

Keith Haber, CPA, LLC

FRIENDS OF HUDSON RIVER PARK INC.

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

YEAR ENDED MARCH 31, 2018
WITH COMPARATIVE TOTALS FOR THE
YEAR ENDED MARCH 31, 2017

KEITH HABER , CPA , LLC
917-803-9661

INDEPENDENT AUDITORS' REPORT

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

I have audited the accompanying financial statements of Friends of Hudson River Park Inc. (the "Organization") which comprise the statements of financial position as of March 31, 2018 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on our audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statements. The procedures selected depend upon the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Opinion

In my 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, 2018, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Friends of Hudson River Park Inc. as of March 31, 2017, were audited by other auditors whose report dated September 21, 2017, expressed an unmodified opinion on those statements.

Hackensack, New Jersey
December 14, 2018

FRIENDS OF HUDSON RIVER PARK INC.
STATEMENTS OF FINANCIAL POSITION

	-----MARCH 31,-----	
	2018	2017
ASSETS:		
Cash and cash equivalents	\$1,399,554	\$ 706,526
Accounts receivable	335,037	165,696
Property and equipment, net of accumulated depreciation of \$205,613 in 2018 and \$169,330 in 2017	156,237	176,557
Prepaid expenses and other assets	609,017	181,671
TOTAL ASSETS	<u>\$2,499,845</u>	<u>\$1,230,450</u>
 LIABILITIES:		
Accounts payable and accrued expenses	\$ 791,104	\$ 521,045
Deferred revenue	264,550	247,510
TOTAL LIABILITIES	<u>1,055,654</u>	<u>768,555</u>
 NET ASSETS:		
Unrestricted	1,283,488	414,808
Temporarily restricted	160,703	47,087
TOTAL NET ASSETS	<u>1,444,191</u>	<u>461,895</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$2,499,845</u>	 <u>\$1,230,450</u>

See notes to financial statements

FRIENDS OF HUDSON RIVER PARK INC.

STATEMENTS OF ACTIVITIES

YEAR ENDED MARCH 31, 2018
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2017)

	Unrestricted	Temporarily Restricted	---Year Ended March 31,--- 2018 2017	
REVENUES:				
Contributions	\$1,452,624	\$ 69,297	\$1,521,921	\$1,018,027
Grants	341,999	-	341,999	3,742,677
Special event revenue, including contributions and revenue of \$3,918,875 and \$3,460,501, net of direct costs of \$1,163,285 and \$1,172,437 in 2018 and 2017, respectively	2,755,590	-	2,755,590	2,288,064
Membership and other income	195,000	-	195,000	97,625
In-kind contributions	110,877	-	110,877	260,083
Investment income	582	-	582	289
NET ASSETS RELEASED FROM RESTRICTIONS:				
Satisfaction of program restrictions	(44,309)	44,309	-	-
TOTAL REVENUES	4,812,363	113,606	4,925,969	7,406,765
EXPENSES:				
<i>Program Services:</i>				
Public policy	245,465	-	245,465	263,335
Contributions to Hudson River Park Trust	2,183,461	-	2,183,461	5,339,886
Communications and services	594,833	-	594,833	808,461
<i>Support Services:</i>				
General and administrative	279,816	-	279,816	275,623
Fund raising	640,098	-	640,098	701,740
TOTAL EXPENSES	3,943,673	-	3,943,673	7,389,045
CHANGES IN NET ASSETS	868,690	113,606	982,296	17,720
NET ASSETS – BEGINNING OF YEAR	414,808	47,087	461,895	444,175
NET ASSETS – END OF YEAR	\$1,283,498	\$ 160,703	\$1,444,191	\$461,895

See notes to financial statements

FRIENDS OF HUDSON RIVER PARK INC.
STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED MARCH 31, 2018
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2017)

