

HUDSON RIVER PARK TRUST
Financial Statements and
Supplemental Information
March 31, 2012
(With Independent Auditors' Report Thereon)

HUDSON RIVER PARK TRUST

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INDEPENDENT AUDITORS' 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, 2012, 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 2011 financial statements and, in our report dated June 15, 2011, 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, 2012, 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 June 25, 2012, 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 conducted for the purpose of forming an opinion on the basic financial statements of the Trust taken as a whole. The supplemental information included in schedules 1 through 3 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Toski & Co., CPAs, P.C.

Williamsville, New York
June 25, 2012

HUDSON RIVER PARK TRUST
Statement of Activities
Year ended March 31, 2012
with comparative totals for 2011

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>	
			<u>2012</u>	<u>2011</u>
Operating revenues:				
Appropriations revenues	\$ -	2,809,922	2,809,922	16,467,486
Reimbursement	4,798,152	-	4,798,152	9,765,349
Lease revenues	7,739,933	-	7,739,933	8,196,932
Parking revenues	5,687,760	-	5,687,760	6,468,239
Settlements and grants	-	1,850,000	1,850,000	10,525,000
Fees and other revenues	2,043,938	-	2,043,938	1,279,570
Contributions	81,301	-	81,301	50,505
	<u>20,351,084</u>	<u>4,659,922</u>	<u>25,011,006</u>	<u>52,753,081</u>
Net assets released from restrictions	<u>9,599,509</u>	<u>(9,599,509)</u>	<u>-</u>	<u>-</u>
Total support and revenues	<u>29,950,593</u>	<u>(4,939,587)</u>	<u>25,011,006</u>	<u>52,753,081</u>
Operating expenses:				
Employee compensation and benefits	5,629,273	-	5,629,273	5,536,491
Park programs and maintenance	4,221,270	-	4,221,270	4,860,777
General and administrative	4,466,324	-	4,466,324	4,286,967
	<u>14,316,867</u>	<u>-</u>	<u>14,316,867</u>	<u>14,684,235</u>
Income (loss) from operations before depreciation and amortization	15,633,726	(4,939,587)	10,694,139	38,068,846
Depreciation and amortization	<u>(7,849,010)</u>	<u>-</u>	<u>(7,849,010)</u>	<u>(6,186,046)</u>
Income (loss) from operations	7,784,716	(4,939,587)	2,845,129	31,882,800
Non-operating revenues - interest income	<u>148,369</u>	<u>-</u>	<u>148,369</u>	<u>214,920</u>
Increase (decrease) in net assets	7,933,085	(4,939,587)	2,993,498	32,097,720
Net assets at beginning of year	<u>507,115,309</u>	<u>31,801,214</u>	<u>538,916,523</u>	<u>506,818,803</u>
Net assets at end of year	<u>\$ 515,048,394</u>	<u>26,861,627</u>	<u>541,910,021</u>	<u>538,916,523</u>

See accompanying notes to financial statements.

HUDSON RIVER PARK TRUST
Statement of Cash Flows
Year ended March 31, 2012
with comparative totals for 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Increase in net assets	\$ 2,993,498	32,097,720
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	7,849,010	6,186,046
Changes in:		
Accounts receivable	1,243,821	2,892,875
Prepaid expenses	13,743	(1,685)
Deferred rent receivable	227,632	662,665
Accounts payable	(778,375)	258,559
Accrued expenses	<u>2,270,267</u>	<u>(5,256,474)</u>
Net cash provided by operating activities	<u>13,819,596</u>	<u>36,839,706</u>
Cash flows from investing activities:		
(Increase) decrease in investments	55,763,989	(14,693,306)
Expenditures for construction in progress	(16,170,206)	(23,134,026)
Other additions to property and equipment	<u>(498,022)</u>	<u>(1,604,522)</u>
Net cash provided by (used in) investing activities	<u>39,095,761</u>	<u>(39,431,854)</u>
Net increase (decrease) in cash and equivalents	52,915,357	(2,592,148)
Cash and equivalents at beginning of year	<u>12,651,526</u>	<u>15,243,674</u>
Cash and equivalents at end of year	<u>\$ 65,566,883</u>	<u>12,651,526</u>
 Supplemental schedule of non-cash activity - transfer of construction in progress to property and equipment	 <u>\$ 2,558,839</u>	 <u>89,272,518</u>

See accompanying notes to financial statements.

