



Financial Statements  
(Together with Independent Auditors' Report)

Years Ended March 31, 2016 and 2015

**M A R K S P A N E T H**

ACCOUNTANTS & ADVISORS

**CITY PARKS FOUNDATION**  
**FINANCIAL STATEMENTS**  
**(Together with Independent Auditors' Report)**  
**YEARS ENDED MARCH 31, 2016 AND 2015**

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors of  
City Parks Foundation

We have audited the accompanying financial statements of City Parks Foundation ("CPF"), which comprise the statements of financial position as of March 31, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these 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 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 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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of City Parks Foundation as of March 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Marks Paneth LLP*

New York, NY  
September 16, 2016

**CITY PARKS FOUNDATION  
STATEMENTS OF FINANCIAL POSITION  
AS OF MARCH 31, 2016 AND 2015**

	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
Cash and cash equivalents (Notes 2B and 4)	\$ 6,698,977	\$ 8,176,259
Restricted cash (Notes 4 and 11)	6,721,919	6,798,811
Investments, at fair value (Notes 2D and 3)	22,643,979	23,768,564
Other investments (Notes 2D, 4 and 11)	511,687	507,345
Pledges and grants receivable (Notes 2H and 5)	1,794,743	1,093,876
Prepaid expenses and other assets	229,623	210,683
Property and equipment, net (Notes 2E and 6)	951,562	1,139,020
<b>TOTAL ASSETS</b>	<b>\$ 39,552,490</b>	<b>\$ 41,694,558</b>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 868,125	\$ 966,856
Deferred revenue (Note 2F)	1,749,067	456,625
<b>TOTAL LIABILITIES</b>	<b>2,617,192</b>	<b>1,423,481</b>
<b>COMMITMENTS AND CONTINGENCIES (Note 9)</b>		
<b>NET ASSETS (Note 2C)</b>		
Unrestricted		
Undesignated	1,986,337	2,831,537
Board designated (Note 7B)	11,427,309	12,076,562
Total unrestricted	13,413,646	14,908,099
Temporarily restricted (Notes 7 and 8)	23,431,252	25,272,578
Permanently restricted (Notes 7B and 8)	90,400	90,400
<b>TOTAL NET ASSETS</b>	<b>36,935,298</b>	<b>40,271,077</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 39,552,490</b>	<b>\$ 41,694,558</b>

The accompanying notes are an integral part of these financial statements.

