



**CENTRAL PARK CONSERVANCY, INC.**

Financial Statements and Schedule

June 30, 2017 and 2016

(With Independent Auditors' Report Thereon)



KPMG LLP  
Suite 200  
1305 Walt Whitman Road  
Melville, NY 11747-4302

## **Independent Auditors' Report**

The Board of Trustees  
Central Park Conservancy, Inc.:

We have audited the accompanying financial statements of Central Park Conservancy, Inc. (the Conservancy), which comprise the balance sheets as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 Conservancy'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 Conservancy'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 Central Park Conservancy, Inc. as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.



### **Other Matter**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included in Schedule 1 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*KPMG LLP*

November 28, 2017

**CENTRAL PARK CONSERVANCY, INC.**

Balance Sheets

June 30, 2017 and 2016

(Dollars in thousands)

<b>Assets</b>	<b>2017</b>	<b>2016</b>
Cash	\$ 5,406	7,429
Short-term investments (note 3)	49,165	17,756
Accounts receivable (note 11)	8,417	7,802
Prepaid expenses and other assets	1,313	1,348
Contributions receivable, net (note 4)	36,614	25,782
Investments held for endowment (note 3)	219,646	211,927
Other long-term investments (note 3)	44,355	52,093
Investments held under split-interest agreements	1,101	1,111
457(b) deferred compensation plan (note 9)	1,606	1,368
Fixed assets, net (note 5)	3,959	3,972
Total assets	\$ 371,582	330,588
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 8,234	7,650
Liabilities under split-interest agreements	752	775
Other liabilities	625	658
457(b) deferred compensation plan liability (note 9)	1,606	1,368
Total liabilities	11,217	10,451
Net assets:		
Unrestricted:		
Available for operations	(1,720)	229
Board designated (notes 6 and 7)	87,618	78,606
Total unrestricted	85,898	78,835
Temporarily restricted (notes 6 and 7)	177,685	148,823
Permanently restricted (notes 6 and 7)	96,782	92,479
Total net assets	360,365	320,137
Total liabilities and net assets	\$ 371,582	330,588

See accompanying notes to financial statements.

**CENTRAL PARK CONSERVANCY, INC.**

Statement of Activities

Year ended June 30, 2017

(with comparative summarized totals for 2016)

(Dollars in thousands)

	Unrestricted			Temporarily restricted	Permanently restricted	Totals	
	Operations	Board designated	Total unrestricted			2017	2016
Revenue, gains (losses), and other support:							
Contributions (notes 3 and 4)	\$ 15,430	8,146	23,576	33,102	2,900	59,578	28,808
Revenue from the City of New York:							
Contract revenue (note 11)	8,820	—	8,820	—	—	8,820	8,208
Project revenue (note 11)	4,064	—	4,064	—	—	4,064	2,386
Special events revenue	6,190	—	6,190	—	—	6,190	5,717
Less expenses incurred for direct donor benefits	(1,355)	—	(1,355)	—	—	(1,355)	(1,301)
Special events revenue, net	4,835	—	4,835	—	—	4,835	4,416
Interest and dividends, net of investment expenses of \$2,766 in 2017	253	69	322	94	—	416	483
Net appreciation (depreciation) in fair value on investments	(307)	9,324	9,017	19,078	1,403	29,498	(18,184)
Change in value of split-interest agreements	—	(74)	(74)	—	—	(74)	(160)
Other (note 8)	2,171	—	2,171	—	—	2,171	1,662
Total revenue and gains	35,266	17,465	52,731	52,274	4,303	109,308	27,619
Net assets released from restrictions:							
Contributions and other revenue	30,110	(8,479)	21,631	(21,631)	—	—	—
Administrative cost recovery	3,155	(1,374)	1,781	(1,781)	—	—	—
Total net assets released from restrictions	33,265	(9,853)	23,412	(23,412)	—	—	—
Total revenue, gains (losses), and other support	68,531	7,612	76,143	28,862	4,303	109,308	27,619
Expenses:							
Program services:							
Planning, design, and construction	21,245	—	21,245	—	—	21,245	19,893
Horticulture, maintenance, and operations	24,317	—	24,317	—	—	24,317	23,553
Visitor experience	5,056	—	5,056	—	—	5,056	4,910
Helping other parks	4,313	—	4,313	—	—	4,313	4,388
Total program services	54,931	—	54,931	—	—	54,931	52,744
Supporting services:							
Fund-raising	8,116	—	8,116	—	—	8,116	7,942
Management and general	6,033	—	6,033	—	—	6,033	5,771
Total supporting services	14,149	—	14,149	—	—	14,149	13,713
Total expenses	69,080	—	69,080	—	—	69,080	66,457
Increase (decrease) in net assets before transfers	(549)	7,612	7,063	28,862	4,303	40,228	(38,838)
Transfers	(1,400)	1,400	—	—	—	—	—
Increase (decrease) in net assets	(1,949)	9,012	7,063	28,862	4,303	40,228	(38,838)
Net assets at beginning of year	229	78,606	78,835	148,823	92,479	320,137	358,975
Net assets at end of year	\$ (1,720)	87,618	85,898	177,685	96,782	360,365	320,137

