

**New York Restoration Project
and
Consolidated Entities**

Consolidated Financial Statements

September 30, 2021

Independent Auditors' Report

The Board of Trustees New York Restoration Project

We have audited the accompanying consolidated financial statements of New York Restoration Project and Consolidated Entities (the "Organization"), which comprise the consolidated statements of financial position as of September 30, 2021 and 2020, 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 auditors' judgement, 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.

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 consolidated financial position of New York Restoration Project and Consolidated Entities as of September 30, 2021 and 2020, and the consolidated changes 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.

PKF O'Connor Davies, LLP

February 2, 2022

New York Restoration Project and Consolidated Entities

Consolidated Statements of Financial Position

	September 30	
	2021	2020
ASSETS		
Cash and cash equivalents	\$ 1,291,518	\$ 925,649
Investments	4,906,141	5,327,398
Contributions receivable	140,000	265,750
Government grants receivable	5,843	331,211
Prepaid expenses	352,708	185,655
Other assets	60,615	60,615
Property and equipment, net	12,146,056	11,591,127
Total Assets	\$ 18,902,881	\$ 18,687,405
LIABILITIES AND NET ASSETS		
Liabilities		
Line of credit	\$ 1,280,000	\$ 1,280,000
Accounts payable and accrued expenses	173,965	41,439
Loans payable	8,771	13,970
Deferred fundraising revenue	611,128	343,183
Total Liabilities	2,073,864	1,678,592
NET ASSETS		
Without Donor Restrictions		
Undesignated	10,499,555	10,570,843
Board-designated	1,448,785	1,272,500
Capital	15,500	138,422
Total Without Donor Restrictions	11,963,840	11,981,765
With donor restrictions	4,865,177	5,027,048
Total Net Assets	16,829,017	17,008,813
Total Liabilities and Net Assets	\$ 18,902,881	\$ 18,687,405

See notes to consolidated financial statements

New York Restoration Project and Consolidated Entities

Consolidated Statements of Activities

	Year Ended					
	September 30, 2021			September 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE						
Contributions	\$ 2,416,199	\$ -	\$ 2,416,199	\$ 2,304,713	\$ 103,500	\$ 2,408,213
Grant income	872,485	-	872,485	1,857,914	-	1,857,914
Special events, net of direct costs of \$0 in 2021 and \$450,193 in 2020	2,255,405	-	2,255,405	1,932,304	-	1,932,304
Donated goods and services	205,363	-	205,363	317,462	-	317,462
Other income	43,056	-	43,056	8,861	-	8,861
Investment return appropriated for operations	50,000	150,000	200,000	64,000	151,000	215,000
Spend rate allocation	150,000	(150,000)	-	151,000	(151,000)	-
Net assets released from restrictions	471,000	(471,000)	-	1,248,706	(1,248,706)	-
Total Public Support and Revenue	<u>6,463,508</u>	<u>(471,000)</u>	<u>5,992,508</u>	<u>7,884,960</u>	<u>(1,145,206)</u>	<u>6,739,754</u>
EXPENSES						
Program services	3,898,253	-	3,898,253	4,087,391	-	4,087,391
Management and general	1,076,343	-	1,076,343	766,237	-	766,237
Fundraising	1,697,858	-	1,697,858	1,516,388	-	1,516,388
Total Expenses	<u>6,672,454</u>	<u>-</u>	<u>6,672,454</u>	<u>6,370,016</u>	<u>-</u>	<u>6,370,016</u>
Excess (Deficiency) of Public Support and Revenue over Expenses	(208,946)	(471,000)	(679,946)	1,514,944	(1,145,206)	369,738
NON OPERATING ACTIVITIES						
Valuation adjustment for uncollectible receivables	-	-	-	-	(3,700,000)	(3,700,000)
Investment return in excess of amounts appropriated for operations	191,021	309,129	500,150	90,924	83,360	174,284
Change in Net Assets	(17,925)	(161,871)	(179,796)	1,605,868	(4,761,846)	(3,155,978)
NET ASSETS						
Beginning of year	11,981,765	5,027,048	17,008,813	10,375,897	9,788,894	20,164,791
End of year	<u>\$ 11,963,840</u>	<u>\$ 4,865,177</u>	<u>\$ 16,829,017</u>	<u>\$ 11,981,765</u>	<u>\$ 5,027,048</u>	<u>\$ 17,008,813</u>

