



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

For the Years Ended December 31, 2013 and 2012

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, 2013 AND 2012

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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, 2013 and 2012, 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 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 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, 2013 and 2012, 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
June 11, 2014

RANDALL'S ISLAND PARK ALLIANCE, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2013 AND 2012

	2013	2012
ASSETS		
Cash and cash equivalents (Notes 2C, 4 and 11)	\$ 5,336,201	\$ 4,335,011
Contributions and license revenue receivable (Notes 2D and 3)	311,969	136,128
Prepaid expenses and other assets	96,440	142,860
Prepaid expenses - City of New York/Parks and Recreation (Note 6)	135,522	219,523
TOTAL ASSETS	\$ 5,880,132	\$ 4,833,522
LIABILITIES		
Accounts payable and accrued expenses	\$ 280,374	\$ 571,625
Due to Randall's Island Field Groups, LLC (Note 9B)	400,000	400,000
Deferred events revenue (Note 2H)	393,584	66,084
TOTAL LIABILITIES	1,073,958	1,037,709
CONTINGENCIES (Note 9)		
NET ASSETS (Note 2B)		
Unrestricted		
Operating	3,960,436	3,067,575
Board designated reserve fund (Note 4)	745,738	728,238
Total unrestricted	4,706,174	3,795,813
Temporarily restricted (Note 12)	100,000	-
TOTAL NET ASSETS	4,806,174	3,795,813
TOTAL LIABILITIES AND NET ASSETS	\$ 5,880,132	\$ 4,833,522

RANDALL'S ISLAND PARK ALLIANCE, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Year Ended December 31, 2013			Year Ended December 31, 2012		
	Unrestricted	Temporarily Restricted	Total 2013	Unrestricted	Temporarily Restricted	Total 2012
REVENUE, INVESTMENT INCOME AND OTHER SUPPORT:						
Special events revenue (Notes 2I and 13)	\$ 1,279,131	\$ -	\$ 1,279,131	\$ 945,596	\$ -	\$ 945,596
Less: cost of direct benefit to donors	(182,970)	-	(182,970)	(115,013)	-	(115,013)
Net revenues from special events	1,096,161	-	1,096,161	830,583	-	830,583
Pledges and contributions - capital projects	77,814	-	77,814	515,421	-	515,421
Grants and contributions	1,890,273	100,000	1,990,273	1,955,662	-	1,955,662
In-kind support (Notes 2E and 7)	103,115	-	103,115	113,115	-	113,115
License revenue (Note 5)	4,628,699	-	4,628,699	3,913,549	-	3,913,549
Investment income	9,593	-	9,593	11,205	-	11,205
Net assets released from restrictions (Note 12)	-	-	-	68,776	(68,776)	-
TOTAL REVENUE, INVESTMENT INCOME AND OTHER SUPPORT	7,805,655	100,000	7,905,655	7,408,311	(68,776)	7,339,535
EXPENSES:						
Program Services:						
Capital projects	170,324	-	170,324	738,280	-	738,280
Icahn stadium	847,732	-	847,732	1,866,851	-	1,866,851
Maintenance and improvement of parkland	3,932,741	-	3,932,741	3,342,802	-	3,342,802
Youth and education programs	527,394	-	527,394	605,888	-	605,888
Total program services	5,478,191	-	5,478,191	6,553,821	-	6,553,821
Supporting Services:						
Management and general	785,055	-	785,055	776,369	-	776,369
Fundraising	632,048	-	632,048	537,648	-	537,648
Total supporting services	1,417,103	-	1,417,103	1,314,017	-	1,314,017
TOTAL EXPENSES	6,895,294	-	6,895,294	7,867,838	-	7,867,838
CHANGE IN NET ASSETS	910,361	100,000	1,010,361	(459,527)	(68,776)	(528,303)
Net assets - beginning of year	3,795,813	-	3,795,813	4,255,340	68,776	4,324,116
NET ASSETS - END OF YEAR	\$ 4,706,174	\$ 100,000	\$ 4,806,174	\$ 3,795,813	\$ -	\$ 3,795,813

RANDALL'S ISLAND PARK ALLIANCE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013
(With Comparative Totals For December 31, 2012)

	For the Year Ended December 31, 2013									
	Program Services					Supporting Services				
	Capital Projects	Icahn Stadium	Maintenance and Improvement of Parkland	Youth and Educational Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2013	Total 2012
Salaries (Note 6)	\$ 98,517	\$ 378,961	\$ 1,651,864	\$ 291,340	\$ 2,420,682	\$ 250,654	\$ 267,368	\$ 518,022	\$ 2,938,704	\$ 2,483,022
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	493,039
Total Salaries and Related Costs	117,341	451,369	1,967,487	347,007	2,883,204	298,547	318,454	617,001	3,500,205	2,976,061
Salaries and fringe - grant funded Park positions	-	-	769,387	-	769,387	-	-	-	769,387	654,693
Contracted services and professional fees	52,983	78,565	161,924	3,167	296,639	55,820	20,842	76,662	373,301	1,022,203
Management, general and operating expenses (Note 6)	-	11,460	30,031	1,187	42,678	371,041	-	371,041	413,719	377,875
Park maintenance, supplies and equipment (Note 6)	-	306,338	1,003,912	-	1,310,250	-	-	-	1,310,250	2,216,407
Fundraising and related expenses	-	-	-	-	-	-	292,752	292,752	292,752	239,658
Programming expenses	-	-	-	176,033	176,033	-	-	-	176,033	239,979
Marketing and communications	-	-	-	-	-	59,647	-	59,647	59,647	140,962
TOTAL EXPENSES	\$ 170,324	\$ 847,732	\$ 3,932,741	\$ 527,394	\$ 5,478,191	\$ 785,055	\$ 632,048	\$ 1,417,103	\$ 6,895,294	\$ 7,867,838

