

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

**Consolidated Financial Statements
For the Years Ended
December 31, 2018
and
December 31, 2017**

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, 2018 and December 31, 2017 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, 2018 and December 31, 2017 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 10, 2019

RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE

Consolidated Statement of Financial Position

	Assets	
	December 31	
	2018	2017
Current assets		
Cash and cash equivalents	\$3,532,375	\$2,875,491
Contributions receivable	735,021	21,600
Prepaid expenses	<u>13,459</u>	<u>7,212</u>
Total current assets	<u>4,280,855</u>	<u>2,904,303</u>
Investments, at fair value	<u>1,228,112</u>	<u>1,280,766</u>
Property and equipment, at cost		
Furniture and equipment	58,818	96,743
Leasehold improvements	<u>20,350</u>	<u>20,350</u>
Sub-total	79,168	117,093
Less: accumulated depreciation and amortization	<u>59,140</u>	<u>53,636</u>
Net property and equipment	<u>20,028</u>	<u>63,457</u>
Total assets	<u>\$5,528,995</u>	<u>\$4,248,526</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 581,163	\$ 587,291
Deferred RPC - South maintenance fees	<u>230,187</u>	<u>254,684</u>
Total current liabilities	<u>811,350</u>	<u>841,975</u>
Net assets		
Without donor restrictions	900,944	1,364,300
With donor restrictions	<u>3,816,701</u>	<u>2,042,251</u>
Total net assets	<u>4,717,645</u>	<u>3,406,551</u>
Total liabilities and net assets	<u>\$5,528,995</u>	<u>\$4,248,526</u>

See notes to consolidated financial statements.

RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE

**Consolidated Statement of Activities
Year Ended December 31, 2018
(with summarized comparative information for 2017)**

	2018			2017
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Public support and revenue				
Contributions	\$ 1,259,981	\$ 2,594,790	\$ 3,854,771	\$ 1,400,903
Special events proceeds (net of direct expenses of \$123,992 for 2018 and \$266,856 for 2017)	601,909	-	601,909	391,581
Interest and dividends	3,964	24,347	28,311	25,296
RCTA fees	344,870	-	344,870	385,882
Sports camp fees	778,381	-	778,381	793,345
RPC-South maintenance fees	1,328,328	-	1,328,328	1,570,796
Other	233,741	-	233,741	255,164
Net assets released from restrictions	<u>775,920</u>	<u>(775,920)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>5,327,094</u>	<u>1,843,217</u>	<u>7,170,311</u>	<u>4,822,967</u>
Expenses				
Program services				
Field operations and volunteers	2,982,403	-	2,982,403	2,499,321
Public programs and events	1,568,493	-	1,568,493	1,498,312
Design and construction	<u>361,193</u>	<u>-</u>	<u>361,193</u>	<u>213,865</u>
Total program services	<u>4,912,089</u>	<u>-</u>	<u>4,912,089</u>	<u>4,211,498</u>
Supporting activities				
Management and general	408,366	-	408,366	570,508
Fundraising	<u>469,995</u>	<u>-</u>	<u>469,995</u>	<u>541,531</u>
Total supporting activities	<u>878,361</u>	<u>-</u>	<u>878,361</u>	<u>1,112,039</u>
Total expenses	<u>5,790,450</u>	<u>-</u>	<u>5,790,450</u>	<u>5,323,537</u>
Increase (decrease) in net assets from operating activities	(463,356)	1,843,217	1,379,861	(500,570)
Non-operating activities				
Unrealized gain (loss) on investments	<u>-</u>	<u>(68,767)</u>	<u>(68,767)</u>	<u>110,826</u>
Increase (decrease) in net assets	(463,356)	1,774,450	1,311,094	(389,744)
Net assets, beginning of year	<u>1,364,300</u>	<u>2,042,251</u>	<u>3,406,551</u>	<u>3,796,295</u>
Net assets, end of year	<u>\$ 900,944</u>	<u>\$ 3,816,701</u>	<u>\$ 4,717,645</u>	<u>\$ 3,406,551</u>

See notes to consolidated financial statements.

RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE

**Consolidated Statement of Activities
Year Ended December 31, 2017**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public support and revenue			
Contributions	\$ 953,606	\$ 447,297	\$ 1,400,903
Special events proceeds (net of direct expenses of \$266,856 for 2017)	391,581	-	391,581
Interest and dividends	3,652	21,644	25,296
RCTA fees	385,882	-	385,882
Sports camp fees	793,345	-	793,345
RPC-South maintenance fees	1,570,796	-	1,570,796
Other	255,164	-	255,164
Net assets released from restrictions	<u>792,575</u>	<u>(792,575)</u>	<u>-</u>
Total public support and revenue	<u>5,146,601</u>	<u>(323,634)</u>	<u>4,822,967</u>
Expenses			
Program services			
Field operations and volunteers	2,499,321	-	2,499,321
Public programs and events	1,498,312	-	1,498,312
Design and construction	<u>213,865</u>	<u>-</u>	<u>213,865</u>
Total program services	<u>4,211,498</u>	<u>-</u>	<u>4,211,498</u>
Supporting activities			
Management and general	570,508	-	570,508
Fundraising	<u>541,531</u>	<u>-</u>	<u>541,531</u>
Total supporting activities	<u>1,112,039</u>	<u>-</u>	<u>1,112,039</u>
Total expenses	<u>5,323,537</u>	<u>-</u>	<u>5,323,537</u>
(Decrease) in net assets from operating activities	(176,936)	(323,634)	(500,570)
Non-operating activities			
Unrealized gain on investments	<u>-</u>	<u>110,826</u>	<u>110,826</u>
(Decrease) in net assets	(176,936)	(212,808)	(389,744)
Net assets, beginning of year	<u>1,541,236</u>	<u>2,255,059</u>	<u>3,796,295</u>
Net assets, end of year	<u>\$ 1,364,300</u>	<u>\$2,042,251</u>	<u>\$ 3,406,551</u>

See notes to consolidated financial statements.

RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE

Consolidated Statement of Functional Expenses
 Year Ended December 31, 2018
 (with summarized comparative information for 2017)

	2018						2017	
	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	\$1,132,787	\$ 457,999	\$ 77,162	\$ 146,912	\$ 217,970	\$ 364,882	\$2,032,830	\$1,561,824
Payroll taxes and employee benefits	264,518	106,948	18,018	34,305	50,898	85,203	474,687	364,451
Total salaries and related costs	1,397,305	564,947	95,180	181,217	268,868	450,085	2,507,517	1,926,275
Professional fees	72,599	110,896	4,945	163,497	13,969	177,466	365,906	214,248
Contractors – RSPOA	913,718	-	-	-	-	-	913,718	1,028,636
Occupancy	36,929	14,931	2,516	4,789	7,106	11,895	66,271	50,973
Office expenses	102,660	41,507	6,993	13,314	19,754	33,068	184,228	141,792
Insurance	12,287	4,968	837	1,593	2,364	3,957	22,049	30,551
Park supplies	216,246	-	-	37,962	-	37,962	254,208	132,172
Park improvements	144,094	-	250,465	-	-	-	394,559	391,195
Sports camp	-	639,466	-	-	-	-	639,466	672,756
RPC – South	82,798	83,436	-	-	-	-	166,234	350,710
Other	3,767	108,342	257	490	157,934	158,424	270,790	376,610
Depreciation and amortization	-	-	-	5,504	-	5,504	5,504	7,619
Total	\$2,982,403	\$1,568,493	\$ 361,193	\$ 408,366	\$ 469,995	\$ 878,361	\$5,790,450	\$5,323,537

See notes to consolidated financial statements.

RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE

Consolidated Statement of Functional Expenses
Year Ended December 31, 2017

	Program Services			Supporting Activities		
	Field Operations and Volunteers	Public Programs and Events	Design and Construction	Management and General	Fundraising	Total
Salaries	\$ 716,302	\$ 322,667	\$ 24,046	\$ 316,237	\$ 182,572	\$ 498,809
Payroll taxes and employee benefits	197,692	59,991	522	69,612	36,634	106,246
Total salaries and related costs	913,994	382,658	24,568	385,849	219,206	605,055
Professional fees	13,243	73,893	368	121,369	5,375	126,744
Contractors – RSPOA	930,548	98,088	-	-	-	-
Occupancy	15,292	5,097	-	15,292	15,292	30,584
Office expenses	12,906	68,609	1,488	26,588	32,201	58,789
Insurance	10,751	11,923	360	4,674	2,843	7,517
Park supplies	132,042	106	-	24	-	24
Park improvements	203,876	238	187,081	-	-	-
Sports camp	-	672,756	-	-	-	-
RPC – South	265,368	85,342	-	-	-	-
Other	1,301	99,602	-	9,093	266,614	275,707
Depreciation and amortization	-	-	-	7,619	-	7,619
Total	\$2,499,321	\$1,498,312	\$ 213,865	\$ 570,508	\$ 541,531	\$1,112,039
						\$5,323,537

See notes to consolidated financial statements.

RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE

Consolidated Statement of Cash Flows

	Year Ended	
	December 31	
	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Increase (decrease) in net assets	\$1,311,094	\$ (389,744)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	5,504	7,619
Loss on disposal of property and equipment	37,925	-
Donated stocks	(27,710)	(36,717)
Proceeds from sale of donated stocks	27,710	36,717
Unrealized (gain) loss on investments	68,767	(110,826)
(Increase) decrease in assets		
Contributions receivable	(713,421)	106,950
Prepaid expenses	(6,247)	(7,212)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(6,128)	39,850
Deferred RPC - South maintenance fees	(24,497)	(237,623)
Net cash provided by (used in) operating activities	<u>672,997</u>	<u>(590,986)</u>
Cash flows from investing activities		
Purchases of property and equipment	-	(71,076)
Purchases of investments	(24,117)	(239,766)
Proceeds from sale of investments	28,591	109,216
Net change in money market funds	(20,587)	82,622
Net cash (used in) investing activities	<u>(16,113)</u>	<u>(119,004)</u>
Net increase (decrease) in cash and cash equivalents	656,884	(709,990)
Cash and cash equivalents, beginning of year	<u>2,875,491</u>	<u>3,585,481</u>
Cash and cash equivalents, end of year	<u>\$3,532,375</u>	<u>\$2,875,491</u>

See notes to consolidated financial statements.

RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE**Notes to Consolidated Financial Statements
December 31, 2018 and December 31, 2017****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, 2018 and December 31, 2017**

Note 2 – Summary of significant accounting policies (continued)

Not-for-Profit Financial Statement Presentation

Effective for 2018, the Conservancy adopted Accounting Standards Update (“ASU”) No. 2016-14 *Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity’s liquidity, financial performance, and cash flows.

The following is a summary of the net asset reclassifications as required by the adoption of the ASU as of December 31, 2016:

<u>Net Asset Classifications</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Assets</u>
As previously presented			
Unrestricted	\$ 1,541,236	\$ -	\$ 1,541,236
Temporarily restricted	-	1,667,539	1,667,539
Permanently restricted	-	<u>587,520</u>	<u>587,520</u>
Net assets, as reclassified December 31, 2016	<u>\$ 1,541,236</u>	<u>\$ 2,255,059</u>	<u>\$ 3,796,295</u>

In addition, in accordance with the adoption of the ASU, the Conservancy has also reclassified its 2017 net asset.

The Conservancy reports information regarding its consolidated financial position and consolidated activities into two classes of net assets as follows:

Without donor restrictions

Net assets that are not subject to donor imposed restrictions and are available for operations.

With donor restrictions

Temporary donor restrictions

Net assets that are subject to specific donor imposed restrictions that are expected to be satisfied by passage of time or performance of activities.

Perpetual donor restrictions

Net assets that are subject to donor imposed stipulations that must remain intact in perpetuity.

RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE**Notes to Consolidated Financial Statements (continued)
December 31, 2018 and December 31, 2017****Note 2 – Summary of significant accounting policies (continued)**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 net assets without donor restrictions and with donor restrictions (temporary donor restrictions).

Fair value measurements

For assets measured at fair value on a recurring basis as of December 31, 2018 and December 31, 2017, 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, 2018 and December 31, 2017, 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.

RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE**Notes to Consolidated Financial Statements (continued)
December 31, 2018 and December 31, 2017****Note 2 – Summary of significant accounting policies (continued)****Contributions**

Contributions and grants received including unconditional promises to give, are recorded as support without donor restrictions or with donor restrictions, 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 support without donor restrictions. Restrictions that are not met are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions 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.

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. Expenses attributable to more than one functional category are allocated using a variety of cost allocation techniques primarily consisting of salary and wages and time and effort reporting.

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.

RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE

**Notes to Consolidated Financial Statements (continued)
December 31, 2018 and December 31, 2017**

Note 2 – Summary of significant accounting policies (continued)

Concentrations of credit risk

The Conservancy's financial instruments that are potentially exposed to concentrations of credit risk consist of cash, cash equivalents, receivables and investments. The Conservancy places its cash and cash equivalents with what it believes to be quality financial institutions. 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 closely monitors the collectability of its receivables. 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, 2018. The Conservancy routinely assesses the financial strength and diversification of its investment portfolio. As a result, management believes concentrations of credit risk are limited.

Reclassification

Certain items in the 2017 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 September 10, 2019, which is the date the consolidated financial statements were available to be issued.

Note 3 – Liquidity and availability of financial assets

The Conservancy's working capital and cash flows have seasonal fluctuations during the year primarily attributable to the annual cash receipts for contributions and RPC-South maintenance fees.

