

REGIONAL PLAN ASSOCIATION, INC.

**Financial Statements
for the year ended
June 30, 2018**

Independent Auditor's Report

Board of Directors of
Regional Plan Association, Inc.

We have audited the accompanying financial statements of Regional Plan Association, Inc. (the "Association") which comprise the statement of financial position as of June 30, 2018 and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to in the first paragraph on the previous page present fairly, in all material respects, the financial position of Regional Plan Association, Inc. as of June 30, 2018 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.

Report on Summarized Comparative Information

We have previously audited the Association's 2017 financial statements, and our report dated August 9, 2017 expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Condon O'Meara McGinty + Donnelly LLP

REGIONAL PLAN ASSOCIATION, INC.

Statement of Financial Position

Assets

	<u>June 30</u>	
	<u>2018</u>	<u>2017</u>
Cash	\$ 1,056,360	\$ 1,487,167
Investments, at fair value	2,034,658	1,801,022
Pledges receivable	1,662,723	1,385,258
Prepaid expenses and deposits	<u>31,307</u>	<u>49,845</u>
Sub-total	<u>4,785,048</u>	<u>4,723,292</u>
Property and equipment, at cost		
Leasehold improvements	209,976	209,976
Furniture, fixtures and equipment	<u>1,210,421</u>	<u>1,213,909</u>
Total property and equipment	1,420,397	1,423,885
Less accumulated depreciation and amortization	<u>1,118,460</u>	<u>1,059,729</u>
Net property and equipment	<u>301,937</u>	<u>364,156</u>
Total assets	<u>\$ 5,086,985</u>	<u>\$ 5,087,448</u>

Liabilities and Net Assets

Accounts payable, accrued expenses and other	\$ 57,218	\$ 63,002
Accrued employee benefits	135,843	148,048
Deferred rent	<u>143,219</u>	<u>71,460</u>
Total liabilities	<u>336,280</u>	<u>282,510</u>
Net assets		
Unrestricted		
Operating	205,141	1,098,922
Board-designated	<u>1,186,873</u>	<u>1,144,045</u>
Total unrestricted	1,392,014	2,242,967
Temporarily restricted	2,042,260	1,270,872
Permanently restricted	<u>1,316,431</u>	<u>1,291,099</u>
Total net assets	<u>4,750,705</u>	<u>4,804,938</u>
Total liabilities and net assets	<u>\$ 5,086,985</u>	<u>\$ 5,087,448</u>

See notes to financial statements.

REGIONAL PLAN ASSOCIATION, INC.

Statement of Activities
Year Ended June 30, 2018
(with Summarized Comparative Information for the Year Ended June 30, 2017)

	Year Ended June 30					2017
	2018				Total	Total
	Unrestricted	Board-	Temporarily	Permanently		
	Operating	Designated	Restricted	Restricted		
Public support and revenue						
Public support						
Grants and contributions	\$ 1,662,245	\$ -	\$ 2,246,297	\$ 25,332	\$ 3,933,874	\$ 3,470,808
Regional assembly (net of direct expenses of \$397,620 in 2018 and \$467,074 in 2017)	774,092	-	-	-	774,092	445,862
Net assets released from restrictions	1,531,166	-	(1,531,166)	-	-	-
Total public support	3,967,503	-	715,131	25,332	4,707,966	3,916,670
Revenue						
Net investment return	723	42,828	56,257	-	99,808	179,000
Other	364	-	-	-	364	1,085
Total revenue	1,087	42,828	56,257	-	100,172	180,085
Total public support and revenue	3,968,590	42,828	771,388	25,332	4,808,138	4,096,755
Expenses						
Program services						
Research	3,455,662	-	-	-	3,455,662	3,846,034
Public affairs	641,769	-	-	-	641,769	551,851
Supporting activities						
Management and general	237,518	-	-	-	237,518	645,267
Fundraising	527,422	-	-	-	527,422	328,443
Total expenses	4,862,371	-	-	-	4,862,371	5,371,595
Increase (decrease) in net assets	(893,781)	42,828	771,388	25,332	(54,233)	(1,274,840)
Net assets, beginning of year	1,098,922	1,144,045	1,270,872	1,291,099	4,804,938	6,079,778
Net assets, end of year	\$ 205,141	\$ 1,186,873	\$ 2,042,260	\$ 1,316,431	\$ 4,750,705	\$ 4,804,938

See notes to financial statements.