**CITY PARKS FOUNDATION  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED MARCH 31, 2016 AND 2015**

	For the Year Ended March 31, 2016				For the Year Ended March 31, 2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2016	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2015
<b>SUPPORT AND REVENUE:</b>								
Contributions and grants (Notes 2H and 2I)	\$ 1,318,032	\$ 9,505,926	\$ -	\$ 10,823,958	\$ 704,958	\$ 5,980,524	\$ -	\$ 6,685,482
Fundraising events, net of costs of direct benefits to donors of \$480,331 in 2016 and \$458,073 in 2015 (Note 2J)	1,025,971	571,535	-	1,597,506	1,081,610	277,876	-	1,359,486
Benefit concerts (Note 2F)	1,519,866	-	-	1,519,866	584,458	-	-	584,458
In-kind contributions (Note 2G)	3,508,591	-	-	3,508,591	2,846,690	-	-	2,846,690
Investment activity (Notes 2D and 3)	(62,752)	(18,039)	-	(80,791)	919,145	817,267	-	1,736,412
Earned income (Notes 2F and 11)	3,202,336	-	-	3,202,336	3,835,026	-	-	3,835,026
Net assets released from restrictions (Notes 7A and 8)	11,900,748	(11,900,748)	-	-	9,889,252	(9,889,252)	-	-
<b>TOTAL SUPPORT AND REVENUE</b>	<b>22,412,792</b>	<b>(1,841,326)</b>	<b>-</b>	<b>20,571,466</b>	<b>19,861,139</b>	<b>(2,813,585)</b>	<b>-</b>	<b>17,047,554</b>
<b>EXPENSES (Note 2K):</b>								
Program services (Note 1)								
Arts and culture	6,810,915	-	-	6,810,915	6,150,080	-	-	6,150,080
Partnerships for Parks	3,903,885	-	-	3,903,885	3,322,604	-	-	3,322,604
Education	1,681,772	-	-	1,681,772	1,566,953	-	-	1,566,953
Sports	1,980,871	-	-	1,980,871	1,960,179	-	-	1,960,179
Park and playground improvement	6,970,149	-	-	6,970,149	4,881,079	-	-	4,881,079
Grants to other groups	46,213	-	-	46,213	153,876	-	-	153,876
Environmental benefit projects	108,816	-	-	108,816	82,279	-	-	82,279
Total program services	21,502,621	-	-	21,502,621	18,117,050	-	-	18,117,050
Supporting services								
General administration	1,340,033	-	-	1,340,033	1,046,717	-	-	1,046,717
Fundraising	1,064,591	-	-	1,064,591	915,650	-	-	915,650
<b>TOTAL EXPENSES</b>	<b>23,907,245</b>	<b>-</b>	<b>-</b>	<b>23,907,245</b>	<b>20,079,417</b>	<b>-</b>	<b>-</b>	<b>20,079,417</b>
<b>CHANGE IN NET ASSETS</b>	<b>(1,494,453)</b>	<b>(1,841,326)</b>	<b>-</b>	<b>(3,335,779)</b>	<b>(218,278)</b>	<b>(2,813,585)</b>	<b>-</b>	<b>(3,031,863)</b>
<b>Net assets - beginning of year</b>	<b>14,908,099</b>	<b>25,272,578</b>	<b>90,400</b>	<b>40,271,077</b>	<b>15,126,377</b>	<b>28,086,163</b>	<b>90,400</b>	<b>43,302,940</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 13,413,646</b>	<b>\$ 23,431,252</b>	<b>\$ 90,400</b>	<b>\$ 36,935,298</b>	<b>\$ 14,908,099</b>	<b>\$ 25,272,578</b>	<b>\$ 90,400</b>	<b>\$ 40,271,077</b>

**CITY PARKS FOUNDATION  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED MARCH 31, 2016 AND 2015**

	<b>2016</b>	<b>2015</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (3,335,779)	\$ (3,031,863)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	187,458	215,609
Realized gains on sales of investments	(363,709)	(233,043)
Unrealized losses (gains) on investments	1,056,498	(818,918)
Bad debt expense	-	55,033
Changes in operating assets and liabilities:		
Pledges and grants receivable	(700,867)	1,862,415
Prepaid expenses and other assets	(18,940)	260,404
Accounts payable and accrued expenses	(98,731)	(595,784)
Deferred revenue	1,292,442	31,382
<b>Net Cash Used in Operating Activities</b>	<b>(1,981,628)</b>	<b>(2,254,765)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sales of investments	1,877,709	1,223,902
Purchases of investments	(1,450,255)	(888,221)
Acquisitions of property and equipment	-	(53,685)
Decrease in restricted cash	76,892	152,732
<b>Net Cash Provided by Investing Activities</b>	<b>504,346</b>	<b>434,728</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,477,282)</b>	<b>(1,820,037)</b>
Cash and cash equivalents - beginning of year	8,176,259	9,996,296
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 6,698,977</b>	<b>\$ 8,176,259</b>

The accompanying notes are an integral part of these financial statements.

**CITY PARKS FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2016 AND 2015**

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

City Parks Foundation (“CPF”) was organized as a nonprofit corporation in 1989 pursuant to the Not-For-Profit Corporation Laws of the State of New York. CPF is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. CPF was formed to promote and assist in the programming and revitalization of New York City’s parks and such other facilities that are under the jurisdiction of the New York City Department of Parks and Recreation (“DPR”).

CPF is the only independent, nonprofit organization whose mission is to offer programs in public parks throughout the five boroughs of New York City. We work in more than 350 parks, recreation centers, and public schools citywide, presenting a broad range of programs in an effort to promote healthy and vibrant communities. Our programs and community building initiative reach over 425,000 people each year.

In June 1991, CPF and the City of New York’s Commissioner of the DPR entered into an agreement whereby the City of New York would “defend, indemnify, and hold harmless CPF from and against any and all liability, suits, claims, demands, actions, judgments, costs and expenses, arising from damage to persons or property resulting from the acts or omissions of CPF, its agents, employees, officers and directors in connection with the performance of its activities on behalf of DPR.” This agreement is terminable at will by DPR.

