

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, 2021 and 2020
(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, 2021 and 2020, 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, 2021 and 2020, 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 analysis and on pages 4 through 15, the Schedule Changes in Trust's Total OPEB Liability and Related Ratios on page 38, the Schedule of Proportionate Share of the Net Pension Liability on page 39, and the Schedule of Employer Pension Contributions on page 40 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 51, 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 June 29, 2021, 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
June 29, 2021

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Management's Discussion and Analysis
March 31, 2021 and 2020

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, 2020, and ending March 31, 2021 (fiscal year 2021). We encourage readers to consider the MD&A in conjunction with the basic financial statements, related notes, and Supplementary Information, each of which follow this section to fully understand 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 Trust's mission 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. A 13-member board of directors governs the Trust 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, 2021, approximately \$800.2 million has been expended on new Park construction, 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 complete with significant new construction starting at Gansevoort and Pier 97. The status of Park build-out as of February 1, 2021, is detailed in the Trust's annual Financing Plan, which may be found at <https://hudsonriverpark.org/app/uploads/2021/02/Financing-Plan-FY-2021-22.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 the fiscal year 2021 were lease rents (including payments in lieu of real estate taxes, or PILOT), occupancy permit and concession fees for park and commercial use facilities, parking revenue from the Pier 40 garage, and certain user fees. This operating revenue was supplemented by certain non-operating

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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, 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 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 fiscal years 2021 and 2020. 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 provide answers to such questions as where cash came from, what was cash used for, and 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 a proportionate share of the net pension liability, and schedule of employer pension contributions. Following the RSI schedules is Supplementary Information consisting of four schedules that presents financial results for fiscal years 2021 and 2020 in the format of the Trust's approved annual budget. Further information concerning the Trust's current budget for fiscal year 2022 is available at: https://hudsonriverpark.org/app/uploads/2021/04/HRPT_Approved_Budget_2022.pdf

The Trust adheres to the Governmental Accounting Standards Board (GASB) provisions 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

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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.

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, 2021 and 2020 under the accrual basis of accounting.

	<u>2021</u>	<u>2020</u>	<u>Dollar change</u>	<u>Percent change</u>
Total assets	\$ <u>912,962,825</u>	<u>890,983,851</u>	<u>21,978,974</u>	2%
Total deferred outflows of resources	\$ <u>4,112,433</u>	<u>1,377,699</u>	<u>2,734,734</u>	199%
Total liabilities	\$ <u>52,181,627</u>	<u>40,655,720</u>	<u>11,525,907</u>	28%
Total deferred inflows of resources	\$ <u>3,349,706</u>	<u>10,939,978</u>	<u>(7,590,272)</u>	(69%)
Total net position	\$ <u>861,543,925</u>	<u>840,765,852</u>	<u>20,778,073</u>	2%

As summarized in the table above and detailed in the statements of net position, the Trust’s total assets increased by 2% to \$913.0 million in fiscal year 2021. The combined increase in construction in progress and property and equipment (net of depreciation) of \$48.6 million exceeded the cumulative decrease in cash and equivalents, accounts receivable, prepaid expenses and investments by \$22.0 million.

Deferred outflows represent a use of net position that applies to future periods. A pension deferred outflow of \$4.1 million at March 31, 2021, which is part of reporting under GASB Statement No. 68, increased by \$2.7 million from \$1.4 million in the prior fiscal year. As discussed above, this increase results primarily from the net difference between projected and actual financial performance of the New York State and Local Retirement System and is not within the control of management.

The Trust’s total liabilities on March 31, 2021 were \$52.2 million, an increase of \$11.5 million, or 28%, compared to the prior fiscal year. This was primarily attributable to a \$6.9 million actuarial increase in OPEB under GASB Statement No. 75 that requires the Trust to record the full OPEB

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liability. This is in addition to the \$4.1 million increase in the Trust's proportionate share of the ERS's net pension liability under GASB Statement No. 68 and GASB Statement No. 71. Combined, these two GASB accounting adjustments increased by \$11.0 million, or 47% percent, to \$34.4 million and accounted for 66% of the Trust's total liabilities. By way of comparison, the \$18.1 million of accounts payable and accrued expenses owed currently to vendors and contractors increased by only \$504 thousand, or 3%, to \$17.8 million and accounted for 34% of the Trust's total liabilities at year-end.

As explained in notes 5 and 9 to the financial statements, the OPEB and future pension liability calculation is sensitive to a number of assumptions, including the Trust's proportionate share of the NYS plan's net pension liability, the discount rate used to determine the present value of future pension costs, and health care cost trends. A lower discount rate increases the present value of the obligation, as more funds are needed today to generate the targeted pension plan return and meet future retiree health costs for current and retired employees. In fiscal year 2021 the discount rate decreased, thus increasing the present value of the potential liability. While the Trust is not required to establish a funded set-aside, the magnitude of this potential obligation informs management in determining the application of the Trust's available reserve position.

Deferred inflows represent increases in net position that apply to future periods. The Trust's primary deferred inflows in fiscal year 2021 were \$562 thousand of advanced appropriation revenue received from the City for Pier 26 construction and not yet applied to contractor payments, \$2.5 million of prepaid lease revenue derived primarily from a 30-year lease for a natural gas pipeline at and along the Gansevoort Peninsula, and \$294 thousand in relation to pension accounting, for total of \$3.4 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 \$20.8 million, or 2%, to \$861.5 million in fiscal year 2021. The net position at the end of the fiscal year 2021 was distributed as net investment in completed capital assets and construction in progress of \$679.3 million, restricted funds for capital expenditures of \$132.3 million, and unrestricted funds of \$49.9 million allocated for working capital, reserves and future unfunded liabilities. Investment in capital assets net of depreciation increased by \$48.6 million, reflecting increased new construction and capital maintenance activity during the fiscal year. By way of comparison, restricted funds for capital expenditures decreased by \$26.1 million as restricted funds were expended on designated capital projects (and thereby recognized as capital assets). Unrestricted funds declined by \$1.9 million as funds were applied to the Trust's operating loss for the fiscal year.

