

**PROSPECT PARK ALLIANCE, INC.**

**Financial Statements  
for the year ended  
June 30, 2024**

**(with summarized comparative  
information for 2023)**

**Independent Auditor's Report**

To the Board of Directors of  
Prospect Park Alliance, Inc.

***Opinion***

We have audited the accompanying financial statements of Prospect Park Alliance, Inc. (the "Alliance") which comprise the statement of financial position as of June 30, 2024 and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Alliance as of June 30, 2024 and the results of its activities and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Alliance to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Alliance's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Alliance's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about the Alliance's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### ***Report on Summarized Comparative Information***

We have previously audited the Alliance's 2023 fiscal year financial statements, and our report dated November 3, 2023 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Carver DeLeon Sule Giff & Donnelly LLP*

December 20, 2024

## PROSPECT PARK ALLIANCE, INC.

## Statement of Financial Position

## Assets

	June 30	
	2024	2023
<b>Current assets</b>		
Cash and cash equivalents	\$ 830,481	\$ 1,456,831
Investments, at fair value	36,488,375	32,664,670
Accounts receivable, net	2,215,103	1,336,233
Contributions receivable – current, net	2,927,059	2,228,754
Prepaid expenses, deposits and other	396,965	407,538
Total current assets	42,857,983	38,094,026
<b>Contributions receivable – long-term, net</b>	1,468,427	2,106,137
<b>Right-of-use asset, operating lease</b>	23,852	42,312
<b>Property and equipment, at cost, net</b>	1,052,419	566,682
<b>Security deposits</b>	121,788	121,788
<b>Total assets</b>	<b>\$ 45,524,469</b>	<b>\$ 40,930,945</b>

## Liabilities and Net Assets

<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 2,713,400	\$ 1,489,196
Deferred revenue	1,142,001	1,326,708
Current portion of operating lease	11,098	19,278
Total current liabilities	3,866,499	2,835,182
Operating lease, net of current portion	12,754	23,034
Total liabilities	3,879,253	2,858,216
<b>Net assets</b>		
Without donor restrictions		
Operating	666,667	663,770
Board-designated endowment fund	25,654,137	22,856,818
Total net assets without donor restrictions	26,320,804	23,520,588
With donor restrictions		
Temporary donor restrictions		
Programs	12,547,920	12,067,594
Endowment fund	917,709	650,764
Total net assets with temporary donor restrictions	13,465,629	12,718,358
Perpetual donor restrictions – endowment fund	1,858,783	1,833,783
Total net assets	41,645,216	38,072,729
<b>Total liabilities and net assets</b>	<b>\$ 45,524,469</b>	<b>\$ 40,930,945</b>

See notes to financial statements.

PROSPECT PARK ALLIANCE, INC.

Statement of Activities  
Year Ended June 30, 2024  
(with Summarized Comparative Information for the Year Ended June 30, 2023)