CPF’s primary sources of revenues are contributions (including government support), earned income and investment income.

CPF enriches the lives of New Yorkers each year by providing the following program services:

- Arts & Culture: CPF is the largest free outdoor performing arts presenter in New York City, bringing more than 300 free performances annually to communities throughout the City. We reach over 300,000 New Yorkers through SummerStage, the Charlie Parker Jazz Festival, SummerStage Kids, and our traveling PuppetMobile. In addition, the beloved Swedish Cottage Marionette Theatre, home to one of the last public marionette companies in the United States, presents nearly 500 low-cost performances for 44,000 audience members in its historic 1875 home in Central Park.
- Partnerships for Parks: Partnerships for Parks (“PFPP”), a joint program with DPR, promotes community involvement in parks by building, linking and strengthening a citywide constituency of parks’ supporters. Each year PFPP supports and empowers a growing network of 900 community groups and volunteers dedicated to promoting their local parks and improving the surrounding communities. Through direct engagement, intensive training and technical assistance, and practical toolkits, we enable citizens to play an active and effective role in decisions regarding their local green spaces. This year, more than 1,100 clean-up events in parks have engaged 31,000 volunteers, improving over 360 individual parks. PFPP provides over 700 volunteers with leadership training, and distributes grants each year to local park groups.
- Education: CPF’s environmental education efforts will reach more than 3,000 young people in New York’s high-needs communities through school-day, afterschool, and summer programming in 2016. We provide sequential environmental science programs – from elementary to high school – that increase participants’ knowledge of urban ecology (garden, forest, water, and marine). Our goal is to make a deep impact on science learning while nurturing a positive, lifelong relationship between the natural world and the youth we serve. We offer 6 programs that aim to create the next generation of environmental stewards.

**CITY PARKS FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2016 AND 2015**

**NOTE 1 – ORGANIZATION AND NATURE OF OPERATIONS (Continued)**

- **Sports:** Nearly 15,000 youngsters and seniors enjoy CPF's free golf, tennis, track & field, street hockey, soccer, and fitness programs in 67 parks citywide. We bring high-quality instruction and equipment into neighborhoods where few organized athletic opportunities exist. CPF also opened a comprehensive Junior Golf Center in 2008, the first facility of its kind in the nation, which serves close to 3,000 children each year.
- **Park and Playground Improvement:** As fiscal sponsor for a number of York City parks groups and DPR programs, CPF helps improve the appearance and use of parks through direct physical enhancements, encouragement of neighborhood volunteers, and innovations in DPR operations.
- **Grants to Other Groups:** CPF makes grants to other New York City parks groups and to DPR to support programming and other initiatives in parks.
- **Environmental Benefit Projects:** As the administrator of mitigation funds from the New York State Department of Environmental Conservation ("DEC"), CPF funds environmental benefit projects that address green infrastructure, such as, the creation and/or improvement of open space, waterfront access, and other programs along Newtown Creek (see Note 11).

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

- A. ***Basis of Accounting and Use of Estimates*** – CPF's financial statements have been 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 certain 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 revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.
- B. ***Cash Equivalents*** – All highly liquid debt instruments with a maturity of three months or less when acquired are considered to be cash equivalents. Cash equivalents also include money market funds, commercial paper and time deposits with maturities of one day to three months.
- C. ***Basis of Presentation*** – CPF maintains its net assets under the following three classes:
- **Unrestricted** – includes the net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations. CPF's Board has designated a portion of CPF's unrestricted net assets as a Board designated endowment fund, wherein the assets will be retained for investment. It is the expectation of CPF's management that the Board designated endowment fund will continue to grow to secure the long-term stability of CPF. See Note 7B for additional information related to CPF's Board designated endowment.
  - **Temporarily Restricted** – includes gifts of cash and other assets received with donor stipulations that limit the use of donated assets and unappropriated earnings on endowment funds. When a donor restriction expires or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions.
  - **Permanently Restricted** – includes funds that have been designated by the donor to be held and invested in perpetuity.



