

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Management's Discussion and Analysis,
Financial Statements and
Supplemental Information
March 31, 2014 and 2013
(With Independent Auditors' Report Thereon)

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Hudson River Park Trust:

Report on the Financial Statements

We have audited the accompanying basic financial statements of the Hudson River Park Trust (the Trust), a public benefit corporation of the State of New York, as of and for the years ended March 31, 2014 and 2013, and the related notes to financial statements, which collectively comprise the Trust's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Hudson River Park Trust, as of March 31, 2014 and 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and on pages 4 through 9 and the schedule of funding progress for other postemployment benefits on page 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements of the Trust's basic financial statements. The supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 30, 2014, on our consideration of the Hudson River Park Trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to described the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Trust's internal control over financial reporting and compliance.

In accordance with New York State Codes, Rules and Regulations, we have also issued our report dated June 30, 2014 on the Hudson River Park Trust's compliance with Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York. The purpose of that report is to provide an opinion as to the Trust's compliance with investment guidelines contained therein. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Hudson River Park Trust's internal control over financial reporting and compliance.

Toski & Co., CPAs, P.C.

Williamsville, New York
June 30, 2014

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Management's Discussion and Analysis
March 31, 2014 and 2013

The following Management's Discussion and Analysis (MD&A) of the financial statements for Hudson River Park Trust (the Trust) provides an overview of activities and financial performance for the fiscal year beginning on April 1, 2013 and ending March 31, 2014. We encourage readers to consider the MD&A in conjunction with the basic financial statements and related notes which follow this section to obtain a full understanding of the Trust's financial position and results of operations.

Organizational Overview

The Trust is a New York State (the State) public benefit corporation created under the Hudson River Park Act (the Act) and regulated as a State authority under the State's Public Authorities Law. The Trust is charged with the planning, construction, operation and maintenance of Hudson River Park (the Park), a waterfront park and estuarine sanctuary running along the Hudson River from West 59th Street south to Battery Park City. The mission of the Trust is to encourage, promote and expand public access to the Hudson River, promote water-based recreation, and enhance the natural, cultural, and historic aspects of the river in New York City for residents and visitors to the area.

The Trust is governed by a 13 member board of directors with the Governor and Mayor each appointing 5 members and the Manhattan Borough President selecting 3 members. Capital funds associated with new park construction have been provided by the State and City of New York (the City) in equal measure with supplemental monies received from Federal government sources. In addition, the Trust has funding commitments as the result of certain litigation and administrative settlement agreements that are earmarked for specific improvements within the Park at Pier 97, the Gansevoort Peninsula, and Pier 26. As of March 31, 2014, approximately \$563.8 million has been expended on new park construction and facilities serving certain public and not-for-profit users within the Park, such as the Intrepid Museum at Pier 86, and the New York City Fire Department Marine Division at Pier 53. Management estimates that approximately 73% of new park construction is now complete or in progress.

The Act also states that, to the extent practicable and consistent with the public interest and limitations placed on commercial activity, the costs of the operation and maintenance of the Park should be paid by revenues generated within the Park. The primary sources of such revenue in fiscal year 2014 were lease rents and occupancy permit fees, parking revenue from the Pier 40 garage, and certain user fees. This revenue was supplemented by contributions generated by Friends of Hudson River Park (FoHRP) and foundation support.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Management's Discussion and Analysis, Continued

Overview of Financial Statements

The basic financial statements consist of three main parts and include information for both fiscal years 2014 and 2013. The three sections are: (1) statements of net position (similar to a balance sheet), (2) statements of revenues, expenses and changes in net position (akin to an income statement), and (3) statements of cash flows.

The statements of net position include all of the Trust's investments in resources (assets) and the payment obligations to vendors and contractors (liabilities). It also provides the basis for evaluating the capital structure of the Trust and assessing liquidity and financial flexibility. All of the Trust's revenue and expenses are accounted for in the statements of revenues, expenses and changes in net position. These statements measure the success of the Trust's operations over the past year and can be used to determine the degree to which the Trust has recovered all of its costs through its operating revenue and other revenue sources. The final section is the statements of cash flows, which provides information about the Trust's sources and uses of cash during the reporting period. The statements of cash flows report cash receipts, cash payments and net changes in cash resulting from operations, capital financing activities and investing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting periods.

Following the statements are the notes to financial statements, required supplementary information - schedule of funding progress - other postemployment benefits - last three fiscal years, and schedules 1 - 6 which present, both separately and combined, the main parts of the financial statements for: (1) planning, design and construction relating to new park construction and other major capital work, and (2) administration, operations and maintenance relating to the daily functions of the Park.

Effective April 1, 2012, the Trust adopted the provisions of the Government Accounting Standards Board (GASB) consistent with regulations promulgated by the Office of the New York State Comptroller relating to accounting, reporting and supervision requirements for public authorities. Also as part of the conversion to GASB, the Trust has adopted GASB No. 45 - Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB). GASB No. 45 establishes standards for the measurement, recognition and display of OPEB expense/expenditures and related liabilities, note disclosures and RSI relating to the Trust's share of retiree and covered spouse health care and death benefits. As detailed in the notes section, this is an unfunded future liability as the Trust contributes only enough money to satisfy current obligations on a pay-as-you go basis.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Management's Discussion and Analysis, Continued

Fiscal Year Financial Highlights - Continued Effect of Storm Events

Financial results for fiscal year 2014 continued to be impacted by hurricane Sandy which struck in late October 2012. Intensive work was undertaken in the first quarter of the fiscal year (April, May and June 2013) to make the Park operational for the summer season. However, after the Park reopened, previously-undetected damage to underground infrastructure and other systems caused "brown-outs" and other problems. This resulted in an expanded, and more expensive, repair program. Additional operating expenses, such as renting light towers while permanent repairs to site lighting were underway, were incurred as well. Total capital repair costs associated with hurricane Sandy are currently estimated to be approximately \$27.3 million over three fiscal years. Of this amount, \$1,932,294 was recorded in fiscal year 2013 and \$7,438,300 in fiscal 2014, with the balance of approximately \$18 million in restoration costs expected in fiscal 2015. Also in fiscal year 2014, the last of capital repairs to damage caused by tropical storm Irene (which occurred in August 2011) were completed, primarily in the area south of Pier 81, at a cost of \$2,174,399.

Since each of the storms received presidential and gubernatorial disaster declarations, the Trust became eligible for public assistance from the Federal Emergency Management Agency (FEMA). Accordingly, the Trust recorded reimbursement revenue from FEMA for tropical storm Irene and hurricane Sandy (at 75% and 90%, respectively) of \$8,325,269 in fiscal year 2014. The Trust has been informed that the State will likely provide reimbursement for the non-federal share of eligible disaster recovery expenses. However, since applications for reimbursement of the non-federal share have not yet been submitted to the State, the Trust has not recorded these portions of the storm related capital outlays as receivables.

As the FEMA reimbursement process is multi-stage and exacting, accounts receivable from FEMA registered an increase of \$8,325,269 in fiscal year 2014. Out of the Trust's total receivables amount of \$17,217,451 recorded at March 31, 2014, \$12,840,586, or 75%, was due from FEMA for costs related to hurricane Sandy and tropical storm Irene. With annual restoration outlays expected to accelerate during fiscal year 2015 to approximately \$18 million, the Trust is working with staff of FEMA and the State to expedite project approval, requisition review and payment procedures.

