



Financial Report

March 31, 2020 and 2019

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Nonprofit Accounting & Consulting Specialists

Independent Auditors' Report

Board of Directors
Friends of Hudson River Park, Inc.
New York, New York

We have audited the accompanying financial statements of Friends of Hudson River Park, Inc. (a nonprofit organization), which comprise the statements of financial position as of March 31, 2020 and 2019 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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. 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 auditors' 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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 financial position of Friends of Hudson River Park Inc. as of March 31, 2020, and 2019 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PGM, LLC

Biddeford, Maine
September 3, 2020

Statements of Financial Position

March 31,

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 1,767,904	\$ 1,364,363
Accounts receivable	128,573	180,577
Pledges receivable, net	124,606	207,894
Property and equipment, net of accumulated depreciation of \$327,293 and \$268,747 in 2020 and 2019	45,845	101,867
Prepaid expenses and other assets	<u>185,641</u>	<u>171,504</u>
Total Assets	<u>\$ 2,252,569</u>	<u>\$ 2,026,205</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 604,049	\$ 388,919
Deferred revenue	<u>221,000</u>	<u>243,000</u>
Total Liabilities	<u>825,049</u>	<u>631,919</u>
Net Assets		
Without donor restrictions	1,285,832	1,186,392
With donor restrictions	<u>141,688</u>	<u>207,894</u>
Total Net Assets	<u>1,427,520</u>	<u>1,394,286</u>
Total Liabilities and Net Assets	<u>\$ 2,252,569</u>	<u>\$ 2,026,205</u>

Statement of Activities

For the Year Ended March 31, 2020

	Without donor restrictions	With donor restrictions	Total
Revenue			
Contributions	\$ 993,890		\$ 993,890
Grants	24,643	\$ 127,233	151,876
Special event revenue, including contributions and revenue of \$3,397,458 net of direct costs of \$1,339,372	2,058,086		2,058,086
Membership and other income	450,833		450,833
In-kind contributions	130,391		130,391
Investment income	12,330		12,330
Net assets released from restrictions	193,439	(193,439)	
Total Revenues	<u>3,863,612</u>	<u>(66,206)</u>	<u>3,797,406</u>
Expenses			
Program Services:			
Public policy	387,911		387,911
Contributions to Hudson River Park Trust	1,455,504		1,455,504
Communications and services	474,718		474,718
Support Services:			
General and administrative	787,605		787,605
Fundraising	658,434		658,434
Total Expenses	<u>3,764,172</u>		<u>3,764,172</u>
Change in Net Assets	<u>99,440</u>	<u>(66,206)</u>	<u>33,234</u>
Net Assets, Beginning of Year	<u>1,186,392</u>	<u>207,894</u>	<u>1,394,286</u>
Net Assets, End of Year	<u>\$ 1,285,832</u>	<u>\$ 141,688</u>	<u>\$ 1,427,520</u>

Statement of Activities

For the Year Ended March 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Contributions	\$ 478,504	\$ 2,415,000	\$ 2,893,504
Grants	402,101		402,101
Special event revenue, including contributions and revenue of \$3,645,536, net of direct costs of \$1,125,958	2,519,578		2,519,578
Membership and other income	394,818		394,818
In-kind contributions	159,454		159,454
Investment income	13,797		13,797
Net assets released from restrictions	2,392,828	(2,392,828)	
Total Revenue	<u>6,361,080</u>	<u>22,172</u>	<u>6,383,252</u>
Expenses			
Program Services:			
Public policy	237,551		237,551
Contributions to Hudson River Park Trust	4,379,374		4,379,374
Communications and services	482,315		482,315
Support Services:			
General and administrative	719,824		719,824
Fundraising	576,487		576,487
Total Expenses	<u>6,395,551</u>	<u></u>	<u>6,395,551</u>
Change in Net Assets	<u>(34,471)</u>	<u>22,172</u>	<u>(12,299)</u>
Net Assets, Beginning of Year	<u>1,220,863</u>	<u>185,722</u>	<u>1,406,585</u>
Net Assets, End of Year	<u>\$ 1,186,392</u>	<u>\$ 207,894</u>	<u>\$ 1,394,286</u>