	2024						2023					
	Without Donor Restrictions			With Donor Restrictions			With Donor Restrictions			Perpetual Donor Restrictions		
	Operating	Endowment	Total	Programs	Endowment	Total	Programs	Endowment	Total	Endowment	Total	Total
<b>Support and revenue</b>												
Support												
Individuals	\$ 2,804,652	\$ -	\$ 2,804,652	\$ 1,640,323	\$ -	\$ 1,640,323	\$ 1,640,323	\$ 25,000	\$ 4,169,975	\$ -	\$ 4,169,975	\$ 3,266,559
Corporations	266,096	-	266,096	335,488	-	335,488	335,488	-	601,584	-	601,584	797,865
Foundations	31,600	-	31,600	-	-	-	-	-	31,600	-	31,600	1,350
Government	384,350	-	384,350	1,519,988	-	1,519,988	1,519,988	-	1,904,338	-	1,904,338	1,120,022
Government -- in kind goods and services	-	-	-	623,403	-	623,403	623,403	-	623,403	-	623,403	148,359
Fundraising events -- net of direct costs	455,026	-	455,026	-	-	-	-	-	455,026	-	455,026	403,175
Net assets released from restrictions/designations and reclass	160,623	-	160,623	148,674	-	148,674	148,674	-	309,297	-	309,297	450,695
Total support	4,678,459	(802,497)	3,875,962	(3,787,550)	(88,412)	(3,875,962)	(3,875,962)	-	-	-	-	-
Revenue	8,780,806	(802,497)	7,978,309	480,326	266,915	747,271	480,326	25,000	8,395,223	25,000	8,395,223	6,188,025
Design and construction contracts	2,434,909	-	2,434,909	-	-	-	-	-	2,434,909	-	2,434,909	1,161,477
Sales, rentals and fees	6,261,728	-	6,261,728	-	-	-	-	-	6,261,728	-	6,261,728	6,577,129
Interest and dividends	67,594	1,436,711	1,504,305	-	118,360	118,360	-	-	3,622,665	-	3,622,665	724,037
Net realized and unrealized gain (loss)	(1,187)	2,163,105	2,161,918	-	236,997	236,997	-	-	2,398,915	-	2,398,915	1,485,487
Other	4,253	-	4,253	-	-	-	-	-	4,253	-	4,253	44,404
Total revenue	8,767,297	3,599,816	12,367,113	-	355,357	355,357	-	-	12,722,470	-	12,722,470	9,792,534
Total support and revenue	17,548,103	2,797,319	20,345,422	480,326	266,915	747,271	480,326	25,000	21,117,693	25,000	21,117,693	15,980,559
<b>Expenses</b>												
Program services												
Field operations and woodlands	3,101,047	-	3,101,047	-	-	-	-	-	3,101,047	-	3,101,047	2,768,208
Public and educational programs	1,817,325	-	1,817,325	-	-	-	-	-	1,817,325	-	1,817,325	1,257,643
Visitor services and events	5,511,054	-	5,511,054	-	-	-	-	-	5,511,054	-	5,511,054	5,221,773
Design and construction	3,200,698	-	3,200,698	-	-	-	-	-	3,200,698	-	3,200,698	2,099,671
Total program services	13,630,124	-	13,630,124	-	-	-	-	-	13,630,124	-	13,630,124	11,347,295
Supporting activities												
General and administrative	2,321,688	-	2,321,688	-	-	-	-	-	2,321,688	-	2,321,688	2,178,328
Fundraising	1,593,394	-	1,593,394	-	-	-	-	-	1,593,394	-	1,593,394	1,035,911
Total supporting activities	3,915,082	-	3,915,082	-	-	-	-	-	3,915,082	-	3,915,082	3,814,239
Total expenses	17,545,206	-	17,545,206	-	-	-	-	-	17,545,206	-	17,545,206	15,161,534
Increase in net assets	2,897	2,797,319	2,800,216	480,326	266,945	747,271	480,326	25,000	3,572,487	25,000	3,572,487	819,025
Net assets, beginning of year	663,770	22,856,918	23,520,588	12,067,594	650,764	12,718,358	12,067,594	1,833,783	38,972,729	1,833,783	38,972,729	37,253,704
Net assets, end of year	\$ 666,667	\$ 25,654,137	\$ 26,320,804	\$ 12,547,920	\$ 917,709	\$ 13,465,629	\$ 12,547,920	\$ 1,858,783	\$ 41,645,216	\$ 1,858,783	\$ 41,645,216	\$ 38,072,729

See notes to financial statements.

PROSPECT PARK ALLIANCE, INC.

Statement of Functional Expenses  
Year Ended June 30, 2024  
(with Summarized Comparative Information for the Year Ended June 30, 2023)

