# 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, 2023 and 2022

(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 Audit of the Financial Statements

### Opinion

We have audited the accompanying 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, 2023 and 2022, and the related notes to financial statements, which collectively comprise the Trust's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Trust, as of March 31, 2023 and 2022, and the changes in financial position, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Trust and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Emphasis of Matter

As discussed in note 2(o) to the financial statements, the Trust adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87 - "Leases," during the year ended March 31, 2023. Our opinion is not modified with respect to this matter.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by GASB 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 GAAS, 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 audits 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Trust's basic financial statements. The accompanying Schedules 1 through 4 are presented for purposes of additional analysis and are 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. The 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 GAAS. 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 28, 2023 on our consideration of the 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 solely to describe 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 the effectiveness of the Trust's 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 Trust's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
June 28, 2023

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 years ended March 31, 2023 (fiscal year 2023) and March 31, 2022 (fiscal year 2022). We encourage readers to consider the MD&A in conjunction with the basic financial statements, related notes and supplementary information, each of which follow this section, to fully understand the Trust's financial position and results of operations.

## Organizational Overview and Primary Funding

The Trust is a New York State (the State) public benefit corporation created in 1998 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 59$^{th}$ Street south to Battery Park City. The Trust's mission 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. A 13-member board of directors governs the Trust, with the Governor and Mayor each appointing 5 members and the Manhattan Borough President appointing 3 members. Additional information on the Trust's board of directors can be found on the Trust's website at https://hudsonriverpark.org/about-us/hudson-river-park-trust/hudson-river-park-trust-board-of-directors/.

As of March 31, 2023, approximately $914.6 million has been expended on new Park construction, capital maintenance, and the construction of facilities serving certain not-for-profit and public sector users, such as the Intrepid Museum at Pier 86 and the New York City Fire Department Marine Division at Pier 53. This number was $859.7 million as of March 31, 2022.

As of March 31, 2023, almost all areas of the public park envisioned by the Act are either complete or under construction, with several major construction projects begun in fiscal years 2022 and 2023 scheduled to open to the public later in 2023, or during fiscal year 2024; these include Chelsea Waterside Park, Gansevoort Peninsula, Pier 97 and the Science Play Area. The status of Park build-out as of June 2023, is detailed in the Trust's annual Financing Plan, which may be found at https://hudsonriverpark.org/about-us/public-information/financial-and-budget-information/.

Capital funds associated with new Park construction have been provided primarily by the State of New York (the State) and the City of New York (the City), with supplemental monies received from the Federal government, private sources, discretionary grant allocations from elected officials, and allocation of air rights transaction proceeds. In addition, the Trust has received restricted funding as a beneficiary in connection with certain litigation and administrative settlement agreements earmarked for improvements within the Park at Pier 97, the Gansevoort Peninsula and the Pier 26 Estuarium.

The Act 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 from within the Park. As in the past, the primary sources of operating revenue in fiscal year 2023 were lease rents (including payments in lieu of real estate taxes, or PILOT), occupancy permit and concession fees for park and commercial use facilities, parking revenue from the Pier 40 garage and certain user fees. This operating revenue was supplemented by non-operating revenue from outside the Park that was self-generated, or generated in conjunction with others, such as contributions from Hudson River Park Friends (HRPF), interest income, foundation support, private contributions and grants.

From founding to present day, the Trust has not received funds to support direct operating or ordinary maintenance costs from either the City or the State. In addition to presenting an overview of activities and financial performance, this MD&A provides an analysis of how the costs of operation and maintenance of the Park, including capital maintenance not treated as an operating expense in the financials, are being supported by internal and self-generated revenue in furtherance of the legislative goal of financial self-sufficiency.

**Overview of Financial Statements**

The basic financial statements consist of three main parts and include information for fiscal years 2023 and 2022. The three sections are (1) statements of net position (like a balance sheet), (2) statements of revenue, expenses, and changes in net position (akin to an income statement), and (3) statements of cash flows.

The statements of net position include all the Trust's investments in resources (assets) and payment obligations to vendors and contractors (liabilities). It also provides the basis for evaluating the Trust's capital structure and for assessing its liquidity and financial flexibility. All the Trust's revenue and expenses are accounted for in the statements of revenue, 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 its costs through its operating revenue and external 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 (primarily construction activity) and investing activities. They provide answers to such questions as where cash came from, what was cash used for, and the change in cash balance during the reporting periods.

Following the statements are the notes to financial statements, required supplementary information (RSI), schedule of changes in the Trust's Total Other Postemployment Benefits (OPEB) asset (liability) and related ratios, schedule of a proportionate share of the net pension asset (liability), and schedule of employer pension contributions. Following the RSI schedules is Supplementary Information consisting of four schedules that present financial results for fiscal years 2023 and 2022 in the format of the Trust's approved annual budget. Further information concerning the Trust's current budget for fiscal year 2024 is available at: https://hudsonriverpark.org/app/uploads/2023/03/Approved-Budget_FY2024-1.pdf.

The Trust adheres to the Governmental Accounting Standards Board (GASB) provisions consistent with regulations promulgated by the New York State Office of the Comptroller relating to accounting, reporting, and supervision requirements for public authorities. The Trust previously adopted GASB Statement No. 75 - "Accounting and Financial Reporting for Postemployment Benefits Other Than

Pensions," establishing standards of financial accounting and financial reporting for defined benefit OPEB. 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.

The Trust also previously implemented GASB Statement No. 68 - "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27" and GASB Statement No. 71 - "Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment to GASB Statement No. 68." As further detailed in the Notes section, the implementation of these two statements resulted in the reporting of deferred outflows of resources and an unfunded asset (liability) related to the Trust's participation in the New York State and Local Employees' Retirement System (ERS). The amount recorded relates to the Trust's proportionate share obligation of ERS and is based on the financial performance of ERS. Annual changes in this unfunded ERS asset (liability) are not within the control of the Trust.

In fiscal year 2023, the Trust implemented GASB Statement No. 87 - "Leases" (GASB 87), the first year in which it was required to do so. As further detailed in the Notes section, GASB 87 changes the accounting and financial reporting for leases, establishing a uniform set of reporting requirements for all entities, based on the principle that leases are financings of the right to use an asset.

To comply with GASB 87 when operating as a lessor, the Trust and others must recognize an assumed full present value of each lease from commencement as a receivable and a deferred inflow of resources. The lease receivable is amortized over the life of the lease and interest revenue is recognized over the term of the lease. Further reporting related to GASB 87 is detailed in the Notes section.

The Trust, by statute, is not permitted to issue bonds, contract to pay debt service, or otherwise borrow. Therefore borrowing against receivables is not permitted. Annual Trust budgets must reflect actual projected lease income for each year rather than the amounts recorded as receivables for accounting purposes, such as those assumed for the purposes of GASB 87, which reflect the assumed income over the full term of qualifying leases.

The audited results of fiscal year 2022, have been restated to reflect the application of this new accounting standard. At present, the Trust only serves as lessor on lease agreements reportable under GASB 87, but in the future, if the Trust enters into a lease agreement as lessee, the Trust will also be required to report the lease obligation in this format.

## Statements of Net Position

The following table summarizes the Trust's assets, liabilities, and net position as of March 31, 2023, 2022 and 2021 under the accrual basis of accounting. The 2022 results have been restated to reflect the new requirements of GASB 87 reporting pertaining to assumed full-life value of leases.

| | 2023 | 2022 | Change | 2022 | 2021 | Change |
|---|---|---|---|---|---|---|
| Assets | $ 992,199,655 | 948,927,793 | 43,271,862 | 948,927,793 | 912,962,825 | 35,964,968 |
| Leases receivable - GASB 87 | 371,282,906 | 230,511,334 | 140,771,572 | 230,511,334 | - | 230,511,334 |
| Interest receivable - GASB 87 | 15,393,069 | 10,729,293 | 4,663,776 | 10,729,293 | - | 10,729,293 |
| Total assets | 1,378,875,630 | 1,190,168,420 | 188,707,210 | 1,190,168,420 | 912,962,825 | 277,205,595 |
| Deferred outflows of resources - pensions - ERS | 3,875,073 | 5,391,648 | (1,516,575) | 5,391,648 | 4,112,433 | 1,279,215 |
| Total liabilities | 45,086,713 | 55,300,558 | (10,213,845) | 55,300,558 | 52,181,627 | 3,118,931 |
| Deferred inflows of resources: | | | | | | |
| Pensions - ERS | 6,266,428 | 6,587,134 | (320,706) | 6,587,134 | 294,078 | 6,293,056 |
| Appropriations | - | 1,876,354 | (1,876,354) | 1,876,354 | 562,375 | 1,313,979 |
| Unearned revenue | 558,021 | - | 558,021 | - | - | - |
| Lease rents - GASB 87 | 345,501,123 | 209,511,595 | 135,989,528 | 209,511,595 | 2,493,253 | 207,018,342 |
| Total deferred inflows of resources | 352,325,572 | 217,975,083 | 134,350,489 | 217,975,083 | 3,349,706 | 214,625,377 |
| Total net position | $ 985,338,418 | 922,284,427 | 63,053,991 | 922,284,427 | 861,543,925 | 60,740,502 |

Fiscal Year Ended March 31, 2023

The net effect of GASB 87 is to add a lease receivable equal to the present value of all known future payments for the life of the lease for qualifying agreements, as described in Note (7) Lease Receivables. An interest receivable is also added. Both are non-cash additions to assets representing future payments due to the Trust under the life of the leases. The Trust does not have the ability to issue debt and therefore cannot borrow against these receivables.

