NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2019 AND 2018

AND

INDEPENDENT AUDITORS' REPORT

FRIEDMAN LLP®

ACCOUNTANTS AND ADVISORS

NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
New York Restoration Project

We have audited the accompanying consolidated financial statements of New York Restoration Project and Consolidated Entities (the "Organization"), which comprise the consolidated statements of financial position as of September 30, 2019 and 2018, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

(Continued)

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of New York Restoration Project and Consolidated Entities as of September 30, 2019 and 2018, and the change in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Friedman LLP

January 30, 2020

NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	September 30, 2019	September 30, 2018
ASSETS		
Cash and cash equivalents	$ 881,387	$ 330,173
Cash and cash equivalents - restricted	-	18,333
Investments	5,443,357	5,907,508
Contributions receivable	4,906,815	4,381,588
Government grants receivable	298,760	608,415
Prepaid expenses	249,342	285,486
Other assets	60,615	60,615
Property and equipment, net	10,496,782	9,151,501
	$ 22,337,058	$ 20,743,619
LIABILITIES AND NET ASSETS		
Liabilities		
Line of credit	$ 1,280,000	$ 1,280,000
Accounts payable, accrued expenses and other liabilities	230,914	680,933
Loans payable	23,203	43,078
Deferred fundraising revenue	638,150	514,556
Total liabilities	2,172,267	2,518,567
Net assets		
Without donor restrictions		
Undesignated	9,134,314	7,652,721
Board-designated fund	1,272,500	1,240,000
Capital fund	706,922	758,384
Total without donor restrictions	11,113,736	9,651,105
With donor restrictions	9,051,055	8,573,947
Total net assets	20,164,791	18,225,052
	$ 22,337,058	$ 20,743,619

See notes to consolidated financial statements.

NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2019

		Without Donor Restrictions	With Donor Restrictions	Total
Operating				
Public support and revenue				
Contributions		$ 2,526,626	$ 1,481,500	$ 4,008,126
Grant income		2,624,118	-	2,624,118
Special events				
Revenue from special events	$ 2,915,193			
Less - Direct costs	(1,043,321)			
Net revenue from special events	1,871,872	1,871,872	-	1,871,872
Donated goods and services		220,512	-	220,512
Other income		10,471	-	10,471
Investment return appropriated for operations		220,000	-	220,000
Total public support and revenue		7,473,599	1,481,500	8,955,099
Net assets released from restrictions		1,004,392	(1,004,392)	-
Total public support and revenue, and net assets released from restrictions		8,477,991	477,108	8,955,099
Functional expenses				
Program services		5,041,164	-	5,041,164
Management and general		826,925	-	826,925
Fundraising		1,128,629	-	1,128,629
Total functional expenses		6,996,718	-	6,996,718
Increase in net assets from operating activities		1,481,273	477,108	1,958,381
Nonoperating				
Investment return (deficiency) in excess of amounts appropriated for operations		(18,642)	-	(18,642)
Increase in net assets		1,462,631	477,108	1,939,739
Net assets, beginning of year		9,651,105	8,573,947	18,225,052
Net assets, end of year		$ 11,113,736	$ 9,051,055	$ 20,164,791

See notes to consolidated financial statements.

NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2018

		Without Donor Restrictions	With Donor Restrictions	Total
Operating				
Public support and revenue				
Contributions		$ 2,069,840	$ 442,100	$ 2,511,940
Grant income		2,031,046	-	2,031,046
Special events				
Revenue from special events	$ 3,008,341			
Less - Direct costs	(1,085,457)			
Net revenue from special events	1,922,884	1,922,884	-	1,922,884
Donated goods and services		535,780	-	535,780
Other income		12,387	-	12,387
Investment return appropriated for operations		196,000	-	196,000
Total public support and revenue		6,767,937	442,100	7,210,037
Net assets released from restrictions		745,645	(745,645)	-
Total public support and revenue, and net assets released from restrictions		7,513,582	(303,545)	7,210,037
Functional expenses				
Program services		5,456,540	-	5,456,540
Management and general		791,496	-	791,496
Fundraising		1,221,287	-	1,221,287
Total functional expenses		7,469,323	-	7,469,323
Increase (decrease) in net assets from operating activities		44,259	(303,545)	(259,286)
Nonoperating				
Investment return in excess of amounts appropriated for operations		176,553	-	176,553
Gain on sale of air rights		207,000	-	207,000
Increase in net assets from non-operating activities		383,553	-	383,553
Increase (decrease) in net assets		427,812	(303,545)	124,267
Net assets, beginning of year		9,223,293	8,877,492	18,100,785
Net assets, end of year		$ 9,651,105	$ 8,573,947	$ 18,225,052

See notes to consolidated financial statements.

NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2019

	Program Services				Supporting Services		
	Operations and Maintenance	Engagement and Programs	Capital Activities	Total Program Services	Management and General	Fundraising	Total Expenses
Payroll and benefits	$ 2,039,052	$ 844,869	$ 201,697	$ 3,085,618	$ 416,329	$ 349,450	$ 3,851,397
Professional fees	137,361	36,396	301,805	475,562	94,973	284,867	855,402
Program materials and supplies	234,980	124,091	30,408	389,479	52	40,548	430,079
Occupancy	184,144	40,034	9,587	233,765	54,929	38,347	327,041
Office expense	380,608	121,840	15,895	518,343	242,651	415,417	1,176,411
Depreciation and amortization	293,530	-	-	293,530	15,630	-	309,160
Interest expense	44,867	-	-	44,867	2,361	-	47,228
	$ 3,314,542	$ 1,167,230	$ 559,392	$ 5,041,164	$ 826,925	$ 1,128,629	$ 6,996,718

See notes to consolidated financial statements.

NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2018

	Program Services				Supporting Services		
	Operations and Maintenance	Engagement and Programs	Capital Activities	Total Program Services	Management and General	Fundraising	Total Expenses
Payroll and benefits	$ 1,922,801	$ 982,408	$ 361,851	$ 3,267,060	$ 265,364	$ 529,726	$ 4,062,150
Professional fees	115,904	131,017	8,534	255,455	90,047	355,238	700,740
Program materials and supplies	315,270	177,519	93,262	586,051	76,206	152,634	814,891
Occupancy	130,356	63,023	41,595	234,974	37,815	34,265	307,054
Office expense	405,104	237,856	207,676	850,636	308,255	149,424	1,308,315
Depreciation and amortization	221,142	-	-	221,142	11,639	-	232,781
Interest expense	41,222	-	-	41,222	2,170	-	43,392
	$ 3,151,799	$ 1,591,823	$ 712,918	$ 5,456,540	$ 791,496	$ 1,221,287	$ 7,469,323

See notes to consolidated financial statements.

NEW YORK RESTORATION PROJECT AND CONSOLIDATED ENTITIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended September 30,	
	2019	2018
Cash flows from operating activities		
Increase in net assets	$ 1,939,739	$ 124,267
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	309,160	232,781
Donated marketable securities	(224,475)	-
Unrealized and realized gain on marketable securities, net	(64,929)	(233,043)
Changes in assets and liabilities		
Contributions receivable	(525,227)	233,727
Government grants receivable	309,655	(209,340)
Prepaid expenses	36,144	(88,670)
Other assets	-	20,400
Accounts payable, accrued expenses and other liabilities	(450,019)	(63,394)
Deferred fundraising revenue	123,594	(215,144)
Net cash provided by (used in) operating activities	1,453,642	(198,416)
Cash flows from investing activities		
Purchases of marketable securities	(1,864,926)	(4,435,538)
Proceeds from sale/maturity of marketable securities	2,618,481	4,609,092
Acquisition of property and equipment	(1,654,441)	(2,626,417)
Increase (decrease) in cash and cash equivalents - restricted	18,333	(9,239)
Net cash used in investing activities	(882,553)	(2,462,102)
Cash flows from financing activities		
Repayments under loans payable	(19,875)	(31,932)
Repayments under line of credit	(1,500,000)	-
Borrowings under line of credit	1,500,000	1,050,000
Net cash provided by (used in) financing activities	(19,875)	1,018,068
Net increase (decrease) in cash and cash equivalents	551,214	(1,642,450)
Cash and cash equivalents, beginning of year	330,173	1,972,623
Cash and cash equivalents, end of year	$ 881,387	$ 330,173
Supplemental cash flow disclosure		
Interest paid	$ 47,228	$ 43,392
Noncash investing activities		
Disposal of fully depreciated property and equipment - Peter Jay Sharp Boathouse	-	4,714,598