See notes to consolidated financial statement

New York Restoration Project and Consolidated Entities

Consolidated Statement of Functional Expenses
Year Ended September 30, 2021

	Program Services			Total Program Services	Supporting Services		2021 Total	2020 Total
	Operations and Maintenance	Engagement and Programs	Capital Activities		Management and General	Fundraising		
Payroll and benefits	\$ 1,831,613	\$ 535,724	\$ 22,268	\$ 2,389,605	\$ 482,150	\$ 787,232	\$ 3,658,987	\$ 3,756,447
Professional fees	32,934	45,491	19,245	97,670	242,995	344,155	684,820	533,683
Program materials and supplies	381,800	59,228	37,569	478,597	162,564	330,311	971,472	978,133
Occupancy	84,062	45,079	6,409	135,550	45,204	39,631	220,385	335,411
Office expense	188,453	154,205	48,978	391,636	101,311	196,529	689,476	865,253
Depreciation and amortization	383,191	-	-	383,191	-	-	383,191	318,376
Bad debt expense	-	-	-	-	42,119	-	42,119	-
Interest expense	22,004	-	-	22,004	-	-	22,004	32,906
Total Expenses and Direct Costs of Special Events	2,924,057	839,727	134,469	3,898,253	1,076,343	1,697,858	6,672,454	6,820,209
Less direct costs of special events	-	-	-	-	-	-	-	(450,193)
	<u>\$ 2,924,057</u>	<u>\$ 839,727</u>	<u>\$ 134,469</u>	<u>\$ 3,898,253</u>	<u>\$ 1,076,343</u>	<u>\$ 1,697,858</u>	<u>\$ 6,672,454</u>	<u>\$ 6,370,016</u>

* The statement of functional expenses does not include capitalized expenditures of \$938,120 and \$1,412,721 for the years ended September 30, 2021 and 2020.

See notes to consolidated financial statements

New York Restoration Project and Consolidated Entities

Consolidated Statement of Functional Expenses
Year Ended September 30, 2020

	Program Services			Total Program Services	Supporting Services		Total
	Operations and Maintenance	Engagement and Programs	Capital Activities		Management and General	Fundraising	
Payroll and benefits	\$ 2,024,461	\$ 790,800	\$ 43,050	\$ 2,858,311	\$ 290,872	\$ 607,264	\$ 3,756,447
Professional fees	68,008	86,827	-	154,835	48,745	330,103	533,683
Program materials and supplies	225,243	11,180	12,344	248,767	11,026	718,340	978,133
Occupancy	112,326	53,566	33,160	199,052	58,185	78,174	335,411
Office expense	222,039	62,945	8,210	293,194	339,359	232,700	865,253
Depreciation and amortization	301,972	-	-	301,972	16,404	-	318,376
Interest expense	31,260	-	-	31,260	1,646	-	32,906
Total Expenses and Direct Costs of Special Events	2,985,309	1,005,318	96,764	4,087,391	766,237	1,966,581	6,820,209
Less direct costs of special events	-	-	-	-	-	(450,193)	(450,193)
	<u>\$ 2,985,309</u>	<u>\$ 1,005,318</u>	<u>\$ 96,764</u>	<u>\$ 4,087,391</u>	<u>\$ 766,237</u>	<u>\$ 1,516,388</u>	<u>\$ 6,370,016</u>

* The statement of functional expenses does not include capitalized expenditures of \$1,412,721 for the year ended September 30, 2020.

See notes to consolidated financial statements

New York Restoration Project and Consolidated Entities

Consolidated Statements of Cash Flows

	Year Ended September 30	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (179,796)	\$ (3,155,978)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	383,191	318,376
Valuation adjustment for uncollectible pledges	-	3,700,000
Bad debt expense	42,119	-
Donated marketable securities	(107,391)	(88,089)
Unrealized and realized gain on marketable securities, net	(601,878)	(253,931)
Change in assets and liabilities		
Contributions receivable	124,207	941,065
Government grants receivable	284,792	(32,451)
Prepaid expenses	(167,053)	63,687
Accounts payable and accrued expenses	132,526	(189,475)
Deferred fundraising revenue	267,945	(294,967)
Net Cash from Operating Activities	178,662	1,008,237
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of marketable securities	(3,111,417)	(1,212,267)
Proceeds from sale/maturity of marketable securities	4,241,943	1,670,246
Acquisition of property and equipment	(938,120)	(1,412,721)
Net Cash from Investing Activities	192,406	(954,742)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments under loans payable	(5,199)	(9,233)
Net Change in Cash and Cash Equivalents	365,869	44,262
CASH AND CASH EQUIVALENTS		
Beginning of Year	925,649	881,387
End of Year	\$ 1,291,518	\$ 925,649
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	\$ 22,004	\$ 32,906