HUDSON RIVER PARK TRUST
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Management's Discussion and Analysis, Continued

Statements of Net Position

The following table summarizes the Trust's assets, liabilities, and net position as of March 31, 2014 and 2013, under the accrual basis of accounting.

	<u>2014</u>	<u>2013</u>	<u>Dollar change</u>	<u>Percent change</u>
Total assets	\$ <u>581,427,287</u>	<u>566,542,015</u>	<u>14,885,272</u>	3%
Total liabilities	\$ <u>15,679,589</u>	<u>15,831,953</u>	<u>(152,364)</u>	-1%
Total deferred inflows of resources	\$ <u>2,778,412</u>	<u>2,697,917</u>	<u>80,495</u>	3%
Total net position	\$ <u>562,969,286</u>	<u>548,012,145</u>	<u>14,957,141</u>	3%

At March 31, 2014, the Trust's total assets increased by \$14,885,272 or 3%, compared to the previous year. At March 31, 2014, the Trust's total liabilities decreased by \$152,364 or 1%, compared to the previous year and total deferred inflows from resources increased \$80,495 or 3%, compared to the previous year.

Overall, the Trust's net position representing both assets less liabilities and deferred inflows of resources grew to \$562,969,286 in fiscal year 2014 from \$548,012,145 in fiscal year 2013, an increase of \$14,957,141, or 3%. As noted below, operating revenue generated from within the Park was not sufficient to fully pay for both ordinary operating expenses and capital maintenance costs. That the Trust's net position increased nonetheless was made possible by revenue recorded from external sources - primarily restricted appropriation revenue from the City and State, reimbursement funds from FEMA, contributions from FoHRP, and foundation grants.

Statements of Revenue, Expenses and Changes in Net Position

The table below summarizes the Trust's revenue, expenses and changes in net position for the fiscal year ending March 31, 2014:

	<u>2014</u>	<u>2013</u>	<u>Dollar change</u>	<u>Percent change</u>
Operating revenue	\$ <u>42,084,464</u>	<u>34,169,250</u>	<u>7,915,214</u>	23%
Operating expenses	\$ <u>27,280,169</u>	<u>26,231,929</u>	<u>1,048,240</u>	4%
Non-operating revenue	\$ <u>152,846</u>	<u>157,864</u>	<u>(5,018)</u>	-3%
Change in net position	\$ <u>14,957,141</u>	<u>8,095,185</u>	<u>6,861,956</u>	85%

HUDSON RIVER PARK TRUST
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Management's Discussion and Analysis, Continued

As depicted in the table above, funds from FEMA and other private and governmental reimbursements, appropriation revenue from the State and City applied to capital construction, amounts received from legal settlements, and contributions and foundation grants, are all included in total operating revenue of \$42,084,464 in fiscal year 2014 compared to \$34,169,250 in fiscal year 2013, an increase of \$7,915,214 or 23%. As discussed further above, a significant factor in this increase was reimbursement receivable income associated with disaster recovery activities. Revenues generated by the Trust from within the Park, which includes income from leases and occupancy permits, parking, and user fees (and excludes categories of revenues derived from external sources), totaled \$17,979,195 in fiscal year 2014 compared to \$16,653,557 in fiscal year 2013, an increase of \$1,325,638 or 8% (see table below). Most of this increase was attributable to fees collected in connection with Super Bowl related events which occurred in the Park in early February 2014. In addition to these self-generated revenues from within the Park, the Trust received \$1,623,372 in contributions, primarily from FoHRP, and \$1,639,500 in foundation grants.

Total operating expenses in fiscal year 2014 were \$27,280,169 compared to \$26,231,929 in fiscal year 2013, an increase of \$1,048,240 or 4%. As detailed in the table below, excluding depreciation and amortization, and operating maintenance costs directly attributable to hurricane Sandy recovery, total operating expenses were \$16,901,436 in fiscal year 2014 compared to \$16,352,032 in fiscal year 2013, an increase of \$549,404 or 3%. Thus, before consideration of the above noted excluded revenue and expense categories the Trust generated an operating surplus of \$1,077,759 in fiscal year 2014 as compared to \$301,525 in fiscal year 2013, an increase of \$776,234 or 257%. These favorable operating results change, however, when capital maintenance, which is recorded as either a "construction in progress" asset or an improvement (but not an operating expense), is included in the calculation. Capital maintenance is a major repair or replacement of an existing capital asset, such as a building roof or floating dock, which upon completion, has a useful life of in excess of 5 years. When capital maintenance is added to ordinary operating costs, then the modest operating surpluses noted above become deficits of \$6,070,487 in fiscal year 2014 and \$6,384,000 in fiscal year 2013. The net effect of these deficits was to reduce unrestricted cash during the two fiscal years. It should be noted that funding is pending with the City for partial funding of a specific capital maintenance project which, when realized, may account for approximately one third of the fiscal year 2014 capital maintenance costs. This reimbursement revenue from the City will not be recognized until fiscal year 2015.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Management's Discussion and Analysis, Continued

Self-Generated Revenue, Ordinary Operating Expenses and Capital Maintenance Costs

	<u>2014</u>	<u>2013</u>
Operating revenue - revenue generated from within the Park	\$ <u>17,979,195</u>	<u>16,653,557</u>
Ordinary operating expenses:		
Employee compensation and benefits	7,884,665	7,219,568
Park programs and ordinary maintenance	6,188,874	5,990,927
General and administrative	<u>2,827,897</u>	<u>3,141,537</u>
Total ordinary operating expenses	<u>16,901,436</u>	<u>16,352,032</u>
Operating income from within the Park	1,077,759	301,525
Capital maintenance costs	<u>(7,147,946)</u>	<u>(6,685,525)</u>
Deficit after capital maintenance	\$ <u>(6,070,187)</u>	<u>(6,384,000)</u>

In fiscal year 2014 the Trust expended \$30,335,979 on construction in progress and other capital repairs and improvements. As stated above, \$7,147,946 of this amount was expended on capital maintenance and \$9,612,699 was for storm related repairs for both tropical storm Irene and hurricane Sandy. The remaining \$13,575,334 was for new park improvements. Significant new park construction in progress included the restaurant and boathouse building at Pier 26 in Tribeca and associated upland improvements.

Cash Flows

As shown on the Statements of Cash Flows, in 2014 the Trust had cash provided by operating activities of \$19,682,030 and investing activities of \$152,846, and expended \$33,006,838 for capital financing activities. Consequently, restricted and unrestricted cash and cash equivalents declined from \$60,920,767 in fiscal year 2013 to \$47,748,805 in fiscal year 2014, a reduction of \$13,171,962. As discussed above, this reduction is primarily attributable to an increase in accounts receivable from FEMA and the Trust's capital maintenance cost.

