

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Management's Discussion and Analysis,
Financial Statements and
Supplemental Information
March 31, 2020 and 2019
(With Independent Auditors' Report Thereon)

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Hudson River Park Trust:

Report on the Financial Statements

We have audited the accompanying basic financial statements of the Hudson River Park Trust (the Trust), a public benefit corporation of the State of New York, as of and for the years ended March 31, 2020 and 2019, and the related notes to financial statements, which collectively comprise the Trust's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust'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 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the Hudson River Park Trust, as of March 31, 2020 and 2019, and the respective changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and on pages 4 through 15, the Schedule Changes in Trust's Total OPEB Liability and Related Ratios on page 39, the Schedule of Proportionate Share of the Net Pension Liability on page 40, and the Schedule of Employer Pension Contributions on page 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements of the Trust's basic financial statements. The supplementary information included in Schedules 1 through 4, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards on page 52, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 28, 2020, on our consideration of the Trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Trust's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Trust's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
August 28, 2020

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Management's Discussion and Analysis
March 31, 2020 and 2019

The following Management's Discussion and Analysis (MD&A) of the financial statements for Hudson River Park Trust (the Trust) provides an overview of activities and financial performance for the fiscal year beginning on April 1, 2019 and ending March 31, 2020 (fiscal year 2020). We encourage readers to consider the MD&A in conjunction with the basic financial statements, related notes and Supplemental Information each of which follow this section to obtain a full understanding of the Trust's financial position and results of operations.

Organizational Overview and Primary Funding

The Trust is a New York State (the State) public benefit corporation created in 1998 under the Hudson River Park Act (the Act) and regulated as a State authority under the State's Public Authorities Law. The Trust is charged with the planning, construction, operation and maintenance of Hudson River Park (the Park), a waterfront park and estuarine sanctuary running along the Hudson River from West 59th Street south to Battery Park City. The mission of the Trust is to encourage, promote and expand public access to the Hudson River, promote water-based recreation, and enhance the natural, cultural, and historic aspects of the river in New York City for residents and visitors to the area. The Trust is governed by a 13-member board of directors with the Governor and Mayor each appointing 5 members and the Manhattan Borough President appointing 3 members. Additional information on the Trust's board of directors can be found on the Trust's website at <https://hudsonriverpark.org/about-us/hudson-river-park-trust/hudson-river-park-trust-board-of-directors/>.

As of March 31, 2020, approximately \$749.8 million has been expended on new Park construction, equipment, the construction of facilities serving certain not-for-profit and public users, such as the Intrepid Museum at Pier 86 and the New York City Fire Department Marine Division at Pier 53, and for capital maintenance. Management estimates approximately 80% of new Park construction is now in construction or complete. The status of Park build-out as of February 1, 2020 is detailed in the Trust's annual Financing Plan which may be found at https://hudsonriverpark.org/app/uploads/2020/03/Financing_Plan_FY2020-21_1.pdf.

Capital funds associated with new Park construction have been provided primarily by the State and the City of New York (the City), with supplemental monies received from the Federal government, private foundation sources and an allocation of air rights transaction proceeds. In addition, the Trust has received restricted funding as a beneficiary in connection with certain litigation and administrative settlement agreements earmarked for improvements within the Park at Pier 97, the Gansevoort Peninsula, and the Pier 26 Estuarium.

The Act states that, to the extent practicable and consistent with the public interest and limitations placed on commercial activity, the costs of the operation and maintenance of the Park should be paid by revenues generated from within the Park. The primary sources of operating revenue in fiscal year 2020 were lease rents (including payments in lieu of real estate taxes, or PILOT), occupancy permit and concession fees for commercial use facilities, parking revenue from the Pier 40 garage and certain user fees. This operating revenue was supplemented by certain non-operating revenue from outside the Park that was self-generated, or accomplished in conjunction with others, such as contributions from Hudson River Park Friends (HRPF), interest income, foundation support,

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Management's Discussion and Analysis, Continued

and private contributions and grants. From its founding to the present day, the Trust has not received funds to support direct operating or ordinary maintenance costs from either the City or the State. In addition to presenting an overview of activities and financial performance, this MD&A provides an analysis of how the costs of operation and maintenance of the Park, including capital maintenance which is not otherwise treated as an operating expense in the financials, are being supported by internal and self-generated revenue in furtherance of the legislative goal of financial self-sufficiency.

Overview of Financial Statements

The basic financial statements consist of three main parts and include information for both fiscal years 2020 and 2019. The three sections are: (1) statements of net position (like a balance sheet), (2) statements of revenue, expenses, and changes in net position (akin to an income statement), and (3) statements of cash flows.

The statements of net position include all the Trust's investments in resources (assets) and payment obligations to vendors and contractors (liabilities). It also provides the basis for evaluating the Trust's capital structure and for assessing its liquidity and financial flexibility. All the Trust's revenue and expenses are accounted for in the statements of revenue, expenses, and changes in net position. These statements measure the success of the Trust's operations over the past year and can be used to determine the degree to which the Trust has recovered its costs through its operating revenue and external revenue sources. The final section is the statements of cash flows, which provides information about the Trust's sources and uses of cash during the reporting period. The statements of cash flows report cash receipts, cash payments and net changes in cash resulting from operations, capital financing (primarily construction activity) and investing activities. They provides answers to such questions as where cash came from, what was cash used for, and what was the change in cash balance during the reporting periods.

Following the statements are the notes to financial statements, required supplementary information (RSI) schedule of changes in Trust's total Other Postemployment Benefits (OPEB) liability and related ratios, schedule of proportionate share of the net pension liability, and schedule of employer pension contributions. Following the RSI schedules is Supplemental Information consisting of four schedules that presents financial results for fiscal years 2020 and 2019 in the format of the Trust's approved annual budget. Further information concerning the Trust's current budget for fiscal year 2021 is available at https://hudsonriverpark.org/app/uploads/2020/07/2020-2021_APPROVED_BUDGET.pdf.

The Trust adheres to the provisions of the Governmental Accounting Standards Board (GASB) consistent with regulations promulgated by the New York State Office of the Comptroller relating to accounting, reporting and supervision requirements for public authorities. The Trust has adopted GASB Statement No. 75 - "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." GASB Statement No. 75 establishes standards of financial accounting and financial reporting for defined benefit OPEB. As detailed in the notes section, this is an unfunded future liability as the Trust contributes only enough money to satisfy current obligations on a pay-as-you go basis.

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In addition, the Trust has implemented GASB Statement No. 68 - “Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27” and GASB Statement No. 71 - “Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment to GASB Statement No. 68.” As further detailed in the notes section, the implementation of these two statements has resulted in the reporting of deferred outflows of resources and an unfunded liability related to the Trust’s participation in the New York State and Local Retirement System (ERS). The amount recorded relates to the Trust’s proportionate share obligation of ERS and is based on the financial performance of ERS. Annual changes in this unfunded ERS liability are not within the control of the Trust.

Statements of Net Position

The following table summarizes the Trust’s assets, liabilities, and net position as of March 31, 2020 and 2019 under the accrual basis of accounting.

	<u>2020</u>	<u>2019</u>	<u>Dollar change</u>	<u>Percent change</u>
Total assets	\$ <u>890,983,851</u>	<u>791,694,440</u>	<u>99,289,411</u>	13%
Total deferred outflows of resources	\$ <u>1,377,699</u>	<u>2,272,760</u>	<u>(895,061)</u>	(39%)
Total liabilities	\$ <u>40,655,720</u>	<u>32,456,024</u>	<u>8,199,696</u>	25%
Total deferred inflows of resources	\$ <u>10,939,978</u>	<u>4,870,788</u>	<u>6,069,190</u>	125%
Total net position	\$ <u>840,765,852</u>	<u>756,640,388</u>	<u>84,125,464</u>	11%

As summarized in the table above and detailed in the statements of net position, the Trust’s total assets increased by 13% to \$891.0 million in fiscal year 2020. The combined increase in accounts receivable, investments, and property and equipment exceeded the cumulative decrease in cash and equivalents, prepaid expenses, and construction in progress by \$99.3 million. The increase is primarily due to a \$48.3 million increase in investment funds generated from two air right sales, and a \$41.7 million increase in property and equipment funded from City and State appropriation revenue in fiscal year 2020.

Deferred outflows represent a use of net position that applies to future periods. A pension deferred outflow of \$1.4 million at March 31, 2020, which is part of reporting under GASB Statement No. 68, decreased by \$895 thousand from \$2.3 million in the prior fiscal year. As discussed above, this decrease results from the financial performance of the New York State and Local Retirement System and is not within the control of management.

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The Trust's total liabilities on March 31, 2020 were \$40.7 million, an increase of \$8.2 million, or 25%, compared to the prior fiscal year. This was primarily attributable to a \$5.0 million actuarial increase in OPEB under GASB Statement No. 75 that requires the Trust to record the full OPEB liability versus the previous method which allowed for amortization of the OPEB liability. The combination of accounts payable and accrued expenses increased in fiscal year 2020 by \$2.5 million to \$17.3 million. This increase reflects continuing construction activity at Pier 26 and pile repair work at Pier 40. The remainder of the increase is attributable to the change in the Trust's proportionate share of the ERS's net pension liability under GASB Statement No. 68 and GASB Statement No. 71.

Deferred inflows represent increases in net position that apply to future periods. The Trust's primary deferred inflows in fiscal year 2020 were \$8.2 million of advanced appropriation revenue received from the City for Pier 26 construction, \$2.1 million of prepaid lease revenue and \$659 thousand in relation to pension accounting, for total of \$10.9 million.

Overall, the Trust's net position represents assets less liabilities adjusted for deferred inflows and outflows of resources. Compared to the prior fiscal year, the total net position increased by \$84.1 million, or 11%, to \$840.8 million in fiscal year 2020. The net position at the end of fiscal year 2020 was distributed as investment in capital assets net of depreciation and construction in progress of \$630.8 million, restricted funds for capital expenditures of \$158.4 million, and unrestricted funds of \$51.7 million allocated for working capital, reserves and future unfunded liabilities.

