
RANDALL'S ISLAND PARK ALLIANCE, INC.
(A Not-for-Profit Organization)
(Formerly Randall's Island Sports Foundation, Inc.)



Financial Statements
Year Ended December 31, 2012
With Comparative Totals for December 31, 2011

(Together with Independent Auditors' Report)



Independent Auditors' Report

To the Board of Trustees
Randall's Island Park Alliance, Inc.
New York, New York

We have audited the accompanying financial statements of Randall's Island Park Alliance, Inc. (A Non-Profit Organization) (the "Alliance"), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, functional expenses by natural classification, and cash flows for the year 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 controls 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 audit. We conducted our audit 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.

The prior year's summarized comparative information has been derived from the Alliance's 2011 financial statements and, in our report dated June 1, 2012, we expressed an unmodified opinion on those 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 Randall's Island Park Alliance, Inc., as of December 31, 2012, and the changes in its net assets, and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Mark Spaneth & Shanon LLP

New York, NY
June 14, 2013

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RANDALL'S ISLAND PARK ALLIANCE, INC.
(A Not-for-Profit Organization)

Statement of Financial Position

December 31, 2012
(With Comparative Totals for 2011)

	<u>2012</u>	<u>2011</u>
ASSETS		
Cash and cash equivalents - Note 2		
General Operating Cash	\$ 3,633,505	\$ 3,817,265
Board Designated Reserve Fund - Note 4	701,506	-
	<u>4,335,011</u>	<u>3,817,265</u>
Total Cash and Cash Equivalents	4,335,011	3,817,265
Prepaid expenses and other assets	142,860	149,978
Prepaid expenses - City of New York/Parks & Recreation - Note 6	219,523	184,482
Contributions and license revenue receivable	136,128	861,841
	<u>136,128</u>	<u>861,841</u>
Total Assets	<u>\$ 4,833,522</u>	<u>\$ 5,013,566</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 571,625	\$ 186,600
Accounts payable - Randall's Island Fields Group, LLC - Note 11	400,000	400,000
Deferred events revenue	66,084	102,850
	<u>1,037,709</u>	<u>689,450</u>
Total Liabilities	1,037,709	689,450
NET ASSETS		
Unrestricted	3,795,813	4,255,340
Temporarily restricted - Note 3	-	68,776
	<u>3,795,813</u>	<u>4,324,116</u>
Total Net Assets	3,795,813	4,324,116
Total Liabilities and Net Assets	<u>\$ 4,833,522</u>	<u>\$ 5,013,566</u>

See accompanying notes to the financial statements.

RANDALL'S ISLAND PARK ALLIANCE, INC.
(A Not-for-Profit Organization)

Statement of Activities

Year Ended December 31, 2012
(With Comparative Totals for 2011)

	<u>2012</u>			<u>2011</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
REVENUES, INVESTMENT INCOME AND OTHER SUPPORT				
Special events revenue - Note 12	\$ 83,770	\$ -	\$ 83,770	\$ -
Less: cost of direct benefits to donors	(115,013)		(115,013)	-
Special events, net	(31,243)	-	(31,243)	-
Capital projects				
Pledges and contributions	515,421	-	515,421	39,215
General support				
Grants and contributions - Note 7	1,955,662	-	1,955,662	2,402,832
Fundraising events	861,826	-	861,826	-
In-kind support	113,115	-	113,115	119,115
License revenue (Park Revenue) - Note 5	3,913,549	-	3,913,549	3,308,902
Investment income	11,205	-	11,205	11,476
Net assets released from restrictions:				
Satisfaction of program restrictions	68,776	(68,776)	-	-
 Total Revenues, Investment Income and Other Support	 <u>7,408,311</u>	 <u>(68,776)</u>	 <u>7,339,535</u>	 <u>5,881,540</u>
EXPENSES				
Program services				
Capital Projects	738,280	-	738,280	769,584
Icahn Stadium	1,866,851	-	1,866,851	441,673
Maintenance and improvement of parkland	3,342,802	-	3,342,802	2,690,494
Youth and education programs	605,888	-	605,888	600,064
Management and general	776,369	-	776,369	844,897
Fundraising	537,648	-	537,648	270,103
 Total Expenses	 <u>7,867,838</u>	 <u>-</u>	 <u>7,867,838</u>	 <u>5,616,815</u>
Change in Net Assets	(459,527)	(68,776)	(528,303)	264,725
Net Assets at Beginning of Year	4,255,340	68,776	4,324,116	4,059,391
Net Assets at End of Year	<u>\$ 3,795,813</u>	<u>\$ -</u>	<u>\$ 3,795,813</u>	<u>\$ 4,324,116</u>

See accompanying notes to the financial statements.

