



**Financial Statements
(Together with Independent Auditors' Report)**

For the Years Ended December 31, 2014 and 2013

M A R K S P A N E T H

ACCOUNTANTS & ADVISORS

RANDALL'S ISLAND PARK ALLIANCE, INC.

**FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)**

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Statements of Financial Position.....	2
Statements of Activities	3
Statements of Functional Expenses	4-5
Statements of Cash Flows	6
Notes to Financial Statements	7-10

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Randall's Island Park Alliance, Inc. (the "Alliance"), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, functional expenses 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 State 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 audits 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 auditors' 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 Randall's Island Park Alliance, Inc. as of December 31, 2014 and 2013, 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.



New York, NY
May 14, 2015

RANDALL'S ISLAND PARK ALLIANCE, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2014 AND 2013

	2014	2013
ASSETS		
Cash and cash equivalents (Notes 2C, 4 and 11)	\$ 6,070,455	\$ 5,336,201
Contributions and license revenue receivable (Notes 2D and 3)	269,841	311,969
Prepaid expenses and other assets	104,374	96,440
Prepaid expenses - City of New York/Parks and Recreation (Note 6)	162,991	135,522
TOTAL ASSETS	\$ 6,607,661	\$ 5,880,132
LIABILITIES		
Accounts payable and accrued expenses	\$ 177,855	\$ 280,374
Due to Randall's Island Field Groups, LLC (Note 9B)	400,000	400,000
Deferred events revenue (Note 2H)	146,084	393,584
TOTAL LIABILITIES	723,939	1,073,958
CONTINGENCIES (Note 9)		
NET ASSETS (Note 2B)		
Unrestricted		
Operating	4,612,484	3,960,436
Board designated reserve fund (Note 4)	1,046,238	745,738
Total unrestricted	5,658,722	4,706,174
Temporarily restricted (Note 12)	225,000	100,000
TOTAL NET ASSETS	5,883,722	4,806,174
TOTAL LIABILITIES AND NET ASSETS	\$ 6,607,661	\$ 5,880,132

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

RANDALL'S ISLAND PARK ALLIANCE, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	Year Ended December 31, 2014			Year Ended December 31, 2013		
	Unrestricted	Temporarily Restricted	Total 2014	Unrestricted	Temporarily Restricted	Total 2013
REVENUE, INVESTMENT INCOME AND OTHER SUPPORT:						
Special events revenue (Notes 2I and 13)	\$ 1,480,110	\$ -	\$ 1,480,110	\$ 1,279,131	\$ -	\$ 1,279,131
Less: cost of direct benefit to donors	(238,834)	-	(238,834)	(182,970)	-	(182,970)
Net revenues from special events	1,241,276	-	1,241,276	1,096,161	-	1,096,161
Pledges and contributions - capital projects	-	-	-	77,814	-	77,814
Grants and contributions	2,214,150	150,000	2,364,150	1,890,273	100,000	1,990,273
In-kind support (Notes 2E and 7)	98,115	-	98,115	103,115	-	103,115
License revenue (Note 5)	4,903,514	-	4,903,514	4,628,699	-	4,628,699
Investment income	10,575	-	10,575	9,593	-	9,593
Net assets released from restrictions (Note 12)	25,000	(25,000)	-	-	-	-
TOTAL REVENUE, INVESTMENT INCOME AND OTHER SUPPORT	8,492,630	125,000	8,617,630	7,805,655	100,000	7,905,655
EXPENSES:						
Program Services:						
Capital projects	112,740	-	112,740	170,324	-	170,324
Icahn stadium	847,367	-	847,367	847,732	-	847,732
Maintenance and improvement of parkland	4,475,444	-	4,475,444	3,932,741	-	3,932,741
Other programming expenses	815,105	-	815,105	527,394	-	527,394
Total program services	6,250,656	-	6,250,656	5,478,191	-	5,478,191
Supporting Services:						
Management and general	736,359	-	736,359	785,055	-	785,055
Fundraising	553,067	-	553,067	632,048	-	632,048
Total supporting services	1,289,426	-	1,289,426	1,417,103	-	1,417,103
TOTAL EXPENSES	7,540,082	-	7,540,082	6,895,294	-	6,895,294
CHANGE IN NET ASSETS	952,548	125,000	1,077,548	910,361	100,000	1,010,361
Net assets - beginning of year	4,706,174	100,000	4,806,174	3,795,813	-	3,795,813
NET ASSETS - END OF YEAR	\$ 5,658,722	\$ 225,000	\$ 5,883,722	\$ 4,706,174	\$ 100,000	\$ 4,806,174

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

RANDALL'S ISLAND PARK ALLIANCE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014
(With Comparative Totals For December 31, 2013)

