

PROSPECT PARK ALLIANCE, INC.

**Financial Statements
for the year ended
June 30, 2025**

**(with summarized comparative
information for 2024)**



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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, 2025 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, 2025 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 2024 fiscal year financial statements, and our report dated December 20, 2024 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, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Carter O'Leary

PROSPECT PARK ALLIANCE, INC.

Statement of Financial Position

Assets

	June 30	
	2025	2024
Current assets		
Cash and cash equivalents	\$ 1,832,388	\$ 830,481
Investments, at fair value	42,045,200	36,488,375
Accounts receivable, net	1,693,330	2,215,103
Contributions receivable – current, net	6,401,736	2,927,059
Prepaid expenses, deposits and other	354,021	396,965
Total current assets	52,326,675	42,857,983
Contributions receivable – long-term, net	3,848,795	1,468,427
Right-of-use asset, operating lease	4,704	23,852
Property and equipment, at cost, net	2,232,938	1,052,419
Security deposits	120,457	121,788
Total assets	\$ 58,533,569	\$ 45,524,469

Liabilities and Net Assets

Current liabilities		
Accounts payable and accrued expenses	\$ 1,885,115	\$ 2,713,400
Deferred revenue	1,240,520	1,142,001
Current portion of operating lease	4,704	11,098
Total current liabilities	3,130,339	3,866,499
Operating lease, net of current portion	-	12,754
Total liabilities	3,130,339	3,879,253
Net assets		
Without donor restrictions		
Operating	669,442	666,667
Board-designated endowment fund	26,897,572	25,654,137
Total net assets without donor restrictions	27,567,014	26,320,804
With donor restrictions		
Temporary donor restrictions		
Programs	15,022,153	12,547,920
Endowment fund	1,383,418	917,709
Total net assets temporary donor restrictions	16,405,571	13,465,629
Perpetual donor restrictions – endowment fund	11,430,645	1,858,783
Total net assets	55,403,230	41,645,216
Total liabilities and net assets	\$ 58,533,569	\$ 45,524,469

See notes to financial statements.

PROSPECT PARK ALLIANCE, INC.
Statement of Activities
Year Ended June 30, 2025
(with Summarized Comparative Information for the Year Ended June 30, 2024)

	2025						2024		
	Without Donor Restrictions			With Donor restrictions					
	Operating	Endowment	Total	Temporary Donor Restrictions	Perpetual Donor Restrictions	Total	Total	Total	
Support and revenue									
Support									
Individuals	\$ 3,175,841	\$ -	\$ 3,175,841	\$ 908,678	\$ -	\$ 908,678	\$ -	\$ 4,084,519	\$ 4,469,975
Corporations	311,773	-	311,773	295,300	-	295,300	-	607,073	601,584
Corporations – in-kind services	320,000	-	320,000	-	-	-	-	320,000	31,600
Foundations	638,656	-	638,656	3,123,660	-	3,123,660	9,521,862	13,284,178	1,904,338
Government	-	-	-	934,901	-	934,901	-	934,901	623,403
Government – in kind goods and services	611,430	-	611,430	-	-	-	-	611,430	455,026
Fundraising events – net of direct costs	306,614	-	306,614	171,936	-	171,936	-	478,550	309,297
Net assets released from restrictions and designations	5,125,618	(2,099,685)	3,025,933	(2,960,242)	(115,691)	(3,075,933)	50,000	-	-
Total support	<u>10,489,932</u>	<u>(2,099,685)</u>	<u>8,390,247</u>	<u>2,474,233</u>	<u>(115,691)</u>	<u>2,358,542</u>	<u>9,571,862</u>	<u>20,320,651</u>	<u>8,395,223</u>
Revenue									
Design and construction contracts	1,854,173	-	1,854,173	-	-	-	-	1,854,173	2,434,909
Sales, rentals and fees	6,673,127	-	6,673,127	-	-	-	-	6,673,127	6,261,728
Interest and dividends	-	1,996,923	1,996,923	-	314,767	314,767	-	2,311,690	1,622,665
Net realized and unrealized gain	7,438	1,346,197	1,353,635	-	266,633	266,633	-	1,620,268	2,398,915
Other	1,761	-	1,761	-	-	-	-	1,761	4,253
Total revenue	<u>8,536,499</u>	<u>3,343,120</u>	<u>11,879,619</u>	<u>-</u>	<u>581,400</u>	<u>581,400</u>	<u>-</u>	<u>12,461,019</u>	<u>12,722,470</u>
Total support and revenue	<u>19,026,431</u>	<u>1,243,435</u>	<u>20,269,866</u>	<u>2,474,233</u>	<u>465,709</u>	<u>2,939,942</u>	<u>9,571,862</u>	<u>32,781,670</u>	<u>21,117,693</u>
Expenses									
Program services									
Field operations and woodlands	3,797,895	-	3,797,895	-	-	-	-	3,797,895	3,101,047
Public and educational programs	1,876,194	-	1,876,194	-	-	-	-	1,876,194	1,817,325
Visitor services and events	6,564,627	-	6,564,627	-	-	-	-	6,564,627	5,511,054
Design and construction	3,291,095	-	3,291,095	-	-	-	-	3,291,095	3,200,698
Total program services	<u>15,529,811</u>	<u>-</u>	<u>15,529,811</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,529,811</u>	<u>13,630,124</u>
Supporting activities									
General and administrative	2,002,760	-	2,002,760	-	-	-	-	2,002,760	2,321,688
Fundraising	1,491,085	-	1,491,085	-	-	-	-	1,491,085	1,593,394
Total supporting activities	<u>3,493,845</u>	<u>-</u>	<u>3,493,845</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,493,845</u>	<u>3,915,082</u>
Total expenses	<u>19,023,656</u>	<u>-</u>	<u>19,023,656</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,023,656</u>	<u>17,545,206</u>
Increase in net assets	2,775	1,243,435	1,246,210	2,474,233	465,709	2,939,942	9,571,862	13,758,014	3,572,487
Net assets, beginning of year	666,667	25,654,137	26,320,804	12,547,920	917,709	13,465,629	1,858,783	41,645,216	38,072,729
Net assets, end of year	\$ 669,442	\$ 26,897,572	\$ 27,567,014	\$ 15,022,153	\$ 1,383,418	\$ 16,405,571	\$ 11,430,645	\$ 55,403,230	\$ 41,645,216