In fiscal year 2020, the Trust spent \$24.7 million on new construction and \$26.1 million on capital maintenance, for a total of \$50.8 million. Cumulative investment in capital assets net of depreciation in fiscal year 2020 includes approximately \$501.0 million of completed Park improvements, \$1.8 million of equipment and \$128.0 million of construction in progress. Construction in progress, which includes design work, is comprised primarily of new Park projects underway at Pier 26, Gansevoort, Pier 55 and its esplanade, Pier 97, and capital maintenance work at Pier 40.

Funds restricted for capital expenditures increased by \$39.1 million in fiscal year 2020 to \$158.4 million, primarily as the result of new air rights transactions with funds designated for this purpose. Unrestricted funds increased year-on-year by \$3.4 million to \$51.7 million.

Statements of Revenue, Expenses and Changes in Net Position

The table below summarizes information detailed in the statements of revenue, expenses and changes in net position for the fiscal years ended March 31, 2020 and 2019. Additional information on operating and non-operating revenues, operating expenses, and the capital maintenance portion of expenditures for construction, is found in the Supplemental Information schedules. The Supplemental Information schedules correspond to the format of the Trust's approved budget.

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	<u>2020</u>	<u>2019</u>	<u>Dollar</u> <u>change</u>	<u>Percent</u> <u>change</u>
Operating revenue	\$ 32,170,331	37,262,109	(5,091,778)	(14%)
Operating expenses	<u>29,580,616</u>	<u>23,403,642</u>	<u>6,176,974</u>	26%
Operating income	<u>2,589,715</u>	<u>13,858,467</u>	<u>(11,268,752)</u>	(81%)
Non-operating revenue	45,270,007	37,833,115	7,436,892	20%
Non-operating revenue - sale of development rights	48,284,813	-	48,284,813	N/A
Non-operating expense	<u>12,019,071</u>	<u>11,542,258</u>	<u>476,813</u>	4%
Non-operating income	<u>81,535,749</u>	<u>26,290,857</u>	<u>55,244,892</u>	210%
Change in net position	\$ <u>84,125,464</u>	<u>40,149,324</u>	<u>43,976,140</u>	110%

Operating revenue is generated from within the Park from lease and other occupancy agreements, user fees and sponsorships. Total operating revenue in fiscal year 2020 was \$32.2 million, compared to \$37.3 million in fiscal year 2019, a net decrease of \$5.1 million, or 14%. Approximately 69% of operating revenue, or \$22.4 million, was derived from leases and other occupancy agreements; 24%, or \$7.7 million, came from Pier 40 parking charges (net of local and state taxes); and 7%, or \$2.1 million, was from user fees and other revenue sources. Lease revenue was greater in fiscal year 2019 than fiscal year 2020 by \$5.2 million primarily because the Trust's Pier 57 tenant made a scheduled \$7 million lump sum payment in fiscal year 2019, and no such similar payment was required in fiscal year 2020. Garage revenue net of parking taxes of \$7.7 million increased by \$81 thousand in fiscal year 2020, or 1%. User fees and other revenue, which includes event and sponsorship fees, increased by \$19 thousand to \$2.1 million, or 1%.

Operating expenses in fiscal year 2020 totaled \$29.6 million, an increase of \$6.2 million or 26% from the prior fiscal year. Included within operating expenses is \$15.0 million of employee compensation and benefits, including a \$5.0 million in non-cash OPEB and net pension liability increase. OPEB and net pension liability are both actuarially determined unfunded future liabilities. While the increased amounts for both future OPEB and pension costs are expensed in the year they are incurred; the Trust contributes only enough money to satisfy current obligations on a pay-as-you-go basis with the balance recorded as an accrued liability. The amounts for the current fiscal year are included within the employee compensation and benefits expense category.

Excluding non-cash OPEB and pension expenses, employee compensation and benefits of approximately \$10.0 million increased by \$635 thousand or 7%, in fiscal year 2020. The growth in employee compensation reflects a 6% increase in full time staff head count from 77 to 82, staff raises and promotions, and a contractual increase due under a collective bargaining agreement. Within employee benefits, pension costs increased by 7%, or \$51 thousand, to \$717 thousand. Among cost reductions, overtime costs fell by \$13 thousand, or 19%, to \$55 thousand as the relatively mild 2019-2020 winter weather reduced the need for overtime snow removal.

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Management's Discussion and Analysis, Continued

Certain operating expenses were subject to cost reimbursement arrangements, primarily with the State and City, as detailed further in the Supplemental Information schedules. In fiscal year 2020, reimbursement from the City and State for liability insurance costs covered \$3.2 million of the Trust's \$3.9 million cost for all types of insurance coverage. Reimbursement consisted of both direct State payment and offsets for contracted public safety services by the City described below. Reimbursement for contracted vendor costs associated with the maintenance of the Route 9(a) median by the State totaled \$483 thousand in fiscal year 2020. An additional \$50 thousand for Park maintenance was reimbursable from other sources. Total reimbursable operating expenses in fiscal year 2020 for both liability insurance and maintenance costs were \$3.7 million.

"Park programs and maintenance" and "general and administrative" are the two "other than personnel service" (OTPS) operating expense categories in the statements of revenue, expense, and changes in net position. Net of the maintenance reimbursement discussed above, Park programs and maintenance OTPS costs were \$9.6 million in fiscal year 2020, an increase of \$664 thousand or 7% from the prior year. The largest single category increase was \$232 thousand for public safety. The Trust contracts with the New York City Parks Department Parks Enforcement Patrol (PEP) for public safety services, and the cost of union increases in PEP wages and benefits are passed through to the Trust.

General and administrative OTPS costs, net of State and City reimbursement for liability insurance, decreased by \$393 thousand, or 25% to \$1.2 million. Notably, within general and administrative OTPS costs, legal fees decreased by \$123 thousand or 65%, from the prior fiscal year to \$66 thousand as there was a lesser need for specialized services and in-house staff assumed a greater portion of legal work.

Absent the \$5.0 million non-cash OPEB and pension expenses, and taking into account the \$3.7 million of reimbursements discussed above, net operating expenses were \$20.8 million in fiscal year 2020, an increase of \$906 thousand, or 5%, from the prior fiscal year as shown in the Supplemental Information. Overall, excluding non-cash OPEB and pension expenses, personnel costs were approximately 45% of net operating expenses.

Operating income consisting of operating revenue less operating expense as detailed in the statements of revenue, expense and changes in net position, was \$2.6 million in fiscal year 2020 as compared to \$13.9 million in fiscal year 2019, a decrease of \$11.3 million or 81%. After making the \$5.0 million OPEB and \$3.7 million reimbursement adjustments described above, operating income was \$11.4 million in fiscal year 2020 as compared to \$17.4 million in fiscal year 2019, a decrease of \$6.0 million, or 35%. The primary cause of this decrease was that no lump sum rent payment was received in fiscal year 2020 while a \$7.0 million lump sum rent payment was received in fiscal year 2019.

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As detailed in the statements of revenue, expenses and changes in net position, non-operating revenue increased by \$55.7 million or 147%, in fiscal year 2020 to \$93.6 million. Non-operating revenue included sale of air rights, appropriation revenue from the State and City applied to new Park construction and capital maintenance, reimbursements, settlements and grants, contributions, realized gain on investments and unrealized gain on investments.

Within non-operating revenue, realized gain on investments, constituting interest income, increased in fiscal year 2020 by \$2.7 million, or 147% to \$4.6 million. The unrealized (non-cash) gain on investments in fiscal year 2020 was \$4.8 million. Securities held in the Trust's investment accounts are recorded at their fair value, and the unrealized gains on these securities are recorded as non-operating unrealized gains.

The most significant increase in non-operating revenue in fiscal year 2020 came from the sale of air rights. Under a 2013 amendment to the Act, the Trust became legislatively authorized to transfer available development rights to eligible receiving sites located one block east of West Street to the extent permitted under applicable provisions of the New York City Zoning Resolution and subject to certain other public review and approval requirements. In May 2019, the Trust closed on sales of 158,000 square feet in the aggregate of unused development rights from the Chelsea section of Hudson River Park to two developers. The total consideration was \$48.3 million with an additional \$3.0 million due in the future when certificates of occupancies are issued for buildings to be constructed on the two private receiving sites. Funds received by the Trust from these development rights transfers are restricted and must be applied 80% to designated new Park construction and 20% to capital maintenance costs in the Manhattan Community Board 4 portion of the Park. This in keeping with an agreement with the New York City Department of City Planning as part of the land use review and approval of the air rights sale.

Depreciation and amortization, the sole non-operating expense for fiscal year 2020, was \$12.0 million, an increase of \$477 thousand or 4%. Non-operating revenue less non-operating expense in fiscal year 2020 was \$81.5 million, a gain of \$55.2 million or 210% over the prior fiscal year with the increase primarily attributable to the air rights sales.

The change in net position, which combines operating income and non-operating income, was \$84.1 million in fiscal year 2020, an increase of \$44 million or 110% as compared to fiscal year 2019.

Self-Generated Revenue, Park Operating Expenses and Capital Maintenance Costs

The table below summarizes the Trust's operating revenue and self-generated non-operating revenue (primarily interest and contribution revenue), direct Park operating expenses, other Park operating expenses (parking garage and general and administrative costs), reimbursable revenue that offsets certain operating expenses, capital maintenance (CAPm) and capital equipment (CAPx) outlays, reimbursements for CAPm from appropriations and restricted funds and the resulting pro-forma deficit/surplus for the fiscal years ended March 31, 2020 and 2019.

