

BATTERY PARK CITY PARKS CONSERVANCY CORPORATION

Financial Statements
For the Years Ended October 31, 2007 and 2006
With Report of Independent Auditors

BATTERY PARK CITY PARKS CONSERVANCY CORPORATION
October 31, 2007 and 2006

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REPORT OF INDEPENDENT AUDITORS

The Board of Directors
Battery Park City Parks Conservancy Corporation

We have audited the accompanying statements of financial position of The Battery Park City Parks Conservancy Corporation (BPCPC), a not-for-profit organization, as of October 31, 2007 and 2006, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of BPCPC's management. 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the BPCPC's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of BPCPC's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Battery Park City Parks Conservancy Corporation as of October 31, 2007 and 2006 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.



January 24, 2008

BATTERY PARK CITY PARKS CONSERVANCY CORPORATION

Statements of Financial Position

As of October 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
ASSETS		
<i>Current Assets:</i>		
Cash (Note 3)		
Cash on hand	\$ 204,804	\$ 131,786
Cash - Irish Hunger Memorial Fund (IHM)	8,435	272,083
Total Cash	<u>213,239</u>	<u>403,869</u>
Temporary investment - IHM (Note 4)	275,362	-
Due from the Authority (Note 6)	22,018	25,517
Other receivables	7,736	23,577
Prepaid expenses (Note 7)	128,605	182,271
Total Current Assets	<u>646,960</u>	<u>635,234</u>
<i>Non-Current Assets:</i>		
Equipment, furniture and fixtures, net (Note 8)	<u>150,579</u>	<u>166,983</u>
Total assets	<u><u>\$ 797,539</u></u>	<u><u>\$ 802,217</u></u>
 LIABILITIES AND NET ASSETS		
<i>Current Liabilities:</i>		
Accounts payable and accrued expenses (Note 9)	\$ 389,918	\$ 462,067
Total liabilities	<u>389,918</u>	<u>462,067</u>
<i>Net Assets:</i>		
Unrestricted	123,824	68,067
Temporarily restricted (Note 11)	283,797	272,083
Total net assets	<u>407,621</u>	<u>340,150</u>
Total liabilities and net assets	<u><u>\$ 797,539</u></u>	<u><u>\$ 802,217</u></u>

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

BATTERY PARK CITY PARKS CONSERVANCY CORPORATION

Statements of Activities

For the Years Ended October 31, 2007 and 2006

	2007			2006		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Restated Total
REVENUE AND OTHER SUPPORT						
<i>Revenue from the Authority:</i>						
Parks operation	\$ 6,364,324	\$ -	\$ 6,364,324	\$ 5,765,906	\$ -	\$ 5,765,906
Contributions in-kind	2,223,352	-	2,223,352	1,409,656	-	1,409,656
Community Center	137,448	-	137,448	95,774	-	95,774
Other services	801,196	-	801,196	651,326	-	651,326
Total revenue from the Authority	<u>9,526,320</u>	<u>-</u>	<u>9,526,320</u>	<u>7,922,662</u>	<u>-</u>	<u>7,922,662</u>
<i>Other Revenue:</i>						
Fees and permits	101,801	-	101,801	89,373	-	89,373
Registration fees	43,299	-	43,299	39,233	-	39,233
Contributions	35,967	-	35,967	86,422	-	86,422
Community Center income	220,742	-	220,742	281,635	-	281,635
Interest and other	39,246	11,714	50,960	19,900	8,465	28,365
Total Other Revenue and other support	<u>441,055</u>	<u>11,714</u>	<u>452,769</u>	<u>516,563</u>	<u>8,465</u>	<u>525,028</u>
Total revenue	<u>9,967,375</u>	<u>11,714</u>	<u>9,979,089</u>	<u>8,439,225</u>	<u>8,465</u>	<u>8,447,690</u>
EXPENSES						
<i>Program Services:</i>						
Parks operations	6,700,363	-	6,700,363	5,362,551	-	5,362,551
Other operations	1,229,432	-	1,229,432	1,057,482	-	1,057,482
Total program services	<u>7,929,795</u>	<u>-</u>	<u>7,929,795</u>	<u>6,420,033</u>	<u>-</u>	<u>6,420,033</u>
<i>Support Services:</i>						
Management and general administration	1,981,823	-	1,981,823	2,072,011	-	2,072,011
Total expenses before retirement of assets	<u>9,911,618</u>	<u>-</u>	<u>9,911,618</u>	<u>8,492,044</u>	<u>-</u>	<u>8,492,044</u>
Retirement of assets	-	-	-	53,776	-	53,776
Total expenses	<u>9,911,618</u>	<u>-</u>	<u>9,911,618</u>	<u>8,545,820</u>	<u>-</u>	<u>8,545,820</u>
Changes in net assets	55,757	11,714	67,471	(106,595)	8,465	(98,130)
Net assets, beginning of year	<u>68,067</u>	<u>272,083</u>	<u>340,150</u>	<u>174,662</u>	<u>263,618</u>	<u>438,280</u>
Net assets, end of year	<u>\$ 123,824</u>	<u>\$ 283,797</u>	<u>\$ 407,621</u>	<u>\$ 68,067</u>	<u>\$ 272,083</u>	<u>\$ 340,150</u>

