CityParks Foundation
creating programs for NYC parks

Financial Statements
(Together with Independent Auditors' Report)

Years Ended March 31, 2014 and 2013

MARKS PANETH
ACCOUNTANTS & ADVISORS

CITY PARKS FOUNDATION

FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)

YEARS ENDED MARCH 31, 2014 AND 2013

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MARKS PANETH
ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITORS' REPORT

The Board of Directors of
City Parks Foundation

We have audited the accompanying financial statements of City Parks Foundation ("CPF"), which comprise the statements of financial position as of March 31, 2014 and 2013, 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 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 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 of material misstatement.

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

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 City Parks Foundation as of March 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Marks Paneth LLP

New York, NY
November 5, 2014

CITY PARKS FOUNDATION
STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2014 AND 2013

	2014	2013
ASSETS		
Cash and cash equivalents (Notes 2B and 4)	$ 9,996,296	$ 7,387,207
Restricted cash (Notes 4 and 12)	6,951,543	6,351,350
Investments, at fair value (Notes 2D and 3)	23,056,578	19,632,497
Other investments (Notes 2D, 4 and 12)	503,051	500,000
Pledges and grants receivable (Notes 2H and 5)	2,956,291	3,750,201
Due from New York City Department of Parks and Recreation (Note 7)	334,791	334,791
Prepaid expenses and other assets	191,329	89,116
Property and equipment, net (Notes 2E, 6 and 7)	1,300,944	1,386,182
TOTAL ASSETS	$ 45,290,823	$ 39,431,344
LIABILITIES		
Accounts payable and accrued expenses	$ 1,562,640	$ 722,577
Deferred revenue (Notes 2F and 12)	425,243	562,750
TOTAL LIABILITIES	1,987,883	1,285,327
COMMITMENTS AND CONTINGENCIES (Note 10)		
NET ASSETS (Note 2C)		
Unrestricted		
Undesignated	3,338,370	3,260,057
Board designated (Note 8B)	11,788,007	11,042,014
Total unrestricted	15,126,377	14,302,071
Temporarily restricted (Notes 8 and 9)	28,086,163	23,753,546
Permanently restricted (Notes 8B and 9)	90,400	90,400
TOTAL NET ASSETS	43,302,940	38,146,017
TOTAL LIABILITIES AND NET ASSETS	$ 45,290,823	$ 39,431,344

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

CITY PARKS FOUNDATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED MARCH 31, 2014 AND 2013

	For the Year Ended March 31, 2014				For the Year Ended March 31, 2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2014	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2013
SUPPORT AND REVENUE:								
Contributions and grants (Notes 2H, 2I and 5)	$ 384,205	$ 12,415,968	$ -	$ 12,800,173	$ 970,656	$ 9,656,446	$ -	$ 10,627,102
Fundraising events, net of costs of direct benefits to donors of $519,527 in 2014 and $380,718 in 2013 (Note 2J)	917,375	427,531	-	1,344,906	654,466	351,590	-	1,006,056
Benefit concerts (Note 2F)	-	413,980	-	413,980	-	444,137	-	444,137
In-kind contributions (Note 2G)	2,571,484	-	-	2,571,484	2,192,794	-	-	2,192,794
Investment activity (Notes 2D and 3)	1,363,819	1,019,515	-	2,383,334	1,073,551	751,824	-	1,825,375
Mitigation income (Note 12)	-	1,087,514	-	1,087,514	-	-	-	-
Earned income (Notes 2F and 12)	3,425,673	-	-	3,425,673	3,635,662	-	-	3,635,662
Net assets released from restrictions (Notes 8A and 9)	11,031,891	(11,031,891)	-	-	8,466,486	(8,466,486)	-	-
TOTAL SUPPORT AND REVENUE	19,694,447	4,332,617	-	24,027,064	16,993,615	2,737,511	-	19,731,126
EXPENSES (Note 2K):								
Program services (Note 1)								
Arts and culture	6,124,327	-	-	6,124,327	5,925,459	-	-	5,925,459
Partnerships for Parks	2,999,173	-	-	2,999,173	2,577,701	-	-	2,577,701
Education	1,233,484	-	-	1,233,484	1,112,866	-	-	1,112,866
Sports	2,204,332	-	-	2,204,332	2,183,177	-	-	2,183,177
Park and playground improvement	4,302,467	-	-	4,302,467	1,721,957	-	-	1,721,957
Grants to other groups	68,500	-	-	68,500	62,263	-	-	62,263
Environmental benefit projects	47,186	-	-	47,186	32,499	-	-	32,499
Total program services	16,979,469	-	-	16,979,469	13,615,922	-	-	13,615,922
Supporting services								
General administration	916,335	-	-	916,335	871,255	-	-	871,255
Fundraising	974,337	-	-	974,337	868,995	-	-	868,995
TOTAL EXPENSES	18,870,141	-	-	18,870,141	15,356,172	-	-	15,356,172
CHANGE IN NET ASSETS	824,306	4,332,617	-	5,156,923	1,637,443	2,737,511	-	4,374,954
Net assets - beginning of year	14,302,071	23,753,546	90,400	38,146,017	12,664,628	21,016,035	90,400	33,771,063
NET ASSETS - END OF YEAR	$ 15,126,377	$ 28,086,163	$ 90,400	$ 43,302,940	$ 14,302,071	$ 23,753,546	$ 90,400	$ 38,146,017