The following is a summary of the financial assets as of December 31, 2018 that are available to meet cash needs for general expenditures within one year of the consolidated statement of financial position date:

Cash and cash equivalents	\$ 3,532,375
Contributions receivable	<u>735,021</u>
Total financial assets	4,267,396
Less: Assets with perpetual donor restrictions	<u>(537,000)</u>
Total	<u>\$ 3,730,396</u>

RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE

Notes to Consolidated Financial Statements (continued)
December 31, 2018 and December 31, 2017

Note 4 – Investments

The following is a summary of the investments at fair value held by the Conservancy as of December 31, 2018 and December 31, 2017:

	<u>2018</u>	<u>2017</u>
Money market funds	\$ 279,451	\$ 300,038
Common stocks	10,928	-
Vanguard total stock market ETF	105,586	109,785
Vanguard long-term bond index fund	286,076	299,574
Vanguard 500 stock index fund	<u>546,071</u>	<u>571,369</u>
Total	<u>\$1,228,112</u>	<u>\$1,280,766</u>

Note 5 – Net assets with donor restrictions

Temporary donor restrictions

The following summarizes the changes in net assets with temporary donor restrictions for the years ended December 31, 2018 and December 31, 2017:

	<u>2018</u>			
	<u>Balance, December 31 2017</u>	<u>Contributions and investment return</u>	<u>Net assets released</u>	<u>Balance, December 31 2018</u>
Programs:				
Hungarian Memorial	\$ 265,411	\$ (13,468)	\$ -	\$ 251,943
Park operations	159,697	124,425	(262,894)	21,228
Warsaw Ghetto Memorial Plaza (including unspent investment return)	109,883	(3,016)	-	106,867
72 nd Street Dog Run	79,545	15,960	(18,684)	76,821
Summer on the Hudson	71,060	9,730	(23,033)	57,757
Volunteer	65,122	84,455	(59,804)	89,773
Summer on the Hudson Troops for Fitness	58,087	-	(14,399)	43,688
76 th Street Playground	52,758	1,200	-	53,958
91 st Street Hippo Playground	51,587	1,750	(45,977)	7,360
116 th - 125 th Street Bird Sanctuary	-	600,000	(78,672)	521,328
Greenway Slope Restoration	-	575,410	(24,541)	550,869
Field House	-	1,000,000	(121,158)	878,842
Other programs	197,747	180,710	(105,758)	272,699
Unspent investment return earned on endowment funds	<u>394,354</u>	<u>(26,786)</u>	<u>(21,000)</u>	<u>346,568</u>
Total	<u>\$ 1,505,251</u>	<u>\$ 2,550,370</u>	<u>\$ (775,920)</u>	<u>\$ 3,279,701</u>

RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE

**Notes to Consolidated Financial Statements (continued)
December 31, 2018 and December 31, 2017**

Note 5 – Net assets with donor restrictions (continued)

Temporary donor restrictions (continued)

	2017				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
72 nd 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
76 th 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	334,492	117,059	(36,347)	(20,850)	394,354
Total	<u>\$ 1,667,539</u>	<u>\$ 579,767</u>	<u>\$ 50,520</u>	<u>\$ (792,575)</u>	<u>\$ 1,505,251</u>

Perpetual donor restrictions – endowment funds

The Conservancy acts prudently when making decisions to spend or accumulate perpetual donor restricted endowment assets and in doing so, considers a number of factors including the duration and preservation of its perpetual donor restricted endowment funds. The Conservancy classifies as perpetual restricted net assets the original value of gifts donated to the 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 perpetual restricted funds is recorded as temporary restricted support 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, 2018 and December 31, 2017.

RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE

**Notes to Consolidated Financial Statements (continued)
December 31, 2018 and December 31, 2017**

Note 5 – Net assets with donor restrictions (continued)

Perpetual donor restrictions – endowment funds (continued)

The net assets with perpetual donor restrictions consist of the following as of December 31, 2018 and December 31, 2017:

103 rd and 107 th Street Ballfields Endowment	\$ 200,000
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
Firemen’s Memorial Island	<u>12,000</u>
Total	<u>\$ 537,000</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, 2018 and December 31, 2017 is \$66,271 and \$50,973, 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 to March 30, 2019. On March 12, 2019, the agreement was extended and is up for renewal September 30, 2019.

RIVERSIDE PARK CONSERVANCY, INC. AND AFFILIATE**Notes to Consolidated Financial Statements (continued)
December 31, 2018 and December 31, 2017****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.