	2024							2023	
	Program Services				Supporting Activities				
	Field Operations and Woodlands	Public and Educational Programs	Visitor Services and Events	Design and Construction	Total Program Services	General and Administrative	Direct Cost of Special Events	Fundraising	Total
Salaries and wages	\$ 1,701,765	\$ 1,085,228	\$ 2,010,949	\$ 991,533	\$ 5,789,475	\$ 963,959	\$ 8,596	\$ 778,272	\$ 7,540,302
Payroll taxes and fringe benefits	395,509	245,826	433,109	243,252	1,317,696	244,359	699	185,062	1,747,816
Professional fees	310,213	284,187	880,348	1,228,427	2,703,175	575,285	497,433	335,716	4,115,609
Construction	206,654	-	1,500	681,991	890,145	-	-	-	890,145
Cost of goods sold	-	-	45,817	-	45,817	-	-	-	45,817
Supplies and equipment	282,693	114,851	340,339	27,124	765,007	114,189	52,028	114,225	1,045,449
Printing and postage	706	22,296	2,888	1,204	27,094	1,512	3,089	71,219	102,914
Fees and interest	76	181	538,805	359	539,421	7,753	74	57,292	604,540
Insurance	-	12,288	310,137	23,060	345,485	115,830	-	-	461,315
Facilities costs	123,895	16,581	845,331	230	986,037	22,271	835	-	1,009,143
Other costs	4,239	30,460	72,907	3,518	111,124	269,168	122,398	47,608	550,298
Depreciation	75,297	5,427	28,924	-	109,648	7,362	-	-	117,010
Loss on write-off of property and equipment	-	-	-	-	-	-	-	-	69,956
Total expenses	3,101,047	1,817,325	5,511,054	3,200,698	13,630,124	2,321,688	685,152	1,593,394	18,230,358
Less: expenses deducted directly on the statement of activities	-	-	-	-	-	-	(685,152)	-	(685,152)
Total expenses reported by function on the statement of activities	\$ 3,101,047	\$ 1,817,325	\$ 5,511,054	\$ 3,200,698	\$ 13,630,124	\$ 2,321,688	\$ -	\$ 1,593,394	\$ 17,545,206
									\$ 15,161,534

See notes to financial statements.

## PROSPECT PARK ALLIANCE, INC.

## Statement of Cash Flows

	Year Ended	
	June 30	
	2024	2023
<b>Cash flows from operating activities</b>		
Increase in net assets	\$ 3,572,487	\$ 819,025
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Contributions restricted to permanent endowment	(25,000)	-
Depreciation	117,010	69,956
Loss on write-off of property and equipment	-	243,000
Net realized and unrealized (gain) on investment	(2,398,915)	(1,485,487)
Donated securities	(781,264)	(548,062)
Proceeds from sale of donated securities	780,077	547,535
(Increase) decrease in assets		
Accounts receivable, net	(878,870)	(176,409)
Contributions receivable, net	(60,595)	1,315,214
Prepaid expenses, deposits and other	10,573	(147,200)
Security deposits	-	6,721
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	1,224,204	(542,575)
Deferred revenue	(184,707)	295,938
Net cash provided by operating activities	<u>1,375,000</u>	<u>397,656</u>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(602,747)	(560,524)
Purchase of certificates of deposit	(1,972,746)	(12,171,201)
Redemption of certificate for deposit	5,700,000	600,000
Purchases of investments	(5,101,493)	(1,062,837)
Proceeds from sale of investments	1,100,528	923,507
Net change in cash and equivalents	<u>(1,149,892)</u>	<u>6,528,315</u>
Net cash (used in) investing activities	<u>(2,026,350)</u>	<u>(5,742,740)</u>
<b>Cash flows from financing activities</b>		
Contributions restricted to permanent endowment	<u>25,000</u>	<u>-</u>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(626,350)</b>	<b>(5,345,084)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b><u>1,456,831</u></b>	<b><u>6,801,915</u></b>
<b>Cash and cash equivalents, end of year</b>	<b><u>\$ 830,481</u></b>	<b><u>\$ 1,456,831</u></b>

See notes to financial statements.

**PROSPECT PARK ALLIANCE, INC.**

**Notes to Financial Statements**

**June 30, 2024**

**Note 1 – Nature of organization**

In partnership with the City of New York and the community, Prospect Park Alliance, Inc. (the “Alliance”) restores, develops and operates Prospect Park for the enjoyment of all by caring for the natural environment, preserving historic design and serving the public through facilities and programs. On June 27, 2017, the Alliance entered into an agreement for the operation and management of Prospect Park with the New York City Department of Parks and Recreation for a ten year term which may be renewed for two additional five year terms. The Alliance relies on support from individuals, corporations, foundations and government to deliver the following:

- Field operations and woodlands – Maintaining and conserving Prospect Park’s 585 acres of natural and designed landscape, particularly its 350 acres of natural areas.
- Public and educational programs – Delivering programs, activities, outreach and exhibits that enhance the public’s enjoyment of Prospect Park and increase understanding of the park as a designed landscape and a natural environment.
- Visitor services and events – Serving visitors to Prospect Park through recreational attractions, such as the Carousel, Boathouse, Picnic House, Tennis Center and the LeFrak Center. Additionally, the Alliance partners with the City of New York to oversee permitted events throughout the year.
- Design and construction – Designing and supervising the construction of restoration and improvement projects in Prospect Park.