	PROGRAM SERVICES-----				SUPPORTING SERVICES-----				
	Public Policy	To Hudson River Park Trust	Communications And Services	Total Program Services	General And Administrative	Fund Raising	Total Supporting Services	Year Ended March 31, 2018	Year Ended March 31, 2017
Salaries	\$157,935	\$293,249	\$300,767	\$751,951	\$155,207	\$351,594	\$506,801	\$1,258,752	\$1,313,576
Payroll taxes	11,364	21,747	22,449	55,560	13,374	27,200	40,574	96,134	103,386
Employee benefits	21,032	40,248	41,548	102,828	24,752	50,341	75,093	177,921	195,707
Total salaries and related expenses	190,331	355,244	364,764	910,339	193,333	429,135	622,468	1,532,807	1,612,669
Contract staff	-	-	-	-	-	-	-	-	60,409
Consultants and fees	7,034	26,342	119,178	152,554	6,912	99,968	106,880	259,434	148,903
Technology and equipment	8,712	25,468	21,391	55,571	28,864	20,375	49,239	104,810	284,290
Publications and printing	311	578	1,333	2,222	306	693	999	3,221	4,975
Postage and delivery	594	1,104	1,132	2,830	584	1,323	1,907	4,737	5,220
Occupancy	21,256	39,468	40,480	101,204	20,889	47,320	68,209	169,413	159,838
Dues and subscriptions	89	166	170	425	88	198	286	711	3,535
Office supplies and expense	755	1,402	1,438	3,595	742	1,682	2,424	6,019	9,015
Telephone	3,095	5,747	5,895	14,737	3,041	6,891	9,932	24,669	27,090
Accounting	-	-	-	-	12,000	-	12,000	12,000	8,500
Meetings and travel	2,381	4,421	4,536	11,338	2,340	5,301	7,641	18,979	22,042
Insurance	1,432	2,658	2,726	6,816	1,407	3,187	4,594	11,410	10,128
Advertising and promotion	85	159	160	404	84	189	273	677	637
Credit card fees and bank charges	6,084	11,298	11,587	28,969	5,979	13,545	19,524	48,493	38,923
Other	2,124	8,543	4,461	15,128	2,087	4,727	6,814	21,942	36,044
Depreciation and amortization	1,181	18,194	15,583	34,958	1,161	5,563	6,724	41,682	26,458
Individual and corporate giving expense	-	-	-	-	-	-	-	-	86,098
Program contributions to Hudson River Park Trust	-	1,682,672	-	1,682,672	-	-	-	1,682,672	4,844,271
Total functional expenses	\$245,465	\$2,183,461	\$594,833	\$3,023,759	\$279,816	\$640,098	\$919,914	\$3,943,673	\$7,389,045

See notes to financial statements

FRIENDS OF HUDSON RIVER PARK INC.

STATEMENTS OF CASH FLOWS

	-----Year Ended March 31,-----	
	2018	2017
OPERATING ACTIVITIES:		
Changes in net assets	\$ 982,296	\$ 17,720
<i>Adjustments to reconcile changes in net assets to net cash provided by operating activities:</i>		
Depreciation and amortization	36,283	26,458
<i>Changes in operating assets and liabilities:</i>		
Accounts receivable	(169,341)	108,632
Accounts payable and accrued expenses	303,138	76,418
Prepaid expenses	(427,346)	65,974
Deferred revenue	(17,040)	148,284
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>707,990</u>	<u>443,486</u>
INVESTING ACTIVITIES:		
Acquisition of property and equipment	(14,962)	(163,138)
NET CASH USED IN INVESTING ACTIVITIES	<u>(14,962)</u>	<u>(163,138)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	693,028	280,348
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	<u>706,526</u>	<u>426,178</u>
CASH AND CASH EQUIVALENTS – END OF YEAR	<u><u>\$1,399,554</u></u>	<u><u>\$706,526</u></u>

See notes to financial statements

FRIENDS OF HUDSON RIVER PARK INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018

1 ORGANIZATION

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

In September 2011 the Organization entered into a Memorandum of Understanding ("MOU") with HRPT, 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 current agreement expires on December 31, 2018 and can be terminated by either party upon notice. Funds raised by the Organization inure to HRPT after allowance for its reasonable operating expenses and a prudent reserve.

The Organization's fiscal year ends on March 31st which coincides with the fiscal year-end of HRPT.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

Under accounting principles generally accepted in the United States of America, the Organization is required to report information regarding its financial position and results of activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows. The accompanying financial statements have been prepared on the accrual basis of accounting.

Cash and cash equivalents

The Organization maintains cash balances at various financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization's accounts at these institutions may, at times, exceed the Federally insured limits. The Organization has not experienced any losses in such accounts.

The Organization considers all highly liquid debt investments with original maturities of three months or less when purchased to be cash equivalents. The carrying amounts approximate fair market value because of the short maturity.

Accounts receivable

Accounts receivable are unconditional amounts promised to the Organization but not yet collected. Accounts receivable are stated at their net realizable value that management expects to collect from outstanding balances.

Property and equipment and depreciation policy

Property and equipment are recorded at cost. Depreciation is provided in accordance with straight-line and accelerated methods in amounts sufficient to amortize the costs of the related assets at the expiration of their estimated useful lives.

Preliminary project stage costs related to software development for internal use are recorded as expenses as incurred. Application development stage costs are capitalized and amortized using the straight-line method over the estimated life of the software.

Maintenance, repairs and minor renewals are charged to expense when incurred. Replacements and major renewals are capitalized.

Accounts payable and accrued expenses

This amount represents outstanding liabilities to the Organization's vendors.