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The table corresponds in summary form to the Trust’s approved budget format presented in the Supplemental Information schedules. The Supplemental Information schedules show operating expenses which include both personnel and OTPS costs for each of the Trust’s principal functional activities: education and Park programs; grounds, facilities, and capital plant; public safety and security; sanitation; utilities; insurance; parking; and administrative support and overhead. The pro-forma use of the terms “surplus” and “deficit” is associated with the Trust budget format presented in the Supplemental Information schedules and on the Trust’s website. The surplus and deficit amounts are different from “operating income” and “change in net position” as used in the statements of revenue, expenses, and changes in net position, though they are reconciled to those figures in the notes to the Supplemental Information schedules.

The purpose of this portion of the MD&A is to assess financial results in the context of the legislative goal of self-sufficiency. While the legislation acknowledges that the primary source of funding for the construction of new Park is to come from the State and City, revenue for the operation and maintenance of the Park is, to the extent practicable, to be self-generated.

	<u>2020</u>	<u>2019</u>
Operating revenue	\$ 32,170,331	37,262,109
Non-operating revenue	<u>5,437,379</u>	<u>2,922,652</u>
Total revenue	<u>37,607,710</u>	<u>40,184,761</u>
Direct park operating expenses	18,828,005	16,623,871
Other park operating expenses	5,724,666	5,677,963
Reimbursable operating expenses	<u>(3,747,013)</u>	<u>(2,401,925)</u>
Net operating expenses (OPEX)	<u>20,805,658</u>	<u>19,899,909</u>
Surplus (deficit) before capital maintenance and capital equipment	<u>16,802,052</u>	<u>20,284,852</u>
Equipment CAPx	1,278,783	1,174,488
Upland and park piers CAPm	4,033,106	7,209,731
Marine structures other than pier 40 CAPm	6,058,135	7,618,049
Pier 40 CAPm	<u>14,747,870</u>	<u>16,298,989</u>
Gross amount CAPx and CAPm without reimbursable	<u>26,117,894</u>	<u>32,301,257</u>
Reimbursable CAPx and CAPm from restricted funds (NON-GOV)	13,676,269	16,072,266
Reimbursable CAPx and CAPm from GOV appropriations	<u>8,975,535</u>	<u>11,750,386</u>
CAPx and CAPm net of reimbursable	<u>22,651,804</u>	<u>27,822,652</u>
CAPx and CAPm net of reimbursable	<u>3,466,090</u>	<u>4,478,605</u>
Surplus (deficit) after CAPx and CAPm without reimbursable	<u>(9,315,842)</u>	<u>(12,016,405)</u>
Surplus (deficit) after CAPx and CAPm net of reimbursable	<u>\$ 13,335,962</u>	<u>15,806,247</u>

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As depicted in the table above and detailed in Supplemental Information Schedule 1, prior to consideration of capital maintenance the Trust had a \$16.8 million surplus of self-generated revenue in excess of net operating costs in fiscal year 2020. This surplus was \$3.5 million or 17% less than the surplus for the prior year. As discussed further below, self-generated revenue decreased by \$2.8 million or 6%, to \$37.6 million, while net operating expenses increased by \$906 thousand or 5%, to \$20.8 million.

Capital maintenance is a major repair or replacement of a deteriorated existing capital asset, such as a building roof, pier pile, bulkhead, floating dock, or recreational assets such as playgrounds, fields, or courts, which, upon completion, has a useful life more than five years. Capital maintenance is recorded on the financial statements as either a "construction in progress" asset or an improvement (but not an operating expense). In this section of the MD&A, the Trust elects to use the annual outlay for capital maintenance and capital equipment rather than book depreciation when discussing the annual net deficit/surplus. Management believes this approach helps elucidate the extent to which the legislative goal of financial self-sufficiency is being achieved within the reporting fiscal year.

Based on an analysis of construction outlays since the inception of the Trust, management estimates that approximately \$150 million of the \$749.8 million spent on Park construction has been expended on capital maintenance activities. This compares with recorded accumulated depreciation of \$112.6 million over the same period for equivalent assets. Thus, actual capital maintenance expenditures are approximately 33% greater than recorded depreciation. The reason for this is two-fold. First, the approximately \$34.7 million cost of Hurricane Sandy related repairs and replacements are classified as capital maintenance rather than new Park construction. Essentially, Hurricane Sandy accelerated a need for replacement of only partially depreciated assets which would have otherwise been expensed as additional depreciation in future years. Second, large portions of the Trust's capital maintenance expenditure are for urgent Pier 40 pile and roof repair and for expensive repair of bulkhead structures. Both assets long pre-date the formation of the Trust in 1998. Replacement costs for inherited Pier 40 and the approximately four miles of bulkhead are not included in depreciable basis and expensed as annual depreciation. Only when a capital maintenance project is complete is the value of that work included in depreciable basis. For the purpose of this discussion, capital equipment acquired to replace existing equipment which is in poor condition or obsolete is combined with capital maintenance.

As shown on Supplemental Information Schedule 2, gross capital maintenance and equipment costs were \$26.1 million in fiscal year 2020, a decrease of \$6.2 million, or 19%, compared to the prior fiscal year. Much of this decrease is attributable to contractor delays for Pier 40 pile work. Appropriation revenue and restricted funds from the sale of air rights applied to offset capital maintenance and equipment expenditures totaled \$22.7 million in fiscal year 2020, a reduction of \$5.2 million, or 19%. Accordingly, net capital maintenance and equipment cost consisting of a gross cost of \$26.1 million less application of offsetting funds of \$22.7 million, was \$3.5 million in fiscal year 2020, a decrease of \$1.0 million, or 23%, from \$4.5 million in fiscal year 2019.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Management's Discussion and Analysis, Continued

As described above, the Trust had a surplus of self-generated revenue in excess of net operating costs of \$16.8 million in fiscal year 2020. However, as shown on Supplemental Information Schedule 2, this surplus becomes a deficit of \$9.3 million when the \$26.1 million in gross capital maintenance and equipment costs is deducted. This compares with a deficit after gross capital maintenance and equipment costs of \$12.0 million in fiscal year 2019. Thus, but for the availability of government funds and available air rights proceeds, the Trust would have experienced significant deficits in fiscal years 2020 and 2019.

Taking into consideration the \$22.6 million of appropriation revenue and air rights sale funds that offset capital maintenance costs, the Trust generated a surplus of \$13.3 million in fiscal year 2020. This represents a decrease of \$2.5 million, or 16%, compared to the \$15.8 million surplus in the prior fiscal year. It should be noted that appropriation revenue is dependent on annual State and City budgets and is only available on a project-by-project basis. The availability of air rights sale funds is transaction-based and dependent on the number of eligible receiving sites, willing buyers, and completion of the City's land use review procedure. Thus, surpluses such those generated in fiscal years 2020 and 2019 cannot be assumed in future years. As is the Trust's practice, these annual surpluses, when available, are reserved for future unfunded capital maintenance and other extraordinary and unexpected expenses.

While capital maintenance outlays are expected to moderate after completion of the Pier 40 pile restoration project (expected in fiscal year 2022), expenditures in future years are likely to again exceed annual surpluses because of other infrastructure repair needs. Thus, failure to realize new revenue sources may eventually necessitate deferring essential capital maintenance (degrading the quality of Park physical assets), or diverting operating income to urgent repairs (resulting in reductions to key services such as sanitation, security and Park programs). How to best meet this challenge has been a topic of conversation among the Trust board and staff, City and State officials, community leaders and elected representatives.

Lastly, as shown on Supplement Information Schedule 3, the Trust had a deficit in fiscal year 2020 of \$245 thousand after inclusion of non-operating OPEB and accrued pension liability costs and expensing non-operating depreciation. In this schedule, depreciation is expensed and capital maintenance is not deducted. This compares with an identically calculated surplus in fiscal year 2019 of \$7.6 million. The reasons for this reversal are primarily a \$3.5 million reduction in self-generated revenue in excess of net operating costs from \$20.3 million in fiscal year 2019 to \$16.8 million in fiscal year 2020, and a \$3.9 million increase in non-operating OPEB expense from \$1.1 million in fiscal year 2019 to \$5.0 million in fiscal year 2020.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Management's Discussion and Analysis, Continued

Cash Flows, Reserve Balances

As shown on the statements of cash flows, cash provided by operating activities (leases, parking and fees) less cash used for operating expenses (personnel, fringe benefits and vendors) was \$15.5 million in fiscal year 2020, as compared to \$15.0 million in fiscal year 2019. Cash generated from non-operating capital financing activities in fiscal year 2020 was \$81.6 million. This cash was provided primarily from air rights sales of \$48.3 million and receipt of appropriation revenue of \$26.7 million. By way of comparison, there were no air rights sales in fiscal year 2019 and cash from non-operating financing activities in that year was \$37.3 million, or \$44.3 million less. Cash used in capital financing activities (primarily construction) in fiscal year 2020 was \$58.0 million, as compared to \$43.9 million in fiscal year 2019. This use of cash for capital financing activities in fiscal year 2020 was for new Park and capital maintenance construction activity of \$56.7 million, and equipment additions of \$1.3 million. In fiscal year 2019, \$42.8 million was used for new Park and capital maintenance construction activity, and \$1.2 million for equipment.

In fiscal year 2020, \$108.3 million of cash held in the Trust's bank account was used to purchase higher yielding assets (primarily governmental securities) in its investment account. Consequently, the net reduction in cash and equivalents at the end of the fiscal year was \$68.9 million. On March 31, 2020, the Trust held \$19.3 million in its collateralized bank account and \$217.8 million in its investment account. Of this combined \$236.8 million, \$160.1 million was restricted for designated capital construction projects. The balance of \$77.0 million was allocated for current payables, contract accruals, and future OPEB and pension liabilities of \$40.7 million, with the remaining \$36.3 million designated for working capital and reserves for meeting operating expenses, contingencies, and future unfunded capital maintenance.