In fiscal year 2021, the Trust spent \$25.6 million on new construction and \$35.7 million on capital maintenance, for a total of \$61.3 million. Cumulative investment in capital assets net of depreciation in fiscal year 2021 includes approximately \$596.3 million of completed Park improvements, \$5.5 million of equipment and \$77.5 million of construction in progress. Construction in progress, which includes associated design work, decreased by \$50.5 million in fiscal year 2021 as the Pier 55 esplanade, the initial phase of the Chelsea Waterside Park reconstruction, Morton Street bulkhead

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repair, Pier 40 courtyard field replacement, Pier 26 new park construction and several phases of Pier 40 pile work were all completed. On-going construction in progress at the end of the fiscal year is comprised primarily of new park construction underway at the Gansevoort Peninsula, Pier 55, Pier 97, and continuing capital maintenance work at Pier 40.

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, 2021 and 2020. Additional information on operating and non-operating revenues, operating expenses, and the capital maintenance portion of expenditures for construction is found in the Supplementary Information schedules. The Supplementary Information schedules correspond to the format of the Trust's approved budget.

	<u>2021</u>	<u>2020</u>	<u>Dollar change</u>	<u>Percent change</u>
Operating revenue	\$ 23,532,634	32,170,331	(8,637,697)	(27%)
Operating expenses	<u>31,874,271</u>	<u>29,580,616</u>	<u>2,293,655</u>	8%
Operating income (loss)	<u>(8,341,637)</u>	<u>2,589,715</u>	<u>(10,931,352)</u>	(422%)
Non-operating revenue less				
sale of development right	42,434,135	45,270,007	(2,835,872)	(6%)
Sale of development rights	-	48,284,813	(48,284,813)	(100%)
Non-operating expense	<u>13,314,425</u>	<u>12,019,071</u>	<u>1,295,354</u>	11%
Non-operating income	<u>29,119,710</u>	<u>81,535,749</u>	<u>(52,416,039)</u>	(64%)
Change in net position	\$ <u>20,778,073</u>	<u>84,125,464</u>	<u>(63,347,391)</u>	(75%)

Operating revenue is generated from within the Park from lease and other occupancy agreements, parking charges, user fees, and sponsorships. Total operating revenue in fiscal year 2021 from all sources was \$23.5 million, compared to \$32.2 million in fiscal year 2020, a decrease of \$8.6 million, or 27%. In fiscal year 2021 approximately 66% of operating revenue, or \$15.6 million, was derived from leases and other occupancy agreements; 30%, or \$7.1 million, came from Pier 40 parking charges (net of local and state taxes); and 4%, or \$832 thousand, was generated from user fees and other sources including sponsorships. By way of comparison, the proportionate share derived from occupancy agreement, parking, and user fees were 70%, 24% and 6% respectively in fiscal year 2020.

In a year defined by the significant adverse impact of COVID-19, lease and other occupancy income declined by \$6.8 million, or 30%; parking revenue decreased by \$575 thousand, or 8%; and user fees and other revenue, which includes event and sponsorship fees, decreased by \$1.3 million, or 61%. Tenants and concessionaires in the food, hospitality, tourist and recreation industries were especially hard hit, and the Trust was unable to realize operating revenue from participation changes, percentage rent and percentage concession fees dependent on sales volume. Moreover, several occupancy agreements were restructured to allow for deferral of base fees and charges. The Trust expects to recoup these deferrals in the next two fiscal years as no abatements were granted. In a financially

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challenged fiscal year, parking's relative out-performance helped stabilize a significant portion of the Trust's revenue stream. In addition, rents and fees from occupancy agreements at Pier 57, Pier 98, and from the Citibike concessionaire at Pier 40 held steady, thus partially mitigating the decline in revenue from other tenants and concessionaires.

Operating expenses in the fiscal year 2021 totaled \$31.9 million, an increase of \$2.3 million or 8% from the prior fiscal year. Encompassed within operating expenses is \$18.0 million of employee compensation and benefits, including a \$2.9 million increase in non-cash OPEB and net pension liability. As discussed above, 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 and included within employee compensation and benefits, 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. As discussed previously, the total \$34.4 million balance at the end of the fiscal year for these two liability items helps inform management in determining the adequacy of the Trust's reserve position.

Excluding non-cash OPEB and pension expenses, employee compensation and benefits of approximately \$10.1 million were essentially flat year-over-year, increasing by \$76 thousand, or less than 1%. Within the employee compensation category, full time wages and salaries increased by 2% to \$7.0 million, part-time and seasonal labor decreased by 63% to \$294 thousand, and overtime fell by 58% to \$25 thousand. Because of the COVID-19 revenue loss, management exercised strict cost control on all variable labor components and other cost categories.

As there were few opportunities for fringe benefit savings, and the overall amount expended for that category increased by 7% in fiscal year 2021 to \$2.8 million. Within the employee benefits category, pension costs increased by 11% to \$781 thousand and fringe medical increased by 20% to \$1.2 million. The Trust's pension and medical costs are largely dictated by NYS administered fringe benefit systems that are outside of management's control. However, some modest cost savings were recorded in connection with the COVID-19 health emergency. For example, the transit check benefit expense fell by 74% to \$22 thousand due to remote work partially supplanting in-office work, and the demand for public transportation falling.

Overall, excluding non-cash OPEB and pension expenses, personnel costs were approximately 49% of total net operating expenses in fiscal year 2021. This compares with a 45% share in the prior fiscal year. As personnel costs were largely flat year-over-year, the percentage increase in relative share was due primarily to a decrease in the other than personnel service (OTPS) portion of net operating expenses.

Certain OTPS operating expenses were subject to cost reimbursement arrangements, primarily with the State and City, as detailed further in the Supplementary Information schedules. In fiscal year 2021, reimbursement from the City and State for liability insurance costs covered \$4.5 million of the Trust's \$4.9 million premium cost for all types of insurance. Liability insurance reimbursement consisted of both direct State payment and a recoverable credit for contracted public safety services by the City.

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Reimbursement for contracted vendor costs associated with the maintenance of the Route 9(a) median by the State totaled \$408 thousand in fiscal year 2021. Thus, total reimbursable and recoverable OTPS operating expenses in the fiscal year 2021 for both liability insurance and maintenance costs were \$4.9 million.