**CITY PARKS FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2016 AND 2015**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- D. ***Investments and Fair Value Measurements*** – Investments are reported at fair value. Unrealized gains and losses are included in the accompanying statements of activities. Donated securities are recorded at their fair value, as determined using quoted market prices, at the date of donation. Dividend and interest income is recorded as earned. Net investment earnings are recorded as increases in unrestricted funds unless their use is temporarily or permanently restricted by explicit donor stipulations or by law. All unappropriated earnings on donor-restricted endowment funds, that would otherwise be considered unrestricted by the donor, are reflected as temporarily restricted until appropriated.

Certificates of deposit held for investment that are not debt securities are included in other investments in the statements of financial position. Investments in certificates of deposit are carried at cost, which approximates fair value because of the short maturities of the certificates of deposit.

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 described in Note 3.

- E. ***Property and Equipment*** – Equipment is recorded at cost. Depreciation of equipment is provided on a straight-line basis over its estimated useful life, which is five years. Leasehold improvements include CPF's share of the cost of improvements made to space contributed by DPR. Since CPF fully expects to continue its relationship with DPR, the organization is amortizing the improvements on a straight-line basis over the asset's ten-year estimated useful life. The capitalized construction costs for the Junior Golf Center are classified as leasehold improvements and are being amortized over a fifteen-year period.
- F. ***Earned Income and Deferred Revenue*** – CPF receives earned income primarily from six sources: 1) income from producing concerts and other events for third parties at the SummerStage site; 2) box office revenues from marionette theater shows in the Swedish Cottage at Central Park; 3) income from children's birthday parties and other events in the Swedish Cottage; 4) fees earned from the administration of fiscal sponsor accounts for various parks groups and NYC Parks Department programs/funds; 5) fees from providing educational programming for schools and community groups; and 6) concession revenue from the sales of food and beverages at SummerStage. Such amounts are deferred and recognized as revenue in the period in which the underlying services are provided and/or the performance or events are held. Deferred revenue also includes fees received by March 31 for performances or events occurring in the next fiscal period and administrative fees to be earned on mitigation projects (see Note 11).
- G. ***In-kind Contributions*** – The value of office space, facilities and personnel services' costs (including fringe benefits) paid by DPR are reported as expenses and in-kind contributions in the accompanying statements of activities. Donated professional services are recognized in the financial statements if the services enhance or create nonfinancial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. CPF records contributed professional services at their fair value on the date received.

Many volunteers have made significant contributions of time in furtherance of CPF's policies and programs. The value of this contributed time does not meet the criteria for recognition and therefore is not reflected in the accompanying statements of activities.

**CITY PARKS FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2016 AND 2015**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

In-kind contributions were as follows for the years ended March 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Personnel service costs	\$ 2,737,769	\$ 2,286,296
Professional services	318,216	303,344
Office space	294,537	129,100
Apparel	82,000	-
Telecommunications and computer support	<u>76,069</u>	<u>127,950</u>
	<u>\$ 3,508,591</u>	<u>\$ 2,846,690</u>

- H. ***Pledges and Grants Receivable*** – Pledges and grants are recognized when the donor makes an unconditional promise to give. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unless material, CPF does not discount to present value, pledges and grants to be received after more than one year.
- I. ***Fiscal Sponsorships*** – CPF has variance power over the fiscal sponsorship contributions it receives (see Note 8). The fiscal sponsorship contributions received by CPF and investment income allocated to fiscal sponsorship funds are recognized as temporarily restricted or permanently restricted support. The expenditures incurred for fiscal sponsor programs are recognized as expenses by CPF and the corresponding net assets are released from restriction.
- J. ***Costs of Direct Benefits to Donors*** – The direct costs of fundraising events include expenses for the benefit of the donor. For example, meals and facilities rental are considered costs of direct benefits to donors.
- K. ***Functional Allocation of Expenses*** – The costs of providing the various program and supporting services have been summarized on a functional basis in the accompanying statements of activities. Certain costs have been allocated among the program and supporting services benefited.

**NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS**

Investments consisted of the following as of March 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Equity funds	\$ 12,974,793	\$ 14,285,130
Fixed income funds	<u>9,669,186</u>	<u>9,483,434</u>
	<u>\$ 22,643,979</u>	<u>\$ 23,768,564</u>

Investments are subject to market volatility that could substantially change their carrying value in the near-term.

