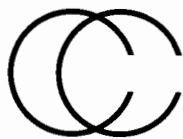


**NEW YORK RESTORATION PROJECT  
AND CONSOLIDATED ENTITIES  
CONSOLIDATED FINANCIAL STATEMENTS  
AND ADDITIONAL INFORMATION  
YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

**NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES  
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

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# Citrin Cooperman & Company, LLP

CERTIFIED PUBLIC ACCOUNTANTS

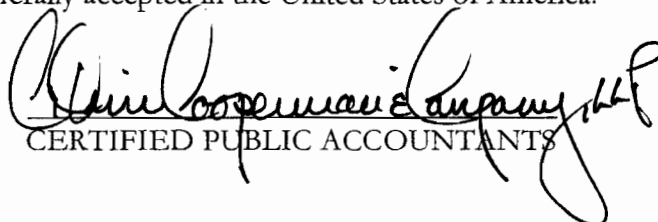
## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
New York Restoration Project and Consolidated Entities

We have audited the accompanying consolidated statements of financial position of New York Restoration Project and Consolidated Entities (collectively the "Organization") as of September 30, 2008 and 2007, and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits 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 consolidated financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of New York Restoration Project and Consolidated Entities as of September 30, 2008 and 2007, and the changes in their net assets and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

  
CERTIFIED PUBLIC ACCOUNTANTS

July 21, 2009

**NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2008 AND 2007**

	<b>2008</b>	<b>2007</b>
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ 4,447,166	\$ 1,965,363
Cash and cash equivalents - restricted	303,563	289,398
Marketable securities	275,018	-
Pledges receivable	-	416,513
Grants receivable	51,331	189,859
Prepaid expenses	193,669	179,414
Other assets	166,136	187,030
Deferred income taxes	173,500	-
Marketable securities - restricted	1,506,700	1,709,372
Property and equipment, net	7,621,396	7,117,897
<b>TOTAL ASSETS</b>	<b>\$ 14,738,479</b>	<b>\$ 12,054,846</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Liabilities:		
Accounts payable, accrued expenses and other liabilities	\$ 643,176	\$ 633,838
Grant payable	-	275,000
Loans payable	56,749	120,285
Deferred fundraising revenue	867,380	601,355
Total liabilities	1,567,305	1,630,478
Commitments and contingencies (Notes 6 and 12)		
Net assets:		
Unrestricted	7,009,767	6,217,270
Temporarily restricted	3,208,494	1,065,678
Permanently restricted	2,952,913	3,141,420
Total net assets	13,171,174	10,424,368
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 14,738,479</b>	<b>\$ 12,054,846</b>

See accompanying notes to consolidated financial statements.

**NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Public support and revenue:				
Contributions	\$ 6,978,037	\$ 3,970,583	\$ 3,007,454	\$ -
Grant income	330,569	330,569	-	-
Revenue from special events	2,755,229	2,755,229	-	-
Donated services	411,976	411,976	-	-
Unrealized loss on marketable securities	(174,456)	(20,820)	-	(153,636)
Investment income (loss)	<u>64,929</u>	<u>99,800</u>	<u>-</u>	<u>(34,871)</u>
Total public support and revenue	<u>10,366,284</u>	<u>7,547,337</u>	<u>3,007,454</u>	<u>(188,507)</u>
Net assets released from restrictions	<u>-</u>	<u>864,638</u>	<u>(864,638)</u>	<u>-</u>
New Leaf Restaurant and Bar operations:				
Sales	2,127,816	2,127,816	-	-
Less: Cost of sales	(534,708)	(534,708)	-	-
Operating expenses	<u>(1,568,878)</u>	<u>(1,568,878)</u>	<u>-</u>	<u>-</u>
Total New Leaf Restaurant and Bar operating income	<u>24,230</u>	<u>24,230</u>	<u>-</u>	<u>-</u>
Total public support and revenue, net assets released from restrictions, and New Leaf Restaurant and Bar operating income	<u>10,390,514</u>	<u>8,436,205</u>	<u>2,142,816</u>	<u>(188,507)</u>
Expenses (exclusive of New Leaf Restaurant and Bar):				
Program services	5,541,965	5,541,965	-	-
Management and general	595,205	595,205	-	-
Fundraising	<u>584,246</u>	<u>584,246</u>	<u>-</u>	<u>-</u>
Total	6,721,416	6,721,416	-	-
Special events	1,085,952	1,085,952	-	-
Interest expense	<u>9,840</u>	<u>9,840</u>	<u>-</u>	<u>-</u>
Total expenses	<u>7,817,208</u>	<u>7,817,208</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets before income tax benefit	2,573,306	618,997	2,142,816	(188,507)
Income tax benefit - New Leaf Restaurant and Bar	<u>173,500</u>	<u>173,500</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	2,746,806	792,497	2,142,816	(188,507)
Net assets - beginning of year	<u>10,424,368</u>	<u>6,217,270</u>	<u>1,065,678</u>	<u>3,141,420</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 13,171,174</u>	<u>\$ 7,009,767</u>	<u>\$ 3,208,494</u>	<u>\$ 2,952,913</u>

