

**NEW YORK RESTORATION PROJECT AND
CONSOLIDATED ENTITIES**

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2015 AND 2014

AND

INDEPENDENT AUDITORS' REPORT

NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
New York Restoration Project

We have audited the accompanying consolidated financial statements of New York Restoration Project and Consolidated Entities, which comprise the consolidated statements of financial position as of September 30, 2015 and 2014, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated 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 Organization'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 consolidated financial statements.

(Continued)

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 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, 2015 and 2014, and the change in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Friedman LLP". The signature is written in a cursive, flowing style.

January 27, 2016

NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	September 30,	
	2015	2014
ASSETS		
Cash and cash equivalents	\$ 854,534	\$ 1,624,822
Cash and cash equivalents - restricted	101,409	270,321
Investments	4,426,642	3,217,299
Contributions receivable	6,451,984	6,041,100
Government grants receivable	238,685	232,186
Prepaid expenses	231,376	263,249
Other assets	60,615	119,364
Property and equipment, net	6,398,386	7,668,777
	\$ 18,763,631	\$ 19,437,118
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable, accrued expenses and other liabilities	\$ 525,220	\$ 1,010,702
Loans payable	106,646	87,601
Deferred fundraising revenue	536,391	764,585
Total liabilities	1,168,257	1,862,888
Net assets		
Unrestricted		
Undesignated	4,896,152	6,664,116
Board-designated endowment fund	1,337,042	580,000
Total unrestricted	6,233,194	7,244,116
Temporarily restricted	7,905,236	6,838,170
Permanently restricted	3,456,944	3,491,944
Total net assets	17,595,374	17,574,230
	\$ 18,763,631	\$ 19,437,118

See notes to consolidated financial statements.

NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating:				
Public support and revenue				
Contributions	\$ 1,629,722	\$ 3,328,000	-	\$ 4,957,722
Grant income	1,245,095	-	-	1,245,095
Special events				
Revenue from special events	\$ 3,253,113			
Less - Direct costs	<u>(973,405)</u>			
Net revenue from special events	2,279,708	-	-	2,279,708
Donated goods and services	436,532	-	-	436,532
Other income	46,254	-	-	46,254
Investment return appropriated for operations	122,000	-	-	122,000
Total public support and revenue	5,759,311	3,328,000	-	9,087,311
Net assets released from restrictions	2,295,934	(2,260,934)	(35,000)	-
New Leaf Restaurant and Bar operations				
Sales	630,479	-	-	630,479
Less - Cost of sales	(138,051)	-	-	(138,051)
Operating expenses	(458,908)	-	-	(458,908)
Total New Leaf Restaurant and Bar operating income	33,520	-	-	33,520
Total public support and revenue, net assets released from restrictions, and New Leaf Restaurant and Bar operating income	8,088,765	1,067,066	(35,000)	9,120,831
Functional expenses (exclusive of New Leaf Restaurant and Bar)				
Program services	5,747,910	-	-	5,747,910
Management and general	830,892	-	-	830,892
Fundraising	1,303,109	-	-	1,303,109
Total functional expenses	7,881,911	-	-	7,881,911
Increase (decrease) in net assets from operating activities	206,854	1,067,066	(35,000)	1,238,920
Nonoperating:				
Gain on sale of air rights	500,000	-	-	500,000
Investment return (deficiency) from amounts appropriated for operations	(185,966)	-	-	(185,966)
Loss on sale of New Leaf Restaurant and Bar	(320,260)	-	-	(320,260)
Depreciation of long lived assets	(1,211,550)	-	-	(1,211,550)
Decrease in net assets from non- operating activities	(1,217,776)	-	-	(1,217,776)
Increase (decrease) in net assets	(1,010,922)	1,067,066	(35,000)	21,144
Net assets, beginning of year	7,244,116	6,838,170	3,491,944	17,574,230
Net assets, end of year	\$ 6,233,194	7,905,236	3,456,944	\$ 17,595,374

See notes to consolidated financial statements.

NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating:				
Public support and revenue				
Contributions	\$ 2,479,895	\$ 5,262,609	\$ 275,000	\$ 8,017,504
Grant income	1,142,702	-	-	1,142,702
Special events				
Revenue from special events	\$ 2,923,741			
Less - Direct costs	<u>(995,059)</u>			
Net revenue from special events	1,928,682	-	-	1,928,682
Donated goods and services	689,291	-	-	689,291
Other income	61,457	-	-	61,457
Investment return appropriated for operations	144,000	-	-	144,000
Total public support and revenue	6,446,027	5,262,609	275,000	11,983,636
Net assets released from restrictions	2,955,012	(2,955,012)	-	-
New Leaf Restaurant and Bar operations				
Sales	2,931,531	-	-	2,931,531
Less - Cost of sales	(768,006)	-	-	(768,006)
Operating expenses	(2,129,268)	-	-	(2,129,268)
Total New Leaf Restaurant and Bar operating income	34,257	-	-	34,257
Total public support and revenue, net assets released from restrictions, and New Leaf Restaurant and Bar operating income	9,435,296	2,307,597	275,000	12,017,893
Functional expenses (exclusive of New Leaf Restaurant and Bar)				
Program services	6,206,665	-	-	6,206,665
Management and general	1,118,689	-	-	1,118,689
Fundraising	1,338,684	-	-	1,338,684
Total functional expenses	8,664,038	-	-	8,664,038
Increase in net assets from operating activities	771,258	2,307,597	275,000	3,353,855
Nonoperating:				
Investment return in excess from amounts appropriated for operations	143,117	-	-	143,117
Depreciation of long lived assets	(532,560)	-	-	(532,560)
Decrease in net assets from non-operating activities	(389,443)	-	-	(389,443)
Increase in net assets	381,815	2,307,597	275,000	2,964,412
Net assets, beginning of year	6,862,301	4,530,573	3,216,944	14,609,818
Net assets, end of year	\$ 7,244,116	\$ 6,838,170	\$ 3,491,944	\$ 17,574,230

See notes to consolidated financial statements.

NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2015

	Program Services				Total Program Services	Supporting Services		Total Expenses
	Gardens	Parks	Trees	Other		Management and General	Fundraising	
Payroll and benefits	\$ 1,419,551	\$ 880,782	\$ 654,872	\$ 254,969	\$ 3,210,174	\$ 443,028	\$ 722,521	\$ 4,375,723
Professional fees	246,203	78,245	435,809	193,604	953,861	81,758	211,807	1,247,426
Program materials and supplies	278,982	195,635	328,118	45,041	847,776	43,519	19,737	911,032
Occupancy	49,400	51,954	31,194	16,749	149,297	41,245	31,703	222,245
Office expense	123,796	242,530	128,490	90,942	585,758	214,531	317,341	1,117,630
Interest expense	-	1,044	-	-	1,044	6,811	-	7,855
	\$ 2,117,932	\$ 1,450,190	\$ 1,578,483	\$ 601,305	\$ 5,747,910	\$ 830,892	\$ 1,303,109	\$ 7,881,911

See notes to consolidated financial statements.

NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2014

	Program Services				Total Program Services	Supporting Services		Total Expenses
	Gardens	Parks	Trees	Other		Management and General	Fundraising	
Payroll and benefits	\$ 1,425,417	\$ 827,761	\$ 696,751	\$ 35,958	\$ 2,985,887	\$ 703,036	\$ 666,832	\$ 4,355,755
Professional fees	363,641	882,634	496,574	12,763	1,755,612	205,446	338,321	2,299,379
Program materials and supplies	238,969	105,140	468,790	9,120	822,019	32,159	19,241	873,419
Occupancy	89,356	36,682	33,152	-	159,190	35,167	26,586	220,943
Office expense	190,549	161,666	131,623	-	483,838	140,646	287,704	912,188
Interest expense	119	-	-	-	119	2,235	-	2,354
	<u>\$ 2,308,051</u>	<u>\$ 2,013,883</u>	<u>\$ 1,826,890</u>	<u>\$ 57,841</u>	<u>\$ 6,206,665</u>	<u>\$ 1,118,689</u>	<u>\$ 1,338,684</u>	<u>\$ 8,664,038</u>

See notes to consolidated financial statements.

NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended September 30,	
	2015	2014
Cash flows from operating activities		
Increase in net assets	\$ 21,144	\$ 2,964,412
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization (inclusive of New Leaf)	1,186,158	629,767
Deferred tax asset valuation allowance	-	(15,000)
Deferred tax asset	-	15,000
Donated marketable securities	(251,804)	(111,485)
Unrealized and realized (gain) loss on marketable securities	166,575	(212,924)
Loss on disposal of property and equipment	420,651	-
Changes in assets and liabilities		
Contributions receivable	(410,884)	(3,095,200)
Government grants receivable	(6,499)	(8,777)
Prepaid expenses	31,873	(60,350)
Other assets	58,749	32,594
Accounts payable, accrued expenses and other liabilities	(485,482)	158,416
Deferred fundraising revenue	(228,194)	212,563
Net cash provided by operating activities	502,287	509,016
Cash flows from investing activities		
Purchases of marketable securities	(3,638,603)	(1,893,690)
Proceeds from sale/maturity of marketable securities	2,514,489	1,505,620
Acquisition of property and equipment	(336,418)	(736,471)
Decrease in cash and cash equivalents - restricted	168,912	224,770
Net cash used in investing activities	(1,291,620)	(899,771)
Cash flows from financing activities		
Repayments of loans payable	-	(39,699)
Borrowing under loans payable	19,045	87,037
Repayment under line of credit	-	(301,460)
Net cash provided by (used in) financing activities	19,045	(254,122)
Net decrease in cash and cash equivalents	(770,288)	(644,877)
Cash and cash equivalents, beginning of year	1,624,822	2,269,699
Cash and cash equivalents, end of year	\$ 854,534	\$ 1,624,822
Supplemental cash flow disclosures		
Interest paid	\$ 7,855	\$ 2,354
Income taxes paid	6,922	1,130

See notes to consolidated financial statements.

NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 - ORGANIZATION AND NATURE OF OPERATIONS

New York Restoration Project (“NYRP”), formed in 1995, is a nonprofit 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, grounds keeping, and horticultural 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 (“IRC”) 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 IRC. 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 13. Enterprise is the sole member of Divine Greening LLC, Divine Consulting LLC and Divine Strategies LLC. These entities were formed in May 2009, are currently inactive, and are expected to provide landscaping, consulting and merchandising services in the future.

The Peter Jay Sharp Boathouse, Inc. (the “Boathouse”), formed in 2002 under the laws of the State of New York, is a qualified, tax-exempt organization under Section 501(c)(2) of the IRC. The 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 ten-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 Row New York, Inc.

NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying consolidated financial statements have been prepared using the accrual basis of accounting, which conforms to accounting principles generally accepted in the United States of America ("GAAP") as applicable to not-for-profit organizations. They include the accounts of NYRP, the Trust, Enterprise, and the Boathouse. All significant intercompany accounts and transactions have been eliminated in consolidation.

Net Assets

The net assets of NYRP and changes therein are classified and reported as follows:

Unrestricted

Unrestricted net assets represent those resources that are not subject to donor restrictions. Board-designated endowment fund represents amounts designated for future projects and maintenance of gardens.

Temporarily restricted

Net assets subject to donor-imposed stipulations, that may or will be met, either by action of the Organization and/or the passage of time. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted

Permanently restricted net assets represent those resources subject to donor-imposed stipulations that are to be maintained permanently by the Organization. Generally, the donors of the assets permit the Organization to use all or part of the return earned on related investments, for general or specific purposes. In fiscal 2015, a donor released the permanent restriction on \$35,000 which was utilized in the current year.

Use of Estimates

Management uses estimates and assumptions in preparing consolidated financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating Activities

Operating activities include the ongoing major activities by which the Organization fulfills its programmatic services, include operating and maintaining gardens, parks and other greening activities and community engagement, fund-raising activities and other cost-related general and management activities and investment returns distributed pursuant to the Organization's investment spending policy. Operating expenses exclude gains and losses that are peripheral or incidental to the central operations of the Organization and non-cash depreciation on long-lived assets.

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)(2), and 501(c)(2), respectively, of the IRC. Enterprise accounts for current and deferred income taxes and, when appropriate, deferred tax assets and liabilities are recorded with respect to temporary differences in the accounting treatment of items for financial reporting purposes and for income tax purposes. Where, based upon management's evaluation of all available information, it is more likely than not that the recorded deferred tax assets will not be realized, a valuation allowance is established for that amount that, in management's judgment, is sufficient to reduce the deferred tax asset to an amount that is more likely than not to be realized.