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

CITY PARKS FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2014 AND 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 5,156,923	$ 4,374,954
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	210,918	192,699
Realized gains on sales of investments	(386,986)	(163,335)
Unrealized gains on investments	(1,368,590)	(1,067,210)
Changes in operating assets and liabilities:		
Pledges and grants receivable	793,910	(1,403,023)
Due from New York City Department of Parks and Recreation	-	699,950
Prepaid expenses and other assets	(102,213)	(56,106)
Accounts payable and accrued expenses	840,063	84,965
Deferred revenue	(137,507)	(109,900)
Net Cash Provided by Operating Activities	5,006,518	2,552,994
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of investments	1,984,778	1,385,175
Purchases of investments	(3,656,334)	(997,572)
Acquisitions of property and equipment	(125,680)	-
Increase in restricted cash	(600,193)	(13,957)
Net Cash (Used in) Provided by Investing Activities	(2,397,429)	373,646
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,609,089	2,926,640
Cash and cash equivalents - beginning of year	7,387,207	4,460,567
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 9,996,296	$ 7,387,207

NOTE 1 – ORGANIZATION AND NATURE OF OPERATIONS

City Parks Foundation ("CPF") was organized as a nonprofit corporation in 1989 pursuant to the Not-For-Profit Corporation Laws of the State of New York. CPF is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. CPF was formed to promote and assist in the programming and revitalization of New York City's parks and such other facilities that are under the jurisdiction of the New York City Department of Parks and Recreation ("DPR").

CPF is the only independent nonprofit organization to offer parks' programs throughout the five boroughs of New York City, presenting a broad range of free arts, sports and education programs and empowering citizens to support their parks on a local level. CPF's programs and community-building initiatives reach more than 600,000 New Yorkers each year in over 750 parks, helping to contribute to the revitalization of neighborhoods throughout New York City.

In June 1991, CPF and the City of New York's Commissioner of the DPR entered into an agreement whereby the City of New York would "defend, indemnify, and hold harmless CPF from and against any and all liability, suits, claims, demands, actions, judgments, costs and expenses, arising from damage to persons or property resulting from the acts or omissions of CPF, its agents, employees, officers and directors in connection with the performance of its activities on behalf of DPR." This agreement is terminable at will by DPR.

CPF's primary sources of revenues are contributions (including government support), earned income and investment income.