**Note 2 – Summary of significant accounting policies**

**Net assets**

Net assets without donor restrictions consist of amounts that can be spent at the discretion of the Alliance. Net assets with temporary donor restrictions consist of contributions that are restricted by the donor for a specific purpose or pertain to future periods. Net assets with perpetual donor restrictions consist of contributions that are restricted by the donor in that the principal must remain in perpetuity but that the investment return earned on such funds may be spent in accordance with the donor’s terms.

**Cash equivalents**

The Alliance considers highly liquid assets with original maturities of 90 days or less to be cash equivalents, unless such assets are held as part of its investment strategy in which case these assets are included in investments.



**PROSPECT PARK ALLIANCE, INC.**  
**Notes to Financial Statements (continued)**  
**June 30, 2024**

**Note 2 – Summary of significant accounting policies (continued)**

Investments

The fair value of the investments is based on publicly quoted market prices. Interest, dividends, net realized and unrealized gains and losses on investments are allocated between net assets without donor restrictions and net assets with temporary donor restrictions.

Fair value measurements

For assets measured at fair value on a recurring basis as of June 30, 2024, accounting principles generally accepted in the United States of America require quantitative disclosures about the fair value measurements separately for each major class of assets. The Alliance's investments have all been classified in the highest level of the hierarchy (Level 1). Their quoted prices are in active markets for identical assets.

Allowance for doubtful accounts

As of June 30, 2024, the Alliance has an allowance for doubtful accounts of approximately \$204,000 for any potentially uncollectible accounts and contributions receivables. Such estimate is based on management's experience, the aging basis of the receivables, subsequent receipts and current economic conditions.

Collections of historical interest

The Alliance maintains collections of historic reference materials and 18<sup>th</sup> and 19<sup>th</sup> century objects. Consistent with the practices of many other not-for-profit organizations, the value of the Alliance's collections is not reflected in the statement of financial position. Purchases of items are expensed in the year that the items are acquired.

Contributions

The Alliance reports contributions as donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor stipulation expires, net assets with temporary donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donated securities are recorded at the fair value on the date of donation.

Operating lease liability

The Alliance follows the current lease accounting standards which established a right of use ("ROU") model that requires a lessee to record an ROU asset, which represents the right of use a respective asset for the lease term, and a lease liability on the statement of financial position at the present value of the remaining future payments due under the lease. The Alliance has elected to use a risk-free rate to discount its lease obligation to its net present value and to exclude leases with initial terms of 12 months or less.

**PROSPECT PARK ALLIANCE, INC.**  
**Notes to Financial Statements (continued)**  
**June 30, 2024**

**Note 2 – Summary of significant accounting policies (continued)**

Sales, rentals and fees

Sales, rentals and fees revenues are recognized when services are performed. Certain sales, rentals and fees revenues are recognized over the term of the service and the unearned portion is reflected as deferred revenue.

Design and administrative fees

To cover various design, general and administrative expenses, the Alliance charges certain funds a one-time design or administrative fee, where permitted.

In-kind goods and services

The Alliance receives in-kind goods and services that are an integral part of its activities and would have had to be purchased by the Alliance if they had not been donated and are therefore reflected on the statement of activities. The goods and services were recorded at the fair value based on what it would have cost the Alliance to purchase them independently. The in-kind goods and services consisting of salaries and related expenses of \$431,718, professional fees of \$31,600 and supplies of \$23,308 totaled \$486,626 for the 2024 fiscal year.

Board members and other individuals volunteer their time and perform a variety of tasks that assist the Alliance in carrying out its programs. These services do not meet the criteria to be recorded and have not been included in the financial statements.

Functional expenses

The costs of providing the various programs and other activities have been summarized on a functional and natural basis. Accordingly, certain costs have been allocated between the program services and supporting activities benefited. Those costs include depreciation, the President's office, personnel expenses for two Vice Presidents, and the marketing department. Depreciation is allocated to programs based on asset utilization; the President's office is allocated based on time spent; personnel expenses for two Vice Presidents are allocated between departments supervised; the costs of the marketing department are allocated to programs and activities based on the time spent and on which functional area the expenses relate to.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from these estimates.