REGIONAL PLAN ASSOCIATION, INC.

**Statement of Functional Expenses
Year Ended June 30, 2018
(with Summarized Comparative Information for the Year Ended June 30, 2017)**

	2018				2017
	<u>Program Services*</u>	<u>Public Affairs</u>	<u>Management and General</u>	<u>Fund-Raising</u>	<u>Total Expenses</u>
Salaries and wages	\$ 1,480,381	\$ 379,614	\$ 108,615	\$ 275,318	\$2,514,214
Payroll taxes	112,834	28,934	8,279	20,985	184,610
Employee health and welfare benefits	247,106	65,263	21,213	47,721	457,003
Professional fees	981,809	24,033	22,734	99,186	1,354,725
Supplies	23,341	2,238	3,266	1,818	22,830
Telephone	6,594	2,063	2,479	1,133	73,395
Postage and shipping	2,864	99	141	873	7,298
Occupancy	292,300	94,931	21,447	54,361	172,500
Rental and maintenance equipment	35,803	9,164	2,623	6,646	51,581
Travel	19,162	4,042	676	523	22,423
Conferences and meetings	42,016	11,645	4,177	3,832	55,154
Printing and publications	9,661	1,608	600	3,267	22,411
Membership dues	2,922	606	961	439	7,285
Computer, website and internet	104,433	2,862	5	2,092	63,564
Advertising	27,648	560	259	119	5,915
Bank charges and fees	21,009	639	1,017	464	26,069
Uncollectible accounts	-	-	35,111	-	265,214
Other	2,767	2,438	759	646	8,241
Sub-total	<u>3,412,650</u>	<u>630,739</u>	<u>234,362</u>	<u>519,423</u>	<u>5,314,432</u>
Depreciation and amortization	<u>43,012</u>	<u>11,030</u>	<u>3,156</u>	<u>7,999</u>	<u>57,163</u>
Total	<u>\$3,455,662</u>	<u>\$ 641,769</u>	<u>\$ 237,518</u>	<u>\$ 527,422</u>	<u>\$5,371,595</u>

* For the 2018 fiscal year, the program services expense percentage to overall expenses was approximately 71%.

See notes to financial statements.

REGIONAL PLAN ASSOCIATION, INC.

Statement of Cash Flows

	Year Ended	
	June 30	
	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
(Decrease) in net assets	\$ (54,233)	\$(1,274,840)
Adjustments to reconcile (decrease) in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	65,197	57,163
Net realized and unrealized (gain) on investments	(55,837)	(132,798)
Contributed securities	(17,308)	(5,202)
Proceeds from sale of contributed securities	17,308	5,202
Permanently restricted contributions	(25,332)	(542,500)
(Increase) decrease in assets		
Pledges receivable	(277,465)	2,116,117
Prepaid expenses and deposits	18,538	(26,246)
Increase (decrease) in liabilities		
Accounts payable, accrued expenses and other	(5,784)	(39,703)
Accrued employee benefits	(12,205)	28,065
Deferred rent	71,759	71,460
Net cash provided by (used in) operating activities	<u>(275,362)</u>	<u>256,718</u>
Cash flows from investing activities		
Expenditures for furniture, fixtures and equipment	(2,978)	(275,229)
Purchases of investments	(652,700)	(843,523)
Proceeds from sale of investments	474,901	664,647
Net cash (used in) investing activities	<u>(180,777)</u>	<u>(454,105)</u>
Cash flows provided by financing activities		
Permanently restricted contributions	<u>25,332</u>	<u>542,500</u>
Net increase (decrease) in cash	<u>(430,807)</u>	<u>345,113</u>
Cash, beginning of year	<u>1,487,167</u>	<u>1,142,054</u>
Cash, end of year	<u>\$ 1,056,360</u>	<u>\$ 1,487,167</u>

See notes to financial statements.