See notes to consolidated financial statements.

1 - ORGANIZATION AND NATURE OF OPERATIONS

New York Restoration Project ("NYRP"), formed in 1995, is a nonprofit organization operating under the laws of the State of New York. Its mission is to restore, develop and revitalize under-served parks, community gardens and open space in all five boroughs of the City of New York. Central to NYRP's mission is creating a context for community to happen. NYRP invests in the communities it serves by providing ongoing maintenance, grounds keeping, and horticultural services, as well as educational and public programming. NYRP is qualified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code ("IRC") and is exempt from state and local taxes under comparable laws.

New York Garden Trust (the "Trust"), formed in 1999 under the laws of the State of New York, is qualified as a tax-exempt organization under Section 501(c)(2) of the IRC. The Trust, which is controlled by NYRP, was organized exclusively to hold title to community garden sites acquired from the City of New York.

The Peter Jay Sharp Boathouse, Inc. (the "Boathouse"), formed in 2002 under the laws of the State of New York, is a qualified, tax-exempt organization under Section 501(c)(2) of the IRC. The Boathouse, which is controlled by NYRP, was organized exclusively to hold title to the boathouse located in Swindler Cove along the Harlem River. In fiscal 2016, the Boathouse was decommissioned upon termination of the management agreement with its tenant. On December 23, 2017, the Boathouse was sold with a net book value of zero for a nominal amount which resulted in no gain or loss upon disposition.

NYRP, the Trust, and the Boathouse are collectively referred to as the "Organization."

NYRP's major programs include the following: reclaiming, restoring and managing 52 community gardens citywide as well as two New York City Parks properties in Northern Manhattan, Highbridge Park and Sherman Creek Park (Operations and Maintenance); facilitating the creation of meaningful spaces to the community involved by offering educational programs, event programming and organizational support to community groups associated with the Organization's spaces (Engagement and Programs); and providing continuous capital improvements to open spaces, either directly for the Organization's properties or working on a fee for service basis for other open space agencies (Capital Activities).

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying consolidated financial statements have been prepared using the accrual basis of accounting, which conforms to accounting principles generally accepted in the United States of America ("GAAP") as applicable to not-for-profit organizations. They include the accounts of NYRP, the Trust, and the Boathouse. In fiscal 2018, the Boathouse had minimal operating activity.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)
All significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of Presentation
The financial statement presentation is in accordance with Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") 958, "Not-for-Profit Entities," as amended by Accounting Standards Update ("ASU") No. 2016-14, "Presentation of Financial Statements of Not-for-Profit Entities". The Organization adopted ASU 2016-14 for the year ended September 30, 2019 and has retrospectively applied ASU 2016-14 for the year ended September 30, 2018. These reclassifications have no effect on total assets, total liabilities, and net assets.