Impact of Storm Recovery

Hurricane Sandy, which struck in late October 2012, continues to exert an impact on the Trust's statements of net position. Total costs associated with recovery from Hurricane Sandy damages are approximately \$34.7 million. While there may be disallowances, the Trust expects to receive reimbursement for substantially all storm related costs from Federal (FEMA) and State sources. As of the end of fiscal year 2020, the Trust has received \$24.3 million in reimbursement revenue for its outlays, or 70% of the total expended.

Of the Trust's total accounts receivables recorded at March 31, 2020 of \$23.0 million, the amount due from FEMA and the State for storm recovery is \$7.1 million, or 31% of the total. An additional \$3.3 million of Trust repair expenditures, already incurred and included in the \$34.7 million estimated total cost, is awaiting FEMA approval for payment at which point it will be recognized as an account receivable. Thus, as of March 31, 2020, approximately \$10.4 million of the total amount expended by the Trust for Hurricane Sandy storm recovery has yet to be received as a reimbursement or included as a receivable from Federal and State sources. Staff is meeting regularly with FEMA and State representatives to resolve this receivable.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Management's Discussion and Analysis, Continued

Significant Event Subsequent: COVID-19

As a result of the COVID-19 virus, the Governor of the State of New York issued Executive Order 202 declaring a New York State Health Emergency and thereafter temporarily limited certain businesses from operating to prevent the spread of the virus. This situation is continuing and, while the ultimate financial impact on the Trust is not presently determined, it is expected to be materially adverse.

Portions of tenant base rents and fees due under certain lease and other occupancy agreements are being deferred, and percentage rent and fees calculated on business sale volumes are expected to decline sharply in fiscal year 2021. Sponsorship and event fees will likely be reduced or delayed because of social distancing regulations necessitated by COVID-19 prevention. Non-operating revenue from interest on the Trust's investment portfolio of largely governmental securities will decline as economically supportive actions of the Federal Reserve have effectively reduced rates to the zero bound. Operating expenses such as cleaning and disinfecting will increase, but certain program activity costs, such as those related to public events and group activities, are expected to be reduced. According to the New York State Comptroller, the financial performance of the New York State Employees' Retirement System may be adversely impacted such that the Trust's recorded expense to address its proportionate net pension liability may increase. COVID-19 will also exert pressure on State and City budgets which may, in turn, adversely impact the amount and timing of appropriation revenue available to the Trust for new Park construction and capital maintenance reimbursement activities.

Contacting the Trust's Financial Management

This MD&A is intended to provide a general overview of the Trust's finances. Questions concerning any of the information provided herein, or requests for additional information, should be addressed to the Chief Financial Officer, Hudson River Park Trust, Pier 40, 2nd Floor, 353 West Street, New York, New York 10014.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Statements of Net Position
March 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets:		
Cash and equivalents	\$ 19,250,743	88,119,944
Accounts receivable	22,997,834	13,920,982
Prepaid expenses	189,895	192,999
Investments	217,801,181	100,431,483
Construction in progress	127,972,369	130,757,617
Property and equipment, net	<u>502,771,829</u>	<u>458,271,415</u>
Total assets	<u>890,983,851</u>	<u>791,694,440</u>
Deferred outflows of resources - pensions	<u>1,377,699</u>	<u>2,272,760</u>
Liabilities:		
Accounts payable	11,062,871	4,666,012
Accrued expenses	6,259,095	10,164,799
Net pension liability - proportionate share - ERS	1,362,236	622,889
Other postemployment benefits obligation	<u>21,971,518</u>	<u>17,002,324</u>
Total liabilities	<u>40,655,720</u>	<u>32,456,024</u>
Deferred inflows of resources:		
Pensions	658,558	2,234,215
Appropriations	8,200,171	-
Lease rents	<u>2,081,249</u>	<u>2,636,573</u>
Total deferred inflows of resources	<u>10,939,978</u>	<u>4,870,788</u>
Commitments and contingencies (notes 7 and 10)	<u> </u>	<u> </u>
Net position:		
Net investment in capital assets	630,744,198	589,029,032
Restricted for capital expenditures	158,358,732	119,351,012
Unrestricted	<u>51,662,922</u>	<u>48,260,344</u>
Total net position	<u><u>\$ 840,765,852</u></u>	<u><u>756,640,388</u></u>

See accompanying notes to financial statements.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Statements of Revenue, Expenses and Changes in Net Position
Years ended March 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating revenue:		
Lease revenue	\$ 22,369,242	27,560,697
Parking revenue	7,661,366	7,580,553
Fees and other revenue	<u>2,139,723</u>	<u>2,120,859</u>
Total operating revenue	<u>32,170,331</u>	<u>37,262,109</u>
Operating expenses:		
Employee compensation and benefits	9,998,127	9,351,344
Other postemployment benefits and pensions	5,027,945	1,113,824
Park programs and maintenance	10,179,931	9,364,468
General and administrative	<u>4,374,613</u>	<u>3,574,006</u>
Total operating expenses	<u>29,580,616</u>	<u>23,403,642</u>
Operating income	<u>2,589,715</u>	<u>13,858,467</u>
Non-operating revenue:		
Sale of development rights	48,284,813	-
Appropriations revenue	22,848,900	21,034,502
Reimbursement	10,846,457	11,625,961
Settlements and grants	1,440,000	2,750
Contributions	749,819	3,280,380
Realized gain on investments	4,597,560	1,889,522
Unrealized gain on investments	<u>4,787,271</u>	<u>-</u>
Total non-operating revenue	93,554,820	37,833,115
Non-operating expense - depreciation and amortization	<u>12,019,071</u>	<u>11,542,258</u>
Non-operating income	<u>81,535,749</u>	<u>26,290,857</u>
Change in net position	84,125,464	40,149,324
Net position at beginning of year	<u>756,640,388</u>	<u>716,491,064</u>
Net position at end of year	<u>\$ 840,765,852</u>	<u>756,640,388</u>

See accompanying notes to financial statements.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Statements of Cash Flows
Years ended March 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Cash receipts from:		
Lease revenue	\$ 23,479,922	27,269,620
Parking revenue	7,661,366	7,611,656
Fees and other revenue	2,200,395	2,056,979
Cash payments to:		
Personnel service	(9,231,339)	(6,396,606)
Fringe benefits	(635,465)	(2,927,876)
Vendors	<u>(7,938,183)</u>	<u>(12,615,792)</u>
Net cash provided by operating activities	<u>15,536,696</u>	<u>14,997,981</u>
Cash flows from capital financing activities:		
Sale of development rights	48,284,813	-
Appropriations revenue	26,678,098	22,386,158
Reimbursement	4,413,902	11,513,063
Settlements and grants	1,440,000	2,750
Contributions	749,819	3,360,462
Expenditures for construction in progress	(46,792,660)	(31,548,638)
Additions to property	(9,918,803)	(11,215,876)
Additions to equipment	<u>(1,276,199)</u>	<u>(1,174,488)</u>
Net cash provided by (used in) capital financing activities	<u>23,578,970</u>	<u>(6,676,569)</u>
Cash flows from investing activities:		
Purchases of investments	(108,284,812)	(100,431,483)
Earnings on investments	<u>299,945</u>	<u>1,889,522</u>
Net cash used in investing activities	<u>(107,984,867)</u>	<u>(98,541,961)</u>
Net change in cash and equivalents	(68,869,201)	(90,220,549)
Cash and equivalents at beginning of year	<u>88,119,944</u>	<u>178,340,493</u>
Cash and equivalents at end of year	<u>\$ 19,250,743</u>	<u>88,119,944</u>

(Continued)

See accompanying notes to financial statements.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Statements of Cash Flows, Continued

	<u>2020</u>	<u>2019</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 2,589,715	13,858,467
Adjustments to reconcile operating income to net cash provided by operating activities - changes in:		
Accounts receivable	1,726,676	(725,010)
Prepaid expenses	3,104	(123,781)
Deferred outflows of resources - pensions	895,061	(682,275)
Accounts payable	6,396,859	1,020,022
Accrued expenses	347,721	(534,682)
Net pension liability - proportionate share - ERS	739,347	(1,054,368)
Other postemployment benefits obligation	4,969,194	1,113,824
Deferred inflows of resources - pensions	(1,575,657)	1,724,628
Deferred inflows of resources - lease rents	<u>(555,324)</u>	<u>401,156</u>
Net cash provided by operating activities	<u>\$ 15,536,696</u>	<u>14,997,981</u>

See accompanying notes to financial statements.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Notes to Financial Statements
March 31, 2020 and 2019

(1) Organization

Hudson River Park Trust (the Trust) is a public benefit corporation authorized under the Hudson River Park Act (the Act) approved by the Senate and the Assembly of the State of New York (the State). The Act also created the Hudson River Park (the Park). The Park is an area, generally, from the northern boundary of Battery Park City to the northern boundary of 59th Street in New York City (the City) between the United States pier-head line and West Street, Eleventh Avenue, or Twelfth Avenue, whichever is more westerly. As a public benefit corporation, the Trust is exempt from any and all Federal, State and City income and franchise taxes and sales taxes.

The Trust has authority over the planning, construction, operation, and maintenance of the Park. It replaces such authority formerly granted to the New York State Department of Transportation, the New York State Urban Development Corporation, and the Hudson River Park Conservancy. In doing so, the Trust succeeded its predecessors in all contracts, leases, licenses, and other obligations related to the Park, excluding debt and financial obligations to other public benefit corporations or governmental entities.

The Trust is a joint venture of the City and the State. Under the Act, the State and City, with respect to its real property in the Park, granted the Trust a possessory interest in such real property for a term not to exceed 99 years. Title to any real property within the Park currently held by the State or the City remains with those entities.