See accompanying notes to financial statements.

**CENTRAL PARK CONSERVANCY, INC.**

Statement of Activities  
Year ended June 30, 2016  
(Dollars in thousands)

	<u>Unrestricted</u>					
	<u>Operations</u>	<u>Board designated</u>	<u>Total unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total 2016</u>
Revenue, gains (losses), and other support:						
Contributions (notes 3 and 4)	\$ 15,044	861	15,905	10,096	2,807	28,808
Revenue from the City of New York:						
Contract revenue (note 11)	8,208	—	8,208	—	—	8,208
Project revenue (note 11)	2,386	—	2,386	—	—	2,386
Special events revenue	5,717	—	5,717	—	—	5,717
Less expenses incurred for direct donor benefits	<u>(1,301)</u>	<u>—</u>	<u>(1,301)</u>	<u>—</u>	<u>—</u>	<u>(1,301)</u>
Special events revenue, net	4,416	—	4,416	—	—	4,416
Interest and dividends, net of investment expenses of \$2,567 in 2016	243	89	332	151	—	483
Net appreciation (depreciation) in fair value on investments	418	(1,162)	(744)	(16,464)	(976)	(18,184)
Change in value of split-interest agreements	—	(160)	(160)	—	—	(160)
Other (note 8)	<u>1,662</u>	<u>—</u>	<u>1,662</u>	<u>—</u>	<u>—</u>	<u>1,662</u>
Total revenue and gains	<u>32,377</u>	<u>(372)</u>	<u>32,005</u>	<u>(6,217)</u>	<u>1,831</u>	<u>27,619</u>
Net assets released from restrictions:						
Contributions and other revenue	29,733	(6,627)	23,106	(23,106)	—	—
Administrative cost recovery	<u>3,267</u>	<u>(1,195)</u>	<u>2,072</u>	<u>(2,072)</u>	<u>—</u>	<u>—</u>
Total net assets released from restrictions	<u>33,000</u>	<u>(7,822)</u>	<u>25,178</u>	<u>(25,178)</u>	<u>—</u>	<u>—</u>
Total revenue, gains (losses), and other support	<u>65,377</u>	<u>(8,194)</u>	<u>57,183</u>	<u>(31,395)</u>	<u>1,831</u>	<u>27,619</u>
Expenses:						
Program services:						
Planning, design, and construction	19,893	—	19,893	—	—	19,893
Horticulture, maintenance, and operations	23,553	—	23,553	—	—	23,553
Visitor experience	4,910	—	4,910	—	—	4,910
Helping other parks	<u>4,388</u>	<u>—</u>	<u>4,388</u>	<u>—</u>	<u>—</u>	<u>4,388</u>
Total program services	<u>52,744</u>	<u>—</u>	<u>52,744</u>	<u>—</u>	<u>—</u>	<u>52,744</u>
Supporting services:						
Fund-raising	7,942	—	7,942	—	—	7,942
Management and general	<u>5,771</u>	<u>—</u>	<u>5,771</u>	<u>—</u>	<u>—</u>	<u>5,771</u>
Total supporting services	<u>13,713</u>	<u>—</u>	<u>13,713</u>	<u>—</u>	<u>—</u>	<u>13,713</u>
Total expenses	<u>66,457</u>	<u>—</u>	<u>66,457</u>	<u>—</u>	<u>—</u>	<u>66,457</u>
(Decrease) increase in net assets before transfers	(1,080)	(8,194)	(9,274)	(31,395)	1,831	(38,838)
Transfers	<u>(800)</u>	<u>800</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
(Decrease) increase in net assets	<u>(1,880)</u>	<u>(7,394)</u>	<u>(9,274)</u>	<u>(31,395)</u>	<u>1,831</u>	<u>(38,838)</u>
Net assets at beginning of year	2,109	86,000	88,109	180,218	90,648	358,975
Net assets at end of year	\$ <u>229</u>	<u>78,606</u>	<u>78,835</u>	<u>148,823</u>	<u>92,479</u>	<u>320,137</u>

See accompanying notes to financial statements.