CPF enriches the lives of New Yorkers each year by providing the following program services:

- Arts and Culture: CPF presents over 1,200 performances a year in parks throughout New York City, including concerts, puppet shows, theater and dance performances, readings and performing arts programs for children, making it one of the largest arts organizations in New York City.
- Partnerships for Parks: Partnerships for Parks, a joint program with DPR, promotes community involvement in parks by building, linking and strengthening a citywide constituency of parks' supporters.
- Education: CPF trains teachers and provides direct services to over 5,000 students in parks, recreation centers and New York City public schools, both during the school day and in out-of-school programs.
- Sports: CPF provides free sequential instruction to over 15,000 people, primarily ages five to sixteen, in parks each year. CPF runs youth programs in golf, tennis, track and field and a senior citizens fitness program offering tennis, yoga and fitness walking. CPF also opened a comprehensive Junior Golf Center in 2008, the first facility of its kind in the nation.
- Park and Playground Improvement: CPF improves the appearance and use of parks through direct physical enhancements, encouragement of neighborhood volunteers, and innovations in DPR operations.
- Grants to Other Groups: CPF makes grants to other New York City parks groups and to DPR to support programming and other initiatives in parks.
- Environmental Benefit Projects: As the administrator of mitigation funds from the New York State Department of Environmental Conservation ("DEC"), CPF funds environmental benefit projects that address green infrastructure, such as, the creation and/or improvement of open space, waterfront access, and other programs along Newtown Creek (see Note 12).

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ***Basis of Accounting and Use of Estimates*** – CPF's financial statements have been prepared on the accrual basis of accounting. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

B. ***Cash Equivalents*** – All highly liquid debt instruments with a maturity of three months or less when acquired are considered to be cash equivalents. Cash equivalents also include money market funds, commercial paper and time deposits with maturities of one day to three months.

C. ***Basis of Presentation*** – CPF maintains its net assets under the following three classes:

- Unrestricted – includes the net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations. CPF's Board has designated a portion of CPF's unrestricted net assets as a Board designated endowment fund, wherein the assets will be retained for investment. It is the expectation of CPF's management that the Board designated endowment fund will continue to grow to secure the long-term stability of CPF. See Note 8B for additional information related to CPF's Board designated endowment.

- Temporarily Restricted – includes gifts of cash and other assets received with donor stipulations that limit the use of donated assets and unappropriated earnings on endowment funds. When a donor restriction expires or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions.

- Permanently Restricted – includes funds that have been designated by the donor to be held and invested in perpetuity.

D. ***Investments and Fair Value Measurements*** – Investments are reported at fair value. Unrealized gains and losses are included in the accompanying statements of activities. Donated securities are recorded at their fair value, as determined using quoted market prices, at the date of donation. Dividend and interest income is recorded as earned. Net investment earnings are recorded as increases in unrestricted funds unless their use is temporarily or permanently restricted by explicit donor stipulations or by law. All unappropriated earnings on donor-restricted endowment funds after September 17, 2010, that would otherwise be considered unrestricted by the donor, are reflected as temporarily restricted until appropriated.

Certificates of deposit held for investment that are not debt securities are included in other investments in the statements of financial position. Investments in certificates of deposit are carried at cost, which approximates fair value because of the short maturities of the certificates of deposit.

Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 3.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ***Property and Equipment*** – Equipment is recorded at cost. Depreciation of equipment is provided on a straight-line basis over its estimated useful life, which is five years. Leasehold improvements include CPF's share of the cost of improvements made to space contributed by DPR. Since CPF fully expects to continue its relationship with DPR, the organization is amortizing the improvements on a straight-line basis over the asset's ten-year estimated useful life. The capitalized construction costs for the Junior Golf Center (see Note 7) are classified as leasehold improvements and are being amortized over a fifteen-year period.

F. ***Earned Income and Deferred Revenue*** – CPF receives earned income primarily from four sources: 1) box office revenues from marionette theater shows in the Swedish Cottage at Central Park; 2) income from children's birthday parties and other events in the Swedish Cottage; 3) concession revenue from the sales of food and beverages at SummerStage; and 4) income from producing concerts and other events for third parties at the SummerStage site. Such amounts are deferred and recognized as revenue in the period in which the underlying services are provided and/or the performance or events are held. Deferred revenue also includes conditional contributions and fees received by March 31 for performances or events occurring in the next fiscal period and administrative fees to be earned on mitigation projects (see Note 12).