Statement of Functional Expenses

For the Year Ended March 31, 2020

	Public Policy	Contributions to Hudson River Park Trust	Communications and Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries	\$ 143,688	\$ 353,275	\$ 251,014	\$ 747,977	\$ 257,278	\$ 416,652	\$ 673,930	\$ 1,421,907
Payroll taxes	10,080	23,635	24,798	58,513	19,728	30,079	49,807	108,320
Employee benefits	23,832	55,874	58,626	138,332	46,638	71,110	117,748	256,080
Professional fees	25,500	46,000	99,029	170,529	22,333	21,000	43,333	213,862
Technology and equipment		2,546	11,552	14,098	112,841		112,841	126,939
Publications and printing			1,341	1,341	2,123		2,123	3,464
Postage and delivery					7,178		7,178	7,178
Occupancy					188,196		188,196	188,196
Dues and subscriptions					8,604		8,604	8,604
Office supplies and expenses					9,587		9,587	9,587
Telephone					20,463		20,463	20,463
Meetings and travel					17,503		17,503	17,503
Insurance					12,440		12,440	12,440
Advertising and promotion					742		742	742
Credit card fees and bank charges					30,597		30,597	30,597
Other			275	275	20,826		20,826	21,101
Depreciation and amortization		28,083	28,083	56,166	10,528		10,528	66,694
Individual and corporate giving	184,811			184,811		119,593	119,593	304,404
Program contributions to Hudson River Park Trust		946,091		946,091				946,091
Total expenses	\$ 387,911	\$ 1,455,504	\$ 474,718	\$ 2,318,133	\$ 787,605	\$ 658,434	\$ 1,446,039	\$ 3,764,172

Statement of Functional Expenses

For the Year Ended March 31, 2019

	Public Policy	Contributions to Hudson River Park Trust	Communications and Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries	\$ 163,862	\$ 286,759	\$ 300,414	\$ 751,035	\$ 273,103	\$ 341,379	\$ 614,482	\$ 1,365,517
Payroll taxes	11,117	20,214	21,224	52,555	23,246	25,267	48,513	101,068
Employee benefits	21,932	39,877	41,871	103,680	45,859	49,847	95,706	199,386
Professional fees		41,750	7,893	49,643	179,656		179,656	229,299
Technology and equipment		10,533	5,852	16,385	99,483	1,171	100,654	117,039
Publications and printing			243	243	9,853		9,853	10,096
Postage and delivery	989	1,742	1,826	4,557	1,719	2,091	3,810	8,367
Occupancy	22,059	38,856	40,722	101,637	38,336	46,659	84,995	186,632
Dues and subscriptions				-	7,269		7,269	7,269
Office supplies and expenses	929	1,636	1,715	4,280	1,614	1,964	3,578	7,858
Telephone	2,793	4,920	5,156	12,869	4,854	5,908	10,762	23,631
Meetings and travel	3,129	5,511	5,776	14,416	5,437	6,617	12,054	26,470
Insurance	1,265	2,228	2,334	5,827	2,197	2,675	4,872	10,699
Advertising and promotion	155	274	287	716	270	328	598	1,314
Credit card fees and bank charge	3,910	6,887	7,217	18,014	6,795	8,270	15,065	33,079
Other	5,411	9,532	9,990	24,933	9,405	11,446	20,851	45,784
Depreciation and amortization		29,361	24,076	53,437	10,728	5,285	16,013	69,450
Individual and corporate giving		9,867	5,719	15,586		67,580	67,580	83,166
Program contributions to Hudson River Park Trust		3,869,427		3,869,427				3,869,427
Total expenses	\$ 237,551	\$ 4,379,374	\$ 482,315	\$ 5,099,240	\$ 719,824	\$ 576,487	\$ 1,296,311	\$ 6,395,551

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows

For the Years Ended March 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Change in net assets	\$ 33,234	\$ (12,299)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	66,694	69,450
(Increase) decrease in operating assets		
Accounts receivable	52,004	(6,236)
Pledges receivable	83,288	(22,172)
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	215,130	78,578
Prepaid expenses	(14,137)	(104,879)
Deferred revenue	(22,000)	(21,550)
Net cash flows from operating activities	<u>414,213</u>	<u>(19,108)</u>
Cash flows from investing activities		
Purchase of equipment	(10,672)	(16,082)
Net cash flows from investing activities	<u>(10,672)</u>	<u>(16,082)</u>
Net change in cash and cash equivalents	403,541	(35,190)
Cash and cash equivalents at beginning of year	<u>1,364,363</u>	1,399,553
Cash and cash equivalents at end of year	<u>\$ 1,767,904</u>	<u>\$ 1,364,363</u>