Cash and Cash Equivalents

Cash balances in banks are insured by the Federal Deposit Insurance Corporation subject to certain limitations. For purposes of the statements of cash flows, the Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. For purposes of the consolidated financial statements, cash and cash equivalents exclude permanently and temporarily restricted cash and cash equivalents.

Contributions and Grants Receivable

The Organization's receivables consist of unconditional promises to give from donors, and receivables due from federal, state and local funding agencies.

The Organization has determined that all receivables are fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to expense when that determination is made.

NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value

GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. 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). Under GAAP, the three levels of the fair value hierarchy are described as follows:

- Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in markets that are not active.
- Level 3: Unobservable inputs that reflect management's own assumptions.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2015 and 2014:

Equity securities are valued at the last sale price on the exchange on which the security is principally traded. Listed equity securities for which the latest sale prices are not available generally are valued at the mean of the latest bid and ask price as of the closing of the primary exchange where such securities are normally traded. Unlisted equity securities generally are valued at the last sale price.

Fixed income securities generally are valued based on bid-side quotations or evaluated bids based on the internal models used by an independent pricing service.

Short-term investments maturing in 61 days or less are valued at amortized cost, which approximates market value.

Structured products, over-the-counter derivatives, and alternative investments are valued at an evaluated price provided by a counterparty or fund manager.

Mutual funds are priced using the net asset value per unit as of the valuation date.

NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

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

Boathouse	2 years *
Capital improvements - community gardens	39 years
Furniture and equipment	3-7 years
Website	5 years
Vehicles and boats	5-7 years

Leasehold improvements are amortized using the straight-line method over the shorter of the life of the improvement or the remaining length of the lease or license agreement.

* In September 2015, the Board of Trustees determined that the Peter Jay Sharp Boathouse would be decommissioned upon termination of the management agreement with its tenant, planned for fiscal year 2016. As a result, the depreciation of the boathouse has been accelerated to reflect a remaining useful life of two years from October 1, 2014.

Long-Lived Assets

Long-lived assets are reviewed for impairment when changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Organization evaluates the recoverability of its long-lived assets whenever events or changes in circumstances indicate that a recorded asset might not be recoverable by taking into consideration such factors as recent operating results, projected undiscounted cash flows and plans for future operations. Assets to be disposed of and assets not expected to provide any future service potential to the Organization are recorded at the lower of carrying amount or fair value less cost to sell. Although management believes the assumptions used in testing for impairment are reasonable, changes in any one of the assumptions could produce a significantly different result. In management's judgment, there were no impairments of any long-lived assets as of September 30, 2015 and 2014.

Revenue Recognition

Contributions are recognized when a donor makes a promise to give to the Organization that is in substance, unconditional. Conditional promises to give are recognized as contributions when substantially all conditions are met. Contributions received are measured at their fair value and reported as an increase in net assets. Contributions to be received over periods longer than a single year are discounted at an interest rate commensurate with the risk involved.

NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

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 substantial number of volunteers have donated significant amounts of their time to the Organization's program services and its fund-raising activities; however, no amounts have been reflected in the statements for donated services inasmuch as no objective basis is available to measure the value of such services.

The free use of facilities and donated professional services and supplies provided for program activities, management and general activities, or fund-raising 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.

Deferred Fundraising Revenue

Contributions related to and received in advance of a fund-raising 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.

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 functional expenses. Accordingly, certain costs have been consistently allocated among the programs and supporting services in reasonable amounts and ratios determined by management.

Reclassifications

Certain fiscal 2014 amounts have been reclassified to conform to the fiscal 2015 presentation.

NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

These financial statements were approved by management and available for issuance on January 27, 2016. Management has evaluated subsequent events through this date.

3 - CONCENTRATION

Approximately 10% and 40% of the Organization's total public support and revenue was received from one donor during the years ended September 30, 2015 and 2014, respectively.