G. ***In-kind Contributions*** – The value of office space, facilities and personnel services' costs (including fringe benefits) paid by DPR are reported as expenses and in-kind contributions in the accompanying statements of activities. Donated professional services are recognized in the financial statements if the services enhance or create nonfinancial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. CPF records contributed professional services at their fair value on the date received.

Many volunteers have made significant contributions of time in furtherance of CPF's policies and programs. The value of this contributed time does not meet the criteria for recognition and therefore is not reflected in the accompanying statements of activities.

In-kind contributions were as follows for the years ended March 31, 2014 and 2013:

	2014	2013
Personnel service costs	$ 2,010,216	$ 1,742,152
Professional services	333,031	300,000
Office space	129,100	129,100
Telecommunications and computer support	99,137	21,542
	$ 2,571,484	$ 2,192,794

H. ***Pledges and Grants Receivable*** – Pledges and grants are recognized when the donor makes an unconditional promise to give. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unless material, CPF does not discount to present value, pledges and grants to be received after more than one year.

I. ***Fiscal Sponsorships*** – CPF has variance power over the fiscal sponsorship contributions it receives (see Note 9). The fiscal sponsorship contributions received by CPF and investment income allocated to fiscal sponsorship funds are recognized as temporarily restricted or permanently restricted support. The expenditures incurred for fiscal sponsor programs are recognized as expenses by CPF and the corresponding net assets are released from restriction.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. ***Costs of Direct Benefits to Donors*** – The direct costs of fundraising events include expenses for the benefit of the donor. For example, meals and facilities rental are considered costs of direct benefits to donors.

K. ***Functional Allocation of Expenses*** – The costs of providing the various program and supporting services have been summarized on a functional basis in the accompanying statements of activities. Certain costs have been allocated among the program and supporting services benefited.

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments consisted of the following as of March 31, 2014 and 2013:

	2014	2013
Equity funds	$ 13,503,719	$ 11,572,743
Fixed income funds	9,552,859	8,059,754
	$ 23,056,578	$ 19,632,497

Investments are subject to market volatility that could substantially change their carrying value in the near-term.

Investment activity consisted of the following for the years ended March 31, 2014 and 2013:

	2014	2013
Interest and dividends	$ 627,758	$ 594,830
Realized gains on investment sales	386,986	163,335
Unrealized gains on investments	1,368,590	1,067,210
	$ 2,383,334	$ 1,825,375

As of March 31, 2014, concentrations of CPF's investments amounting to 15% or more of the fair value of its total investment portfolio included approximately 27% invested in the Vanguard Total Stock Index Fund and approximately 20% invested in the Vanguard Total Bond Market Index Fund. As of March 31, 2013, concentrations of CPF's investments amounting to 15% or more of the fair value of its total investment portfolio included approximately 27% invested in the Vanguard Total Stock Index Fund and approximately 25% invested in the Vanguard Total Bond Market Index Fund.

The fair value hierarchy defines three levels as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives lowest priority to Level 3 inputs.

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

CPF assumes that any transfers between fair value levels during the period occur at the beginning of the period. For the years ended March 31, 2014 and 2013, there were no significant transfers between fair value levels.

In determining fair value, CPF utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value.

Financial assets carried at fair value at March 31, 2014 and 2013 are classified in the table below as Level 1 as follows:

	2014	2013
Investments:		
Mutual funds:		
Equity funds:		
Stock Market Index Fund	$ 6,415,121	$ 5,291,703
International Value Fund	1,921,586	1,707,602
Small Cap Index Fund	1,438,376	1,281,141
Dividend Appreciation Index Fund	2,030,573	1,916,818
Fidelity Contrafund	1,698,063	1,375,479
Total Equity Funds	13,503,719	11,572,743
Fixed income funds:		
Total Bond Market Index Fund	4,805,824	4,897,671
Inter-Term Investment Grade Fund	1,724,502	1,712,304
Inflation Protected Securities Fund	1,353,172	1,449,779
PIMCO Senior Floating Rate Fund	1,669,361	-
Total fixed income funds	9,552,859	8,059,754
Total investments at fair value	$ 23,056,578	$ 19,632,497

Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The mutual funds are deemed to be actively traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although CPF believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE 4 – CONCENTRATIONS

Cash accounts that potentially subject CPF to a concentration of credit risk include cash and cash equivalents, restricted cash, and certificates of deposit with banks with balances that exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits. Interest-bearing accounts are fully 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.