See notes to consolidated financial statements

New York Restoration Project and Consolidated Entities

Notes to Consolidated Financial Statements
September 30, 2021

1. Organization, Nature of Activities and Tax Status

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 underserved 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.

NYRP and the Trust 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 Presentation and Use of Estimates

The accompanying consolidated financial statements of the Organization are prepared on the accrual basis of accounting. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Principles of Consolidation

In preparation of the accompanying consolidated financial statements, all material inter-entity accounts and transactions have been eliminated.

New York Restoration Project and Consolidated Entities

Notes to Consolidated Financial Statements
September 30, 2021

2. Summary of Significant Accounting Policies (continued)

Net Asset Presentation

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Organization's net assets and changes therein are classified and reported as follows:

- Net Assets Without Donor Restrictions – represents resources available for support of Organization operations over which management and the Board of Trustees has discretionary control.
- Net Assets With Donor Restrictions – represents assets that are subject to donor-imposed stipulations. Restrictions could be temporary or perpetual in nature. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities as net assets released from restrictions.

Contributions

Contributions are recognized at their fair value when received or when an unconditional promise to give is received. Conditional promises to give are recognized as contributions when substantially all conditions are met. Contributions specific to a fundraising event are deferred until the event takes place. Multi-year pledges due after one year are discounted to net present value using the risk-adjusted discount rate in effect on the date of the gifts. Amortization of the discounts is included in contributions revenue.

Revenue from Government Sources

Revenue from government agency contracts is recorded as earned pursuant to the terms of the contracts. Revenue earned based on achievement of performance objectives is recognized when all contingencies have been resolved.

Contributed Property, Services, and other In-kind and Donated Facilities

The Organization reports gifts of goods and equipment as support without donor restriction 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. The Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

New York Restoration Project and Consolidated Entities

Notes to Consolidated Financial Statements
September 30, 2021

2. Summary of Significant Accounting Policies (continued)

Contributed Property, Services, and other In-kind and Donated Facilities (continued)

A substantial number of volunteers have donated significant amounts of their time to the Organization's program services and fundraising campaigns. No amounts have been reflected in the accompanying consolidated financial statements for such services because they do not meet the criteria for recognition.

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

Cash and Cash Equivalents

Cash balances are insured by the Federal Deposit Insurance Corporation ("FDIC") subject to certain limitations. At times cash balances may be in excess of federally insured limits. For purposes of the consolidated statement 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 for reimbursable expenses incurred or services provided.

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.

Investments

Investments are stated at fair value based on quoted prices in active markets. Purchase and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividend income is recorded on the ex-dividend basis. Realized and unrealized gains and losses are included in the determination of the change in net assets. The Organization invests in various investment securities, which are exposed to various risks such as interest rate, market and credit risks. The Organization has certain investments designated as endowments at September 30, 2021 and 2020 (see Note 8).

New York Restoration Project and Consolidated Entities

Notes to Consolidated Financial Statements
September 30, 2021

2. Summary of Significant Accounting Policies (continued)

Operating Measure

The Organization has elected to present an operating measure in its consolidated statements of activities. Accordingly, items affecting operations are segregated from those not affecting operations. Items not affecting operations include investment return in excess of amounts appropriated for operations and valuation adjustment for uncollectible receivables with donor restrictions.

Fair Value Measurements

Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as follows:

- Level 1: Valuations based on real-time quoted prices (unadjusted) in an active market that is accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
- Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from, or corroborated with, observable market data.
- Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives lowest priority to Level 3 inputs.

In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value. 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. There have been no changes in the methodologies used at September 30, 2021 and 2020.

New York Restoration Project and Consolidated Entities

Notes to Consolidated Financial Statements
September 30, 2021

2. Summary of Significant Accounting Policies *(continued)*

Property and Equipment

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

Capital improvements - community gardens	39 years
Office equipment	3-7 years
Website development	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.