See accompanying notes to consolidated financial statements.

**NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Public support and revenue:				
Contributions	\$ 3,941,314	\$ 3,410,447	\$ 456,573	\$ 74,294
Grant income	476,266	476,266	-	-
Revenue from special events	3,376,968	3,047,716	329,252	-
Donated services	458,670	458,670	-	-
Unrealized gain on marketable securities	56,607	-	-	56,607
Investment income	<u>191,708</u>	<u>191,708</u>	<u>-</u>	<u>-</u>
Total public support and revenue	8,501,533	7,584,807	785,825	130,901
Net assets released from restrictions	<u>-</u>	<u>440,629</u>	<u>(440,629)</u>	<u>-</u>
Total public support and revenue and net assets released from restrictions	<u>8,501,533</u>	<u>8,025,436</u>	<u>345,196</u>	<u>130,901</u>
Expenses:				
Program services	4,110,738	4,110,738	-	-
Management and general	709,234	709,234	-	-
Fundraising	<u>451,430</u>	<u>451,430</u>	<u>-</u>	<u>-</u>
Total	<u>5,271,402</u>	<u>5,271,402</u>	<u>-</u>	<u>-</u>
Special events	<u>1,040,521</u>	<u>1,040,521</u>	<u>-</u>	<u>-</u>
New Leaf Restaurant and Bar operations:				
Sales	(1,776,179)	(1,776,179)	-	-
Less: Cost of sales	447,415	447,415	-	-
Operating expenses	<u>1,378,056</u>	<u>1,378,056</u>	<u>-</u>	<u>-</u>
Total New Leaf Restaurant and Bar operating loss	<u>49,292</u>	<u>49,292</u>	<u>-</u>	<u>-</u>
Interest expense	<u>4,527</u>	<u>4,527</u>	<u>-</u>	<u>-</u>
Total expenses	<u>6,365,742</u>	<u>6,365,742</u>	<u>-</u>	<u>-</u>
Increase in net assets	2,135,791	1,659,694	345,196	130,901
Net assets - beginning of year	<u>8,288,577</u>	<u>4,557,576</u>	<u>720,482</u>	<u>3,010,519</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 10,424,368</u>	<u>\$ 6,217,270</u>	<u>\$ 1,065,678</u>	<u>\$ 3,141,420</u>

See accompanying notes to consolidated financial statements.

**NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Increase in net assets	\$ <u>2,746,806</u>	\$ <u>2,135,791</u>
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	525,811	486,284
Bad debt expense	-	58,687
Donated marketable securities	(186,883)	(74,294)
Donated vehicle	-	(30,828)
Loss (gain) on sale of marketable securities	40,662	(66,001)
Unrealized loss (gain) on marketable securities	174,456	(56,607)
Amortization of premium on marketable securities	7,973	8,148
Deferred income tax benefit	(173,500)	-
Changes in assets and liabilities:		
Pledges receivable	416,513	(412,650)
Grants receivable	138,528	46,231
Prepaid expenses	(14,255)	(9,753)
Other assets	20,894	(133,432)
Accounts payable, accrued expenses and other liabilities	9,338	281,060
Deferred fundraising revenue	266,025	(42,975)
Grant payable	<u>(275,000)</u>	<u>-</u>
Total adjustments	<u>950,562</u>	<u>53,870</u>
Net cash provided by operating activities	<u>3,697,368</u>	<u>2,189,661</u>
Cash flows from investing activities:		
Purchases of marketable securities	(2,674,658)	(2,092,456)
Proceeds of sale/maturity of marketable securities	2,566,104	2,294,897
Purchases of property and equipment	(1,029,310)	(838,980)
Increase in restricted cash and cash equivalents	<u>(14,165)</u>	<u>(144,588)</u>
Net cash used in investing activities	<u>(1,152,029)</u>	<u>(781,127)</u>
Cash used in financing activities:		
Repayments of loans payable	<u>(63,536)</u>	<u>(41,870)</u>
Net increase in cash and cash equivalents	2,481,803	1,366,664
Cash and cash equivalents - beginning of year	<u>1,965,363</u>	<u>598,699</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b><u>\$ 4,447,166</u></b>	<b><u>\$ 1,965,363</u></b>
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	\$ <u>9,840</u>	\$ <u>4,527</u>
Income taxes	\$ <u>680</u>	\$ <u>680</u>
Non-cash investing and financing activities:		
Loans payable incurred for the purchase of vehicles	\$ <u>-</u>	\$ <u>50,188</u>

See accompanying notes to consolidated financial statements.

**NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008 AND 2007**

**NOTE 1. ORGANIZATION AND NATURE OF OPERATIONS**

New York Restoration Project ("NYRP"), formed in 1995, is a non-profit organization operating under the laws of the State of New York. Its mission is to restore, develop and revitalize under-served parks, community gardens and open space in all five boroughs of the City of New York. NYRP invests in the communities it serves by providing ongoing maintenance, groundskeeping, and horticulture services, as well as educational and public programming. NYRP is qualified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from state and local taxes under comparable laws.

New York Garden Trust (the "Trust"), formed in 1999 under the laws of the State of New York, is qualified as a tax-exempt organization under Section 501(c)(2) of the Internal Revenue Code. The Trust, which is controlled by NYRP, was organized exclusively to hold title to community garden sites acquired from the City of New York.

The New York Restoration Enterprise, Inc. ("Enterprise"), a wholly owned subsidiary of NYRP, was incorporated in the State of Delaware in October 2000 as a commercial entity. Enterprise was created for the purpose of operating and managing the restaurant facilities located in Fort Tryon Park (the "New Leaf Restaurant and Bar") under the license agreement discussed in Note 12.

The Peter Jay Sharp Boathouse, Inc. ("Boathouse"), formed in 2002 under the laws of the State of New York, is a qualified, tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Boathouse, which is controlled by NYRP, was organized exclusively to hold title to the boathouse located in Swindler Cove along the Harlem River.

NYRP, the Trust, Enterprise, and the Boathouse are collectively referred to as the "Organization."

The Organization's major programs include the cleanup, restoration and management of numerous parks and community gardens located throughout the boroughs of the City of New York, various environmental education programs for low-income communities, and working in cooperation with the City of New York Department of Parks and Recreation (the "Parks Department") to plant one million trees across the five boroughs of New York City, focusing mainly on neighborhoods with high asthma rates, over a 10-year period. In addition to these environmental and educational activities, the Organization also owns a boathouse that is used to provide a boat storage and launch facility on the Harlem River for adult and youth rowing programs sponsored and operated by the New York Rowing Association.

**NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008 AND 2007**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of NYRP, the Trust, Enterprise, and the Boathouse. All significant intercompany accounts and transactions have been eliminated in consolidation.

Allowance for Doubtful Accounts

An allowance for doubtful accounts is provided for receivables that are considered uncollectible.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with maturities of three months or less from the date of purchase to be cash equivalents. For purposes of the statements of cash flows, cash and cash equivalents exclude permanently and temporarily restricted cash and cash equivalents.