4 - PROPERTY AND EQUIPMENT

The Organization's property and equipment consisted of the following:

	September 30,	
	2015	2014
Community garden sites - restricted (1)	\$ 1,142,650	\$ 1,142,650
Capital improvements - community gardens	5,276,817	5,058,852
Office equipment	568,123	568,123
Website development	146,500	146,500
Vehicles and boats	573,916	480,853
Leasehold improvements - NYRP	90,337	90,337
Leasehold improvements - New Leaf Restaurant and Bar	-	947,695
Furniture and equipment - New Leaf Restaurant and Bar	-	308,304
Peter Jay Sharp Boathouse, Inc. - Boathouse	4,714,598	4,714,598
	12,512,941	13,457,912
Less - Accumulated depreciation	(6,114,555)	(5,789,135)
	\$ 6,398,386	\$ 7,668,777

NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4 - PROPERTY AND EQUIPMENT (Continued)

- (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 have been utilized for open-space purposes for the years ended September 30, 2015 and 2014.

On December 1, 2014, the Trust sold the air rights on the Property of the community garden at 103rd Street in Manhattan in exchange for \$500,000 in cash and title to a 2,000 square foot parcel of land adjacent to the 103rd Street garden.

5 - CONTRIBUTIONS RECEIVABLE

The Organization’s contributions receivable are due as follows:

	September 30,	
	2015	2014
Within one year	\$ 2,072,984	\$ 1,506,100
One to two years	4,379,000	4,535,000
	<u>\$ 6,451,984</u>	<u>\$ 6,041,100</u>

NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6 - FAIR VALUE MEASUREMENTS

The following tables summarize the Organization's fair value measurements on a recurring or nonrecurring basis:

	September 30, 2015			
	Level 1	Level 2	Level 3	Total
Mutual funds				
Equity				
Global	\$ 340,315	\$ -	\$ -	\$ 340,315
Europe, Australia, Far East (EAFE)	744,135	-	47,195	791,330
US large cap	869,347	-	-	869,347
US mid cap	124,562	-	-	124,562
Japanese large cap	45,500	-	-	45,500
Total equity mutual funds	2,123,859	-	47,195	2,171,054
US fixed income	1,506,227	-	-	1,506,227
Total mutual funds	3,630,086	-	47,195	3,677,281
Exchange traded funds				
US large cap equity	574,315	-	-	574,315
US mid cap equity	141,801	-	-	141,801
European large cap equity	33,245	-	-	33,245
Total exchange traded funds	749,361	-	-	749,361
Total investments	\$ 4,379,447	\$ -0-	\$ 47,195	\$ 4,426,642

NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6 - FAIR VALUE MEASUREMENTS (Continued)

	September 30, 2014			
	Level 1	Level 2	Level 3	Total
Mutual funds				
Equity				
Emerging market	\$ 28,135	\$ -	\$ -	\$ 28,135
Asia (excluding Japan)	110,141	-	-	110,141
Global	102,853	-	-	102,853
Europe, Australia, Far East (EAFE)	502,725	-	25,428	528,153
European large cap	46,330	-	-	46,330
US large cap	547,896	-	27,612	575,508
US mid cap	133,513	-	-	133,513
Japanese large cap	28,249	-	-	28,249
Total equity mutual funds	1,499,842	-	53,040	1,552,882
US fixed income	428,106	-	-	428,106
Total mutual funds	1,927,948	-	53,040	1,980,988
Marketable equity securities				
US all cap	774,949	-	-	774,949
Exchange traded funds				
US large cap equity	228,349	-	-	228,349
US mid cap equity	54,696	-	-	54,696
EAFE equity	178,317	-	-	178,317
Total exchange traded funds	461,362	-	-	461,362
Total investments	\$ 3,164,259	\$ -0-	\$ 53,040	\$ 3,217,299

NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6 - FAIR VALUE MEASUREMENTS (Continued)

The following is a reconciliation of the beginning and ending balances for assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	2015	2014
Balance, beginning of year	\$ 53,040	\$ 213,158
Unrealized and realized gain (loss)	(2,486)	428
Purchases	50,000	-
Sales	(53,359)	(160,546)
Balance, end of year	\$ 47,195	\$ 53,040

During the years ended September 30, 2015 and 2014, there were no transfers between levels of the fair value hierarchy.