Impairment of Land and Other Long-Lived Assets

The Organization regularly reviews land and other long-lived assets for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable and, if so, the carrying value is reduced to the current estimated fair value. No such losses were recorded for the years ended September 30, 2021 and 2020.

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 Allocations of Expenses

The costs of providing the various program and supporting services have been summarized on a functional basis in the accompanying consolidated statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, costs have been consistently allocated among the programs and supporting service areas benefited based on annual employee time allocations that have been calculated and reviewed 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, liabilities, and net assets.

New York Restoration Project and Consolidated Entities

Notes to Consolidated Financial Statements
September 30, 2021

2. Summary of Significant Accounting Policies *(continued)*

Subsequent Events

These consolidated financial statements were approved by management and available for issuance on February 2, 2022. Management has evaluated subsequent events through this date.

Accounting for Uncertainty in Income Taxes

The Organization recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management has determined that the Organization had no uncertain tax positions that would require financial statement recognition or disclosure. The Organization is no longer subject to examinations by the applicable taxing jurisdictions for prior period to 2018.

3. Property and Equipment

The Organization's property and equipment consisted of the following as of September 30:

	<u>2021</u>	<u>2020</u>
Community garden sites - restricted land (1)	\$ 1,142,650	\$ 1,142,650
Capital improvements - community gardens	12,892,366	10,561,074
Office equipment	593,695	575,923
Website development	146,500	146,500
Vehicles and boats	987,156	875,698
Leasehold improvements	90,337	90,337
Construction in progress	-	<u>1,522,402</u>
	<u>15,852,704</u>	<u>14,914,584</u>
Less accumulated depreciation and amortization	<u>(3,706,648)</u>	<u>(3,323,457)</u>
	<u>\$12,146,056</u>	<u>\$11,591,127</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 as of September 31, 2021.

Depreciation and amortization expense was \$383,191 and \$318,376 for the years ended September 30, 2021 and 2020, respectively, and is presented in the statements of functional expenses.

New York Restoration Project and Consolidated Entities

Notes to Consolidated Financial Statements
September 30, 2021

4. Contributions and Government Grant Receivable

The Organization's contributions receivable as of September 30, 2021 and 2020 are \$140,000 and \$265,750, respectively, and are due within one year.

At September 30, 2021, approximately 89%, of the Organization's contributions receivable were from two donors. There was no concentration of receivables at September 30, 2020.

During the year ended September 30, 2020, there was a valuation adjustment totaling \$3,700,000 for uncollectible pledges.

The Organization's government grants receivable as of September 30, 2021 and 2020 are \$5,843 and \$331,211, respectively, and are due within one year.

5. Fair Value Measurements

The following tables summarize the Organization's fair value measurements on a recurring basis as of September 30:

	<u>2021</u>	<u>2020</u>
Mutual Funds		
Equity mutual funds	\$2,920,056	\$2,400,151
Non-US fixed income	1,278,668	1,193,244
US fixed income	<u>707,417</u>	<u>1,734,003</u>
Total Investments	<u>\$4,906,141</u>	<u>\$5,327,398</u>

All investments were level 1 investments as of September 30, 2021 and 2020

The following table represents the investment return for the years ended September 30:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 98,272	\$ 135,353
Realized gain (loss) on investments	319,586	(1,813)
Unrealized gain on investments	<u>282,292</u>	<u>255,744</u>
	<u>\$ 700,150</u>	<u>\$ 389,284</u>

New York Restoration Project and Consolidated Entities

Notes to Consolidated Financial Statements
September 30, 2021

6. Line of Credit – Bank

On September 17, 2019, the Organization obtained a \$3,000,000 line of credit with a maturity date of November 30, 2021, with renewal or alternative structures are currently under negotiation. The line is collateralized by certain assets of the Organization, requires monthly interest-only payments on the unpaid principal balance and bears interest at either a variable or fixed LIBOR rate plus 1.50%. The Organization began drawing on the line during the fiscal year ended September 30, 2019. The amount outstanding on the line of credit was \$1,280,000 at September 30, 2021 and 2020.