Contacting the Trust's Financial Management

This MD&A is intended to provide a general overview of the Trust's finances. Questions concerning any of the information provided herein, or requests for additional information, should be addressed to the Chief Financial Officer, Hudson River Park Trust, Pier 40, 2nd Floor, 353 West Street, New York, New York 10014.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Statements of Net Position
March 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Assets:		
Cash and equivalents	\$ 47,748,805	60,920,767
Accounts receivable	17,217,451	10,778,299
Prepaid expenses	81,706	11,705
Construction in progress	81,229,017	102,720,327
Property and equipment, net	<u>435,150,308</u>	<u>392,110,917</u>
Total assets	<u>581,427,287</u>	<u>566,542,015</u>
Liabilities:		
Accounts payable	4,564,308	4,332,115
Accrued expenses	6,816,958	8,415,316
Other postemployment benefits obligation	<u>4,298,323</u>	<u>3,084,522</u>
Total liabilities	<u>15,679,589</u>	<u>15,831,953</u>
Deferred inflows of resources	<u>2,778,412</u>	<u>2,697,917</u>
Commitments and contingencies (notes 6 and 9)	<u> </u>	<u> </u>
Net position:		
Net investment in capital assets	516,379,325	494,831,244
Restricted for capital expenditures	22,350,680	22,360,678
Unrestricted	<u>24,239,281</u>	<u>30,820,223</u>
Total net position	<u>\$ 562,969,286</u>	<u>548,012,145</u>

See accompanying notes to financial statements.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Statements of Revenue, Expenses and Changes in Net Position
Years ended March 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating revenue:		
Appropriations revenue	\$ 6,502,364	6,169,515
Reimbursement	11,342,533	8,238,681
Lease revenue	8,352,282	8,398,343
Parking revenue	6,226,649	5,956,303
Settlements and grants	4,637,000	2,287,500
Fees and other revenue	3,400,264	2,298,911
Contributions	<u>1,623,372</u>	<u>819,997</u>
Total operating revenue	<u>42,084,464</u>	<u>34,169,250</u>
Operating expenses:		
Employee compensation and benefits	7,884,665	7,219,568
Park programs and maintenance	7,257,616	8,026,931
General and administrative	2,827,897	3,141,537
Depreciation and amortization	<u>9,309,991</u>	<u>7,843,893</u>
Total operating expenses	<u>27,280,169</u>	<u>26,231,929</u>
Operating income	14,804,295	7,937,321
Non-operating revenue - earnings on investments	<u>152,846</u>	<u>157,864</u>
Change in net position	14,957,141	8,095,185
Net position at beginning of year	<u>548,012,145</u>	<u>539,916,960</u>
Net position at end of year	<u><u>\$ 562,969,286</u></u>	<u><u>548,012,145</u></u>

See accompanying notes to financial statements.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Statements of Cash Flows
Years ended March 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Cash receipts from:		
Appropriations revenue	\$ 8,410,370	6,131,442
Reimbursement	3,017,264	3,723,364
Lease revenue	8,474,323	10,644,175
Parking revenue	6,226,649	5,956,303
Settlements and grants	4,845,068	2,996,794
Fees and other revenue	3,400,264	2,298,911
Contributions	1,351,869	807,340
Cash payments to:		
Personnel service	(4,588,990)	(4,261,171)
Fringe benefits	(2,062,381)	(1,871,894)
Vendors	<u>(9,392,406)</u>	<u>(9,287,093)</u>
Net cash provided by operating activities	<u>19,682,030</u>	<u>17,138,171</u>
Cash flows from capital financing activities:		
Expenditures for construction in progress	(32,484,745)	(27,105,461)
Other additions to property and equipment	<u>(522,093)</u>	<u>(338,156)</u>
Net cash used in capital financing activities	<u>(33,006,838)</u>	<u>(27,443,617)</u>
Cash flows from investing activities:		
Sale of investments	-	5,501,466
Earnings on investments	<u>152,846</u>	<u>157,864</u>
Net cash provided by investing activities	<u>152,846</u>	<u>5,659,330</u>
Net decrease in cash and equivalents	(13,171,962)	(4,646,116)
Cash and equivalents at beginning of year	<u>60,920,767</u>	<u>65,566,883</u>
Cash and equivalents at end of year	<u>\$ 47,748,805</u>	<u>60,920,767</u>

(Continued)

See accompanying notes to financial statements.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Statements of Cash Flows, Continued

	<u>2014</u>	<u>2013</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 14,804,295	7,937,321
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	9,309,991	7,843,893
Changes in:		
Accounts receivable	(6,439,152)	(3,864,398)
Prepaid expenses	(70,001)	(4,092)
Accounts payable	639,087	1,311,972
Accrued expenses	143,514	568,537
Other postemployment benefits obligation	1,213,801	1,091,461
Deferred inflows of resources	<u>80,495</u>	<u>2,253,477</u>
Net cash provided by operating activities	<u>\$ 19,682,030</u>	<u>17,138,171</u>

See accompanying notes to financial statements.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)

Notes to Financial Statements

March 31, 2014 and 2013

(1) Organization

Hudson River Park Trust (the Trust) is a public benefit corporation authorized under the Hudson River Park Act (the Act) approved by the Senate and the Assembly of the State of New York (the State). The Act also created the Hudson River Park (the Park). The Park is an area, generally, from the northern boundary of Battery Place to the northern boundary of 59th Street in New York City (the City) between the United States pier-head line and West Street, Eleventh Avenue, or Twelfth Avenue, whichever is more westerly. As a public benefit corporation, the Trust is exempt from any and all Federal, State and City income and franchise taxes and sales taxes.

The Trust has authority over the planning, construction, operation, and maintenance of the Park. It replaces such authority formerly granted to the New York State Department of Transportation, the New York State Urban Development Corporation, and the Hudson River Park Conservancy. In doing so, the Trust succeeded its predecessors in all contracts, leases, licenses, and other obligations related to the Park, excluding debt and financial obligations to other public benefit corporations or governmental entities.

The Trust is a joint venture of the City and the State. Under the Act, the State and City, with respect to its real property in the Park, granted the Trust a possessory interest in such real property for a term not to exceed 99 years. Title to any real property within the Park currently held by the State or the City remains with those entities.

The Trust's Board is comprised of 13 members. The Governor and the Mayor each appoint five members and the Manhattan Borough President appoints three members. The Trust came into existence upon the appointment of eight of its 13 member board. The first eight appointments occurred on March 4, 1999. Accordingly, the by-laws of the Trust established the fiscal year as April 1st through March 31st.

To finance the construction of the Park, the State and the City have together pledged approximately \$360 million to the Trust. Funding provided by the U.S. Department of Housing and Urban Development (HUD) has amounted to approximately \$103.3 million, including \$30.7 million for the replacement of Pier 86 at the Intrepid Museum and \$72.6 million passed through the Lower Manhattan Development Corporation for capital construction in the 9/11 community development catchment area. As of March 31, 2014, the amount which has not been drawn down from the City and State combined is approximately \$40.4 million. In addition, the Trust will receive revenues from leases and interest on short-term investments. Furthermore, the Trust has authority to accept contributions for its purpose and to accept appropriations and grants from Federal, State and local governments.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial statements of the Trust have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as applied to government units, as modified by the State and the City regarding the definition of capital expenditures. De minimis costs associated with salaries of employees of the Trust directly or indirectly involved with managing or accounting for construction activities are expensed as incurred. Such costs would be capitalizable, as construction in progress, under accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as applied to governmental accounting and financial reporting principles. The Trust's financial statement presentation is prepared in accordance with the provisions of GASB Statement No. 62 - "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." This statement codifies all sources of accounting principles generally accepted in the United States of America in the GASB's authoritative literature. The more significant accounting policies are described below.

