

**NEW YORK RESTORATION PROJECT AND  
CONSOLIDATED ENTITIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**YEARS ENDED SEPTEMBER 30, 2017 AND 2016**

**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, 2017 and 2016, 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, 2017 and 2016, 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 "Freedman LLP". The signature is written in a cursive, flowing style.

January 25, 2018

**NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	September 30,	
	2017	2016
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,972,623	\$ 574,863
Cash and cash equivalents - restricted	9,094	20,573
Investments	5,848,019	6,025,618
Contributions receivable	4,615,315	5,592,410
Government grants receivable	399,075	374,809
Prepaid expenses	196,816	196,827
Other assets	81,015	60,615
Property and equipment, net	6,757,865	6,198,092
	<b>\$ 19,879,822</b>	<b>\$ 19,043,807</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Line of credit	\$ 230,000	\$ 230,000
Accounts payable, accrued expenses and other liabilities	744,327	521,300
Loans payable	75,010	53,341
Deferred fundraising revenue	729,700	411,636
Total liabilities	1,779,037	1,216,277
<b>Net assets</b>		
Unrestricted		
Undesignated	5,784,054	5,342,639
Board-designated fund	1,752,500	1,752,500
Capital fund	1,686,739	2,149,066
Total unrestricted	9,223,293	9,244,205
Temporarily restricted	5,420,548	5,126,381
Permanently restricted	3,456,944	3,456,944
Total net assets	18,100,785	17,827,530
	<b>\$ 19,879,822</b>	<b>\$ 19,043,807</b>

See notes to consolidated financial statements.

**NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES**

**CONSOLIDATED STATEMENT OF ACTIVITIES**

**YEAR ENDED SEPTEMBER 30, 2017**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Operating</b>				
<b>Public support and revenue</b>				
Contributions	\$ 2,634,157	\$ 1,583,676	\$ -	\$ 4,217,833
Grant income	668,578	-	-	668,578
Special events				
Revenue from special events	\$ 2,681,191			
Less - Direct costs	<u>(970,206)</u>			
Net revenue from special events	1,710,985	-	-	1,710,985
Donated goods and services	794,312	-	-	794,312
Other income	52,395	-	-	52,395
Investment return appropriated for operations	126,000	-	-	126,000
<b>Total public support and revenue</b>	<b>5,986,427</b>	<b>1,583,676</b>	<b>-</b>	<b>7,570,103</b>
Net assets released from restrictions	1,289,509	(1,289,509)	-	-
<b>Total public support and revenue, and net assets released from restrictions</b>	<b>7,275,936</b>	<b>294,167</b>	<b>-</b>	<b>7,570,103</b>
<b>Functional expenses</b>				
Program services	5,590,003	-	-	5,590,003
Management and general	785,851	-	-	785,851
Fundraising	1,260,283	-	-	1,260,283
<b>Total functional expenses</b>	<b>7,636,137</b>	<b>-</b>	<b>-</b>	<b>7,636,137</b>
Increase (decrease) in net assets from operating activities	(360,201)	294,167	-	(66,034)
<b>Nonoperating</b>				
Investment return from amounts appropriated for operations	544,735	-	-	544,735
Depreciation of long-lived assets	(205,446)	-	-	(205,446)
Increase in net assets from non- operating activities	339,289	-	-	339,289
<b>Increase (decrease) in net assets</b>	<b>(20,912)</b>	<b>294,167</b>	<b>-</b>	<b>273,255</b>
Net assets, beginning of year	9,244,205	5,126,381	3,456,944	17,827,530
<b>Net assets, end of year</b>	<b>\$ 9,223,293</b>	<b>\$ 5,420,548</b>	<b>\$ 3,456,944</b>	<b>\$ 18,100,785</b>

See notes to consolidated financial statements.

**NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES**

**CONSOLIDATED STATEMENT OF ACTIVITIES**

**YEAR ENDED SEPTEMBER 30, 2016**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Operating</b>				
<b>Public support and revenue</b>				
Contributions	\$ 1,819,260	\$ 2,314,422	\$ -	\$ 4,133,682
Grant income	1,485,107	-	-	1,485,107
Special events				
Revenue from special events	\$ 2,880,980			
Less - Direct costs	<u>(925,886)</u>			
Net revenue from special events	1,955,094	-	-	1,955,094
Donated goods and services	602,457	-	-	602,457
Other income	84,998	-	-	84,998
Investment return appropriated for operations	123,000	-	-	123,000
<b>Total public support and revenue</b>	<b>6,069,916</b>	<b>2,314,422</b>	<b>-</b>	<b>8,384,338</b>
<b>Net assets released from restrictions</b>	<b>5,093,277</b>	<b>(5,093,277)</b>	<b>-</b>	<b>-</b>
<b>Total public support and revenue, and net assets released from restrictions</b>	<b>11,163,193</b>	<b>(2,778,855)</b>	<b>-</b>	<b>8,384,338</b>
<b>Functional expenses</b>				
Program services	5,570,170	-	-	5,570,170
Management and general	930,955	-	-	930,955
Fundraising	1,102,343	-	-	1,102,343
<b>Total functional expenses</b>	<b>7,603,468</b>	<b>-</b>	<b>-</b>	<b>7,603,468</b>
<b>Increase (decrease) in net assets from operating activities</b>	<b>3,559,725</b>	<b>(2,778,855)</b>	<b>-</b>	<b>780,870</b>
<b>Nonoperating</b>				
Investment return from amounts appropriated for operations	308,591	-	-	308,591
Depreciation of long-lived assets	<u>(857,305)</u>	-	-	<u>(857,305)</u>
<b>Decrease in net assets from non- operating activities</b>	<b>(548,714)</b>	<b>-</b>	<b>-</b>	<b>(548,714)</b>
<b>Increase (decrease) in net assets</b>	<b>3,011,011</b>	<b>(2,778,855)</b>	<b>-</b>	<b>232,156</b>
Net assets, beginning of year	6,233,194	7,905,236	3,456,944	17,595,374
<b>Net assets, end of year</b>	<b>\$ 9,244,205</b>	<b>\$ 5,126,381</b>	<b>\$ 3,456,944</b>	<b>\$ 17,827,530</b>

See notes to consolidated financial statements.

**NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED SEPTEMBER 30, 2017**

	Program Services				Total Program Services	Supporting Services		Total Expenses
	Gardens	Parks	Trees	Other		Management and General	Fundraising	
Payroll and benefits	\$ 1,869,380	\$ 1,049,588	\$ 107,446	\$ 146,682	\$ 3,173,096	\$ 231,887	\$ 492,207	\$ 3,897,190
Professional fees	164,083	146,847	283,722	218,703	813,355	67,029	328,165	1,208,549
Program materials and supplies	223,801	104,099	162,033	7,340	497,273	16,864	113,754	627,891
Occupancy	91,920	85,553	24,084	26,273	227,830	35,663	160,591	424,084
Office expense	354,153	286,665	115,256	122,375	878,449	420,565	165,566	1,464,580
Interest expense	-	-	-	-	-	13,843	-	13,843
	\$ 2,703,337	\$ 1,672,752	\$ 692,541	\$ 521,373	\$ 5,590,003	\$ 785,851	\$ 1,260,283	\$ 7,636,137

See notes to consolidated financial statements.

**NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED SEPTEMBER 30, 2016**

	Program Services				Total Program Services	Supporting Services		Total Expenses
	Gardens	Parks	Trees	Other		Management and General	Fundraising	
Payroll and benefits	\$ 1,625,938	\$ 1,166,591	\$ 378,436	\$ 75,136	\$ 3,246,101	\$ 286,702	\$ 617,744	\$ 4,150,547
Professional fees	147,838	361,952	370,977	56,514	937,281	95,063	180,818	1,213,162
Program materials and supplies	243,300	84,605	258,214	60,424	646,543	20,813	9,799	677,155
Occupancy	53,754	66,580	47,247	-	167,581	85,774	26,457	279,812
Office expense	112,357	271,780	177,371	11,156	572,664	434,727	267,525	1,274,916
Interest expense	-	-	-	-	-	7,876	-	7,876
	\$ 2,183,187	\$ 1,951,508	\$ 1,232,245	\$ 203,230	\$ 5,570,170	\$ 930,955	\$ 1,102,343	\$ 7,603,468

See notes to consolidated financial statements.

**NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Year Ended September 30,	
	2017	2016
<b>Cash flows from operating activities</b>		
Increase in net assets	\$ 273,255	\$ 232,156
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	205,879	857,304
Donated marketable securities	(88,224)	(1,359,060)
Unrealized and realized gain on marketable securities	(542,072)	(297,766)
Changes in assets and liabilities		
Contributions receivable	977,095	859,574
Government grants receivable	(24,266)	(136,124)
Prepaid expenses	11	34,549
Other assets	(20,400)	-
Accounts payable, accrued expenses and other liabilities	223,027	(3,920)
Deferred fundraising revenue	318,064	(124,755)
Net cash provided by operating activities	1,322,369	61,958
<b>Cash flows from investing activities</b>		
Purchases of marketable securities	(1,946,705)	(4,143,012)
Proceeds from sale/maturity of marketable securities	2,754,600	4,200,862
Acquisition of property and equipment	(765,652)	(657,010)
Decrease in cash and cash equivalents - restricted	11,479	80,836
Net cash provided by (used in) investing activities	53,722	(518,324)
<b>Cash flows from financing activities</b>		
Repayments under loans payable	(26,744)	(53,305)
Borrowing under loans payable	48,413	-
Borrowings under line of credit	-	230,000
Net cash provided by financing activities	21,669	176,695
<b>Net increase (decrease) in cash and cash equivalents</b>	1,397,760	(279,671)
Cash and cash equivalents, beginning of year	574,863	854,534
<b>Cash and cash equivalents, end of year</b>	\$ 1,972,623	\$ 574,863
<b>Supplemental cash flow disclosures</b>		
Interest paid	\$ 13,843	\$ 7,876

