

Parity & Company, P.A.

FRIENDS OF HUDSON RIVER PARK INC.

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT

YEAR ENDED MARCH 31, 2017
WITH COMPARATIVE TOTALS FOR THE
YEAR ENDED MARCH 31, 2016

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Friends of Hudson River Park Inc. (the "Organization") which comprise the statements of financial position as of March 31, 2017 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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friends of Hudson River Park Inc. as of March 31, 2017, 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.

Report on Summarized Comparative Information

We have previously audited Friends of Hudson River Park Inc.'s 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 29, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2016 is consistent, in all material respects, with the audited financial statements from which it was derived.

Hackensack, New Jersey
September 21, 2017

Paritz & Company P.A.

FRIENDS OF HUDSON RIVER PARK INC.

STATEMENTS OF FINANCIAL POSITION

	-----MARCH 31,-----	
	2017	2016
ASSETS:		
Cash and cash equivalents	\$ 706,526	\$426,178
Accounts receivable	165,696	274,328
Property and equipment, net of accumulated depreciation of \$169,330 in 2017 and \$148,234 in 2016	176,557	39,877
Prepaid expenses and other assets	181,671	247,645
TOTAL ASSETS	\$1,230,450	\$988,028
 LIABILITIES:		
Accounts payable and accrued expenses	\$ 521,045	\$444,627
Deferred revenue	247,510	99,226
TOTAL LIABILITIES	768,555	543,853
 NET ASSETS:		
Unrestricted	414,808	220,148
Temporarily restricted	47,087	224,027
TOTAL NET ASSETS	461,895	444,175
 TOTAL LIABILITIES AND NET ASSETS	 \$1,230,450	 \$988,028

See notes to financial statements

FRIENDS OF HUDSON RIVER PARK INC.

STATEMENTS OF ACTIVITIES

YEAR ENDED MARCH 31, 2017
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2016)

	Unrestricted	Temporarily Restricted	---Year Ended March 31,---	
			2017	2016
REVENUES:				
Contributions	\$1,012,287	\$ 5,740	\$1,018,027	\$1,213,265
Grants	3,742,677	-	3,742,677	644,916
Special event revenue, including contributions and revenue of \$3,460,501 and \$3,563,509 , net of direct costs of \$1,172,437 and \$1,577,867 in 2017 and 2016, respectively	2,288,064	-	2,288,064	1,985,642
Membership and other income	97,625	-	97,625	92,500
In-kind contributions	260,083	-	260,083	
Investment income	289	-	289	237
NET ASSETS RELEASED FROM RESTRICTIONS:				
Satisfaction of program restrictions	182,680	(182,680)	-	-
TOTAL REVENUES	7,583,705	(176,940)	7,406,765	3,936,560
EXPENSES:				
<i>Program Services:</i>				
Public policy	263,335	-	263,335	141,083
Contributions to Hudson River Park Trust	5,339,886	-	5,339,886	2,093,875
Communications and services	808,461	-	808,461	515,934
<i>Support Services:</i>				
General and administrative	275,623	-	275,623	270,020
Fund raising	701,740	-	701,740	656,060
TOTAL EXPENSES	7,389,045	-	7,389,045	3,676,972
CHANGES IN NET ASSETS	194,660	(176,940)	17,720	259,588
NET ASSETS – BEGINNING OF YEAR	220,148	224,027	444,175	184,587
NET ASSETS – END OF YEAR	\$ 414,808	\$ 47,087	\$461,895	\$ 444,175

See notes to financial statements

FRIENDS OF HUDSON RIVER PARK INC.

**STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2017**

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2016)