As summarized in the table above and detailed in the statements of net position, the Trust's total assets increased by 15.8% from fiscal year 2022 to 2023, with total assets of $1.38 billion in fiscal year 2023, up from $1.19 billion in fiscal year 2022. Demonstrating the impact of GASB 87, total assets without its implementation would have been $992 million for fiscal year 2023 and were $949 million in fiscal year 2022, prior to restatement due to adoption of GASB 87.

A combined lease and interest receivable increase of $145 million in fiscal year 2023 over fiscal year 2022 accounted for most of the increase in total assets as reported under the new GASB 87 regulations. A new lease with Chelsea Piers (Piers 59, 60 and 61) was signed during fiscal year 2023, terminating the old agreement and eliminating accounting for future rent due under the old agreement in fiscal 2022. This reduced the lease and interest receivable recorded under GASB 87 for fiscal year 2022. The combined lease and interest receivable reported under GASB 87 in fiscal year 2023 accounts for increased payments due through the end of the new Chelsea Piers lease, 2065, an extension from the prior lease termination date of 2043.

The balance of the year over year increase in total assets from 2022 to 2023 reflects a $40.2 million increase in construction in progress and depreciable capital assets from 2022 to 2023. As of the end of fiscal year 2023, the Trust was constructing several major capital projects: new construction at the Gansevoort Peninsula, Pier 97 and Science Play Area, all projected to open in fiscal year 2024, along with the major refurbishment of Chelsea Waterside Park inclusive of a new restroom building. Major capital repairs to pilings at Pier 40 were also completed in fiscal year 2023. A number of smaller projects also contributed to this increase.

Deferred outflows represent a use of net position that applies to future periods. The pension deferred outflow of $3.9 million at March 31, 2023 required under GASB Statement No. 68, decreased by $1.5 million from the prior fiscal year. As discussed above, this decrease results primarily from the net difference between projected and actual financial performance of ERS and is not within the control of Trust management.

The Trust's total liabilities on March 31, 2023 were $45.1 million, a decrease of $10.2 million, or 18.5%, compared to the prior fiscal year. This was primarily attributable to a $9.3 million decrease in other postemployment benefits obligation to $23.1 million on March 31, 2023, from $32.4 million on March 31, 2022.

As explained in Notes (5) and (9) to the financial statements, the OPEB and future pension liability calculation is sensitive to a number of assumptions, including the Trust' proportionate share of the ERS net pension asset (liability), the discount rate used to determine the present value of future pension costs, and health care cost trends. A higher discount rate decreases the present value of the obligation, as less funds are needed today to generate the targeted pension plan return and meet future retiree health costs for current and retired employees. While the Trust is not required to establish a funded set-aside, the magnitude and high variability of this potential obligation informs management in determining the application of the Trust's available reserve position.

Deferred inflows represent increases in net position that apply to future periods. The Trust had $352.3 million of deferred inflows of resources as of March 31, 2023, primarily due to $345.5 million in lease payments reportable as deferred inflows under GASB 87. This increased from $209.5 million the prior year, due to the execution of a new extended Chelsea Piers lease in fiscal year 2023 and the termination of the prior lease as described above.

Overall, the Trust's net position represents assets less liabilities, adjusted for deferred inflows and outflows of resources. Compared to the prior fiscal year, the total net position increased by $63 million, or 6.8%, to $985.3 million in fiscal year 2023. The net position at the end of fiscal year 2023 was distributed as net investment in completed capital assets and construction in progress of $763.8 million, restricted funds for capital expenditures of $90.7 million, and unrestricted funds of $130.8 million allocated for working capital, emergency reserves, reserves for economic uncertainties, future capital maintenance and future unfunded liabilities.

As a waterfront park, the Trust's primary unfunded liability is the substantial cost of future capital maintenance for marine structures, such as piers and bulkheads. The Trust's principal funding source for this work in recent years has been from the proceeds of air rights sales. There are currently no such air rights sales pending. The ability of the Trust to participate in new transactions of this type is uncertain, as any transaction depends on having an interested buyer within the eligible zoning area. For this reason, it is likely that the Trust will depend more heavily on its reserve position to fund capital maintenance work in the future. This includes at Pier 40, which previously benefited from dedicated air rights funds from a previous transaction, but where such funds are in the process of being spent down.

Furthermore, the Trust must finance construction from reserves on hand, rather than borrowing for construction financing, even when the costs of construction are reimbursed from outside resources such as FEMA or New York State capital funding, due to the statutory prohibition on the issuance of Trust debt. Therefore, the Trust must maintain high levels of reserves to accommodate funding of the capital program, emergency funding and economic uncertainties, such as the recent pandemic.

Investment in capital assets net of depreciation increased by $40.2 million, reflecting increased new construction and capital maintenance activity during the fiscal year. Restricted funds for capital expenditures decreased by $12.7 million as restricted funds were expended on designated capital projects (and thereby recognized as capital assets).

In fiscal year 2023, the Trust spent $34.2 million on new construction and $21.2 million on capital maintenance, for a total of $55.4 million. Cumulative investment in capital assets net of depreciation in fiscal year 2023 includes approximately $642.7 million of completed Park improvements, just under $1 million of equipment, and $121.2 million of construction in progress. Construction in progress at the end of the fiscal year, including associated design work, increased by $17.1 million in fiscal year 2023, with significant new construction on Gansevoort Peninsula, Pier 97 and the Science Play Area underway, along with continuing capital maintenance work at Pier 40 and Chelsea Waterside Park, and assorted smaller capital maintenance projects.

Fiscal Year Ended March 31, 2022 (as restated)

As noted above, the adoption of GASB 87 required a restatement of the results of fiscal year 2022. The year-end net position for fiscal year 2021 has also been restated to account for GASB 87, as reflected in Note (13) Cumulative Effect of Change in Accounting Principle, in the Notes to Financial Statements Section, with the result that the Trust's net position at March 31,2021 is now $890,658,868, a $29.1 million increase in value. Otherwise, the full results of fiscal year 2021 have not been restated. The Trust's audited statements for March 31, 2022 and 2021 are available on the Trust's website at https://hudsonriverpark.org/about-us/public-information/financial-and-budget-information/.

For fiscal year 2022, as summarized in the table above and detailed in the statements of net position, the Trust's total assets increased to $1.19 billion, up $277 million from 2021. The large increase is due to the addition of the Leases Receivable and Interest Receivable as recorded in assets, as required by GASB 87 in 2022. The total asset figure for 2021 reflected above does not include these additions.

At the end of fiscal year 2022, there was $104 million in construction in progress, a 34% increase compared to fiscal year 2021, reflecting progress on several large multi-year construction projects begun in fiscal year 2021. These continued through fiscal years 2022 and 2023.

Deferred outflows represent a use of net position that applies to future periods. A pension deferred outflow of $5.4 million at March 31, 2022, which is part of reporting under GASB Statement No. 68, increased by $1.3 million from $4.1 million in the prior fiscal year. As discussed above, this increase results primarily from the net difference between projected and actual financial performance of ERS and is not within the control of management.

The Trust's total liabilities on March 31, 2022 were $55.3 million, an increase of $3.1 million, or 6.0%, compared to the prior fiscal year. This was primarily attributable to a $6.2 million increase in accounts payable to $16.6 million on March 31, 2022 from $10.4 million in the previous year, due to higher levels of ongoing construction. This increase was offset by a $1.1 million reduction in accrued expenses, to $6.3 million in fiscal year 2022 from $7.4 million in fiscal year 2021, and a $5.4 million reduction in net pension liability, while the other postemployment benefits obligation, increased to $32.4 million from $28.9 million on March 31, 2021.

In fiscal year 2022 the discount rate decreased, increasing the present value of the potential liability. However, this increase was offset by a substantial increase in the ERS's funding ratio to 99.95%, significantly reducing the proportionate share of the net pension liability allocable to the Trust to $22 thousand in fiscal year 2022, from $5.5 million in fiscal year 2021. While the Trust is not required to establish a funded set-aside, the magnitude and volatility of this potential obligation informs management in determining the application of the Trust's available reserve position.

Deferred inflows of resources represent increases in net position that apply to future periods. These were restated in 2022 with the adoption of GASB 87. Specifically, for fiscal year 2022, $209.5 million of deferred inflow of future lease rents were added, increasing the total deferred inflows to $218 million in 2022 vs. $10.3 million in the audited financial statement for 2022 before restatement.

Overall, the Trust's net position, consisting of net investment in capital assets, funds restricted for capital expenditures and unrestricted funds, increased to $922.3 million in fiscal year 2022 vs. $890.7 million in fiscal year 2021, an increase of $31.6 million or 3.6%, after restatement reflecting GASB 87.

