

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

**Consolidated Financial Statements
for the Period July 1, 2013 to
December 31, 2013**

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, 2013 and the related consolidated statements of activities, functional expenses and cash flows for the period July 1, 2013 to December 31, 2013 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 above present fairly, in all material respects, the statement of financial position of Riverside Park Conservancy, Inc. and Affiliate as of December 31, 2013 and the results of their activities and their cash flows for the period July 1, 2013 to December 31, 2013 in accordance with accounting principles generally accepted in the United States of America.

Condon O'Meara McGinty & Donnelly LLP

RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE

**Consolidated Statement of Financial Position
December 31, 2013**

Assets

Current assets	
Cash and cash equivalents	<u>\$1,080,487</u>
Investments, at fair value	820,722
Property and equipment, at cost, net	<u>2,224</u>
Total assets	<u>\$1,903,433</u>

Liabilities and Net Assets

Current liabilities	
Accounts payable	<u>\$ 55,727</u>
Net assets	
Unrestricted	273,869
Temporarily restricted	1,014,383
Permanently restricted	<u>559,454</u>
Total net assets	<u>1,847,706</u>
Total liabilities and net assets	<u>\$1,903,433</u>

RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE

**Consolidated Statement of Activities
For the Period July 1, 2013 to December 31, 2013**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public support and revenue				
Contributions	\$ 412,087	\$ 214,728	\$ 786	\$ 627,601
Special events proceeds (net of direct benefits to donors of \$12,280)	41,263	-	-	41,263
Interest and dividends	846	8,547	-	9,393
RCTA fees	177,880	-	-	177,880
Sports camp fees	441,837	-	-	441,837
Other	55,054	-	-	55,054
Net assets released from restrictions	<u>326,138</u>	<u>(326,138)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>1,455,105</u>	<u>(102,863)</u>	<u>786</u>	<u>1,353,028</u>
Expenses				
Program services				
Park projects	300,984	-	-	300,984
Park user services	682,870	-	-	682,870
Volunteers	162,228	-	-	162,228
Total program services	<u>1,146,082</u>	<u>-</u>	<u>-</u>	<u>1,146,082</u>
Supporting services				
Management and general	110,654	-	-	110,654
Fundraising	124,042	-	-	124,042
Total supporting services	<u>234,696</u>	<u>-</u>	<u>-</u>	<u>234,696</u>
Total expenses	<u>1,380,778</u>	<u>-</u>	<u>-</u>	<u>1,380,778</u>
Increase (decrease) in net assets from operating activities	74,327	(102,863)	786	(27,750)
Non-operating activities				
Unrealized gain on investments	<u>-</u>	<u>39,091</u>	<u>-</u>	<u>39,091</u>
Increase (decrease) in net assets	74,327	(63,772)	786	11,341
Net assets, beginning of period	<u>199,542</u>	<u>1,078,155</u>	<u>558,668</u>	<u>1,836,365</u>
Net assets, end of period	<u>\$ 273,869</u>	<u>\$ 1,014,383</u>	<u>\$ 559,454</u>	<u>\$ 1,847,706</u>

See notes to consolidated financial statements.

RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE

Consolidated Statement of Functional Expenses
For the Period July 1, 2013 to December 31, 2013

	Program Services			Management and		Supporting Services			Total Expenses
	Park Projects	Park User Services	Volunteers	Total	General	Fundraising	Total	Total	
Salaries	\$ 99,923	\$ 172,992	\$ 83,618	\$ 356,533	\$ 48,934	\$ 53,141	\$ 102,075	\$ 458,608	
Payroll taxes and employee benefits	20,691	35,821	17,314	73,826	10,132	11,004	21,136	94,962	
Total salaries and related costs	120,614	208,813	100,932	430,359	59,066	64,145	123,211	553,570	
Professional fees	1,842	4,239	1,541	7,622	23,369	41,605	64,974	72,596	
Tennis Association lessons and junior programming	333	45,757	279	46,369	163	177	340	46,709	
Occupancy	4,740	8,207	3,967	16,914	2,321	2,521	4,842	21,756	
Communications	3,260	5,644	2,728	11,632	18,525	1,734	20,259	31,891	
Minor equipment and equipment rental	133	133	133	399	2,127	133	2,260	2,659	
Administrative	1,543	12,774	1,291	15,608	1,245	11,449	12,694	28,302	
Insurance	657	1,138	550	2,345	322	350	672	3,017	
Park events	-	37,251	-	37,251	-	-	-	37,251	
Park supplies	8,336	10,769	47,276	66,381	-	-	-	66,381	
Volunteer recognition and appreciation	-	-	3,531	3,531	-	-	-	3,531	
Park improvements	159,526	9,825	-	169,351	-	-	-	169,351	
Sports camp	-	335,685	-	335,685	-	-	-	335,685	
Special event	-	-	-	-	-	1,928	1,928	1,928	
Depreciation	-	-	-	-	1,111	-	1,111	1,111	
Other	-	2,635	-	2,635	2,405	-	2,405	5,040	
Total	\$ 300,984	\$ 682,870	\$ 162,228	\$1,146,082	\$ 110,654	\$ 124,042	\$ 234,696	\$1,380,778	