**CITY PARKS FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2016 AND 2015**

**NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)**

Investment activity consisted of the following for the years ended March 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Interest and dividends	\$ 611,998	\$ 684,451
Realized gains on investment sales	363,709	233,043
Unrealized (loss) gain	<u>(1,056,498)</u>	<u>818,918</u>
	<u>\$ (80,791)</u>	<u>\$ 1,736,412</u>

As of March 31, 2016, concentrations of CPF's investments amounting to 15% or more of the fair value of its total investment portfolio included approximately 27% invested in the Vanguard Total Stock Index Fund and approximately 21% invested in the Vanguard Total Bond Market Index Fund. As of March 31, 2015, concentrations of CPF's investments amounting to 15% or more of the fair value of its total investment portfolio included approximately 28% invested in the Vanguard Total Stock Index Fund and approximately 20% invested in the Vanguard Total Bond Market Index Fund.

The fair value hierarchy defines three levels as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are 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.

CPF assumes that any transfers between fair value levels during the period occur at the beginning of the period. For the years ended March 31, 2016 and 2015, there were no significant transfers between fair value levels.

In determining fair value, CPF 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.

**CITY PARKS FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2016 AND 2015**

**NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)**

Financial assets carried at fair value at March 31, 2016 and 2015 are classified in the table below as Level 1 as follows:

	<u>2016</u>	<u>2015</u>
Investments:		
Mutual funds:		
Equity funds:		
Stock Market Index Fund	\$ 6,220,062	\$ 6,792,686
International Value Fund	1,585,652	1,869,573
Small Cap Index Fund	1,367,913	1,473,105
Dividend Appreciation Index Fund	2,085,511	2,223,139
Fidelity Contrafund	<u>1,715,655</u>	<u>1,926,627</u>
Total Equity Funds	<u>12,974,793</u>	<u>14,285,130</u>
Fixed income funds:		
Total Bond Market Index Fund	4,674,425	4,750,486
Inter-Term Investment Grade Fund	1,978,456	1,720,681
Inflation Protected Securities Fund	1,315,650	1,305,522
PIMCO Senior Floating Rate Fund	<u>1,700,655</u>	<u>1,706,745</u>
Total fixed income funds	<u>9,669,186</u>	<u>9,483,434</u>
Total investments at fair value	<u>\$ 22,643,979</u>	<u>\$ 23,768,564</u>

Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (“NAV”) and to transact at that price. The mutual funds are deemed to be actively traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although CPF believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**NOTE 4 – CONCENTRATIONS**

Cash accounts that potentially subject CPF to a concentration of credit risk include cash and cash equivalents, restricted cash, and certificates of deposit with banks with balances that exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limits. The FDIC provides deposit insurance coverage of up to \$250,000 per depositor. As of March 31, 2016 and 2015, there was approximately \$12 million and \$13.9 million, respectively, of cash accounts with banks that exceeded FDIC limits.

In addition, CPF’s cash and cash equivalents includes funds held in Vanguard money market mutual funds that are not insured by the FDIC which amounted to approximately \$1.4 million as of March 31, 2016 and 2015.

**CITY PARKS FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2016 AND 2015**

**NOTE 5 – PLEDGES AND GRANTS RECEIVABLE**

Pledges and grants receivable amounted to \$1,794,743 and \$1,093,876 as of March 31, 2016 and 2015, respectively, and were all due to be collected within one year.

CPF determines whether an allowance for uncollectible pledges and grants receivable should be provided based on prior years' experience and management's analysis of specific promises made. As of March 31, 2016 and 2015, no provision for uncollectible pledges and grants receivable was deemed necessary.

**NOTE 6 – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of March 31:

	<u>2016</u>	<u>2015</u>	<u>Estimated Useful Lives</u>
Leasehold improvements	\$ 2,368,038	\$ 2,368,038	10-15 years
Equipment	<u>247,384</u>	<u>247,384</u>	5 years
Total cost	2,615,422	2,615,422	
Less: accumulated depreciation and amortization	<u>(1,663,860)</u>	<u>(1,476,402)</u>	
Net book value	<u>\$ 951,562</u>	<u>\$ 1,139,020</u>	

Depreciation and amortization expense amounted to \$187,458 and \$215,609 for the years ended March 31, 2016 and 2015, respectively.

