



Financial Report

March 31, 2022 and 2021

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Nonprofit Accounting & Consulting Specialists

Independent Auditors' Report

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

Opinion

We have audited the accompanying financial statements of Friends of Hudson River Park, Inc. (a nonprofit organization), which comprise the statements of financial position as of March 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friends of Hudson River Park, Inc. as of March 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Friends of Hudson River Park, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Friends of Hudson River Park, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of Friends of Hudson River Park, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Friends of Hudson River Park, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

As stated in the opinion section of this letter, the financial statements of Friends of Hudson River Park, Inc. present fairly, in all material respects, the financial position of Friends of Hudson River Park, Inc. as of March 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PGM, LLC

Biddeford, Maine
September 19, 2022

Statements of Financial Position

March 31,

| | <u>2022</u> | <u>2021</u> |
|--|----------------------------|----------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 1,127,729 | \$ 1,678,469 |
| Restricted cash | 1,659,136 | 645,063 |
| Accounts receivable | 96,686 | 177,851 |
| Promises to give receivable, net | 506,557 | 108,344 |
| Property and equipment, net of accumulated depreciation of \$359,370 and \$360,886 in 2022 and 2021 | 32,834 | 16,024 |
| Prepaid expenses and other assets | <u>101,396</u> | <u>196,689</u> |
| Total Assets | <u>\$ 3,524,338</u> | <u>\$ 2,822,440</u> |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Accounts payable and accrued expenses | \$ 177,152 | \$ 271,073 |
| Due to Hudson River Park Trust | 1,659,136 | 645,063 |
| Deferred revenue | 97,500 | 125,000 |
| Forgivable PPP advance | | 310,382 |
| Long-term debt | <u>149,109</u> | <u>150,000</u> |
| Total Liabilities | <u>2,082,897</u> | <u>1,501,518</u> |
| Net Assets | | |
| Without donor restrictions | 934,884 | 1,096,328 |
| With donor restrictions | <u>506,557</u> | <u>224,594</u> |
| Total Net Assets | <u>1,441,441</u> | <u>1,320,922</u> |
| Total Liabilities and Net Assets | <u>\$ 3,524,338</u> | <u>\$ 2,822,440</u> |

Statement of Activities

For the Year Ended March 31, 2022

| | Without donor restrictions | With donor restrictions | Total |
|---|----------------------------------|----------------------------|---------------------|
| Revenue | | | |
| Contributions | \$ 1,749,875 | \$ 321,525 | \$ 2,071,400 |
| Grants | 37,349 | 116,688 | 154,037 |
| Special event revenue, including contributions and revenue of \$2,863,857 net of direct costs of \$1,376,272 | 1,494,220 | | 1,494,220 |
| Membership and other income | 505,025 | | 505,025 |
| In-kind contributions | 192,832 | | 192,832 |
| Investment income | 1,520 | | 1,520 |
| Net assets released from restrictions | 156,250 | (156,250) | |
| Total Revenues | <u>4,137,071</u> | <u>281,963</u> | <u>4,419,034</u> |
| Expenses | | | |
| Program Services: | | | |
| Public policy | 170,704 | | 170,704 |
| Contributions to Hudson River Park Trust | 2,316,622 | | 2,316,622 |
| Communications and services | 308,717 | | 308,717 |
| Support Services: | | | |
| General and administrative | 608,643 | | 608,643 |
| Fundraising | 893,829 | | 893,829 |
| Total Expenses | <u>4,298,515</u> | | <u>4,298,515</u> |
| Change in Net Assets | <u>(161,444)</u> | <u>281,963</u> | <u>120,519</u> |
| Net Assets, Beginning of Year | <u>1,096,328</u> | <u>224,594</u> | <u>1,320,922</u> |
| Net Assets, End of Year | <u>\$ 934,884</u> | <u>\$ 506,557</u> | <u>\$ 1,441,441</u> |

