

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

Consolidated Financial Statements
for the year ended
June 30, 2012
(with comparative totals for 2011)

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Independent Auditors' Report

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

We have audited the accompanying consolidated statement of financial position of Riverside Park Conservancy, Inc. (formerly known as Riverside Park Fund, Inc.) and Affiliate (collectively the "Conservancy") as of June 30, 2012 and the related consolidated statements of activities, functional expenses and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Conservancy's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The prior year's summarized information has been derived from the Conservancy's 2011 fiscal year consolidated financial statements, which were audited by other auditors whose report, dated February 2, 2012 expressed an unqualified opinion on those consolidated financial statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Riverside Park Conservancy, Inc. and Affiliate at June 30, 2012 and the results of its consolidated activities and its consolidated cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Condon O'Meara McGinty & Donnelly LLP

December 19, 2012

RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE

Consolidated Statement of Financial Position

Assets

| | June 30 | |
|---|--------------------|--------------------|
| | 2012 | 2011 |
| Current assets | | |
| Cash and cash equivalents | \$1,001,327 | \$ 886,250 |
| Investments, at fair value | 729,414 | 649,704 |
| Contributions receivable | 79,208 | 31,630 |
| Prepaid expenses | - | 6,708 |
| Total current assets | 1,809,949 | 1,574,292 |
| Property and equipment, at cost, net | 5,557 | 7,779 |
| Total assets | \$1,815,506 | \$1,582,071 |

Liabilities and Net Assets

| | | |
|---|--------------------|--------------------|
| Current liabilities | | |
| Accounts payable | \$ 89,307 | \$ 56,111 |
| Deferred revenue | 1,000 | - |
| Total current liabilities | 90,307 | 56,111 |
| Net assets | | |
| Unrestricted | 216,321 | 176,305 |
| Temporarily restricted | 975,260 | 841,387 |
| Permanently restricted | 533,618 | 508,268 |
| Total net assets | 1,725,199 | 1,525,960 |
| Total liabilities and net assets | \$1,815,506 | \$1,582,071 |

See notes to consolidated financial statements.

RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE

Consolidated Statement of Activities
For the Year Ended June 30, 2012
(with comparative totals for the year ended June 30, 2011)

| | <u>2012</u> | | | <u>2011</u> | |
|--|--------------------------|-------------------------------|-------------------------------|----------------------------|----------------------------|
| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> | <u>Total</u> |
| Public support and revenue | | | | | |
| Contributions | \$ 579,410 | \$ 345,295 | \$ 25,350 | \$ 950,055 | \$ 1,150,119 |
| Special events proceeds (net of direct benefits to donors of \$29,709) | 368,561 | - | - | 368,561 | 297,268 |
| Interest and dividends | 1,749 | 14,670 | - | 16,419 | 17,180 |
| RTA fees | 272,252 | - | - | 272,252 | 179,478 |
| Other | 59,481 | - | - | 59,481 | 77,092 |
| In-kind contributions | - | - | - | - | 10,588 |
| Net assets released from restrictions | 271,311 | (271,311) | - | - | - |
| Total public support and revenue | <u>1,552,764</u> | <u>88,654</u> | <u>25,350</u> | <u>1,666,768</u> | <u>1,731,725</u> |
| Expenses | | | | | |
| Program services | | | | | |
| Park projects | 371,779 | - | - | 371,779 | 543,785 |
| Park user services | 534,320 | - | - | 534,320 | 533,002 |
| Volunteers | 235,626 | - | - | 235,626 | 209,881 |
| Total program services | <u>1,141,725</u> | <u>-</u> | <u>-</u> | <u>1,141,725</u> | <u>1,286,668</u> |
| Supporting services | | | | | |
| Management and general | 172,777 | - | - | 172,777 | 183,253 |
| Fundraising | 198,246 | - | - | 198,246 | 199,914 |
| Total supporting services | <u>371,023</u> | <u>-</u> | <u>-</u> | <u>371,023</u> | <u>383,167</u> |
| Total expenses | <u>1,512,748</u> | <u>-</u> | <u>-</u> | <u>1,512,748</u> | <u>1,669,835</u> |
| Increase in net assets from operating activities | 40,016 | 88,654 | 25,350 | 154,020 | 61,890 |
| Non-operating activities | | | | | |
| Unrealized gain on investments | - | 45,219 | - | 45,219 | 47,970 |
| Increase in net assets | 40,016 | 133,873 | 25,350 | 199,239 | 109,860 |
| Net assets, beginning of year | <u>176,305</u> | <u>841,387</u> | <u>508,268</u> | <u>1,525,960</u> | <u>1,416,100</u> |
| Net assets, end of year | <u>\$ 216,321</u> | <u>\$ 975,260</u> | <u>\$ 533,618</u> | <u>\$ 1,725,199</u> | <u>\$ 1,525,960</u> |

