

HUDSON RIVER PARK TRUST
Financial Statements
March 31, 2008
(With Independent Auditor's Report Thereon)

HUDSON RIVER PARK TRUST

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Hudson River Park Trust:

We have audited the accompanying statement of financial position of Hudson River Park Trust (the Trust) as of March 31, 2008 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Trust's 2007 financial statements and, in our report dated May 10, 2007, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in note 2, these financial statements were prepared in accordance with the accounting practices prescribed or permitted by the City and State of New York, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hudson River Park Trust as of March 31, 2008 and the changes in its net assets and its cash flows for the year then ended, on the basis of accounting described in note 2.

In accordance with Government Auditing Standards, we have also issued our report dated May 8, 2008, 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, grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Hudson River Park Trust taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Toski, Schaefer & Co., P.C.

Williamsville, New York
May 8, 2008

HUDSON RIVER PARK TRUST

Statement of Financial Position

March 31, 2008

with comparative totals for 2007

<u>Assets</u>	<u>2008</u>	<u>2007</u>
Cash and equivalents	\$ 6,534,806	11,517,273
Investments	31,666,540	38,087,070
Accounts receivable	23,497,325	10,429,369
Prepaid expenses	52,145	55,785
Inventory	8,638	8,638
Deferred rent receivable	2,017,610	2,557,153
Construction in progress	143,906,290	85,283,141
Property and equipment, net	<u>194,917,479</u>	<u>140,650,661</u>
Total assets	<u>\$ 402,600,833</u>	<u>288,589,090</u>
 <u>Liabilities and Net Assets</u> 		
Liabilities:		
Accounts payable	13,693,861	3,391,700
Accrued expenses	<u>14,896,308</u>	<u>11,416,441</u>
Total liabilities	<u>28,590,169</u>	<u>14,808,141</u>
Net assets:		
Unrestricted	357,846,237	257,905,627
Temporarily restricted	<u>16,164,427</u>	<u>15,875,322</u>
Total net assets	<u>374,010,664</u>	<u>273,780,949</u>
Commitments and contingencies (notes 7 and 10)		
Total liabilities and net assets	<u>\$ 402,600,833</u>	<u>288,589,090</u>

See accompanying notes to financial statements.

HUDSON RIVER PARK TRUST

Statement of Activities
 Year ended March 31, 2008
 with comparative totals for 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	
			<u>2008</u>	<u>2007</u>
Operating revenues:				
Appropriations revenues	\$ -	22,828,297	22,828,297	24,513,166
Reimbursement	73,809,924	-	73,809,924	12,621,996
Lease revenues	6,524,402	-	6,524,402	6,013,100
Parking revenues	7,963,419	-	7,963,419	7,231,860
Grants	-	2,450,000	2,450,000	6,199,425
Other revenues	1,104,250	-	1,104,250	1,280,399
Contributions	133,797	-	133,797	86,860
Total operating revenues	<u>89,535,792</u>	<u>25,278,297</u>	<u>114,814,089</u>	<u>57,946,806</u>
Net assets released from restrictions	<u>24,989,192</u>	<u>(24,989,192)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>114,524,984</u>	<u>289,105</u>	<u>114,814,089</u>	<u>57,946,806</u>
Operating expenses:				
Employee compensation and benefits	4,463,312	-	4,463,312	4,270,723
Park programs and maintenance	4,923,980	-	4,923,980	5,888,761
General and administrative	3,832,279	-	3,832,279	3,802,925
Total operating expenses	<u>13,219,571</u>	<u>-</u>	<u>13,219,571</u>	<u>13,962,409</u>
Income from operations before depreciation and amortization	101,305,413	289,105	101,594,518	43,984,397
Depreciation and amortization	<u>3,784,712</u>	<u>-</u>	<u>3,784,712</u>	<u>2,623,339</u>
Income from operations	97,520,701	289,105	97,809,806	41,361,058
Non-operating revenues - interest income	<u>2,419,909</u>	<u>-</u>	<u>2,419,909</u>	<u>2,349,512</u>
Increase in net assets	99,940,610	289,105	100,229,715	43,710,570
Net assets at beginning of year	<u>257,905,627</u>	<u>15,875,322</u>	<u>273,780,949</u>	<u>230,070,379</u>
Net assets at end of year	<u>\$ 357,846,237</u>	<u>16,164,427</u>	<u>374,010,664</u>	<u>273,780,949</u>

See accompanying notes to financial statements.