Notes to Financial Statements

March 31, 2020 and 2019

NOTE 1 – NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

Friends of Hudson River Park, Inc. (Friends) is a non-profit organization founded in June 1999 to support the development of Hudson River Park on Manhattan's West Side. Friends works as a private sector partner with the Hudson River Park Trust (the Trust) to ensure that the Park is adequately funded and built in accordance with the Hudson River Act.

Friends operates under a Memorandum of Understanding (MOU), with the Trust, the state-city agency that builds, manages and operates Hudson River Park, as their designated fundraising partner. The MOU establishes parameters under which the two organizations will collaborate on budgeting, planning and promotion of the Park, and set goals for funds to be raised for the Park's operations and construction. The Trust and Friends are also parties to a Trademark and Domain Name License Agreement dated June 15, 2017 whereby the Trust, as owner of certain trademarks and domain name, licenses such trademarks and domain name to Friends solely in connection with authorized activities.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Friends and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions and can be used for any purpose designated by the board.

Net Assets with Donor Restrictions

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those will be met by actions of the Friends or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Estimates

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

Cash and Cash Equivalents

Friends considers all highly liquid savings, deposits and investments with initial maturities of three months or less when purchased to be cash equivalents.

Notes to Financial Statements

March 31, 2020 and 2019

NOTE 1 – NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable. Changes in the valuation allowance have not been material to the financial statements. Management determined that no allowance for uncollectible accounts was necessary as of March 31, 2020 and 2019.

Contributions Receivable

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Contributions receivable expected to be received in more than one year are discounted to present value.

Property and Equipment

Property and equipment are stated at cost. Friends capitalizes all expenditures in excess of \$1,000 with a life of more than one year. Depreciation of property and equipment is computed on accelerated and straight-line methods with lives varying from three to 39 years.

Deferred Revenue

Deferred revenue represents contributions for the fundraising events in the following fiscal year that were received in the current fiscal year and advance payments for following fiscal year memberships.

Contributions

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using an interest rate determined by the risk.

Donated securities are recorded at the fair value on the date received from the donor. In-kind contributions are recorded at fair value at the date of the gift.

Notes to Financial Statements

March 31, 2020 and 2019

NOTE 1 – NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Functional Expense Allocation

The costs of programs and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expense by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

Friends is a nonprofit organization as described in Section 501(c) (3) of the Internal Revenue Code and, as such, is exempt from federal income taxes on related income pursuant to Section 501(a) of the IRS Code. Friends is subject to U.S. federal and state examinations by taxing authorities for the years ended March 31, 2017 through March 31, 2020.

Recently Adopted Pronouncements

Revenue Recognition

The Organization has adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended as management believes the standard improves the usefulness and understandability of the Organization's financial reporting.

Analysis of various provisions of this standard resulted in no significant change in the way the Organization recognizes revenue, and therefore no changes in the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

Recent Accounting Pronouncements

Leasing

In February 2016, FASB issued ASU 2016-02, *Leases*. This new standard will provide users of the financial statements a more accurate picture of the assets and the long-term financial obligations of entities that lease. The proposal is for a dual-model approach; a lessee would account for most existing capital leases as Type A leases, and most existing operating leases as Type B leases. Both would be reported on the balance sheet of the entity for leases with a term exceeding 12 months. Lessors will see some changes too, largely made to align with the revised lease model. For nonpublic companies, the new leasing standard would apply for fiscal years beginning after December 15, 2020. Management is currently evaluating the impact of adoption on its financial statements.