Property and Equipment

Property and equipment are stated at either their cost at the date of acquisition or their fair values at the date of donation. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method.

Impairment of Long-Lived Assets

The Organization assesses the recoverability of long-lived assets held and used whenever events or changes in circumstances indicate that future cash flows (undiscounted and without interest charges) expected to be generated by an asset's disposition or use may not be sufficient to support its carrying amount. If such undiscounted cash flows are not sufficient to support the recorded value of assets, an impairment loss is recognized to reduce the carrying values of long-lived assets to their estimated fair values. No impairment charges were required for the years ended September 30, 2008 and 2007.

Income Taxes

The Internal Revenue Service has determined that NYRP, the Boathouse and the Trust are charitable organizations exempt from federal income taxes under Sections 501(c)(3), 501(c)(3), and 501(c)(2), respectively, of the Internal Revenue Code.

Enterprise accounts for income taxes using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using current enacted tax rates. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the results of operations in the period that includes the enactment date. The Company reassesses the recoverability of its deferred tax assets by evaluating all available evidence and assessing whether it is more likely than not that all or some portion of its recorded assets may not be recoverable. To the extent that assets are not likely to be recovered, valuation allowances are provided.

**NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008 AND 2007**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Uncertain Tax Positions

In June 2006, the Financial Accounting Standards Board ("FASB") released FASB Interpretation ("FIN") No. 48, "Accounting for Uncertainty in Income Taxes." FIN 48 interprets the guidance in Statement of Financial Accounting Standards ("SFAS") No. 109, "Accounting for Income Taxes." When FIN 48 is implemented, reporting entities utilize different recognition thresholds and measurement requirements when compared to prior technical literature. On December 30, 2008, the FASB Staff issued FASB Staff Position ("FSP") FIN 48-3, "Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises." As deferred by the guidance in FSP FIN 48-3, the Organization is not required to implement the provisions of FIN 48 until fiscal years beginning after December 15, 2008. As such, the Organization has not implemented those provisions in the September 30, 2008 consolidated financial statements.

Since the provisions of FIN 48 have not been implemented in accounting for uncertain tax positions, the Organization continues to utilize its prior policy of accounting for these positions, following the guidance in SFAS No. 5, "Accounting for Contingencies." Disclosure is not required of a loss contingency involving an unasserted claim or assessment when there has been no manifestation by a potential claimant of an awareness of a possible claim or assessment unless it is considered probable that a claim will be asserted and there is a reasonable possibility that the outcome will be unfavorable. Using that guidance, as of September 30, 2008 and 2007, the Organization has no uncertain tax positions that qualify for either recognition or disclosure in the consolidated financial statements.

Net Assets

The Organization is required to report information regarding its financial position and activities according to three classes of net assets:

(i) Unrestricted

Unrestricted net assets represent those resources that have no donor restrictions as to their use.

(ii) Temporarily restricted

Temporarily restricted net assets represent those resources that have been restricted by donors for specific purposes. Net assets released from restrictions represent the satisfaction of the restricted purposes specified by the donor.

(iii) Permanently restricted

Permanently restricted net assets represent those resources that have been permanently restricted for specific purposes.

**NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008 AND 2007**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Revenue Recognition

Pledges are recognized in contribution income when a donor makes a pledge that is, in substance, unconditional. Pledges to be received over periods longer than a single year are discounted at an interest rate commensurate with the risk involved.

Contributions received are measured at their fair values and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit their use, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose for the 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." Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Revenue from government contracts and grants is recognized in grant income either when costs are incurred or services are performed.

The Organization reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets, are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

A number of unpaid volunteers have made or have agreed to make significant contributions of their time. The value of such contributions is not reflected in these financial statements since these services do not require specialized skills.

The free use of facilities and donated professional services and supplies provided for program activities, fundraising activities, or general and administrative activities are recorded in the accompanying consolidated financial statements at their estimated fair values at the date of use or receipt.

Revenue from the sale of food and beverages is recognized at the point of sale.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the accompanying consolidated statements of activities. Accordingly, certain costs have been consistently allocated among the programs and supporting services in reasonable amounts and ratios determined by management.