“Park programs and maintenance” and “general and administrative” are the two other OTPS operating expense categories in the statements of revenue, expense, and changes in net position. Net of the Route 9(a) median maintenance reimbursement discussed above, park programs and maintenance OTPS costs were \$8.1 million in fiscal year 2021, a decrease of \$1.5 million, or 16%, from the prior year. General and administrative OTPS costs, net of State and City reimbursement for liability insurance, decreased by \$297 thousand, or 26% to \$863 thousand.

Excluding non-cash OPEB and pension expenses, and netting out liability insurance and route 9(a) maintenance reimbursements and credits, net operating expenses were \$20.6 million in fiscal year 2021, a decrease of \$1.3 million, or 6%, from the prior fiscal year. The Supplementary Information Schedule 1 details this reduction. In addition, as presented in Supplementary Information Schedule 1, the Trust's operating surplus from self-generated sources with these exclusions, reimbursements and credits was \$8.8 million in fiscal year 2021 as compared to \$15.7 million in fiscal year 2020.

As shown on the Statements of Revenue, Expenses and Changes in Net Position, which includes non-cash OPEB and pension expenses (and only the credit portion of recoverable operating expenses), the Trust recorded an operating loss of \$8.3 million in fiscal year 2021 as compared to \$2.6 million gain in fiscal year 2020. Including all \$42.4 million of non-operating revenue such as governmental appropriations, reimbursements, and realized and unrealized gains and losses from investments, and \$13.3 million of non-operating depreciation expense, the Trust generated an increase in its net position of \$20.8 million. Thus, the Trust's net position, which was \$840.8 million at the beginning of the fiscal year increased to \$861.6 million. As discussed above, this increase was comprised of additional park construction.

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 OTPS 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, 2021 and 2020.

The table corresponds in summary form to the Trust's approved budget format presented in the Supplementary Information schedules. The Supplementary 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-

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forma use of the terms “surplus” and “deficit” is associated with the Trust budget format presented in the Supplementary 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 Supplementary 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 the 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>2021</u>	<u>2020</u>
Operating revenue	\$ 23,532,634	32,170,331
Self-generated portion of non-operating revenue	<u>5,878,892</u>	<u>5,437,379</u>
Total revenue	<u>29,411,526</u>	<u>37,607,710</u>
Direct park operating expenses	18,817,705	18,828,005
Other park operating expenses	6,688,200	6,893,939
Reimbursable operating expenses	<u>(4,864,371)</u>	<u>(3,747,013)</u>
Net operating expenses	<u>20,641,534</u>	<u>21,944,931</u>
Surplus before capital maintenance and capital equipment	<u>8,769,992</u>	<u>15,662,779</u>
Equipment CAPx	959,528	1,278,783
Upland and park piers CAPm	1,848,248	4,033,106
Marine structures other than pier 40 CAPm	407,262	6,058,135
Pier 40 CAPm	<u>32,514,791</u>	<u>14,747,870</u>
Gross amount CAPx and CAPm without reimbursable	<u>35,729,829</u>	<u>26,117,894</u>
Reimbursable CAPx and CAPm from restricted funds (NON-GOV)	24,038,447	13,676,269
Reimbursable CAPx and CAPm from GOV appropriations	<u>4,937,899</u>	<u>8,975,535</u>
CAPx and CAPm net of reimbursable	<u>28,976,346</u>	<u>22,651,804</u>
CAPx and CAPm net of reimbursable	<u>6,753,483</u>	<u>3,466,090</u>
Deficit after CAPx and CAPm without reimbursable	<u>(26,959,837)</u>	<u>(10,455,155)</u>
Surplus after CAPx and CAPm net of reimbursable	\$ <u>2,016,509</u>	<u>12,196,689</u>

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Management's Discussion and Analysis, Continued

As depicted in the table above and detailed in Supplementary Information Schedule 1, prior to consideration of capital maintenance, the Trust generated an \$8.8 million surplus of self-generated revenue in excess of net operating costs. This surplus was \$6.9 million or 44% less than the similarly calculated surplus for the prior year. As discussed further below, self-generated revenue decreased by \$8.2 million or 22%, to \$29.4 million, while net operating expenses decreased by \$1.3 million or 6%, to \$20.6 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, as capital maintenance needs to be funded regardless of depreciation accruals. For the purpose of this discussion, capital equipment acquired to replace existing equipment that is in poor condition or obsolete is combined with capital maintenance.

As shown on Supplementary Information Schedule 2, gross capital maintenance and equipment costs were \$35.7 million in fiscal year 2021, an increase of \$9.6 million, or 27%, compared to the prior fiscal year. Much of this increase is attributable to a resumption and acceleration of Pier 40 pile repair work that had been delayed in the prior fiscal year. Appropriation revenue and restricted funds from the sale of air rights applied to offset capital maintenance, and equipment expenditures totaled \$29.0 million in fiscal year 2021, an increase of \$6.3 million, or 28%. Accordingly, net capital maintenance and equipment cost consisting of a gross cost of \$35.7 million less application of offsetting funds of \$29.0 million, was \$6.7 million in fiscal year 2021, an increase of \$3.2 million, or 95%, from \$3.5 million in fiscal year 2020.

As described above, the Trust had a surplus of self-generated revenue in excess of net operating costs of \$8.8 million in the fiscal year 2021. However, as shown on Supplementary Information Schedule 2, this surplus becomes a deficit of \$27 million when the \$35.7 million in gross capital maintenance and equipment costs is deducted. This compares with a deficit after gross capital maintenance and equipment costs of \$10.4 million in the fiscal year 2020. Thus, but for the availability of government funds and available air rights proceeds, the Trust would have experienced a significant deficit in fiscal years 2020 and an even larger one in 2021.