HUDSON RIVER PARK TRUST
Notes to Financial Statements
March 31, 2012

(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 approximately \$169 million to the Trust. Funding provided by the U.S. Department of Housing and Urban Development (HUD) has amounted to approximately \$103.3 million, including \$30.7 million for the replacement of Pier 86 at the Intrepid Museum and \$72.6 million passed through the Lower Manhattan Development Corporation for capital construction in the 9/11 community development catchment area. As of March 31, 2012, the amount which has not been drawn down from the City and State combined is approximately \$38 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.

HUDSON RIVER PARK TRUST
Notes to Financial Statements, Continued

(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 the State and the City 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.

(b) Basis of Presentation

The Trust reports 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 accounting principles generally accepted in the United States of America 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 a 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 and 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.

HUDSON RIVER PARK TRUST
Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(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.

(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, 2012 and 2011, amounted to \$119,548 and \$112,906, respectively.

(j) Subsequent Events

The Trust has evaluated events after March 31, 2012, and through June 25, 2012, which is the date the financial statements were available to be issued, and determined that any events or transactions occurring during this period that would require recognition or disclosure are properly addressed in these financial statements.

(k) 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.

(l) Reclassifications

Reclassifications have been made to certain March 31, 2011 balances in order to conform them to the March 31, 2012 presentation.

(3) Fair Value of Financial Instruments

(a) Financial Instruments

The fair value of investments at March 31, 2012 and 2011 are summarized as follows:

	<u>2012</u>	<u>2011</u>
U.S. Government obligations	\$ 5,327,000	60,981,000
Cash and equivalents	<u>174,466</u>	<u>284,455</u>
Total investments	\$ <u>5,501,466</u>	<u>61,265,455</u>

HUDSON RIVER PARK TRUST
Notes to Financial Statements, Continued

(3) Fair Value of Financial Instruments, Continued

(b) Fair Value Measurements

A framework has been established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). Level 1 are assets and liabilities are those whose inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Trust has the ability to access. The following represents the Trust's fair value hierarchy for the financial assets measured at fair value on a recurring basis:

	<u>Fair Value Measurements at Reporting Date Using</u>	
	<u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)
U.S. Government obligations	\$ <u>5,327,000</u>	<u>5,327,000</u>

(4) Property and Equipment

Property and equipment at March 31, 2012 and 2011 consist of the following:

	<u>Lives</u>	<u>2012</u>	<u>2011</u>
Pier improvements	10-50 years	\$ 360,136,283	357,577,344
Machinery and equipment	7 years	1,735,683	1,518,050
Computer equipment	5 years	1,177,535	1,113,197
Software	3 years	1,236,662	1,055,996
Automobiles	5 years	856,709	836,070
Furniture and fixtures	5 years	356,215	341,569
Office renovation	5 years	<u>486,350</u>	<u>486,350</u>
Total property and equipment		365,985,437	362,928,576
Less accumulated depreciation and amortization		<u>(37,002,587)</u>	<u>(29,153,577)</u>
Net property and equipment		\$ <u>328,982,850</u>	<u>333,774,999</u>

HUDSON RIVER PARK TRUST
Notes to Financial Statements, Continued

(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, 2011 amounted to \$227,632. This amount was fully collected as of March 31, 2012.

(6) Related Party Transactions

Related party transactions as of and for the years ended March 31, 2012 and 2011 consist of the following:

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

The Trust was due monies related to leases 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, (the ESD). Under the agreement, the Trust transfers funds not immediately needed to an account jointly controlled by the Trust and the ESD. The ESD has discretionary authority to invest the monies in compliance with the State's Investment Guidelines for Public Authorities. At March 31, 2012 and 2011, the total investment amounted to \$5,501,466 and \$61,265,455, respectively.

At March 31, 2012 and 2011, the Trust had requested \$4,383,764 and \$2,867,444, 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, 2012 and 2011, 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 collecting 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.

HUDSON RIVER PARK TRUST
Notes to Financial Statements, Continued

(6) Related Party Transactions, Continued

(b) New York State Related Parties, Continued

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, 2012 and 2011, the amount included in accounts receivable in the accompanying statement of financial position amounted to \$312,338 and \$216,969, respectively.

All lease revenue is considered unrestricted.

(7) Commitments

Commitments at March 31, 2012 and 2011 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, 2012 and 2011, was \$120,022 and \$100,238, respectively, for equipment rentals.

The Trust has also entered into various long-term equipment leases used for operations. Future minimum payments required under the above-mentioned leases amounted to \$12,302 as of March 31, 2012.