**CENTRAL PARK CONSERVANCY, INC.**

Statements of Cash Flows

Years ended June 30, 2017 and 2016

(Dollars in thousands)

	<b>2017</b>	<b>2016</b>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 40,228	(38,838)
Adjustments to reconcile increase (decrease) in net assets to net cash (used in) operating activities:		
Depreciation and amortization	1,180	1,165
Net (appreciation) depreciation in fair value on investments	(29,498)	18,184
Change in value of split-interest agreements	74	160
Permanently restricted contributions and earnings classified as financing activities	(4,303)	(1,831)
Changes in operating assets and liabilities:		
Increase in accounts receivable	(615)	(1,887)
Decrease (increase) in prepaid expenses and other assets	35	(274)
(Increase) decrease in contributions receivable, net of amounts classified as financing activities	(10,935)	4,961
Increase (decrease) in accounts payable and accrued expenses	584	(862)
Decrease in other liabilities	(33)	(8)
Net cash used in operating activities	(3,283)	(19,230)
Cash flows from investing activities:		
Proceeds from sale of investments	208,768	92,960
Purchases of investments	(210,724)	(73,065)
Acquisition of fixed assets	(1,167)	(859)
Net cash (used in) provided by investing activities	(3,123)	19,036
Cash flows from financing activities:		
Permanently restricted contributions and earnings	4,303	1,831
Decrease in permanently restricted contributions receivable	103	108
Net change in liabilities under split-interest agreements	(23)	77
Net cash provided by financing activities	4,383	2,016
Net (decrease) increase in cash	(2,023)	1,822
Cash at beginning of year	7,429	5,607
Cash at end of year	\$ 5,406	7,429

See accompanying notes to financial statements.

## CENTRAL PARK CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2017 and 2016

### (1) Organization

Central Park Conservancy, Inc. (the Conservancy) is a not-for-profit organization incorporated under the laws of New York State and is a tax-exempt organization under the Internal Revenue Code.

The Conservancy is funded primarily from contributions made by individuals, corporations, and foundations within the metropolitan area, as well as project and contract revenue from the City of New York (NYC), Department of Parks and Recreation. These amounts are used to fund major capital improvements, provide horticultural care and maintenance, and offer programs for volunteers and visitors of Central Park. Additionally, through the Central Park Institute the Conservancy provides training and maintenance support in other NYC Parks. The major capital improvements are not capitalized assets of the Conservancy but are assets of the City of New York.

### (2) Summary of Significant Accounting Policies

#### (a) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis.

#### (b) Basis of Presentation

Net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Conservancy and changes therein are classified and reported as follows:

*Unrestricted Net Assets* – Net assets that are not subject to donor-imposed restrictions. However, the board of trustees may choose to designate such funds for particular uses.

*Temporarily Restricted Net Assets* – Net assets subject to donor-imposed restrictions that will be met either by actions of the Conservancy and/or the passage of time.

*Permanently Restricted Net Assets* – Net assets subject to donor-imposed restrictions that the Conservancy maintains permanently. Generally, the donors of these assets permit the Conservancy to use all or part of the income earned on related investments for general or specific purposes.

Revenues, gains (losses), and other support are reported as increases (decreases) in unrestricted net assets unless their use is limited by explicit donor-imposed restrictions or by law. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-imposed stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

#### (c) Contributions

Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period in which the pledge or cash is received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows, net

## CENTRAL PARK CONSERVANCY, INC.

### Notes to Financial Statements

June 30, 2017 and 2016

of allowances. Conditional promises to give are not recognized until they become unconditional, that is, when the future and uncertain event on which they depend has occurred.

#### **(d) Fair Value Measurements**

Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Conservancy discloses fair value measurements by level within that hierarchy. The fair value hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. The three levels of inputs that may be used to measure fair value:

Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Conservancy has the ability to access at the measurement date.

Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 Inputs that are unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

#### **(e) Investments**

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value based upon quoted market prices with gains and losses included in the statements of activities. Donated securities are measured at fair value at the date of the contribution.

The Conservancy follows the provisions of Accounting Standards Update (ASU) No. 2009-12, *Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, relating to certain investments in funds that do not have readily determinable fair values, including private equities, hedge funds, real estate, and other funds (alternative investments). ASU No. 2009-12 allows for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value using net asset value per share or its equivalent, as provided by the investment managers. The Conservancy reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in determining the net asset values of these investments. These estimated fair values may differ significantly from the values that would have been used had a ready market for these securities existed.