**Statements of Revenue, Expenses, and Changes in Net Position**

The table below summarizes information detailed in the statements of revenue, expenses, and changes in net position for the fiscal years ended March 31, 2023, 2022 and 2021. Additional information on operating and non-operating revenues, operating expenses, and the capital maintenance portion of expenditures for construction, is found in the Supplementary Information schedules. The Supplementary Information schedules correspond to the format of the Trust's approved budget.

The results for fiscal year 2022 have been restated to reflect adoption of GASB 87.

| | 2023 | 2022 | Change | 2022 | 2021 | Change |
|---|---|---|---|---|---|---|
| General operating revenue | $ 35,364,094 | 33,267,649 | 2,096,445 | 33,267,649 | 23,532,634 | 9,735,015 |
| Lease revenue - GASB 87 | 10,631,234 | 4,484,109 | 6,147,125 | 4,484,109 | - | 4,484,109 |
| Total operating revenue | 45,995,328 | 37,751,758 | 8,243,570 | 37,751,758 | 23,532,634 | 14,219,124 |
| Operating expenses | 28,295,466 | 26,237,563 | 2,057,903 | 26,237,563 | 23,951,648 | 2,285,915 |
| Other postemployment benefits and pensions - GASB 68 and 75 | (9,863,884) | 3,030,633 | (12,894,517) | 3,030,633 | 7,922,623 | (4,891,990) |
| Total operating expenses | 18,431,582 | 29,268,196 | (10,836,614) | 29,268,196 | 31,874,271 | (2,606,075) |
| Operating income | 27,563,746 | 8,483,562 | 19,080,184 | 8,483,562 | (8,341,637) | 16,825,199 |

| | 2023 | 2022 | Change | 2022 | 2021 | Change |
|---|---|---|---|---|---|---|
| Non-operating revenue | $ 51,647,058 | 38,665,055 | 12,982,003 | 38,665,055 | 42,434,135 | (3,769,080) |
| Non-operating expense - depreciation and amortization | 16,156,813 | 15,523,058 | 633,755 | 15,523,058 | 13,314,425 | 2,208,633 |
| Total non-operating income | 35,490,245 | 23,141,997 | 12,348,248 | 23,141,997 | 29,119,710 | (5,977,713) |
| Change in net position | $ 63,053,991 | 31,625,559 | 31,428,432 | 31,625,559 | 20,778,073 | 10,847,486 |

Fiscal Year Ended March 31, 2023

Operating revenue is generated within the Park from lease and other occupancy agreements, parking charges, user fees, and sponsorships. Total operating revenue in fiscal year 2023 from all sources was $46 million (inclusive of non-cash lease revenue of $10.6 million with the adoption of GASB 87), compared to $37.8 million in fiscal year 2022 (with non-cash lease revenue of $4.5 million), a year over year total revenue increase of $8.2 million, or 22% (or 6.3% increase without non-cash lease revenue). Non-cash lease revenue increased from fiscal year 2022 to 2023 due to the termination of the previous Chelsea Piers lease and the signing of a new lease during fiscal year 2023, with higher annual payments and a longer total lease term. Additionally, the Trust continued to see the effects of recovery from Covid with respect to certain lease and permit payments.

In fiscal year 2023 approximately 65% or $23 million of general operating revenue was derived from leases and other occupancy agreements; 29.5%, or $10.4 million, from Pier 40 parking charges (net of local and state taxes); and 5.5%, or $2 million, from user fees and other sources, including sponsorships. By way of comparison, the proportionate share derived from occupancy agreements, parking and user fees were 65%, 28% and 7.2%, respectively, in fiscal year 2022, as restated.

Income from leases increased in fiscal year 2023 reflecting the new Chelsea Piers lease and the fact that payments over the full life of the previous lease are not reflected in the restatement, as the prior lease was terminated and replaced in 2023. While concession and occupancy permits revenue continued to remain steady through fiscal year 2023, parking garage revenue at Pier 40 grew by 13% year over year, as parking spaces temporarily closed due to construction activity returned to the inventory and the parking garage reached an occupancy rate of nearly 95% by the end of the fiscal year due to the Trust's active management of this asset.

Total operating expenses in fiscal year 2023 totaled $18.4 million, a decrease of $10.8 million or 37% from the prior fiscal year. The change in non-cash OPEB and net pension liability is the biggest contributor to the year-over-year decrease in total operating expenses, with a decrease from $3 million in fiscal year 2022 to a negative $9.9 million OPEB and pension benefit expense, a decrease in net pension expenses of over 4 times the expense (and, in fact, a net positive this year due to current actuarial valuation). Please refer to Notes (5) and (9) in the Notes to Financial Statements for a complete explanation of these valuations.

Park programs and maintenance expenses increased by $1.5 million in fiscal year 2023, or 17.4%, with a full post-pandemic return to in-person events. More activities required more sanitation, maintenance and security services, along with greater staffing needs. Employee compensation and benefits expense increased only slightly in fiscal year 2023, with a $315,000, or 3% increase from fiscal year 2022, for a total of $10.9 million, as a number of positions were vacant throughout the year.

Certain other than personal services (OTPS) operating expenses were subject to cost reimbursement arrangements, primarily with the State and City, as detailed further in the Supplementary Information schedules. Liability insurance reimbursement consisted of both direct State payment and a recoverable credit for contracted public safety services by the City. Contracted vendor costs associated with the maintenance of the Route 9A median were reimbursed by the State. Total reimbursable and recoverable OTPS operating expenses in fiscal year 2023 for both liability insurance and maintenance costs were $6.8 million, compared to $6.4 million for fiscal year 2022.

Non-operating revenue increased 33.6% to $51.6 million in fiscal year 2023, with appropriations revenue increasing from $37 million in fiscal year 2022 to $42.4 million in fiscal year 2023 due to State and City contributions for new park construction, a $1 million supplemental payment pursuant to a previous air rights sale (a payment due upon occupancy), and an almost 50% increase in interest earned on reserves to $3.9 million, reflecting a higher interest rate environment.

As shown on the Statements of Revenue, Expenses and Changes in Net Position, which includes non-cash OPEB and pension expenses (a net positive expense in fiscal year 2023 due to actuarial valuations and pension funding levels of 103.7%), the Trust recorded an operating surplus of $27.6 million in fiscal year 2023, as compared to $8.5 million in fiscal year 2022.

Including all $51.6 million of non-operating revenue such as governmental appropriations, reimbursements, and realized and unrealized gains and losses from investments, along with $16.2 million of non-operating depreciation expense, the Trust generated an increase in its net position of $63 million in fiscal 2023. The Trust's net position, which was $922.3 million at the end of fiscal year 2022, increased to $985.3 million, reflecting a combination of new park construction, a reduction in pension expenses, and the adoption of GASB 87.

<u>Fiscal Year Ended March 31, 2022 (as restated)</u>

As noted previously, the adoption of GASB 87 required a restatement of the results of fiscal year 2022. The results of fiscal year 2021 have not been restated, eliminating the ability to make a year-over-year comparison in certain categories above. We refer you to the Trust's audited statements for March 31, 2022 and 2021 for comparisons in these categories, as available on the Trust's website at https://hudsonriverpark.org/about-us/public-information/financial-and-budget-information/.

Operating revenue is generated within the Park from lease and other occupancy agreements, parking charges, user fees, and sponsorships. As restated to adopt GASB 87, total operating revenue from all sources in fiscal year 2022 was $37.8 million. Before restatement and the recognition of non-cash lease revenues per GASB 87, operating revenue was lower in both years, at $33.3 million in fiscal year 2022 and $23.5 million in fiscal year 2021.

As restated for GASB 87, in fiscal year 2022 approximately 65% of general operating revenue, or $21.6 million, was derived from leases and other occupancy agreements; 28%, or $9.2 million, came from Pier 40 parking charges (net of local and state taxes); and 7.2%, or $2.4 million, was generated from user fees and other sources, including sponsorships.

The Covid reopening began in the second quarter of fiscal 2022 (summer 2021) and operating revenue rebounded from fiscal year 2021 to fiscal year 2022. Tenants and concessionaires in the food and recreational industries generated increased revenue throughout the fiscal year, while the hospitality and tourist industries were slower to recover. Revenues were also increased by the timely repayment of a limited amount of occupancy agreements that had been restructured in the 2021 fiscal year, allowing for deferral of base fees and charges during the early period of the Covid pandemic. Parking revenues increased with the reopening and increased commercial activity, becoming an even more significant contributor to the Trust's revenue stream.

Operating expenses in fiscal year 2022 totaled $29.3 million, a decrease of $2.6 million or 8.2% from the prior fiscal year. Included within operating expenses is $10.6 million of employee compensation and benefits, a $556 thousand increase from fiscal year 2021. Non-cash OPEB and net pension liability decreased by $4.9 million or 61.7%, the major contributor to the decrease in operating expenses. General and administrative operating expenses increased by $1.5 million or 28.9% from fiscal year 2021, as outlays delayed during the onset of the pandemic were resumed, and park programs and maintenance increased $192,000, or 2.3%, as park activities began to resume.

Certain OTPS operating expenses were subject to cost reimbursement arrangements, primarily with the State and City, as detailed further in the Supplementary Information schedules. Liability insurance reimbursement consisted of both direct State payment and a recoverable credit for contracted public safety services by the City. Reimbursement for contracted vendor costs associated with the maintenance of the Route 9A median by the State totaled $449,000 in fiscal year 2022. Total reimbursable and recoverable OTPS operating expenses in the fiscal year 2022 for both liability insurance and maintenance costs were $6.4 million, compared to $4.9 million for fiscal year 2021.