The Trust's Board is comprised of 13 members. The Governor and the Mayor each appoint five members and the Manhattan Borough President appoints three members. The Trust came into existence upon the appointment of eight of its 13 member board. The first eight appointments occurred on March 4, 1999. Accordingly, the by-laws of the Trust established the fiscal year as April 1st through March 31st.

To finance the construction of the Park, the State and the City have together pledged approximately \$553 million to the Trust. Funding provided by the U.S. Department of Housing and Urban Development (HUD) has amounted to approximately \$110.7 million, including \$30.7 million for the replacement of Pier 86 leased to the Intrepid Museum and \$80 million passed through the Lower Manhattan Development Corporation for capital construction in the 9/11 community development catchment area. As of March 31, 2020, the amount which has not been drawn down from the City and State combined is approximately \$175 million. The Trust has received approximately \$17.1 million between the New York City Council and the Manhattan Borough President. In addition, the Trust will receive revenues from leases and interest on short-term investments. Furthermore, the Trust has authority to accept contributions for its purpose and to accept appropriations and grants from Federal, State and local governments.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial statements of the Trust have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as applied to government units, as modified by the State and the City regarding the definition of capital expenditures. De minimis costs associated with salaries of employees of the Trust directly or indirectly involved with managing or accounting for construction activities are expensed as incurred. Such costs would be capitalizable, as construction in progress, under accounting principles generally accepted in the United States of America. The more significant accounting policies are described below.

(b) Net Position

The Trust's resources are classified into the following net position categories:

Net investment in capital assets - Capital assets attributable to the acquisition, construction, or improvement of those assets.

Restricted for capital expenditures - Net position whose use is subject to externally imposed stipulations that can be fulfilled by the actions of the Trust or the passage of time.

Unrestricted - All other net position, including net position designated by actions, if any, of the Trust's Board of Directors.

(c) Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(d) Cash and Equivalents

For purposes of the statements of cash flows, cash and equivalents includes money market accounts and any highly liquid debt instruments purchased with a maturity of three months or less, that are:

- (i) Insured or collateralized with securities held by the entity or by its agent in the entity's name, or
- (ii) Collateralized with securities held with by the pledging financial institution's trust department or agency in the entity's name, or
- (iii) Uncollateralized.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(d) Cash and Equivalents, Continued

Deposits in bank accounts and investments in the Trust’s name in financial institutions are covered by federal depository insurance and other collateral which has been assigned to funds over the FDIC coverage at March 31, 2020. Total financial institution (bank) balances at March 31, 2020 amounted to \$19,661,945. Total deposits are categorized as follows:

<u>A</u>	<u>B</u>	<u>C</u>
\$ <u>19,661,945</u>	<u> -</u>	<u> -</u>

Cash and equivalents at March 31, 2020 and 2019 consists of interest bearing and non-interest bearing checking accounts.

(e) Investments

Investments are reported at fair value in the statements of net position, and investment income, including changes in fair value, are reported as revenue in the statements of revenue, expenses and changes in net position.

(f) Accounts Receivable

Accounts receivable are comprised of amounts due on leases and reimbursable construction costs from the Federal, State and City governments.

(g) Construction in Progress

Construction in progress includes all costs and expenditures incurred for suppliers and contractors associated with the planning, development, and construction of the Park as authorized by the Act. These expenditures include the costs of environmental studies necessary for obtaining permits, design and engineering costs, and legal costs related to the construction of the Park. These will become property and equipment and subject to depreciation expense upon completion.

(h) Property and Equipment

Property and equipment are recorded at cost or at fair market value in the case of donated equipment. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statements of revenue, expenses and changes in net position.

(i) Other Postemployment Benefits Obligation

The Trust implemented the accounting and disclosure requirements of GASB Statement No. 75 - “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,” effective for its fiscal year ended March 31, 2019. With the adoption of GASB Statement No. 75, the method of calculating and recording the Other Post-employment Benefits (OPEB) liability changed significantly.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(j) Deferred Outflows of Resources - Pensions

In the statements of net position, in addition to assets, the Trust will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Trust has two items that qualify for reporting in this category. The first item is related to pensions reported in the statements of net position. This represents the effect of the net change in the Trust's proportion of the collective net pension asset or liability and difference during the measurement period between the Trust's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is the Trust contributions to the pension system (ERS System) subsequent to the measurement date.

(k) Deferred Inflows of Resources

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Trust has three items that qualify for reporting in this category.

(i) Deferred Inflows of Resources - Pensions

The first item is related to pensions and represents changes in the Trust's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the Trust's contributions and its proportion share of total contributions to the pension system not included in pension expense.

(ii) Deferred Inflows of Resources - Appropriations

The second item in deferred inflows of resources is with regard to appropriations consisting of an agreement between the Trust and New York City Department of Parks and Recreation. The agreement is for the construction of various projects throughout the park. New York City Department of Parks and Recreation paid the Trust \$8,200,171 in advance of the construction for projects it intends to support being started after March 31, 2020.

(iii) Deferred Inflows of Resources - Lease Rents

The third item in deferred inflows of resources consist of a lease agreement with Texas Eastern Transmission L.P. (Texas Eastern) and other minor lease agreements. The lease agreement with Texas Eastern is for possessory interest in Trust property located along Route 9A in the Borough of Manhattan. The lease allows Texas Eastern to construct, operate, and maintain a natural gas pipeline within a right of way along the Gansevoort Peninsula and land located under water within the Hudson River, between the Southwest corner of the Peninsula to the U.S. Pierhead line as part of the New Jersey - New York expansion project. Texas Eastern has paid the Trust \$2,775,000 for a period of 30 years. For each of the years ended March 31, 2020 and 2019, the Trust recognized revenue from the Texas Eastern lease of \$92,500.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(k) Deferred Inflows of Resources, Continued

(iii) Deferred Inflows of Resources - Lease Rents, Continued

The future revenue recognition for lease rents and occupancy permit fees are as follows:

2021	\$ 118,729
2022	92,500
2023	92,500
2024	92,500
2025	92,500
Thereafter	<u>1,592,520</u>
	<u>\$ 2,081,249</u>

(l) Revenue Recognition

Appropriations revenues are recognized upon requisition by the Trust for identified capital commitments approved by the State and City. Such revenue is restricted to specific capital expenditures authorized by the Act. Lease revenues are recognized as rentals become due over the life of the lease. Rental payments received in advance are deferred until earned. Escalations based upon consumer price indices are recognized prospectively over the remainder of the lease. All leases between the Trust and the tenants of the property are operating leases. Lease revenues and other revenues may be used for Trust operations, as well as for capital expenditures. Reimbursement revenue consist of amounts received as the result of State and Federal awards. Contributions are amounts receivable for donor restricted purposes or unrestricted purposes.

(m) Subsequent Events

The Trust has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences of the COVID-19 on a national, regional and local level are unknown, but has the potential to result in a significant economic impact. The impact of this situation on the Trust and its future results and financial position is not presently determinable.

Subsequent to March 31, 2020, the Trust received from the U.S. Small Business Administration (SBA) a Payroll Protection Program Loan. The payment terms contain a conditional loan forgiveness clause that states that the indebtedness evidenced by the note may be forgiven, pursuant to and subject to, the terms of the Paycheck Protection Program (15 U.S.C. §636(a)(36)), and the guidance issued in relation thereto by SBA and/or the U.S. Department of Treasury.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(m) Subsequent Events, Continued

GASB issued Statement No. 95 - “Postponement of the Effective Dates of Certain Authoritative Guidance” in May 2020. This Statement has the primary objective of providing temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. Earlier application of the provisions addressed in this Statement is encouraged and is permitted to the extent specified in each pronouncement as originally issued. Disclosures in note 12 have been updated accordingly.

(n) Income Taxes

The Trust is a Public Benefit Corporation of the State of New York. As such income earned in the exercise of its essential governmental function is exempt from State and Federal income taxes.

(3) Fair Value of Investments

Authorization of investments in securities is governed by written internal guidelines, statutes and State guidelines.

The Trust recognizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable in puts.

Investment securities at March 31, 2020 consist of the following:

	<u>Maturity</u>	<u>Rate</u>	<u>Fair value</u>	<u>Fair value Hierarchy</u>
U.S. Treasuries	Less than 6 months	1.375% to 2.375%	\$ 16,816,279	Level 1
U.S. Treasuries	6 months to 1 year	1.375% to 2.500%	23,567,153	Level 1
U.S. Treasuries	1 to 5 years	1.125% to 2.75%	129,392,441	Level 1
Money market funds with investments in U.S. Government debt			<u>48,025,308</u>	Level 2
			<u>\$ 217,801,181</u>	

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Notes to Financial Statements, Continued

(3) Fair Value of Investments, Continued

Investment securities at March 31, 2019 consist of the following:

	<u>Fair value</u>	<u>Fair value Hierarchy</u>
Cash and short-term securities	\$ 52,311,434	Level 1
Money market funds with investments in U.S. Government debt	<u>48,120,049</u>	Level 2
	<u>\$ 100,431,483</u>	

(4) Property and Equipment

Property and equipment at March 31, 2020 and 2019 consist of the following:

	<u>Lives</u>	<u>2020</u>	<u>2019</u>
Pier improvements	10-50 years	\$ 611,257,057	556,022,024
Machinery and equipment	7 years	4,108,266	3,337,278
Computer equipment	5 years	1,278,390	1,188,748
Software	3 years	1,769,979	1,655,110
Automobiles	5 years	2,454,540	2,153,840
Furniture and fixtures	5 years	423,756	421,173
Office renovation	5 years	<u>528,746</u>	<u>523,076</u>
Total property and equipment		621,820,734	565,301,249
Less accumulated depreciation and amortization		(119,048,905)	(107,029,834)
Net property and equipment		<u>\$ 502,771,829</u>	<u>458,271,415</u>

(5) Other Postemployment Benefits Obligation

The Trust provides continuation of medical coverage to employees who have completed 10 years of service with New York State and three years of service with the Trust at employee rates throughout retirement.