Deferred Revenue

Contributions related to and received in advance of a fundraising event or stipulated contract year are deferred until the actual occurrence of the event or the appropriate fiscal year, at which time the contributions are then recognized as revenue.

**NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008 AND 2007**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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 consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Marketable Securities

Marketable securities consist of U.S. Treasury notes, U.S. Agency notes, corporate bonds and notes, and publicly traded equity securities with readily determinable fair values and are stated at fair value in the accompanying consolidated statements of financial position. Unrealized gains and losses on such securities are included in the caption "unrealized gain (loss) on marketable securities" in the accompanying consolidated statements of activities.

Reclassifications

Certain items in the September 30, 2007 consolidated financial statements have been reclassified to conform to the September 30, 2008 presentation. These reclassifications had no effect on the previously reported increase in net assets.

**NOTE 3. PROPERTY AND EQUIPMENT**

The Organization's property and equipment consisted of the following at September 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Community gardens sites - restricted (1)	\$ 1,142,650	\$ 1,142,650
Capital improvements - community gardens	2,512,645	1,643,067
Office equipment	325,692	266,474
Vehicles and boats	376,801	342,934
Leasehold improvements - NYRP	89,649	89,649
Construction-in-progress - NYRP	33,292	-
Leasehold improvements - New Leaf Restaurant and Bar	447,501	437,676
Furniture and equipment - New Leaf Restaurant and Bar	197,800	174,270
Construction-in-progress - New Leaf Restaurant and Bar	56,957	56,957
Peter Jay Sharp Boathouse, Inc. - Boathouse	<u>4,713,616</u>	<u>4,713,616</u>
	9,896,603	8,867,293
Less: accumulated depreciation	<u>(2,275,207)</u>	<u>(1,749,396)</u>
	<u>\$ 7,621,396</u>	<u>\$ 7,117,897</u>

(1) Under the contract to acquire the community garden sites (the "Property"), the use of a site or sites is restricted by the Organization's agreement with the City of New York for open-space purposes, unless the Organization, upon written request to and with permission from the City of New York, is permitted to use the Property for other purposes. However, should the Organization elect to use the Property for purposes other than open space, the City of New York, through the Economic Development Corporation, will have the option to reacquire the Property for no consideration. All garden sites are utilized for open-space purposes as of September 30, 2008 and 2007.

**NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008 AND 2007**

**NOTE 4. PLEDGES RECEIVABLE**

The Organization's pledges receivable consist of restricted contributions that will be collected within one year from the date(s) of the consolidated statements of financial position. Accordingly, no discounts have been recorded.

**NOTE 5. MARKETABLE SECURITIES**

The Organization's marketable securities are stated at fair value and consisted of the following as of September 30, 2008 and 2007:

	2008		
	Cost	Fair value	Unrealized appreciation (depreciation)
U.S. Treasury bonds and notes	\$ 105,287	\$ 106,284	\$ 997
U.S. Agency notes	402,171	438,981	36,810
Corporate bonds and notes ("BBB" rating or better by a recognized rating service)	462,662	396,130	(66,532)
Municipal bonds	107,594	107,929	335
Marketable equity securities	808,984	732,394	(76,590)
	1,886,698	1,781,718	(104,980)
Less: marketable securities - restricted	1,590,860	1,506,700	(84,160)
	\$ 295,838	\$ 275,018	\$ (20,820)
	2007 (Restricted)		
	Cost	Fair value	Unrealized appreciation
U.S. Treasury bonds and notes	\$ 101,273	\$ 102,113	\$ 840
U.S. Agency notes	366,619	369,915	3,296
Corporate bonds and notes ("BBB" rating or better by a recognized rating service)	504,892	505,822	930
Marketable equity securities	667,112	731,522	64,410
	\$ 1,639,896	\$ 1,709,372	\$ 69,476

**NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008 AND 2007**

**NOTE 6. LOANS PAYABLE**

The Organization has entered into loan agreements for the purchase of vehicles used to transport personnel and equipment to and from various project sites. The terms for these loans range between 3 and 5 years and the loans require monthly payments. The interest rates for these loans range from 0% to 5.00% per annum.