REGIONAL PLAN ASSOCIATION, INC.**Notes to Financial Statements****June 30, 2018****Note 1 – Nature of organization**

Regional Plan Association, Inc. (the “Association”) is a nonprofit regional planning organization that promotes the improvement of the quality of life and economy in the New York, New Jersey and Connecticut tri-state region.

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

The Association reports information regarding its financial position and activities in three classes of net assets, which are as follows:

Unrestricted

- Operating net assets are used to account for the general activity of the Association.
- Board-designated net assets consist of contributions in connection with the capital campaign and it is the intent of the Association to preserve the principal; however the donors have granted the Association the flexibility to use the principal at the discretion of the Board of Directors.

Temporarily restricted

Temporarily restricted net assets represent expendable gifts and grants received, which are restricted by the donor or pertain to future periods. When the funds are spent, they are released from their restriction.

Permanently restricted

Permanently restricted net assets have been restricted by the donor and are to be kept by the Association in perpetuity. However, the Association is permitted to expend the revenue derived from the assets.

Cash equivalents

The Association considers highly liquid assets with original maturities of ninety days or less to be cash equivalents. The Association did not have any cash equivalents as of June 30, 2018 and June 30, 2017.

REGIONAL PLAN ASSOCIATION, INC.

Notes to Financial Statements (continued)

June 30, 2018

Note 2 – Summary of significant accounting policies (continued)

Investments and investment return

Investments are carried at fair value, which are based on publicly quoted prices. Realized gains and losses on investments and the change in the unrealized value of the investments (unrealized gains or losses) are reflected in the statement of activities. Dividends are recorded on the ex-dividend date.

Fair value measurements

Fair value refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value hierarchy gives the highest priority to quoted market prices in active markets and the lowest priority to unobservable data. Fair value measurements are required to be separately disclosed by level within the fair value hierarchy. The Association's investments are all measured using Level 1 inputs, which is the highest level in the hierarchy. Their fair values are based on quoted prices in active markets.

Contributions and net assets released from restrictions

The Association reports contributions as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor stipulation expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Pledges receivable

At June 30, 2018, the pledges receivable are expected to be collected as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2019	\$ 1,110,023
2020	251,750
2021	100,950
2022	100,000
2023	<u>100,000</u>
Total	<u>\$ 1,662,723</u>

Allowance for doubtful accounts

The Association deems all pledges receivable to be collectible and, accordingly, does not have an allowance for doubtful accounts for any potentially uncollectible receivables. Such estimate is based on management's experience, the aging of the receivables, subsequent receipts and current economic conditions.

REGIONAL PLAN ASSOCIATION, INC.**Notes to Financial Statements (continued)****June 30, 2018****Note 2 – Summary of significant accounting policies (continued)**Property and equipment

Property and equipment expenditures of \$1,000 or greater, with an estimated useful life of greater than one year, are recorded at cost and are being depreciated or amortized by the straight-line method over their estimated useful lives of the assets or the life of the lease which range from four to ten years. During 2018 and 2017 fiscal years, fully depreciated property and equipment totaling \$6,466 and \$18,600, respectively, were removed from the accounts and records of the Association.

Concentrations of credit risk

The Association's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash, investments and pledges receivable. The Association places its cash with what it believes to be quality financial institutions. At times during the year, the bank balances exceeded the FDIC insurance coverage limit. The Association has not incurred any losses in these accounts to date. The Association's investments are exposed to various risks such as interest rate, market volatility, liquidity and credit. Due to the level of uncertainty related to the aforementioned risks, it is at least reasonably possible that changes in these risks could have a material effect on the amounts reported in the statement of financial position as of June 30, 2018. The Association monitors its pledges receivable on an ongoing basis and management believes all pledges are collectible. The Association believes no significant concentrations of credit risk exist with respect to its cash investments and pledges receivable.

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.

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 Association's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

Subsequent events

The Association has evaluated events and transactions for potential recognition or disclosure through August 8, 2018, which is the date the financial statements were available to be issued.

REGIONAL PLAN ASSOCIATION, INC.