**NOTE 7 – RESTRICTED NET ASSETS**

**A) *Temporarily Restricted Net Assets***

Temporarily restricted net assets were available for the following purposes at March 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Arts and culture	\$ 520,037	\$ 514,697
Partnerships for Parks	40,788	52,667
Education	108,614	100,055
Sports	1,495,349	1,725,310
Park and playground improvement	13,605,380	15,127,170
Grants	446,562	446,562
Environmental benefits projects	<u>7,214,522</u>	<u>7,306,117</u>
	<u>\$ 23,431,252</u>	<u>\$ 25,272,578</u>

**CITY PARKS FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2016 AND 2015**

**NOTE 7 – RESTRICTED NET ASSETS (Continued)**

Temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by the donors, or the passage of time during the years ended March 31, 2016 and 2015 as follows:

	2016	2015
Arts and culture	\$ 697,419	\$ 1,635,680
Partnerships for Parks	1,534,439	1,325,308
Education	974,567	828,501
Sports	1,416,509	1,491,318
Park and playground improvement	7,168,998	4,526,166
Environmental benefits projects	108,816	82,279
	<u>\$ 11,900,748</u>	<u>\$ 9,889,252</u>

**B) *Endowment Net Assets***

The Board of CPF has interpreted as law the New York Prudent Management of Institutional Funds Act (“NYPMIFA”). NYPMIFA replaced prior law which was the Uniform Management of Institutional Funds Act (“UMIFA”).

The Board of CPF recognizes that NYPMIFA permits the Board to appropriate for expenditure all earnings of such endowment funds (both realized and unrealized) with a presumption of prudence to a ceiling of 7% annually based on a quarterly rolling five-year average of such earnings.

The Board explicitly appropriated all earnings as of and prior to September 17, 2010, whether deemed spent or not, as unrestricted. All unappropriated earnings on donor-restricted endowment funds after September 17, 2010, that would otherwise be considered unrestricted by the donor, are reflected as temporarily restricted until appropriated.

CPF’s Board has interpreted NYPMIFA as allowing CPF to appropriate for expenditure or accumulate so much of an endowment fund as CPF determines is prudent for the uses, benefits, purposes and duration for which the endowment fund was established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise, the assets in a donor-restricted endowment fund shall be donor-restricted assets until appropriated for expenditure by the Board.

As a result of this interpretation, CPF has not changed the way permanently restricted net assets are classified. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted is classified as temporarily restricted net assets until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by NYPMIFA.

In accordance with U.S. GAAP, any deterioration of the fair value of assets associated with donor-restricted endowment funds that falls below the level the donor requires CPF to retain in perpetuity is to be reported in unrestricted net assets. CPF had not incurred such deficiencies in its endowment funds as of March 31, 2016 and 2015.

CPF’s endowment investment policy is to invest primarily in a mix of equities, fixed income securities and cash equivalents based on an asset allocation to satisfy its overall endowment financial and investment objectives as determined by its investment policy. The investment policy provides for an asset allocation that is designed to meet the goals of CPF and is based on a number of factors including the projected spending needs, the maintenance of sufficient liquidity and the return objectives and risk tolerances of CPF.

**CITY PARKS FOUNDATION  
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**NOTE 7 – RESTRICTED NET ASSETS (Continued)**

The asset allocation plan provides for diversification of assets in an effort to maximize the investment return and manage risk of CPF consistent with market conditions. CPF 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). It is CPF's policy to annually spend five percent of the Board's designated endowment based upon a three-year moving average, if needed for operational purposes.