The Trust, on an annual basis, accrues the cost which represents the present value of the postemployment benefits to be paid over the actuarially estimated lives of the employees.

Total expenditures charged to general and administrative for the years ended March 31, 2020 and 2019 amounted to \$203,374 and \$285,696, respectively. At March 31, 2020 and 2019, the liability for active and retired employees included in other postemployment benefit obligation amounted to \$21,971,518 and \$17,002,324, respectively.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Notes to Financial Statements, Continued

(5) Other Postemployment Benefits Obligation, Continued

The number of participants as of March 31, 2020 was as follows:

Active employees	70
Retired employees	13
Spouses of employees	<u>29</u>
Total	<u>112</u>

Actuarial Assumptions and Other Inputs

The total OPEB liability in the March 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.0%
Discount rate	2.6%
Healthcare cost trend rates	4.6% to 4.7%

Changes in the Total OPEB Liability

	<u>2020</u>	<u>2019</u>
Total OPEB liability at beginning of year	\$ <u>17,002,324</u>	<u>15,888,500</u>
Changes for the year:		
Service cost	1,164,880	1,106,111
Interest on total OPEB liability	668,458	594,911
Differences between actual and expected experience	(502,740)	192,206
Changes in assumptions	3,841,970	(493,708)
Benefit payments	<u>(203,374)</u>	<u>(285,696)</u>
Total changes	<u>4,969,194</u>	<u>1,113,824</u>
Total OPEB liability at end of year	\$ <u>21,971,518</u>	<u>17,002,324</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Trust at March 31, 2020, as well as what the Trust's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.6%) or 1-percentage-point higher (3.6%) than the current discount rate:

	1% Decrease (1.6%)	Discount Rate (2.6%)	1% Increase (3.6%)
Total OPEB liability	\$ <u>26,500,340</u>	<u>21,971,518</u>	<u>18,438,630</u>

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Notes to Financial Statements, Continued

(5) Other Postemployment Benefits Obligation, Continued

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Costs Trend Rates

The following presents the total OPEB liability of the Trust at March 31, 2020, as well as what the Trust's total OPEB liability would be if it were calculated using a rate that is 1-percentage point lower (3.6% to 3.7%) or 1-percentage point higher (5.6% to 5.7%) than the current rate:

	1% Decrease (3.6% to <u>3.7%</u>)	Current Trend Rate (4.6% to <u>4.7%</u>)	1% Increase (5.6% to <u>5.7%</u>)
Total OPEB liability	\$ <u>17,115,110</u>	<u>21,971,518</u>	<u>28,509,480</u>

(6) Related Party Transactions

Related party transactions as of and for the years ended March 31, 2020 and 2019 consist of the following:

(a) Affiliates of New York State and the City of New York

The Trust was due monies related to leases and occupancy agreements which it succeeded from the date of dedication of the Park by the Act to March 31, 2000.

At March 31, 2020 and 2019, the Trust had requested \$22,848,900 and \$21,034,502, respectively, of funds appropriated by the State and City in accordance with the Act for the value of construction contracts authorized to date.

The Trust succeeded the State of New York under an agreement which allows the Port Authority of New York and New Jersey to use certain properties for no monthly rental payments.

The Trust entered into a contract beginning April 1, 2000 with New York City Department of Parks and Recreation to provide security services in the park over a three year term in the amount of \$9,488,356. Effective April 1, 2019, the Trust extended the contract for an additional one year term with the option to extend for two additional years. During the years ended March 31, 2020 and 2019, the Trust paid \$3,281,016 and \$2,822,043, respectively, for the services provided.

The Trust has an agreement for property maintenance services with the New York State Department of Transportation. At March 31, 2020 and 2019, the amount included in accounts receivable amounted to \$548,491 and \$199,445, respectively.

New York State Division of Homeland Security and Emergency Services agreed to provide the Trust the local match requirement of the Disaster Grants - Public Assistance (Presidentially Declared Disasters) funds. At March 31, 2020 and 2019, the amount included in accounts receivable amounted to \$2,107,700 and \$1,820,724, respectively.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Notes to Financial Statements, Continued

(6) Related Party Transactions, Continued

(b) New York City Related Parties

As a result of the Act, the Trust receives funds from several leases held by New York City agencies. New York City Economic Development Corporation (NYCEDC) collects rents and remits a portion of the monies to the Trust semi-annually on behalf of New York City.

All lease and permit revenue is considered unrestricted.

(7) Commitments

The Trust has executed several non-cancelable lease agreements with various parties. Estimated minimum rental payments to be received under the long-term lease agreements as of March 31, 2020, are as follows:

2021		\$ 16,603,728
2022		17,512,618
2023		17,922,559
2024		18,199,293
2025		<u>17,867,712</u>
		<u>\$ 88,105,910</u>

(8) Restricted for Capital Expenditures

Net position restricted for capital expenditures at March 31, 2020 and 2019 is summarized as follows:

<u>Source</u>	<u>2020</u>	<u>2019</u>
City of New York	\$ 24,393,497	23,929,269
New York State Department of Environmental Conservation	4,196,333	4,116,473
Sale of development rights - Pier 40	72,538,927	84,574,451
Sale of development rights - Chelsea	49,221,538	-
Other	<u>8,008,437</u>	<u>6,730,819</u>
Total restricted for capital expenditures	<u>\$ 158,358,732</u>	<u>119,351,012</u>

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Notes to Financial Statements, Continued

(9) Retirement Plan

(a) Plan Descriptions and Benefits Provided

Employees' Retirement System (ERS)

The Trust participates in the New York State and Local Retirement System (the System). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Trust (the Trust), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Trust and is the administrative head of the System. System benefits are established under the provision of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Trust also participates in the Public Employees; Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/inex.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 and before April 1, 2012 who generally contribute 3.0 percent of their salary for their entire length of service. Those joining on or after April 1, 2012 are required to contribute between 3 and 6 percent, dependent on salary, throughout their working careers. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems fiscal year ending March 31.

Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

	<u>ERS</u>
2020	\$ 717,973
2019	666,639
2018	636,752

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Notes to Financial Statements, Continued

(9) Retirement Plan, Continued

(b) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At March 31, 2020 and 2019, the Trust reported the following liability for its proportionate share of the net pension liability for ERS. The net pension liability was measured as of March 31, 2019 and 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The Trust's proportionate share of the net pension liability was based on a projection of the Trust's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by ERS in reports provided to the Trust.

Actuarial valuation date	4/1/2018	4/1/2017
Net pension liability	\$ 1,362,236	622,889
Trust's proportion of the Plan's net pension liability	0.0192262%	0.0192998%
Change in proportion since prior measurement date	0.0000736%	0.0014495%

For the years ended March 31, 2020 and 2019, the Trust recognized pension expense of \$776,725 and \$654,626, respectively, for ERS. At March 31, 2020 and 2019, the Trust's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>2020</u>		<u>2019</u>	
	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 268,253	91,444	222,164	183,588
Changes of assumptions	342,411	-	413,027	-
Net difference between projected and actual earnings on pension plan investments	-	349,625	904,697	1,785,781
Changes in proportion and differences between the Trust's contributions and proportionate share of contributions	49,062	217,489	66,233	264,846
Trust's contributions subsequent to the measurement date	<u>717,973</u>	<u>-</u>	<u>666,639</u>	<u>-</u>
Total	<u>\$ 1,377,699</u>	<u>658,558</u>	<u>2,272,760</u>	<u>2,234,215</u>

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Notes to Financial Statements, Continued

(9) Retirement Plan, Continued

(b) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued

Trust contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending March 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Plan year ended</u>	<u>ERS</u>
2020	\$ 208,810
2021	(320,707)
2022	(52,446)
2023	165,511

(c) Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The significant actuarial assumptions used in the valuations were as follows:

Measurement date	March 31, 2019	March 31, 2018
Actuarial valuation date	April 1, 2018	April 1, 2017
Interest rate	7%	7%
Salary scale	4.2% Average	3.8% Average
Decrement tables	April 1, 2010 - March 31, 2015 System's Experience	April 1, 2010 - March 31, 2015 System's Experience
Inflation rate	2.5%	2.5%

Annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2014.

The actuarial assumptions used in the April 1, 2018 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Notes to Financial Statements, Continued

(9) Retirement Plan, Continued

(c) Actuarial Assumptions, Continued

The long term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized as follows:

Measurement date	March 31, 2019	
	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>
Asset type:		
Domestic equity	36.00%	4.55%
International equity	14.00%	6.35%
Private equity	10.00%	7.50%
Real estate	10.00%	5.55%
Absolute return strategies	2.00%	3.75%
Opportunistic portfolio	3.00%	5.68%
Real assets	3.00%	5.29%
Bonds and mortgages	17.00%	1.31%
Cash	1.00%	(0.25%)
Inflation - indexed bonds	4.00%	1.25%

The real rate of return is net of the long-term inflation assumption of 2.50%.

(d) Discount Rate

The actuarial discount rate used to calculate the total pension liability was 7% for March 31, 2020 and 2019. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Notes to Financial Statements, Continued

(9) Retirement Plan, Continued

(e) Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the Trust's proportionate share of the net pension liability at March 31, 2020 calculated using the discount rate of 7%, as well as what the Trust's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6%) or 1-percentage point higher (8%) than the current rate:

	1% Decrease (6%)	Current Assumption (7%)	1% Increase (8%)
Employer's proportionate share of the net pension (asset) liability	\$ <u>5,955,915</u>	<u>1,362,236</u>	<u>(2,496,779)</u>

(f) Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of all participating employers as of the respective valuation dates, were as follows:

	(Dollars in Millions)	
Valuation date	4/1/2018	4/1/2017
Employers' total pension liability	\$ 189,803	183,400
Plan net position	<u>(182,718)</u>	<u>(180,173)</u>
Employers' net pension liability	\$ <u>7,085</u>	<u>3,227</u>
Ratio of plan net position to the Employers' total pension liability	96.27%	98.24%

(g) Contributions to the Pension Plan

Employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Retirement contributions as of March 31, 2020 and 2019 represent the projected employer contribution for the period of April 1, 2019 through March 31, 2020 and April 1, 2018 through March 31, 2019, respectively based on paid ERS wages multiplied by the employer's contribution rate, by tier. This amount has been recorded as deferred outflows of resources in the accompanying financial statements.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Notes to Financial Statements, Continued

(10) Contingencies

Contingencies at March 31, 2020 consist of the following:

(a) Litigation

The Trust is involved in various claims and lawsuits, both for and against the Trust, arising in the normal course of business. Management believes that any financial responsibility that may be incurred in settlement of such claims and lawsuits would not be material to the Trust's financial position.