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

BATTERY PARK CITY PARKS CONSERVANCY CORPORATION

Statements of Cash Flows

For the Years Ended October 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 67,471	\$ (98,130)
<i>Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:</i>		
Depreciation	110,907	180,985
Retirement of assets	-	53,776
<i>Changes in Assets/Liabilities:</i>		
Decrease/(increase) in due from the Authority	3,499	202,204
Decrease /(increase) in other receivables	15,841	(8,508)
Decrease /(increase) in prepaid expenses	53,666	(179,219)
(Decrease) /increase in accounts payable and accrued expenses	<u>(72,149)</u>	<u>51,567</u>
Net cash provided by operating activities	<u>179,235</u>	<u>202,675</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment, furniture and fixtures	(94,503)	(100,525)
Disbursement for investment of Irish Hunger Memorial Fund	(275,362)	-
Sale of equipment, furniture, and fixtures	<u>-</u>	<u>2,001</u>
Net cash used in investing activities	<u>(369,865)</u>	<u>(98,524)</u>
Net (decrease) /increase in cash	(190,630)	104,151
Cash, beginning of year	<u>403,869</u>	<u>299,718</u>
Cash, end of year	<u>\$ 213,239</u>	<u>\$ 403,869</u>

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

BATTERY PARK CITY PARKS CONSERVANCY CORPORATION
Statement of Functional Expenses
For the Year Ended October 31, 2007