**PROSPECT PARK ALLIANCE, INC.**  
**Notes to Financial Statements (continued)**  
**June 30, 2024**

**Note 2 – Summary of significant accounting policies (continued)**

Concentrations of credit risk

The Alliance's financial instruments that are potentially exposed to concentrations of credit risk consist of cash, cash equivalents, investments and receivables. The Alliance places its cash and cash equivalents with what it believes to be quality financial institutions and invests in mutual funds. At times, cash balances were in excess of the FDIC insurance limit. However, the Alliance has not experienced any losses in these accounts to date. Investments are exposed to various risks such as interest rate, market volatility, liquidity and credit. Due to the level of uncertainty related to the foregoing risks, it is reasonably possible that changes in these risks could materially affect the fair value of the investments reported in the statement of financial position at June 30, 2024. The Alliance routinely assesses the financial strength of its cash, cash equivalents and investment portfolio. The Alliance's management monitors the collectability of receivables. As a consequence, concentrations of credit risk are limited.

Comparative financial information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class or functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Alliance's financial statements for the year ended June 30, 2023 from which the summarized information was derived.

Subsequent events

The Alliance has evaluated events and transactions for potential recognition or disclosure through December 20, 2024, which is the date the financial statements were available to be issued.

**Note 3 – Liquidity and availability of financial assets**

The Alliance's cash flows are subject to seasonal fluctuations due to the timing of collection of contributions and other revenue.

As of June 30, 2024, financial assets available within one year of the statement of financial position date for general expenditures were as follows:

Cash and cash equivalents	\$ 830,481
Investments	36,488,375
Accounts receivable, net	2,215,103
Contributions receivable, net	<u>2,927,059</u>
Sub-total	42,461,018
Less: Net assets with perpetual donor restrictions	<u>(1,858,783)</u>
Total	<u>\$ 40,602,235</u>

**PROSPECT PARK ALLIANCE, INC.**  
**Notes to Financial Statements (continued)**  
**June 30, 2024**

**Note 4 – Investments**

The following is a summary of the investments held by the Alliance as of June 30, 2024:

	<u>Fair Value</u>
Certificates of deposit	\$ 7,843,946
Balanced Index Mutual Fund	<u>28,644,429</u>
Total	<u>\$ 36,488,375</u>
Consists of:	
Endowment funds	28,430,629
Operating and programs	<u>8,057,746</u>
Total	<u>\$ 36,488,375</u>

**Note 5 – Contributions receivable, net**

Contributions receivable are unconditional promises to make donations to the Alliance. The Alliance discounts its receivables to their present value using a rate of 3.55%, including the receivables due within one year. Contributions receivable are expected to be received as follows:

	<u>Amount</u>
Due within 1 year, net	\$ 2,970,703
Due within 1 to 5 years	1,515,378
Due in more than 5 years	<u>100,000</u>
Sub-total	4,586,081
Less amount to reduce contributions receivable to their present value (discount rate – 3.55%)	<u>(190,595)</u>
Total	<u>\$ 4,395,486</u>

**Note 6 – Property and equipment**

The Alliance capitalizes property and equipment items above \$1,000 and with a useful life greater than one year. Depreciation is being provided on the straight-line method over the estimated useful lives of the assets, which range from three to thirteen years.

Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with temporary donor restrictions. Such contributions are reclassified to net assets without donor restrictions when they are utilized to acquire property and equipment and those assets are placed into service.

Consistent with a directive from the City of New York and practices of other similar organizations, the cost of all improvements made to property owned by the City of New York is expensed by the Alliance in the year that such costs are incurred. All design and construction costs are also expensed in the year they are incurred except where a property is licensed to the Alliance by the City of New York under terms of an agreement.

**PROSPECT PARK ALLIANCE, INC.**

**Notes to Financial Statements (continued)**  
**June 30, 2024**

**Note 6 – Property and equipment (continued)**

A summary of the property and equipment and the accumulated depreciation as of June 30, 2024 is as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Tennis Center	\$ 3,091,107	\$ 3,091,107	\$ -
Furniture, fixtures and equipment	1,766,025	1,407,021	359,004
Construction in progress	693,415	-	693,415
Total	<u>\$ 5,550,547</u>	<u>\$ 4,498,128</u>	<u>\$ 1,052,419</u>

During the 2024 fiscal year, fully depreciated property and equipment totaling \$637,786 were removed from the accounts of the Alliance.