Statement of Activities

For the Year Ended March 31, 2021

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|----------------------------------|----------------------------|---------------------|
| Revenue | | | |
| Contributions | \$ 1,579,537 | \$ 106,250 | \$ 1,685,787 |
| Grants | 68,000 | 106,192 | 174,192 |
| Special event revenue, including contributions and revenue of \$1,335,325, net of direct costs of \$181,190 | 1,154,135 | | 1,154,135 |
| Membership and other income | 334,750 | | 334,750 |
| In-kind contributions | 23,895 | | 23,895 |
| Investment income | 3,668 | | 3,668 |
| Net assets released from restrictions | 129,536 | (129,536) | |
| Total Revenue | <u>3,293,521</u> | <u>82,906</u> | <u>3,376,427</u> |
| Expenses | | | |
| Program Services: | | | |
| Public policy | 178,661 | | 178,661 |
| Contributions to Hudson River Park Trust | 1,670,019 | | 1,670,019 |
| Communications and services | 385,481 | | 385,481 |
| Support Services: | | | |
| General and administrative | 628,323 | | 628,323 |
| Fundraising | 620,541 | | 620,541 |
| Total Expenses | <u>3,483,025</u> | | <u>3,483,025</u> |
| Change in Net Assets | <u>(189,504)</u> | <u>82,906</u> | <u>(106,598)</u> |
| Net Assets, Beginning of Year | <u>1,285,832</u> | <u>141,688</u> | <u>1,427,520</u> |
| Net Assets, End of Year | <u>\$ 1,096,328</u> | <u>\$ 224,594</u> | <u>\$ 1,320,922</u> |

Statement of Functional Expenses

For the Year Ended March 31, 2022

| | Public Policy | Contributions to Hudson River Park Trust | Communications and Services | Total Program Services | Management and General | Fundraising | Total Supporting Services | Total Expenses |
|---|-------------------|---|--------------------------------|------------------------------|---------------------------|-------------------|---------------------------------|---------------------|
| Salaries | \$ 131,518 | \$ 532,566 | \$ 183,476 | \$ 847,560 | \$ 319,863 | \$ 456,255 | \$ 776,118 | \$ 1,623,678 |
| Payroll taxes | 12,528 | 29,025 | 30,181 | 71,734 | 24,400 | 37,396 | 61,796 | 133,530 |
| Employee benefits | 26,658 | 61,757 | 64,218 | 152,633 | 51,915 | 79,569 | 131,484 | 284,117 |
| Professional fees | | 3,147 | 13,484 | 16,631 | 17,979 | 3,146 | 21,125 | 37,756 |
| Technology and equipment | | 4,634 | 7,822 | 12,456 | 93,953 | | 93,953 | 106,409 |
| Publications and printing | | | 3,129 | 3,129 | | | - | 3,129 |
| Postage and delivery | | | | | 2,309 | | 2,309 | 2,309 |
| Occupancy | | | | | 4,596 | | 4,596 | 4,596 |
| Dues and subscriptions | | | | | 17,020 | | 17,020 | 17,020 |
| Office supplies and expenses | | | | | 2,526 | | 2,526 | 2,526 |
| Telephone | | | | | 10,533 | | 10,533 | 10,533 |
| Meetings and travel | | | | | 7,740 | | 7,740 | 7,740 |
| Insurance | | | | | 11,543 | | 11,543 | 11,543 |
| Advertising and promotion | | | 2,161 | 2,161 | | 2,161 | 2,161 | 4,322 |
| Credit card fees and bank charges | | | | | 26,876 | | 26,876 | 26,876 |
| Other | | | | | 3,825 | 159 | 3,984 | 3,984 |
| Depreciation and amortization | | 4,246 | 4,246 | 8,492 | 2,689 | | 2,689 | 11,181 |
| Individual and corporate giving | | 585,870 | | 585,870 | | 231,778 | 231,778 | 817,648 |
| Interest expense | | | | | 4,601 | | 4,601 | 4,601 |
| Program contributions to Hudson River Park Trust | | 1,095,377 | | 1,095,377 | 6,275 | 83,365 | 89,640 | 1,185,017 |
| Total expenses | \$ 170,704 | \$ 2,316,622 | \$ 308,717 | \$ 2,796,043 | \$ 608,643 | \$ 893,829 | \$ 1,502,472 | \$ 4,298,515 |