	Park Operations			Total Parks Operations	Other Operations		Total Other Operations	Total Operations	Management and General Administration	Totals
	Maintenance	Horticulture	Parks Programming		Community Center	Other Services				
EXPENSES										
Salaries	\$ 1,294,841	\$ 1,074,027	\$ 718,384	\$ 3,087,253	\$ 242,635	\$ 382,107	\$ 624,741	\$ 3,711,994	\$ 603,388	\$ 4,315,382
Fringe benefits	462,303	403,747	198,131	1,064,181	47,998	158,375	206,373	1,270,554	211,950	1,482,504
Payroll taxes	107,568	81,580	54,863	244,011	18,361	19,383	37,744	281,755	47,242	328,997
Administrative overhead	-	-	-	-	-	57,659	57,659	57,659	-	57,659
Uniforms	6,286	4,386	2,430	13,102	472	831	1,304	14,406	646	15,052
Travel and entertainment	1,040	805	1,754	3,599	176	645	821	4,420	4,548	8,968
Computer operations	1,120	960	2,241	4,321	2,007	-	2,007	6,328	11,683	18,011
Consultancy	3,995	6,072	9,675	19,741	-	12,293	12,293	32,035	41,661	73,696
Office supplies	26,565	5,381	42,873	74,819	15,045	1,212	16,257	91,077	24,789	115,865
Audit and accountancy	-	-	-	-	6,711	-	6,711	6,711	22,650	29,361
Advertisements	597	512	17,262	18,371	7,110	-	7,110	25,481	6,224	31,705
Cleaning	32,587	-	-	32,587	-	5,087	5,087	37,674	-	37,674
Maintenance, repairs, supplies, and restoration	88,910	-	-	88,910	-	93,525	93,525	182,435	-	182,435
Horticultural	-	89,508	-	89,508	-	14,677	14,677	104,184	-	104,184
Performance fees	-	-	96,142	96,142	23,020	-	23,020	119,162	-	119,162
Materials, parts and supplies	100,994	14,240	7,859	123,093	-	35,766	35,766	158,859	-	158,859
Pest control	-	4,005	-	4,005	-	-	-	4,005	-	4,005
Lease equipment	-	-	-	-	-	1,665	1,665	1,665	-	1,665
Books and periodicals	124	106	247	477	-	-	-	477	1,290	1,767
Dues and subscriptions	548	470	1,096	2,113	-	-	-	2,113	5,714	7,827
Telephone and postage	2,194	1,881	6,538	10,613	706	3,142	3,848	14,460	22,880	37,341
Utilities	370,152	1,550	3,618	375,320	-	7,030	7,030	382,350	18,864	401,214
Printing and stationery	1,288	1,104	2,575	4,967	-	-	-	4,967	13,428	18,395
Warehouse storage	-	-	-	-	-	16,325	16,325	16,325	-	16,325
Depreciation	51,125	14,709	4,101	69,936	3,847	6,002	9,848	79,784	31,123	110,907
Miscellaneous	-	-	2,351	2,351	-	-	-	2,351	6,953	9,304
Total expenses before contributions in-kind	2,552,237	1,705,043	1,172,140	5,429,420	368,088	815,724	1,183,812	6,613,231	1,075,035	7,688,267
Contributions in-kind (Note 5):										
Donated leased space	57,238	49,061	114,476	220,776	-	-	-	220,776	596,913	817,689
Donated insurance costs	8,099	6,942	16,197	31,237	-	-	-	31,237	84,457	115,694
Donated pension plan costs (past service credit)	360,701	507,801	150,428	1,018,930	10,680	34,940	45,620	1,064,550	225,418	1,289,968
Total contributions in-kind	426,038	563,804	281,102	1,270,944	10,680	34,940	45,620	1,316,564	906,788	2,223,351
Total expenses	\$ 2,978,275	\$ 2,268,847	\$ 1,453,242	\$ 6,700,363	\$ 378,768	\$ 850,664	\$1,229,432	\$ 7,929,795	\$ 1,981,823	\$ 9,911,618