**Note 7 – Line of credit**

The Alliance has a revolving line of credit agreement with JP Morgan Chase Bank which provides for a principal amount of \$500,000, an interest rate of 1% per annum above the prime rate and is secured by a security interest on all business assets. As of June 30, 2024, no amounts were outstanding under the line of credit.

**Note 8 – Permit and licensing fees**

The Alliance has a licensing agreement with the City of New York to operate a year-round tennis facility at the Parade Ground. The agreement requires minimum annual payments as outlined in the agreement and terminates on October 2035, after which the Alliance and the City of New York may agree to renew the licensing agreement for up to three additional one-year terms. It is the Alliance's intention to request such extensions.

The Alliance has a licensing agreement with the City of New York to operate the Park's historic Carousel. The agreement requires an annual payment as outlined in the agreement and is up for renewal on July 17, 2025.

The Alliance has a permit from the City of New York for the management and operation of cafes at the Picnic House and the Boat House . The permit commenced in August 2013 and is up for renewal on July 17, 2025.

In January 2014, the Alliance entered into a licensing agreement with the City of New York for the operation and maintenance of the LeFrak Center at Lakeside (the "LeFrak Center") in Prospect Park. The agreement is up for renewal on July 17, 2025. As provided under this agreement, the Alliance entered into a sublicense agreement which was terminated in November 2024 with a wind down period through April 2025 with an independent contractor for the operation and maintenance of the LeFrak Center. The sublicense agreement provided for certain financial conditions and fees payable to the Alliance. The revenue and expenses from the operation and maintenance, including all related taxes, are reflected separately in the books and records of the independent contractor, and not those of the Alliance.

**PROSPECT PARK ALLIANCE, INC.**

**Notes to Financial Statements (continued)**  
**June 30, 2024**

**Note 8 – Permit and licensing fees (continued)**

The Alliance has a licensing agreement (referred to as a “Concessions Agreement”) with the City of New York to operate various food concessions, special events, short-term facility agreements and catering services in Prospect Park. The agreement requires no minimum annual payments as outlined in the agreement and will be up for renewal on June 27, 2027.

All agreements are terminable at will by the Commissioner of the Department of Parks and Recreation of the City of New York. Fees payable to the City of New York under these permits and agreements totaled \$398,376 during the 2024 fiscal year. The aforementioned fees paid are subject to review and audit by the Commissioner of the Department of Parks and Recreation of the City of New York. Minimum annual fee payments required under these agreements for future years as of June 30, 2024 are as follows:

<u>Fiscal year</u>	<u>Amount</u>
2025	\$ 407,173
2026	409,117
2027	416,189
2028	423,391
2029	430,726
2030 and thereafter	<u>2,272,122</u>
Total	<u>\$ 4,358,718</u>

**Note 9 – Net assets with temporary donor restrictions**

The following is a summary of the activity of the net assets with temporary donor restrictions for the year ended June 30, 2024:

	<u>Balance June 30, 2023</u>	<u>Support</u>	<u>Net Investment Activity</u>	<u>Net Assets Released/ Reclassified</u>	<u>Balance June 30, 2024</u>
Programs					
Field operations and woodlands	\$ 60,268	\$ 418,605	\$ -	\$ (450,686)	\$ 28,187
Public and educational Programs	300,364	529,237	-	(691,771)	137,830
Visitor services	893,191	26,000	-	(884,619)*	34,572
Design and construction	45,376	403,967	-	(403,967)	45,376
Lakeside Campaign	353,074	-	-	(180,826)	172,248
Campaign for Prospect Park**	10,102,873	2,422,430	-	(727,731)	11,797,572
Supporting services	-	135,000	-	(135,000)	-
Time restrictions	<u>312,448</u>	<u>332,637</u>	<u>-</u>	<u>(312,950)</u>	<u>332,135</u>
Total	12,067,594	4,267,876	-	(3,787,550)	12,547,920
Endowment					
Unspent investment return earned on perpetual donor restricted endowment fund	<u>650,764</u>	<u>-</u>	<u>355,357</u>	<u>(88,412)</u>	<u>917,709</u>
Total	<u>\$ 12,718,358</u>	<u>\$ 4,267,876</u>	<u>\$ 355,357</u>	<u>\$ (3,875,962)</u>	<u>\$ 13,465,629</u>

\* Includes reclass of \$856,619 to the Board-designated endowment fund.