#### **(f) Income Taxes**

The Conservancy follows the provisions of ASU No. 2009-06, *Implementation Guidance on Accounting for Uncertainty in Income Taxes and Disclosure Amendments for Nonpublic Entities* (ASU 2009-06), in conjunction with its adoption of Financial Accounting Standards Board (FASB) Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (now included in Accounting Standards Codification (ASC) Subtopic 740-10, *Income Taxes – Overall*). The Conservancy recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Income generated from

## CENTRAL PARK CONSERVANCY, INC.

### Notes to Financial Statements

June 30, 2017 and 2016

activities unrelated to the Conservancy's exempt purpose is subject to tax. The Conservancy did not have any material unrelated business income tax liabilities for the years ended June 30, 2017 and 2016.

#### **(g) Fixed Assets**

Fixed assets are recorded at cost. Furniture and equipment are depreciated using the straight-line method over their estimated useful lives. Leasehold improvements are amortized over the term of the lease or life of the asset, whichever is shorter.

#### **(h) Split-Interest Agreements**

The Conservancy's split-interest agreements with donors consist primarily of charitable gift annuities and irrevocable charitable remainder trusts for which the Conservancy serves as trustee. Assets are invested and payments are made to donors and/or other beneficiaries in accordance with the respective agreements. The investments held under split-interest agreements are invested principally in mutual funds, which are fair valued as of June 30 using Level 1 inputs in the fair value hierarchy.

Contribution revenue for charitable gift annuities and charitable remainder trusts is recognized at the date the agreement is established, net of the liability recorded for the present value of the estimated future payments to be made to the respective donors and/or other beneficiaries.

The present value of payments to beneficiaries of charitable gift annuities and charitable remainder trusts is calculated using discount rates, which represent the risk-adjusted rates in existence at the date of the gift. Gains or losses resulting from changes in actuarial assumptions and accretions of the discount are recorded as increases or decreases in the respective net asset class in the accompanying statements of activities.

#### **(i) Cash and Cash Equivalents**

For the purpose of the statements of cash flows, the Conservancy considers highly liquid investments purchased with an original maturity of three months or less, other than those held in the investment portfolio, to be cash equivalents.

#### **(j) Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the useful lives of fixed assets, allowances for doubtful accounts, the valuation of investments, income tax uncertainties, and other contingencies.

#### **(k) Functional Allocation of Expenses**

The costs of providing the various programs and other activities of the Conservancy have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**CENTRAL PARK CONSERVANCY, INC.**

Notes to Financial Statements

June 30, 2017 and 2016

**(1) *Risks and Uncertainties***

The Conservancy invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the balance sheets.

**(3) *Investments***

All investments are considered level 1 in the fair value hierarchy, except for investments reported at net asset value (or its equivalent).

**CENTRAL PARK CONSERVANCY, INC.**

Notes to Financial Statements

June 30, 2017 and 2016

A summary of the fair value of investments at June 30, 2017 and 2016 is as follows:

	<u>2017</u>	<u>2016</u>
Short-term investments:		
U.S. Treasury and money market funds	\$ <u>49,165</u>	<u>17,756</u>
Investments held for endowment:		
U.S. Treasury money market funds	\$ 18,649	13,865
Domestic equities	10,997	33,997
Foreign equities	<u>31,341</u>	<u>44,904</u>
	<u>60,987</u>	<u>92,766</u>
Investments reported at NAV (or its equivalent):		
Real estate	35,995	28,834
Absolute return	43,396	38,415
Domestic equities	61,645	38,205
Foreign equities	<u>17,623</u>	<u>13,707</u>
Total investments reported at NAV (or its equivalent)	<u>158,659</u>	<u>119,161</u>
Total investments held for endowment	\$ <u>219,646</u>	<u>211,927</u>
Other long term investments:		
U.S. Treasury money market funds	\$ 59	3,388
U.S. Treasury bonds	<u>14,273</u>	<u>17,520</u>
	<u>14,332</u>	<u>20,908</u>
Investments reported at NAV (or its equivalent):		
Absolute return	13,379	14,080
Domestic equities	12,698	11,613
Other	<u>3,946</u>	<u>5,492</u>
Total investments reported at NAV (or its equivalent)	<u>30,023</u>	<u>31,185</u>
Total other long term investments	\$ <u>44,355</u>	<u>52,093</u>

Under the terms of the limited partnership agreements, the Conservancy is obligated to periodically advance additional funding for its partnership investments. The unfunded commitments have not been recorded as a liability in the accompanying balance sheets. Such commitments generally have fixed expiration dates or other termination clauses. The Conservancy maintains sufficient liquidity in its investment portfolio to cover such calls. As of June 30, 2017, the Conservancy committed approximately 63% of the total investment balance in alternative investments.

