2015:

	<u>2016</u>			
	<u>Balance, December 31 2015</u>	<u>Contributions and investment return</u>	<u>Net assets released</u>	<u>Balance, December 31 2016</u>
Programs:				
User group programs	\$1,107,324	\$ 895,147	\$ (669,424)	\$1,333,047
Unspent investment return earned on endowment funds	<u>291,127</u>	<u>66,265</u>	<u>(22,900)</u>	<u>334,492</u>
Total	<u>\$1,398,451</u>	<u>\$ 961,412</u>	<u>\$ (692,324)</u>	<u>\$1,667,539</u>
	<u>2015</u>			
	<u>Balance, December 31 2014</u>	<u>Contributions and investment return</u>	<u>Net assets released</u>	<u>Balance, December 31 2015</u>
Programs:				
User group programs	\$ 797,705	\$1,207,281	\$ (897,662)	\$1,107,324
Unspent investment return earned on endowment funds	<u>337,299</u>	<u>(3,492)</u>	<u>(42,680)</u>	<u>291,127</u>
Total	<u>\$1,135,004</u>	<u>\$1,203,789</u>	<u>\$ (940,342)</u>	<u>\$1,398,451</u>

**RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE**

**Notes to Consolidated Financial Statements (continued)**  
**December 31, 2016 and December 31, 2015**

**Note 5 – Endowment funds**

The Conservancy acts prudently when making decisions to spend or accumulate donor restricted endowment assets and in doing so, considers 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.

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 December 31, 2016 and December 31, 2015.

Permanently restricted net assets consist of the following as of December 31, 2016 and December 31, 2015:

	<u>2016</u>	<u>2015</u>
103 <sup>rd</sup> and 107 <sup>th</sup> Street Ballfields Endowment	\$ 200,000	\$ 200,000
Peter Jay Sharp Volunteer House	100,000	100,000
Volunteer Grant Program	75,000	75,000
Warsaw Ghetto Memorial Plaza	50,520	49,154
Alex and Thelma Schwarz Fund	50,000	50,000
Neufeld Playground at 76 <sup>th</sup> Street	50,000	50,000
Ralph Ellison Memorial	50,000	50,000
Firemen's Memorial Island	12,000	12,000
Total	<u>\$ 587,520</u>	<u>\$ 586,154</u>

**RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE****Notes to Consolidated Financial Statements (continued)  
December 31, 2016 and December 31, 2015****Note 6 – Commitments****Office and storage space**

The Conservancy leases office and storage space under a non-cancelable operating lease expiring on September 30, 2017. 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 years ended December 31, 2016 and December 31, 2015 is \$46,396 and \$45,273, respectively.

**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 was up for renewal March 30, 2016 and March 30, 2017. In March 2016 and March 2017, the agreement was extended and is up for renewal March 30, 2018.

**Park maintenance funding agreement**

In May 2015, the Conservancy entered into an agreement with Riverside South Property Owners Association, Inc., a New York State not-for-profit corporation, ("RSPOA") for the maintenance, operations and programming of Riverside Park South. The agreement was scheduled to expire December 31, 2015 and was automatically renewed on January 1, 2016 for successive sixty-month periods. Unless terminated, the agreement shall automatically renew for successive sixty-month periods. RSPOA shall remit payments to the Conservancy on a quarterly basis as outlined in the agreement. Each quarterly payment shall equal one quarter of the operating costs set forth in the budget plan for such year (the "Annual Maintenance Contribution"). In addition, the Conservancy's annual compensation for the services provided shall be an amount equal to 4.25% of the Annual Maintenance Contribution for the applicable year.

**Note 7 – 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.

**RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE****Notes to Consolidated Financial Statements (continued)  
December 31, 2016 and December 31, 2015****Note 8 – Litigation**

The Conservancy is currently involved in legal proceedings arising in the ordinary course of business. The Conservancy believes it has defenses for these proceedings and is vigorously defending the actions. In the opinion of management, after consultation with outside legal counsel, the final disposition of these matters will not have a material effect on the Conservancy's financial statements. In the above proceedings, the Conservancy has been notified by the City of New York Legal Department that it will defend the Conservancy and pay on its behalf any judgment arising out of the proceedings.

**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.