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

Statement of Functional Expenses

For the Year Ended March 31, 2021

| | Public Policy | Contributions to Hudson River Park Trust | Communications and Services | Total Program Services | Management and General | Fundraising | Total Supporting Services | Total Expenses |
|--|-------------------|--|-----------------------------|------------------------|------------------------|-------------------|---------------------------|---------------------|
| Salaries | \$ 144,793 | \$ 350,830 | \$ 272,079 | \$ 767,702 | \$ 260,673 | \$ 421,296 | \$ 681,969 | \$ 1,449,671 |
| Payroll taxes | 10,354 | 23,988 | 24,943 | 59,285 | 20,165 | 30,906 | 51,071 | 110,356 |
| Employee benefits | 23,514 | 54,474 | 56,645 | 134,633 | 45,793 | 70,186 | 115,979 | 250,612 |
| Professional fees | | 1,750 | 7,500 | 9,250 | 10,000 | 1,750 | 11,750 | 21,000 |
| Technology and equipment | | 5,406 | 9,124 | 14,530 | 109,593 | | 109,593 | 124,123 |
| Publications and printing | | | 440 | 440 | | | | 440 |
| Postage and delivery | | | | | 1,539 | | 1,539 | 1,539 |
| Occupancy | | | | | 79,691 | | 79,691 | 79,691 |
| Dues and subscriptions | | | | | 15,062 | | 15,062 | 15,062 |
| Office supplies and expenses | | | | | 3,023 | | 3,023 | 3,023 |
| Telephone | | | | | 18,276 | | 18,276 | 18,276 |
| Meetings and travel | | | | | 716 | | 716 | 716 |
| Insurance | | | | | 13,373 | | 13,373 | 13,373 |
| Advertising and promotion | | | | | 1,558 | | 1,558 | 1,558 |
| Credit card fees and bank charges | | | | | 12,061 | | 12,061 | 12,061 |
| Other | | | | | 609 | 28 | 637 | 637 |
| Depreciation and amortization | | 14,750 | 14,750 | 29,500 | 9,339 | | 9,339 | 38,839 |
| Individual and corporate giving | | 195,585 | | 195,585 | | 77,376 | 77,376 | 272,961 |
| Bad debts | | | | | 21,800 | | 21,800 | 21,800 |
| Interest expense | | | | | 3,612 | | 3,612 | 3,612 |
| Program contributions to Hudson River Park Trust | | 1,023,236 | | 1,023,236 | 1,440 | 18,999 | 20,439 | 1,043,675 |
| Total expenses | \$ 178,661 | \$ 1,670,019 | \$ 385,481 | \$ 2,234,161 | \$ 628,323 | \$ 620,541 | \$ 1,248,864 | \$ 3,483,025 |

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

Statements of Cash Flows

For the Years Ended March 31,

| | <u>2022</u> | <u>2021</u> |
|---|---------------------|---------------------|
| Cash flows from operating activities | | |
| Change in net assets | \$ 120,519 | \$ (106,598) |
| Adjustments to reconcile changes in net assets to net cash provided by operating activities: | | |
| Depreciation and amortization | 11,181 | 38,839 |
| Bad debt | | 21,800 |
| Forgiveness of PPP advance | (310,382) | (332,997) |
| (Increase) decrease in operating assets | | |
| Accounts receivable | 81,165 | (71,078) |
| Pledges receivable | (398,213) | 16,262 |
| Increase (decrease) in operating liabilities | | |
| Accounts payable and accrued expenses | (93,921) | 141,118 |
| Due to Hudson River Park Trust | 1,014,073 | 170,969 |
| Prepaid expenses | 95,293 | (11,048) |
| Deferred revenue | (27,500) | (96,000) |
| Net cash flows from operating activities | <u>492,215</u> | <u>(228,733)</u> |
| Cash flows from investing activities | | |
| Purchase of equipment | (27,991) | (9,018) |
| Net cash flows from investing activities | <u>(27,991)</u> | <u>(9,018)</u> |
| Cash flows from financing activities | | |
| Proceeds from issuance of long-term debt | | 150,000 |
| Payments on debt | (891) | |
| Proceeds from PPP advances | | 643,379 |
| Net cash flows from financing activities | <u>(891)</u> | <u>793,379</u> |
| Net change in cash and cash equivalents | 463,333 | 555,628 |
| Cash, cash equivalents and restricted cash at beginning of year | <u>2,323,532</u> | <u>1,767,904</u> |
| Cash, cash equivalents and restricted cash at end of year | <u>\$ 2,786,865</u> | <u>\$ 2,323,532</u> |
| Cash and cash equivalents | | |
| Cash and cash equivalents | \$ 1,127,729 | \$ 1,678,469 |
| Restricted cash | 1,659,136 | 645,063 |
| | <u>\$ 2,786,865</u> | <u>\$ 2,323,532</u> |
| Supplemental cash flow information | | |
| cash paid for interest | <u>\$3,612</u> | |

Notes to Financial Statements

March 31, 2022 and 2021

NOTE 1 – NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

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

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

Basis of Presentation

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

Net Assets without Donor Restrictions

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

Net Assets with Donor Restrictions

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

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

Estimates

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

Cash and Cash Equivalents

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

Notes to Financial Statements

March 31, 2022 and 2021

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

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable. Changes in the valuation allowance have not been material to the financial statements. Management determined that no allowance for uncollectible accounts was necessary as of March 31, 2022 and 2021.