Taking into consideration the \$29.0 million of appropriation revenue and air rights sale funds that offset capital maintenance costs, the Trust generated a surplus of \$2.0 million in the fiscal year 2021. This represents a decrease of \$10.2 million, or 83%, compared to the \$12.2 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, market conditions, and completion of the City's land use review procedure. Thus, surpluses such as those generated in fiscal

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

years 2021 and 2020 cannot be assumed in future years. As is the Trust's practice, these annual surpluses, when generated, 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 the fiscal year 2023), 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). 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 Supplementary Information Schedule 3, the Trust had a deficit in fiscal year 2021 of \$12.5 million after the 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 deficit in fiscal year 2020 of \$1.4 million. The reasons for this deepening deficit are a \$6.9 million reduction in self-generated revenue in excess of net operating costs from \$15.7 million to \$8.8 million, a \$2.9 million increase in non-operating OPEB expense from \$5.0 million to \$7.9 million, and an increase in depreciation expense of \$1.3 million from \$12.0 million to \$13.3 million. By way of comparison, gross capital maintenance costs were \$14.1 million more than book depreciation in fiscal year 2020 and \$22.4 million greater in fiscal year 2021.

Cash Flows, Reserve Balances

As shown on the statements of cash flows, the \$23.4 million of cash provided by operating activities (leases, parking and fees) was \$2.0 million less than the \$25.4 million cash used for operating expenses (personnel, fringe benefits, and vendors) in fiscal year 2021. This compares with positive net cash from operating activities of \$15.5 million in fiscal year 2020.

Cash generated from non-operating capital financing activities in fiscal year 2021, consisting of appropriations, governmental and private reimbursements, settlements and grants, contributions and the proceeds from the Paycheck Protection Program was \$47.3 million. By way of comparison, in fiscal year 2020, when there were air rights sale revenues of \$48.3 million, cash generated from non-operating capital financing activities totaled \$81.2 million. Cash used in capital financing activities (primarily construction) in the fiscal year 2021 was \$60.2 million, as compared to \$58.0 million in the fiscal year 2020. This use of cash for capital financing activities in the fiscal year 2021 was for new park and capital maintenance construction activity of \$59.2 million and equipment additions of \$879 thousand. In the fiscal year 2020, \$56.7 million was used for new park and capital maintenance construction activity, and \$1.3 million for equipment. Thus, net cash generated from non-operating capital financing activities was negative \$12.7 million in fiscal year 2021 as compared to positive \$23.6 million in fiscal year 2020.

HUDSON RIVER PARK TRUST
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Management's Discussion and Analysis, Continued

In fiscal year 2021, \$30.0 million of matured investments were transferred to the Trust's bank operating account to cover ongoing expenses and take advantage of temporary higher yields.

Consequently, as a result of the \$2.0 million in negative operating cash, \$12.7 million in negative cash generated from non-operating capital financing activities, and \$30.0 million in positive net cash from investing activities, cash and equivalents increased by \$15.3 million. On March 31, 2021, the Trust held \$34.5 million in its collateralized bank account and \$188.3 million in its investment account. Of this combined \$222.8 million, \$132.3 million was restricted for designated capital construction projects. The balance of \$90.5 million was allocated for \$52.2 million of current payables, contract accruals, and future OPEB and pension liabilities, with the remaining \$38.3 million designated for working capital and reserves for meeting operating expenses, unforeseen 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 have been some disallowances, the Trust expects to receive reimbursement for substantially all storm related costs from Federal (Federal Emergency Management Agency (FEMA)) and State sources. As of the end of fiscal year 2021, the Trust has received \$29.9 million in reimbursement revenue for its outlays, or 89% of the total expended.

Of the Trust's total accounts receivables recorded at March 31, 2021 of \$10.5 million, the amount due from FEMA and the State for storm recovery is \$3.2 million, or 30 % of the total. An additional \$1.7 million of 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, 2021, approximately \$4.8 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.

Significant Events Subsequent: Lifting of COVID-19 Restrictions and Pier Openings

On June 15, 2021 the Governor of the State of New York announced that most mandatory COVID-19 restrictions were lifted because 70% of New Yorkers aged 18 or older had received the first dose of their vaccination series. As a result, the Trust's tenants and concessionaires in affected industries were able to expand commercial operations. While a return to 2019 sales volumes is not likely, the Trust does expect a revenue benefit from increased percentage rents collections.

HUDSON RIVER PARK TRUST
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Management's Discussion and Analysis, Continued

On May 25, 2021 Pier 55, aka "Little Island", opened to the public and quickly became a popular destination for both New Yorkers and out-of-town visitors. The completed project cost approximately \$250 million, of which \$21.2 million was funded by the Trust. Under the terms of its 20-year lease with the Trust, the not-for-profit tenant/operator of Little Island is responsible for all maintenance and operating costs at and above the pier deck level of the park space, and the Trust is obligated to maintain and repair the underdeck and pier piles. The tenant has an option to terminate the lease in 10 years upon making a payment to the Trust, and to extend the term of the lease by an additional 10 years at the expiration of the 20-year term. Upon the expiration or early termination of the lease, the Trust will be responsible for all operating, repair and maintenance costs, and will include the depreciated value of the project as an asset on its books.

On June 9, 2021, the Governor of the State of New York announced the opening of Pier 76, the site of the former New York City tow pound, as park space within Hudson River Park. The demolition of the former tow pound and construction of the park cost a reported \$31 million. The property was conveyed to the Trust through an amendment to its lease with NYS dated as of June 2, 2021. The Trust will assess the value of improvements undertaken by NYS and include the amount as an asset on its books. The Trust became responsible for most operating costs upon the opening of the park but this additional obligation is not expected to result in a material increase in overall operating expenses in fiscal year 2022.