NOTE 4 – CONCENTRATIONS (Continued)

As of March 31, 2014 and 2013, CPF had cash balances and certificates of deposit that exceeded the FDIC insurance limits by approximately $15.5 million and $11.8 million, respectively. In addition, CPF's cash and cash equivalents includes funds held in Vanguard money market mutual funds that are not insured by the FDIC which amounted to approximately $1.4 million as of March 31, 2014 and 2013.

NOTE 5 – PLEDGES AND GRANTS RECEIVABLE

Pledges and grants receivable amounted to $2,956,291 and $3,750,201 as of March 31, 2014 and 2013, respectively, which are expected to be collected in less than one year.

	2014	2013
Due within one year	$ 2,876,291	$ 3,750,201
Due within one to five years	80,000	-
Total pledges receivable	$ 2,956,291	$ 3,750,201

CPF determines whether an allowance for uncollectible pledges and grants receivable should be provided based on prior years' experience and management's analysis of specific promises made. As of March 31, 2014 and 2013, no provision for uncollectible pledges and grants receivable was deemed necessary.

As of March 31, 2014 and 2013, the pledges and grants receivable from certain donors represented approximately 51% and 70%, respectively, of the total pledges and grants receivable outstanding.

During the year ended March 31, 2013, CPF entered into grant agreements with two donors to support the launch of the New York City Natural Areas Conservancy, a new fiscal sponsor program. The grant agreements provide for up to $2,000,000 in funding which is to be matched on a 1:1 basis. The matching requirements specified by the donors were satisfied in fiscal year 2013 therefore the $2,000,000 was recognized as temporarily restricted support and revenue in the current year. Payments totaling $1,000,000 were received from the donors in fiscal years 2014 and 2013, respectively.

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of March 31:

	2014	2013	Estimated Useful Lives
Leasehold improvements	$ 2,368,038	$ 2,368,038	10-15 years
Equipment	193,699	118,203	5 years
Total cost	2,561,737	2,486,241	
Less: accumulated depreciation and amortization	(1,260,793)	(1,100,059)	
Net book value	$ 1,300,944	$ 1,386,182	

During the year ended March 31, 2014, CPF wrote-off fully depreciated equipment in the amount of $50,184. Depreciation and amortization expense amounted to $210,918 and $192,699 for the years ended March 31, 2014 and 2013, respectively.

NOTE 7 – DUE FROM THE NEW YORK CITY DEPARTMENT OF PARKS AND RECREATION

In 2007, CPF entered into an agreement with DPR to construct a Junior Golf Center at the Dyker Beach Golf Course. As part of this agreement, DPR agreed to reimburse CPF for up to $2,650,000 of the cost of the construction. In August 2008, CPF received notification of an additional $500,000 in funding from New York City for the Junior Golf Center construction. Any costs over the amount agreed to were the responsibility of CPF.

The following is a summary of this project as of March 31, 2014 and 2013:

Total project cost	$ 5,032,000
Amount DPR has agreed to reimburse CPF	(3,150,000)
CPF share of cost	$ 1,882,000
Total project expenditures by CPF to date	$ 5,032,000
CPF share of cost	(1,882,000)
Project costs to be reimbursed by DPR	3,150,000
Amount received from DPR for the project	(2,815,259)
Amount due from DPR for the project	$ 334,741

As of March 31, 2014 and 2013, CPF has recorded the $334,741 due from DPR related to the construction of the Junior Golf Center as due from DPR in the accompanying statements of financial position. Subsequent to March 31, 2014, CPF collected approximately $222,000 of the amount due from DPR for the project. The remaining amount of approximately $113,000 is anticipated to be collected upon the resolution of a labor law violation complaint against the contractor used on the project.