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

BATTERY PARK CITY PARKS CONSERVANCY CORPORATION

Statement of Functional Expenses
For the Year Ended October 31, 2006

	Parks Operations			Total Parks Operations	Other Operations		Total Other Operations	Total Operations	Management and General Administration	Totals
	Maintenance	Horticulture	Parks Programming		Community Center	Other Services				
EXPENSES										
Salaries	\$ 1,203,621	\$ 1,030,902	\$ 710,205	\$ 2,944,728	\$ 234,345	\$ 341,188	\$ 575,533	\$ 3,520,261	\$ 591,728	\$ 4,111,989
Fringe benefits	395,954	350,671	150,774	897,399	43,655	119,450	163,105	1,060,504	156,877	1,217,381
Payroll taxes	101,762	78,788	53,102	233,652	18,455	20,516	38,971	272,623	46,627	319,250
Administrative overhead	-	-	-	-	-	59,161	59,161	59,161	-	59,161
Uniforms	9,221	4,825	4,207	18,253	2,278	2,203	4,481	22,734	554	23,288
Travel and entertainment	1,801	1,752	1,863	5,416	241	447	688	6,104	5,326	11,430
Computer operations	387	332	774	1,493	6,064	-	6,064	7,557	4,038	11,595
Consultancy	5,655	3,176	8,761	17,592	596	-	596	18,188	38,641	56,829
Office supplies	10,072	4,866	39,099	54,037	16,848	525	17,373	71,410	25,539	96,949
Audit and accountancy	-	-	-	-	11,885	-	11,885	11,885	30,367	42,252
Advertisements	569	487	29,419	30,475	329	-	329	30,804	5,929	36,733
Cleaning	40,262	-	-	40,262	-	5,254	5,254	45,516	-	45,516
Maintenance, repairs, supplies, and restoration	77,084	-	-	77,084	5,812	88,613	94,425	171,509	-	171,509
Horticultural	-	73,014	-	73,014	-	-	-	73,014	-	73,014
Performance fees	-	-	96,951	96,951	22,755	-	22,755	119,706	-	119,706
Materials, Parts and Supplies	93,735	13,503	890	108,128	-	850	850	108,978	-	108,978
Pest control	-	3,585	-	3,585	-	-	-	3,585	-	3,585
Lease equipment	-	1,550	-	1,550	-	-	-	1,550	-	1,550
Books and periodicals	67	58	135	260	-	-	-	260	704	964
Dues and subscriptions	574	492	1,147	2,213	-	-	-	2,213	5,982	8,195
Telephone and postage	2,734	2,693	8,233	13,660	2,805	2,245	5,050	18,710	32,767	51,477
Utilities	272,518	1,425	3,326	277,269	-	6,461	6,461	283,730	17,342	301,072
Printing and stationery	1,165	999	2,330	4,494	5,175	-	5,175	9,669	12,149	21,818
Depreciation	48,838	15,330	12,724	76,892	5,849	31,682	37,531	114,423	66,562	180,985
Market research	-	-	-	-	1,795	-	1,795	1,795	-	1,795
Miscellaneous	-	-	3,537	3,537	-	-	-	3,537	1,830	5,367
Total expenses before contributions in-kind	2,266,019	1,588,448	1,127,477	4,981,944	378,887	678,595	1,057,482	6,039,426	1,042,962	7,082,388
Contributions in-kind (Note 5):										
Donated leased space	86,120	73,817	172,240	332,177	-	-	-	332,177	898,110	1,230,287
Donated insurance costs	12,556	10,762	25,112	48,430	-	-	-	48,430	130,939	179,369
Total contributions in-kind	98,676	84,579	197,352	380,607	-	-	-	380,607	1,029,049	1,409,656
Total expenses before retirement of assets	\$ 2,364,695	\$ 1,673,027	\$ 1,324,829	\$ 5,362,551	\$ 378,887	\$ 678,595	\$ 1,057,482	\$ 6,420,033	\$ 2,072,011	\$ 8,492,044

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

BATTERY PARK CITY PARKS CONSERVANCY CORPORATION

Notes to Financial Statements

October 31, 2007 and 2006

NOTE 1 ORGANIZATION AND OPERATIONS

Battery Park City Parks Conservancy Corporation (BPCPC) was incorporated on December 2, 1987 as a New York not-for-profit corporation. Hugh L. Carey Battery Park City Authority (the "Authority"), as sole member of BPCPC, designated the Authority's Members to serve as BPCPC's Board of Directors. Prior to July 2007, the Authority's President/CEO served as a director on BPCPC's Board. Subsequently, the BPCPC bylaws were modified to have the Authority's President serve BPCPC in the same capacity. BPCPC was formed by the Authority to comply with certain requirements of an agreement between the Authority and The City of New York (the "City") pursuant to which the Authority is obligated to maintain and repair the finished parks and open spaces for public use which are in and around Battery Park City's Project Area. This obligation of the Authority continues until the City acquires title to this area.

In March 1988, the Authority entered into a Management Agreement with BPCPC which authorized BPCPC to undertake all responsibilities related to operation and maintenance of the parks within the Authority's project area, including provision of appropriate security services, provision of appropriate insurance, and development and operation of recreational programs in the parks, as well as coordination with the City's departments in such areas as maintenance and any other services or activities required by the Authority. The Management Agreement also obligates the Authority to provide office space as well as operational and storage facilities, of a type and amount to be determined solely at the Authority's discretion, within or adjacent to the Parks, sufficient for BPCPC to use in the performance of these responsibilities.

In July 1995, the Management Agreement was amended to have the Authority assume the cost of providing security services and insurance, as well as allowing for the application of certain commercial, retail lease revenues to BPCPC's operations, among other provisions.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Financial Statement Presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States for nonprofit organizations. BPCPC is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, BPCPC is required to present a statement of cash flows.