(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, 2012 and 2011 amounted to \$2,047,643 and \$4,054,473, 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, 2012 and 2011 amounted to \$5,692,290 and \$4,142,459, respectively. Minimum rental payments to be received under the long-term lease agreements as of March 31, 2012, are as follows:

2013	\$ 5,605,670
2014	5,649,637
2015	5,630,503
2016	5,674,295
2017	<u>5,707,040</u>
	\$ <u>28,267,145</u>

HUDSON RIVER PARK TRUST
Notes to Financial Statements, Continued

(8) Temporarily Restricted Net Assets

Temporarily restricted net assets at March 31, 2012 and 2011 are summarized as follows:

	<u>2012</u>	<u>2011</u>
City of New York	\$ 21,835,413	26,775,000
New York State Department of Environmental Conservation	4,000,000	4,000,000
Empire State Development	576,214	576,214
Other	<u>450,000</u>	<u>450,000</u>
Total temporarily restricted net assets	\$ <u>26,861,627</u>	<u>31,801,214</u>

(9) Pension Plan

The employees of the Trust are members of the New York State pension system. For the years ended March 31, 2012 and 2011, the contribution required amounted to \$657,910 and \$444,878, respectively. Additionally, the Trust maintains a deferred compensation plan, to which only the employees contribute.

(10) Contingencies

Contingencies at March 31, 2012 consist of the following:

(a) Litigation

The Trust is involved in a lawsuit filed arising from a dispute regarding certain obligations for pier repairs under a lease agreement with the plaintiff on the plaintiff's leased property. Various motions by both parties are pending in the courts and an outcome is not yet determinable, although a negative outcome could have a material effect on the value of the Trust's assets. Management and legal counsel of the Trust intend to vigorously defend this lawsuit, but provide no assurance at this point as to the matter or timing of the resolution of the action. Accordingly, no provision for loss with regard to this claim has been recorded in the accompanying financial statements.

The Trust is also 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.

(b) Other

The Trust generates lease and parking revenue from waterfront properties which are inherently dependent on high levels of capital maintenance. A failure by the Trust or its tenants to address such maintenance could have a material effect on the value of the Trust's assets and its operating revenue. However, it is difficult to estimate the effect, if any, to the Trust's assets or operating revenue.

HUDSON RIVER PARK TRUST
Combining Statement of Financial Position
March 31, 2012

<u>Assets</u>	<u>Planning Design and Construction</u>	<u>Administration, Operations and Maintenance</u>	<u>Total</u>
Cash and equivalents	\$ 54,065,142	11,501,741	65,566,883
Investments	-	5,501,466	5,501,466
Accounts receivable	4,383,764	2,530,137	6,913,901
Prepaid expenses	-	7,613	7,613
Construction in progress	144,386,423	-	144,386,423
Property and equipment, net	-	328,982,850	328,982,850
Total assets	<u>\$ 202,835,329</u>	<u>348,523,807</u>	<u>551,359,136</u>
<u>Liabilities and Net Assets</u>			
Liabilities:			
Accounts payable	1,540,396	1,102,625	2,643,021
Accrued expenses	5,663,380	1,142,714	6,806,094
Total liabilities	<u>7,203,776</u>	<u>2,245,339</u>	<u>9,449,115</u>
Net assets:			
Unrestricted	168,769,926	346,278,468	515,048,394
Temporarily restricted	26,861,627	-	26,861,627
Total net assets	<u>195,631,553</u>	<u>346,278,468</u>	<u>541,910,021</u>
Total liabilities and net assets	<u>\$ 202,835,329</u>	<u>348,523,807</u>	<u>551,359,136</u>

HUDSON RIVER PARK TRUST
Combining Statement of Activities
Year ended March 31, 2012