\*\* In 2020, the Alliance launched the Campaign for Prospect Park with the goal of growing the Alliance's annual operating support, increasing the Alliance's endowment and securing funding for the renovation of the Vale in the Park's northeast corner.

**PROSPECT PARK ALLIANCE, INC.**  
**Notes to Financial Statements (continued)**  
**June 30, 2024**

**Note 10 – Endowments**

The Alliance's policy is to diversify investments to provide a balance that will enhance total return while avoiding undue risk concentration in any single asset class or investment category, and the goals of this investment policy are to provide a secure and dependable investment return for appropriation to the operating budget, protect historic dollar value of the funds and provide sufficient liquidity to accommodate foreseeable appropriations.

The Alliance has a policy of transferring the investment income generated from its funds with perpetual donor restrictions to funds with temporary donor restrictions and has adopted a spending policy where income may be appropriated from the restricted and board designated endowment funds to meet the expenditure needs of the Alliance. The annual appropriation is determined using a 20 quarter trailing average asset value of the Funds and the Alliance's Board approved an appropriation of 4.5% of this average asset value for the year ended June 30, 2024. During the 2024 fiscal year, the Alliance transferred \$647,000 from the board-designated endowment fund to the operating fund to cover the 2024 fiscal year deficit. Such amount is included in the net assets released/designated/reclassified total of \$(802,497) below.

The following is a summary of the activity of the Alliance's endowment funds for the year ended June 30, 2024:

<b><u>Program/Purpose</u></b>	<b><u>Balance June 30, 2023</u></b>	<b><u>Support and Net Investment Activity</u></b>	<b><u>Net Assets Released/ Designated/ Reclassified</u></b>	<b><u>Balance June 30, 2024</u></b>
Without donor restrictions – board-designated	\$ 22,856,818	\$ 3,599,816	\$ (802,497)	\$ 25,654,137
<b><u>Temporary donor restrictions</u></b>				
Woodlands Fund	314,594	159,710	(48,762)	425,542
Parade Ground Fund	119,520	50,526	-	170,046
Campaign for Prospect Park FY21-27	-	14,712	-	14,712
The LeFrak Center Maintenance Fund	175,326	95,883	(29,283)	241,926
Arbiculture Fund	41,324	34,526	(10,367)	65,483
Total	650,764	355,357	(88,412)	917,709
<b><u>Perpetual donor restrictions</u></b>				
Woodlands Fund	810,272	-	-	810,272
Parade Ground Fund	225,000	-	-	225,000
Campaign for Prospect Park FY21-27	100,319	-	-	100,319
The LeFrak Center Maintenance Fund	500,000	-	-	500,000
Arbiculture Fund	198,192	25,000	-	223,192
Total	1,833,783	25,000	-	1,858,783
Total Endowment Funds	\$ 25,341,365	\$ 3,980,173	\$ (890,909)	\$ 28,430,629

**PROSPECT PARK ALLIANCE, INC.**  
**Notes to Financial Statements (continued)**  
**June 30, 2024**

**Note 11 – Retirement plan**

The Alliance maintains a defined contribution retirement plan under Section 403(b) of the Internal Revenue Code. Employees of the Alliance become eligible to participate in the plan when they have completed two years of service at the Alliance and are 21 years of age. Once an employee is in the plan, the employee is immediately vested. The Alliance contributes an amount equal to 2% of each eligible employee's compensation to the plan. Contributions totaled \$84,950 during the 2024 fiscal year.

**Note 12 – Litigation**

The Alliance is currently involved in a number of legal proceedings arising in the ordinary course of business. The Alliance believes it has defenses for these proceedings and is vigorously defending the actions. In the opinion of management, after consultation with outside legal counsel, the final disposition of these matters will not have a material effect on the Alliance's financial statements.

In certain of the above proceedings, the Alliance has been notified by the City of New York Law Department that it will defend the Alliance and pay on its behalf any judgment arising out of the proceedings.

In certain of the above proceedings as it relates to operations at the LeFrak Center, the Alliance has been notified by its third party sub licensee that it will defend the Alliance and pay on its behalf any judgment arising out of the proceedings.

**Note 13 – Tax status**

The Alliance is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"). In addition, the Alliance has been determined by the Internal Revenue Service to be a publicly supported organization, and not a private foundation, within the meaning of Section 509(a)(1) of the Code.