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, 2012**

	<u>Program Services</u>					<u>Supporting Services</u>			<u>Total 2012</u>
	<u>Capital Projects</u>	<u>Icahn Stadium</u>	<u>Maintenance and Improvement of Parkland</u>	<u>Youth and Educational Programs</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	
Salaries (Note 6)	\$ 79,431	\$ 347,886	\$ 1,363,052	\$ 272,858	\$ 2,063,227	\$ 227,443	\$ 192,352	\$ 419,795	\$ 2,483,022
Payroll taxes and employee benefits (Notes 6 and 10)	<u>15,772</u>	<u>69,078</u>	<u>270,653</u>	<u>54,180</u>	<u>409,683</u>	<u>45,162</u>	<u>38,194</u>	<u>83,356</u>	<u>493,039</u>
Total Salaries and Related Costs	95,203	416,964	1,633,705	327,038	2,472,910	272,605	230,546	503,151	2,976,061
Salaries and fringe - grant funded Park positions	-	-	654,693	-	654,693	-	-	-	654,693
Contracted services and professional fees	643,077	22,023	204,153	35,575	904,828	49,931	67,444	117,375	1,022,203
Management, general and operating expenses (Note 6)	-	25,674	36,034	3,296	65,004	312,871	-	312,871	377,875
Park maintenance, supplies and equipment (Note 6)	-	1,402,190	814,217	-	2,216,407	-	-	-	2,216,407
Fundraising and related expenses	-	-	-	-	-	-	239,658	239,658	239,658
Programming expenses	-	-	-	239,979	239,979	-	-	-	239,979
Marketing and communications	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>140,962</u>	<u>-</u>	<u>140,962</u>	<u>140,962</u>
TOTAL EXPENSES	<u>\$ 738,280</u>	<u>\$ 1,866,851</u>	<u>\$ 3,342,802</u>	<u>\$ 605,888</u>	<u>\$ 6,553,821</u>	<u>\$ 776,369</u>	<u>\$ 537,648</u>	<u>\$ 1,314,017</u>	<u>\$ 7,867,838</u>

RANDALL'S ISLAND PARK ALLIANCE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,010,361	\$ (528,303)
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Contributions and license revenue receivable	(175,841)	725,713
Prepaid expenses and other assets	46,420	7,118
Prepaid expenses - City of New York/Parks and Recreation	84,001	(35,041)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(291,251)	385,025
Deferred events revenue	327,500	(36,766)
	<u>1,001,190</u>	<u>517,746</u>
Net Cash Provided by Operating Activities		
	<u>1,001,190</u>	<u>517,746</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,001,190	517,746
Cash and cash equivalents - beginning of year	<u>4,335,011</u>	<u>3,817,265</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 5,336,201</u>	<u>\$ 4,335,011</u>

RANDALL'S ISLAND PARK ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

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, 2013 and 2012, 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, 2013 and 2012, 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 Event 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, 2013 AND 2012**

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, 2012 financial statements have been reclassified to conform to the December 31, 2013 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, 2013 and 2012, contributions and license revenue receivables are scheduled to be received as follows:

	<u>2013</u>	<u>2012</u>
Amount due in less than one year	\$ 236,969	\$ 136,128
Amount due in one to five years	<u>75,000</u>	<u>-</u>
	<u>\$ 311,969</u>	<u>\$ 136,128</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, 2013 and 2012, the reserve fund amounted to \$745,738 and \$728,238, 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, 2013, 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, 2013 and 2012, 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, 2013 AND 2012

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, 2013 and 2012 amounted to \$98,115 for each year. 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 years ended December 31, 2013 and 2012 with estimated values of \$5,000 and \$15,000, respectively. These amounts are 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, 2013 and 2012 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 2010.
- 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, 2013 and 2012 amounted to \$25,164 and \$24,259, respectively.

**RANDALL'S ISLAND PARK ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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. Through December 31, 2012, noninterest-bearing accounts were fully insured. Beginning in 2013, noninterest-bearing accounts are insured the same as interest-bearing accounts. As of December 31, 2013 and 2012 there was approximately \$5,371,000 and \$4,460,846, 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, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Time restrictions	<u>\$ 100,000</u>	<u>\$ -</u>

Net assets released from restrictions during the years ended December 31, 2013 and 2012 amounted to \$0 and \$68,776, 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 2013 and 2012 annual benefit events amounted to \$1,279,131 and \$945,596, respectively. 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 revenue.

NOTE 14—SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through June 11, 2014, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through June 11, 2014 that would require adjustment to or disclosure in the financial statements.