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 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. In fiscal 2016, the Boathouse was decommissioned upon termination of the management agreement with its tenant. On December 23, 2017, the Boathouse was sold.

NYRP, the Trust, 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 owned a boathouse that could be 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. The Boathouse was decommissioned in fiscal year 2016 and sold in fiscal year 2018.

#### **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, and the Boathouse. In fiscal 2017 and 2016, the Boathouse had minimal operating activity.

## NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### **Basis of Accounting** (Continued)

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. The board-designated fund represents amounts designated for future projects and maintenance of gardens. The capital fund represents amounts contributed for the construction of gardens whereby management of the Organization has ultimate discretion and authority as to the designation and best utilization of such funds toward completion of these projects.

###### *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.

##### **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.

##### **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.

## NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### **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.

##### **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.

##### **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.

## NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### **Fair Value** (Continued)

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, 2017 and 2016:

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.

##### **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.

## NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### **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, 2017 and 2016.

##### **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.

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.

## **NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

#### **2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **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.

##### **Subsequent Events**

These financial statements were approved by management and available for issuance on January 25, 2018. Management has evaluated subsequent events through this date.

#### **3 - CONCENTRATION**

For the year ended September 30, 2017, there was no concentration of the Organization's total public support and revenue. For the year ended September 30, 2016, approximately 13% of the Organization's total public support and revenue was received from one donor.

## NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 4 - PROPERTY AND EQUIPMENT

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

	September 30,	
	2017	2016
Community garden sites - restricted (1)	\$ 1,142,650	\$ 1,142,650
Capital improvements - community gardens	5,797,956	5,797,956
Office equipment	575,923	575,923
Website development	146,500	146,500
Vehicles and boats	637,754	573,916
Leasehold improvements	90,337	90,337
Peter Jay Sharp Boathouse, Inc. - Boathouse	4,714,598	4,714,598
Construction in progress	829,885	128,071
	13,935,603	13,169,951
Less - Accumulated depreciation	(7,177,738)	(6,971,859)
	\$ 6,757,865	\$ 6,198,092

- (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, 2017 and 2016.

#### 5 - RECEIVABLES

The Organization's contributions receivable are due as follows:

	September 30,	
	2017	2016
Within one year	\$ 915,315	\$ 3,152,410
One to two years	3,700,000	2,440,000
	\$ 4,615,315	\$ 5,592,410

**NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**5 - RECEIVABLES** (Continued)

The Organization's grant receivables are due as follows:

	September 30,	
	2017	2016
Within one year	\$ 321,520	\$ 125,931
One to two years	77,555	248,878
	\$ 399,075	\$ 374,809

**6 - FAIR VALUE MEASUREMENTS**

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

	September 30, 2017			
	Level 1	Level 2	Level 3	Total
Mutual funds				
Equity mutual funds	\$ 2,279,350	\$ -	\$ -	\$ 2,279,350
Non-US fixed income	243,957	-	-	243,957
Global fixed income	32,290	-	-	32,290
US fixed income	1,877,594	-	-	1,877,594
Total mutual funds	4,433,191	-	-	4,433,191
Exchange traded funds	1,414,828	-	-	1,414,828
Total investments	\$ 5,848,019	\$ -0-	\$ -0-	\$ 5,848,019

	September 30, 2016			
	Level 1	Level 2	Level 3	Total
Mutual funds				
Equity mutual funds	\$ 1,943,901	\$ -	\$ -	\$ 1,943,901
Non-US fixed income	72,084	-	-	72,084
US fixed income	2,989,908	-	-	2,989,908
Total mutual funds	5,005,893	-	-	5,005,893
Exchange traded funds	1,019,725	-	-	1,019,725
Total investments	\$ 6,025,618	\$ -0-	\$ -0-	\$ 6,025,618

## NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 6 - FAIR VALUE MEASUREMENTS (Continued)

The following table represents the investment return for the years ended September 30, 2017 and 2016:

	2017	2016
Interest and dividends	\$ 129,375	\$ 133,827
Realized gain on investments	241,796	55,195
Unrealized gain on investments	299,564	242,569
	<u>\$ 670,735</u>	<u>\$ 431,591</u>

#### 7 - LINE OF CREDIT - BANK

On May 10, 2017, the Organization's \$2,000,000 revolving line of credit, which was entered into on April 13, 2015, was renewed. The line is collateralized by certain assets of the Organization, requires monthly interest-only payments on the unpaid principal balance, bears interest at LIBOR plus 3% and matures on May 31, 2018. At September 30, 2017 and 2016, the amount outstanding on the line of credit was \$230,000.