	For the Year Ended December 31, 2014									
	Program Services				Supporting Services				Total 2014	Total 2013
	Capital Projects	Icahn Stadium	Maintenance and Improvement of Parkland	Other Programming Expenses	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Salaries (Note 6)	\$ 72,565	\$ 421,743	\$ 1,722,026	\$ 443,136	\$ 2,659,470	\$ 280,693	\$ 257,656	\$ 538,349	\$ 3,197,819	\$ 3,260,252
Payroll taxes and employee benefits (Notes 6 and 10)	8,175	86,180	403,182	71,965	569,502	35,122	38,842	73,964	643,466	561,501
Total Salaries and Related Costs	80,740	507,923	2,125,208	515,101	3,228,972	315,815	296,498	612,313	3,841,285	3,821,753
Salaries and fringe - grant funded Park positions	-	-	363,597	-	363,597	-	-	-	363,597	447,839
Contracted services and professional fees	32,000	50,359	759,882	68,067	910,308	28,009	104,419	132,428	1,042,736	373,301
Management, general and operating expenses (Note 6)	-	7,330	39,112	1,094	47,536	354,255	-	354,255	401,791	413,719
Park maintenance, supplies and equipment (Note 6)	-	281,755	1,187,645	-	1,469,400	-	-	-	1,469,400	1,310,250
Fundraising and related expenses	-	-	-	-	-	-	152,150	152,150	152,150	292,752
Programming expenses	-	-	-	230,843	230,843	-	-	-	230,843	176,033
Marketing and communications	-	-	-	-	-	38,280	-	38,280	38,280	59,647
TOTAL EXPENSES	\$ 112,740	\$ 847,367	\$ 4,475,444	\$ 815,105	\$ 6,250,656	\$ 736,359	\$ 553,067	\$ 1,289,426	\$ 7,540,082	\$ 6,895,294

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

**RANDALL'S ISLAND PARK ALLIANCE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Program Services					Supporting Services			Total 2013
	Capital Projects	Icahn Stadium	Maintenance and Improvement of Parkland	Youth and Educational Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries (Note 6)	\$ 98,517	\$ 378,961	\$ 1,973,412	\$ 291,340	\$ 2,742,230	\$ 250,654	\$ 267,368	\$ 518,022	\$ 3,260,252
Payroll taxes and employee benefits (Notes 6 and 10)	18,824	72,408	315,623	55,667	462,522	47,893	51,086	98,979	561,501
Total Salaries and Related Costs	117,341	451,369	2,289,035	347,007	3,204,752	298,547	318,454	617,001	3,821,753
Salaries and fringe - grant funded Park positions	-	-	447,839	-	447,839	-	-	-	447,839
Contracted services and professional fees	52,983	78,565	161,924	3,167	296,639	55,820	20,842	76,662	373,301
Management, general and operating expenses (Note 6)	-	11,460	30,031	1,187	42,678	371,041	-	371,041	413,719
Park maintenance, supplies and equipment (Note 6)	-	306,338	1,003,912	-	1,310,250	-	-	-	1,310,250
Fundraising and related expenses	-	-	-	-	-	-	292,752	292,752	292,752
Programming expenses	-	-	-	176,033	176,033	-	-	-	176,033
Marketing and communications	-	-	-	-	-	59,647	-	59,647	59,647
TOTAL EXPENSES	\$ 170,324	\$ 847,732	\$ 3,932,741	\$ 527,394	\$ 5,478,191	\$ 785,055	\$ 632,048	\$ 1,417,103	\$ 6,895,294

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

RANDALL'S ISLAND PARK ALLIANCE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,077,548	\$ 1,010,361
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Contributions and license revenue receivable	42,128	(175,841)
Prepaid expenses and other assets	(7,934)	46,420
Prepaid expenses - City of New York/Parks and Recreation	(27,469)	84,001
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(102,519)	(291,251)
Deferred events revenue	(247,500)	327,500
Net Cash Provided by Operating Activities	734,254	1,001,190
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 734,254	 1,001,190
Cash and cash equivalents - beginning of year	5,336,201	4,335,011
 CASH AND CASH EQUIVALENTS - END OF YEAR	 \$ 6,070,455	 \$ 5,336,201