Included in property and equipment as of March 31, 2014 and 2013 were improvements to the Junior Golf Center as follows:

	2014	2013
Leasehold improvements	$ 1,765,998	$ 1,765,998
Less: accumulated amortization	(664,645)	(545,353)
Net book value	$ 1,101,353	$ 1,220,645

NOTE 8 – RESTRICTED NET ASSETS

A) *Temporarily Restricted Net Assets*

Temporarily restricted net assets were available for the following purposes at March 31, 2014 and 2013:

	2014	2013
Arts and culture	$ 619,880	$ 710,187
Partnerships for Parks	-	84,533
Education	145,571	148,780
Sports	2,001,573	1,976,701
Park and playground improvement	17,500,349	13,901,612
Grants	446,562	615,562
Environmental benefits projects	7,372,228	6,316,171
	$ 28,086,163	$ 23,753,546

NOTE 8 – RESTRICTED NET ASSETS (Continued)

Temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by the donors, or the passage of time during the years ended March 31, 2014 and 2013 as follows:

	2014	2013
Arts and culture	$ 2,391,952	$ 2,423,514
Partnerships for Parks	1,216,872	2,023,975
Education	973,019	754,662
Sports	1,697,438	1,383,074
Park and playground improvement	4,536,424	1,763,887
Grants	169,000	84,875
Environmental benefits projects	47,186	32,499
	$ 11,031,891	$ 8,466,486

B) ***Endowment Net Assets***

The Board of CPF has interpreted has interpreted as law the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). NYPMIFA replaced prior law which was the Uniform Management of Institutional Funds Act ("UMIFA").

The Board of CPF recognizes that NYPMIFA permits the Board to appropriate for expenditure all earnings of such endowment funds (both realized and unrealized) with a presumption of prudence to a ceiling of 7% annually based on a quarterly rolling five-year average of such earnings.

The Board explicitly appropriated all earnings as of and prior to September 17, 2010, whether deemed spent or not, as unrestricted. All unappropriated earnings on donor-restricted endowment funds after September 17, 2010, that would otherwise be considered unrestricted by the donor, are reflected as temporarily restricted until appropriated.

CPF's Board has interpreted NYPMIFA as allowing CPF to appropriate for expenditure or accumulate so much of an endowment fund as CPF determines is prudent for the uses, benefits, purposes and duration for which the endowment fund was established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise, the assets in a donor-restricted endowment fund shall be donor-restricted assets until appropriated for expenditure by the Board.

As a result of this interpretation, CPF has not changed the way permanently restricted net assets are classified. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted is classified as temporarily restricted net assets until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by NYPMIFA.

In accordance with U.S. GAAP, any deterioration of the fair value of assets associated with donor-restricted endowment funds that falls below the level the donor requires CPF to retain in perpetuity is to be reported in unrestricted net assets. CPF had not incurred such deficiencies in its endowment funds as of March 31, 2014 and 2013.

CPF's endowment investment policy is to invest primarily in a mix of equities, fixed income securities and cash equivalents based on an asset allocation to satisfy its overall endowment financial and investment objectives as determined by its investment policy. The investment policy provides for an asset allocation that is designed to meet the goals of CPF and is based on a number of factors including the projected spending needs, the maintenance of sufficient liquidity and the return objectives and risk tolerances of CPF.

NOTE 8 – RESTRICTED NET ASSETS (Continued)

The asset allocation plan provides for diversification of assets in an effort to maximize the investment return and manage risk of CPF consistent with market conditions. CPF 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). It is CPF's policy to annually spend five percent of the Board's designated endowment based upon a three-year moving average, if needed for operational purposes.