As shown on the restated Statements of Revenue, Expenses and Changes in Net Position, the Trust recorded an operating surplus of $8.5 million in fiscal year 2022, as compared to a loss in fiscal year 2021. Including all $38.7 million of non-operating revenue such as governmental appropriations, reimbursements, and realized and unrealized gains and losses from investments, and $15.5 million of non-operating depreciation expense, the Trust generated an increase in its net position of $31.6 million, reflecting a combination of new park construction and a reduction in calculated pension expenses. The Trust's net positon, restated and reflecting a cumulative addition of $29.1 million through the end of fiscal year 2021 with the adoption of GASB 87, was $890.7 million at the end of fiscal year 2021.

**Self-Generated Revenue, Park Operating Expenses and Capital Maintenance Costs**

The table below summarizes the Trust's operating revenue and self-generated non-operating revenue (primarily interest and contribution revenue), direct Park operating expenses, other Park operating expenses (parking garage and general and administrative costs), reimbursable revenue that offsets certain OTPS operating expenses, capital maintenance (CAPm) and capital equipment (CAPx) outlays, reimbursements for CAPm from appropriations and restricted funds, and the resulting pro-forma surplus/deficit for the fiscal years ended March 31, 2023, 2022 and 2021.

The table below corresponds to the Trust's approved budget format presented in the Supplementary Information schedules. Adjustments due to GASB pension, other postemployment benefits and lease accounting rules are not included in these schedules. It should be noted that, following Trust policy, the full actuarially required pension contribution and the Trust portion of annual retiree health benefits are included in direct park operating expenses.

The Supplementary Information schedules show operating expenses which include both personnel and OTPS costs for each of the Trust's principal functional activities: education and Park programs; grounds, facilities, and capital plant; public safety and security; sanitation; utilities; insurance; parking; and administrative support and overhead. The pro-forma use of the terms "surplus" and "deficit" is associated with the Trust budget format presented in the Supplementary Information schedules and on the Trust's website. The surplus and deficit amounts are different from "operating income" and "change in net position" as used in the statements of revenue, expenses, and changes in net position, though they are reconciled to those figures in the notes to the Supplementary Information schedules.

The purpose of this portion of the MD&A is to assess financial results in the context of the legislative goal of self-sufficiency. While the legislation acknowledges that the primary source of funding for the construction of the new Park is to come from the State and City, revenue for the operation and maintenance of the Park is, to the extent practicable, to be self-generated.

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Operating revenue | $ 35,364,094 | 33,267,649 | 23,532,634 |
| Self-generated portion of non-operating revenue | 6,254,434 | 3,825,111 | 5,878,892 |
| Total revenue | 41,618,528 | 37,092,760 | 29,411,526 |
| Direct park operating expenses | 23,950,809 | 21,893,554 | 18,817,705 |
| Other park operating expenses | 6,516,657 | 6,442,311 | 6,688,200 |
| Reimbursable operating expenses | (6,789,792) | (6,444,514) | (4,864,371) |
| Net operating expenses | 23,677,674 | 21,891,351 | 20,641,534 |
| Surplus before capital maintenance and capital equipment | 17,940,854 | 15,201,409 | 8,769,992 |
| Equipment CAPx | 950,648 | 828,994 | 959,528 |
| Upland and park piers CAPm | 13,668,730 | 6,263,483 | 1,848,248 |
| Marine structures other than pier 40 CAPm | 2,797,432 | 611,937 | 407,262 |
| Pier 40 CAPm | 4,737,982 | 25,584,114 | 32,514,791 |
| Gross amount CAPx and CAPm | 22,154,792 | 33,288,528 | 35,729,829 |

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Reimbursable CAPx and CAPm from restricted funds (NON-GOV) | $ 13,317,844 | 21,601,910 | 24,038,447 |
| Reimbursable CAPx and CAPm from GOV appropriations | 3,052,951 | 5,106,585 | 4,937,899 |
| Reimbursable CAPx and CAPm | 16,370,795 | 26,708,495 | 28,976,346 |
| CAPx and CAPm net of reimbursement | 5,783,997 | 6,580,033 | 6,753,483 |
| Deficit after CAPx and CAPm w/out reimbursement | (4,213,938) | (18,087,119) | (26,959,837) |
| Surplus after CAPx and CAPm net of reimbursement | $ 12,156,857 | 8,621,376 | 2,016,509 |

As depicted in the table above and detailed in Supplementary Information Schedule 1, prior to consideration of capital maintenance, the Trust generated a $17.9 million surplus of self-generated revenue in excess of net operating costs in fiscal year 2023. This surplus was $2.7 million or 15% more than the similarly calculated surplus for the prior year. As discussed further below, self-generated revenue increased by $4.5 million or 12.2%, to $41.6 million, while net operating expenses increased by $1.8 million or 8.2%, to $23.7 million.

Capital maintenance is a major repair or replacement of a deteriorated existing capital asset, such as a building roof, pier pile, bulkhead, floating dock, or recreational assets such as playgrounds, fields, or courts, which has a useful life of more than five years after project completion. Capital maintenance is recorded on the financial statements as either a "construction in progress" asset or an improvement (but not an operating expense).

In this section of the MD&A, the Trust elects to use the annual outlay for capital maintenance and capital equipment rather than book depreciation, when discussing the annual net deficit/surplus. Management believes this approach illustrates the extent to which the legislative goal of financial self-sufficiency is achieved within the reporting fiscal year, as capital maintenance needs to be funded regardless of depreciation accruals. For the purpose of this discussion, capital equipment acquired to replace existing equipment that is in poor condition or obsolete is combined with capital maintenance.

As shown on Supplementary Information Schedule 2, gross capital maintenance and equipment costs were $22.2 million in fiscal year 2023, a decrease of $11.1 million, or 33%, compared to the prior fiscal year. This reflects the Trust not undertaking certain capital maintenance projects that had been expected to commence in the fiscal year, but which did not advance due to Trust staffing constraints. It is expected that these capital maintenance projects will commence as the major new construction projects are completed in fiscal year 2024.

Gross capital maintenance and equipment costs were $33.3 million in fiscal year 2022, a decrease of $2.4 million, or 6.8%, compared to fiscal year 2021. Much of the fiscal year 2022 expenditure was attributable to a resumption and acceleration of Pier 40 pile and roof repair work, which continued throughout fiscal year 2023. For these large projects at Pier 40, the Trust has recently had access to restricted air rights funding, and has therefore not had to draw on surplus operating revenue to the degree historically required for other capital maintenance projects at Pier 40 and other park locations.

Appropriation revenue and restricted funds from the sale of air rights funding capital maintenance and equipment expenditures, totaled $16.4 million in fiscal year 2023. This is a decrease of $10.3 million, or 39%. Net capital maintenance and equipment costs, consisting of a gross cost of $22.2 million, less application of offsetting funds of $16.4 million, was $5.8 million in fiscal year 2023, a small decline from fiscal year 2022. Therefore, while the Trust spent a lower total amount on capital maintenance and equipment in fiscal year 2023 compared to 2022, a similar amount was ultimately funded from Trust operating revenue.

As described above, the Trust had a surplus of self-generated revenue in excess of net operating costs of $17.9 million in fiscal year 2023. As shown on Supplementary Information Schedule 2, this surplus becomes a deficit of $4.2 million when the $22.2 million in gross capital maintenance and equipment costs is deducted. This compares with a deficit after gross capital maintenance and equipment costs of $18.1 million in fiscal year 2022. Thus, but for the availability of government funds and available air rights proceeds, the Trust would have experienced a significant deficit in fiscal year 2022 and a smaller but still noteworthy deficit in 2023.

Taking into consideration the $16.4 million of appropriation revenue and air rights sale funds that offset capital maintenance costs, the Trust generated a surplus of $12.2 million in fiscal year 2023. This represents an increase compared to the $8.6 million surplus in the prior fiscal year, with $26.7 million of appropriation revenue and air rights sale funds offsetting capital maintenance costs in fiscal year 2022. A similar amount of reimbursable capital maintenance occurred in fiscal 2021, but a lower net surplus resulted due to a lower surplus from operations.

It should be noted that appropriation revenue is dependent on annual State and City budgets and is only available on a project-by-project basis. The availability of air rights sale funds is transaction-based and dependent on the number of eligible receiving sites, market conditions, and completion of the City's land use review procedure. Thus, Trust surpluses such as those generated in fiscal years 2023, 2022 and 2021 cannot be assumed in future years. As is the Trust's practice, these annual surpluses, when generated, are reserved for future unfunded capital maintenance and other extraordinary and unexpected expenses. As noted above, the current year net surplus reflects, in part, the Trust not undertaking certain capital maintenance projects that were expected to undergo construction in the fiscal year but did not progress due to staffing capacity issues.