RANDALL'S ISLAND PARK ALLIANCE, INC.
(A Not-for-Profit Organization)

Statement of Functional Expenses
Year Ended December 31, 2012
(With Comparative Totals for 2011)

	Year ended December 31, 2012								Year ended December 31, 2011
	Program Services				Supporting Services			Total Program and Supporting Services	
	Capital Projects	Icahn Stadium	Maintenance and Improvement of Parkland	Youth and Education Programs	Total Program Services	Management and General	Fund Raising		
Salaries and payroll taxes	\$ 88,789	\$ 388,870	\$ 1,523,631	\$ 305,003	\$ 2,306,293	\$ 254,238	\$ 215,013	\$ 2,775,544	\$ 2,405,200
Employee benefits	6,414	28,094	110,074	22,035	166,617	18,367	15,533	200,517	227,631
Salaries and fringe - ball field crew		-	654,693	-	654,693	-	-	654,693	481,596
Contracted services and professional fees	643,077	22,023	204,153	35,575	904,828	49,931	67,444	1,022,203	342,103
Management, general and operating expenses	-	25,674	36,034	3,296	65,004	312,871	-	377,875	402,918
Park maintenance, supplies and equipment	-	1,402,190	814,217	-	2,216,407	-	-	2,216,407	1,154,860
Strategic Plan	-	-	-	-	-	-	-	-	95,492
TBTA (See Note 7)	-	-	-	-	-	-	-	-	109,000
Fundraising and related expenses	-	-	-	-	-	-	239,658	239,658	27,442
RIK program expenses	-	-	-	239,979	239,979	-	-	239,979	268,811
Marketing and communications	-	-	-	-	-	140,962	-	140,962	101,762
Total	\$ 738,280	\$ 1,866,851	\$ 3,342,802	\$ 605,888	\$ 6,553,821	\$ 776,369	\$ 537,648	\$ 7,867,838	\$ 5,616,815

See accompanying notes to the financial statements.

RANDALL'S ISLAND PARK ALLIANCE, INC.
(A Not-for-Profit Organization)

Statement of Cash Flows

Year Ended December 31, 2012
(With Comparative Totals for 2011)

	<u>2012</u>	<u>2011</u>
OPERATING ACTIVITIES		
Change in net assets	\$ (528,303)	\$ 264,725
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Increase (decrease) in cash flows due to change in operating assets and liabilities:		
Prepaid expenses	7,118	(113,212)
Prepaid expenses - City of New York/Parks & Recreation -	(35,041)	18,628
Contributions receivable	725,713	7,316
Accounts payable and accrued expenses	385,025	11,303
Deferred events revenue	(36,766)	102,850
	<u>517,746</u>	<u>291,610</u>
Net Cash Provided by Operating Activities		
	<u>517,746</u>	<u>291,610</u>
Increase in Cash and Cash Equivalents	517,746	291,610
Cash and Cash Equivalents at Beginning of Year	<u>3,817,265</u>	<u>3,525,655</u>
Cash and Cash Equivalents at End of Year	<u>\$ 4,335,011</u>	<u>\$ 3,817,265</u>

See accompanying notes to the financial statements.

RANDALL'S ISLAND PARK ALLIANCE, INC.
(A Not-for-Profit Organization)

Notes to Financial Statements

NOTE 1: ORGANIZATION

The Randall's Island Park Alliance, Inc. (the "Alliance") is a not-for-profit public/private partnership with the City of New York/Parks & Recreation ("Parks Department") and is a tax exempt organization under the Internal Revenue Code and the laws of New York State. The Alliance's mission is to provide an innovative and exciting destination through a wide range of sports venues, cultural events and environmental exploration. As the dedicated steward of Randall's Island Park, the Alliance sustains, maintains, develops and programs the Park to support the wellbeing of all New Yorkers. The Foundation was founded in 1992 as part of the City Parks Foundation and incorporated on January 24, 1994, under Section 402 of the Not-for-Profit Corporation Law of the State of New York.

Effective February 28, 2012, the Randall's Island Sports Foundation, Inc. changed its name to the Randall's Island Park Alliance, Inc.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Contributions

Cash contributions and unconditional promises to give are recorded as income when received. They are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Temporarily restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions. Temporarily restricted contributions are recorded as unrestricted support when donor-imposed restrictions expire or are satisfied in the same reporting period for which they were received. The Alliance had no permanently restricted net assets as of December 31, 2012 and 2011, respectively.