HUDSON RIVER PARK TRUST

Statement of Cash Flows
Year ended March 31, 2008
with comparative totals for 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Increase in net assets	\$ 100,229,715	43,710,570
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	3,784,712	2,623,339
Changes in:		
Accounts receivable	(13,067,956)	(2,954,815)
Prepaid expenses	3,640	3,343
Deferred rent receivable	539,543	513,284
Accounts payable	10,302,161	(531,818)
Accrued expenses	<u>3,479,867</u>	<u>4,894,302</u>
Net cash provided by operating activities	<u>105,271,682</u>	<u>48,258,205</u>
Cash flows from investing activities:		
Increase of investments	6,420,530	5,967,751
Expenditures for construction in progress	(58,623,149)	23,288,580
Other additions to property and equipment	<u>(58,051,530)</u>	<u>(78,065,120)</u>
Net cash used in investing activities	<u>(110,254,149)</u>	<u>(48,808,789)</u>
Net decrease in cash and equivalents	(4,982,467)	(550,584)
Cash and equivalents at beginning of year	<u>11,517,273</u>	<u>12,067,857</u>
Cash and equivalents at end of year	<u>\$ 6,534,806</u>	<u>11,517,273</u>

See accompanying notes to financial statements.

HUDSON RIVER PARK TRUST

Notes to Financial Statements

March 31, 2008

(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 Place 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 appointed five members and the Manhattan Borough President appointed 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 each pledged \$131 million to the Trust, as of March 31, 2008 the amount which has not been drawn down is approximately \$52 million. 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.

(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 modified by New York State and the City of New York regarding the definition of capital expenditures. Such definition excludes salaries of employees of the Trust directly or indirectly involved with managing or accounting for construction activities. Such costs would be capitalizable, as construction in progress, under accounting principles generally accepted in the United States of America.

HUDSON RIVER PARK TRUST
Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies

(b) Basis of Presentation

The Trust follows Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Trust is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The trust had no permanently restricted net assets. Accordingly, net assets of the Trust and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to stipulations and may be used for any purpose designated by the Trust.

Temporarily restricted net assets - Net assets restricted to specific capital expenditures authorized by the Act and net assets subject to donor-imposed stipulations that may or will be met either by actions of the Trust and/or the passage of time.

(c) 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.

(d) Cash and Equivalents

For purposes of the statement of cash flows, cash and equivalents includes money market accounts and any highly liquid debt instruments purchased with maturity of three months or less.

(e) Accounts Receivable

Accounts receivable are comprised of amounts due on leases and reimbursable construction costs from the State of New York and New York City.

(f) 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 offshore permits, design and engineering costs, and legal costs related to the construction of the Park.

(g) Capitalization and Depreciation

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 statement of activities.

HUDSON RIVER PARK TRUST
Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(h) Revenue Recognition

Appropriations revenues are recognized upon requisition by the Trust for identified approved capital commitments. 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.

(i) Advertising Costs

The Trust expenses advertising costs as incurred. Advertising costs for the years ended March 31, 2008 and 2007, amounted to \$141,838 and \$109,514, respectively.

(j) Income Taxes

The Trust is exempt from all federal and state income taxes under the provisions of enabling legislation, therefore, no provision for income taxes is reflected in the financial statements.

(3) Investments

Investments are classified as available for sale. Unrealized gains or losses are not considered material. The investments are carried at cost, which approximates market value. The cost of investments in marketable securities at March 31, 2008 and 2007 is summarized as follows:

	<u>2008</u>	<u>2007</u>
U.S. Government obligations	\$ 26,428,000	32,150,954
Commercial paper	4,427,000	5,873,860
Cash and equivalents	<u>811,540</u>	<u>62,256</u>
Total investments	\$ <u>31,666,540</u>	<u>38,087,070</u>

HUDSON RIVER PARK TRUST
Notes to Financial Statements, Continued

(4) Property and Equipment

Property and equipment at March 31, 2008 and 2007 consist of the following:

	<u>Lives</u>	<u>2008</u>	<u>2007</u>
Pier improvements	10-50 years	\$ 204,521,020	146,819,513
Machinery and equipment	7 years	937,859	883,049
Computer equipment	5 years	698,142	624,045
Software	3 years	456,053	371,167
Automobiles	5 years	525,912	428,178
Furniture and fixtures	5 years	262,409	248,721
Office renovation	5 years	<u>471,225</u>	<u>446,417</u>
Total property and equipment		207,872,620	149,821,090
Less accumulated depreciation and amortization		<u>(12,955,141)</u>	<u>(9,170,429)</u>
Net property and equipment		\$ <u>194,917,479</u>	<u>140,650,661</u>

(5) Deferred Rent Receivable

Deferred rent receivable represents rent deferred from a lessee, under the lease agreement, to the end of deferral period, June 30, 1999. The lessor converted the obligation to a term loan, payable over 10 years at an interest rate of 5%. The amount due is recorded at its gross value. The balance at March 31, 2008 and 2007, amounted to \$2,017,610 and \$2,557,153, respectively. The present value is not considered materially different using current interest rates.