BATTERY PARK CITY PARKS CONSERVANCY CORPORATION

Notes to Financial Statements

October 31, 2007 and 2006

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Contributions

BPCPC records contributions of cash and other assets as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. BPCPC records contributions as restricted support if they are received with donor stipulations that limit their use through purpose or time restrictions. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

(c) Tax Status

On September 19, 1991, the Internal Revenue Services (the IRS) determined that BPCPC is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (the "Code") as an organization described in Section 501(c)(3) of the Code. The IRS has also determined that BPCPC is a publicly supported organization described in Section 509(a)(1) and 170(b)(1)(A)(vi) of the Code, and has issued an advance ruling to that effect.

In addition, exemption under Section 501(c)(4) was granted on May 21, 1991, retroactive to the date of incorporation.

BATTERY PARK CITY PARKS CONSERVANCY CORPORATION

Notes to Financial Statements

October 31, 2007 and 2006

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Equipment, Furniture, and Fixtures

Equipment, furniture, and fixtures in excess of \$500 are capitalized and recorded at cost. Depreciation is computed by the straight-line method over the estimated useful lives of the related assets. The cost and related accumulated depreciation of assets retired or sold are removed from the appropriate asset and depreciation accounts, and the resulting gain or loss is reflected in the income for the period.

(e) Functional Allocation of Expenses

The cost of providing various programs and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated, based upon management's estimates, on a staff-time allocation cost basis among the operational activities.

(f) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts. Accordingly, actual results could differ from those estimates.

(g) Contributions in-kind

Contributions in-kind are reflected in the financial statements at their estimated fair value at the date of the donation.

(h) Reclassifications

Certain 2006 amounts have been reclassified to conform to the current year presentation.

BATTERY PARK CITY PARKS CONSERVANCY CORPORATION

Notes to Financial Statements

October 31, 2007 and 2006

NOTE 3 CASH

BPCPC maintains its cash in bank deposits, which are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. Additionally, collateral has been set aside by the custodian bank for balances in excess of \$100,000. All cash balances are placed into overnight interest bearing accounts.

NOTE 4 TEMPORARY INVESTMENTS

At October 31, 2007, BPCPC has invested \$275,362 of the Irish Hunger Memorial Fund in a Certificate of Deposit, which is guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. Additionally, collateral has been set aside by the custodian bank for balances in excess of \$100,000.

NOTE 5 RELATED-PARTY TRANSACTIONS WITH HUGH L. CAREY BATTERY PARK CITY AUTHORITY

In accordance with terms of the Management Agreement, revenue is received in periodic payments from the Authority in amounts based on the approved annual operating budget for BPCPC. The Authority's residential ground leases require tenants to make civic facilities payments to the Authority for funding of the operations of parks and open spaces. The Authority transfers the civic facilities payments to BPCPC, and to the extent that such amounts are less than that required to fund BPCPC's parks operating budget, the Authority provides additional funds. For the years ended October 31, 2007 and 2006, total funding for the parks operations amounted to \$6,364,324 and \$5,765,906, respectively. To the extent that BPCPC's costs of parks operation are less than its budget, such surpluses are deposited into the reserve funds held by the Authority for the benefits of BPCPC (see subsequent paragraphs for additional details.)

Additional funding in excess of parks operations for the Community Center and other services for fiscal years ended October 31, 2007 and 2006 amounted to \$938,644 and \$747,100, respectively. These additional funding amounts were reimbursements for repairs, maintenance, restoration costs, and equipment purchases incurred by BPCPC on behalf of the Authority. Among other services, this also includes reimbursements of expenses in excess of income from the operations of the Community Center at Stuyvesant High School.

As a result of an agreement between the City of New York, Stuyvesant High School, and the Authority, BPCPC assumed management of the Community Center at Stuyvesant High School in November 2004, offering recreational classes and events for people of all ages and interests.

BATTERY PARK CITY PARKS CONSERVANCY CORPORATION

Notes to Financial Statements

October 31, 2007 and 2006

NOTE 5 **RELATED-PARTY TRANSACTIONS WITH HUGH L. CAREY BATTERY PARK CITY AUTHORITY** *(continued)*

In May 2003, at the direction of the Authority, BPCPC assumed the operation of the North Cove Marina (the "Marina"). All income collected from the Marina operation was retained by the Authority, and BPCPC was reimbursed in full for the operational and equipment acquisition costs. Subsequently, in April 2005, the Authority transferred control of the Marina operations to North Cove Marina Management, Inc., an independent party. As a result of this transfer, \$53,776 of assets were retired in fiscal year 2006.