Promises to Give

Unconditional promises to give are recognized as contribution revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Promises to give are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Cash and Cash Equivalents

For purposes of the statements of financial position and cash flows, the Alliance considers all unrestricted, liquid investments with a maturity of three months or less when acquired to be cash equivalents.

Concentration of Credit Risk

The Alliance maintains its cash balances at two financial institutions. At December 31, 2012, accounts at the institutions were insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. As of December 31, 2011, certain additional amounts were FDIC insured under the Transaction Account Guarantee Program. As of December 31, 2012 and 2011, the Alliance's uninsured bank balances totaled \$4,460,846 and \$3,952,833, respectively, and approximately \$1,000,000 of these uninsured balances are held in U.S. Treasuries.

RANDALL'S ISLAND PARK ALLIANCE, INC.
(A Not-for-Profit Organization)

Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results may ultimately differ from estimates.

Comparative Financial Information:

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Alliance's financial statements for the year ended December 31, 2011, from which the summarized information was derived. Certain reclassifications may have been made to the 2011 financial statement presentation to correspond to the current year's presentation. Net assets and changes in net assets are unchanged due to these reclassifications.

Functional Allocation of Expenses

The costs of providing the program services and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated in an approximate manner among program, management and general and fundraising.

Income Tax Status

The Alliance is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Alliance follows the provisions of FASB ASC 740 "Income Taxes", which provides standards for establishing and classifying any tax provisions for uncertain tax positions. The Alliance is no longer subject to federal or state and local income tax examinations by tax authorities for years before 2009.

In-Kind Contributions and Contributed Services

In-kind contributions are reflected as contributions at their fair value at date of donation and are reported as unrestricted support unless explicit donor stipulations specify how donated assets must be used.

The Alliance recognizes the fair values of contributed services received if such services create or enhance long-lived assets, or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed.

RANDALL'S ISLAND PARK ALLIANCE, INC.
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Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The amounts reflected in the accompanying financial statements as contributions in-kind are offset by like amounts included in expenses.

Subsequent Events

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through June 14, 2013, the date the financial statements were available to be issued.

NOTE 3: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of cash contributions restricted by donors for specific program services.

As of December 31, 2012, there are no temporarily restricted net assets.

NOTE 4: BOARD DESIGNATED RESERVE FUND

The Alliance's Board has established a reserve fund which will be used to build capacity for fields maintenance and for future capital projects. The reserve fund is unrestricted and held in cash.

As of December 31, 2012, the reserve fund amounted to \$701,506.

NOTE 5: LICENSE REVENUES (Park Revenue)

Effective December 31, 2001, the Alliance entered into a License Agreement ("License") with the Parks Department. The License provides for the Alliance to directly receive revenues from park events, or services it provides, which are used to offset expenses incurred by the Alliance for the operations of Randall's Island Park. Operations include maintenance and improvement of Park Land as well as Youth and Education programs. From December 31, 2007 through December 31, 2012, the Alliance has incurred expenses for the operations of Randall's Island Park in excess of revenues received in accordance with the License. The agreement was renewed on December 24, 2012 for a ten year term, which will expire as of December 24, 2022.

NOTE 6: PREPAID EXPENSES - CITY OF NEW YORK/PARKS & RECREATION

The Alliance has agreed to provide annual payments of \$420,000 to the Parks Department in consideration of Parks Department staff positions at Randall's Island. These payments entitle the Alliance to the use of Parks Department personnel and services during the Parks Department fiscal year. During the years ended December 31, 2012 and 2011, the expenditures relating to these annual payments are included in the Statement of Functional expenses as Salaries and payroll taxes, Employee benefits, and Salaries and fringe – ball field crew, Management, general and operating expenses, and Park maintenance, supplies and equipment. Prepaid expenses which are not used by the end of the Parks Department fiscal year are retained by the Parks Department and included in the Statement of Functional Expenses as Program Service and Management and General Expenses. Prepaid Expenses – City of New York/Parks & Recreation expire on June 30, 2013 if not utilized before this date.

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Notes to Financial Statements

NOTE 7: TBTA TRANSACTION & NYC OFFICE OF COMPTROLLER AUDIT

In connection with an agency transaction performed by the Alliance between the Triborough Bridge and Tunnel Authority and the Parks Department ("TBTA Transaction"), the Alliance recognized income of approximately \$109,000 in prior years, classified as grants and contributions revenue, which reflects the approximate amount of interest earned on cash held as agent during the transaction.