Under FASB ASC 958, as amended, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: those without donor restrictions and those with donor restrictions. Net assets without donor restrictions include the board-designated fund and the capital fund, and are those net assets that are not subject to donor-imposed restrictions. The board-designated fund is to be used at the discretion and approval of the board whereby the funds have been designated for maintenance and operations of the gardens and parks. The capital fund is to be used for the construction of future garden development. Net assets with donor restrictions are subject to donor stipulations that limit the use of their contributions, which either expire by the passage of time or when used for specified purposes or that are perpetual in nature, where the donor stipulates that such resources be maintained in perpetuity by the Organization. Generally, the donors of these assets would permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

Other major changes resulting from ASU 2016-14 include (a) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (b) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (c) presenting investment return net of external and direct internal investment expenses, and (d) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates
Management uses estimates and assumptions in preparing consolidated financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

Operating Activities
Operating activities include the ongoing major activities by which the Organization fulfills its programmatic services, such as operating and maintaining gardens, parks and other greening activities and community engagement, fund-raising activities and other cost-related general and management activities and distributing investment returns pursuant to the Organization's investment spending policy. Operating expenses exclude gains and losses that are peripheral or incidental to the central operations of the Organization.

Income Taxes
The Internal Revenue Service has determined that NYRP, the Boathouse and the Trust are charitable organizations exempt from federal income taxes under Sections 501(c)(3), 501(c)(2), and 501(c)(2), respectively, of the IRC.

Cash and Cash Equivalents
Cash balances in banks are insured by the Federal Deposit Insurance Corporation subject to certain limitations. For purposes of the statements of cash flows, the Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Contributions and Grants Receivable
The Organization's receivables consist of unconditional promises to give from donors, and receivables due from federal, state and local funding agencies for reimbursable expenses incurred or services provided.

The Organization has determined that all receivables are fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to expense when that determination is made.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value
GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Under GAAP, the three levels of the fair value hierarchy are described as follows:

Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in markets that are not active.

Level 3: Unobservable inputs that reflect management's own assumptions.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2019 and 2018:

Mutual funds are priced using the net asset value per unit as of the valuation date.

Exchange traded funds are valued at the closing price reported on the active market on which the individual securities are traded.

Investments
Investments are stated at fair value. The Organization invests in various investment securities, which are exposed to various risks such as interest rate, market and credit risks. The Organization has certain investments designated as endowments at September 30, 2019 and 2018 (see Note 7).

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

Capital improvements - community gardens	39 years
Furniture and equipment	3-7 years
Website	5 years
Vehicles and boats	5-7 years

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment (Continued)
Leasehold improvements are amortized using the straight-line method over the shorter of the life of the improvement or the remaining length of the lease or license agreement.

Long-Lived Assets
Long-lived assets are reviewed for impairment when changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Organization evaluates the recoverability of its long-lived assets whenever events or changes in circumstances indicate that a recorded asset might not be recoverable by taking into consideration such factors as recent operating results, projected undiscounted cash flows and plans for future operations. Assets to be disposed of and assets not expected to provide any future service potential to the Organization are recorded at the lower of carrying amount or fair value less cost to sell. In management's judgment, there were no impairments of any long-lived assets as of September 30, 2019 and 2018.

Revenue Recognition
Contributions are recognized when a donor makes a promise to give to the Organization that is in substance unconditional. Conditional promises to give are recognized as contributions when substantially all conditions are met. Contributions received are measured at their fair value and reported as an increase in net assets. Contributions to be received over periods longer than a single year are discounted at an interest rate commensurate with the risk involved.

Revenue from government contracts and grants is recognized in grant income either when costs are incurred or services are performed as stipulated in the grant agreement.

The Organization reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets, are reported as restricted support. The Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

A substantial number of volunteers have donated significant amounts of their time to the Organization's program services and its fund-raising activities; however, no amounts have been reflected in the statements for donated services inasmuch as no objective basis is available to measure the value of such services.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)
The free use of facilities and donated professional services and supplies provided for program activities, management and general activities, or fund-raising activities are recorded in the accompanying consolidated financial statements at their estimated fair values at the date of use or receipt.

Deferred Fundraising Revenue
Contributions related to and received in advance of a fund-raising event or stipulated contract year are deferred until the actual occurrence of the event or the appropriate fiscal year, at which time the contributions are then recognized as revenue.