Changes in endowment net assets for the year ended March 31, 2016 are as follows:

	Unrestricted - Board Designated	Temporarily Restricted	Permanently Restricted	Total
Contributions to endowments	\$ -	\$ 519,331	\$ -	\$ 519,331
Investment activity:				
Interest and dividends	293,050	289,736	-	582,786
Realized gains	182,965	180,744	-	363,709
Unrealized losses on investments	<u>(545,117)</u>	<u>(511,381)</u>	<u>-</u>	<u>(1,056,498)</u>
Total investment activity	<u>(69,102)</u>	<u>(40,901)</u>	<u>-</u>	<u>(110,003)</u>
Releases from endowments	<u>(580,152)</u>	<u>(953,179)</u>	<u>-</u>	<u>(1,533,331)</u>
Endowment net assets, beginning of year	<u>12,076,563</u>	<u>12,071,950</u>	<u>90,400</u>	<u>24,238,913</u>
Endowment net assets, end of year	<u>\$ 11,427,309</u>	<u>\$ 11,597,201</u>	<u>\$ 90,400</u>	<u>\$ 23,114,910</u>

Changes in endowment net assets for the year ended March 31, 2015 are as follows:

	Unrestricted - Board Designated	Temporarily Restricted	Permanently Restricted	Total
Contributions to endowments	\$ -	\$ -	\$ -	\$ -
Investment activity:				
Interest and dividends	324,125	327,270	-	651,395
Realized gains	115,479	117,563	-	233,042
Unrealized gains on investments	<u>408,391</u>	<u>410,527</u>	<u>-</u>	<u>818,918</u>
Total investment activity	<u>847,995</u>	<u>855,360</u>	<u>-</u>	<u>1,703,355</u>
Releases from endowments	<u>(559,439)</u>	<u>(431,420)</u>	<u>-</u>	<u>(990,859)</u>
Endowment net assets, beginning of year	<u>11,788,007</u>	<u>11,648,010</u>	<u>90,400</u>	<u>23,526,417</u>
Endowment net assets, end of year	<u>\$ 12,076,563</u>	<u>\$ 12,071,950</u>	<u>\$ 90,400</u>	<u>\$ 24,238,913</u>

Permanently restricted net assets of \$90,400 are held for the perpetual care of two monuments. The temporarily restricted endowment assets represent the accumulated investment earnings on the fiscal sponsor and other temporarily restricted funds that have been invested by CPF.

**CITY PARKS FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 7 – RESTRICTED NET ASSETS (Continued)**

As of March 31, 2016 and 2015, the endowment net assets of \$23,114,910 and \$24,238,913, respectively, are reflected as cash and cash equivalents and investments in the accompanying financial statements.

**NOTE 8 – FISCAL SPONSORSHIP**

CPF acts as fiscal sponsor to a number of groups and DPR, which engage in activities that are consistent with CPF's mission. CPF accepts tax-deductible donations on behalf of fiscally sponsored groups and DPR and administers the expenditures of those funds for designated tax-exempt charitable purposes. Fiscal sponsorship support is offered to community parks groups and DPR on a case by case basis, in situations in which there is no appropriate community-based 501(c)(3) organization that could otherwise act as fiscal sponsor.

CPF's fiscal sponsorship of parks community groups is a temporary arrangement, during which time groups are expected to work towards obtaining their own 501(c)(3) designations. For this reason, fiscal sponsorship arrangements will have a specific end date. If at the end of the sponsorship period a group has failed to become a 501(c)(3), and there are unspent funds, the group must identify another fiscal sponsor. Otherwise any unused funds will be retained by CPF and used to support CPF's parks-related programming. In addition, should an account show no activity for a one-year period, the account will be terminated and all remaining funds in the account will be spent by CPF on parks-related activities.

CPF's fiscal sponsorship of DPR programs are generally on an on-going basis. CPF accepts funds on behalf of DPR for specific programs which range from swim instruction to park and monuments maintenance. In all cases, CPF has variance power over the fiscal sponsorship contributions it receives. As of March 31, 2016 and 2015, temporarily restricted net assets held for fiscal sponsorship of DPR programs are \$14,817,852 and \$16,400,395, respectively.

At the request of DPR and with donor approval, CPF will transfer balances held for certain DPR programs to designated DPR fiduciary accounts. For the years ended March 31, 2016 and 2015, CPF transferred \$37,848 and \$39,577, respectively, of fiscal sponsor funds to fiduciary accounts administered by DPR. Such amounts are reflected as program service expense in the accompanying statements of activities.