Promises to Give Receivable

Unconditional promises to give are initially recorded and subsequently carried at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. Promises to give are written off when deemed uncollectable.

Property and Equipment

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

Deferred Revenue

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

Revenue and Revenue Recognition

Membership revenue, which is nonrefundable, is a specific contribution level whereby a membership application is completed to show support for the organization but no benefits are provided. No exchange element is included.

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. We recognize special events revenue equal to the fair value of direct benefits to donors when the special event takes place. We recognize the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place.

Contribution revenue, including cash, securities or other assets, unconditional promises to give or a notification of a beneficial interest, is recognized when received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Notes to Financial Statements

March 31, 2022 and 2021

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

Revenue and Revenue Recognition - Continued

A portion of the organization's revenue is derived from state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when expenditures in compliance with specific contract or grant provisions are incurred. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. No amounts have been received in advance under state contracts and grants,

In-kind Contributions

Contributed nonfinancial assets include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the good or services received. In addition to non-financial assets, volunteers contribute significant amounts of time to program services, administration and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by general accepted accounting principles. Contributed goods are recorded at fair value at the date of donation.

Functional Expense Allocation

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

Income Taxes

Friends is a nonprofit organization as described in Section 501(c) (3) of the Internal Revenue Code and, as such, income related to its charitable purpose is exempt from federal and state income taxes under the provisions of the IRS Code. The organization is subject to federal and state examinations by taxing authorities for the fiscal years ended March 31, 2019 through March 31, 2022.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Notes to Financial Statements

March 31, 2022 and 2021

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

Recent Accounting Pronouncements

Leasing

In February 2016, FASB issued ASU 2016–02, *Leases*. This new standard will provide users of the financial statements a more accurate picture of the assets and the long-term financial obligations of entities that lease. The proposal is for a dual-model approach; a lessee would account for most existing capital leases as Type A leases, and most existing operating leases as Type B leases. Both would be reported on the balance sheet of the entity for leases with a term exceeding 12 months. Lessors will see some changes too, largely made to align with the revised lease model. For nonpublic companies, the new leasing standard would apply for fiscal years beginning after December 15, 2021. Management is currently evaluating the impact of adoption on its financial statements.

Contributed Nonfinancial Assets

In September 2020, FASB issued ASU update 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This new standard will increase the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure to include disaggregation of contributed nonfinancial assets and qualitative information about the use of these assets as well as descriptions regarding restrictions, valuation techniques and fair value measurement. The new standard applies for years beginning after June 30, 2021. Management does not expect any significant impact on its financial statements.

NOTE 2 – LIQUIDITY AND AVAILABILITY

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

| | 2022 | 2021 |
|-----------------------------|--------------|--------------|
| Cash and cash equivalents | \$ 621,172 | \$ 1,453,875 |
| Promises to give receivable | 438,213 | 20,000 |
| Accounts receivable | 96,686 | 177,851 |
| | \$ 1,156,071 | \$ 1,651,726 |

NOTE 3 – CASH AND CASH EQUIVALANTS

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

Notes to Financial Statements

March 31, 2022 and 2021

NOTE 4 – PROMISES TO GIVE RECEIVABLE

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

| | <u>2022</u> | <u>2021</u> |
|--|-------------------|-------------------|
| Within one year | \$ 438,213 | \$ 20,000 |
| In one to five years | 80,000 | 100,000 |
| | <u>518,213</u> | <u>120,000</u> |
| Less discount to net present value at 3% | <u>(11,656)</u> | <u>(11,656)</u> |
| | <u>\$ 506,557</u> | <u>\$ 108,344</u> |

NOTE 5 – DEFERRED REVENUE

Deferred revenue as of March 31:

| | <u>2022</u> | <u>2021</u> |
|---|------------------|-------------------|
| Deferred revenue, beginning of year | \$ 125,000 | \$ 221,000 |
| Revenue recognized from prior year | (125,000) | (221,000) |
| Increases due to support received for events to be held in the future | 97,500 | 125,000 |
| Deferred revenue, end of year | <u>\$ 97,500</u> | <u>\$ 125,000</u> |

NOTE 6 – PENSION PLAN

Friends has established a 401(k) profit sharing plan for employees. Participants may contribute a percentage of their compensation up to the maximum statutory limit. Friend's offers a 50% match on 4% of employee contributions. Friends' contribution was approximately \$58,564 and \$49,587 for the years ended March 31, 2022 and 2021, respectively.