Notes to Financial Statements (continued)
June 30, 2018

Note 3 – Investments

The following is a summary of the investments at June 30, 2018 and June 30, 2017:

	<u>2018</u>		<u>2017</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Fixed income	\$ 189,334	\$ 169,516	\$ -	\$ -
Mutual funds				
Equities	113,385	131,200	82,384	97,344
Fixed income	110,162	111,137	151,608	161,736
Exchange traded funds	<u>1,467,407</u>	<u>1,622,805</u>	<u>1,456,862</u>	<u>1,541,942</u>
Total	<u>\$ 1,880,288</u>	<u>\$ 2,034,658</u>	<u>\$ 1,690,854</u>	<u>\$ 1,801,022</u>

For the years ended June 30, 2018 and June 30, 2017, net investment return consists of the following:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 43,971	\$ 46,202
Realized gains	11,635	51,227
Unrealized gains	<u>44,202</u>	<u>81,571</u>
Total	<u>\$ 99,808</u>	<u>\$ 179,000</u>

Note 4 – Retirement plan

The Association maintains a defined contribution plan for all eligible employees, as defined by the plan. Contributions are made to the plan based on a percentage of the participating employees' salaries. The pension expense for the years ended June 30, 2018 and June 30, 2017 was \$123,179 and \$161,565, respectively.

Note 5 – Line of credit

The Association has available through April 17, 2019, a \$500,000 secured line of credit with a bank. Any amounts borrowed under the line, require interest at the Prime Rate. At June 30, 2018, there were no amounts outstanding under the line. The line is secured by the assets of the Association.

Note 6 – Lease agreements

During September 2016, the Association entered into a new ten-year lease, for office space for its headquarters in New York City, which expires August 2027. Under the terms of the lease, the Association received a rent abatement for the first four months of the lease term which was effective May 1, 2017, the date the Association took occupancy of the premises. The rent abatement is recorded as deferred rent in the statement of financial position. The Association is required to pay a minimum annual rental of \$420,210 for the first five years, increasing to \$465,885 for the remaining portion of the lease. The Association is also required to pay its proportionate share of the landlord's operating expenses. In connection with the agreement, the Association obtained a \$210,105 irrevocable standby letter of credit from a bank in favor of the landlord.

REGIONAL PLAN ASSOCIATION, INC.

Notes to Financial Statements (continued)

June 30, 2018

Note 6 – Lease agreements (continued)

In addition, the Association leases office space in New Jersey under the terms of a five year lease, expiring January 31, 2019. The lease requires annual rent of \$14,272 for the first 30 months of the lease, increasing to \$14,791 for the remaining term of the lease.

The required minimum annual rental payments under the leases are as follows:

Fiscal Year	New York Office	New Jersey Office	Total
2019	\$ 420,210	\$ 8,631	\$ 428,841
2020	420,210	-	420,210
2021	420,210	-	420,210
2022	420,210	-	420,210
2023	458,273	-	458,273
2024 and thereafter	<u>1,941,188</u>	-	<u>1,941,188</u>
Total	<u>\$ 4,080,301</u>	<u>\$ 8,631</u>	<u>\$ 4,088,932</u>

Rent expense in connection with these leases totaled \$463,039 and \$172,500 for the 2018 and 2017 fiscal years, respectively.

REGIONAL PLAN ASSOCIATION, INC.

Notes to Financial Statements (continued)
June 30, 2018Note 7 – Temporarily restricted net assets

The activities in the temporarily restricted net assets consist of the following:

