

**NEW YORK RESTORATION PROJECT AND
CONSOLIDATED ENTITIES**

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2018 AND 2017

AND

INDEPENDENT AUDITORS' REPORT

NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Consolidated Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	6
Statements of Cash Flows	8
Notes to Consolidated Financial Statements	9

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 (a nonprofit organization), which comprise the consolidated statements of financial position as of September 30, 2018 and 2017, 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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, 2018 and 2017, 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 28, 2019

NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	September 30,	
	2018	2017
ASSETS		
Cash and cash equivalents	\$ 330,173	\$ 1,972,623
Cash and cash equivalents - restricted	18,333	9,094
Investments	5,907,508	5,848,019
Contributions receivable	4,381,588	4,615,315
Government grants receivable	608,415	399,075
Prepaid expenses	285,486	196,816
Other assets	60,615	81,015
Property and equipment, net	9,151,501	6,757,865
	\$ 20,743,619	\$ 19,879,822
LIABILITIES AND NET ASSETS		
Liabilities		
Line of credit	\$ 1,280,000	\$ 230,000
Accounts payable, accrued expenses and other liabilities	680,933	744,327
Loans payable	43,078	75,010
Deferred fundraising revenue	514,556	729,700
Total liabilities	2,518,567	1,779,037
Net assets		
Unrestricted		
Undesignated	7,652,721	5,784,054
Board-designated fund	1,240,000	1,752,500
Capital fund	758,384	1,686,739
Total unrestricted	9,651,105	9,223,293
Temporarily restricted	5,117,003	5,420,548
Permanently restricted	3,456,944	3,456,944
Total net assets	18,225,052	18,100,785
	\$ 20,743,619	\$ 19,879,822

See notes to consolidated financial statements.

NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating				
Public support and revenue				
Contributions	\$ 2,069,840	\$ 442,100	\$ -	\$ 2,511,940
Grant income	2,031,046	-	-	2,031,046
Special events				
Revenue from special events	\$ 3,008,341			
Less - Direct costs	<u>(1,085,457)</u>			
Net revenue from special events	1,922,884	-	-	1,922,884
Donated goods and services	535,780	-	-	535,780
Other income	12,387	-	-	12,387
Investment return appropriated for operations	134,000	-	-	134,000
Total public support and revenue	6,705,937	442,100	-	7,148,037
Net assets released from restrictions	745,645	(745,645)	-	-
Total public support and revenue, and net assets released from restrictions	7,451,582	(303,545)	-	7,148,037
Functional expenses				
Program services	5,194,176	-	-	5,194,176
Management and general	821,079	-	-	821,079
Fundraising	1,221,287	-	-	1,221,287
Total functional expenses	7,236,542	-	-	7,236,542
Increase (decrease) in net assets from operating activities	215,040	(303,545)	-	(88,505)
Nonoperating				
Investment return in excess of amounts appropriated for operations	238,553	-	-	238,553
Gain on sale of air rights	207,000	-	-	207,000
Depreciation of long-lived assets	<u>(232,781)</u>	-	-	<u>(232,781)</u>
Increase in net assets from non- operating activities	212,772	-	-	212,772
Increase (decrease) in net assets	427,812	(303,545)	-	124,267
Net assets, beginning of year	9,223,293	5,420,548	3,456,944	18,100,785
Net assets, end of year	\$ 9,651,105	\$ 5,117,003	\$ 3,456,944	\$ 18,225,052

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
Operating				
Public support and revenue				
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
Total public support and revenue	5,986,427	1,583,676	-	7,570,103
Net assets released from restrictions	1,289,509	(1,289,509)	-	-
Total public support and revenue, and net assets released from restrictions	7,275,936	294,167	-	7,570,103
Functional expenses				
Program services	5,590,003	-	-	5,590,003
Management and general	785,851	-	-	785,851
Fundraising	1,260,283	-	-	1,260,283
Total functional expenses	7,636,137	-	-	7,636,137
Increase (decrease) in net assets from operating activities	(360,201)	294,167	-	(66,034)
Nonoperating				
Investment return in excess of 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
Increase (decrease) in net assets	(20,912)	294,167	-	273,255
Net assets, beginning of year	9,244,205	5,126,381	3,456,944	17,827,530
Net assets, end of year	\$ 9,223,293	\$ 5,420,548	\$ 3,456,944	\$ 18,100,785

See notes to consolidated financial statements.

NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2018

	Program Services				Supporting Services		Total Expenses
	Operations and Maintenance	Engagement and Programs	Capital Activities	Total Program Services	Management and General	Fundraising	
Payroll and benefits	\$ 1,922,801	\$ 982,408	\$ 361,851	\$ 3,267,060	\$ 265,364	\$ 529,726	\$ 4,062,150
Professional fees	115,904	131,017	8,534	255,455	90,047	355,238	700,740
Program materials and supplies	315,270	177,519	93,262	586,051	76,206	152,634	814,891
Occupancy	130,356	63,023	41,595	234,974	37,815	34,265	307,054
Office expense	405,104	237,856	207,676	850,636	308,255	149,424	1,308,315
Interest expense	-	-	-	-	43,392	-	43,392
	\$ 2,889,435	\$ 1,591,823	\$ 712,918	\$ 5,194,176	\$ 821,079	\$ 1,221,287	\$ 7,236,542

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
	Operations and Maintenance	Engagement and Programs	Capital Activities		Management and General	Fundraising	
Payroll and benefits	\$ 2,164,462	\$ 795,754	\$ 212,879	\$ 3,173,095	\$ 231,887	\$ 492,207	\$ 3,897,189
Professional fees	272,409	131,614	409,331	813,354	67,029	328,165	1,208,548
Program materials and supplies	312,191	143,945	41,137	497,273	16,864	113,754	627,891
Occupancy	176,471	40,124	11,235	227,830	35,663	160,591	424,084
Office expense	588,844	193,319	96,288	878,451	420,565	165,566	1,464,582
Interest expense	-	-	-	-	13,843	-	13,843
	\$ 3,514,377	\$ 1,304,756	\$ 770,870	\$ 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 STATEMENTS OF CASH FLOWS

	Year Ended September 30,	
	2018	2017
Cash flows from operating activities		
Increase in net assets	\$ 124,267	\$ 273,255
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	232,781	205,879
Donated marketable securities	-	(88,224)
Unrealized and realized gain on marketable securities	(233,043)	(542,072)
Changes in assets and liabilities		
Contributions receivable	233,727	977,095
Government grants receivable	(209,340)	(24,266)
Prepaid expenses	(88,670)	11
Other assets	20,400	(20,400)
Accounts payable, accrued expenses and other liabilities	(63,394)	223,027
Deferred fundraising revenue	(215,144)	318,064
Net cash provided by (used in) operating activities	(198,416)	1,322,369
Cash flows from investing activities		
Purchases of marketable securities	(4,435,538)	(1,946,705)
Proceeds from sale/maturity of marketable securities	4,609,092	2,754,600
Acquisition of property and equipment	(2,626,417)	(765,652)
(Increase) decrease in cash and cash equivalents - restricted	(9,239)	11,479
Net cash provided by (used in) investing activities	(2,462,102)	53,722
Cash flows from financing activities		
Repayments under loans payable	(31,932)	(26,744)
Borrowing under loans payable	-	48,413
Borrowings under line of credit, net	1,050,000	-
Net cash provided by financing activities	1,018,068	21,669
Net increase (decrease) in cash and cash equivalents	(1,642,450)	1,397,760
Cash and cash equivalents, beginning of year	1,972,623	574,863
Cash and cash equivalents, end of year	\$ 330,173	\$ 1,972,623
Supplemental cash flow disclosure		
Interest paid	\$ 43,392	\$ 13,843
Noncash investing activities		
Disposal of fully depreciated property and equipment - Peter Jay Sharp Boathouse	4,714,598	-

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. Central to NYRP’s mission is creating a context for community to happen. 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 with a net book value of zero for a nominal amount which resulted in no gain or loss upon disposition.

NYRP, the Trust, and the Boathouse are collectively referred to as the “Organization.”

NYRP’s major programs include the following: reclaiming, restoring and managing 52 community gardens citywide as well as two New York City Parks properties in Northern Manhattan, Highbridge Park and Sherman Creek Park (Operations and Maintenance); facilitating the creation of meaningful spaces to the community involved by offering educational programs, event programming and organizational support to community groups associated with the Organization’s spaces (Engagement and Programs); and providing continuous capital improvements to open spaces, either directly for the Organization’s properties or working on a fee for service basis for other open space agencies (Capital Activities).

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 2018 and 2017, 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, such as operating and maintaining gardens, parks and other greening activities and community engagement, fund-raising activities and other cost-related general and management activities and distributing investment returns 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.

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, 2018 and 2017:

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

Exchange traded funds are valued at the closing price reported on the active market on which the individual securities are traded.

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:

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.

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, 2018 and 2017.

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.

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 prior year amounts have been reclassified to conform to the current year presentation. These reclassifications have no effect on total assets, total liabilities, and net assets.

Subsequent Events

These consolidated financial statements were approved by management and available for issuance on January 28, 2019. Management has evaluated subsequent events through this date.

NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3 - PROPERTY AND EQUIPMENT

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

	September 30,	
	2018	2017
Community garden sites - restricted (1)	\$ 1,142,650	\$ 1,142,650
Capital improvements - community gardens	8,557,930	5,797,956
Office equipment	575,923	575,923
Website development	146,500	146,500
Vehicles and boats	875,697	637,754
Leasehold improvements	90,337	90,337
Peter Jay Sharp Boathouse, Inc. - Boathouse	-	4,714,598
Construction in progress	458,385	829,885
	11,847,422	13,935,603
Less - Accumulated depreciation	(2,695,921)	(7,177,738)
	<u>\$ 9,151,501</u>	<u>\$ 6,757,865</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 have been utilized for open-space purposes for the years ended September 30, 2018 and 2017.

4 - RECEIVABLES

The Organization’s contributions receivable are due as follows:

	September 30,	
	2018	2017
Within one year	\$ 621,588	\$ 915,315
One to five years	3,760,000	3,700,000
	<u>\$ 4,381,588</u>	<u>\$ 4,615,315</u>

NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4 - RECEIVABLES (Continued)

The Organization's grant receivables are due as follows:

	September 30,	
	2018	2017
Within one year	\$ 608,415	\$ 321,520
One to five years	-	77,555
	\$ 608,415	\$ 399,075

5 - FAIR VALUE MEASUREMENTS

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

	September 30, 2018			
	Level 1	Level 2	Level 3	Total
Mutual funds				
Equity mutual funds	\$ 2,507,858	\$ -	\$ -	\$ 2,507,858
Non-US fixed income	331,177	-	-	331,177
US fixed income	2,676,382	-	-	2,676,382
Total mutual funds	5,515,417	-	-	5,515,417
Exchange traded funds	392,091	-	-	392,091
Total investments	\$ 5,907,508	\$ -0-	\$ -0-	\$ 5,907,508

	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

NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5 - FAIR VALUE MEASUREMENTS (Continued)

The following table represents the investment return for the years ended September 30, 2018 and 2017:

	2018	2017
Interest and dividends	\$ 139,510	\$ 129,375
Realized gain on investments	833,882	241,796
Unrealized (loss) gain on investments	(600,839)	299,564
	<u>\$ 372,553</u>	<u>\$ 670,735</u>

6 - LINE OF CREDIT - BANK

On May 17, 2018, 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, 2019. At September 30, 2018 and 2017, the amounts outstanding on the line of credit were \$1,280,000 and \$230,000, respectively.

7 - TEMPORARILY RESTRICTED NET ASSETS

The following summarizes the changes in temporarily restricted net assets:

Program	Fiscal 2018			Balance, September 30, 2018
	Balance, October 1, 2017	Contributions	Released from Restrictions	
Community gardens	\$ 23,545	\$ -	\$ (23,545)	\$ -
Cultivating Community	-	228,500	(128,500)	100,000
Tree giveaways	380,000	-	(380,000)	-
Sherman Creek	4,925,003	-	-	4,925,003
Haven	42,000	-	-	42,000
Cultural arts and garden programming	50,000	-	(50,000)	-
Other	-	213,600	(163,600)	50,000
	<u>\$ 5,420,548</u>	<u>\$ 442,100</u>	<u>\$ (745,645)</u>	<u>\$ 5,117,003</u>

NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7 - TEMPORARILY RESTRICTED NET ASSETS (Continued)

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	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)	-
	\$ 5,126,381	\$ 1,583,676	\$(1,289,509)	\$ 5,420,548

8 - PERMANENTLY RESTRICTED NET ASSETS

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

	September 30,	
	2018	2017
Land held by New York Garden Trust	\$ 1,142,650	\$ 1,142,650
Endowment assets to support operations	2,314,294	2,314,294
	\$ 3,456,944	\$ 3,456,944

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

8 - 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.

9 - DONATED GOODS AND SERVICES

Donated goods and services consisted of the following:

	Year Ended September 30,	
	2018	2017
Legal services*	\$ 352,310	\$ 697,812
Garden supplies and other gifts**	184,172	96,500
	<u>\$ 536,482</u>	<u>\$ 794,312</u>

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

** There were in-kind gifts donated for special events of \$702 in fiscal 2018. There were no in-kind gifts donated for special events in fiscal 2017.

NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10 - 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, 2018 and 2017.

11 - 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,	
2019	\$ 248,237
2020	233,773
2021	112,392
	<u>\$ 594,402</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 \$189,289 and \$175,323 for the years ended September 30, 2018 and 2017, 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 \$50,400 and \$49,800 for the years ended September 30, 2018 and 2017, respectively, for this space.

NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11 - 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.

12 - AIR RIGHTS

In October 2017, the Organization sold the air rights of the community garden at 603 East 11th Street in Manhattan in exchange for \$207,000 in cash. The purchase price included a payment of \$230,000 less \$23,000 to be paid to the escrow agent.