Changes in endowment net assets for the year ended March 31, 2014 are as follows:

	Unrestricted - Board Designated	Temporarily Restricted	Permanently Restricted	Total
Contributions to endowments	$ -	$ 1,862,095	$ -	$ 1,862,095
Investment activity:				
Interest and dividends	313,945	270,508	-	584,453
Realized gains	208,360	178,626	-	386,986
Unrealized gains on investments	742,290	635,925	-	1,378,215
Total investment activity	1,264,595	1,085,059	-	2,349,654
Releases from endowments	(518,602)	(268,454)	-	(787,056)
Endowment net assets, beginning of year	11,042,014	8,969,310	90,400	20,101,724
Endowment net assets, end of year	$ 11,788,007	$ 11,648,010	$ 90,400	$ 23,526,417

Changes in endowment net assets for the year ended March 31, 2013 are as follows:

	Unrestricted - Board Designated	Temporarily Restricted	Permanently Restricted	Total
Contributions to endowments	$ -	$ 75,000	$ -	$ 75,000
Investment activity:				
Interest and dividends	310,501	249,507	-	560,008
Realized gains	90,278	73,058	-	163,336
Unrealized losses on investments	589,719	477,491	-	1,067,210
Total investment activity	990,498	800,055	-	1,790,554
Releases from endowments	(479,064)	(292,775)	-	(771,839)
Endowment net assets, beginning of year	10,530,580	8,387,029	90,400	19,008,009
Endowment net assets, end of year	$ 11,042,014	$ 8,969,310	$ 90,400	$ 20,101,724

Permanently restricted net assets of $90,400 are held for the perpetual care of two monuments. The temporarily restricted endowment assets represent the accumulated investment earnings on the fiscal sponsor and other temporarily restricted funds that have been invested by CPF.

As of March 31, 2014 and 2013, the endowment net assets of $23,526,417 and $20,101,724, respectively, are reflected as cash and cash equivalents and investments in the accompanying financial statements.

NOTE 9 – FISCAL SPONSORSHIP

CPF acts as fiscal sponsor to a number of groups and DPR, which engage in activities that are consistent with CPF's mission. CPF accepts tax-deductible donations on behalf of fiscally sponsored groups and DPR and administers the expenditures of those funds for designated tax-exempt charitable purposes. Fiscal sponsorship support is offered to community parks groups and DPR on a case by case basis, in situations in which there is no appropriate community-based 501(c)(3) organization that could otherwise act as fiscal sponsor. CPF's fiscal sponsorship of parks groups is a temporary arrangement, during which time groups are expected to work towards obtaining their own 501(c)(3) designations. For this reason, fiscal sponsorship arrangements will have a specific end date. If at the end of the sponsorship period a group has failed to become a 501(c)(3), and there are unspent funds, the group must identify another fiscal sponsor. Otherwise any unused funds will be retained by CPF and used to support CPF's parks-related programming. In addition, should an account show no activity for a one-year period, the account will be terminated and all remaining funds in the account will be spent by CPF on parks-related activities.

At the request of DPR and with donor approval, CPF will transfer balances held for certain DPR programs to designated DPR fiduciary accounts. For the years ended March 31, 2014 and 2013, CPF transferred $0 and $197,564, respectively, of fiscal sponsor funds to fiduciary accounts administered by DPR. Such amounts are reflected as program service expense in the accompanying statements of activities.

The following is a summary of fiscal sponsor activity as of and for the years ended March 31, 2014 and 2013:

	2014	2013
Fiscal sponsorships included as part of temporarily restricted net assets, beginning of year	$ 16,139,549	$ 12,635,241
Add: temporarily restricted revenue for fiscal sponsorships	9,114,463	6,560,443
Less: net assets released from restrictions for fiscal sponsorships	(5,800,173)	(2,965,736)
Net increase in fiscal sponsorship funds	3,314,290	3,594,707
Fiscal sponsorships included as part of temporarily restricted net assets, end of year	19,453,839	16,139,549
Fiscal sponsorships included as part of permanently restricted net assets, beginning and end of year	90,400	90,400
Total fiscal sponsorship funds, end of year	$ 19,544,239	$ 16,229,949

NOTE 10 – COMMITMENTS AND CONTINGENCIES

A) *Contingencies*

Pursuant to CPF's contractual relationships with certain funding sources, outside governmental agencies have the right to examine CPF's books and records relating to these contracts. The accompanying financial statements make no provision for possible disallowances. Although such possible disallowances could be substantial in amount, in the opinion of management, any actual disallowances would be immaterial.