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

Reclassifications
Certain prior year amounts have been reclassified to conform to the current year presentation. These reclassifications have no effect on total assets, total liabilities, and net assets.

Subsequent Events
These consolidated financial statements were approved by management and available for issuance on January 30, 2020. Management has evaluated subsequent events through this date.

3 - PROPERTY AND EQUIPMENT

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

	September 30, 2019	September 30, 2018
Community garden sites - restricted (1)	$ 1,142,650	$ 1,142,650
Capital improvements - community gardens	10,338,800	8,557,930
Office equipment	575,923	575,923
Website development	146,500	146,500
Vehicles and boats	875,697	875,697
Leasehold improvements	90,337	90,337
Construction in progress	331,956	458,385
	13,501,863	11,847,422
Less - Accumulated depreciation and amortization	(3,005,081)	(2,695,921)
	$ 10,496,782	$ 9,151,501

(1) Under the contract to acquire the community garden sites (the "Property"), the use of a site or sites is restricted by the Organization's agreement with the City of New York for open-space purposes, unless the Organization, upon written request to and with permission from the City of New York, is permitted to use the Property for other purposes. However, should the Organization elect to use the Property for purposes other than open space, the City of New York, through the Economic Development Corporation, will have the option to reacquire the Property for no consideration. All garden sites have been utilized for open-space purposes for the years ended September 30, 2019 and 2018.

Depreciation and amortization expense was $309,160 and $232,781 for the years ended September 30, 2019 and 2018, respectively, and is presented in the statements of functional expenses.

4 - RECEIVABLES

The Organization's contributions receivable are due as follows:

	September 30, 2019	September 30, 2018
Within one year	$ 1,206,815	$ 621,588
One to five years	3,700,000	3,760,000
	$ 4,906,815	$ 4,381,588

4 - RECEIVABLES (Continued)

At September 30, 2019 and 2018, approximately 75% and 84%, respectively, of the Organization's contributions receivable were from one donor.

The Organization's government grants receivable as of September 30, 2019 and 2018 are $298,760 and $608,415, respectively, and are due within one year.

5 - FAIR VALUE MEASUREMENTS

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

September 30, 2019	Level 1	Level 2	Level 3	Total
Mutual funds				
Equity mutual funds	$ 2,085,059	$ -	$ -	$ 2,085,059
Non-US fixed income	477,350	-	-	477,350
US fixed income	2,492,116	-	-	2,492,116
Total mutual funds	5,054,525	-	-	5,054,525
Exchange traded funds	388,832	-	-	388,832
Total investments	$ 5,443,357	$ -0-	$ -0-	$ 5,443,357

September 30, 2018	Level 1	Level 2	Level 3	Total
Mutual funds				
Equity mutual funds	$ 2,507,858	$ -	$ -	$ 2,507,858
Non-US fixed income	331,177	-	-	331,177
US fixed income	2,676,382	-	-	2,676,382
Total mutual funds	5,515,417	-	-	5,515,417
Exchange traded funds	392,091	-	-	392,091
Total investments	$ 5,907,508	$ -0-	$ -0-	$ 5,907,508

5 - FAIR VALUE MEASUREMENTS (Continued)

The following table represents the investment return for the years ended September 30, 2019 and 2018:

	2019	2018
Interest and dividends	$ 136,429	$ 139,510
Realized gain on investments	146,189	833,882
Unrealized loss on investments	(81,260)	(600,839)
	$ 201,358	$ 372,553

6 - LINE OF CREDIT - BANK

On May 17, 2018, the Organization's $2,000,000 revolving line of credit, which was entered into on April 13, 2015 with a bank, was renewed. The line was collateralized by certain assets of the Organization, required monthly interest-only payments on the unpaid principal balance, bore interest at LIBOR plus 3% and matured on May 31, 2019. The Organization paid off the outstanding line of credit during the fiscal year ended September 30, 2019. The revolving line of credit with this institution was closed in October 2019.