Notes to Financial Statements

March 31, 2020 and 2019

NOTE 2 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$ 1,626,216
Contributions receivable	30,000
Accounts receivable	128,573
	<u>\$ 1,784,789</u>

NOTE 3 – CONTRIBUTIONS RECEIVABLE

Unconditional promises to give are estimated to be collected as follows at March 31:

	<u>2020</u>	<u>2019</u>
Within one year	\$ 20,000	\$ 87,500
In one to five years	100,000	100,000
Over five years	20,000	40,000
	<u>140,000</u>	<u>227,500</u>
Less discount to net present value at 3%	(15,394)	(19,606)
	<u>\$ 124,606</u>	<u>\$ 207,894</u>

NOTE 4 – CASH AND CASH EQUIVALANTS

Friends maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits of \$250,000. Friends has not experienced losses in such deposits, and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE 5 – PENSION PLAN

Friends has established a 401(k) profit sharing plan for employees. Participants may contribute a percentage of their compensation up to the maximum statutory limit. Friend's offers a 50% match on 4% of employee contributions. Friends' contribution was approximately \$41,362 and \$22,703 for the years ended March 31, 2020 and 2019, respectively.

NOTE 6 – FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses allocated are salaries based on time and effort, and other operating expenses based on salaries and benefit ratio to total expenses.

Notes to Financial Statements

March 31, 2020 and 2019

NOTE 7 – OPERATING LEASE

Friends rented office space under an agreement which expired in August, 2020. Friends did not renew the office rental agreement after it expired. Rental expense was approximately \$147,664 and \$149,000 for the years ended March, 2020 and 2019, respectively.

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose:		
Compost project		\$ 20,000
Volunteer Program	<u>\$ 17,082</u>	
	<u>17,082</u>	<u>20,000</u>
Subject to the passage of time:		
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	<u>\$ 124,606</u>	<u>\$ 187,894</u>
Total subject to expenditure for specified purpose and passage of time	<u>141,688</u>	<u>207,894</u>
Total net assets with donor restrictions	<u><u>\$ 141,688</u></u>	<u><u>\$ 207,894</u></u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended March 31:

	<u>2020</u>	<u>2019</u>
Expiration of time restrictions:	<u>\$ 23,288</u>	<u>\$ 45,328</u>
Satisfaction of purpose restrictions		
Pass-thru award		2,250,000
Park projects	<u>170,151</u>	<u>97,500</u>
	<u><u>\$ 193,439</u></u>	<u><u>\$ 2,392,828</u></u>

Notes to Financial Statements

March 31, 2020 and 2019

NOTE 9 – DONATED PROFESSIONAL SERVICES AND MATERIALS

Friends received donated professional services and materials as follows during the years ended:

March 31, 2020:

	Program	Management and General	Fundraising	Total
Food and event expenses			\$ 450	\$ 450
Storage units		\$ 126,485	3,456	129,941
		<u>\$ 126,485</u>	<u>\$ 3,906</u>	<u>\$ 130,391</u>

March 31, 2019:

	Program	Management and General	Fundraising	Total
Professional consulting	\$ 98,926			\$ 98,926
Food and event expenses			\$ 57,300	57,300
Storage units		\$ 2,500	728	3,228
	<u>\$ 98,926</u>	<u>\$ 2,500</u>	<u>\$ 58,028</u>	<u>\$ 159,454</u>

NOTE 10 – RELATED PARTY AGREEMENT

Friends and the Trust operate under a Memorandum of Understanding/Collaborative Agreement. Funds raised by Friends inure to the Trust after allowance for its reasonable operating expenses and a prudent reserve. Friends transferred cash of \$946,091 and \$3,869,427 and other support services totaling \$509,413 and \$509,947 to the Trust during the years ended March 31, 2020 and 2019, respectively and has approximately \$468,995 and \$235,600 in accounts payable due to the Trust as of March 31, 2020 and 2019, respectively.

NOTE 11 – SUBSEQUENT EVENTS

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, as of March 7, 2020, Andrew Cuomo, Governor of the State of New York ordered the closure of the physical location of every “non-essential” business for what may be an extended period of time. Friends closed the physical office location in New York City and all employees are work remotely. Future potential impacts may include continued disruptions or restrictions on our employees’ ability to work and impairment of our ability to obtain contributions and volunteers. The future effects of these issues are unknown.

Notes to Financial Statements

March 31, 2020 and 2019

NOTE 11 – SUBSEQUENT EVENTS- CONTINUED

Subsequent to year end, the Organization applied for and was approved a \$332,997 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrues interest at 1.00% but payments are not required to begin for seven months after the funding of the loan. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal government.

Friends has evaluated subsequent events through September 3, 2020, which represents the date on which the financial statements were available to be issued and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of these financial statements.