#### 8 - TEMPORARILY RESTRICTED NET ASSETS

The following summarizes the changes in temporarily restricted net assets:

Program	Fiscal 2017			Balance, September 30, 2017
	Balance, October 1, 2016	Contributions	Released from Restrictions	
Community gardens	\$ 23,545	\$ -	\$ -	\$ 23,545
Education	-	25,000	(25,000)	-
Cultivating Community	-	405,750	(405,750)	-
Tree giveaways	380,000	-	-	380,000
Restricted to future periods	65,000	-	(65,000)	-
Sherman Creek Boat House	4,507,836	525,000	(107,833)	4,925,003
Haven	-	567,000	(525,000)	42,000
Cultural arts and garden programming	100,000	926	(50,926)	50,000
Other	50,000	60,000	(110,000)	-
	<u>\$ 5,126,381</u>	<u>\$ 1,583,676</u>	<u>\$ (1,289,509)</u>	<u>\$ 5,420,548</u>

**NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**8 - TEMPORARILY RESTRICTED NET ASSETS (Continued)**

Program	Fiscal 2016			Balance, September 30, 2016
	Balance, October 1, 2015	Contributions	Released from Restrictions	
Community gardens	\$ 3,153,013	\$ 1,067,422	\$(4,196,890)	\$ 23,545
Education	-	41,000	(41,000)	-
Million Trees NYC program	65,925	-	(65,925)	-
Tree giveaways	-	570,000	(190,000)	380,000
Restricted to future periods	-	65,000	-	65,000
Sherman Creek Boat House	4,554,903	221,000	(268,067)	4,507,836
Resilience Project	78,960	150,000	(228,960)	-
Cultural arts and garden programming	41,523	150,000	(91,523)	100,000
Other	10,912	50,000	(10,912)	50,000
	<u>\$ 7,905,236</u>	<u>\$ 2,314,422</u>	<u>\$(5,093,277)</u>	<u>\$ 5,126,381</u>

**9 - PERMANENTLY RESTRICTED NET ASSETS**

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

	September 30,	
	2017	2016
Land held by New York Garden Trust	\$ 1,142,650	\$ 1,142,650
Endowment assets to support operations	2,314,294	2,314,294
	<u>\$ 3,456,944</u>	<u>\$ 3,456,944</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.

## NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 9 - PERMANENTLY RESTRICTED NET ASSETS (Continued)

##### 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.

#### 10 - DONATED GOODS AND SERVICES

Donated goods and services consisted of the following:

	Year Ended September 30,	
	2017	2016
Legal services*	\$ 697,812	\$ 528,217
Garden supplies and other gifts**	96,500	99,179
	<u>\$ 794,312</u>	<u>\$ 627,396</u>

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

\*\*There were no in-kind gifts donated for special events in fiscal 2017. In fiscal 2016, there was \$24,939 of in-kind gifts donated for special events.

## NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 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. There were no contributions made by the Organization in connection with the plan for the years ended September 30, 2017 and 2016.

#### 12 - 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 to expire on March 31, 2021. Minimum future annual rentals required under this lease are as follows:

Year Ending September 30,	
2018	\$ 235,922
2019	248,236
2020	233,773
2021	112,392
	<u>\$ 830,323</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.

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 terms of the lease is included in "Accounts payable, accrued expenses and other liabilities" in the accompanying consolidated statements of financial position. Rent expense under this lease was \$175,323 and \$176,238 for the years ended September 30, 2017 and 2016, respectively.

The Organization leases additional office space under a lease which is effective from February 1, 2017 through February 28, 2020 and requires monthly rent of \$4,200. Previously, the Organization occupied the space on a month-to-month basis at \$4,000 per month. Rent expense was \$49,800 and \$48,000 for the years ended September 30, 2017 and 2016, respectively, for this space.

## **NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

#### **12 - COMMITMENTS AND CONTINGENCIES (Continued)**

##### **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. In fiscal 2016, the Boathouse was decommissioned, in fiscal 2017, there was minimal activity, and in fiscal 2018, the Boathouse was sold.

##### **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.