RANDALL'S ISLAND PARK ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 1—ORGANIZATION AND NATURE OF ACTIVITIES

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 Alliance, formerly known as the Randall's Island Sports 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.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. ***Basis of Accounting*** – The Alliance's financial statements have been prepared on the accrual basis of accounting. The Alliance adheres to accounting principles generally accepted in the United States of America ("U.S. GAAP").
- B. ***Contributions*** – Cash contributions and unconditional promises to give are recorded as revenue when received. Conditional promises to give are recognized when they become unconditional, that is, when the conditions are substantially met. It is the Alliance's practice to discount promises to give due in more than one year to present value unless the amount is immaterial. Contributions 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, 2014 and 2013, respectively.
- C. ***Cash and Cash Equivalents*** – The Alliance considers all highly liquid instruments with maturities of 3 months or less when acquired to be cash equivalents.
- D. ***Allowance for Uncollectible Receivables*** – The Alliance determines whether an allowance for uncollectible receivables should be provided for contributions and license revenue receivable. Such estimates are based on management's assessment of the aged basis of the receivable, current economic conditions and historical information. As of December 31, 2014 and 2013, the Alliance determined that no allowance was necessary.
- E. ***In-kind Contributions*** – In-kind contributions are reflected as contributions at their fair value at the 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. The amounts reflected in the accompanying financial statements as contributions in-kind are offset by like amounts included in expenses.
- F. ***Functional Allocation of Expenses*** – The costs of providing the various program services and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.
- G. ***Use of Estimates*** – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures at the date of the financial statements. Actual results could differ from those estimates.
- H. ***Deferred Events Revenue*** – The Alliance receives cash in advance of special events that are to be held after the statements of financial position date. It is the Alliance's policy to refund all cash received in advance of special events for the exchange portion if the event is subsequently cancelled. Cash received in excess of revenue recognized is recorded as deferred event revenue.

**RANDALL'S ISLAND PARK ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- I. **Special Events Revenue** – The Alliance conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. These costs are netted against special events revenue.
- J. **Reclassification** – Certain items in the December 31, 2013, financial statements have been reclassified to conform to the December 31, 2014, presentation and had no impact on the change in net assets for the year ended December 31, 2013.

NOTE 3—CONTRIBUTIONS AND LICENSE REVENUE RECEIVABLE

As of December 31, 2014 and 2013, contributions and license revenue receivables are scheduled to be received as follows:

	<u>2014</u>	<u>2013</u>
Amount due in less than one year	\$ 119,841	\$ 236,969
Amount due in one to five years	<u>150,000</u>	<u>75,000</u>
	<u>\$ 269,841</u>	<u>\$ 311,969</u>

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 and cash equivalents. As of December 31, 2014 and 2013, the reserve fund amounted to \$1,046,238 and \$745,738, respectively.

NOTE 5—LICENSE 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, 2014, 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 AND 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, 2014 and 2013, the expenditures relating to these annual payments are included in the statements of functional expenses as salaries, payroll taxes and employee benefits, management, general and operating expenses, and park maintenance, supplies and equipment. Prepaid expenses which are not used by June 30 of the following year are retained by the Parks Department and included in the statements of functional expenses as program service and management and general expenses.

RANDALL'S ISLAND PARK ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 7—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, 2014 and 2013, amounted to \$98,115. These amounts are included in the statements of activities as in-kind support and are offset by like amounts included in expenses.

The Alliance received contributed professional services during the year ended December 31, 2013 (none in 2014), with an estimated value of \$5,000. This amount is included in the statements 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 statements of activities because the criteria for recognition of such volunteer effort under U.S. GAAP have not been satisfied.

NOTE 8—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 and Access Improvements, and Sports Fields Development.

NOTE 9—CONTINGENCIES

- A. The Alliance has no uncertain tax positions as of December 31, 2014 and 2013, in accordance with Accounting Standards Codification ("ASC") Topic 740, 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 fiscal years ended before 2011.
- B. 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. Nevertheless, the Alliance's management believes that the return of funds is probable.

NOTE 10—403(B) SAVINGS PLAN

The Alliance maintains 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, 2014 and 2013, amounted to \$32,144 and \$25,164, respectively.

RANDALL'S ISLAND PARK ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 11—CONCENTRATION OF CREDIT RISK

Cash and cash equivalents that potentially subject the Alliance to a concentration of credit risk include cash accounts with a bank that exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits. Interest-bearing accounts are insured up to \$250,000 per depositor. As of December 31, 2014 and 2013, there was approximately \$5,725,000 and \$5,371,000, respectively, of cash and cash equivalents held by banks that exceeded FDIC limits. Such excess includes outstanding checks.

NOTE 12 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following as of December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Time restrictions	<u>\$ 225,000</u>	<u>\$ 100,000</u>

Net assets released from restrictions during the years ended December 31, 2014 and 2013 amounted to \$25,000 and \$0, respectively.

NOTE 13—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 2014 and 2013 annual benefit events amounted to \$1,480,110 and \$1,279,131, respectively.

NOTE 14—SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through May 14, 2015, the date the financial statements were available to be issued.