7. Payroll Protection Program

On April 23, 2020, the Organization received a loan under the Paycheck Protection Program (the “PPP Loan”) in the amount of \$688,107 from the Small Business Administration (“SBA”). Management believes the conditions were met in fiscal year 2020 and as such, during 2020, recognized the full amount of the PPP Loan as grant income on the accompanying 2020 consolidated statement of activities. In fiscal year 2021, the amount was forgiven in full.

On February 16, 2021, the Organization received a second loan under the Paycheck Protection Program (the “second PPP Loan”) in the amount of \$631,000 from the SBA. If certain defined conditions are met, the second PPP Loan may be forgiven by the SBA, otherwise the Organization will be required to repay the loan in full. If not forgiven, the second PPP Loan will mature in five years and has an interest rate of 1% per annum. Management believes the conditions were met in fiscal year 2021 and as such, during 2021, recognized the full amount of the PPP Loan as grant income on the accompanying 2021 consolidated statement of activities.

New York Restoration Project and Consolidated Entities

Notes to Consolidated Financial Statements September 30, 2021

8. Net Assets With Donor Restrictions

The following summarizes the changes in net assets with donor restrictions and the nature of the restrictions for the years ended September 30, 2021 and 2020:

	Balance, October 1, 2020	Investment Income and Contributions	Valuation Adjustment	Released from Restrictions	Balance, September 30, 2021
Subject to expenditure for specified purpose:					
Sherman Creek	\$ 295,405	\$ -	\$ -	\$ (271,000)	\$ 24,405
Accumulated earnings on endowment assets	821,199	459,129	-	(150,000)	1,130,328
Other	<u>3,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,500</u>
Total Subject to Expenditure for Specified Purpose	<u>1,120,104</u>	<u>459,129</u>	<u>-</u>	<u>(421,000)</u>	<u>1,158,233</u>
Subject to passage of time:					
Cultivating Community	<u>450,000</u>	<u>-</u>	<u>-</u>	<u>(200,000)</u>	<u>250,000</u>
Subject to be maintained in perpetuity:					
Restricted by donors for:					
Endowment assets to support operations	2,314,294	-	-	-	2,314,294
Land held by New York Garden Trust	<u>1,142,650</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,142,650</u>
Total Subject to be Maintained in Perpetuity	<u>3,456,944</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,456,944</u>
Total Net Assets With Donor Restrictions	<u>\$ 5,027,048</u>	<u>\$ 459,129</u>	<u>\$ -</u>	<u>\$ (621,000)</u>	<u>\$ 4,865,177</u>
	Balance, October 1, 2019	Investment Income and Contributions	Valuation Adjustment	Released from Restrictions	Balance, September 30, 2020
Subject to expenditure for specified purpose:					
Sherman Creek	\$ 4,571,716	\$ -	\$ (3,700,000)	\$ (576,311)	\$ 295,405
Accumulated earnings on endowment assets	737,839	234,360	-	(151,000)	821,199
Other	<u>22,395</u>	<u>103,500</u>	<u>-</u>	<u>(122,395)</u>	<u>3,500</u>
Total Subject to Expenditure for Specified Purpose	<u>5,331,950</u>	<u>337,860</u>	<u>(3,700,000)</u>	<u>(849,706)</u>	<u>1,120,104</u>
Subject to passage of time:					
Cultivating Community	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>(550,000)</u>	<u>450,000</u>
Subject to be maintained in perpetuity:					
Restricted by donors for:					
Endowment assets to support operations	2,314,294	-	-	-	2,314,294
Land held by New York Garden Trust	<u>1,142,650</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,142,650</u>
Total Subject to be Maintained in Perpetuity	<u>3,456,944</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,456,944</u>
Total Net Assets with Donor Restrictions	<u>\$ 9,788,894</u>	<u>\$ 337,860</u>	<u>\$ (3,700,000)</u>	<u>\$ (1,399,706)</u>	<u>\$ 5,027,048</u>

New York Restoration Project and Consolidated Entities

Notes to Consolidated Financial Statements
September 30, 2021

8. Net Assets With Donor Restrictions (*continued*)

The following is a reconciliation of the investment activity for the years ended September 30 of the donor-restricted endowment fund:

	With Donor Restrictions		
	Accumulated Earnings	Corpus	Total
Balance, September 30, 2019	\$ 737,839	\$2,314,294	\$3,052,133
Investment return	234,360	-	234,360
Spend rate allocation	(151,000)	-	(151,000)
Balance, September 30, 2020	821,199	2,314,294	3,135,493
Investment return	459,129	-	459,129
Spend rate allocation	(150,000)	-	(150,000)
Balance, September 30, 2021	<u>\$ 1,130,328</u>	<u>\$2,314,294</u>	<u>\$3,444,622</u>

Interpretation of Relevant Law

Based on the interpretations of the New York Prudent Management of Institutional Funds Act (“NYPMIFA”) and U.S. 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.