	Planning Design and <u>Construction</u>	Administration, Operations and <u>Maintenance</u>	<u>Total</u>
Operating revenues:			
Appropriations revenues	\$ 2,809,922	-	2,809,922
Reimbursement	4,798,152	-	4,798,152
Lease revenues	-	7,739,933	7,739,933
Parking revenues	-	5,687,760	5,687,760
Settlements and grants	1,850,000	-	1,850,000
Fees and other revenues	-	2,043,938	2,043,938
Contributions	-	81,301	81,301
	<u>9,458,074</u>	<u>15,552,932</u>	<u>25,011,006</u>
Total operating revenues			
Operating expenses:			
Employee compensation and benefits	-	5,629,273	5,629,273
Park programs and maintenance	-	4,221,270	4,221,270
General and administrative	-	4,466,324	4,466,324
	<u>-</u>	<u>14,316,867</u>	<u>14,316,867</u>
Total operating expenses			
Income from operations before depreciation and amortization	9,458,074	1,236,065	10,694,139
Depreciation and amortization	<u>-</u>	<u>(7,849,010)</u>	<u>(7,849,010)</u>
Income (loss) from operations	9,458,074	(6,612,945)	2,845,129
Non-operating revenues - interest income	<u>89,022</u>	<u>59,347</u>	<u>148,369</u>
Increase (decrease) in net assets	9,547,096	(6,553,598)	2,993,498
Transfers	(2,558,839)	2,558,839	-
Net assets at beginning of year	<u>188,643,296</u>	<u>350,273,227</u>	<u>538,916,523</u>
Net assets at end of year	<u>\$ 195,631,553</u>	<u>346,278,468</u>	<u>541,910,021</u>

HUDSON RIVER PARK TRUST
Combining Statement of Cash Flows
Year ended March 31, 2012

	<u>Planning Design and Construction</u>	<u>Administration, Operations and Maintenance</u>	<u>Total</u>
Cash flows from operating activities:			
Increase (decrease) in net assets	\$ 9,547,096	(6,553,598)	2,993,498
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:			
Depreciation and amortization	-	7,849,010	7,849,010
Changes in:			
Accounts receivable	(1,516,320)	2,760,141	1,243,821
Prepaid expenses	-	13,743	13,743
Deferred rent receivable	-	227,632	227,632
Accounts payable	(863,386)	85,011	(778,375)
Accrued expenses	<u>4,070,575</u>	<u>(1,800,308)</u>	<u>2,270,267</u>
Net cash provided by operating activities	<u>11,237,965</u>	<u>2,581,631</u>	<u>13,819,596</u>
Cash flows from investing activities:			
Decrease in investments	50,927,555	4,836,434	55,763,989
Expenditures for construction in progress	(16,170,206)	-	(16,170,206)
Other additions to property and equipment	<u>-</u>	<u>(498,022)</u>	<u>(498,022)</u>
Net cash provided by investing activities	<u>34,757,349</u>	<u>4,338,412</u>	<u>39,095,761</u>
Net increase in cash and equivalents	45,995,314	6,920,043	52,915,357
Cash and equivalents at beginning of year	<u>8,069,828</u>	<u>4,581,698</u>	<u>12,651,526</u>
Cash and equivalents at end of year	<u>\$ 54,065,142</u>	<u>11,501,741</u>	<u>65,566,883</u>
Supplemental schedule of non-cash activity - transfer of construction in progress to property and equipment			<u>\$ 2,558,839</u>

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 (the Trust) as of and for the year ended March 31, 2012, and have issued our report thereon dated June 25, 2012. 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

Management of the Trust is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the 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 deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Trust's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 certain matters that we reported to management of the Trust in a separate letter dated June 25, 2012.

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 & Co., CPAs, P.C.

Williamsville, New York
June 25, 2012

INDEPENDENT AUDITORS' REPORT ON INVESTMENT COMPLIANCE

The Board of Directors
Hudson River Park Trust:

We have examined the Hudson River Park Trust's (the Trust) compliance with Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York during the year ended March 31, 2012. Management is responsible for the Trust's compliance with those requirements. Our responsibility is to express an opinion on the Trust's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in Government Auditing Standards, issued by the Comptroller General of the United States and, accordingly, included examining, on a test basis, evidence supporting the Trust's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Trust's compliance with specified requirements.

In our opinion, the Trust complied, in all material respects, with the aforementioned requirements during the year ended March 31, 2012.

In accordance with Government Auditing Standards, we are required to report findings of deficiencies in internal control, violations of provisions of contracts or grant agreements, and abuse that are material to the Trust's compliance with Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York and any fraud and illegal acts that are more than inconsequential that come to our attention during our examination. We are also required to obtain the views of management on those matters. We performed our examination to express an opinion on whether the Trust complied with the aforementioned requirements and not for the purpose of expressing an opinion on the internal control over compliance with those requirements or other matters; accordingly, we express no such opinion. The results of our tests disclosed no matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Trust's Board of Directors, management of the Trust, the New York State Legislature, the New York State Office of the State Comptroller, the New York State Division of the Budget, and the New York State Authorities Budget Office and is not intended to be and should not be used by anyone other than those specified parties.

Toski & Co., CPAs, P.C.

Williamsville, New York
June 25, 2012