See notes to financial statements.

PROSPECT PARK ALLIANCE, INC.
Statement of Functional Expenses
Year Ended June 30, 2025
(with Summarized Comparative Information for the Year Ended June 30, 2024)

	2025								2024	
	Program Services					Supporting Activities				
	Field Operations and Woodlands	Public and Educational Programs	Visitor Services and Events	Design and Construction	Total Program Services	General and Admini- strative	Direct Cost of Special Events	Fundraising	Total	Total
Salaries and wages	\$ 1,935,785	\$ 1,163,992	\$ 2,217,586	\$ 1,104,145	\$ 6,421,508	\$ 1,143,432	\$ 10,784	\$ 760,978	\$ 8,336,702	\$ 7,540,302
Payroll taxes and fringe benefits	475,566	287,804	542,793	286,730	1,592,893	287,776	1,133	207,413	2,089,215	1,747,816
Professional fees	366,101	144,200	1,183,698	582,279	2,276,278	169,091	488,614	158,555	3,092,538	4,115,609
Construction	463,961	41,480	505,619	1,251,340	2,262,400	-	-	-	2,262,400	890,145
Cost of goods sold	-	-	39,523	-	39,523	-	-	-	39,523	45,817
Supplies and equipment	351,796	117,675	332,517	37,366	839,354	145,072	100,790	160,900	1,246,116	1,045,449
Printing and postage	676	11,005	5,795	932	18,408	2,820	2,915	97,995	122,138	102,914
Fees and interest	333	88	578,822	9	579,252	6,081	-	65,734	651,067	604,540
Insurance	8,878	12,439	301,338	20,750	343,405	94,147	-	-	437,552	461,315
Facilities costs	106,054	24,226	546,192	19	676,491	16,471	835	-	693,797	1,009,143
Other costs	5,566	63,616	67,074	4,802	141,058	134,189	113,552	39,510	428,309	550,298
Depreciation	83,179	9,669	243,670	2,723	339,241	3,681	-	-	342,922	117,010
Total expenses	3,797,895	1,876,194	6,564,627	3,291,095	15,529,811	2,002,760	718,623	1,491,085	19,742,279	18,230,358
Less: expenses deducted directly on the statement of activities	-	-	-	-	-	-	(718,623)	-	(718,623)	(685,152)
Total expenses reported by function on the statement of activities	\$ 3,797,895	\$ 1,876,194	\$ 6,564,627	\$ 3,291,095	\$ 15,529,811	\$ 2,002,760	\$ -	\$ 1,491,085	\$ 19,023,656	\$ 17,545,206

See notes to financial statements.

PROSPECT PARK ALLIANCE, INC.