Quantitative Information about Significant Unobservable Inputs Used in Level 3 Fair Value Measurements

The following tables represent the Organization's Level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments, and the significant unobservable inputs and the ranges of values for those inputs:

September 30, 2015					
Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Range of Significant Input Values	Weighted Average
Structured investments					
International equity	\$47,195	Black-Scholes formula	Future expected volatility of the underlying asset	Strike price, spot price, time to maturity, dividend yield, and interest rates	N/A

NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6 - FAIR VALUE MEASUREMENTS (Continued)

September 30, 2014					
Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Range of Significant Input Values	Weighted Average
Structured investments					
International equity	\$25,428	Black-Scholes formula	Future expected volatility of the underlying asset	Strike price, spot price, time to maturity, dividend yield, and interest rates	N/A
US large cap equity	27,612	Black-Scholes formula	Future expected volatility of the underlying asset	Strike price, spot price, time to maturity, dividend yield, and interest rates	N/A

The following table represents the investment return for the years ended September 30, 2015 and 2014, respectively:

	2015	2014
Interest and dividends	\$ 102,609	\$ 74,193
Realized gain on investments	275,280	72,812
Unrealized gain (loss) on investments	(441,855)	140,112
	\$ (63,966)	\$ 287,117

7 - LINE OF CREDIT - BANK

On April 13, 2015, the Organization entered into a \$2,000,000 revolving line of credit. The line of credit is collateralized by certain assets of the Organization. The line of credit requires monthly interest-only payments on the unpaid principal balance and bears interest at LIBOR plus 3%. The principal balance and any unpaid interest payments will be due on the maturity date of April 30, 2016. There were no amounts outstanding on the line of credit as of September 30, 2015 and 2014.

NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8 - TEMPORARILY RESTRICTED NET ASSETS

The following summarizes the changes in temporarily restricted net assets:

Fiscal 2015				
Program	Balance, October 1, 2014	Contributions	Released from Restrictions	Balance, September 30, 2015
Community gardens	\$ 386,783	\$ 3,193,500	\$ (427,270)	\$ 3,153,013
Education	-	42,500	(42,500)	-
Million Trees NYC program	642,004	-	(576,079)	65,925
Restricted to future periods	500,000	-	(500,000)	-
Sherman Creek Boat House	4,556,330	-	(1,427)	4,554,903
Resilience Project	292,159	90,000	(303,199)	78,960
Cultural arts and garden programming	270,274	-	(228,751)	41,523
Other	190,620	2,000	(181,708)	10,912
	\$ 6,838,170	\$ 3,328,000	\$(2,260,934)	\$ 7,905,236

Fiscal 2014				
Program	Balance, October 1, 2013	Contributions	Released from Restrictions	Balance, September 30, 2014
Community gardens	\$ 652,942	\$ 264,416	\$ (530,575)	\$ 386,783
Education	120,000	44,000	(164,000)	-
Million Trees NYC program	1,989,860	20,000	(1,367,856)	642,004
Restricted to future periods	1,050,000	-	(550,000)	500,000
Sherman Creek/Boat Club cleanup	750	193	(943)	-
Sherman Creek Boat House	-	4,584,000	(27,670)	4,556,330
Resilience Project	-	350,000	(57,841)	292,159
Cultural arts and garden programming	495,091	-	(224,817)	270,274
Other	221,930	-	(31,310)	190,620
	\$ 4,530,573	\$ 5,262,609	\$(2,955,012)	\$ 6,838,170

NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9 - PERMANENTLY RESTRICTED NET ASSETS

The Organization's permanently restricted net assets consist of the following:

	September 30,	
	2015	2014
Land held by New York Garden Trust	\$ 1,142,650	\$ 1,142,650
Endowment assets to support operations	2,314,294	2,349,294
	<u>\$ 3,456,944</u>	<u>\$ 3,491,944</u>

Interpretation of Relevant Law

Based on the interpretations of the New York Prudent Management of Institutional Funds Act ("NYPMIFA"), GAAP and absent explicit donor stipulations to the contrary, the Board of Trustees has interpreted NYPMIFA as requiring the preservation in perpetuity of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets and assuming a moderate level of investment risk.

The Organization's investment objective is to earn the highest possible yield consistent with a prudent level of risk. From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or NYPMIFA requires to retain as a fund of perpetual duration. Deficiencies of this nature would be reported in unrestricted net assets. Subsequent gains that restore the fair value of the assets of the donor-restricted endowment fund to the required level will be classified as an increase in unrestricted net assets.