(b) Net Position

The Trust's resources are classified into the following net position categories:

Net investment in capital assets - Capital assets, net of accumulated depreciation from outstanding principal balances of debt, if any, attributable to the acquisition, construction, or improvement of those assets.

Restricted - non-expendable - Net position subject to externally imposed stipulations requiring the Trust to retain the related assets in perpetuity.

Restricted - expendable - Net position whose use is subject to externally imposed stipulations that can be fulfilled by the actions of the Trust or the passage of time.

Unrestricted - All other net position, including net position designated by actions, if any, or the Trust's Board of Directors.

At March 31, 2014 and 2013, the Trust had no restricted non-expendable net position resources.

(c) 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(d) Cash and Equivalents

For purposes of the statement of cash flows, cash and equivalents includes money market accounts and any highly liquid debt instruments purchased with a maturity of three months or less.

At March 31, 2014, the Trust's financial institution cash account balances amounted to \$44,487,280. These balances included checking accounts, money market funds, and certificates of deposits. Deposits are recorded at cost plus accrued interest and categorized as either:

- (a) Insured or collateralized with securities held by the entity or by its agent in the entity's name, or
- (b) Collateralized with securities held with by the pledging financial institution's trust department or agency in the entity's name, or
- (c) Uncollateralized.

Deposits in bank accounts and investments in the Trust's name in financial institutions are covered by federal depository insurance and other collateral which has been assigned to funds over the FDIC coverage at March 31, 2014. Total financial institution (bank) balances at March 31, 2014 amounted to \$44,487,280. Total deposits are categorized as follows:

<u>A</u>	<u>B</u>	<u>C</u>
\$ <u>44,487,280</u>	<u>-</u>	<u>-</u>

Cash and equivalents at March 31, 2014 consists of the following:

Checking accounts	\$ 42,633,921
Money market	<u>1,853,359</u>
Total cash and equivalents	\$ <u>44,487,280</u>

(e) Accounts Receivable

Accounts receivable are comprised of amounts due on leases and reimbursable construction costs from the State and City.

(f) Construction in Progress

Construction in progress includes all costs and expenditures incurred for suppliers and contractors associated with the planning, development, and construction of the Park as authorized by the Act. These expenditures include the costs of environmental studies necessary for obtaining offshore permits, design and engineering costs, and legal costs related to the construction of the Park.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(g) Property and Equipment

Property and equipment are recorded at cost or at fair market value in the case of donated equipment. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of activities.

(h) Other Postemployment Benefits Obligation

In accordance with GASB Statement No. 45, the Trust recognizes in its financial statements, the financial impact of postemployment benefits principally employer funded healthcare costs.

(i) Deferred Inflows of Resources

Deferred inflows of resources consist of a prepaid lease agreement by Texas Eastern Transmission L.P. (Texas Eastern) for possessory interest in Trust property located along Route 9A in Lower Manhattan. The lease allows Texas Eastern to construct, operate, and maintain a natural gas pipeline within a right of way along the Gansevoort Peninsula and land located under water within the Hudson River, between the Southwest corner of the Peninsula to the U.S. Pierhead line as part of the New Jersey - New York expansion project. Texas Eastern has paid the Trust \$2,775,000 for a period of 30 years. For the years ended March 31, 2014 and 2013, the Trust recognized revenue from this lease of \$92,500 and \$77,083, respectively. Also included in deferred inflows of resources are prepaid tenant rents amounting to \$172,995 at March 31, 2014. The future revenue recognitions are as follows:

2015	\$ 265,495
2016	92,500
2017	92,500
2018	92,500
2019	92,500
Thereafter	<u>2,142,917</u>
	<u>\$ 2,778,412</u>

(j) Revenue Recognition

Appropriations revenues are recognized upon requisition by the Trust for identified approved capital commitments. Such revenue is restricted to specific capital expenditures authorized by the Act. Lease revenues are recognized as rentals become due over the life of the lease. Rental payments received in advance are deferred until earned. Escalations based upon consumer price indices are recognized prospectively over the remainder of the lease. All leases between the Trust and the tenants of the property are operating leases. Lease revenues and other revenues may be used for Trust operations, as well as for capital expenditures.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(k) Subsequent Events

Management has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

(l) Income Taxes

The Trust is a Public Benefit Corporation of the State of New York. As such income earned in the exercise of its essential governmental function is exempt from State and Federal income taxes.

(m) Reclassifications

Reclassifications have been made to certain March 31, 2013 balances in order to conform them to the March 31, 2014 presentation.

(3) Property and Equipment

Property and equipment at March 31, 2014 and 2013 consist of the following:

	<u>Lives</u>	<u>2014</u>	<u>2013</u>
Pier improvements	10-50 years	\$ 482,597,376	430,770,087
Machinery and equipment	7 years	2,060,817	1,830,186
Computer equipment	5 years	800,423	638,123
Software	3 years	1,448,670	1,414,396
Automobiles	5 years	914,067	831,788
Furniture and fixtures	5 years	383,273	370,664
Office renovation	5 years	<u>486,350</u>	<u>486,350</u>
Total property and equipment		488,690,976	436,341,594
Less accumulated depreciation and amortization		<u>(53,540,668)</u>	<u>(44,230,677)</u>
Net property and equipment		\$ <u>435,150,308</u>	<u>392,110,917</u>

(4) Other Postemployment Benefits Obligation

The Trust reports its Other Postemployment Benefits (OPEB) in compliance with GASB Statement No. 45 - "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions." GASB Statement No. 45 requires governmental entities, including the Trust, to recognize in its financial statements the financial impact of postemployment benefits, principally employer funded health care and death benefits which the Trust provides for retired employees. Substantially all employees may become eligible for these benefits if they reach normal retirement age while working for the Trust.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Notes to Financial Statements, Continued

(4) Other Postemployment Benefits Obligation, Continued

The following table summarizes the Trust's valuation of OPEB costs and obligations at March 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Unfunded accrued liability	\$ 8,175,642	6,531,827
Annual required contribution (30 year amortization)	1,285,345	1,174,012
Annual OPEB cost	1,271,744	1,142,908
Valuation payroll	4,605,905	4,246,285
Annual OPEB expense (as % of payroll)	27.6%	26.9%

Actuarial valuations, the most recent of which was completed as of March 31, 2014, involve estimates and assumptions about the probability of events far into the future and are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. These calculations are designed to reduce short-term volatility in actuarial accrued liabilities. Projected benefits are based on the types of benefits provided at the time of each valuation and on the cost sharing provisions then in effect.

The Trust participates, pursuant to the provisions of Section 163(4) of the New York State Civil Service Law, in the New York State Health Insurance Program (NYSHIP), an Agent Multiple-Employer plan. NYSHIP is administered through the Department of Civil Service and the Trust pays the cost of administration.