Funding provided to BPCPC by the Authority for parks and other operations amounted to \$7,302,967 and \$6,513,006 during fiscal years 2007 and 2006, respectively, and were included in the Authority's operating expenses. BPCPC's approved operating budget did not include the costs for lease of office space and operating facilities, insurance, and past service credit in the new retirement benefits plan, which totaled \$2,223,351 and \$1,409,656 during fiscal years 2007 and 2006, respectively. These cost are reflected in the statement of activities as contributions in-kind, consisting of an estimated cost for insurance, and the actual cost of both office lease and past service credit in the newly adopted retirement benefits plan (see note 10). Of the contributions in-kind made in fiscal year 2007, the Authority made a one-time payment to the Cultural Institution Retirement System (CIRS) in the amount of \$1,289,969 from the BPCPC Operating Reserve Fund (the "Reserve Fund") to fully fund the retroactive service credits for BPCPC employees through October 31, 2006. The Authority charged all contributions in-kind made on behalf of BPCPC to their operating expenses for fiscal years 2007 and 2006.

BATTERY PARK CITY PARKS CONSERVANCY CORPORATION

Notes to Financial Statements

October 31, 2007 and 2006

NOTE 5 RELATED-PARTY TRANSACTIONS WITH HUGH L. CAREY BATTERY PARK CITY AUTHORITY (continued)

The following table summarizes the revenues from the Authority:

	<u>2007</u>	<u>2006</u>
Revenues from Authority for:		
Park Operations	\$ 6,364,324	\$ 5,765,906
Contributions In-Kind	2,223,352	1,409,656
Reimbursable -Other Operations:		
Community Center	137,448	95,774
Bridges	405,739	322,506
Other Site Operations	310,144	265,568
Other	85,313	63,252
Total Reimbursable -Other Operations	<u>938,644</u>	<u>747,100</u>
Total	<u>\$ 9,526,320</u>	<u>\$ 7,922,662</u>

In March 1991, the Authority established an Operating Reserve, Contingency, and Replacement Fund (the "Fund") for the benefit of BPCPC, as required by the Management Agreement, as amended. The Fund is to be used for major repairs, restoration, replacements, and upgrades to the parks as required and approved by the Board. For the fiscal years ended October 31, 2007 and 2006, the Authority's contributions were \$0 and \$128,693, respectively. The total amounts expended by the Fund for the fiscal years ended October 31, 2007 and 2006 amounted to \$0 and \$74,599, respectively. The Fund, which is an asset of the Authority, had aggregate fair market value of \$22,247,013 and \$21,035,995 for October 31, 2007 and 2006, respectively. The assets in The Fund principally consisted of investments and securities backed by the full faith and credit of the U.S. Government, and municipal issuances no lower than an "A" rating ("Authority Investments").

BATTERY PARK CITY PARKS CONSERVANCY CORPORATION

Notes to Financial Statements

October 31, 2007 and 2006

NOTE 5 RELATED-PARTY TRANSACTIONS WITH HUGH L. CAREY BATTERY PARK CITY AUTHORITY (continued)

Additionally, in October 2000, the Authority established a BPCPC Operating Reserve Fund (the "Reserve Fund") to be used for maintenance and operational services. For the fiscal years ended October 31, 2007 and 2006, the Authority's contributions were \$80,223 and \$32,173, respectively, which were fully funded by October 31, 2007. The total amounts expensed by the Reserve Fund for the fiscal years ended October 31, 2007 and 2006 were \$1,289,969 and \$0, respectively. The Reserve Fund, which is an asset of the Authority, had aggregate fair market value of \$1,044,203 and \$2,168,855 as of October 31, 2007 and 2006, respectively. The assets in The Reserve Fund principally consisted of "Authority Investments."

NOTE 6 DUE FROM AUTHORITY

Due from Authority at October 31, 2007 and 2006 represents amounts the Authority owes to BPCPC.