Deferred revenue

This amount represents contributions for the fundraising events in the following fiscal year that were received in the current fiscal year and advance payments for following fiscal year membership.

Net assets

All financial transactions have been recorded as either unrestricted, temporarily restricted or permanently restricted net assets:

Unrestricted net assets consist of investments and otherwise unrestricted amounts that are available for use in carrying out the mission of the Organization and include those expendable resources which have been designated for special use by the Board.

- Temporarily restricted net assets represent those amounts which are donor restricted for specific purposes. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.
- Permanently restricted net assets result from donors who place restrictions on the use of their contributions which mandate that the original principal be invested in perpetuity. This original principal is reported as permanently restricted net assets, the income from which may be either temporarily restricted or unrestricted, depending on the donor's specification.

The Organization has no financial instruments measured at fair value on a recurring basis.

Revenue recognition

Contributions and grants are recorded as support in the period designated by the donor. Uncollected pledges for the current period are recorded as receivables at their estimated recoverable values.

The Organization recognizes as revenue contributions of cash, pledges, unconditional promises to give and contributed services. Unconditional promises to give are pledges that are due over a period of time. These pledges are discounted to the present value, based upon prevailing interest rates, and recorded in total in the period of the initial pledge. Contributions are recorded net of estimated uncollectible amounts. Donated assets are recorded as unrestricted contributions at their fair market value.

Donated facilities, goods and services

Those donated facilities, goods and services that meet the requirements for recognition under generally accepted accounting principles are recorded as both revenue and expense in the accompanying statement of activities, at amounts determined by management to be reasonable for obtaining such facilities, goods and services.

Income taxes

The Organization was incorporated in the State of New York and is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is also exempt from similar state and local taxes. Accordingly, no provision has been made for income taxes in the accompanying financial statements.

The Organization has evaluated the provisions of ASC Topic 740, *Accounting for Uncertainty in Income Taxes*. The evaluation was performed for the tax years 2015 through 2017, the years which remain subject to examination by major tax jurisdictions as of March 31, 2018. The Organization concluded that there are no significant uncertain tax positions requiring recognition in its financial statements. The Organization does not expect the total amount of unrecognized tax benefits ("UTB") (e.g. tax deductions, exclusions, or credits claimed or expected to be claimed) to significantly change in the next twelve months. The Organization does not have any amounts accrued for interest and penalties related to UTBs at March 31, 2018 and it is not aware of any claims for such amounts by Federal or state income tax authorities.

Allocation of expenses

Indirect expenses are allocated to the various program and supporting services based on the ratio of program and supporting services salary expense to total salary expense.

Uses of estimates in the preparation of financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of net revenue and expenses during each reporting period. Actual results could differ from those estimates.

3 PREPAID EXPENSES AND OTHER ASSETS

Prepaid expenses and other assets consist of the following:

	Year Ended March 31,	
	2018	2017
Prepaid fundraising event expenses	\$560,472	\$113,200
Prepaid other expenses	22,478	17,471
Security deposits	26,067	51,000
	<u>\$609,017</u>	<u>\$181,671</u>

4 PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	Year Ended March 31,		
	2018	2017	Life
Computer equipment and software	\$184,761	\$183,798	3 years
Office equipment	5,817	5,817	5 years
Furniture and fixtures	11,272	6,272	10 years
Software development in process	160,000	150,000	
	<u>361,850</u>	<u>345,887</u>	
Less accumulated depreciation	205,613	169,330	
	<u>\$156,237</u>	<u>\$176,557</u>	

5 DEFERRED REVENUE

Deferred revenue consists of the following:

	Year Ended March 31,	
	2018	2017
Contributions received for next year fundraising events	\$159,550	\$189,260
Advances for next year membership	105,000	58,250
	<u>\$264,550</u>	<u>\$247,510</u>

6 TEMPORARY RESTRICTIONS ON ASSETS

All temporarily restricted net assets are purpose restricted for future projects.

7 EMPLOYEE BENEFIT PLAN

The Organization has established a 401(k) profit sharing plan for employees. Participants may contribute a percentage of their compensation up to the maximum statutory limit. The Organization matches 50% of elective deferral contributions up to 3% of compensation after one year of employment. The Organization's contribution aggregated approximately \$17,834 and \$21,500 for the years ended March 31, 2018 and 2017, respectively.

8 COMMITMENTS AND CONTINGENCIES

Rental commitments

The Organization rents office space under an agreement which expires in August, 2019. Rental expense for the years ended March 31, 2018 and 2017 aggregated approximately \$149,000 and \$138,700, respectively.

9 SUBSEQUENT EVENTS

The Organization has evaluated events occurring after the date of these financial statements through December 14, 2018, the date which the financial statements were available to be issued. There were no material subsequent events as of that date which would require disclosure in or adjustments to these financial statements.