NOTE 10 – COMMITMENTS AND CONTINGENCIES (Continued)

B) ***Uncertainty in Income Taxes***

CPF had no uncertain tax positions as of March 31, 2014 and 2013 in accordance with Accounting Standards Codification ("ASC") Topic 740, "Income Taxes," which provides standards for establishing and classifying any tax provisions for uncertain tax positions. CPF is no longer subject to federal or state and local income tax examinations by tax authorities for years ended before March 31, 2011.

C) ***Litigation***

There are various legal proceedings currently pending against CPF. While it is not feasible to predict or determine with certainty the outcome of each case, it is the opinion of management in consultation with legal counsel that the outcomes will not have a material adverse effect on the accompanying financial statements.

NOTE 11 – EMPLOYEE BENEFIT PLANS

CPF has adopted a voluntary tax-sheltered annuity program under Section 403(b) of the Internal Revenue Code, as amended. Under the terms of the plan, employees are entitled to defer a portion of their annual compensation, within limitations established by the Internal Revenue Code. CPF may make discretionary matching contributions that can vary each year. During the years ended March 31, 2014 and 2013, CPF matched employee contributions up to 3% of gross compensation, amounting to $57,238 and $55,928, respectively.

In addition, CPF makes contributions to union employee benefit funds for certain temporary employees covered by a collective bargaining agreement which expires in April 2017. Such contributions amounted to $157,950 and $132,845, respectively, for the years ended March 31, 2014 and 2013.

NOTE 12 – MITIGATION INCOME

During the year ended March 31, 2010, CPF was chosen as the administrator for $7,000,000 of mitigation funds from DEC to finance environmental benefit projects ("EBPs") in communities in and around Greenpoint, Brooklyn, along Newtown Creek and the East River. As administrator, CPF will organize and oversee a community input process to determine which EBPs will be funded. CPF is entitled to 10% of the mitigation funds disbursed for its administrative and management costs.

CPF received $4,000,000 from DEC in November 2009 and $3,000,000 in July 2010. Such funds were not disbursed for EBPs as of March 31, 2014 and 2013. The agreement with DEC stipulates that the funds shall be kept by CPF in a separate account and that CPF will apply the funds, and any accrued interest thereon, for the Greenpoint/Newtown Creek EBPs and not for any other purpose. In April 2013, CPF received an additional $1.2 million of mitigation funds from the New York State Energy Research Development Authority ("NYSERDA") of which CPF will be entitled to 10% for its administrative and management costs in accordance with the project agreement. As of March 31, 2014 and 2013, the funds held by CPF for this purpose amounted to $7,454,594 and $6,351,350, respectively, and are reflected as restricted cash and other investments in the accompanying statements of financial position. These amounts are also included in temporarily restricted net assets as of March 31, 2014 and 2013 and will be released from restriction as amounts are disbursed by CPF for environmental benefit projects.

During the years ended March 31, 2014 and 2013, CPF recognized revenue of $200,000 for administrative work and time spent on this project. The remaining $120,835 and $200,000, respectively, to which CPF is entitled for its administrative and management costs was reflected in deferred revenue in the accompanying statements of financial position as of March 31, 2014 and 2013.

NOTE 13 – RELATED PARTY TRANSACTIONS

The Foundation transacts business or contracts services with, companies or individuals that may employ members of the Board of Directors or relatives of certain employees or members of the Board of Directors. The Directors or employees are not involved in the transaction process and all such transactions are reported to and approved by the Board of Directors.

Related party transactions were as follows for the years ended March 31:

	2014	2013
Professional fees	$ -	$ 33,300

NOTE 14 – SUBSEQUENT EVENTS

CPF has evaluated, for potential recognition and disclosure, events subsequent to the statement of financial position date through November 5, 2014, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through November 5, 2014 that would require adjustment to or disclosure in the financial statements, except as disclosed in Note 7.