As of September 30, 2008, future principal payments are summarized as follows:

<u>Year Ending September 30:</u>	<u>Amount</u>
2009	\$ 37,943
2010	10,574
2011	6,827
2012	<u>1,405</u>
	<u>\$ 56,749</u>

**NOTE 7. GRANT PAYABLE**

In May 1999, the Organization made a grant to the Trust for Public Land ("TPL") for \$1,000,000. TPL is an unrelated nonprofit organization that purchased 63 community garden sites from the City of New York. The balance of the grant payable to TPL was \$275,000 at September 30, 2007. During the year September 30, 2008, it was determined that the Organization no longer has an obligation to TPL. Accordingly, the balance of the grant payable to TPL of \$275,000 has been recognized as an unrestricted contribution in the accompanying consolidated statement of activities during the year ended September 30, 2008.

**NOTE 8. TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS**

The Organization's temporarily restricted net assets are available to satisfy the following purposes as of September 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Boat building program	\$ 43,739	\$ 43,739
Community gardens	728,655	666,777
Million trees NYC program	2,412,660	329,252
Other programs	<u>23,440</u>	<u>25,910</u>
	<u>\$ 3,208,494</u>	<u>\$ 1,065,678</u>

For the years ended September 30, 2008 and 2007, net assets released from temporary restrictions consisted of payments for the following:

	<u>2008</u>	<u>2007</u>
Community gardens	\$ 532,916	\$ 349,317
Million trees NYC program	329,252	-
Tree planting	-	88,100
Other programs	<u>2,470</u>	<u>3,212</u>
	<u>\$ 864,638</u>	<u>\$ 440,629</u>

**NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008 AND 2007**

**NOTE 8. TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS**  
**(CONTINUED)**

Permanently restricted net assets consisted of the following as of September 30, 2008 and 2007:

	2008	2007
Community gardens sites	\$ <u>1,142,650</u>	\$ <u>1,142,650</u>
Endowments:		
Barbara Riley Levin Children's Garden	1,000,000	1,000,000
Tiffany Garden	159,500	159,500
Rodale Community Garden	156,606	156,606
Brownstone Garden	186,500	186,500
Allard - 111th Street Garden	125,000	125,000
Bette's Rose Garden	41,188	41,188
Heckscher Foundation-Williamsburg	100,000	100,000
Goldman Sachs-McLeod	100,000	100,000
Zion Church-Las Casita	3,000	3,000
Rhodebeck/Garden of Eden	57,500	57,500
Net (depreciation) appreciation in marketable securities	<u>(119,031)</u>	<u>69,476</u>
Total endowments	<u>1,810,263</u>	<u>1,998,770</u>
	<u>\$ 2,952,913</u>	<u>\$ 3,141,420</u>

**NOTE 9. DONATED SERVICES**

Donated services consisted of the following for the years ended September 30, 2008 and 2007:

	2008	2007
Legal services *	\$ 165,326	\$ 155,020
Office space	66,650	109,650
Garden supplies and other gifts	<u>180,000</u>	<u>194,000</u>
	<u>\$ 411,976</u>	<u>\$ 458,670</u>

\* Donated legal services are from a law firm of which a board member is a partner.

**NOTE 10. RETIREMENT PLAN**

The Organization had a 403(b) employee deferral plan [the "403(b) Plan"] that covered its employees on a voluntary basis. The Organization's policy was to make 2% employer matching contributions for participating and eligible employees. Retirement expense for the years ended September 30, 2008 and 2007, was \$12,886 and \$19,126, respectively.

Effective June 1, 2009, the Organization adopted a 401(k) retirement plan [the "401(k) Plan"], which is replacing the 403(b) plan. The 401(k) Plan, which covers its employees on a voluntary basis, provides for discretionary employer matching contributions for participating and eligible employees.

**NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008 AND 2007**

**NOTE 11. INCOME TAXES**

Enterprise is subject to federal, state and local income taxes, which amounted to \$680 for each of the years ended September 30, 2008 and 2007. As of September 30, 2008 and 2007, Enterprise has net operating loss carryforwards of approximately \$772,000 and \$876,000, respectively, which expire from 2020 through 2027. The deferred tax benefit of Enterprise's net operating loss carryforwards is approximately \$347,000 and \$393,000 as of September 30, 2008 and 2007, respectively. The deferred tax asset has been reduced by a valuation allowance of \$173,500 and \$393,000 at September 30, 2008 and 2007, respectively. The Organization believes that, based on a number of economic and historical factors, the available objective evidence creates uncertainty regarding the full realizability of these net operating loss carryforwards. Management has reduced the valuation allowance by \$219,500 and \$16,000 for the years ended September 30, 2008 and 2007, respectively, partially in response to better current and expected future operating results of Enterprise.

**NOTE 12. COMMITMENTS AND CONTINGENCIES**

Operating Leases

At September 30, 2008, the Organization was obligated under various operating leases for vehicles that are utilized to transport personnel and volunteers to and from project sites. Minimum rental payments required under such leases are \$9,587 for the year ending September 30, 2009.

NYRP leases its primary office space under a 10-year noncancellable lease that commenced in April 2006 and expires on January 31, 2016. Minimum annual rentals required under this lease are as follows:

<u>Year Ending September 30:</u>	<u>Amount</u>
2009	\$ 116,296
2010	119,785
2011	127,878
2012	136,215
2013	140,301
Thereafter	<u>368,878</u>
	<u>\$ 1,009,353</u>

NYRP is subject to real estate tax and operating expense escalations under the lease and obtained an irrevocable letter of credit from a major financial institution in the amount of \$54,000 to secure the lease. The Organization must maintain the letter of credit for the term of the lease.

Rental payments under this lease are recognized on a straight-line basis over the term of the lease. The difference between actual rent paid and the expense payable under the term of the lease is included in "accounts payable, accrued expenses and other liabilities" in the accompanying consolidated statements of financial position.

For the years ended September 30, 2008 and 2007, rent expense amounted to \$124,988 and \$125,258, respectively.

**NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008 AND 2007**

**NOTE 12. COMMITMENTS AND CONTINGENCIES (CONTINUED)**

License Agreements

Effective January 1, 2000, the Organization entered into a 10-year agreement with the Parks Department to manage, maintain, operate, and improve Sherman Creek Wetlands (Swindler Cove Park) (the "Park"). In addition, the agreement authorizes the Organization to moor the Boathouse at the Park for 10 years and to be permitted access to the Boathouse by way of the Park. On October 24, 2000, the agreement was amended to allow for two additional 5-year term extensions to moor the Boathouse. The agreement may be terminated by the Organization with 90 days' prior notice.

Effective October 1, 2007, Enterprise entered into a 12-year license agreement with the Parks Department to operate and manage the New Leaf Restaurant and Bar until September 30, 2019. The license agreement requires that Enterprise pay a monthly license fee to the Parks Department consisting of the higher of a minimum annual fee (initially \$62,000 per year) or 4.1% of gross receipts (12% of gross receipts for catering events and private parties) over a calculated annual threshold. Enterprise is also required to make capital improvements of at least \$150,000 to the New Leaf Restaurant and Bar over the life of the licensing agreement, none of which was expended as of September 30, 2008.

For the year ended September 30, 2007, Enterprise was required to pay a monthly license fee to the Parks Department consisting of the higher of a minimum annual fee or 10% of gross receipts over a calculated annual threshold.

The license fee paid to the Parks Department for the years ended September 30, 2008 and 2007, was approximately \$126,000 and \$178,000, respectively.

Minimum annual payments required under the license agreement are as follows:

<u>Year Ending September 30:</u>	<u>Amount</u>
2009	\$ 63,000
2010	67,000
2011	70,000
2012	73,000
2013	77,000
Thereafter	<u>537,000</u>
	<u>\$ 887,000</u>

Government Grants

Government-funded activities are subject to audit by the applicable granting agencies. At September 30, 2008 and 2007, there were no material obligations outstanding as a result of such audits. Management doesn't believe that audit results for projects that to date have not been subjected to audit by the applicable granting agencies would result in any material obligations.

**NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008 AND 2007**

**NOTE 12. COMMITMENTS AND CONTINGENCIES (CONTINUED)**

Line of Credit - Bank

On February 6, 2009, the Organization entered into a one-year \$500,000 revolving line of credit (the "Credit Line"). The Credit Line, which bears interest at the LIBOR rate plus 2.698%, is collateralized by substantially all the Organization's unrestricted assets and requires monthly interest-only payments on the unpaid principal balance.

Litigation

The Organization has been named as a co-defendant in three legal matters which all arise out of a boating accident that occurred on October 24, 2005, on the Harlem River. The boating accident directly involved a vessel that is owned and operated by an unrelated third party and stored at the Boathouse's facility. Currently, the matters are in their preliminary stages. Accordingly, management can not presently quantify the exposure to the Organization, if any, that may result from these matters. However, based on all of the facts presently known on these matters, management believes the Organization should not bear any significant responsibility for the loss.

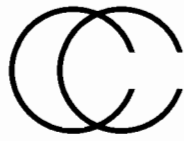
In addition, the Organization is involved with various other claims and litigation in the ordinary course of its business. It is not possible to determine the ultimate outcome of the pending matters or to provide reasonable ranges of losses. However, the Organization does not believe, based upon information presently known to management, that the outcomes of such matters are likely to have a material effect on the Organization's financial position or results of activities.

**NOTE 13. CONCENTRATION**

The Organization places its temporary cash investments in accounts with major financial institutions. At times, such investments may exceed insured limits, but management does not believe the Organization faces a significant risk of loss on these accounts.

For the year ended September 30, 2008, approximately 15% of the Organization's total support and revenue was received from one donor.

**ADDITIONAL INFORMATION**



# Citrin Cooperman & Company, LLP

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

To the Board of Directors  
New York Restoration Project and Consolidated Entities

Our report on our audits of the basic consolidated financial statements of New York Restoration Project and Consolidated Entities for the years ended September 30, 2008 and 2007, appears on page 1. Those audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The additional information contained in the accompanying schedule of program and supporting services expenses on page 18 is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

  
CERTIFIED PUBLIC ACCOUNTANTS

July 21, 2009

**NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES  
SCHEDULES OF PROGRAM AND SUPPORTING SERVICES EXPENSES  
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

	2008			2007			
	Program Services	Supporting Services		Program Services	Supporting Services		
		Management and General	Fundraising	Total	Management and General	Fundraising	Total
Payroll and benefits	\$ 2,595,390	\$ 266,478	\$ 171,316	\$ 3,033,184	\$ 319,449	\$ 189,069	\$ 2,473,574
Program and office expenses	1,118,798	64,166	18,067	1,201,031	98,489	38,036	815,648
Festivals and community events	156,535	-	-	156,535	-	-	35,902
Professional fees	311,398	111,592	148,134	571,124	111,312	67,421	467,360
Fundraising expenses	-	-	179,430	179,430	-	101,812	101,812
Travel and entertainment	20,483	33,239	15,979	69,701	18,156	9,821	31,217
Marketing, advertising and promotion	416,009	-	2,549	418,558	7,315	4,914	309,954
Insurance	157,123	10,086	-	167,209	2,692	-	126,080
Vehicles	128,379	-	-	128,379	-	-	131,683
Communication	42,092	16,639	20,710	79,441	17,365	16,033	67,569
Occupancy	138,117	79,021	19,834	236,972	121,589	15,339	274,717
Depreciation and amortization	457,641	13,984	8,227	479,852	12,867	8,985	435,886
<b>TOTAL</b>	<b>\$ 5,541,965</b>	<b>\$ 595,205</b>	<b>\$ 584,246</b>	<b>\$ 6,721,416</b>	<b>\$ 709,234</b>	<b>\$ 451,430</b>	<b>\$ 5,271,402</b>

See independent auditors' report on additional information.