



Financial Report

March 31, 2018

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Accounting & Consulting Services

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. (a nonprofit organization), which comprise the statement 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.

Auditors' 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 audit 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, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

PGM, LLC

Biddeford, Maine
September 11, 2019

Statement of Financial Position

March 31, 2018

ASSETS

Cash and cash equivalents	\$ 1,399,553
Accounts receivable	174,341
Pledges receivable, net	185,722
Property and equipment, net of accumulated depreciation of \$205,614 in 2018	155,235
Prepaid expenses and other assets	<u>66,625</u>

Total Assets \$ 1,981,476

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable and accrued expenses	\$ 310,341
Deferred revenue	<u>264,550</u>

Total Liabilities 574,891

Net Assets

Without donor restrictions	1,220,863
With donor restrictions	<u>185,722</u>

Total Net Assets 1,406,585

Total Liabilities and Net Assets \$ 1,981,476

Statement of Activities

Year Ended March 31, 2018

	Without donor restrictions	With donor restrictions	Total
Revenue			
Contributions	\$ 1,621,826	\$ 185,722	\$ 1,807,548
Grants	236,410	58,500	294,910
Special event revenue, including contributions and revenue of \$3,948,875 net of direct costs of \$1,249,911.	2,698,964		2,698,964
Membership and other income	195,000		195,000
In-kind contributions	110,877		110,877
Investment income	582		582
Net assets released from restrictions	155,587	(155,587)	
Total Revenues	<u>5,019,246</u>	<u>88,635</u>	<u>5,107,881</u>
Expenses			
Program Services:			
Public policy	245,464		245,464
Contributions to Hudson River Park Trust	2,392,041		2,392,041
Communications and Services	596,386		596,386
Support Services:			
General and administrative	281,907		281,907
Fundraising	635,786		635,786
Total Expenses	<u>4,151,584</u>		<u>4,151,584</u>
Change in Net Assets	<u>867,662</u>	<u>88,635</u>	<u>956,297</u>
Net Assets, Beginning of Year, Restated	<u>353,201</u>	<u>97,087</u>	<u>450,288</u>
Net Assets, End of Year	<u>\$ 1,220,863</u>	<u>\$ 185,722</u>	<u>\$ 1,406,585</u>

Statement of Functional Expenses

Year Ended March 31, 2018

	Public Policy	Contributions to Hudson River Park Trust	Communications and Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries	\$ 157,935	\$ 293,249	\$ 300,766	\$ 751,950	\$ 155,208	\$ 351,594	\$ 506,802	\$1,258,752
Payroll taxes	11,364	21,747	22,449	55,560	13,374	27,200	40,574	96,134
Employee benefits	21,032	40,248	41,548	102,828	28,680	50,341	79,021	181,849
Total salaries and benefits	190,331	355,244	364,763	910,338	197,262	429,135	626,397	1,536,735
Professional fees	7,034	17,708	111,548	136,290	18,911	15,657	34,568	170,858
Technology and equipment	8,712	25,468	21,391	55,571	28,865	20,375	49,240	104,811
Publications and printing	311	578	1,334	2,223	305	693	998	3,221
Postage and delivery	594	1,104	1,132	2,830	585	1,323	1,908	4,738
Occupancy	21,256	39,468	40,480	101,204	20,889	47,320	68,209	169,413
Dues and subscriptions	89	166	170	425	87	199	286	711
Office supplies and expenses	755	1,402	1,438	3,595	743	1,681	2,424	6,019
Telephone	3,095	5,747	5,894	14,736	3,042	6,891	9,933	24,669
Meetings and travel	2,381	4,421	4,535	11,337	2,341	5,301	7,642	18,979
Insurance	1,432	2,658	2,726	6,816	1,408	3,187	4,595	11,411
Advertising and promotion	85	158	162	405	83	189	272	677
Credit card fees and bank charge	6,084	11,297	11,587	28,968	5,980	13,545	19,525	48,493
Other	2,124	8,543	6,013	16,680	244	417	661	17,341
Depreciation and amortization	1,181	18,194	15,583	34,958	1,162	5,563	6,725	41,683
Individual and corporate giving		8,634	7,630	16,264		84,310	84,310	100,574
Program contributions to Hudson River Park Trust		1,891,251		1,891,251				1,891,251
Total expenses	\$ 245,464	\$ 2,392,041	\$ 596,386	\$ 3,233,891	\$ 281,907	\$ 635,786	\$ 917,693	\$4,151,584

Statement of Cash Flows

Year Ended March 31, 2018

Cash flows from operating activities	
Change in net assets	\$ 956,297
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation and amortization	41,683
(Increase) decrease in operating assets	
Accounts receivable	(105,732)
Pledges receivable	(88,635)
Increase (decrease) in operating liabilities	
Accounts payable and accrued expenses	(222,311)
Prepaid expenses	115,046
Deferred revenue	17,040
Net cash flows from operating activities	<u>713,388</u>
Cash flows from investing activities	
Purchase of equipment	(20,361)
Net cash flows from investing activities	<u>(20,361)</u>
Net change in cash and cash equivalents	693,027
Cash and cash equivalents at beginning of year	<u>706,526</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,399,553</u></u>

Notes to Financial Statements

March 31, 2018

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. FHRP works as a private sector partner with the Hudson River Park Trust (the Trust) to ensure that the Park is adequately funded and build 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.