After completion of the Pier 40 pile restoration project (substantially completed in fiscal year 2023) and the sprinkler work currently under way, expenditures in future years are likely to again exceed annual surpluses because of other infrastructure repair needs. Thus, failure to realize new revenue sources may eventually necessitate deferring essential capital maintenance (degrading the quality of Park physical assets), or diverting operating income to urgent repairs (resulting in reductions to key services such as sanitation, security and Park programs). This challenge has been a topic of conversation among the Trust board and staff, City and State officials, community leaders and elected representatives.

Lastly, as shown on Supplementary Information Schedule 3, the Trust had a surplus in fiscal year 2023 of $11.6 million after the inclusion of non-operating OPEB and accrued pension liability costs, and expensing non-operating depreciation. In this schedule, depreciation is expensed, and capital maintenance is not deducted. The primary difference in results is the very significant reduction in expense for OPEB and accrued pension liability, a number that has recently fluctuated widely from year to year, as demonstrated by the identically calculated deficit in fiscal year 2022 of $3.4 million. By way of comparison, gross capital maintenance costs were $6 million greater than book depreciation in fiscal year 2023 and $17.8 million more in fiscal year 2022.

The reasons for this improvement are a $2.7 million increase in self-generated revenue in excess of net operating costs from $15.2 million to $17.9 million, a $12.9 million decrease in non-operating OPEB expense from $3 million to negative $9.9 million (a surplus), and an increase in depreciation expense of $633,745 in fiscal year 2023 from $15.5 million in fiscal year 2022.

## Cash Flows, Reserve Balances

The Statement of Cash Flows shows that net cash flows from operating activities increased by 10.3% in fiscal 2023, up to $9.5 million in 2023 from $8.6 million in 2022. Lease revenue was up 13% to $24.4 million, parking revenue was up 10.4% to $10.2 million, and fees and other revenue were up 8.7% to $2.1 million. The strong lease and parking results represent a return to normal levels of activity in the park, the revised Chelsea Piers lease and a combination of active management of the garage operations at Pier 40 and the return of previously closed parking spaces due to capital maintenance investments funded through a previous air rights transaction.

Cash payments also increased 12.5% in 2023, as the park returned to normal levels of in-person activities post-pandemic. Personnel services, included in this category, only increased by $313,000, as a number of positions were vacant throughout the year. Cash flows from capital financing activities show a 15% reduction to $10.4 million in net cash used in fiscal year 2023.

On March 31, 2023, the Trust held $55.8 million in its collateralized bank accounts and $164.9 million in its investment account. Of this combined $220.7 million, $90.7 was restricted for designated capital construction projects. The balance of $130 million was allocated for $45 million of current payables, contract accruals and future OPEB and pension liabilities, with the remaining $85 million designated for working capital and reserves for meeting operating expenses, unforeseen contingencies and future unfunded capital maintenance. Once again, it is worth noting that the Trust cannot borrow for construction financing, requiring reserves to fund capital expenditures prior to reimbursement from any State, City or federal source.

## Subsequent Events

There are no material subsequent events to report.

## 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, 2023 and 2022

| | 2023 | 2022 (As restated) |
|---|---|---|
| Assets: | | |
| Cash and equivalents | $ 55,758,137 | 55,935,533 |
| Accounts receivable | 3,890,964 | 2,784,482 |
| Prepaid expenses | 2,054,927 | 4,820,556 |
| Investments | 164,877,478 | 161,706,585 |
| Leases receivable - GASB 87 | 371,282,906 | 230,511,334 |
| Interest receivable - GASB 87 | 15,393,069 | 10,729,293 |
| Net pension asset - proportionate share - ERS | 1,777,910 | - |
| Construction in progress | 121,185,343 | 104,109,183 |
| Depreciable capital assets, net | 642,654,896 | 619,571,454 |
| Total assets | 1,378,875,630 | 1,190,168,420 |
| Deferred outflows of resources - pensions - ERS | 3,875,073 | 5,391,648 |
| Liabilities: | | |
| Accounts payable | 14,773,322 | 16,622,348 |
| Accrued expenses | 7,222,851 | 6,305,827 |
| Net pension liability - proportionate share - ERS | - | 21,953 |
| Other postemployment benefits obligation | 23,090,540 | 32,350,430 |
| Total liabilities | 45,086,713 | 55,300,558 |
| Deferred inflows of resources: | | |
| Pensions - ERS | 6,266,428 | 6,587,134 |
| Appropriations | - | 1,876,354 |
| Unearned revenue | 558,021 | - |
| Lease rents | 345,501,123 | 209,511,595 |
| Total deferred inflows of resources | 352,325,572 | 217,975,083 |
| Contingencies (note 10) | | |
| Net position: | | |
| Net investment in capital assets | 763,840,239 | 723,680,637 |
| Restricted for capital expenditures | 90,737,461 | 103,425,001 |
| Unrestricted | 130,760,718 | 95,178,789 |
| Total net position | $ 985,338,418 | 922,284,427 |

Restated for implementation of GASB Statement No. 87.

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, 2023 and 2022

| | 2023 | 2022 (As restated) |
|---|---|---|
| General operating revenue: | | |
| Lease revenue | $ 22,971,136 | 21,649,438 |
| Parking revenue | 10,431,318 | 9,228,267 |
| Fees and other revenue | 1,961,640 | 2,389,944 |
| Total general operating revenue | 35,364,094 | 33,267,649 |
| General operating expenses: | | |
| Employee compensation and benefits | 10,945,508 | 10,630,916 |
| Park programs and maintenance | 10,274,901 | 8,750,595 |
| General and administrative | 7,075,057 | 6,856,052 |
| Total general operating expenses | 28,295,466 | 26,237,563 |
| Total general operating income | 7,068,628 | 7,030,086 |
| Other operating revenue - Lease revenue - GASB 87 | 10,631,234 | 4,484,109 |
| Other operating expenses - other postemployment benefits and pensions - GASB 68 and 75 | (9,863,884) | 3,030,633 |
| Total other income | 20,495,118 | 1,453,476 |
| Operating income | 27,563,746 | 8,483,562 |
| Non-operating revenue: | | |
| Appropriations revenue | 42,423,189 | 37,016,365 |
| Air rights | 1,000,000 | - |
| Reimbursement | 1,966,388 | 1,981,948 |
| Settlements and grants | 626,875 | 204,106 |
| Contributions | 1,763,886 | 1,020,000 |
| Realized gain on investments | 3,863,673 | 2,601,005 |
| Unrealized gain (loss) on investments | 3,047 | (4,158,369) |
| Total non-operating revenue | 51,647,058 | 38,665,055 |
| Non-operating expense - depreciation and amortization | 16,156,813 | 15,523,058 |
| Total non-operating income | 35,490,245 | 23,141,997 |
| Change in net position | 63,053,991 | 31,625,559 |
| Net position at beginning of year, as previously stated | 922,284,427 | 861,543,925 |
| Cumulative effect of change in accounting principle (note 13) | - | 29,114,943 |
| Net position at beginning of year, as restated | 922,284,427 | 890,658,868 |
| Net position at end of year | $ 985,338,418 | 922,284,427 |

Restated for implementation of GASB Statement No. 87.

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, 2023 and 2022

| | 2023 | 2022 (As restated) |
|---|---|---|
| Cash flows from operating activities: | | |
| Cash receipts from: | | |
| Lease revenue | $ 24,380,325 | 21,596,169 |
| Parking revenue | 10,190,318 | 9,228,267 |
| Fees and other revenue | 2,142,267 | 1,970,735 |
| Cash payments to: | | |
| Personnel service | (10,938,338) | (10,625,669) |
| Vendors | (16,251,734) | (13,536,722) |
| Net cash provided by operating activities | 9,522,838 | 8,632,780 |
| Cash flows from capital financing activities: | | |
| Appropriations revenue | 40,008,270 | 42,525,781 |
| Air rights revenue | 1,000,000 | - |
| Reimbursement | 1,793,090 | 5,371,581 |
| Settlements and grants | 626,875 | 204,106 |
| Contributions | 1,763,886 | 1,020,000 |
| Expenditures for construction in progress | (54,309,583) | (58,076,682) |
| Additions to property | (1,201,883) | (2,871,286) |
| Additions to equipment | (76,716) | (453,860) |
| Net cash used in capital financing activities | (10,396,061) | (12,280,360) |
| Cash flows from investing activities: | | |
| Sales of investments | 421,205,585 | 148,918,108 |
| Purchases of investments | (422,138,650) | (126,032,515) |
| Earnings on investments | 1,628,892 | 2,151,735 |
| Net cash provided by investing activities | 695,827 | 25,037,328 |
| Net change in cash and equivalents | (177,396) | 21,389,748 |
| Cash and equivalents at beginning of year | 55,935,533 | 34,545,785 |
| Cash and equivalents at end of year | $ 55,758,137 | 55,935,533 |

(Continued)

Restated for implementation of GASB Statement No. 87.