	<u>2007</u>	<u>2006</u>
Due from Authority:		
Parks Operations	\$ 1,050	\$ -
Community Center	5,800	13,785
Other Services	15,168	11,732
Total	<u>\$ 22,018</u>	<u>\$ 25,517</u>

BATTERY PARK CITY PARKS CONSERVANCY CORPORATION

Notes to Financial Statements

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NOTE 7 PREPAID EXPENSES

Prepaid expenses at October 31, 2007 and 2006 consist of the following:

	<u>2007</u>	<u>2006</u>
Employee Health and Other Benefits	\$ 85,634	\$ 82,804
Payroll Taxes	-	55,617
Equipment	24,131	39,060
Other	18,840	4,790
Total	<u>\$ 128,605</u>	<u>\$ 182,271</u>

NOTE 8 EQUIPMENT, FURNITURE, AND FIXTURES

Equipment, furniture, and fixtures consist of the following:

	<u>2007</u>	<u>2006</u>
Cost:		
Horticultural Equipment	\$ 93,451	\$ 83,362
Parks Programming Equipment	124,089	119,454
Maintenance, Security, and Cleaning Equipment	440,969	424,477
Vehicles	328,943	405,046
Furniture, Fixtures, Computers, and Office Equipment	480,319	456,092
Total Cost Before Retirement	1,467,771	1,488,431
Cost of Retired /Disposed Assets	<u>(111,526)</u>	<u>(115,163)</u>
Net Cost	<u>\$ 1,356,245</u>	<u>\$ 1,373,268</u>
Accumulated Depreciation:		
Before Retirement	\$ 1,317,192	\$ 1,265,672
Accumulated Depreciation of Retired /Disposed Assets	<u>(111,526)</u>	<u>(59,387)</u>
Net Accumulated Depreciation	<u>1,205,666</u>	<u>1,206,285</u>
Net Assets	<u>\$ 150,579</u>	<u>\$ 166,983</u>

BATTERY PARK CITY PARKS CONSERVANCY CORPORATION

Notes to Financial Statements

October 31, 2007 and 2006

NOTE 8 EQUIPMENT, FURNITURE, AND FIXTURES *(continued)*

Depreciation expense for the fiscal years ended October 31, 2007 and 2006 was \$110,907 and \$180,985, respectively.

The equipment, furniture, and fixtures cost at October 31, 2007 decreased by an aggregate of \$16,404 over fiscal year 2006. This net decrease was comprised of \$110,907 in asset depreciation, and \$94,503 in new vehicle and equipment acquisitions. The equipment retired and disposed in fiscal year 2007 were fully depreciated and has a net book value of \$0.

NOTE 9 ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses at October 31, 2007 and 2006 were comprised of the following:

	<u>2007</u>	<u>2006</u>
Amounts Due to Vendors	\$ 19,951	\$ 5,015
Accrued Payroll and Benefit Expenses	109,136	169,265
Accrued Vacation Expense	218,773	225,158
Accrued Operating Expense	42,058	62,629
Total	<u>\$ 389,918</u>	<u>\$ 462,067</u>

NOTE 10 PENSION PLANS

- (a) BPCPC sponsors a Tax Deferred Savings Annuity (TDSA), a 403(b) retirement plan covering all its employees upon attainment of regular status. Eligible employees contribute up to 16.67% of their annual salary, but are limited to amounts necessary to meet nondiscrimination tests. BPCPC has agreed to contribute an amount equal to 25% of each employee's contribution, up to a maximum of 6% of annual salary. In addition, BPCPC contributes to each employee's account an amount equal to 2% of his or her salary each pay period. After three years of employment, BPCPC contributes an additional 1% on each employee's first \$40,000 of annual earnings. Employees' contributions with accrued interest are fully vested at all times.

BATTERY PARK CITY PARKS CONSERVANCY CORPORATION

Notes to Financial Statements

October 31, 2007 and 2006

NOTE 10 PENSION PLANS *(continued)*

Contributions by BPCPC are subject to a five-year vesting using a cumulative 20% vesting schedule. Contributions made by BPCPC amounted to \$98,014 and \$135,283 for the fiscal years ended 2007 and 2006, respectively. This plan will be discontinued during fiscal year October 31, 2008.