On September 7, 2018, the Organization obtained a $3,000,000 line of credit from another bank with a maturity date of November 30, 2019. On October 4, 2019, the line of credit was extended through November 30, 2020. The line is collateralized by certain assets of the Organization, requires monthly interest-only payments on the unpaid principal balance and bears interest at either a variable or fixed LIBOR rate plus 1.50%. The Organization began drawing on the line during the fiscal year ended September 30, 2019. The amount outstanding on the line of credit was $1,280,000 at September 30, 2019.

7 - NET ASSETS WITH DONOR RESTRICTIONS

The following summarizes the changes in net assets with donor restrictions and the nature of the restrictions:

Fiscal 2019				
Program	Balance, October 1, 2018	Contributions	Released from Restrictions	Balance, September 30, 2019
Subject to expenditure for specified purpose:				
Sherman Creek	$ 4,925,003	$ -	$ (353,287)	$ 4,571,716
Haven	42,000	-	(42,000)	-
Other	50,000	33,000	(60,605)	22,395
Total subject to expenditure for specified purpose	5,017,003	33,000	(455,892)	4,594,111
Subject to passage of time:				
Cultivating Community	100,000	1,448,500	(548,500)	1,000,000
Subject to be maintained in perpetuity:				
Restricted by donors for:				
Endowment assets to support operations	2,314,294	-	-	2,314,294
Land held by New York Garden Trust	1,142,650	-	-	1,142,650
Total subject to be maintained in perpetuity	3,456,944	-	-	3,456,944
Total net assets with donor restrictions	$ 8,573,947	$ 1,481,500	$ (1,004,392)	$ 9,051,055

7 - NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Fiscal 2018

Program	Balance, October 1, 2017	Contributions	Released from Restrictions	Balance, September 30, 2018
Subject to expenditure for specified purpose:				
Sherman Creek	$ 4,925,003	$ -	$ -	$ 4,925,003
Haven	42,000	-	-	42,000
Community gardens	23,545	-	(23,545)	-
Tree giveaways	380,000	-	(380,000)	-
Cultural arts and garden programming	50,000	-	(50,000)	-
Other	-	213,600	(163,600)	50,000
Total subject to expenditure for specified purpose	5,420,548	213,600	(617,145)	5,017,003
Subject to passage of time:				
Cultivating Community	-	228,500	(128,500)	100,000
Subject to be maintained in perpetuity:				
Restricted by donors for:				
Endowment assets to support operations	2,314,294	-	-	2,314,294
Land held by New York Garden Trust	1,142,650	-	-	1,142,650
Total subject to be maintained in perpetuity	3,456,944	-	-	3,456,944
Total net assets with donor restrictions	$ 8,877,492	$ 442,100	$ (745,645)	$ 8,573,947

Interpretation of Relevant Law
Based on the interpretations of the New York Prudent Management of Institutional Funds Act ("NYPMIFA"), GAAP and absent explicit donor stipulations to the contrary, the Board of Trustees has interpreted NYPMIFA as requiring the preservation in perpetuity of the fair value of the original gift as of the gift date of the donor-restricted endowment funds.

Return Objectives and Risk Parameters
The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets and assuming a moderate level of investment risk.

7 - NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Return Objectives and Risk Parameters (Continued)
The Organization's investment objective is to earn the highest possible yield consistent with a prudent level of risk.

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

The Organization does not distribute from funds with market values less than historical value. As of September 30, 2019 and 2018, there are no endowment funds with a market value less than historical value.

Spending Policy
The Organization's Board of Trustees has authorized a policy designed to preserve the value of these pooled investments in real terms (after inflation) and provide a predictable flow of funds to assure the investment pool's continued growth. The Organization's investment pool includes contributions, interest, dividends, and realized and unrealized gains and losses, net of investment management fees. The policy permits the use of a spending rate of up to a maximum of 5% applied to a moving average of the investment pool as of September 30 of the three previous years.