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

| | 2023 | 2022 (As restated) |
|---|---|---|
| Reconciliation of operating income to net cash provided by operating activities: | | |
| Operating income | $ 27,563,746 | 8,483,562 |
| Adjustments to reconcile operating income to net cash provided by operating activities - changes in: | | |
| Accounts receivable | (394,619) | 150,755 |
| Leases receivable | (140,771,572) | 6,557,021 |
| Interest receivable | (4,663,776) | (3,835,368) |
| Prepaid expenses | 2,765,629 | (4,547,710) |
| Deferred outflows of resources - pensions | 1,516,575 | (1,279,215) |
| Accounts payable | (1,849,026) | 6,198,675 |
| Accrued expenses | 188,791 | 424,207 |
| Net pension liability - proportionate share - ERS | (1,799,863) | (5,438,118) |
| Other postemployment benefits obligation | (9,259,890) | 3,454,910 |
| Deferred inflows of resources - unearned revenue | 558,021 | (530,732) |
| Deferred inflows of resources - pensions | (320,706) | 6,293,056 |
| Deferred inflows of resources - lease rents | 135,989,528 | (7,298,263) |
| Net cash provided by operating activities | $ 9,522,838 | 8,632,780 |

Restated for implementation of GASB Statement No. 87.

See accompanying notes to financial statements.

## (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 Park City 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 $590.5 million to the Trust. Funding provided by the U.S. Department of Housing and Urban Development (HUD) has amounted to approximately $120 million, including $30.7 million for the replacement of Pier 86 leased to the Intrepid Museum and $89.3 million passed through the Lower Manhattan Development Corporation for capital construction in the 9/11 community development catchment area. As of March 31, 2023, the amount which has not been drawn down from the City and State combined is approximately $95 million. The Trust has received approximately $24 million between the New York City Council and the Manhattan Borough President as appropriations for specific projects. 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.

## (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 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 attributable to the acquisition, construction, or improvement of those assets.

Restricted for capital expenditures - 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, of the Trust's Board of Directors.

### (c) Estimates

The preparation of financial statements in accordance 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.

### (d) Cash and Equivalents

For purposes of the statements 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, that are:

(i) Insured or collateralized with securities held by the entity or by its agent in the entity's name, or

(ii) Collateralized with securities held with by the pledging financial institution's trust department or agency in the entity's name, or

(iii) Uncollateralized.

## (2) Summary of Significant Accounting Policies, Continued

### (d) Cash and Equivalents, Continued

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, 2023 and 2022. Total financial institution (bank) balances at March 31, 2023 and 2022 amounted to $57,924,684 and $58,705,070, respectively. Total deposits are categorized as follows:

| | 2023 | 2022 |
|---|---|---|
| (i) | $ 57,924,684 | 58,705,070 |
| (ii) | - | - |
| (iii) | - | - |
| | $ 57,924,684 | 58,705,070 |

Cash and equivalents at March 31, 2023 and 2022 consists of interest bearing and non-interest bearing checking accounts.

### (e) Investments

Investments are reported at fair value in the statements of net position, and investment income, including changes in fair value, are reported as revenue in the statements of revenue, expenses and changes in net position.

### (f) Accounts Receivable

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

### (g) 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 permits, design and engineering costs, and legal costs related to the construction of the Park. These will become property and equipment and subject to depreciation expense upon completion.

### (h) Capital Assets

Capital assets 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. 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 statements of revenue, expenses and changes in net position. Depreciation is calculated on a straight-line basis ranging from 3 - 50 years, which is the estimated useful life of the assets.

(2) Summary of Significant Accounting Policies, Continued

(i) Deferred Outflows of Resources - Pension

In the statements of net position, in addition to assets, the Trust will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Trust has two items that qualify for reporting in this category. The first item is related to pensions reported in the statements of net position. This represents the effect of the net change in the Trust's proportion of the collective net pension asset or liability and difference during the measurement period between the Trust's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is the Trust contributions to the pension system (ERS System) subsequent to the measurement date.

(j) Deferred Inflows of Resources

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Trust has four items that qualify for reporting in this category.

(i) Deferred Inflows of Resources - Pension

The first item is related to pensions and represents changes in the Trust's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the Trust's contributions and its proportion share of total contributions to the pension system not included in pension expense.

(ii) Deferred Inflows of Resources - Appropriations

The second item in deferred inflows of resources is with regard to appropriations consisting of an agreement between the Trust and New York City Department of Parks and Recreation. The agreement is for the construction of various projects throughout the park. New York City Department of Parks and Recreation paid the Trust $1,876,353 in advance of the construction for projects it intended to support being started after March 31, 2022. There were no advances recorded as of March 31, 2023.

(iii) Deferred Inflows of Resources - Unearned Revenue

The third item in deferred inflows of resources consists of funds received by the Trust that will be earned in a future period.

(iv) Deferred Inflows of Resources - Leases

The fourth item in deferred inflows of resources consists of long-term lease revenue.

(2) Summary of Significant Accounting Policies, Continued

(k) Revenue Recognition

Appropriations revenues are recognized upon requisition by the Trust for identified capital commitments approved by the State and City. 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. Reimbursement revenue consist of amounts received as the result of State and Federal awards. Contributions are amounts receivable for donor restricted purposes or unrestricted purposes.

(l) Non-operating Revenue

The Trust's non-operating revenue consists of a mix of restricted and unrestricted funds and includes appropriation revenue from NYS and NYC for certain capitally eligible construction projects. Air right assets, as well as certain grants and contributions, are similarly restricted.

(m) Subsequent Events

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

(n) 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.

(o) Recent Accounting Standards Adopted

For the year ended March 31, 2023, the Trust adopted GASB Statement No. 87 - "Leases." This Statement provides guidance for identifying certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows or outflows based on payment provisions of the contract. These financial statements and notes reflect the adoption of this new Standard.

(p) Reclassifications

Reclassifications have been made to certain 2022 balances in order to conform them to the 2023 presentation.

## (3) Fair Value of Investments

Authorization of investments in securities is governed by written internal guidelines, statutes and State guidelines.

The Trust recognizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable in puts.

Investment securities at March 31, 2023 consist of the following:

| | Maturity | Rate | Fair value | Fair value Hierarchy |
|---|---|---|---|---|
| U.S. Treasuries | Less than 6 months | 0.125% to 2.750% | $ 26,702,063 | Level 2 |
| U.S. Treasuries | 6 months to 1 year | 0.750% to 2.250% | 17,541,667 | Level 2 |
| U.S. Treasuries | 1 to 5 years | 0.250% to 1.500% | 23,949,377 | Level 2 |
| New York State Bonds | 6 months to 1 year | 0.530% | 1,348,154 | Level 2 |
| New York State Urban Development Corporation Bonds | 1 to 5 years | 0.870% | 1,346,573 | Level 2 |
| City of New York Bonds | 1 to 5 years | 2.280% | 1,424,940 | Level 2 |
| Federal Home Loan Bank Discount Notes | Less than 6 months | | 36,473,938 | Level 2 |
| Money market funds with investments in U.S. Government debt | | | 56,090,766 | Level 2 |
| | | | $ 164,877,478 | |

## (3) Fair Value of Investments, Continued

Investment securities at March 31, 2022 consist of the following:

| | Maturity | Rate | Fair value | Fair value Hierarchy |
|---|---|---|---|---|
| U.S. Treasuries | Less than 6 months | 1.625% to 2.125% | $ 29,179,022 | Level 2 |
| U.S. Treasuries | 6 months to 1 year | 1.500% to 2.625% | 22,366,028 | Level 2 |
| U.S. Treasuries | 1 to 5 years | 0.250% to 2.750% | 36,139,689 | Level 2 |
| New York State Bonds | 1 to 5 years | 0.530% | 1,353,971 | Level 2 |
| New York State Urban Development Corporation Bonds | 1 to 5 years | 0.870% to 0.880% | 1,357,301 | Level 2 |
| City of New York Bonds | 1 to 5 years | 2.280% | 1,474,080 | Level 2 |
| Money market funds with investments in U.S. Government debt | | | 69,836,494 | Level 2 |
| | | | $ 161,706,585 | |

## (4) Capital Assets

Capital assets at March 31, 2023 and 2022 consist of the following:

| | 2023 | | | | |
|---|---|---|---|---|---|
| | Balance at March 31,2022 | Additions | Transfers | Retirements | Balance at March 31,2023 |
| Capital assets: | | | | | |
| Non-depreciable assets-construction in progress | $ 104,109,183 | 55,037,816 | (37,961,656) | - | 121,185,343 |
| Depreciable assets: | | | | | |
| Pier improvements | 755,105,642 | 320,542 | 37,961,656 | - | 793,387,840 |
| Machinery and equipment | 5,645,620 | 742,358 | - | - | 6,387,978 |
| Computer equipment | 1,449,067 | 99,212 | - | - | 1,548,279 |
| Software | 1,816,057 | 881 | - | - | 1,816,938 |
| Automobiles | 2,481,150 | 108,197 | - | - | 2,589,347 |
| Furniture and fixtures | 431,560 | 7,409 | - | - | 438,969 |
| Office renovation | 528,746 | - | - | - | 528,746 |
| Total depreciable assets | 767,457,842 | 1,278,599 | 37,961,656 | - | 806,698,097 |