**CENTRAL PARK CONSERVANCY, INC.**

Notes to Financial Statements

June 30, 2017 and 2016

The following table presents the strategies and related redemption information and unfunded commitments to the Conservancy's investments held for endowment measured at net asset value:

	2017			
	<u>Fair value</u>	<u>Unfunded commitments</u>	<u>Redemption frequency</u>	<u>Redemption notice period</u>
Investments held for endowment at NAV:				
Real estate fund	\$ 35,995	7,898	None	Not applicable
Absolute return	43,396	—	None	Not applicable
Domestic equities	61,645	6,177	Quarterly	60 days
Private equities	—	35,028	Quarterly	60 days
Foreign equities	<u>17,623</u>	<u>—</u>	Weekly, none	7 days, not applicable
	<u>\$ 158,659</u>	<u>49,103</u>		

*Other Long-Term Investments*

During fiscal year 2013, one board member made a contribution of \$100,000 to the Conservancy and required that \$50,000 of the gift be invested in specific alternative investment funds (the Funds) that are managed by his firm and charged usual and customary fees.

Notwithstanding any provisions of any of the invested Funds, or any rights set forth in any Fund's Offering Memorandum or Articles of Association to the contrary, the Conservancy agrees not to submit requests for redemption until 2018 without obtaining the mutual consent of the donor and the Conservancy.

Furthermore, in years 2018 through 2022, the Conservancy agrees that it shall (i) only submit requests for redemption of no more than 10% of the balance of the total of its investment in all funds valued at the end of the prior year, and (ii) use such redemptions strictly for capital expenditures (and related operating expenses) unless the mutual consent of the Donor and the Conservancy is obtained. As of January 1, 2023, the Conservancy may withdraw any portion of the remaining balance, as it shall determine.

**CENTRAL PARK CONSERVANCY, INC.**

Notes to Financial Statements

June 30, 2017 and 2016

**(4) Contributions Receivable**

Contributions receivable at June 30, 2017 and 2016 are due to be collected as follows:

	<b>2017</b>	<b>2016</b>
Less than one year	\$ 16,869	15,138
One to five years	18,939	9,318
Five years and thereafter	1,743	1,883
	37,551	26,339
Allowance	(288)	(288)
Discount to present value (at rates ranging from 0.72% to 4.92%)	(649)	(269)
Contributions receivable, net	\$ 36,614	25,782

Three donors comprised approximately 46% and 17% of total contribution revenue for the years ended June 30, 2017 and 2016, respectively.

**(5) Fixed Assets**

A summary of fixed assets at June 30, 2017 and 2016 is as follows:

	<b>2017</b>	<b>2016</b>	<b>Estimated useful lives</b>
Furniture and fixtures	\$ 1,400	1,400	5 to 10 years
Office and field equipment	9,398	8,232	3 to 5 years
Leasehold improvements	2,270	2,269	10 years
	13,068	11,901	
Less accumulated depreciation and amortization	(9,109)	(7,929)	
	\$ 3,959	3,972	

**CENTRAL PARK CONSERVANCY, INC.**

Notes to Financial Statements

June 30, 2017 and 2016

**(6) Net Assets**

**(a) Unrestricted – Board-Designated**

Unrestricted – board-designated net assets are available for the following purposes at June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Planning, design, and construction	\$ 34,660	29,888
Horticulture, maintenance, and operations	10,552	9,440
Visitor experience	138	119
General purposes	42,268	39,159
	<u>\$ 87,618</u>	<u>78,606</u>

**(b) Temporarily Restricted Net Assets**

Temporarily restricted net assets are available for the following purposes at June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Planning, design, and construction	\$ 113,434	99,630
Horticulture, maintenance, and operations	53,269	40,023
Visitor experience	3,046	2,661
Helping other parks	3,913	2,697
General purposes	4,023	3,812
	<u>\$ 177,685</u>	<u>148,823</u>

**(c) Permanently Restricted Net Assets**

Permanently restricted net assets are restricted to investment in perpetuity, the income from which is expendable to support the following purposes at June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Horticulture, maintenance, and operations	\$ 87,016	83,329
Visitor experience	5,643	5,254
General purposes	4,123	3,896
	<u>\$ 96,782</u>	<u>92,479</u>

**(7) Endowment Funds**

The Conservancy's endowment consists of 85 individual funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the Conservancy to function as endowments.