NOTE 7 – FUNCTIONAL EXPENSES

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

NOTE 8 – OPERATING LEASE

Friends rented office space under an agreement which expired in August 2020. Friends did not renew the office rental agreement. Rental expense was approximately \$ 0 and \$69,135 for the years ended March 31, 2022 and 2021, respectively.

Notes to Financial Statements

March 31, 2022 and 2021

NOTE 9 – LONG-TERM DEBT

Notes payable consisted of the following at March 31:

| | <u>2022</u> | <u>2021</u> |
|--|--------------------------|-------------------|
| A promissory note in the amount of \$150,000 with SBA to be repaid in monthly payments of \$641 including interest at 2.75%. Final payment is due on April 19, 2050. Secured by assets of Friends. | \$ 149,109 | <u>150,000.00</u> |
| | 149,109 | |
| Less current portion | 3,595 | |
| Long-term portion | <u>\$ 145,514</u> | |

Maturities of long-term debt are, as follows:

| | |
|-----------------------|--------------------------|
| Year ending March 31, | |
| 2023 | \$ 3,595 |
| 2024 | 3,695 |
| 2025 | 3,798 |
| 2026 | 3,904 |
| 2027 | 4,013 |
| Thereafter | 130,104 |
| | <u>\$ 149,109</u> |

NOTE 10 – FORGIVABLE PPP LOANS

Friends received two forgivable advances in the amounts of \$332,997 on April 20, 2020 and \$310,382 on February 18, 2021 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the selected period. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The first PPP loan in the amount of \$332,997 was granted forgiveness on January 12, 2021 and recognized as contribution revenue in year ended March 31 2021. The second PPP loan for \$310,382 was granted forgiveness September 16, 1921 and recognized as contribution revenue in year ended March 31, 2022.

Notes to Financial Statements

March 31, 2022 and 2021

NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS

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

| | <u>2022</u> | <u>2021</u> |
|---|-------------------|-------------------|
| Subject to expenditure for specified purpose: | | |
| Volunteer Program | \$ - | \$ 10,000 |
| Trust projects | <u>76,688</u> | <u>106,250</u> |
| | <u>76,688</u> | <u>116,250</u> |
| Subject to the passage of time: | | |
| Promises to give that are not restricted by donors, but which are unavailable for expenditure until due | <u>\$ 429,869</u> | <u>\$ 108,344</u> |
| Total subject to expenditure for specified purpose and passage of time | <u>506,557</u> | <u>224,594</u> |
| Total net assets with donor restrictions | <u>\$ 506,557</u> | <u>\$ 224,594</u> |

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

| | <u>2022</u> | <u>2021</u> |
|--------------------------------------|-------------------|-------------------|
| Expiration of time restrictions: | \$ - | \$ 16,262 |
| Satisfaction of purpose restrictions | | |
| Park projects | <u>156,250</u> | <u>113,274</u> |
| | <u>\$ 156,250</u> | <u>\$ 129,536</u> |

NOTE 12 – RELATED PARTY AGREEMENT

Friends and the Trust operate under a Memorandum of Understanding/Collaborative Agreement. Funds raised by Friends inure to the Trust after allowance for its reasonable operating expenses and a prudent reserve. Friends contributed direct grants of **\$1,095,337** and \$1,023,236 and other support services of **\$1,221,245** and \$646,783 to the Trust during the years ended **March 31, 2022** and 2021, respectively and has approximately **\$1,659,136** and \$645,063 in a Trust related party due to account as of **March 31, 2022** and 2021, respectively.

Notes to Financial Statements

March 31, 2022 and 2021

NOTE 13 – DONATED PROFESSIONAL SERVICES AND MATERIALS

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

March 31, 2022:

| | Program | Management and General | Fundraising | Total |
|-------------------------|---------|---------------------------|-------------|------------|
| Food and event expenses | | | \$ 190,240 | \$ 190,240 |
| Storage units | | \$ 2,592 | | 2,592 |
| | | \$ 2,592 | \$ 190,240 | \$ 192,832 |
| | | | | |

March 31, 2021:

| | Program | Management and General | Fundraising | Total |
|-------------------------|---------|---------------------------|-------------|-----------|
| Food and event expenses | | | \$ 20,439 | \$ 20,439 |
| Storage units | | \$ 3,456 | | 3,456 |
| | | \$ 3,456 | \$ 20,439 | \$ 23,895 |
| | | | | |

NOTE 14 – SUBSEQUENT EVENTS

Friends has evaluated subsequent events through September 19, 2022, which represents the date on which the financial statements were available to be issued and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of these financial statements.