## (4) Capital Assets, Continued

| | 2023 | | | | |
|---|---|---|---|---|---|
| | Balance at March 31,2022 | Additions | Transfers | Retirements | Balance at March 31,2023 |
| Accumulated depreciation and amortization: | | | | | |
| Pier improvements | $ 139,073,994 | 15,385,032 | - | - | 154,459,026 |
| Machinery and equipment | 3,663,397 | 598,496 | - | - | 4,261,893 |
| Computer equipment | 1,214,063 | 93,281 | - | - | 1,307,344 |
| Software | 1,607,161 | 1,875 | - | - | 1,609,036 |
| Automobiles | 1,417,981 | 73,656 | - | - | 1,491,637 |
| Furniture and fixtures | 420,388 | 1,892 | - | - | 422,280 |
| Office renovation | 489,404 | 2,581 | - | - | 491,985 |
| Total accumulated depreciation and amortization | 147,886,388 | 16,156,813 | - | - | 164,043,201 |
| Total capital assets being depreciated and amortized, net | 619,571,454 | (14,878,214) | 37,961,656 | - | 642,654,896 |
| Capital assets, net | $ 723,680,637 | 40,159,602 | - | - | 763,840,239 |

| | 2022 | | | | |
|---|---|---|---|---|---|
| | Balance at March 31,2021 | Additions | Transfers | Retirements | Balance at March 31,2022 |
| Capital assets: | | | | | |
| Non-depreciable assets-construction in progress | $ 77,469,791 | 56,555,939 | (29,916,547) | - | 104,109,183 |
| Depreciable assets: | | | | | |
| Pier improvements | 722,692,943 | 2,496,152 | 29,916,547 | - | 755,105,642 |
| Machinery and equipment | 4,843,164 | 802,456 | - | - | 5,645,620 |
| Computer equipment | 1,434,791 | 14,276 | - | - | 1,449,067 |
| Software | 1,813,449 | 2,608 | - | - | 1,816,057 |
| Automobiles | 2,479,300 | 1,850 | - | - | 2,481,150 |
| Furniture and fixtures | 423,756 | 7,804 | - | - | 431,560 |
| Office renovation | 528,746 | - | - | - | 528,746 |
| Total depreciable assets | 734,216,149 | 3,325,146 | 29,916,547 | - | 767,457,842 |
| Accumulated depreciation and amortization: | | | | | |
| Pier improvements | 124,312,869 | 14,761,125 | - | - | 139,073,994 |
| Machinery and equipment | 3,117,067 | 546,330 | - | - | 3,663,397 |
| Computer equipment | 1,098,843 | 115,220 | - | - | 1,214,063 |
| Software | 1,607,161 | - | - | - | 1,607,161 |
| Automobiles | 1,320,548 | 97,433 | - | - | 1,417,981 |
| Furniture and fixtures | 420,019 | 369 | - | - | 420,388 |
| Office renovation | 486,823 | 2,581 | - | - | 489,404 |
| Total accumulated depreciation and amortization | 132,363,330 | 15,523,058 | - | - | 147,886,388 |
| Total capital assets being depreciated and amortized, net | 601,852,819 | (12,197,912) | 29,916,547 | - | 619,571,454 |
| Capital assets, net | $ 679,322,610 | 44,358,027 | - | - | 723,680,637 |

## (5) Other Postemployment Benefits Obligation

The Trust provides continuation of medical coverage to employees who have completed 10 years of service with New York State and three years of service with the Trust at employee rates throughout retirement.

The Trust, on an annual basis, accrues the cost which represents the present value of the postemployment benefits to be paid over the actuarily estimated lives of the employees.

Total expenditures charged to general and administrative expense for the years ended March 31, 2023 and 2022 amounted to $367,606 and $258,282, respectively. At March 31, 2023 and 2022, the liability for active and retired employees included in other postemployment benefit obligation amounted to $23,090,540 and $32,350,430, respectively. There are no assets accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4.

The number of participants as of March 31, 2023 was as follows:

| | |
|---|---|
| Active employees | 76 |
| Retired employees | 21 |
| Spouses of employees | 36 |
| Total | 133 |

### Actuarial Assumptions and Other Inputs

The total OPEB liability in the March 31, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|---|---|
| Salary increases | 3.00% |
| Discount rate | 4.05% |
| Healthcare cost trend rates | 4.20% to 4.70% |

### Changes in the Total OPEB Liability

| | 2023 | 2022 |
|---|---|---|
| Total OPEB liability at beginning of year | $ 32,350,430 | 28,895,520 |
| Changes for the year: | | |
| Service cost | 2,138,610 | 1,894,857 |
| Interest on total OPEB liability | 631,232 | 735,888 |
| Differences between actual and expected experience | (381,678) | (2,372,461) |
| Changes in assumptions | (11,280,448) | 3,454,908 |
| Benefit payments | (367,606) | (258,282) |
| Total changes | (9,259,890) | 3,454,910 |
| Total OPEB liability at end of year | $ 23,090,540 | 32,350,430 |

## (5) Other Postemployment Benefits Obligation, Continued

### Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Trust at March 31, 2023, as well as what the Trust's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.05%) or 1-percentage-point higher (5.05%) than the current discount rate:

| | 1% Decrease (3.05%) | Discount Rate (4.05%) | 1% Increase (5.05%) |
|---|---|---|---|
| Total OPEB liability | $ 27,433,900 | 23,090,540 | 19,661,230 |

### Sensitivity of the Total OPEB Liability to Changes in the Healthcare Costs Trend Rates

The following presents the total OPEB liability of the Trust at March 31, 2023, as well as what the Trust's total OPEB liability would be if it were calculated using a rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | 1% Decrease | Current Trend Rate | 1% Increase |
|---|---|---|---|
| Total OPEB liability | $ 17,771,380 | 23,090,540 | 30,316,770 |

## (6) Related Party Transactions

Related party transactions as of and for the years ended March 31, 2023 and 2022 consist of the following:

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

At March 31, 2023 and 2022, the Trust had requested $42,423,189 and $37,016,365, respectively, of funds appropriated by the State and City in accordance with the Act for the value of construction contracts authorized to date.

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.

The Trust entered into a contract beginning April 1, 2000 with New York City Department of Parks and Recreation to provide security services in the park over a three year term in the amount of $9,488,356. Effective April 1, 2019, the Trust extended the contract for an additional one year term with the option to extend for two additional years. During the years ended March 31, 2023 and 2022, the Trust paid $3,348,354 and $3,119,176, respectively, for the services provided.

The Trust has an agreement for property maintenance services with the New York State Department of Transportation. At March 31, 2023 and 2022, the amounts included in accounts receivable amounted to $43,557 and $67,778, respectively.

## (6) Related Party Transactions, Continued

### (a) Affiliates of New York State and the City of New York, Continued

New York State Division of Homeland Security and Emergency Services agreed to provide the Trust the local match requirement of the Disaster Grants - Public Assistance (Presidentially Declared Disasters) funds. The Trust received the final payment in October 2022.

### (b) New York City Related Parties

As a result of the Act, the Trust receives funds from several leases held by New York City agencies. New York City Economic Development Corporation (NYCEDC) collects rents and remits a portion of the monies to the Trust semi-annually on behalf of New York City.

All lease and permit revenue is considered unrestricted.

## (7) Lease Receivable

The Trust has executed multiple non-cancellable lease agreements with commercial businesses, restaurants and non-profits, for buildings and spaces located on piers and upland areas throughout the park. The Trust implemented GASB Statement No. 87 for the fiscal year ended March 31, 2023 and used the payment schedules for those leases reportable under GASB Statement No. 87 to measure the lease receivable.

Calculations pursuant to GASB Statement No. 87 require an interest rate assumption for discounting of future lease payments. The Trust is not legally able to incur or issue debt and therefore does not have a directly measurable cost of borrowing. As a proxy, the Trust has used the Municipal Market Data (MMD) Index, as calculated on the lease commencement date for a maturity comparable to that of each lease, as the applicable interest rate. The interest rates range from 0.89% to 5.04%, depending on the commencement date and length of each lease.

The following is the amortization schedule for the lease receivables:

| Year ending | | Principal | Interest | Total |
|---|---|---|---|---|
| 2024 | $ | (3,831,753) | 14,103,313 | 10,271,560 |
| 2025 | | (2,800,521) | 14,080,333 | 11,279,812 |
| 2026 | | (2,437,272) | 13,959,232 | 11,521,960 |
| 2027 | | (1,983,729) | 13,833,272 | 11,849,543 |
| 2028 | | (2,177,945) | 13,702,245 | 11,524,300 |
| 2029 - 2033 | | (8,951,438) | 66,543,400 | 57,591,962 |
| 2034 - 2038 | | (5,712,218) | 63,691,898 | 57,979,680 |
| 2039 - 2043 | | (8,994,938) | 58,939,462 | 49,944,524 |
| 2044 - 2048 | | (3,902,893) | 55,201,854 | 51,298,961 |
| 2049 - 2053 | | 4,812,294 | 50,846,708 | 55,659,002 |
| 2054 - 2058 | | 23,982,453 | 45,437,233 | 69,419,686 |
| 2059 - 2063 | | 48,123,090 | 38,716,813 | 86,839,903 |