Statement of Cash Flows

	Year Ended	
	June 30	
	2025	2024
Cash flows from operating activities		
Increase in net assets	\$ 13,758,014	\$ 3,572,487
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities		
Contributions restricted to permanent endowment	(9,571,862)	(25,000)
Depreciation	342,922	117,010
Net realized and unrealized (gain) on investments	(1,620,268)	(2,398,915)
Donated securities	(985,246)	(781,264)
Proceeds from sale of donated securities	992,685	780,077
(Increase) decrease in assets		
Accounts receivable, net	521,773	(878,870)
Contributions receivable, net	(5,855,045)	(60,595)
Prepaid expenses, deposits and other	42,944	10,573
Security deposits	1,331	-
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(828,285)	1,224,204
Deferred revenue	98,519	(184,707)
Net cash provided by (used in) operating activities	(3,102,518)	1,375,000
Cash flows from investing activities		
Purchase of property and equipment	(1,523,441)	(602,747)
Purchase of certificates of deposit	(332,475)	(1,972,746)
Redemption of certificate of deposit	5,505,041	5,700,000
Purchase of investments	(11,230,723)	(5,101,493)
Proceeds from sale of investments	4,093,376	1,100,528
Net change in cash and equivalents	(1,979,215)	(1,149,892)
Net cash (used in) investing activities	(5,467,437)	(2,026,350)
Cash flows from financing activities		
Contributions restricted to permanent endowment	9,571,862	25,000
Net increase (decrease) in cash and cash equivalents	1,001,907	(626,350)
Cash and cash equivalents, beginning of year	830,481	1,456,831
Cash and cash equivalents, end of year	\$ 1,832,388	\$ 830,481

See notes to financial statements.

PROSPECT PARK ALLIANCE, INC.**Notes to Financial Statements****June 30, 2025****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, 2025

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, 2025, 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 credit losses

As of June 30, 2025, the Alliance has an allowance for credit losses of \$106,262 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 and anticipated future economic conditions.

The following is the activity in the allowance for credit losses for the year ended June 30, 2025:

Balance, beginning of year	\$ 203,865
Write offs	<u>(97,603)</u>
Balance, end of year	<u>\$ 106,262</u>

Collections of historical interest

The Alliance maintains collections of historic reference materials and 18th and 19th 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.

PROSPECT PARK ALLIANCE, INC.
Notes to Financial Statements (continued)
June 30, 2025

Note 2 – Summary of significant accounting policies (continued)

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.

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. All of the Alliance’s revenue is recognized at a point in time except for tennis programs revenue which is recognized over time.

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 \$564,242, professional fees of \$320,000 and supplies of \$47,188 totaled \$931,429 for the 2025 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.

PROSPECT PARK ALLIANCE, INC.
Notes to Financial Statements (continued)
June 30, 2025

Note 2 – Summary of significant accounting policies (continued)

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.

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 certificates of deposit and 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 as of June 30, 2025. 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, 2024 from which the summarized information was derived.

Subsequent events

The Alliance has evaluated events and transactions for potential recognition or disclosure through November 17, 2025, which is the date the financial statements were available to be issued.

PROSPECT PARK ALLIANCE, INC.
Notes to Financial Statements (continued)
June 30, 2025

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, 2025, financial assets available within one year of the statement of financial position date for general expenditures were as follows:

Cash and cash equivalents	\$ 1,832,388
Investments	42,045,200
Accounts receivable, net	1,693,330
Contributions receivable current, net	<u>6,401,736</u>
Sub-total	51,972,654
Less: Net assets with perpetual donor restrictions	<u>(11,430,645)</u>
Total	<u>\$ 40,542,009</u>

The Alliance has available a \$500,000 line of credit (see note 7) to finance short term working capital needs that may be drawn upon as necessary.

Note 4 – Investments

The following is a summary of the investments held by the Alliance as of June 30, 2025:

	<u>Fair Value</u>
Certificates of deposit	\$ 6,917,103
Balanced Index Mutual Fund	<u>35,128,097</u>
Total	<u>\$ 42,045,200</u>
Consists of:	
Endowment funds	39,687,514
Operating and programs	<u>2,357,686</u>
Total	<u>\$ 42,045,200</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 4.27%, including the receivables due within one year. Contributions receivable are expected to be received as follows:

	<u>Amount</u>
Due within 1 year, net	\$ 6,401,736
Due within 1 to 5 years	4,447,066
Due in more than 5 years	<u>3,307</u>
Sub-total	10,852,109
Less amount to reduce contributions receivable to their present value (discount rate – 4.27%)	<u>(601,578)</u>
Total	<u>\$ 10,250,531</u>

PROSPECT PARK ALLIANCE, INC.

Notes to Financial Statements (continued)

June 30, 2025

Note 6 – Property and equipment

The Alliance capitalizes property and equipment items above \$2,500 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.