	Balance at June 30, 2017	Support and Investment Return	Net Assets Released from Restrictions	Balance at June 30, 2018
Regional Plan Exchange	\$ -	\$ 450,000	\$ -	\$ 450,000
New Jersey Issues	41,567	155,000	(10,131)	186,436
Inclusionary Hiring	-	250,000	(87,757)	162,243
Gateway/Amtrak	-	150,000	(5,239)	144,761
Peter Herman Transportation Center	73,533	56,257	-	129,790
Penn Station Study	-	130,100	(350)	129,750
Jamaica Vision Implementation Strategies	13,841	137,495	(45,414)	105,922
Congestion Pricing	-	100,000	-	100,000
Streetopia	-	100,000	(16,420)	83,580
Triboro	-	80,000	(3,266)	76,734
Streetopia Communication	-	67,590	(5,490)	62,100
Parking Studies	-	50,000	-	50,000
Inclusionary Zoning	-	50,000	(976)	49,024
Equitable Adaptation	-	75,000	(32,637)	42,363
NYC Property Tax	49,202	-	(14,004)	35,198
Lidership Institute for Housing II	-	30,000	-	30,000
Town of Babylon Industrial Study	28,137	-	(55)	28,082
Bay Area Regional strategy	46,835	-	(20,641)	26,194
Fund for NJ-Gateway	-	25,000	-	25,000
Long Island Index – HRA	95,284	-	(70,311)	24,973
Suffolk On Call	-	86,392	(61,895)	24,497
NYC Affordable Housing loss	32,500	20,000	(32,163)	20,337
Value Capture	-	20,000	(977)	19,023
LICF Affordable Housing	-	20,000	(2,480)	17,520
Arts Project	-	10,000	-	10,000
Deer Park redesign	18,997	-	(10,264)	8,733

REGIONAL PLAN ASSOCIATION, INC.

Notes to Financial Statements (continued)

June 30, 2018

Note 7 – Temporarily restricted net assets (continued)

The activities in the temporarily restricted net assets consist of the following:

	Balance at June 30, <u>2017</u>	Support and Investment Return <u>Return</u>	Net Assets Released from Restrictions <u>Restrictions</u>	Balance at June 30, <u>2018</u>
Fourth Regional Plan Adaptation Action	\$ 539,839	\$ 146,450	\$ (686,289)	\$ -
Planning	97,116	-	(97,116)	-
Norwalk On-Call	67,330	-	(67,330)	-
The L Train	27,524	-	(27,524)	-
Flushing Creek Sponge Park	22,598	-	(22,598)	-
Lincoln Infrastructure	20,623	-	(20,623)	-
Bridgeport Revitalization Zone	18,244	-	(18,244)	-
Hudson Valley Smart Growth	18,027	-	(18,027)	-
Leadership Ins. for Housing	16,309	-	(16,309)	-
Hudson Valley Land Conservation	15,066	1,000	(16,066)	-
Automated Mobility	8,928	-	(8,928)	-
Tarrytown - TOD	8,054	-	(8,054)	-
Fourth Plan Energy and Environ. Research	7,617	-	(7,617)	-
Assoc. for Neighborhood Housing Development	3,701	-	(3,701)	-
Highlands FIA	-	1,395	(1,395)	-
Village of Great Neck Plaza IZ	-	875	(875)	-
Microgrids	-	20,000	(20,000)	-
Flushing Implementation	-	65,000	(65,000)	-
Hyde and Watson	-	5,000	(5,000)	-
Total	<u>\$1,270,872</u>	<u>\$2,302,554</u>	<u>\$(1,531,166)</u>	<u>\$2,042,260</u>

REGIONAL PLAN ASSOCIATION, INC.**Notes to Financial Statements (continued)****June 30, 2018****Note 8 – Endowment**

The Association reports its restricted net assets in accordance with accounting standards for Endowments and the New York Prudent Management of Institutional Funds Act in administering and managing its endowment assets.

Interpretations

The Association's endowment includes both donor-restricted funds and funds designated by the Board of Directors. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Association to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Strategies employed for achieving objectives

To satisfy its long-term rate of return objectives which is to maintain the endowment real purchasing power, the Association relies on a total return strategy in which investments returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). To accomplish the Association's investment objectives an asset allocation that utilizes a mix of fixed income and equities in the 35% to 55% range for each category is employed. In addition, both cash and alternative investments will be utilized up to 15% for each category.

Spending policy

The Association has a policy of spending the investment income generated from its permanently restricted funds, which is allowable under the donor guidelines. Any unspent investment income is added to the temporarily restricted balance of the appropriate fund. Any unspent investment income generated in connection with the Board designated funds, remains within the fund.

Note 9 – Tax status

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