## CENTRAL PARK CONSERVANCY, INC.

### Notes to Financial Statements

June 30, 2017 and 2016

The Conservancy's management and investment of donor-restricted endowment funds have historically been subject to the provisions of the Uniform Management of Institutional Funds Act (UMIFA) and the New York State Trust Laws. In 2006, the Uniform Law Commission approved the model act, the Uniform Prudent Management of Institutional Funds Act (UPMIFA), which serves as a guideline for states to use in enacting legislation. Among UPMIFA's most significant changes was the elimination of UMIFA's important concept of historical dollar-value threshold, the amount below which an organization could not spend from the fund in favor of a more robust set of guidelines about what constitutes prudent spending. In fiscal year 2011, New York State enacted the New York Prudent Management of Institutional Funds Act (NYPMIFA).

Pursuant to the investment policy approved by the board, the Conservancy has interpreted the NYPMIFA as allowing the Conservancy to appropriate for expenditure or accumulate so much of a donor-restricted endowment fund as the Conservancy deems prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument absent explicit donor stipulations to the contrary. As a result of this interpretation, the Conservancy has not changed the way permanently restricted net assets are classified.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure in a manner consistent with the standards of prudence prescribed by NYPMIFA.

The Conservancy'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 support operations. The Conservancy'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 6% applied to a moving average of the value of the investment pool as of December 31 of the five previous years. In both fiscal years 2017 and 2016, the Conservancy utilized a rate of 5% of the total investment pool. In fiscal years 2017 and 2016, the related amounts that were used to support operations were \$8,392 and \$7,686, respectively.

In general terms, the Conservancy's investment objective is to seek maximum total return—defined as dividend and interest earnings plus any appreciation in market value—consistent with agreed-upon levels of risk. More specifically, the Conservancy seeks returns large enough to provide an additional return beyond the sum of the current spending rate and provisions for inflation.

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or the law requires to retain as a fund of perpetual duration. This results from unfavorable market fluctuations subsequent to the investment of permanently restricted contributions. Subsequent gains that restore the fair value of the assets of the donor-restricted endowment fund to the required level will be classified as an increase in unrestricted net assets. Any changes to the fair value of such deficiencies are reported as a net underwater adjustment in the following table of endowment activity for the years ended June 30, 2017 and 2016. There were no such deficiencies at June 30, 2017 and 2016.

**CENTRAL PARK CONSERVANCY, INC.**

Notes to Financial Statements

June 30, 2017 and 2016

*Endowment Net Assets*

The following tables reflect the activity in the net asset classes of the Conservancy's donor-restricted and board-designated endowment funds:

	Year ended June 30, 2017			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, June 30, 2016	\$ 55,103	41,578	92,479	189,160
Investment income	52	94	—	146
Net appreciation (realized and unrealized)	8,494	20,240	1,403	30,137
Return on investment, net	8,546	20,334	1,403	30,283
Contributions	44	—	2,900	2,944
Appropriation of endowment assets for expenditure	(1,994)	(6,398)	—	(8,392)
Endowment net assets, June 30, 2017	<u>\$ 61,699</u>	<u>55,514</u>	<u>96,782</u>	<u>213,995</u>
Composition of endowment as of June 30, 2017:				
Donor-restricted endowment funds	\$ —	55,514	96,782	152,296
Board-designated endowment funds	61,699	—	—	61,699
	<u>\$ 61,699</u>	<u>55,514</u>	<u>96,782</u>	<u>213,995</u>

**CENTRAL PARK CONSERVANCY, INC.**

Notes to Financial Statements

June 30, 2017 and 2016

	Year ended June 30, 2016			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, June 30, 2015	\$ 57,786	49,778	90,648	198,212
Investment income	75	150	—	225
Net depreciation (realized and unrealized)	(1,183)	(2,342)	(976)	(4,501)
Return on investment, net	(1,108)	(2,192)	(976)	(4,276)
Contributions	103	—	2,807	2,910
Appropriation of endowment assets for expenditure	(1,678)	(6,008)	—	(7,686)
Endowment net assets, June 30, 2016	\$ 55,103	41,578	92,479	189,160
Composition of endowment as of June 30, 2016:				
Donor-restricted endowment funds	\$ —	41,578	92,479	134,057
Board-designated endowment funds	55,103	—	—	55,103
	\$ 55,103	41,578	92,479	189,160