(b) Other

The Trust generates lease and parking revenue from waterfront properties which are inherently dependent on high levels of capital maintenance. A failure by the Trust or its tenants to address such maintenance could have a material effect on the value of the Trust's assets and its operating revenue. However, it is difficult to estimate the effect, if any, to the Trust's assets or operating revenue.

(c) Terrorist Attack of October 31, 2017

On October 31, 2017 a terrorist attack occurred on the State owned bikeway adjacent to Hudson River Park. There are currently 18 lawsuits filed against the Trust along with other defendants, including the City of New York and Home Depot. As of the issuance date of these financial statements there has only been limited discovery and the outcome of the litigation, and maximum exposure for which the Trust may be contingently liable in such litigation, is currently unknown. The Trust carries liability insurance that covers a portion of the contingent liability.

(11) Contributions

Contributions received for the years ended March 31, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
Friends of Hudson River Park Trust	\$ 720,633	1,020,000
AP - ISC Leroy, LLC	-	2,250,000
Other	<u>29,186</u>	<u>10,380</u>
	<u>\$ 749,819</u>	<u>3,280,380</u>

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Notes to Financial Statements, Continued

(12) Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 83 - "Certain Asset Retirement Obligations." This Statement, issued in November 2016, addresses accounting and financial reporting for certain asset retirement obligations (AROs). Governments that have legal obligations to perform certain future asset retirement activities related to tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2019, which is the fiscal year beginning April 1, 2020 for the Trust. This Statement is not expected to have a material effect on the financial statements of the Trust.

GASB Statement No. 84 - "Fiduciary Activities." This Statement, issued in January 2017, established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. This Statement is effective for reporting periods beginning after December 15, 2019, which is the fiscal year beginning April 1, 2020 for the Trust. This Statement is not expected to have a material effect on the financial statements of the Trust.

GASB Statement No. 87 - "Leases." This Statement, issued in June 2017, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2021, which is the fiscal year beginning April 1, 2022 for the Trust. Management is in process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the Trust.

GASB Statement No. 88 - "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements." This Statement, issued in April of 2018, requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The provisions of this Statement are effective for reporting periods beginning after June 15, 2019, which is the fiscal year beginning April 1, 2020 for the Trust. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the Trust.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Notes to Financial Statements, Continued

(12) Accounting Standards Issued But Not Yet Implemented, Continued

GASB Statement No. 89 - "Accounting for Interest Cost Incurred before the End of a Construction Period." This Statement, issued in June 2018, establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62 - "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements" which are superseded by this Statement. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020, which is the fiscal year beginning April 1, 2021 for the Trust. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the Trust.

GASB Statement No. 91 - "Conduit Debt Obligations." This Statement, issued in May of 2019, requires a single method be used for the reporting of conduit debt obligations. The focus of the Statement is to improve financial reporting by eliminating diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021, which is the fiscal year beginning April 1, 2022 for the Trust. Management is in the process of evaluating the potential impact of this Statement on the financial statements of the Trust.

GASB Statement No. 92 - "Omnibus 2020." This Statement, issued in January 2020, clarifies implementation of GASB Statements No. 73, 74, 84 and 87, generally effective for fiscal years beginning after June 15, 2021, which is the fiscal year beginning April 1, 2022 for the Trust. Management is evaluating the potential impact due to the implementation of this Statement on the financial statements of the Trust.

GASB Statement No. 93 - "Replacement of Interbank Offered Rates." This Statement, issued in March 2020, addresses the accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR) - most notably, the London Interbank Offered Rate (LIBOR), which is expected to cease to exist in its current form at the end of 2021. The requirements of this Statement are effective for reporting periods after June 15, 2021, which is the fiscal year beginning April 1, 2022 for the Trust. Management is evaluating the potential impact due to the implementation of this Statement on the financial statements of the Trust.

GASB Statement No. 94 - "Public-Private and Public-Private Partnerships and Availability Payment Arrangements." This Statement, issued in March 2020, addresses issues related to public-private and public-private partnerships (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022, which is the fiscal year beginning April 1, 2023 for the Trust. Management is evaluating the potential impact due to the implementation of this Statement on the financial statements of the Trust.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Notes to Financial Statements, Continued

(12) Accounting Standards Issued But Not Yet Implemented, Continued

GASB Statement No. 96 - “Subscription-Based Information Technology Arrangements.” This Statement, issued in May 2020, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022, which is the fiscal year beginning April 1, 2023 for the Trust. Management is evaluating the potential impact due to the implementation of this Statement on the financial statements of the Trust.

GASB Statement No. 97 - “Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32.” This Statement, issued in June 2020, sets requirements for a primary government’s determination of component units which do not have governing boards; amends the financial burden criterion in paragraph 7 of Statement No. 84; sets required classifications for Section 457 plans and applies Statement No. 84, as amended, to IRC Section 457 arrangements; and supersedes remaining provisions of Statement No. 32, as amended, regarding investment valuation requirements for Section 457 plans. The requirements of this Statement in (1) paragraph 4 of this Statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (2) paragraph 5 of this Statement are effective immediately. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021 which is the fiscal year beginning April 1, 2022 for the Trust. Management is evaluating the potential impact due to the implementation of this Statement on the financial statements of the Trust.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Required Supplementary Information
Schedule of Changes in Trust's
Total OPEB Liability and Related Ratios
Year ended March 31, 2020

Total OPEB liability:	<u>2020</u>	<u>2019</u>
Service cost	\$ 1,164,880	1,106,111
Interest on total OPEB liability	668,458	594,911
Differences between actual and expected experience	(502,740)	192,206
Changes in assumptions	3,841,970	(493,708)
Benefit payments	<u>(203,374)</u>	<u>(285,696)</u>
Net change in total OPEB liability	4,969,194	1,113,824
Total OPEB liability - beginning	<u>17,002,324</u>	<u>15,888,500</u>
Total OPEB liability- ending	<u>\$ 21,971,518</u>	<u>17,002,324</u>
Covered payroll	\$ 5,696,661	5,152,017
Total OPEB liability as a percentage of covered payroll	385.7%	330.0%

Notes to schedule:

Changes of assumptions - Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2019	3.7%
2020	2.6%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the Trust is presenting information for those years for which information is available.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability
Year ended March 31, 2020

NYSERS Pension Plan					
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Trust's proportion of the net pension liability	0.0192262%	0.0192998%	0.0178503%	0.0188732%	0.0186450%
Trust's proportionate share of the net pension liability	\$ 1,362,236	622,889	1,677,257	3,029,206	629,872
Trust's covered payroll	\$ 5,696,661	5,152,017	4,727,541	4,423,662	4,391,701
Trust's proportionate share of the net pension liability as a percentage of its covered payroll	23.91%	12.09%	35.48%	68.48%	14.34%
Plan fiduciary net position as a percentage of the total pension liability	96.27%	98.24%	94.70%	90.70%	97.50%

Note to schedule:

This schedule is presented to illustrate the requirements to show information for 10 years. However, information is presented for those years that are available.

HUDSON RIVER PARK TRUST
 (A Public Benefit Corporation of the State of New York)
 Required Supplementary Information
 Schedule of Employer Pension Contributions
 Year ended March 31, 2020

NYSERS Pension Plan

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 717,973	666,639	636,752	600,181	707,967	700,867	778,956	681,115	657,910
Contributions in relation to the contractually required contribution	<u>717,973</u>	<u>666,639</u>	<u>636,752</u>	<u>600,181</u>	<u>707,967</u>	<u>700,867</u>	<u>778,956</u>	<u>681,115</u>	<u>657,910</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Trust's covered employee payroll	\$ 5,696,661	5,152,017	4,727,541	4,423,662	4,391,701	4,692,545	4,312,067	3,991,706	3,741,465
Contributions as a percentage of covered employee payroll	12.60%	12.94%	13.47%	13.57%	16.12%	14.94%	18.06%	17.06%	17.58%

* This schedule is presented to illustrate the requirements to show information for 10 years. However, information is presented for those years that are available.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Supplementary Information
Trust Operating Activity by Budget Function
Years ended March 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Revenue:		
Operating revenue (note 1)	\$ 32,170,331	37,262,109
Self-generated portion of non-operating revenue (note 2)	<u>5,437,379</u>	<u>2,922,652</u>
Total revenue	<u>37,607,710</u>	<u>40,184,761</u>
Expenses (note 3):		
Direct park operating expenses:		
Education and park programs	2,445,002	1,950,622
Grounds, facilities and capital plant	6,139,452	5,874,920
Public safety and security	3,281,016	3,049,214
Sanitation	1,471,638	1,427,560
Utilities	1,561,339	1,823,947
Insurance	<u>3,929,558</u>	<u>2,497,608</u>
Total direct park operating expenses	<u>18,828,005</u>	<u>16,623,871</u>
Other park operating expenses:		
Parking expenses	1,850,698	1,759,574
Admin, support and overhead expenses	<u>3,873,968</u>	<u>3,918,389</u>
Total other park operating expenses	<u>5,724,666</u>	<u>5,677,963</u>
Total expenses	24,552,671	22,301,834
Reimbursable operating expenses (note 4)	<u>(3,747,013)</u>	<u>(2,401,925)</u>
Net operating expenses	<u>20,805,658</u>	<u>19,899,909</u>
Surplus	<u>\$ 16,802,052</u>	<u>20,284,852</u>