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.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments specific to each investment pool to achieve its long-term return objectives within prudent risk constraints.

New York Restoration Project and Consolidated Entities

Notes to Consolidated Financial Statements
September 30, 2021

8. Net Assets With Donor Restrictions (*continued*)

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 consisted of the following for the years ended September 30:

	<u>2021</u>	<u>2020</u>
Legal services*	\$ 154,073	\$ 313,962
Search services	40,000	-
Garden supplies and other gifts**	11,290	3,500
	<u>\$ 205,363</u>	<u>\$ 317,462</u>

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

** There were \$3,500 in in-kind gifts donated for special events in fiscal 2020. There were no in-kind gifts donated for special events in fiscal 2021.

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, 2021 and 2020.

11. Concentration

For the years ended September 30, 2020, approximately 14% of the Organization's total public support and revenue was received from one donor. There was no concentration of revenue for the year ended September 30, 2021.

New York Restoration Project and Consolidated Entities

Notes to Consolidated Financial Statements
September 30, 2021

12. Commitments and Contingencies

Operating Leases

NYRP leases its primary office space under a ten-year noncancellable lease that commenced in April 2006. Effective March 2, 2021, the lease was extended for an additional year to expire on March 21, 2022. Minimum future annual rentals required under this lease are \$33,000 for the year ending September 30, 2022.

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 and accrued expenses" in the accompanying consolidated statements of financial position. Rent expense under this lease was \$123,892 and \$193,637 for the years ended September 30, 2021 and 2020, respectively.

The Organization had additional office space under lease which is month-to-month. Rent expense was \$46,200 and \$50,400 for the years ended September 30, 2021 and 2020, respectively.

License Agreement

Effective January 1, 2000, the Organization entered into a ten-year agreement with the Parks Department to manage, maintain, operate and improve various New York City parks and recreation facilities, as defined in the agreement. This agreement was amended, effective May 2, 2018, for an additional ten-year term, to expire in fiscal year 2028.

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.

New York Restoration Project and Consolidated Entities

Notes to Consolidated Financial Statements
September 30, 2021

12. Commitments and Contingencies (*continued*)

COVID-19

The Organization's operations and financial performance has and may continue to be affected by the recent COVID-19 outbreak, which has spread globally and is expected to continue to adversely affect economic conditions throughout the world. If the outbreak continues and conditions worsen, it may adversely affect the Organization's activities, financial conditions, results of operations, and cash flows. Economic uncertainty is related to the potential reduction and/or delays in contributions related to a decrease in discretionary income from potential donors. Management is closely monitoring the impact of COVID-19 and believes that the Organization is taking appropriate actions to mitigate the negative impact. However, management is unable to estimate the financial impact, if any, related to this matter.

13. Liquidity

Financial assets consist of the Organization's cash and cash equivalents, investments, contributions receivable and government grants receivable. The following represents the Organization's financial assets reduced by an amount not available for general use because of contractual, donor-imposed or board-imposed restrictions within one year of September 30:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,291,518	\$ 925,649
Investments	4,906,141	5,327,398
Contributions receivable	140,000	265,750
Government grants receivable	<u>5,843</u>	<u>331,211</u>
Total financial assets	6,343,502	6,850,008
Less - Those unavailable for general expenditures within one year due to contractual, donor-imposed or board-imposed restrictions	(5,186,812)	(5,295,320)
Add - Amounts with donor restrictions expected to be expended within one year	<u>27,905</u>	<u>450,000</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 1,184,595</u>	<u>\$ 2,004,688</u>

As part of the Organization's liquidity management, the Organization has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations come due. The operating cash balance is monitored so as not to go below three months of the average personnel and operating requirements. In addition to the financial assets available to meet cash needs for general expenditures within one year, as discussed in Note 6, the Organization has a line of credit with amounts available for use of \$1,720,000.

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