Spending Policy

The Organization's Board of Trustees has authorized a policy designed to preserve the value of these pooled investments in real terms (after inflation) and provide a predictable flow of funds to assure the investment pool's continued growth. The Organization's investment pool includes contributions, interest, dividends, and realized and unrealized gains and losses, net of investment management fees. The policy permits the use of a spending rate of up to a maximum of 5% applied to a moving average of the investment pool as of September 30 of the three previous years.

NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10 - DONATED GOODS AND SERVICES

Donated goods and services consisted of the following:

	Year Ended September 30,	
	2015	2014
Legal services*	\$ 408,118	\$ 545,841
Other professional fees	-	139,550
Garden supplies and other gifts**	45,714	79,785
	<u>\$ 453,832</u>	<u>\$ 765,176</u>

* Donated legal services are from a law firm in which a Board member of the Organization is a partner.

**Includes \$17,300 and \$75,885 of in-kind gifts donated for special events in fiscal 2015 and 2014, respectively.

11 - RETIREMENT PLAN

The Organization maintains a defined contribution 401(k) plan covering all eligible employees. The plan provides for discretionary employer matching contributions for participating and eligible employees. The total expense incurred by the Organization in connection with the plan was \$1,000 and \$4,278 for the years ended September 30, 2015 and 2014, respectively.

12 - INCOME TAXES

For the year ended September 30, 2014, Enterprise had deferred tax assets consisting of depreciation and net operating losses of \$140,000 and \$278,000, respectively. A valuation allowance of \$418,000 was established against these assets. Enterprise had no deferred tax assets or liabilities for the year ended September 30, 2015.

As a result of the Purchase and Sale Agreement entered into by Enterprise, as discussed in Note 13, the deferred tax assets were written off in full during fiscal 2015, resulting in the reversal of the valuation allowance of \$418,000.

NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12 - INCOME TAXES (Continued)

Enterprise had a Federal and state net operating loss carryforward of approximately \$617,000 for the year ended September 30, 2014 which were to expire from 2020 through 2027.

The changes in deferred tax assets/liabilities are as follows:

	Year End September 30,	
	2015	2014
Changes attributable to depreciation and sale	\$ (278,000)	\$ 17,000
Change in net operating loss	(140,000)	(32,000)
Changes in valuation allowance	418,000	15,000
Deferred tax expense	\$ -0-	\$ -0-

13 - COMMITMENTS AND CONTINGENCIES

Operating Leases

NYRP leases its primary office space under a ten-year noncancellable lease that commenced in April 2006. Effective November 1, 2015, the lease was extended for an additional five years and expires on March 31, 2021. Minimum future annual rentals required under this lease are as follows:

Year Ending September 30,	
2016	\$ 158,885
2017	173,565
2018	185,521
2019	197,838
2020	212,773
Thereafter	112,392
	<u>\$1,040,974</u>

NYRP is subject to real estate tax and operating expense escalations under the lease and has deposited \$54,000 with the landlord as lease security, which is included in "Other assets" in the accompanying consolidated statements of financial position.

NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13 - COMMITMENTS AND CONTINGENCIES (Continued)

Operating Leases (Continued)

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. Rent expense amounted to \$148,834 and \$171,680 for the years ended September 30, 2015 and 2014, respectively.

License Agreements

Effective January 1, 2000, the Organization entered into a ten-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 ten years, and be permitted access to the Boathouse by way of the Park. On October 24, 2000, the agreement was amended to allow for two additional five-year term extensions to moor the Boathouse. The agreement may be terminated by the Organization with 90 days' prior notice.

On December 30, 2014, Enterprise entered into a Purchase and Sale Agreement with a buyer for all of its rights and interest as licensee (with the New York City Department of Parks and Recreation) to operate a restaurant, all personal property including equipment, supplies and fixtures and interest in any intangible property. The buyer assumed all liabilities for any future payments associated with the license agreement with the New York City Department of Parks and Recreation. The purchase price of \$84,005 consisted of the assumption of Enterprise's obligations for event deposits received before December 29, 2014 and outstanding gift certificates. Enterprise recognized a loss on this sale of \$320,260 in fiscal 2015.

Government Grants

Government-funded activities are subject to audit by the applicable granting agencies. Such audits might result in disallowances of costs submitted for reimbursement. Management is of the opinion that such cost disallowances, if any, will not have a material effect on the accompanying consolidated financial statements. Accordingly, no amounts have been provided in the accompanying consolidated financial statements for such potential claims.