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Supplementary Information
Capital Maintenance and Capital Equipment
Years ended March 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Surplus (deficit) before capital maintenance and capital equipment	\$ 16,802,052	20,284,852
Capital equipment	1,278,783	1,174,488
Upland and park piers capital maintenance	4,033,106	7,209,731
Marine structures other than Pier 40 capital maintenance	6,058,135	7,618,049
Pier 40 capital maintenance	<u>14,747,870</u>	<u>16,298,989</u>
Gross amount of capital maintenance and capital equipment without reimbursable	<u>26,117,894</u>	<u>32,301,257</u>
Surplus (deficit) after capital maintenance and capital equipment without reimbursable	<u>(9,315,842)</u>	<u>(12,016,405)</u>
Reimbursable capital maintenance and capital equipment from restricted funds (non-governmental)	13,676,269	16,072,266
Reimbursable capital maintenance and capital equipment from appropriations (governmental)	<u>8,975,535</u>	<u>11,750,386</u>
Total reimbursable capital maintenance and capital equipment	<u>22,651,804</u>	<u>27,822,652</u>
Surplus after capital maintenance and capital equipment, net of reimbursable	<u>\$ 13,335,962</u>	<u>15,806,247</u>

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Supplementary Information
Surplus (Deficit) After Non-operating Costs
Years ended March 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Surplus (deficit) before capital maintenance and capital equipment	\$ <u>16,802,052</u>	<u>20,284,852</u>
Non-operating expenses:		
OPEB and accrued pension liability	5,027,945	1,101,808
Depreciation and amortization	<u>12,019,071</u>	<u>11,542,258</u>
Total non-operating expenses	<u>17,047,016</u>	<u>12,644,066</u>
Surplus (deficit) after non-operating expenses	<u><u>\$ (244,964)</u></u>	<u><u>7,640,786</u></u>

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Supplementary Information
Notes to Supplementary Information
Years ended March 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Note 1 - Operating revenue:		
Lease and occupancy permits	\$ 22,369,242	27,560,697
Parking	7,661,366	7,580,553
Fees	1,450,912	1,608,374
Sponsorship	432,005	239,903
Other revenue	<u>256,806</u>	<u>272,582</u>
Total operating revenue	<u>\$ 32,170,331</u>	<u>37,262,109</u>
Note 2 - Non-operating revenue:		
Realized gain on investments	4,597,560	1,889,522
Contributions and grants	2,189,819	3,283,130
Less contributions and grants restricted for capital expenditures	<u>(1,350,000)</u>	<u>(2,250,000)</u>
Total non-operating revenue	<u>\$ 5,437,379</u>	<u>2,922,652</u>
Note 3 - Personnel included in three designated expense categories:		
Payroll	7,391,202	6,580,077
Fringe benefits	<u>2,665,676</u>	<u>2,783,282</u>
Total personnel	<u>\$ 10,056,878</u>	<u>9,363,359</u>
Full-time employees	<u>80</u>	<u>76</u>
Note 4 - Reimbursable operating expenses:		
Insurance	3,214,246	2,020,882
Ground, facilities and capital plant	<u>532,767</u>	<u>381,043</u>
Total reimbursable operating expenses	<u>\$ 3,747,013</u>	<u>2,401,925</u>
Note 5 - Reconciliation to operating income in statements of revenue, expenses and changes in net position:		
Note 5(a):		
Surplus (deficit) before capital maintenance and capital equipment	16,802,052	20,284,852
OPEB and accrued pension liability	(5,027,945)	(1,101,808)
Self-generated portion of non-operating revenue (note 2)	(5,437,379)	(2,922,652)
Reimbursable operating expenses (note 4)	<u>(3,747,013)</u>	<u>(2,401,925)</u>
Operating income	<u>\$ 2,589,715</u>	<u>13,858,467</u>
Note 5(b):		
Surplus (deficit) after non-operating expenses	(244,964)	7,640,786
Depreciation and amortization	12,019,071	11,542,258
Self-generated portion of non-operating revenue (note 2)	(5,437,379)	(2,922,652)
Reimbursable operating expenses (note 4)	<u>(3,747,013)</u>	<u>(2,401,925)</u>
Operating income	<u>\$ 2,589,715</u>	<u>13,858,467</u>

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Directors
Hudson River Park Trust:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of Hudson River Park Trust (the Trust) as of and for the year ended March 31, 2020, and the related notes to financial statements, which collectively comprise the Trust's basic financial statements, and have issued our report thereon dated August 28, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Trust's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Trust's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Trust's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Trust's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
August 28, 2020

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The Board of Directors
Hudson River Park Trust:

Report on Compliance for Each Major Federal Program

We have audited Hudson River Park Trust's (the Trust) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Trust's major federal programs for the year ended March 31, 2020. The Trust's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Trust's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Trust's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Trust's compliance.

Opinion on Each Major Federal Program

In our opinion, Hudson River Park Trust complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2020.

Report on Internal Control Over Compliance

Management of Hudson River Park Trust is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Trust's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Trust's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
August 28, 2020

**REPORT ON INVESTMENT COMPLIANCE WITH SECTION 201.3
OF TITLE TWO OF THE OFFICIAL COMPILATION OF CODES,
RULES AND REGULATIONS OF THE STATE OF NEW YORK**

The Board of Directors
Hudson River Park Trust:

We have examined the Hudson River Park Trust's (the Trust), a public benefit corporation of the State of New York State, compliance with the requirements of Section 201.3 of Title Two of the Official Compilation of Codes, Rules and Regulations of the State of New York (Section 201.3) during the year ended March 31, 2020. Management is responsible for the Trust's compliance with Section 201.3. Our responsibility is to express an opinion on the Trust's compliance with Section 201.3 based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and standards applicable to attestation engagements contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the examination to obtain reasonable assurance about the Trust's compliance with Section 201.3. An examination involves performing procedures to obtain evidence about the Trust's compliance with Section 201.3. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Trust's compliance with Section 201.3, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the Trust complied in all material respects with Section 201.3 during the year ended March 31, 2020.

In accordance with Government Auditing Standards, we are required to report significant deficiencies in internal control, violations of provisions of laws, regulations, contracts, or grant agreements, and abuse that are material to the Trust's compliance with Section 201.3 and any fraud or illegal acts that are more than inconsequential that come to our attention during our examination. We are also required to obtain views of management on those matters. We performed our examination to express an opinion on Trust's compliance with Section 201.3 and not for the purpose of expressing an opinion on internal control over compliance with Section 201.3 or other matters; accordingly, we express no such opinion. The results of our tests disclosed no matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of Trust management, the Board of Directors, the New York State Office of the State Comptroller, and the New York State Authority Budget Office and is not intended and should not be used by anyone other than those specified parties.

EFPR Group, CPAs, PLLC

Williamsville, New York
August 28, 2020

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Schedule of Expenditures of Federal Awards
Year ended March 31, 2020

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Recipients</u>
U.S. Department of Transportation - passed through New York State - Department of Transportation - Highway Planning and Construction	20.205	-	\$ 1,698,344	-
U.S. Department of Homeland Security - passed through New York State Division of Homeland Security and Emergency Services - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4085	2,245,610	-
U.S. Department of Housing and Urban Development - passed through Lower Manhattan Development Corporation - Community Development Block Grants/State's Program	14.228	10434	<u>2,227,105</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 6,171,059</u>	<u>-</u>

See accompanying notes to schedule of expenditures of federal awards.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Notes to Schedule of Expenditures of Federal Awards
March 31, 2020

(1) Reporting Entity

The accompanying schedule of expenditures of federal awards (the Schedule) presents the activity of federal financial assistance programs administered by the Hudson River Park Trust (the Trust), an entity as defined in the basic financial statements.

(2) Basis of Accounting

The Schedule is presented on the accrual basis of accounting and the amounts presented are derived from the Trust's general ledger. For programs with funding ceilings and caps, federal expenditures are only recorded and presented in the Schedule up to such amounts.

(3) Indirect Costs

Indirect costs are included in the reported expenditures to the extent such costs are included in the Federal financial reports used as the source for the data presented. The Trust does use the 10% de minimis rule.

(4) Matching Costs

Matching costs such as, the Trust's share of certain program costs, are not included in the Schedule.

(5) Subrecipients

The Trust did not provide any funding to subrecipients during the year ended March 31, 2020.

HUDSON RIVER PARK TRUST
 (A Public Benefit Corporation of the State of New York)
 Schedule of Findings and Questioned Costs
 Year ended March 31, 2020

Part I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- 1. Material weakness(es) identified? ___ Yes X No
- 2. Significant deficiency(ies) identified not considered to be material weakness(es)? ___ Yes X None reported
- 3. Noncompliance material to financial statements noted? ___ Yes X No

Federal Awards:

Internal control over major programs:

- 4. Material weakness(es) identified? ___ Yes X No
- 5. Significant deficiency(ies) identified not considered to be material weakness(es)? ___ Yes X None reported

Type of auditors' report issued on compliance for major programs: Unmodified

- 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) (Uniform Guidance)? ___ Yes X No

7. The Trust's major program audited was:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Community Development Block Grants/State's Program	14.228

8. Dollar threshold used to distinguish between Type A and Type B programs. \$ 750,000

9. Auditee qualified as low-risk auditee? X Yes ___ No

Part II - FINANCIAL STATEMENT FINDINGS

No reportable findings.

Part III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No reportable findings or questioned costs.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Status of Prior Year Audit Findings
Year ended March 31, 2020

There were no findings or questioned costs with regard to the prior year financial statements (March 31, 2019).