

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

**Consolidated Financial Statements
For the Years Ended
December 31, 2017
and
December 31, 2016**

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, 2017 and December 31, 2016 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, 2017 and December 31, 2016 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

June 4, 2018

RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE

Consolidated Statement of Financial Position

Assets

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
Current assets		
Cash and cash equivalents	\$2,875,491	\$3,585,481
Contributions receivable	21,600	128,550
Prepaid expenses	<u>7,212</u>	<u>-</u>
Total current assets	<u>2,904,303</u>	<u>3,714,031</u>
Investments, at fair value	<u>1,280,766</u>	<u>1,122,012</u>
Property and equipment, at cost		
Furniture and equipment	96,743	37,652
Leasehold improvements	<u>20,350</u>	<u>8,365</u>
Sub-total	117,093	46,017
Less: accumulated depreciation and amortization	<u>53,636</u>	<u>46,017</u>
Net property and equipment	<u>63,457</u>	<u>-</u>
Total assets	<u>\$4,248,526</u>	<u>\$4,836,043</u>

Liabilities and Net Assets

Current liabilities		
Accounts payable	\$ 587,291	\$ 547,441
Deferred RPC - South maintenance fees	<u>254,684</u>	<u>492,307</u>
Total current liabilities	<u>841,975</u>	<u>1,039,748</u>
Net assets		
Unrestricted	1,364,300	1,541,236
Temporarily restricted	1,505,251	1,667,539
Permanently restricted	<u>537,000</u>	<u>587,520</u>
Total net assets	<u>3,406,551</u>	<u>3,796,295</u>
Total liabilities and net assets	<u>\$4,248,526</u>	<u>\$4,836,043</u>

See notes to consolidated financial statements.

RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE

Consolidated Statement of Activities
Year Ended December 31, 2017
(with summarized comparative information for 2016)

	2017			2016	
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Total</u>
Public support and revenue					
Contributions	\$ 953,606	\$ 447,297	\$ -	\$ 1,400,903	\$ 2,023,644
Special events proceeds (net of direct expenses of \$266,856 for 2017 and \$263,439 for 2016)	391,581	-	-	391,581	650,791
Interest and dividends	3,652	21,644	-	25,296	23,268
RCTA fees	385,882	-	-	385,882	341,339
Sports camp fees	793,345	-	-	793,345	782,157
RPC-South maintenance fees	1,570,796	-	-	1,570,796	1,209,247
Other	255,164	-	-	255,164	240,798
Net assets released from restrictions	<u>792,575</u>	<u>(792,575)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>5,146,601</u>	<u>(323,634)</u>	<u>-</u>	<u>4,822,967</u>	<u>5,271,244</u>
Expenses					
Program services					
Field operations and volunteers	2,499,321	-	-	2,499,321	1,989,207
Public programs and events	1,498,312	-	-	1,498,312	1,495,873
Design and construction	<u>213,865</u>	<u>-</u>	<u>-</u>	<u>213,865</u>	<u>330,593</u>
Total program services	<u>4,211,498</u>	<u>-</u>	<u>-</u>	<u>4,211,498</u>	<u>3,815,673</u>
Supporting activities					
Management and general	570,508	-	-	570,508	499,474
Fundraising	<u>541,531</u>	<u>-</u>	<u>-</u>	<u>541,531</u>	<u>411,556</u>
Total supporting activities	<u>1,112,039</u>	<u>-</u>	<u>-</u>	<u>1,112,039</u>	<u>911,030</u>
Total expenses	<u>5,323,537</u>	<u>-</u>	<u>-</u>	<u>5,323,537</u>	<u>4,726,703</u>
Increase (decrease) in net assets from operating activities	(176,936)	(323,634)	-	(500,570)	544,541
Non-operating activities					
Unrealized gain on investments	-	110,826	-	110,826	46,098
Release from permanent restriction	<u>-</u>	<u>50,520</u>	<u>(50,520)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	(176,936)	(162,288)	(50,520)	(389,744)	590,639
Net assets, beginning 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>
Net assets, end of year	<u>\$ 1,364,300</u>	<u>\$ 1,505,251</u>	<u>\$ 537,000</u>	<u>\$ 3,406,551</u>	<u>\$ 3,796,295</u>

See notes to consolidated financial statements.

RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE

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

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public support and revenue				
Contributions	\$ 1,127,131	\$ 895,147	\$ 1,366	\$ 2,023,644
Special events proceeds, net of direct benefits to donors of \$263,439	650,791	-	-	650,791
Interest and dividends	3,101	20,167	-	23,268
RCTA fees	341,339	-	-	341,339
Sports camp fees	782,157	-	-	782,157
RPC-South maintenance fees	1,209,247	-	-	1,209,247
Other	240,798	-	-	240,798
Net assets released from restrictions	<u>692,324</u>	<u>(692,324)</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>
Expenses				
Program services				
Field operations and volunteers	1,989,207	-	-	1,989,207
Public programs and events	1,495,873	-	-	1,495,873
Design and construction	<u>330,593</u>	<u>-</u>	<u>-</u>	<u>330,593</u>
Total program services	<u>3,815,673</u>	<u>-</u>	<u>-</u>	<u>3,815,673</u>
Supporting activities				
Management and general	499,474	-	-	499,474
Fundraising	<u>411,556</u>	<u>-</u>	<u>-</u>	<u>411,556</u>
Total supporting activities	<u>911,030</u>	<u>-</u>	<u>-</u>	<u>911,030</u>
Total expenses	<u>4,726,703</u>	<u>-</u>	<u>-</u>	<u>4,726,703</u>
Increase in net assets from operating activities	320,185	222,990	1,366	544,541
Non-operating activities				
Unrealized gain on investments	<u>-</u>	<u>46,098</u>	<u>-</u>	<u>46,098</u>
Increase in net assets	320,185	269,088	1,366	590,639
Net assets, beginning of year	<u>1,221,051</u>	<u>1,398,451</u>	<u>586,154</u>	<u>3,205,656</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>

See notes to consolidated financial statements.

RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE

Consolidated Statement of Functional Expenses

Year Ended December 31, 2017

(with summarized comparative information for 2016)

	2017						2016	
	Program Services			Supporting Activities			Total Expenses	Total Expenses
	Field Operations and Volunteers	Public Programs and Events	Design and Construction	Management and General	Fundraising	Total		
Salaries	\$1,646,850	\$ 420,755	\$ 24,046	\$2,091,651	\$ 316,237	\$ 182,572	\$ 498,809	\$2,590,460
Payroll taxes and employee benefits	197,692	59,991	522	258,205	69,612	25,084	94,696	352,901
Total salaries and related costs	1,844,542	480,746	24,568	2,349,856	385,849	207,656	593,505	2,943,361
Professional fees	-	-	-	-	45,610	-	45,610	45,610
Other professional fees	15,139	87,669	486	103,294	33,076	11,008	44,084	147,378
Occupancy	15,292	5,097	-	20,389	15,292	15,292	30,584	50,973
Office expenses	9,859	53,074	1,370	64,303	57,283	190,829	248,112	312,415
Insurance	10,751	11,923	360	23,034	4,674	2,843	7,517	30,551
Park supplies	132,042	106	-	132,148	24	-	24	132,172
Park improvements	203,876	238	187,081	391,195	-	-	-	391,195
Sports camp	-	674,515	-	674,515	-	-	-	674,515
RPC - South	265,368	85,342	-	350,710	-	-	-	350,710
Depreciation and amortization	-	-	-	-	7,619	-	7,619	7,619
Other	2,452	99,602	-	102,054	21,081	113,903	134,984	237,038
Total	\$2,499,321	\$1,498,312	\$ 213,865	\$4,211,498	\$ 570,508	\$ 541,531	\$1,112,039	\$5,323,537
								\$4,726,703

See notes to consolidated financial statements.

RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE

Consolidated Statement of Functional Expenses
Year Ended December 31, 2016

	Program Services				Supporting Activities			Total Expenses
	Field Operations and Volunteers	Public Programs and Events	Design and Construction	Total	Management and General	Fundraising	Total	
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	-	-	-	-	25,458	-	25,458	25,458
Other professional fees	19,407	84,206	1,676	105,289	76,562	1,941	78,503	183,792
Occupancy	9,743	17,166	7,887	34,796	4,641	6,959	11,600	46,396
Office expenses	4,066	50,496	3,511	58,073	8,539	29,409	37,948	96,021
Insurance	4,429	14,969	3,585	22,983	2,110	3,163	5,273	28,256
Park supplies	144,749	-	-	144,749	-	-	-	144,749
Park improvements	208,268	19,477	284,395	512,140	-	-	-	512,140
Sports camp	-	683,998	-	683,998	-	-	-	683,998
RPC - South	165,789	80,646	-	246,435	2,534	-	2,534	248,969
Other	4,101	89,047	329	93,477	9,984	143,991	153,975	247,452
Total	\$1,989,207	\$1,495,873	\$ 330,593	\$3,815,673	\$ 499,474	\$ 411,556	\$ 911,030	\$4,726,703

See notes to consolidated financial statements.

RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE

Consolidated Statement of Cash Flows

	Year Ended	
	December 31	
	2017	2016
Cash flows from operating activities		
Increase (decrease) in net assets	\$ (389,744)	\$ 590,639
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	7,619	-
Donated stocks	(36,717)	-
Proceeds from sale of donated stocks	36,717	-
Unrealized (gain) on investments	(110,826)	(46,098)
Permanently restricted contributions	-	(1,366)
(Increase) decrease in assets		
Accounts receivable	-	5,500
Contributions receivable	106,950	(28,553)
Prepaid expenses	(7,212)	3,256
Increase (decrease) in liabilities		
Accounts payable	39,850	497,839
Deferred RPC - South maintenance fees	(237,623)	200,791
Net cash provided by (used in) operating activities	(590,986)	1,222,008
Cash flows from investing activities		
Purchases of property and equipment	(71,076)	-
Purchases of investments	(239,766)	(20,167)
Proceeds from sale of investments	109,216	-
Net change in money market funds	82,622	(178,466)
Net cash (used in) investing activities	(119,004)	(198,633)
Cash flows provided by financing activities		
Permanently restricted contributions	-	1,366
Net increase (decrease) in cash and cash equivalents	(709,990)	1,024,741
Cash and cash equivalents, beginning of year	3,585,481	2,560,740
Cash and cash equivalents, end of year	\$2,875,491	\$3,585,481

See notes to consolidated financial statements.

RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE**Notes to Consolidated Financial Statements
December 31, 2017 and December 31, 2016****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 72nd Street to 153rd 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 59th Street to 181st 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 97th Street along the Hudson River. The Conservancy is 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, 2017 and December 31, 2016****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.

Release from permanent restriction

During 2017, the restriction on a permanently restricted endowment fund, totaling \$50,520, was released by the original donor. Accordingly, the fund, including the unspent investment return, was reclassified to temporarily restricted net assets.

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, 2017 and December 31, 2016, 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, 2017 and December 31, 2016****Note 2 – Summary of significant accounting policies (continued)****Allowance for doubtful accounts**

As of December 31, 2017 and December 31, 2016, 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.

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 and 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.

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 consolidated 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, 2017 and December 31, 2016****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 activities 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, 2017. 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.