NYSHIP does not currently issue a standalone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the plan. The Trust specific obligation to pay OPEB costs is dependent on the employee's date of hire and labor agreement. Certain retiree costs, described below, are first applied against the value of the retiree's existing sick leave bank balance. A plan summary follows:

(a) Plan Types

Medical - New York State Health Insurance Program which includes participation in various insurance plans and HMO's and which also includes drug coverage. Details may be found in the Summary Program Description of the New York State Health Insurance Program Booklet.

(b) Eligibility

At least 55 years old with 10 years of service if date of hire is before retiring.

(c) Benefit/Cost Sharing

The Trust contributes 75% - 90% of costs for retirees and 90% for a retiree's spouse.

(d) Spouse Benefit - Yes

(e) Surviving Spouse Benefit

Coverage continues, provided election to continue contribution 10% of individual medical plan.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Notes to Financial Statements, Continued

(4) Other Postemployment Benefits Obligation, Continued

(f) Funding Policy

The obligations of the plan members, employers and other entities are established by action of the Trust pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and the members vary depending on the applicable agreement. The Trust currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

The following summary schedule presents the Annual OPEB Cost and Net OPEB Obligation for the years ended March 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Normal cost	\$ 915,007	796,276
Amortization of unfunded actuarial accrued liability	<u>370,338</u>	<u>377,736</u>
Annual required contribution (ARC)	1,285,345	1,174,012
Interest on net OPEB obligation	123,381	79,722
Adjustment to ARC	<u>(136,982)</u>	<u>(110,826)</u>
Annual OPEB cost	1,271,744	1,142,908
Contribution/expected benefit payment	<u>(57,943)</u>	<u>(51,447)</u>
Increase in net OPEB obligation	1,213,801	1,091,461
Net OPEB obligation at beginning of year	<u>3,084,522</u>	<u>1,993,061</u>
Net OPEB obligation at end of year	\$ <u>4,298,323</u>	<u>3,084,522</u>

The annual OPEB costs are recorded in the Trust's 2014 and 2013 statements of revenue, expenses, and changes in net position in the amount of \$1,213,801 and \$1,091,461, respectively. The net OPEB obligation is recorded in the Trust's statements of net position in the amount of \$4,298,323 and \$3,084,522, at March 31, 2014 and 2013, respectively.

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and 2013 are as follows:

<u>Year ending</u>	<u>Annual OPEB cost</u>	<u>Cost contributed</u>	<u>Net OPEB obligation</u>
3/31/14	\$ 1,271,744	4.6%	4,298,323
3/31/13	1,142,098	4.5%	3,084,522

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Notes to Financial Statements, Continued

(4) Other Postemployment Benefits Obligation, Continued

The following are the actuarial methods and assumptions used in calculating the obligations related to the Trust's postemployment benefit plan:

Funding interest rate	4.0%
2014 trend rate (Med/Rx)	5.50%
Ultimate Medical/Rx cost trend rate	5.50%
Year ultimate trend rate reached	2020
Annual payroll growth rate	2.00%
Actuarial cost method	Attained age
Remaining amortization period at March 31, 2014	27 years
Amortization period	30 year level percentage of payroll

(5) Related Party Transactions

Related party transactions as of and for the years ended March 31, 2014 and 2013 consist of the following:

(a) Affiliates of New York State and the City of New York

The Trust was due monies related to leases which it succeeded from the date of dedication of the Park by the Act to March 31, 2000.

At March 31, 2014 and 2013, the Trust had requested \$2,513,831 and \$4,421,837, respectively, of funds appropriated by the State and City in accordance with the Act for the value of construction contracts authorized to date. At March 31, 2014 and 2013, such amounts are included in accounts receivable in the accompanying statements of net position.

The Trust succeeded the State of New York under an agreement which allows the Port Authority of New York and New Jersey to use certain properties for no monthly rental payments.

(b) New York State Related Parties

As a result of the Act, the Trust succeeded to several leases held by New York City agencies. Prior to 2002, those agencies collected the rents directly and remitted them to the Trust periodically. As of January 1, 2002, the Trust began billing and collecting from the tenants directly. The New York City Economic Development Corporation (NYCEDC) collects rents under percentage leases and remits the monies to the Trust semi-annually.

The Trust entered into a license agreement with The City's Department of Sanitation to provide parking for United Parcel Service employees for \$202,229 quarterly.

The Trust succeeded, as lessor, to a month-to-month operating lease with the New York City Fire Department calling for rental payments of \$4,000 per month.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Notes to Financial Statements, Continued

(5) Related Party Transactions, Continued

(b) New York State Related Parties, Continued

The Trust has an agreement for property maintenance services with the New York State Department of Transportation. At March 31, 2014 and 2013, the amount included in accounts receivable in the accompanying statement of net position amounted to \$54,521 and \$233,683, respectively.

The Trust entered into an agreement, as permittor, to a month-to-month operating permit with the New York City Police Department calling for rental payments of \$7,118 per month.

All lease revenue is considered unrestricted.

(6) Commitments

Commitments at March 31, 2014 and 2013 consist of the following:

(a) Equipment Leases

The Trust leases certain equipment under non-cancelable month-to-month and other non-cancelable operating leases with remaining terms of 12 months or less. Included in general and administrative expenses for the years ended March 31, 2014 and 2013, was \$443,512 and \$460,875, respectively, for equipment rentals.

The Trust has also entered into various long-term equipment leases used for operations. Future minimum payments required under the above-mentioned leases are as follows:

2015	\$ 75,720
2016	75,720
2017	75,720
2018	33,475
2019	<u>3,025</u>
	\$ <u>263,660</u>

(b) Tenant Leases

The Trust succeeded, as lessor, to several month-to-month and other non-cancelable operating leases with terms of 12 months or less from State and City sources. The revenue under these leases for the years ended March 31, 2014 and 2013 amounted to \$1,216,975 and \$1,218,568, respectively.

The Trust also succeeded as lessor, to long-term (more than twelve months) non-cancelable leases. The revenue received under these leases for the years ended March 31, 2014 and 2013 amounted to \$7,135,307 and \$7,179,775, respectively. Minimum rental payments to be received under the long-term lease agreements as of March 31, 2014, are as follows:

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Notes to Financial Statements, Continued

(6) Commitments, Continued

(b) Tenant Leases, Continued

2015	\$ 6,040,773
2016	6,011,532
2017	6,003,727
2018	6,029,365
2019	<u>5,714,111</u>
	\$ <u>29,799,508</u>

(7) Restricted for Capital Expenditures

Net position restricted for capital expenditures at March 31, 2014 and 2013 is summarized as follows:

	<u>2014</u>	<u>2013</u>
City of New York	\$ 18,121,972	17,334,464
New York State Department of Environmental Conservation	4,028,708	4,000,000
Empire State Development	-	576,214
Other	<u>200,000</u>	<u>450,000</u>
Total restricted for capital expenditures	\$ <u>22,350,680</u>	<u>22,360,678</u>

(8) Retirement Plan

(a) Plan Description

The New York State Employees' Retirement System (System) provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). The System issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained in writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

(b) Funding Policies

The System is noncontributory except for employees who joined the ERS after July 27, 1976 and prior to January 1, 2010, who have less than ten years of service or membership, are required to contribute 3% of their salary through the first ten years of their active membership. Employees who joined on or after January 1, 2010 and before April 1, 2012 are required to contribute 3% throughout their active membership. Those joining on or after April 1, 2013 are required to contribute between 3% and 6%, dependent upon

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Notes to Financial Statements, Continued

(8) Retirement Plan, Continued

(b) Funding Policies, Continued

their salary, for their entire working career. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressed upon in computing the employer's contributions based on salaries paid during the Systems; fiscal year ended March 31. The required contributions for the current year and two preceding years were:

March 31, 2014	\$ 778,956
March 31, 2013	681,350
March 31, 2012	657,910

The rates billed by the Comptroller during the year ended March 31, 2014 ranged from 11.4% to 21.0% and during the year ended March 31, 2013 ranged from 10.1% to 18.6%.