8 - DONATED GOODS AND SERVICES

Donated goods and services consisted of the following:

	Year Ended September 30,	
	2019	2018
Legal services*	$ 205,512	$ 352,310
Garden supplies and other gifts**	15,000	184,172
	$ 220,512	$ 536,482

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

8 - DONATED GOODS AND SERVICES (Continued)

** There were no in-kind gifts donated for special events in fiscal 2019. There were in-kind gifts donated for special events of $702 in fiscal 2018.

9 - RETIREMENT PLAN

The Organization maintains a defined contribution 401(k) plan covering all eligible employees. The plan provides for discretionary employer matching contributions for participating and eligible employees. There were no contributions made by the Organization in connection with the plan for the years ended September 30, 2019 and 2018.

10 - CONCENTRATION

For the year ended September 30, 2019, approximately 14% of the Organization's total public support and revenue was received from one donor. For the year ended September 30, 2018, there was no concentration of the Organization's total public support and revenue.

11 - COMMITMENTS AND CONTINGENCIES

Operating Leases

NYRP leases its primary office space under a ten-year noncancellable lease that commenced in April 2006. Effective November 1, 2015, the lease was extended for an additional five years to expire on March 31, 2021. Minimum future annual rentals required under this lease are as follows:

Year Ending September 30,	
2020	$ 233,773
2021	112,392
	$ 346,165

NYRP is subject to real estate tax and operating expense escalations under the lease and has deposited $54,000 with the landlord as lease security, which is included in "Other assets" in the accompanying consolidated statements of financial position.

11 - COMMITMENTS AND CONTINGENCIES (Continued)

Operating Leases (Continued)
Rental payments under this lease are recognized on a straight-line basis over the term of the lease. The difference between actual rent paid and the expense payable under the terms of the lease is included in "Accounts payable, accrued expenses and other liabilities" in the accompanying consolidated statements of financial position. Rent expense under this lease was \$193,637 and \$189,289 for the years ended September 30, 2019 and 2018, respectively.

The Organization leases additional office space under a lease which is effective from February 1, 2017 through February 28, 2020 and requires monthly rent of \$4,200. Previously, the Organization occupied the space on a month-to-month basis at \$4,000 per month. Rent expense was \$50,400 for each of the years ended September 30, 2019 and 2018 for this space.

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

Government Grants
Government-funded activities are subject to audit by the applicable granting agencies. Such audits might result in disallowances of costs submitted for reimbursement. Management is of the opinion that such cost disallowances, if any, will not have a material effect on the accompanying consolidated financial statements. Accordingly, no amounts have been provided in the accompanying consolidated financial statements for such potential claims.

12 - AIR RIGHTS

During fiscal 2018, the Organization sold the air rights of the community garden at 603 East 11th Street in Manhattan in exchange for \$207,000 in cash. The purchase price included a payment of \$230,000 less \$23,000 to be paid to the escrow agent.

13 - LIQUIDITY

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

	September 30, 2019	September 30, 2018
Cash and cash equivalents	$ 881,387	$ 330,173
Cash and cash equivalents - restricted	-	18,333
Investments	5,443,357	5,907,508
Contributions receivable	4,906,815	4,381,588
Government grants receivable	298,760	608,415
Total financial assets	11,530,319	11,246,017
Less - Those unavailable for general expenditures within one year due to contractual or donor-imposed restrictions	(6,014,294)	(6,074,294)
Financial assets available to meet cash needs for general expenditures within one year	$ 5,516,025	$ 5,171,723

As part of the Organization's liquidity management, the Organization has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations come due. The operating cash balance is monitored so as not to go below three months of the average personnel and operating requirements. In addition to the financial assets available to meet cash needs for general expenditures within one year, as discussed in Note 6, the Organization has a line of credit in the amount of $3,000,000 with a maturity date of November 30, 2020.