See notes to consolidated financial statements.

RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE

Consolidated Statement of Functional Expenses
 For the Year Ended June 30, 2012
 (with comparative totals for the year ended June 30, 2011)

| | 2012 | | | | | | 2011 | |
|--|-------------------|--------------------|-------------------|---------------------|------------------------|-------------------|-------------------|---------------------|
| | Program Services | | | Supporting Services | | | Total Expenses | Total Expenses |
| | Park Projects | Park User Services | Volunteers | Total | Management and General | Fundraising | | |
| Salaries | \$ 162,689 | \$ 270,898 | \$ 125,109 | \$ 558,696 | \$ 102,431 | \$ 112,661 | \$ 215,092 | \$ 618,804 |
| Payroll taxes and employee benefits | 30,782 | 51,255 | 23,671 | 105,708 | 19,380 | 21,316 | 40,696 | 110,388 |
| Total salaries and related costs | 193,471 | 322,153 | 148,780 | 664,404 | 121,811 | 133,977 | 255,788 | 729,192 |
| Professional fees | 3,837 | 27,809 | 2,951 | 34,597 | 18,633 | 2,657 | 21,290 | 55,887 |
| Occupancy | 8,697 | 14,482 | 6,688 | 29,867 | 5,476 | 6,023 | 11,499 | 41,366 |
| Communications | 5,927 | 11,586 | 4,558 | 22,071 | 4,990 | 5,821 | 10,811 | 32,882 |
| Minor equipment and equipment rental | 227 | 227 | 227 | 681 | 3,636 | 227 | 3,863 | 4,544 |
| Administrative | 1,603 | 14,792 | 1,233 | 17,628 | 2,941 | 12,323 | 15,264 | 32,892 |
| Insurance | 2,049 | 3,412 | 1,576 | 7,037 | 1,290 | 1,419 | 2,709 | 9,746 |
| Park events | - | 86,245 | - | 86,245 | - | - | - | 86,245 |
| Park supplies | 19,833 | 19,040 | 61,698 | 100,571 | - | 513 | 513 | 101,084 |
| Volunteer recognition and appreciation | - | - | 7,915 | 7,915 | - | - | - | 7,915 |
| Park improvements | 136,135 | 34,574 | - | 170,709 | - | - | - | 170,709 |
| Special event | - | - | - | - | - | 35,286 | 35,286 | 35,286 |
| Depreciation | - | - | - | - | 2,222 | - | 2,222 | 2,222 |
| Other | - | - | - | - | 11,778 | - | 11,778 | 11,778 |
| Total | \$ 371,779 | \$ 534,320 | \$ 235,626 | \$ 1,141,725 | \$ 172,777 | \$ 198,246 | \$ 371,023 | \$ 1,512,748 |
| | | | | | | | | \$ 1,669,835 |

See notes to consolidated financial statements.

RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE

Consolidated Statement of Cash Flows

| | For the Year Ended June 30 | |
|---|---|-------------------|
| | 2012 | 2011 |
| Cash flows from operating activities | | |
| Increase in net assets | \$ 199,239 | \$ 109,860 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities | | |
| Depreciation | 2,222 | 4,098 |
| Unrealized (gain) on investments | (45,219) | (47,970) |
| Permanently restricted contributions | (25,350) | (25,731) |
| (Increase) decrease in assets | | |
| Contributions receivable | (47,578) | (7,501) |
| Prepaid expenses | 6,708 | - |
| Increase (decrease) in liabilities | | |
| Accounts payable | 33,196 | (9,049) |
| Deferred revenue | 1,000 | - |
| Net cash provided by operating activities | 124,218 | 23,707 |
| Cash flows from investing activities | | |
| Purchase of investments | (14,339) | (15,133) |
| Net change in money market funds | (20,152) | (25,731) |
| Net cash (used in) investing activities | (34,491) | (40,864) |
| Cash flows provided by financing activities | | |
| Permanently restricted contributions | 25,350 | 25,731 |
| Net increase in cash and cash equivalents | 115,077 | 8,574 |
| Cash and cash equivalents, beginning of year | 886,250 | 877,676 |
| Cash and cash equivalents, end of year | \$1,001,327 | \$ 886,250 |

See notes to consolidated financial statements.

RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2012

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, 2012****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 income 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, 2012, 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, 2012, 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, 2012****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

Property and equipment that the Conservancy retains title to, and leasehold improvements which benefit future periods, are capitalized at cost, or if donated, at the estimated fair market 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.

Donated 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, 2012****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 concentration 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. 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, concentrations of credit risk are limited.

Comparative financial 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, 2011 from which the summarized information was derived.

Reclassifications

Certain items in the 2011 fiscal year consolidated financial statements have been reclassified for comparative purposes only.

Subsequent events

The Conservancy has evaluated events and transactions for potential recognition or disclosure through December 19, 2012, 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)
June 30, 2012

Note 3 – Investments

The following is a summary of the investments at fair value held by the Conservancy as of June 30, 2012:

| | |
|------------------------------------|-------------------|
| Chase money market fund | \$ 235,503 |
| Vanguard long-term bond index fund | 234,319 |
| Vanguard 500 stock index fund | <u>259,592</u> |
| Total | <u>\$ 729,414</u> |

Note 4 – Property and equipment

A summary of the property and equipment and the accumulated depreciation and amortization as of June 30, 2012 is as follows:

| | |
|---|-----------------|
| Furniture and equipment | \$ 37,652 |
| Leasehold improvements | <u>8,365</u> |
| Sub-total | 46,017 |
| Less: accumulated depreciation and amortization | <u>40,460</u> |
| Total | <u>\$ 5,557</u> |

Note 5 – Temporarily restricted net assets

The following summarizes the changes in temporarily restricted net assets for the year ended June 30, 2012:

| | Balance, June 30, <u>2011</u> | Contributions and Investment Income | Net assets Released | Balance, June 30, <u>2012</u> |
|--|-------------------------------------|---|------------------------|-------------------------------------|
| Programs: | | | | |
| User group programs | \$ 699,951 | \$ 345,295 | \$ (266,199) | \$ 779,047 |
| Unspent investment income earned on endowment funds | <u>141,436</u> | <u>59,889</u> | <u>(5,112)</u> | <u>196,213</u> |
| Total | <u>\$ 841,387</u> | <u>\$ 405,184</u> | <u>\$ (271,311)</u> | <u>\$ 975,260</u> |

RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE

Notes to Consolidated Financial Statements (continued)
June 30, 2012

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 income generated from its permanently restricted funds is recorded as temporarily restricted until such time as appropriated by the Board of Directors.

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, 2012.

Permanently restricted net assets consist of the following as of June 30, 2012:

| | |
|---|-------------------|
| 103 rd and 107 th Street Ballfields Endowment | \$ 150,000 |
| 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 | 46,618 |
| Firemen's Memorial Island | <u>12,000</u> |
| Total | <u>\$ 533,618</u> |

RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE**Notes to Consolidated Financial Statements (continued)
June 30, 2012****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, 2012 is \$41,366.

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, 2012, no amounts have been recognized for uncertain income tax positions. The Conservancy's tax returns for the 2009 fiscal year and forward are subject to the usual review by the appropriate authorities.