The Trust's contributions made to the System were equal to 100% of the contributions required for each year.

(9) Contingencies

Contingencies at March 31, 2014 consist of the following:

(a) Litigation

The Trust is also involved in various claims and lawsuits, both for and against the Trust, arising in the normal course of business. Management believes that any financial responsibility that may be incurred in settlement of such claims and lawsuits would not be material to the Trust's financial position.

(b) Other

The Trust generates lease and parking revenue from waterfront properties which are inherently dependent on high levels of capital maintenance. A failure by the Trust or its tenants to address such maintenance could have a material effect on the value of the Trust's assets and its operating revenue. However, it is difficult to estimate the effect, if any, to the Trust's assets or operating revenue.

(10) Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 67 - "Financial Reporting for Pension Plans - an Amendment of GASB Statement No. 25" replaces existing standards for financial reporting and note disclosure for most pension plans that are administered through trusts or equivalent arrangements. The requirements of this statement are effective for periods beginning after June 15, 2013, which is the fiscal year beginning April 1, 2014 for the Trust. This statement is not expected to have a material effect on the financial statements of the Trust.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Notes to Financial Statements, Continued

(10) Accounting Standards Issued But Not Yet Implemented, Continued

GASB Statement No. 68 - "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27" replaces existing standards of accounting and financial reporting for pension plans that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements. The requirements of this statement are effective for periods beginning after June 15, 2014, which is the fiscal year beginning April 1, 2015 for the Trust. Management has not yet determined the effect that this statement will have on the future financial statements of the Trust.

GASB Statement No. 69 - "Government Combinations and Disposals of Government Operations" establishes accounting and financial reporting standards for government mergers, acquisitions and disposals. The statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effect of those transactions. The requirements of this statement are effective for periods beginning after December 15, 2013, which is the fiscal year beginning April 1, 2014 for the Trust. This statement is not expected to have a material effect on the financial statements of the Trust.

GASB Statement No. 70 - "Accounting and Financial Reporting for Nonexchange Financial Guarantees" improves the accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The statement also requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. The requirements of this statement are effective for periods beginning after June 15, 2013, which is the fiscal year beginning April 1, 2014 for the Trust. This statement is not expected to have a material effect on the financial statements of the Trust.

GASB Statement No. 71 - "Pension Transition for Contributions Made Subsequent to the Measurement Date" addresses an issue regarding application of the transition provisions of GASB Statement No. 68 - "Accounting and Financial Reporting for Pensions." This Statement amends paragraph 137 of GASB Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The requirements of this statement are effective for the same period that the entity implements GASB Statement No. 68. Management has not yet determined the effect that this statement will have on the future financial statements of the Trust.

HUDSON RIVER PARK TRUST
Required Supplementary Information - Schedule of Funding Progress -
Other Postemployment Benefits
Last Three Fiscal Years

<u>Valuation date</u>	<u>Actuarial Value of assets</u>	<u>Accrued liability</u>	<u>Unfunded actuarial accrued liability</u>	<u>Funded ratio</u>	<u>Covered payroll</u>	<u>Unfunded liability as a percentage of covered payroll</u>
April 1, 2014	\$ -	8,175,642	8,175,642	0.0%	4,605,905	177.5%
April 1, 2013	-	6,531,827	6,531,827	0.0%	4,246,285	153.8%
April 1, 2012	-	5,589,605	5,589,605	0.0%	4,921,580	113.6%

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Combining Statement of Net Position
March 31, 2014

	Planning design and <u>construction</u>	Administration, operations and <u>maintenance</u>	<u>Total</u>
Assets:			
Cash and equivalents	\$ 21,228,802	26,520,003	47,748,805
Accounts receivable	2,513,831	14,703,620	17,217,451
Prepaid expenses	-	81,706	81,706
Construction in progress	81,229,017	-	81,229,017
Property and equipment, net	<u>-</u>	<u>435,150,308</u>	<u>435,150,308</u>
Total assets	<u>104,971,650</u>	<u>476,455,637</u>	<u>581,427,287</u>
Liabilities:			
Accounts payable	1,510,624	3,053,684	4,564,308
Accrued expenses	5,406,633	1,410,325	6,816,958
Other postemployment benefits obligation	<u>-</u>	<u>4,298,323</u>	<u>4,298,323</u>
Total liabilities	<u>6,917,257</u>	<u>8,762,332</u>	<u>15,679,589</u>
Deferred inflows of resources	<u>-</u>	<u>2,778,412</u>	<u>2,778,412</u>
Net position:			
Net investment in capital assets	81,229,017	435,150,308	516,379,325
Restricted for capital expenditures	22,350,680	-	22,350,680
Unrestricted	<u>(5,525,304)</u>	<u>29,764,585</u>	<u>24,239,281</u>
Total net position	<u>\$ 98,054,393</u>	<u>464,914,893</u>	<u>562,969,286</u>

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Combining Statement of Net Position
March 31, 2013

	Planning design and <u>construction</u>	Administration, operations and <u>maintenance</u>	<u>Total</u>
Assets:			
Cash and equivalents	\$ 39,196,705	21,724,062	60,920,767
Accounts receivable	4,421,837	6,356,462	10,778,299
Prepaid expenses	-	11,705	11,705
Construction in progress	102,720,327	-	102,720,327
Property and equipment, net	<u>-</u>	<u>392,110,917</u>	<u>392,110,917</u>
Total assets	<u>146,338,869</u>	<u>420,203,146</u>	<u>566,542,015</u>
Liabilities:			
Accounts payable	1,917,518	2,414,597	4,332,115
Accrued expenses	7,148,505	1,266,811	8,415,316
Other postemployment benefits obligation	<u>-</u>	<u>3,084,522</u>	<u>3,084,522</u>
Total liabilities	<u>9,066,023</u>	<u>6,765,930</u>	<u>15,831,953</u>
Deferred inflows of resources	<u>-</u>	<u>2,697,917</u>	<u>2,697,917</u>
Net position:			
Net investment in capital assets	102,720,327	392,110,917	494,831,244
Restricted for capital expenditures	22,360,678	-	22,360,678
Unrestricted	<u>12,191,841</u>	<u>18,628,382</u>	<u>30,820,223</u>
Total net position	<u>\$ 137,272,846</u>	<u>410,739,299</u>	<u>548,012,145</u>