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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets:		
Cash and equivalents	\$ 34,545,785	19,250,743
Accounts receivable	10,520,307	22,997,834
Prepaid expenses	272,846	189,895
Investments	188,301,277	217,801,181
Construction in progress	77,469,791	127,972,369
Property and equipment, net	<u>601,852,819</u>	<u>502,771,829</u>
Total assets	<u>912,962,825</u>	<u>890,983,851</u>
Deferred outflows of resources - pensions	<u>4,112,433</u>	<u>1,377,699</u>
Liabilities:		
Accounts payable	10,423,673	11,062,871
Accrued expenses	7,402,363	6,259,095
Net pension liability - proportionate share - ERS	5,460,071	1,362,236
Other postemployment benefits obligation	<u>28,895,520</u>	<u>21,971,518</u>
Total liabilities	<u>52,181,627</u>	<u>40,655,720</u>
Deferred inflows of resources:		
Pensions	294,078	658,558
Appropriations	562,375	8,200,171
Lease rents	<u>2,493,253</u>	<u>2,081,249</u>
Total deferred inflows of resources	<u>3,349,706</u>	<u>10,939,978</u>
Commitments and contingencies (notes 7 and 10)	<u> </u>	<u> </u>
Net position:		
Net investment in capital assets	679,322,610	630,744,198
Restricted for capital expenditures	132,333,146	158,358,732
Unrestricted	<u>49,888,169</u>	<u>51,662,922</u>
Total net position	<u>\$ 861,543,925</u>	<u>840,765,852</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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating revenue:		
Lease revenue	\$ 15,614,660	22,369,242
Parking revenue	7,085,826	7,661,366
Fees and other revenue	<u>832,148</u>	<u>2,139,723</u>
Total operating revenue	<u>23,532,634</u>	<u>32,170,331</u>
Operating expenses:		
Employee compensation and benefits	10,074,327	9,998,127
Other postemployment benefits and pensions	7,922,623	5,027,945
Park programs and maintenance	8,557,893	10,179,931
General and administrative	<u>5,319,428</u>	<u>4,374,613</u>
Total operating expenses	<u>31,874,271</u>	<u>29,580,616</u>
Operating income (loss)	<u>(8,341,637)</u>	<u>2,589,715</u>
Non-operating revenue:		
Sale of development rights	-	48,284,813
Appropriations revenue	21,590,361	22,848,900
Reimbursement	15,402,519	10,846,457
Settlements and grants	2,173,347	1,440,000
Contributions	1,074,770	749,819
Grant income - Paycheck Protection Program forgiveness	1,654,300	-
Realized gain on investments	3,149,822	4,597,560
Unrealized gain (loss) on investments	<u>(2,610,984)</u>	<u>4,787,271</u>
Total non-operating revenue	42,434,135	93,554,820
Non-operating expense - depreciation and amortization	<u>13,314,425</u>	<u>12,019,071</u>
Non-operating income	<u>29,119,710</u>	<u>81,535,749</u>
Change in net position	20,778,073	84,125,464
Net position at beginning of year	<u>840,765,852</u>	<u>756,640,388</u>
Net position at end of year	<u>\$ 861,543,925</u>	<u>840,765,852</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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Cash receipts from:		
Lease revenue	\$ 15,661,246	23,479,922
Parking revenue	6,877,579	7,661,366
Fees and other revenue	838,865	2,200,395
Cash payments to:		
Personnel services and fringe benefits	(10,120,870)	(9,866,804)
Vendors	<u>(15,262,595)</u>	<u>(7,938,183)</u>
Net cash provided by (used in) operating activities	<u>(2,005,775)</u>	<u>15,536,696</u>
Cash flows from capital financing activities:		
Sale of development rights	-	48,284,813
Appropriations revenue	18,323,538	26,678,098
Reimbursement	24,076,021	4,413,902
Settlements and grants	2,173,347	1,440,000
Proceeds from promissory note - Paycheck Protection Program	1,654,300	-
Contributions	1,074,770	749,819
Expenditures for construction in progress	(54,444,467)	(46,792,660)
Additions to property	(4,715,989)	(9,918,803)
Additions to equipment	<u>(879,445)</u>	<u>(1,276,199)</u>
Net cash provided by (used in) capital financing activities	<u>(12,737,925)</u>	<u>23,578,970</u>
Cash flows from investing activities:		
Purchases of investments	(82,661,705)	(108,284,812)
Sale of investments	112,684,246	-
Earnings on investments	<u>16,201</u>	<u>299,945</u>
Net cash provided by (used in) investing activities	<u>30,038,742</u>	<u>(107,984,867)</u>
Net change in cash and equivalents	15,295,042	(68,869,201)
Cash and equivalents at beginning of year	<u>19,250,743</u>	<u>88,119,944</u>
Cash and equivalents at end of year	<u>\$ 34,545,785</u>	<u>19,250,743</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>2021</u>	<u>2020</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ (8,341,637)	2,589,715
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities - changes in:		
Accounts receivable	(566,948)	1,726,676
Prepaid expenses	(82,951)	3,104
Deferred outflows of resources - pensions	(2,734,734)	895,061
Accounts payable	(639,198)	6,396,859
Accrued expenses	(709,668)	347,721
Net pension liability - proportionate share - ERS	4,097,835	739,347
Other postemployment benefits obligation	6,924,002	4,969,194
Deferred inflows of resources - pensions	(364,480)	(1,575,657)
Deferred inflows of resources - lease rents	412,004	(555,324)
	<u>\$ (2,005,775)</u>	<u>15,536,696</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, 2021 and 2020

(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 \$585 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, 2021, the amount which has not been drawn down from the City and State combined is approximately \$158.8 million. The Trust has received approximately \$20.7 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, 2021. Total financial institution (bank) balances at March 31, 2021 amounted to \$34,550,866. Total deposits are categorized as follows:

<u>A</u>	<u>B</u>	<u>C</u>
\$ <u>34,550,866</u>	<u> -</u>	<u> -</u>

Cash and equivalents at March 31, 2021 and 2020 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.

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

(i) 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.

(j) 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 \$562,375 in advance of the construction for projects it intends to support being started after March 31, 2021.

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 Inflows of Resources, Continued

(iii) Deferred Inflows of Resources - Lease Rents

The third item in deferred inflows of resources consists 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, 2021 and 2020, the Trust recognized revenue from the Texas Eastern lease of \$92,500.

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

2022	\$ 623,232
2023	92,500
2024	92,500
2025	92,500
2026	92,500
Thereafter	<u>1,500,021</u>
	<u>\$ 2,493,253</u>

(k) 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.

(l) 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.

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) 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.

(n) Risks and Uncertainties

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.

(o) Reclassifications

Reclassifications have been made to certain 2020 balances in order to conform them to the 2021 presentation.

(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 inputs.