(6) Related Party Transactions

Related party transactions for the years ended March 31, 2008 and 2007 consist of the following:

(a) Affiliates of New York State and the City of New York

The Trust was due monies related to leases to which it succeeded from the date of dedication of the park by the Act to March 31, 2000.

The Trust has an investment management agreement with the New York State Urban Development Corporation, doing business as the Empire State Development Corporation, (the ESDC). Under the agreement, the Trust transfers funds not immediately needed to an account jointly controlled by the Trust and the ESDC. The ESDC has discretionary authority to invest the monies in compliance with the State's Investment Guidelines for Public Authorities. At March 31, 2008 and 2007, the total investment amounted to \$31,666,540 and \$38,087,070, respectively.

HUDSON RIVER PARK TRUST
Notes to Financial Statements, Continued

(6) Related Party Transactions, Continued

(a) Affiliates of New York State and the City of New York, Continued

At March 31, 2008 and 2007, the Trust had requested \$3,150,175 and \$6,182,257, respectively, of funds appropriated by the State and City in accordance with the Act for the value of construction contracts authorized to date. At March 31, 2008 and 2007, such amounts are included in accounts receivable in the accompanying statement of financial position.

The Trust succeeded, as lessor, to a month-to-month operating lease with the Port Authority of New York and New Jersey calling for no monthly rental payments.

(b) New York State Related Parties

As a result of the Act, the Trust succeeded to several leases held by New York City agencies. Prior to 2002, those agencies collected the rents directly and remitted them to the Trust periodically. As of January 1, 2002, the Trust began billing and collects from the tenants directly. The New York City Economic Development Corporation (NYCEDC) collects rents under percentage leases and remits the monies to the Trust semi-annually.

The Trust succeeded, as lessor, to month-to-month operating leases with The City's Department of Sanitation, New York City Transit and Battery Park City Authority calling for no rental payments, or nominal payments, per month.

The Trust succeeded, as lessor, to a month-to-month operating lease with the New York City Fire Department calling for rental payments of \$4,000 per month.

The Trust has an agreement for property maintenance services with the New York State Department of Transportation. At March 31, 2007, the amount included in accounts receivable in the accompanying statement of financial position amounted to \$225,730.

All lease revenue is considered unrestricted.

(7) Commitments

Commitments at March 31, 2008 and 2007 consist of the following:

(a) Equipment Leases

The Trust leases certain equipment under non-cancelable month-to-month and other non-cancelable operating leases with remaining terms of 12 months or less. Included in general and administrative expenses for the years ended March 31, 2008 and 2007, was \$179,614 and \$214,099, respectively, for equipment.

HUDSON RIVER PARK TRUST
Notes to Financial Statements, Continued

(7) Commitments, Continued

(a) Equipment Leases, Continued

The Trust has also entered into various long-term equipment leases used for operations, the following is a schedule of future minimum payments required under the above-mentioned leases as of March 31, 2008:

2009	\$ 50,308
2010	49,209
2011	49,209
2012	49,209
2013	<u>12,302</u>
	<u>\$ 210,237</u>

(b) Tenant Leases

The Trust succeeded, as lessor, to several month-to-month and other non-cancelable operating leases with terms of 12 months or less from State and City sources. The revenue under these leases for the years ended March 31, 2008 and 2007 amounted to \$2,943,268 and \$2,278,511, respectively.

The Trust also succeeded as lessor, to long-term (more than twelve months) non-cancelable leases. The revenue received under these leases for the years ended March 31, 2008 and 2007 amounted to \$3,581,134 and \$3,734,589, respectively. Minimum rental payments to be received under the long-term lease agreements as of March 31, 2008, are as follows:

2009	\$ 3,554,630
2010	3,483,761
2011	3,387,892
2012	3,370,892
2013	<u>183,306</u>
	<u>\$ 13,980,481</u>

(8) Temporarily Restricted Net Assets

Temporarily restricted net assets at March 31, 2008 and 2007 are summarized as follows:

	<u>2008</u>	<u>2007</u>
City of New York	\$ 13,100,000	10,650,000
Empire State Development Corporation	3,056,359	5,180,712
New York Committee of the Garden		
Club of America	<u>8,068</u>	<u>44,610</u>
Total temporarily restricted net assets	<u>\$ 16,164,427</u>	<u>15,875,322</u>

HUDSON RIVER PARK TRUST
Notes to Financial Statements, Continued

(9) Pension Plan

The employees of the Trust are members of the New York State pension system. For the year ended March 31, 2008 and 2007, the contribution required amounted to \$272,554 and \$270,034, respectively. Additionally, the Trust maintains a deferred compensation plan, to which only the employees contribute.