A summary of the property and equipment and the accumulated depreciation as of June 30, 2025 is as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Tennis Center	\$ 5,254,146	\$ 3,287,747	\$ 1,966,399
Furniture, fixtures and equipment	<u>869,222</u>	<u>602,683</u>	<u>266,539</u>
Total	<u>\$ 6,123,368</u>	<u>\$ 3,890,430</u>	<u>\$ 2,232,938</u>

During the 2025 fiscal year, fully depreciated property and equipment totaling \$950,620 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, 2025, no amounts were outstanding under the line of credit.

PROSPECT PARK ALLIANCE, INC.

Notes to Financial Statements (continued)

June 30, 2025

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, 2030.

The Alliance has a permit from the City of New York for the management and operation of cafes at the Picnic House and the Boathouse and is up for renewal on July 17, 2030.

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, 2030. 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.

The Alliance has a licensing 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 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 \$418,874 during the 2025 fiscal year. The aforementioned fees 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, 2025 are as follows:

<u>Fiscal year</u>	<u>Amount</u>
2026	\$ 414,617
2027	421,689
2028	428,892
2029	436,227
2030	443,698
2031 and thereafter	<u>1,770,845</u>
Total	<u>\$ 3,915,968</u>

PROSPECT PARK ALLIANCE, INC.

Notes to Financial Statements (continued)
June 30, 2025

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, 2025:

	<u>Balance June 30, 2024</u>	<u>Support</u>	<u>Net Investment Activity</u>	<u>Net Assets Released/ Reclassified</u>	<u>Balance June 30, 2025</u>
Programs					
Field operations and woodlands	\$ 28,187	\$ 844,098	\$ -	\$ (575,346)	\$ 296,939
Public and educational Programs	137,830	2,178,328	-	(627,944)	1,688,214
Visitor services	34,572	45,001	-	(47,001)	32,572
Design and construction	45,376	639,232	-	(664,022)	20,586
Lakeside Campaign	172,248	-	-	(172,248)	-
Campaign for Prospect Park*	11,797,572	562,135	-	(474,292)*	11,885,415
Time restrictions	332,135	413,681	-	(332,389)	413,427
Supporting services	-	<u>752,000</u>	-	<u>(67,000)</u>	<u>685,000</u>
Total	12,547,920	5,434,475	-	(2,960,242)	15,022,153
Endowment					
Unspent investment return earned on perpetual donor restricted endowment fund	<u>917,709</u>	<u>-</u>	<u>581,400</u>	<u>(115,691)</u>	<u>1,383,418</u>
Total	<u>\$ 13,465,629</u>	<u>\$ 5,434,475</u>	<u>\$ 581,400</u>	<u>\$ (3,075,933)</u>	<u>\$ 16,405,571</u>

* 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, 2025

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, 2025. During the 2025 fiscal year, the Alliance transferred \$965,000 from the board-designated endowment fund to the operating fund to cover the cost of infrastructure improvements made in the park. Such amount is included in the net assets released/designated/reclassified total of \$(2,099,685) below.

The following is a summary of the activity of the Alliance’s endowment funds for the year ended June 30, 2025:

<u>Program/Purpose</u>	<u>Balance June 30, 2024</u>	<u>Support and Net Investment Activity</u>	<u>Net Assets Released/ Designated/ Reclassified</u>	<u>Balance June 30, 2025</u>
Without donor restrictions – board-designated	\$ 25,654,137	\$ 3,343,120	\$ (2,099,685)	\$ 26,897,572
<u>Temporary donor restrictions</u>				
Woodlands Fund	425,542	144,366	(42,360)	527,548
Parade Ground Fund	170,046	47,042	24,121	241,209
Campaign for Prospect Park	14,712	13,698	-	28,410
LeFrak Center Maintenance Fund	241,926	86,670	(25,432)	303,164
Arboriculture Fund	65,483	35,626	(9,020)	92,089
Shelby White & Leon Levy Woodlands Fund	-	253,998	(63,000)	190,998
Total	<u>917,709</u>	<u>581,400</u>	<u>(115,691)</u>	<u>1,383,418</u>
<u>Perpetual donor restrictions</u>				
Woodlands Fund	810,272	-	-	810,272
Parade Ground Fund	225,000	-	25,000	250,000
Campaign for Prospect Park	100,319	-	-	100,319
LeFrak Center Maintenance Fund	500,000	-	-	500,000
Arboriculture Fund	223,192	-	25,000	248,192
Shelby White & Leon Levy Woodlands Fund	-	9,521,862	-	9,521,862
Total	<u>1,858,783</u>	<u>9,521,862</u>	<u>50,000</u>	<u>11,430,645</u>
Total Endowment Funds	<u>\$ 28,430,629</u>	<u>\$ 13,446,382</u>	<u>\$ (2,165,376)</u>	<u>\$ 39,711,635</u>

PROSPECT PARK ALLIANCE, INC.
Notes to Financial Statements (continued)
June 30, 2025

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 \$93,927 during the 2025 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.