	PROGRAM SERVICES					SUPPORTING SERVICES			Total Supporting Services	-----Year Ended March 31----- 2017	2016
	Public Policy	Contributions To Hudson River Park Trust	Communications And Services	Total Program Services	General And Administrative	Fund Raising	-----Year Ended March 31----- 2017	2016			
Salaries	\$164,329	\$303,599	\$323,205	\$791,133	\$153,045	\$369,398	\$1,313,576	\$522,443	\$1,168,023		
Payroll taxes	12,639	23,608	25,285	61,532	12,618	29,236	103,386	41,854	95,433		
Employee benefits	23,926	44,688	47,864	116,478	23,887	55,342	195,707	79,229	172,910		
Total salaries and related expenses	200,894	371,895	396,354	969,143	189,550	453,976	1,612,669	643,526	1,436,366		
Contract staff	7,557	13,962	14,864	36,383	7,038	16,988	60,409	24,026	40,194		
Consultants and fees	8,947	18,914	92,597	120,458	8,333	20,112	148,903	28,445	124,150		
Technology and equipment	6,165	13,648	216,707	236,520	25,118	22,652	284,290	47,770	62,592		
Publications and printing	345	638	2,894	3,877	322	776	4,975	1,098	4,851		
Postage and delivery	653	1,207	1,284	3,144	608	1,468	5,220	2,076	6,714		
Occupancy	19,996	36,942	39,328	96,266	18,623	44,949	159,838	63,572	149,269		
Dues and subscriptions	442	817	870	2,129	412	994	3,535	1,406	3,316		
Office supplies and expense	1,123	2,074	2,208	5,405	1,086	2,524	9,015	3,610	7,642		
Telephone	3,389	6,261	6,665	16,315	3,157	7,618	27,090	10,775	26,066		
Accounting	-	-	-	-	8,500	-	8,500	8,500	7,500		
Meetings and travel	2,757	5,094	5,423	13,274	2,569	6,199	22,042	8,768	32,775		
Insurance	1,267	2,341	2,492	6,100	1,180	2,848	10,128	4,028	12,030		
Advertising and promotion	80	147	157	384	74	179	637	253	175		
Credit card fees and bank charges	4,869	8,996	9,577	23,442	4,535	10,946	38,923	15,481	42,909		
Other	3,571	6,597	14,523	24,691	3,326	8,027	36,044	11,353	32,262		
Depreciation and amortization	1,280	5,032	2,518	8,830	1,192	16,436	26,458	17,628	26,657		
Individual and corporate giving expense	-	1,050	-	1,050	-	85,048	86,098	85,048	80,387		
Program contributions to Hudson River Park Trust	-	4,844,271	-	4,844,271	-	-	4,844,271	-	1,581,117		
Total functional expenses	\$263,335	\$5,339,886	\$808,461	\$6,411,682	\$275,623	\$701,740	\$7,389,045	\$977,363	\$3,676,972		

See notes to financial statements

FRIENDS OF HUDSON RIVER PARK INC.

STATEMENTS OF CASH FLOWS

	-----Year Ended March 31,-----	
	2017	2016
OPERATING ACTIVITIES:		
Changes in net assets	\$ 17,720	\$259,588
<i>Adjustments to reconcile changes in net assets to net cash provided by operating activities:</i>		
Depreciation and amortization	26,458	26,657
<i>Changes in operating assets and liabilities:</i>		
Accounts receivable	108,632	(66,008)
Accounts payable and accrued expenses	76,418	70,257
Prepaid expenses	65,974	155,714
Deferred revenue	148,284	(326,303)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>443,486</u>	<u>119,905</u>
INVESTING ACTIVITIES:		
Acquisition of property and equipment	(163,138)	(23,524)
NET CASH USED IN INVESTING ACTIVITIES	<u>(163,138)</u>	<u>(23,524)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	280,348	96,381
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	<u>426,178</u>	<u>329,797</u>
CASH AND CASH EQUIVALENTS – END OF YEAR	<u><u>\$706,526</u></u>	<u><u>\$426,178</u></u>

See notes to financial statements

FRIENDS OF HUDSON RIVER PARK INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

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, 2017 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 2014 through 2016, the years which remain subject to examination by major tax jurisdictions as of March 31, 2017. 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, 2017 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,	
	2017	2016
Prepaid fundraising event expenses	\$113,200	\$165,500
Prepaid other expenses	17,471	31,145
Security deposits	51,000	51,000
	<u>\$181,671</u>	<u>\$247,645</u>

4 PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	Year Ended March 31,		
	2017	2016	Life
Computer equipment and software	\$183,798	\$177,861	3 years
Office equipment	5,817	5,817	5 years
Furniture and fixtures	6,272	4,433	10 years
Software development in process	150,000	-	
	<u>345,887</u>	<u>188,111</u>	
Less accumulated depreciation	<u>169,330</u>	<u>148,234</u>	
	<u>\$176,557</u>	<u>\$ 39,877</u>	

During the year ended March 31, 2017, the Organization entered into an agreement to develop a mobile application designed to build a higher awareness and connectivity of Hudson River Park. The application will be free to the users.

The cost of the application was \$350,000, of which \$150,000 was paid in cash and \$200,000 of development fees were contributed by the vendor. In accordance with ASC 350-40, preliminary project stage costs of \$200,000 were expensed during the year ended March 31, 2017 and \$150,000 of application development stage costs were capitalized as software development in process. Depreciation was not recorded on this asset and will commence once the asset is placed in service.

5 DEFERRED REVENUE

Deferred revenue consists of the following:

	Year Ended March 31,	
	2017	2016
Contributions received for next year fundraising events	\$189,260	\$ 38,100
Advances for next year membership	58,250	61,126
	<u>\$247,510</u>	<u>\$99,226</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 \$21,500 and \$21,900 for the years ended March 31, 2017 and 2016, respectively.

8 COMMITMENTS AND CONTINGENCIES

Rental commitments

The Organization rents office space under an agreement which expires in September 2017. Rental expense for the years ended March 31, 2017 and 2016 aggregated approximately \$138,700 and \$130,000, respectively.

Future minimum annual lease commitments as of March 31st aggregate approximately \$71,000.

9 SUBSEQUENT EVENTS

The Organization has evaluated events occurring after the date of these financial statements through September 21, 2017, 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.