The New York City Office of the Comptroller ("Comptroller") completed an audit of the Alliance's compliance with its License Agreement with the Parks Department on May 5, 2011. The audit report included a recommendation that the Alliance repay \$109,000 to the City. This amount represented cumulative imputed interest earned on cash held as agent during the TBTA Transaction.

Pursuant to the Comptroller's Audit, the Alliance made a grant of \$109,000 to the Parks Department on March 25, 2011. The grant is included on the Statement of Functional Expenses.

NOTE 8: IN-KIND SUPPORT AND CONTRIBUTED SERVICES

The Parks Department allows the Alliance to use some of its space located at 24 West 61st Street, New York, NY. No rent is paid by the Alliance. The Alliance has estimated the rental value based on average asking rents for their location. In addition, the Parks Department allows the Alliance to use its phones and computer equipment, and provides the Alliance with some office supplies. The value of the in-kind contributions from the Parks Department for the years ended December 31, 2012 and 2011 amounted to \$98,115 for each year. These amounts are included in the statement of activities as in-kind support and are offset by like amounts included in expenses.

The Alliance received contributed professional services during the years ended December 31, 2012 and 2011, with estimated values of \$15,000 and \$21,000, respectively. These amounts are included in the statement of activities as in-kind support and are offset by like amounts included in expenses. Additionally, a substantial number of volunteers have donated significant amounts of their time to the Alliance for various projects. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort under generally accepted accounting principles have not been satisfied.

NOTE 9: CAPITAL IMPROVEMENTS

The Alliance's staff works to secure and manage a variety of capital funds from government agencies and private sources for the restoration and development of Randall's Island. The capital funds which are a result of this significant investment in time and resources are not reflected in these financial statements.

Capital improvements, title to which rests with the City of New York, developed through public funding secured by the Alliance are ongoing, and include Waterfront Pathways, Environmental Restoration, Seawall Reconstruction, Infrastructure & Access Improvements, and Sports Fields Development.

RANDALL'S ISLAND PARK ALLIANCE, INC.
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Notes to Financial Statements

NOTE 10: 403(b) SAVINGS PLAN

The Alliance has a 403(b) savings plan (the "Plan"). Participation in the savings part of the Plan is voluntary. Participants are eligible to contribute salary reductions on their first day of employment. Participants are eligible for employer contributions upon completion of one year of service and attainment of age 21. Employer contributions are discretionary and are shared pro-rata among eligible Participants for the year. Employer contributions for the years ended December 31, 2012 and 2011 were \$24,259 and \$21,333, respectively.

NOTE 11: LITIGATION AND CONTINGENCIES

In June 2009, Randall's Island Fields Group, LLC (the "Fields Group") entered into a sole source license agreement with the Parks Department and the Alliance which provided the Fields Group the right to use certain sports fields on Randall's Island during certain hours in exchange for \$400,000 annual concession payments to the Alliance and certain other payments to the Parks Department. The license agreement was subsequently nullified by the Supreme Court of New York State – New York County, as a result of legal action taken by a group of petitioners. Under an agreement between the Parks Department and the petitioners (the "Agreement"), if the sole source license agreement were to remain nullified after all appeals were final and have been exhausted, the Alliance must return the \$400,000 received from the Fields Group in 2009. Since the Agreement was nullified in the Supreme Court, a liability of \$400,000 has been accrued. However, the Parks Department still has the ability to appeal the decision if it so chooses. Nevertheless, the Alliance's management believes that the return of funds is probable.

On February 16, 2012, the Alliance was named as the defendant in a personal injury lawsuit for an undisclosed amount. On October 17, 2012, the Alliance was named as the defendant in another personal injury lawsuit for an undisclosed amount. Pursuant to the Alliance's License Agreement with the City of New York (the "City") regarding litigation, the City will answer on behalf of the Alliance and pay, on its behalf, any judgment arising from the claims. The status of this litigation as of the date the financial statements were available to be issued is pending.

NOTE 12: SPECIAL EVENTS REVENUE

In 2009 the IRS redesigned Form 990 and, among other changes, restructured the reporting of special events in order to elucidate the return benefit and donated portions associated with sales of tickets to charitable fundraising events. The overall revenue for the 2012 Annual Benefit Event was \$945,596. The return benefit of ticket sales to donors is presented as "Special events revenue". The donative portion of ticket sales to donors is presented as "Fundraising events".