**(8) Other Revenue, Contributed Services, and Facilities**

A summary of other revenue at June 30, 2017 and 2016 is as follows:

	2017	2016
Merchandise sales, program revenue, and fees	\$ 1,472	975
Contributed services and facilities	699	687
	\$ 2,171	1,662

## CENTRAL PARK CONSERVANCY, INC.

### Notes to Financial Statements

June 30, 2017 and 2016

The fair value of the contributed services and facilities is included as other revenue and allocated to functional expenses in the statements of activities as follows:

	<u>2017</u>	<u>2016</u>
Planning, design, and construction	\$ 67	52
Horticulture, maintenance, and operations	150	133
Visitor experience	158	212
Helping other parks	76	68
Fund-raising	158	171
Management and general	90	51
	<u>\$ 699</u>	<u>687</u>

In addition, many individuals have volunteered their time to the Conservancy. The value of these services is not included in the accompanying financial statements.

#### **(9) Retirement Plan**

The Conservancy has a defined-contribution retirement plan (the Plan) under Section 403(b) of the Internal Revenue Code in which all employees, as defined, are eligible to participate. In fiscal year 2010, the Conservancy amended the Plan by adding a new mutual fund platform to the existing annuity product. This change was implemented to enhance and create a more competitive retirement plan. Participants may make voluntary contributions, subject to plan limitations, to be applied toward the mutual fund platform. Contributions no longer flow into the annuity platform.

The Conservancy is obligated to contribute 5% of the employee's base compensation, for all eligible employees, as defined. The Conservancy is also obligated to match employee contributions up to a maximum of 1% of the employee's base compensation, for all eligible employees, as defined. For the years ended June 30, 2017 and 2016, the Conservancy contributed \$1,779 and \$1,384, respectively, to the Plan on behalf of its employees. All contributions vest immediately.

In fiscal year 2007, the Conservancy implemented a deferred compensation plan (the Plan) under Section 457(b) of the Internal Revenue Code in which the Conservancy will contribute \$18 per annum for each officer of the Conservancy, as defined. For both the years ended June 30, 2017 and 2016, the Conservancy contributed \$144 to the Plan.

#### **(10) Commitments and Contingencies**

##### **(a) Lease**

Effective July 1, 2011, the Conservancy extended the terms of its existing lease agreement to include additional office space in New York City. The extension expires in 2023. Annual lease payments include minimum base rent subject to escalation charges and a proportionate share of any increase in real estate taxes.

**CENTRAL PARK CONSERVANCY, INC.**

Notes to Financial Statements

June 30, 2017 and 2016

Future minimum lease payments are as follows:

	<u>Amount</u>
Year ending June 30:	
2018	\$ 1,296
2019	1,311
2020	1,360
2021	1,385
2022	1,385
Thereafter	<u>1,038</u>
	<u>\$ 7,775</u>

Rent expense for the years ended June 30, 2017 and 2016 was \$1,351 and \$1,317, respectively.

**(b) Other**

The Conservancy is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of the Conservancy's management, the ultimate disposition of these matters will not have a material adverse effect on the Conservancy's financial condition. As described in an agreement between the City of New York, Department of Parks and Recreation, and the Conservancy dated April 28, 2006 and renewed May 13, 2013 (the agreement), the City of New York has agreed to indemnify and hold harmless the Conservancy for all services performed and activities conducted by the Conservancy pursuant to the agreement.

**(11) Contract Revenue**

In May 2013, the City of New York (the "City") awarded a new management agreement (the "Agreement") to the Conservancy, affirming its' more than 33-year partnership with the Conservancy in jointly managing Central Park. Pursuant to the Agreement, the Conservancy is responsible for operating, maintaining, repairing and restoring Central Park, along with certain areas outside Central Park, for a ten-year period, July 1, 2013 through June 30, 2023, with two additional 5-year renewal terms, upon the agreement of the parties.

Under the Agreement, the Conservancy must raise and expend annually a minimum of \$7 million with respect to maintenance, repairs, programming, visitor services, landscaping and renovations. In exchange for meeting this requirement, the City will pay the Conservancy a minimum of \$2 million plus an amount equal to 50% of annual concession revenues derived by the City from concessions and special events in Central Park. The contractual arrangement may only be terminated under specific conditions outlined in the agreement.