The following is a summary of fiscal sponsor activity as of and for the years ended March 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Fiscal sponsorships included as part of temporarily restricted net assets, beginning of year	<u>\$ 16,612,997</u>	<u>\$ 19,453,839</u>
Add: temporarily restricted revenue for fiscal sponsorships	6,242,354	3,224,184
Less: net assets released from restrictions for fiscal sponsorships	<u>(7,863,897)</u>	<u>(6,065,026)</u>
Net decrease in fiscal sponsorship funds	<u>(1,621,543)</u>	<u>(2,840,842)</u>
Fiscal sponsorships included as part of temporarily restricted net assets, end of year	14,991,454	16,612,997
Fiscal sponsorships included as part of permanently restricted net assets, beginning and end of year	<u>90,400</u>	<u>90,400</u>
Total fiscal sponsorship funds, end of year	<u>\$ 15,081,854</u>	<u>\$ 16,703,397</u>



**CITY PARKS FOUNDATION  
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**NOTE 9 – COMMITMENTS AND CONTINGENCIES**

**A) *Contingencies***

Pursuant to CPF's contractual relationships with certain funding sources, outside governmental agencies have the right to examine CPF's books and records relating to these contracts. The accompanying financial statements make no provision for possible disallowances. Although such possible disallowances could be substantial in amount, in the opinion of management, any actual disallowances would be immaterial.

**B) *Uncertainty in Income Taxes***

CPF believes it had no uncertain tax positions as of March 31, 2016 and 2015 in accordance with Accounting Standards Codification ("ASC") Topic 740, "Income Taxes," which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

**NOTE 10 – EMPLOYEE BENEFIT PLANS**

CPF has adopted a voluntary tax-sheltered annuity program under Section 403(b) of the Internal Revenue Code, as amended. Under the terms of the plan, employees are entitled to defer a portion of their annual compensation, within limitations established by the Internal Revenue Code. CPF may make discretionary matching contributions that can vary each year. During the years ended March 31, 2016 and 2015, CPF matched employee contributions up to 3% of gross compensation, amounting to \$70,465 and \$64,481, respectively.

In addition, CPF makes contributions to union employee benefit funds for certain temporary employees covered by a collective bargaining agreement which expires in April 2017. Such contributions amounted to \$193,457 and \$166,244, respectively, for the years ended March 31, 2016 and 2015.

**NOTE 11 – MITIGATION INCOME**

During the year ended March 31, 2010, CPF was approved for \$7,000,000 of mitigation funds from DEC to finance environmental benefit projects ("EBPs") in communities in and around Greenpoint, Brooklyn, along Newtown Creek and the East River. CPF will organize and oversee a community input process to determine which EBPs will be funded. CPF is entitled to 10% of the mitigation funds disbursed for its administrative and management costs.

CPF received \$4,000,000 from DEC in November 2009 and \$3,000,000 in July 2010. Such funds were not disbursed for EBPs as of March 31, 2016 and 2015. The agreement with DEC stipulates that the funds shall be kept by CPF in a separate account and that CPF will apply the funds, and any accrued interest thereon, for the Greenpoint/Newtown Creek EBPs and not for any other purpose. In April 2013, CPF received an additional \$1.2 million of mitigation funds from the New York State Energy Research Development Authority ("NYSERDA") of which CPF will be entitled to 10% for its administrative and management costs in accordance with the project agreement. As of March 31, 2016 and 2015, the funds held by CPF for this purpose amounted to \$7,233,606 and \$7,306,156, respectively, and are reflected as restricted cash and other investments in the accompanying statements of financial position. These amounts are also included in temporarily restricted net assets as of March 31, 2016 and 2015 and will be released from restriction as amounts are disbursed by CPF for environmental benefit projects.

During the years ended March 31, 2016 and 2015, CPF recognized revenue of \$0 and \$120,835, respectively, for administrative work and time spent on this project.

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**NOTE 12 – SUBSEQUENT EVENTS**

Subsequent to March 31, 2016, CPF's Board of Directors approved a resolution to change CPF's fiscal year-end from March 31 to December 31.

CPF has evaluated events subsequent to the date to the statement of financial position through September 16, 2016, the date the financial statements were available to be issued.

**NOTE 13 – RECLASSIFICATIONS**

Certain line items in the 2015 financial statements have been reclassified to conform to the 2016 financial statement presentation.