(10) Contingencies

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.

HUDSON RIVER PARK TRUST
Schedule of Expenditures of Federal Awards
March 31, 2008

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	Pass Through <u>Grantors' Number/ Program</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development:			
Community Development Block Grants/ Brownfields Economic Development Initiative - Special Project Grant (1)	14.246	N/A	\$ 22,610,652
Passed through Lower Manhattan Development Corporation - Community Development Block Grants/State's Program	14.228	C-3706	<u>44,023,516</u>
Total Federal Awards			\$ <u>66,634,168</u>

(1) Direct Federal Award

Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of Hudson Park River Trust and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

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INDEPENDENT AUDITOR'S 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 the financial statements of Hudson River Park Trust as of and for the year ended March 31, 2008, and have issued our report thereon dated May 8, 2008. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Hudson River Park Trust's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Trust's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust's financial statements are free of material misstatement, we performed tests of their compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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.

We noted a matter that we reported to management of the Trust in a separate letter dated May 8, 2008.

This report is intended solely for the information and use of the Board of Directors, management and appropriate officials of the State of New York, and is not intended to be and should not be used by anyone other than these specified parties.

Toski, Schaefer & Co., P.C.

Williamsville, New York
May 8, 2008

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Board of Directors
Hudson River Park Trust:

Compliance

We have audited the compliance of Hudson River Park Trust with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended March 31, 2008. Hudson River Park Trust's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Hudson River Park Trust's management. Our responsibility is to express an opinion on Hudson River Park Trust's compliance based on our audit.

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 OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Those standards and OMB Circular A-133 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 Hudson River Park 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. Our audit does not provide a legal determination on Hudson River Park Trust's compliance with those requirements.

In our opinion, Hudson River Park Trust complied, in all material respects, with the requirements referred to above that are applicable to its major Federal program for the year ended March 31, 2008.

Internal Control Over Compliance

The management of Hudson River Park Trust is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Hudson River Park Trust's internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Toski, Schaefer & Co., P.C.

Williamsville, New York
May 8, 2008

TOSKI, SCHAEFER & CO., P.C.

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**INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE WITH INVESTMENT GUIDELINES**

The Board of Directors
Hudson River Park Trust:

We have audited the financial statements of Hudson River Park Trust (the Trust) as of and for the year ended March 31, 2008, and have issued our report thereon dated May 8, 2008.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, Government Auditing Standards issued by the Comptroller General of the United States, and the Investment Guidelines for Public Authorities issued by the Office of the State Comptroller, State of New York. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement and whether management has complied with the Investment Guidelines for Public Authorities.

Compliance with the Investment Guidelines for Public Authorities applicable to Hudson River Park Trust is the responsibility of the Hudson River Park Trust's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Trust's compliance with Investment Guidelines for Public Authorities. However, our objective was not to provide an opinion on overall compliance with such provisions.

The results of our tests indicate that, with respect to the items tested, the Trust complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Trust had not complied, in all material respects, with those provisions.

This report is intended solely for the information and use of the Trust's board of directors and management and the New York State Office of the State Comptroller and is not intended to be and should not be used by anyone other than these specified parties.

Toski, Schaefer & Co., P.C.

Williamsville, New York
May 8, 2008

HUDSON RIVER PARK TRUST
Schedule of Findings and Questioned Costs
Year ended March 31, 2008

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Hudson River Park Trust.
2. No significant deficiencies were identified during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Hudson River Park Trust were disclosed during the audit.
4. No significant deficiencies were identified during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs for Hudson River Park Trust expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for Hudson River Park Trust are reported in Part C of this schedule.
7. The program tested as a major program is the Community Development Block Grant/State's Program, CFDA No. 14.228.
8. The threshold for distinguishing Types A and B programs was \$1,999,025.
9. Hudson River Park Trust was determined to be a high-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS
AUDIT

None

HUDSON RIVER PARK TRUST
Status of Prior Audit Findings

There were no audit findings with regard to the prior year financial statements (March 31, 2007).