Reclassification

Certain items in the 2016 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 June 4, 2018, 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, 2017 and December 31, 2016**

Note 3 -- Investments

The following is a summary of the investments at fair value held by the Conservancy as of December 31, 2017 and December 31, 2016:

	<u>2017</u>	<u>2016</u>
Money market funds	\$ 300,038	\$ 382,562
Vanguard total stock market ETF	109,785	-
Vanguard long-term bond index fund	299,574	270,291
Vanguard 500 stock index fund	<u>571,369</u>	<u>469,159</u>
Total	<u>\$1,280,766</u>	<u>\$1,122,012</u>

Note 4 -- Temporarily restricted net assets

The following summarizes the changes in temporarily restricted net assets for the years ended December 31, 2017 and December 31, 2016:

	<u>2017</u>				Balance, December 31 2017
	Balance, December 31 2016	Contributions and investment return	Reclassification	Net assets released	
Programs:					
Hungarian Memorial	\$ 250,000	\$ 15,411	\$ -	\$ -	\$ 265,411
Park operations	263,467	145,419	-	(249,189)	159,697
Warsaw Ghetto Memorial Plaza (including unspent investment return)	-	23,016	86,867	-	109,883
72nd Street Dog Run	69,654	10,019	-	(128)	79,545
Summer on the Hudson	82,344	16,879	-	(28,163)	71,060
Volunteer	129,871	95,783	-	(160,532)	65,122
Summer on the Hudson Troops for Fitness	72,500	-	-	(14,413)	58,087
76th Street Playground	51,508	1,250	-	-	52,758
91 st Street Hippo Playground	58,785	61,193	-	(68,391)	51,587
Other programs	354,918	93,738	-	(250,909)	197,747
Unspent investment return earned on endowment funds	<u>334,492</u>	<u>117,059</u>	<u>(36,347)</u>	<u>(20,850)</u>	<u>394,354</u>
Total	<u>\$ 1,667,539</u>	<u>\$ 579,767</u>	<u>\$ 50,520</u>	<u>\$ (792,575)</u>	<u>\$ 1,505,251</u>

RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE

Notes to Consolidated Financial Statements (continued)
December 31, 2017 and December 31, 2016Note 4 – Temporarily restricted net assets (continued)

	2016			Balance, December 31 2016
	Balance, December 31 2015	Contributions and investment return	Net assets released	
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>

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 New York Prudent Management of Institutional Funds Act requires. There were no such deficiencies as of December 31, 2017 and December 31, 2016.

RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE

**Notes to Consolidated Financial Statements (continued)
December 31, 2017 and December 31, 2016**

Note 5 – Endowment funds (continued)

Permanently restricted net assets consist of the following as of December 31, 2017 and December 31, 2016:

	<u>2017</u>	<u>2016</u>
103 rd and 107 th 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
Alex and Thelma Schwarz Fund	50,000	50,000
Neufeld Playground at 76 th Street	50,000	50,000
Ralph Ellison Memorial	50,000	50,000
Firemen's Memorial Island	<u>12,000</u>	<u>12,000</u>
Total	<u>\$ 537,000</u>	<u>\$ 587,520</u>

Note 6 – Commitments

Office and storage space

The Conservancy leases office and storage space under non-cancelable operating leases expiring on October 31, 2020. 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, 2017 and December 31, 2016 is \$50,973 and \$46,396, 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 March 2017, the license agreement was extended to March 30, 2018. On March 26, 2018, the agreement was extended and is up for renewal March 30, 2019.

RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE

Notes to Consolidated Financial Statements (continued)
December 31, 2017 and December 31, 2016

Note 6 – Commitments (continued)**Park maintenance funding agreement**

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 automatically renewed on January 1, 2016 for a sixty-month period. 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 (the “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 8 – Litigation

The Conservancy is currently involved in a legal proceeding arising in the ordinary course of business. The Conservancy believes it has a defense for the proceeding and is vigorously defending the action. In the opinion of management, after consultation with outside legal counsel, the final disposition of the matter will not have a material effect on the Conservancy’s consolidated financial statements. In the above proceeding, 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 proceeding.

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.