The Conservancy recognizes revenue in connection with this contract as expenditures are made for specific services. In fiscal years 2017 and 2016, the Conservancy recognized as revenue and expended \$8,820 and \$8,208, respectively, related to the contract. At June 30, 2017 and 2016, the related receivable was \$4,410 and \$4,104, respectively.

## CENTRAL PARK CONSERVANCY, INC.

### Notes to Financial Statements

June 30, 2017 and 2016

#### *Project Revenue*

In May 2013, the Conservancy entered into a ten year contract for capital projects with the City of New York and the Department of Parks and Recreation for restoration projects throughout the park. Payment is on a reimbursement basis for eligible expenses incurred by the Conservancy, with the Funds made available at a rate of up to \$6,000 per year beginning July 1, 2014 and expiring June 30, 2023. The Conservancy recognizes revenue in connection with this contract as expenditures are made. In fiscal year 2017 and 2016, the Conservancy recognized \$3,640 and \$2,386, respectively, for project revenue.

In March 2007, the Conservancy entered into a contract for capital projects for the Campaign for Central Park with the City of New York and the Department of Parks and Recreation, which ended August 31, 2016. In fiscal year 2017, the Conservancy recognized \$424, for project revenue under the campaign.

#### **(12) Subsequent Events**

In connection with the preparation of the financial statements, the Conservancy evaluated subsequent events after the balance sheet date of June 30, 2017 through November 28, 2017 which was the date the financial statements were available to be issued, and concluded that no additional disclosures were necessary.

## CENTRAL PARK CONSERVANCY, INC.

## Schedule of Functional Expenses

Year ended June 30, 2017

(with comparative summarized totals for 2016)

(Dollars in thousands)

	Program services					Supporting services			Total expenses*	
	Planning, design, and construction	Horticulture, maintenance, and operations	Visitor experience	Helping other parks	Total	Fund- raising	Management and general	Total	2017	2016
Salaries	\$ 2,759	12,006	2,472	2,204	19,441	3,353	3,501	6,854	26,295	25,869
Payroll taxes and employee benefits	946	3,864	814	755	6,379	1,141	1,260	2,401	8,780	7,594
Total salaries and related expenses	3,705	15,870	3,286	2,959	25,820	4,494	4,761	9,255	35,075	33,463
Contracted services:										
Construction and design	14,519	1,066	—	—	15,585	—	—	—	15,585	14,168
Landscape	—	2,045	—	—	2,045	—	—	—	2,045	2,424
Facilities maintenance	12	1,144	10	84	1,250	31	10	41	1,291	1,564
Consulting	618	89	386	95	1,188	747	438	1,185	2,373	2,420
Mailings	—	—	—	3	3	526	4	530	533	487
Other	26	48	20	53	147	490	17	507	654	661
Total contracted services	15,175	4,392	416	235	20,218	1,794	469	2,263	22,481	21,724
Grant awards	29	360	40	461	890	—	—	—	890	749
Materials, equipment, and supplies	1,267	1,523	636	43	3,469	111	16	127	3,596	3,588
Printing and publications	23	—	70	28	121	134	34	168	289	364
Conferences, conventions, and meetings	27	36	29	31	123	32	22	54	177	235
Postage, shipping, and messenger	121	64	32	4	221	277	20	297	518	494
Travel	5	12	1	11	29	6	4	10	39	48
Equipment maintenance and rentals	116	731	101	85	1,033	238	67	305	1,338	1,423
Insurance	43	89	36	39	207	114	36	150	357	379
Occupancy	206	433	171	188	998	548	171	719	1,717	1,663
Advertising	—	—	13	5	18	44	3	47	65	59
Miscellaneous	33	205	35	25	298	82	52	134	432	402
Bad debt	200	—	—	—	200	27	—	27	227	16
Contributed services	67	150	158	76	451	158	90	248	699	687
	2,137	3,603	1,322	996	8,058	1,771	515	2,286	10,344	10,107
Total expenses before depreciation and amortization	21,017	23,865	5,024	4,190	54,096	8,059	5,745	13,804	67,900	65,294
Depreciation and amortization	228	452	32	123	835	57	288	345	1,180	1,163
Total expenses* – 2017	\$ 21,245	24,317	5,056	4,313	54,931	8,116	6,033	14,149	69,080	66,457
Total expenses* – 2016	\$ 19,893	23,553	4,910	4,388	52,744	7,942	5,771	13,713	—	66,457

\* Exclusive of direct donor benefits and investment expenses.

See accompanying independent auditors' report.