Notes to Financial Statements

March 31, 2018

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

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

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, 2018.

Contributions Receivable

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Contributions receivable expected to be received in more than one year are discounted to present value.

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 and advance payments for following fiscal year memberships.

Contributions

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using an interest rate determined by the risk.

Donated securities are recorded at the fair value on the date received from the donor. In-kind contributions are recorded at fair value at the date of the gift.

Notes to Financial Statements

March 31, 2018

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

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, is exempt from federal income taxes on related income pursuant to Section 501(a) of the IRS Code. Friends is subject to U.S. federal and state examinations by taxing authorities for the years ended March 31, 2015 through March 31, 2018.

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.

New Accounting Pronouncement

In August 2016 the FASB issued ASU 2016-14, *Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly and applied the ASU to all periods presented.

Recent Accounting Pronouncements

Revenue Recognition

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, to clarify the principles for recognizing revenue and to develop a common revenue standard for U.S. GAAP and International Financial Reporting Standard (IFRS). The core principle of the guidance requires entities to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance is effective for all nonpublic entities' annual periods beginning after December 15, 2018, but management presently does not expect a significant change in revenue recognition.

Notes to Financial Statements

March 31, 2018

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

Recent Accounting Pronouncements - Continued

Leasing

In February 2016, FASB issued ASU update No 2016–2, *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 standard 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. For nonpublic companies, the new leasing standard would apply for fiscal years beginning after December 15, 2019. The standard requires retroactive application to previously issued financial statements for 2019 and 2018, if presented. Management is currently evaluating the impact of adoption 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 balance sheet date, comprise the following:

Cash and cash equivalents	\$ 1,399,553
Contributions receivable	50,000
Accounts receivable	174,341
	<u>\$ 1,623,894</u>

NOTE 3 – CONTRIBUTIONS RECEIVABLE

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

	2018
Within one year	\$ 50,000
In one to five years	100,000
Over five years	60,000
	<u>210,000</u>
Less discount to net present value at 3%	(24,278)
	<u>\$ 185,722</u>

Notes to Financial Statements

March 31, 2018

NOTE 4 – CASH AND CASH EQUIVALANTS

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

NOTE 5 – 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. The Organization matches 50% of elective deferral contributions up to 3% of compensation after one year of employment. The Organization's contribution was approximately \$17,834 for the year ended March 31, 2018.

NOTE 6 – 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, occupancy allocated on ratio of program to total salaries and depreciation allocated based on usage.

NOTE 7 – OPERATING LEASE

Friends rents office space under an agreement which expires August, 2018. Rental expense for the year ended March, 2019 was approximately \$ 149,000.

Future minimum payments remaining under this operating lease are as follows:

Year ending March 31,	
2019	\$ 157,178
2020	<u>53,696</u>
	<u>\$ 210,874</u>

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Subject to the passage of time:

Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	<u>\$ 185,722</u>
Total subject to expenditure for specified purpose and passage of time	<u>185,722</u>
 Total net assets with donor restrictions	 <u>\$ 185,722</u>

Notes to Financial Statements

March 31, 2018

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS - Continued

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:

	2018
Expiration of time restrictions:	\$ 97,087
Satisfaction of purpose restrictions	
Park projects	\$ 58,500
	<u>\$ 155,587</u>

NOTE 9 – DONATED PROFESSIONAL SERVICES AND MATERIALS

Friends received donated professional services and materials as follows during the year ended March 31, 2018:

	Management and General	Fundraising	Total
Professional consulting	\$ -	\$ 21,249	\$ 21,249
Food and event expenses		50,000	\$ 50,000
Storage units	2,500	500	\$ 3,000
Auction items		36,628	\$ 36,628
	<u>\$ 2,500</u>	<u>\$ 108,377</u>	<u>\$ 110,877</u>

NOTE 10 – 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 transferred cash of \$1,891,251 and other support services totaling \$500,790 to the Trust during the year ended March 31, 2018 and has approximately \$290,600 in accounts payable due to the Trust as of March 31, 2018.

NOTE 11 – SUBSEQUENT EVENTS

Friends has evaluated subsequent events through September 11, 2019, 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.