Investment securities at March 31, 2021 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	1.125% to 2.250%	\$ 30,578,852	Level 2
U.S. Treasuries	6 months to 1 year	1.250% to 2.500%	28,725,261	Level 2
U.S. Treasuries	1 to 5 years	0.250% to 2.750%	90,711,192	Level 2
New York State Bonds	1 to 5 years	0.530% 1.500%	1,403,750	Level 2
New York State Urban Development Corporation Bonds	1 to 5 years	0.870% to 0.880%	1,419,264	Level 2

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

	<u>Maturity</u>	<u>Rate</u>	<u>Fair value</u>	<u>Fair value Hierarchy</u>
New York State Dormitory Authority Bonds	1 to 5 years	0.640% to 0.880%	\$ 2,806,704	Level 2
City of New York Bonds	1 to 5 years	0.250% to 2.280%	1,579,740	Level 2
Corporate Bonds	Less than 6 months	0.000%	1,999,999	Level 2
Money market funds with investments in U.S. Government debt			<u>29,076,515</u>	Level 2
			<u>\$ 188,301,277</u>	

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 2
U.S. Treasuries	6 months to 1 year	1.375% to 2.500%	23,567,153	Level 2
U.S. Treasuries	1 to 5 years	1.125% to 2.75%	129,392,441	Level 2
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

(4) Property and Equipment

Property and equipment at March 31, 2021 and 2020 consist of the following:

	<u>Lives</u>	<u>2021</u>	<u>2020</u>
Pier improvements	10-50 years	\$ 722,692,943	611,257,057
Machinery and equipment	7 years	4,843,164	4,108,266
Computer equipment	5 years	1,434,791	1,278,390
Software	3 years	1,813,449	1,769,979
Automobiles	5 years	2,479,300	2,454,540
Furniture and fixtures	5 years	423,756	423,756
Office renovation	5 years	<u>528,746</u>	<u>528,746</u>
Total property and equipment		734,216,149	621,820,734
Less accumulated depreciation and amortization		<u>(132,363,330)</u>	<u>(119,048,905)</u>
Net property and equipment		\$ <u>601,852,819</u>	<u>502,771,829</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, 2021 and 2020 amounted to \$210,365 and \$203,374, respectively. At March 31, 2021 and 2020, the liability for active and retired employees included in other postemployment benefit obligation amounted to \$28,895,520 and \$21,971,518, respectively.

The number of participants as of March 31, 2021 was as follows:

Active employees	76
Retired employees	15
Spouses of employees	<u>33</u>
Total	<u>124</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

Actuarial Assumptions and Other Inputs

The total OPEB liability in the March 31, 2021 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	2.4%
Healthcare cost trend rates	4.3% to 4.9%

Changes in the Total OPEB Liability

	<u>2021</u>	<u>2020</u>
Total OPEB liability at beginning of year	\$ <u>21,971,518</u>	<u>17,002,324</u>
Changes for the year:		
Service cost	1,164,880	1,164,880
Interest on total OPEB liability	852,190	668,458
Differences between actual and expected experience	(1,167,781)	(502,740)
Changes in assumptions	6,285,078	3,841,970
Benefit payments	<u>(210,365)</u>	<u>(203,374)</u>
Total changes	<u>6,924,002</u>	<u>4,969,194</u>
Total OPEB liability at end of year	\$ <u>28,895,520</u>	<u>21,971,518</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, 2021, 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 (1.4%) or 1-percentage-point higher (3.4%) than the current discount rate:

	1% Decrease (1.4%)	Discount Rate (2.4%)	1% Increase (3.4%)
Total OPEB liability	\$ <u>35,468,680</u>	<u>28,895,520</u>	<u>23,879,180</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, 2021, 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 (3.3% to 3.9%) or 1-percentage point higher (5.3% to 5.9%) than the current rate:

	1% Decrease (3.3% to 3.9%)	Current Trend Rate (4.3% to 4.9%)	1% Increase (5.3% to 5.9%)
Total OPEB liability	\$ <u>21,968,220</u>	<u>28,895,520</u>	<u>38,490,570</u>

(6) Related Party Transactions

Related party transactions as of and for the years ended March 31, 2021 and 2020 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, 2021 and 2020, the Trust had requested \$21,590,361 and \$22,848,900, 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, 2021 and 2020, the Trust paid \$3,068,995 and \$3,281,016, 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, 2021 and 2020, the amount included in accounts receivable amounted to \$29,249 and \$548,491, 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, 2021 and 2020, the amount included in accounts receivable amounted to \$1,127,728 and \$2,107,700, 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, 2021, are as follows:

2022		\$ 18,325,295
2023		17,845,522
2024		17,283,945
2025		17,734,180
2026		<u>17,807,244</u>
		<u>\$ 88,996,186</u>

(8) Restricted for Capital Expenditures

Net position restricted for capital expenditures at March 31, 2021 and 2020 is summarized as follows:

<u>Source</u>	<u>2021</u>	<u>2020</u>
City of New York	\$ 24,452,480	24,393,497
New York State Department of Environmental Conservation	4,206,479	4,196,333
Sale of development rights - Pier 40	52,166,799	72,538,927
Sale of development rights - Chelsea	46,605,341	49,221,538
Other	<u>4,902,047</u>	<u>8,008,437</u>
Total restricted for capital expenditures	<u>\$ 132,333,146</u>	<u>158,358,732</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>
2021	\$ 781,031
2020	717,973
2019	666,639

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, 2021 and 2020, 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, 2020 and 2019. 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	4/1/2019	4/1/2018
Net pension liability	\$ 5,460,071	1,362,236
Trust's proportion of the Plan's net pension liability	0.0206192%	0.0192262%
Change in proportion since prior measurement date	0.0013930%	0.0000736%

For the years ended March 31, 2021 and 2020, the Trust recognized pension expense of \$1,779,652 and \$776,725, respectively, for ERS. At March 31, 2021 and 2020, the Trust's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>2021</u>		<u>2020</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 321,347	-	268,253	91,444
Changes of assumptions	109,940	94,931	342,411	-
Net difference between projected and actual earnings on pension plan investments	2,799,098	-	-	349,625
Changes in proportion and differences between the Trust's contributions and proportionate share of contributions	101,017	199,147	49,062	217,489
Trust's contributions subsequent to the measurement date	<u>781,031</u>	<u>-</u>	<u>717,973</u>	<u>-</u>
Total	<u>\$ 4,112,433</u>	<u>294,078</u>	<u>1,377,699</u>	<u>658,558</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 March 31, 2021 measurement date will be recognized as a reduction of the net pension liability in the year ending March 31, 2022. 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>
2021	\$ 473,097
2022	758,932
2023	992,016
2024	813,278

(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, 2020	March 31, 2019
Actuarial valuation date	April 1, 2019	April 1, 2018
Interest rate	6.8%	7.0%
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%
Cost of living adjustments	1.3%	1.3%

Annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2018. The previous actuarial valuations as of April 1, 2018 used the Society of Actuaries Scale MP-2014.