See notes to consolidated financial statements.

RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE

**Consolidated Statement of Cash Flows
For the Period July 1, 2013 to December 31, 2013**

Cash flows from operating activities	
Increase in net assets	\$ 11,341
Adjustments to reconcile increase in net assets to net cash (used in) operating activities	
Depreciation	1,111
Fair value of donated stock	(4,323)
Proceeds from sale of donated stock	4,323
Unrealized (gain) on investments	(39,091)
Permanently restricted contributions	(786)
Decrease in assets	
Contributions receivable	15,705
Account receivable	24,655
Prepaid expenses	55,785
(Decrease) in liabilities	
Accounts payable	(55,521)
Deferred revenue	(195,594)
Net cash (used in) operating activities	<u>(182,395)</u>
Cash flows from investing activities	
Purchase of investments	(8,546)
Net change in money market funds	<u>9,012</u>
Net cash provided by investing activities	<u>466</u>
Cash flows provided by financing activities	
Permanently restricted contributions	<u>786</u>
Net (decrease) in cash and cash equivalents	(181,143)
Cash and cash equivalents, beginning of period	<u>1,261,630</u>
Cash and cash equivalents, end of period	<u>\$1,080,487</u>

See notes to consolidated financial statements.

RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE**Notes to Consolidated Financial Statements
December 31, 2013****Note 1 – Nature of organization****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 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.

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)
December 31, 2013****Note 2 – Summary of significant accounting policies**Change in fiscal year-end

On November 18, 2013, the Board of Directors approved changing the Conservancy's fiscal year (June 30) to a calendar year (December 31), effective on July 1, 2013.

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, 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.

RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE**Notes to Consolidated Financial Statements (continued)****December 31, 2013****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. 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)
December 31, 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 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, 2013. 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.

Subsequent events

The Conservancy has evaluated events and transactions for potential recognition or disclosure through April 8, 2014, 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, 2013

Note 3 – Investments

The following is a summary of the investments at fair value held by the Conservancy as of December 31, 2013:

Chase money market fund	\$ 237,026
Vanguard long-term bond index fund	219,807
Vanguard 500 stock index fund	<u>363,889</u>
Total	<u>\$ 820,722</u>

Note 4 – Property and equipment

A summary of the property and equipment and the accumulated depreciation and amortization as of December 31, 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>43,793</u>
Total	<u>\$ 2,224</u>

Note 5 – Temporarily restricted net assets

The following summarizes the changes in temporarily restricted net assets for the period July 1, 2013 to December 31, 2013:

	Balance, June 30, 2013	Contributions and Investment Return	Net assets Released	Balance, December 31, 2013
Programs:				
User group programs	\$ 854,676	\$ 214,728	\$ 316,338	\$ 753,066
Unspent investment return earned on endowment funds	<u>223,479</u>	<u>47,638</u>	<u>9,800</u>	<u>261,317</u>
Total	<u>\$1,078,155</u>	<u>\$ 262,366</u>	<u>\$ 326,138</u>	<u>\$1,014,383</u>

RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE

Notes to Consolidated Financial Statements (continued)
December 31, 2013

Note 6 – Endowment funds

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 period July 1, 2013 to December 31, 2013, the Board of Directors approved an appropriation of \$7,500.

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, 2013.

Permanently restricted net assets consist of the following as of December 31, 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	47,454
Firemen's Memorial Island	<u>12,000</u>
Total	<u>\$ 559,454</u>

RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE**Notes to Consolidated Financial Statements (continued)
December 31, 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 period July 1, 2013 to December 31, 2013 is \$21,756.

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 December 31, 2013, no amounts have been recognized for uncertain income tax positions. The Conservancy's tax returns for the 2011 fiscal year and forward are subject to the usual review by the appropriate authorities.