HUDSON RIVER PARK TRUST
 (A Public Benefit Corporation of the State of New York)
 Combining Statement of Revenue, Expenses and Changes in Net Position
 Year ended March 31, 2014

	Planning design and construction	Administration, operations and maintenance	Total
Operating revenue:			
Appropriations revenue	\$ 6,502,364	-	6,502,364
Reimbursement	3,017,264	8,325,269	11,342,533
Lease revenue	-	8,352,282	8,352,282
Parking revenue	-	6,226,649	6,226,649
Settlements and grants	2,997,500	1,639,500	4,637,000
Fees and other revenue	-	3,400,264	3,400,264
Contributions	-	1,623,372	1,623,372
Total operating revenue	<u>12,517,128</u>	<u>29,567,336</u>	<u>42,084,464</u>
Operating expenses:			
Employee compensation and benefits	-	7,884,665	7,884,665
Park programs and maintenance	-	7,257,616	7,257,616
General and administrative	-	2,827,897	2,827,897
Depreciation and amortization	-	9,309,991	9,309,991
Total operating expenses	<u>-</u>	<u>27,280,169</u>	<u>27,280,169</u>
Operating income	12,517,128	2,287,167	14,804,295
Non-operating revenue - earnings on investments	<u>91,708</u>	<u>61,138</u>	<u>152,846</u>
Change in net position	12,608,836	2,348,305	14,957,141
Transfers	(51,827,289)	51,827,289	-
Net position at beginning of year	<u>137,272,846</u>	<u>410,739,299</u>	<u>548,012,145</u>
Net position at end of year	<u>\$ 98,054,393</u>	<u>464,914,893</u>	<u>562,969,286</u>

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Combining Statement of Revenue, Expenses and Changes in Net Position
Year ended March 31, 2013

	Planning design and <u>construction</u>	Administration, operations and <u>maintenance</u>	<u>Total</u>
Operating revenue:			
Appropriations revenue	\$ 6,169,515	-	6,169,515
Reimbursement	3,723,364	4,515,317	8,238,681
Lease revenue	-	8,398,343	8,398,343
Parking revenue	-	5,956,303	5,956,303
Settlements and grants	2,287,500	-	2,287,500
Fees and other revenue	-	2,298,911	2,298,911
Contributions	-	819,997	819,997
Total operating revenue	<u>12,180,379</u>	<u>21,988,871</u>	<u>34,169,250</u>
Operating expenses:			
Employee compensation and benefits	-	7,219,568	7,219,568
Park programs and maintenance	-	8,026,931	8,026,931
General and administrative	-	3,141,537	3,141,537
Depreciation and amortization	-	7,843,893	7,843,893
Total operating expenses	<u>-</u>	<u>26,231,929</u>	<u>26,231,929</u>
Operating income	12,180,379	(4,243,058)	7,937,321
Non-operating revenue - earnings on investments	<u>94,718</u>	<u>63,146</u>	<u>157,864</u>
Change in net position	12,275,097	(4,179,912)	8,095,185
Transfers	(70,633,804)	70,633,804	-
Net position at beginning of year	<u>195,631,553</u>	<u>344,285,407</u>	<u>539,916,960</u>
Net position at end of year	<u>\$ 137,272,846</u>	<u>410,739,299</u>	<u>548,012,145</u>

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Combining Statement of Cash Flows
Year ended March 31, 2014

	<u>Planning design and construction</u>	<u>Administration, operations and maintenance</u>	<u>Total</u>
Cash flows from operating activities:			
Cash receipts from:			
Appropriations revenue	\$ 8,410,370	-	8,410,370
Reimbursement	3,017,264	-	3,017,264
Lease revenue	-	8,474,323	8,474,323
Parking revenue	-	6,226,649	6,226,649
Settlements and grants	2,997,500	1,847,568	4,845,068
Fees and other revenue	-	3,400,264	3,400,264
Contributions	-	1,351,869	1,351,869
Cash payments to:			
Personnel service	-	(4,588,990)	(4,588,990)
Fringe benefits	-	(2,062,381)	(2,062,381)
Vendors	-	(9,392,406)	(9,392,406)
Net cash provided by operating activities	<u>14,425,134</u>	<u>5,256,896</u>	<u>19,682,030</u>
Cash flows from capital financing activities:			
Expenditures for construction in progress	(32,484,745)	-	(32,484,745)
Other additions to property and equipment	-	(522,093)	(522,093)
Net cash used in capital financing activities	<u>(32,484,745)</u>	<u>(522,093)</u>	<u>(33,006,838)</u>
Cash flows from investing activities:			
Earnings on investments	<u>91,708</u>	<u>61,138</u>	<u>152,846</u>
Net cash provided by investing activities	<u>91,708</u>	<u>61,138</u>	<u>152,846</u>
Net increase (decrease) in cash and equivalents	(17,967,903)	4,795,941	(13,171,962)
Cash and equivalents at beginning of year	<u>39,196,705</u>	<u>21,724,062</u>	<u>60,920,767</u>
Cash and equivalents at end of year	<u>\$ 21,228,802</u>	<u>26,520,003</u>	<u>47,748,805</u>

(Continued)

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Combining Statement of Cash Flows, Continued

	Planning design and <u>construction</u>	Administration, operations and <u>maintenance</u>	<u>Total</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 12,517,128	2,287,167	14,804,295
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	-	9,309,991	9,309,991
Changes in:			
Accounts receivable	1,908,006	(8,347,158)	(6,439,152)
Prepaid expenses	-	(70,001)	(70,001)
Accounts payable	-	639,087	639,087
Accrued expenses	-	143,514	143,514
Other postemployment benefits obligation	-	1,213,801	1,213,801
Deferred inflows of resources	-	80,495	80,495
Net cash provided by operating activities	<u>\$ 14,425,134</u>	<u>5,256,896</u>	<u>19,682,030</u>

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Combining Statement of Cash Flows
Year ended March 31, 2013

	Planning design and <u>construction</u>	Administration, operations and <u>maintenance</u>	<u>Total</u>
Cash flows from operating activities:			
Cash receipts from:			
Appropriations revenue	\$ 6,131,442	-	6,131,442
Reimbursement	3,723,364	-	3,723,364
Lease revenue	-	10,644,175	10,644,175
Parking revenue	-	5,956,303	5,956,303
Settlements and grants	2,287,500	709,294	2,996,794
Fees and other revenue	-	2,298,911	2,298,911
Contributions	-	807,340	807,340
Cash payments to:			
Personnel service	-	(4,261,171)	(4,261,171)
Fringe benefits	-	(1,871,894)	(1,871,894)
Vendors	-	(9,287,093)	(9,287,093)
Net cash provided by operating activities	<u>12,142,306</u>	<u>4,995,865</u>	<u>17,138,171</u>
Cash flows from capital financing activities:			
Expenditures for construction in progress	(27,105,461)	-	(27,105,461)
Other additions to property and equipment	-	(338,156)	(338,156)
Net cash used in capital financing activities	<u>(27,105,461)</u>	<u>(338,156)</u>	<u>(27,443,617)</u>
Cash flows from investing activities:			
Sale of investments	-	5,501,466	5,501,466
Earnings on investments	94,718	63,146	157,864
Net cash provided by investing activities	<u>94,718</u>	<u>5,564,612</u>	<u>5,659,330</u>
Net increase (decrease) in cash and equivalents	(14,868,437)	10,222,321	(4,646,116)
Cash and equivalents at beginning of year	<u>54,065,142</u>	<u>11,501,741</u>	<u>65,566,883</u>
Cash and equivalents at end of year	<u>\$ 39,196,705</u>	<u>21,724,062</u>	<u>60,920,767</u>