- (b) In March 2007, the Board approved the replacement of the 403(b) retirement plan with a retirement benefits plan administered by Cultural Institutions Retirement System (CIRS) for all eligible employees. CIRS' retirement benefit plan is a multi-employer sponsored plan consisting of a defined benefit plan (the "CIRS Pension Plan") and a section 401(k) defined contribution plan (the "CIRS 401(k) Savings Plan".) CIRS is responsible for administering all aspects of the CIRS Plan, including the investment of CIRS Plan assets that are held in trust for beneficiaries of the CIRS Pension Plan. The CIRS Savings Plan allows participants to select their own investments from a range of options.

During fiscal year 2007, BPCPC began participation in CIRS Pension Plan, which is an employer-funded defined benefit plan. To be eligible under this plan, employees must be over the age of 21 and be employed for a minimum of one year at regular status. Benefits paid to retirees are based on age at retirement, years of credited service, and average compensation. The CIRS Pension Plan is a private pension plan governed by ERISA, and is characterized as a Multiemployer Plan by the U.S. Department of Labor. In the event of CIRS Pension Plan insolvency, the CIRS Pension Plan is covered under the Pension Benefit Guaranty Corporation.

During fiscal year 2007, BPCPC also began participation in the CIRS 401(k) Savings Plan. Under this plan, participants make minimum contributions equivalent to 2% of their base salary to the Savings Plan and direct the investment of their funds, based on the investment options offered by the Savings Plan. To be eligible under this plan, employees must be over the age of 21 and be employed for a minimum of 3 months.

The total CIRS Pension Plan costs for eligible employees, exclusive of payments made directly by the Authority, amounted to \$248,967 for the year ended October 31, 2007. The cost for retroactive service credit amounted to \$1,289,969, was fully and directly funded by the Authority in June 2007 using funds held in the Reserve Fund, and was recorded as an "In-Kind Contribution."

BATTERY PARK CITY PARKS CONSERVANCY CORPORATION

Notes to Financial Statements

October 31, 2007 and 2006

NOTE 11 TEMPORARILY RESTRICTED NET ASSETS

During fiscal year 2002, BPCPC established a fund (the "IHM Fund") to receive contributions to maintain the Irish Hunger Memorial located within Battery Park City. For fiscal year ended October 31, 2007, BPCPC received \$621 in contributions and \$11,093 in interest earnings. As of October 31, 2007 and 2006, the balances of this Irish Hunger Memorial Fund were \$283,797 and \$272,083, respectively. No funds have been withdrawn from the IHM Fund since its inception.

NOTE 12 CONTRIBUTIONS IN-KIND

The costs assumed by the Authority in providing facilities at actual cost, and insurance at estimated fair value, to BPCPC are reflected in the statement of activities as contributions in-kind. Additionally, a one-time funding, paid directly by the Authority, for past service credit in the newly adopted pension plan was part of the contribution in-kind for fiscal year 2007 (see Note 10).

NOTE 13 PURCHASE COMMITMENTS

As of October 31, 2007, there were outstanding purchase commitments of approximately \$389,275 pursuant to various contracts.

NOTE 14 CONTINGENCIES

In the opinion of the Deputy General Counsel of the Authority, there may be one or more tort claims against BPCPC and unasserted claims arising out of the destruction of the World Trade Center (WTC) on September 11, 2001. However, BPCPC is an additional insured under the Authority's general liability insurance. While hundreds of claims have been asserted against the Authority and others in state and federal courts by cleaning contractor employees who worked in and around the WTC site after the disaster, such claims may be susceptible to dismissal or discontinuance on account of procedural defects. It is not yet possible to evaluate the magnitude of the liability that may arise from these claims. BPCPC has not been named in any of these suits. However, additional claims stemming from the clean-up efforts following the WTC disaster may be asserted against the Authority or BPCPC in the future.

BATTERY PARK CITY PARKS CONSERVANCY CORPORATION

Notes to Financial Statements

October 31, 2007 and 2006

NOTE 14 **CONTINGENCIES** *(continued)*

BPCPC is involved in a pending arbitration relating to the rent charged for the current leased office and operation space it now occupies. Since the Authority pays the rent for the BPCPC facility, any financial effect resulting from the arbitration would be a payment obligation of the Authority which is recorded as both an in-kind contribution and an expense on the BPCPC financial statements.