The actuarial assumptions used in the April 1, 2019 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, 2020	
	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>
Asset type:		
Domestic equity	36.0%	4.05%
International equity	14.0%	6.15%
Private equity	10.0%	6.75%
Real estate	10.0%	4.95%
Absolute return strategies	2.0%	3.25%
Opportunistic portfolio	3.0%	4.65%
Real assets	3.0%	5.95%
Bonds and mortgages	17.0%	0.75%
Cash	1.0%	0.00%
Inflation - indexed bonds	4.0%	0.50%

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 6.8% and 7.0% for March 31, 2021 and 2020, respectively. 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, 2021 calculated using the discount rate of 6.8%, 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 (5.8%) or 1-percentage point higher (7.8%) than the current rate:

	1% Decrease (5.8%)	Current Assumption (6.8%)	1% Increase (7.8%)
Employer's proportionate share of the net pension (asset) liability	\$ <u>10,020,772</u>	<u>5,460,071</u>	<u>(1,259,646)</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)	
	4/1/2019	4/1/2018
Employers' total pension liability	\$(194,597)	(189,803)
Plan net position	<u>168,116</u>	<u>182,718</u>
Employers' net pension liability	\$ <u>(26,481)</u>	<u>(7,085)</u>
Ratio of plan net position to the Employers' total pension liability	86.39%	96.27%

(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, 2021 and 2020 represent the projected employer contribution for the period of April 1, 2020 through March 31, 2021 and April 1, 2019 through March 31, 2020, 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, 2021 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 were previously 18 lawsuits filed against the Trust along with other defendants, including the City of New York and Home Depot. The original 18 cases have been consolidated into one action for joint discovery and trial. As of the issuance date of these financial statements the consolidated matters as to either damages or liability has not commenced. The Trust carries liability insurance that covers a portion of the contingent liability.

(11) Contributions

Contributions received for the years ended March 31, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Friends of Hudson River Park Trust	\$ 1,055,000	720,633
Other	<u>19,770</u>	<u>29,186</u>
	\$ <u>1,074,770</u>	<u>749,819</u>

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

(12) Payroll Protection Program

In May 2020, the Trust received a loan under the Paycheck Protection Program that was designed by the United States Small Business Administration (SBA) to provide direct incentive for small businesses to keep their workers on payroll due to COVID-19. The SBA will forgive the loan if all employee retention criteria are met, and the funds are used for eligible expenses. If the criteria are not met, the loan is to be paid in equal payments over a period of two years including interest at 1%. The Trust anticipates this loan to be forgiven and has subsequently requested forgiveness. For the year ended March 31, 2021, the Trust has recognized \$1,654,300 toward eligible expenses which is included in non-operating income.

(13) Accounting Standards Issued But Not Yet Implemented

GASB has issued the following pronouncements which will be implemented in the years required. The effects of the implementation of these pronouncements are not known at this time.

Statement No. 87 -Leases. Effective for fiscal years beginning after June 15, 2021.

Statement No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period. Effective for fiscal years beginning after December 15, 2020.

Statement No. 91 - Conduit Debt Obligations. Effective for fiscal years beginning after December 15, 2021.

Statement No. 92 - Omnibus 2020. Effective for fiscal years beginning after June 15, 2021.

Statement No. 93 - Replacement of Interbank Offered Rates. Effective for fiscal years beginning after June 15, 2021.

Statement No. 94 - Public-Private and Public-Public Partnerships and Availability Payment Arrangements. Effective for fiscal years beginning after June 15, 2022.

Statement No. 96 - Subscription-Based Information Technology Arrangements. Effective for fiscal years beginning after June 15, 2022.

Statement No. 97 - Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. Effective for fiscal years beginning after June 15, 2021.

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, 2021

Total OPEB liability:	<u>2021</u>	<u>2020</u>	<u>2019</u>
Service cost	\$ 1,164,880	1,164,880	1,106,111
Interest on total OPEB liability	852,190	668,458	594,911
Differences between actual and expected experience	(1,167,781)	(502,740)	192,206
Changes in assumptions	6,285,078	3,841,970	(493,708)
Benefit payments	<u>(210,365)</u>	<u>(203,374)</u>	<u>(285,696)</u>
Net change in total OPEB liability	6,924,002	4,969,194	1,113,824
Total OPEB liability - beginning	<u>21,971,518</u>	<u>17,002,324</u>	<u>15,888,500</u>
Total OPEB liability - ending	<u>\$ 28,895,520</u>	<u>21,971,518</u>	<u>17,002,324</u>
Covered payroll	\$ 6,223,908	5,696,661	5,152,017
Total OPEB liability as a percentage of covered payroll	464.3%	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%
2021	2.4%

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, 2021

	NYSERS Pension Plan					
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Trust's proportion of the net pension liability	0.0206192%	0.0192262%	0.0192998%	0.0178503%	0.0188732%	0.0186450%
Trust's proportionate share of the net pension liability	\$ 5,460,071	1,362,236	622,889	1,677,257	3,029,206	629,872
Trust's covered payroll	\$ 6,223,908	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	87.73%	23.91%	12.09%	35.48%	68.48%	14.34%
Plan fiduciary net position as a percentage of the total pension liability	86.39%	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, 2021

NYSERS Pension Plan										
	<u>2021</u>	<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	\$ 781,031	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>781,031</u>	<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>	<u>-</u>
Trust's covered employee payroll	\$ 6,223,908	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	12.55%	12.60%	12.94%	13.47%	13.57%	16.12%	14.94%	18.06%	17.06%	17.58%