(Continued)

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Combining Statement of Cash Flows, Continued

	Planning design and <u>construction</u>	Administration, operations and <u>maintenance</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 12,180,379	(4,243,058)	7,937,321
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	-	7,843,893	7,843,893
Changes in:			
Accounts receivable	(38,073)	(3,826,325)	(3,864,398)
Prepaid expenses	-	(4,092)	(4,092)
Accounts payable	-	1,311,972	1,311,972
Accrued expenses	-	568,537	568,537
Other postemployment benefits obligation	-	1,091,461	1,091,461
Deferred inflows of resources	-	2,253,477	2,253,477
Net cash provided by operating activities	<u>\$ 12,142,306</u>	<u>4,995,865</u>	<u>17,138,171</u>

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Directors
Hudson River Park Trust:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Hudson River Park Trust (the Trust) as of and for the year ended March 31, 2014, and the related notes to the financial statements, which collectively comprise the Trust's basic financial statements, and have issued our report thereon dated June 30, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Trust's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Trust's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Trust's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Trust's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Toski & Co., CPAs, P.C.

Williamsville, New York
June 30, 2014

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

The Board of Directors
Hudson River Park Trust:

Report on Compliance for Each Major Federal Program

We have audited Hudson River Park Trust's (the Trust) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on the Trust's major federal program for the year ended March 31, 2014. The Trust's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Trust's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Trust's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Trust's compliance.

Opinion on Each Major Federal Program

In our opinion, Hudson River Park Trust complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended March 31, 2014.

Report on Internal Control Over Compliance

Management of Hudson River Park Trust is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Trust's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Trust's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Toski & Co., CPAs, P.C.

Williamsville, New York
June 30, 2014

INDEPENDENT AUDITORS' REPORT ON INVESTMENT COMPLIANCE

The Board of Directors
Hudson River Park Trust:

Report on Investment Program Compliance

We have audited the Hudson River Park Trust's (the Trust), compliance with the types of compliance requirements described in the Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York related to its investment program during the year ended March 31, 2014.

Management's Responsibility

Management is responsible for compliance with the requirements of Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York related to its investment program.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance of the Trust's investment program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the investment program occurred. An audit includes examining, on a test basis, evidence about the Trust's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the investment program. However, our audit does not provide a legal determination of the Trust's compliance.

Opinion on Investment Program

In our opinion, Hudson River Park Trust complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its investment program for the year ended March 31, 2014.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with Section 201.3 of Title Two of the Official Compilation of Codes, Rules and Regulations of the State of New York and which is described in the accompanying schedule of findings and questioned costs as item 2014-01. Our opinion on investment program compliance is not modified with respect to this matter.

The Trust's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Trust's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Trust is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Trust's internal control over compliance with the types of requirements that could have a direct and material effect on the investment program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the investment program and to test and report on internal control over compliance in accordance with Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Trust's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York. Accordingly, this report is not suitable for any other purpose.

Toski & Co., CPAs, P.C.

Williamsville, New York
June 30, 2014

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Schedule of Expenditures of Federal Awards
March 31, 2014

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>
U.S. Department of Homeland Security - passed through New York State - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4020	\$ 1,630,799
U.S. Department of Homeland Security - passed through New York State - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4085	<u>6,694,470</u>
Total Expenditures of Federal Awards			<u>\$ 8,325,269</u>

See accompanying notes to schedule of expenditures of federal awards.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Notes to Schedule of Federal Awards
March 31, 2014

(1) Reporting Entity

The accompanying schedule of expenditures of federal awards (the Schedule) presents the activity of federal financial assistance programs administered by the Hudson River Park Trust (the Trust), an entity as defined in the basic financial statements.

(2) Basis of Accounting

The Schedule is presented on the accrual basis of accounting and the amounts presented are derived from the Trust's general ledger. For programs with funding ceilings and caps, federal expenditures are only recorded and presented in the Schedule up to such amounts.

(3) Indirect Costs

Indirect costs are included in the reported expenditures to the extent such costs are included in the Federal financial reports used as the source for the data presented.

(4) Matching Costs

Matching costs, i.e., the Trust's share of certain program costs, are not included in the Schedule.

(5) Subrecipients

The Trust did not provide any funding to subrecipients during the year ended March 31, 2014.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Schedule of Findings and Questioned Costs
Year ended March 31, 2014

Part I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
1. Material weakness(es) identified?	____ Yes <u> X </u> No
2. Significant deficiency(ies) identified not considered to be material weakness(es)?	____ Yes <u> X </u> None Reported
3. Noncompliance material to financial statements noted?	____ Yes <u> X </u> No

Federal Awards:

Internal control over major programs:	
4. Material weakness(es) identified?	____ Yes <u> X </u> No
5. Significant deficiency(ies) identified not considered to be material weakness(es)?	____ Yes <u> X </u> None Reported
Type of auditors' report issued on compliance for major programs:	Unmodified
6. Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section .510(a))?	____ Yes <u> X </u> No
7. The Authority's major program was Disaster Grants - Public Assistance (Presidentially Declared Disasters), CFDA No. 97.036	
8. Dollar threshold used to distinguish between Type A and Type B programs?	\$ 300,000
9. Auditee qualified as low-risk auditee?	____ Yes <u> X </u> No

Part II - FINANCIAL STATEMENT FINDINGS

No reportable findings.

Part III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No reportable findings or questioned costs.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Schedule of Findings and Questioned Costs, Continued

INVESTMENT COMPLIANCE

(2014-1) Investment Compliance

Condition - Collateral secured for deposits in one of the Trust's financial institutions at March 31, 2014 through a tri-party arrangement utilized a pooled collateral arrangement.

Criteria - As per Part 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York related to its investment program ("Investment Guidelines for Public Authorities"), the public authority shall not accept a pledge of proportionate interest in a pool of collateral.

Effect - The Trust was out of compliance with the Investment Guidelines of Public Authorities and its investment policies.

Cause - Subsequent to a change in ownership of a financial institution member in the tri-party agreement, the financial institution moved the collateral to a pooled account where they collateralized public fund depository accounts domiciled in the State of New York. This change was done without the knowledge of the Trust.

Recommendation - We recommend that the Trust secure a collateral agreement with the financial institution in accordance with Investments Guidelines of Public Authorities and its investment policies.

Management's Reply - Upon the Trust's discovery of the pooled collateral arrangement, the Trust transferred funds out of the financial institution reducing its balance below FDIC limits.

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Status of Prior Year Audit Findings
Year ended March 31, 2014

There were no findings with regard to the prior year financial statements (March 31, 2013).