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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenue:		
Operating revenue (note 1)	\$ 23,532,634	32,170,331
Self-generated portion of non-operating revenue (note 2)	<u>5,878,892</u>	<u>5,437,379</u>
Total revenue	<u>29,411,526</u>	<u>37,607,710</u>
Expenses:		
Direct park operating expenses:		
Education and park programs	1,715,356	2,445,002
Grounds, facilities and capital plant	6,154,947	6,139,452
Public safety and security	3,068,995	3,281,016
Sanitation	1,542,336	1,471,638
Utilities	1,484,128	1,561,339
Insurance	<u>4,851,943</u>	<u>3,929,558</u>
Total direct park operating expenses	<u>18,817,705</u>	<u>18,828,005</u>
Other park operating expenses:		
Parking expenses	1,322,296	1,838,465
Admin, support and overhead expenses	<u>5,365,904</u>	<u>5,025,474</u>
Total other park operating expenses	<u>6,688,200</u>	<u>6,863,939</u>
Total expenses	25,505,905	25,691,944
Reimbursable operating expenses (note 4)	<u>(4,864,371)</u>	<u>(3,747,013)</u>
Net operating expenses	<u>20,641,534</u>	<u>21,944,931</u>
Surplus	<u>\$ 8,769,992</u>	<u>15,662,779</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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Surplus before capital maintenance and capital equipment	\$ <u>8,769,992</u>	<u>15,662,779</u>
Equipment capital maintenance	959,528	1,278,783
Upland and park piers capital maintenance	1,848,248	4,033,106
Marine structures other than Pier 40 capital maintenance	407,262	6,058,135
Pier 40 capital maintenance	<u>32,514,791</u>	<u>14,747,870</u>
Gross amount of capital maintenance and capital equipment without reimbursable	<u>35,729,829</u>	<u>26,117,894</u>
Deficit after capital maintenance and capital equipment reimbursable	<u>(26,959,837)</u>	<u>(10,455,115)</u>
Reimbursable capital maintenance and capital equipment from restricted funds (non-governmental)	24,038,447	13,676,269
Reimbursable capital maintenance and capital equipment from from appropriations (governmental)	<u>4,937,899</u>	<u>8,975,535</u>
Total reimbursable capital maintenance and capital equipment	<u>28,976,346</u>	<u>22,651,804</u>
Surplus after capital maintenance and capital equipment net of reimbursable	<u>\$ 2,016,509</u>	<u>12,196,689</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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Surplus before capital maintenance and capital equipment	\$ <u>8,769,992</u>	<u>15,662,779</u>
Non-operating expenses:		
OPEB and accrued pension liability	7,922,623	5,027,945
Depreciation and amortization	<u>13,314,425</u>	<u>12,019,071</u>
Total non-operating expenses	<u>21,237,048</u>	<u>17,047,016</u>
Deficit after non-operating expenses	<u><u>\$ (12,467,056)</u></u>	<u><u>(1,384,237)</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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Note 1 - included in operating revenue:		
Lease and occupancy permits	\$ 15,614,660	22,369,242
Parking	7,085,826	7,661,366
Fees	348,158	1,450,912
Sponsorship	133,031	432,005
Other income	<u>350,959</u>	<u>256,806</u>
Total operating revenue	<u>\$ 23,532,634</u>	<u>32,170,331</u>
Note 2 - included in non-operating revenue		
Interest	3,149,822	4,597,560
Contributions and grants	4,902,417	2,189,819
Less contributions and grants restricted for capital expenditures	<u>(2,173,347)</u>	<u>(1,350,000)</u>
Total non-operating revenue	<u>\$ 5,878,892</u>	<u>5,437,379</u>
Note 3 - included in three designated expense categories:		
Payroll	7,285,453	7,391,202
Fringe benefits	<u>2,788,874</u>	<u>2,665,676</u>
Total personnel	<u>\$ 10,074,327</u>	<u>10,056,878</u>
Full time employees	<u>80</u>	<u>80</u>
Note 4 - reimbursable operating expenses		
Insurance	4,456,709	3,214,246
Ground, facilities and capital plant	<u>407,662</u>	<u>532,767</u>
Total reimbursable operating expenses	<u>\$ 4,864,371</u>	<u>3,747,013</u>
Note 5 - reconciliation to operating income in statements of revenue, expenses, and changes in net position:		
Note 5a		
Surplus before capital maintenance and capital equipment	8,769,992	15,662,779
OPEB and accrued pension liability	(7,922,623)	(5,027,945)
Self generated portion of non-operating revenue	(5,878,892)	(5,437,379)
Reimbursable operating expenses	(4,864,371)	(3,747,013)
Insurance cost adjustment *	<u>1,554,257</u>	<u>1,139,273</u>
Operating income (loss)	<u>\$ (8,341,637)</u>	<u>2,589,715</u>
Note 5b		
Deficit after non-operating expenses	(12,467,056)	(1,384,237)
Depreciation and amortization	13,314,425	12,019,071
Self-generated portion of non-operating revenue (see note 2)	(5,878,892)	(5,437,379)
Reimbursable operating expenses (see note 4)	(4,864,371)	(3,747,013)
Insurance cost adjustment *	<u>1,554,257</u>	<u>1,139,273</u>
Operating income (loss)	<u>\$ (8,341,637)</u>	<u>2,589,715</u>

* Insurance cost subtracted from General and Administrative Operating Expense in the statements as a result of the credit provided by the City of New York for park security.

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, 2021, and the related notes to financial statements, which collectively comprise the Trust's basic financial statements, and have issued our report thereon dated June 29, 2021.

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) as a basis for designing 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 financial statements. 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
June 29, 2021

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR 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 the Trust's major federal program for the year ended March 31, 2021. The Trust's major federal program is 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 program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for 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 its major federal program for the year ended March 31, 2021.

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 the 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
June 29, 2021

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, 2021. 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, 2021.

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
June 29, 2021

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Schedule of Expenditures of Federal Awards
Year ended March 31, 2021

<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	-	\$ 563,133	-
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	1,409,160	-
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>6,567,359</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 8,539,652</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, 2021

(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, 2021.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Schedule of Findings and Questioned Costs
Year ended March 31, 2021

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? ___ Yes X 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, 2021

There were no findings or questioned costs with regard to the prior year financial statements (March 31, 2020).