(7) Lease Receivable, Continued

| Year ending | Principal | Interest | Total |
|---|---|---|---|
| 2064 - 2068 | $ 31,089,575 | 30,714,875 | 61,804,450 |
| 2069 - 2073 | 3,566 | 27,544,575 | 27,548,141 |
| 2074 - 2078 | 6,998,580 | 26,076,307 | 33,074,887 |
| 2079 - 2083 | 13,695,023 | 24,318,096 | 38,013,119 |
| 2084 - 2088 | 21,502,400 | 22,212,687 | 43,715,087 |
| 2089 - 2093 | 30,580,832 | 19,691,518 | 50,272,350 |
| 2094 - 2098 | 41,140,715 | 16,672,488 | 57,813,203 |
| 2099 - 2103 | 53,427,900 | 13,057,283 | 66,485,183 |
| 2104 - 2108 | 67,729,786 | 8,728,175 | 76,457,961 |
| 2109 - 2113 | 84,382,468 | 3,544,188 | 87,926,656 |
| Total | $ 386,675,975 | 641,615,955 | 1,028,291,930 |

The following is the amortization schedule for the deferred inflows of resources:

| Year ending | Revenue |
|---|---|
| 2024 | $ 8,699,189 |
| 2025 | 7,714,983 |
| 2026 | 7,714,983 |
| 2027 | 7,714,983 |
| 2028 | 7,714,983 |
| 2029 - 2033 | 33,628,098 |
| 2034 - 2038 | 32,343,517 |
| 2039 - 2043 | 28,452,597 |
| 2044 - 2048 | 26,147,975 |
| 2049 - 2053 | 26,147,975 |
| 2054 - 2058 | 26,147,975 |
| 2059 - 2063 | 26,147,975 |
| 2064 - 2068 | 19,571,215 |
| 2069 - 2073 | 9,706,075 |
| 2074 - 2078 | 9,706,075 |
| 2079 - 2083 | 9,706,075 |
| 2084 - 2088 | 9,706,075 |
| 2089 - 2093 | 9,706,075 |
| 2094 - 2098 | 9,706,075 |
| 2099 - 2103 | 9,706,075 |
| 2104 - 2108 | 9,706,075 |
| 2109 - 2113 | 9,706,075 |
| Total | $ 345,501,123 |

## (8) Restricted for Capital Expenditures

Net position restricted for capital expenditures at March 31, 2023 and 2022 is summarized as follows:

| Source | | 2023 | 2022 |
|---|---|---|---|
| City of New York | $ | 19,212,707 | 24,511,605 |
| New York State Department of Environmental Conservation | | 4,379,113 | 4,176,193 |
| Sale of development rights - Pier 40 | | 24,612,199 | 27,060,207 |
| Sale of development rights - Chelsea | | 37,430,281 | 42,810,243 |
| Other | | 5,103,161 | 4,866,753 |
| Total restricted for capital expenditures | $ | 90,737,461 | 103,425,001 |

## (9) Retirement Plan

### (a) Plan Descriptions and Benefits Provided

The Trust participates in the New York State and Local Employees' Retirement System (ERS or the System). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Trust (the Trust), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Trust and is the administrative head of the System. System benefits are established under the provision of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Trust also participates in the Public Employees; Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/inex.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 and before April 1, 2012 who generally contribute 3.0 percent of their salary for their entire length of service. Those joining on or after April 1, 2012 are required to contribute between 3 and 6 percent, dependent on salary, throughout their working careers. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems fiscal year ending March 31.

## (9) Retirement Plan, Continued

### (b) Pension Asset (Liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

At March 31, 2023 and 2022, the Trust reported the following asset (liability) for its proportionate share of the net pension asset (liability) for ERS. The net pension asset (liability) was measured as of March 31, 2022 and 2021. The total pension asset (liability) used to calculate the net pension asset (liability) was determined by an actuarial valuation. The Trust's proportionate share of the net pension asset (liability) was based on a projection of the Trust's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by ERS in reports provided to the Trust.

| | | |
|---|---|---|
| Actuarial valuation date | 4/1/2021 | 4/1/2020 |
| Net pension asset (liability) | $ 1,777,910 | (21,953) |
| Trust's proportion of the Plan's net pension asset (liability) | 0.0217492% | 0.0220465% |
| Change in proportion since prior measurement date | 0.0002973 | 0.0014273 |

For the years ended March 31, 2023 and 2022, the Trust recognized pension expense of $38,226 and $466,372, respectively, for ERS. At March 31, 2023 and 2022, the Trust's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | $ 134,644 | 174,640 | 268,100 | - |
| Changes of assumptions | 2,967,132 | 50,067 | 4,036,371 | 76,127 |
| Net difference between projected and actual earnings on pension plan investments | - | 5,821,910 | - | 6,306,073 |
| Changes in proportion and differences between the Trust's contributions and proportionate share of contributions | 131,111 | 219,811 | 196,521 | 204,934 |
| Trust's contributions subsequent to the measurement date | 642,186 | - | 890,656 | - |
| Total | $ 3,875,073 | 6,266,428 | 5,391,648 | 6,587,134 |

(9) Retirement Plan, Continued

(b) Pension Asset (Liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension, Continued

Trust contributions subsequent to the March 31, 2022 measurement date will be recognized as a reduction of the net pension asset in the System year ending March 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ending | |
|---|---|
| 2024 | $ (485,174) |
| 2025 | (674,643) |
| 2026 | (1,532,535) |
| 2027 | (341,189) |
| Total | $ (3,033,541) |

(c) Actuarial Assumptions

The total pension asset (liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension asset (liability) to the measurement date. The significant actuarial assumptions used in the valuations were as follows:

| | | |
|---|---|---|
| Measurement date | March 31, 2022 | March 31, 2021 |
| Actuarial valuation date | April 1, 2021 | April 1, 2020 |
| Investment rate of return (net of investment expense including inflation) | 5.9% | 5.9% |
| Salary scale | 4.4% | 4.4% |
| Inflation rate | 2.7 | 2.7% |
| Cost-of-living adjustments | 1.4 | 1.4% |

Annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on MP-2020. The previous actuarial valuations as of April 1, 2020 used the same assumptions to measure the total pension liability.

The actuarial assumptions used in the April 1, 2021 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020.

The long-term rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

(9) Retirement Plan, Continued

(c) Actuarial Assumptions, Continued

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Measurement date | March 31, 2022 | |
|---|---|---|
| | Target allocation | Long-term expected real rate of return* |
| Asset type: | | |
| Domestic equity | 32.00% | 3.30% |
| International equity | 15.00% | 5.85% |
| Private equity | 10.00% | 6.50% |
| Real estate | 9.00% | 5.00% |
| Opportunistic/ARS | 3.00% | 4.10% |
| Credit | 4.00% | 3.78% |
| Real assets | 3.00% | 5.80% |
| Fixed income | 23.00% | 0.00% |
| Cash | 1.00% | (1.00%) |
| | 100.00% | |

* The real rate of return is net of the long-term inflation assumption of 2.50%.

(d) Discount Rate

The actuarial discount rate used to calculate the total pension asset (liability) was 5.9% for March 31, 2023 and 2022. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset (liability).

(e) Sensitivity of the Proportionate Share of the Net Pension Asset (Liability) to the Discount Rate Assumption

The following presents the Trust's proportionate share of the net pension asset (liability) at March 31, 2023 calculated using the discount rate of 5.9%, as well as what the Trust's proportionate share of the net pension asset (liability) would be if it were calculated using a discount rate that is 1-percentage point lower (4.9%) or 1-percentage point higher (6.9%) than the current rate:

(9) Retirement Plan, Continued

(e) Sensitivity of the Proportionate Share of the Net Pension Asset (Liability) to the Discount Rate Assumption, Continued

| | 1% Decrease (4.9%) | Current Assumption (5.9%) | 1% Increase (6.9%) |
|---|---|---|---|
| Employer's proportionate share of the net pension asset (liability) | $ (4,576,321) | 1,777,910 | 7,092,917 |

(f) Pension Plan Fiduciary Net Position

The components of the current-year net pension asset (liability) of all participating employers as of the respective valuation dates, were as follows:

| | (Dollars in Millions) | |
|---|---|---|
| Valuation date | 3/31/2022 | 3/31/2021 |
| Employers' total pension asset (liability) | $ (223,875) | (220,680) |
| Plan net position | 232,050 | 220,580 |
| Employers' net pension asset (liability) | $ 8,175 | (100) |
| Ratio of plan net position to the Employers' total pension asset (liability) | 103.65% | 99.95% |

(g) Contributions to the Pension Plan

Employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Retirement contributions as of March 31, 2023 and 2022 represent the projected employer contribution for the period of April 1, 2022 through March 31, 2023 and April 1, 2021 through March 31, 2022, respectively based on paid ERS wages multiplied by the employer's contribution rate, by tier. This amount has been recorded as deferred outflows of resources in the accompanying financial statements. Retirement contributions paid to the System for the years ended March 31, 2023 and 2022 were $642,186 and $890,656, respectively.

(10) Contingencies

Contingencies at March 31, 2023 consist of the following:

(a) Litigation

The Trust is involved in various claims and lawsuits 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.

## (10) Contingencies, Continued

### (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.

### (c) Terrorist Attack of October 31, 2017

On October 31, 2017 a terrorist attack occurred on the State owned bikeway adjacent to Hudson River Park. There were previously 18 lawsuits filed against the Trust along with other defendants, including the City of New York and Home Depot. The original 18 cases have been consolidated into one action for joint discovery and trial. As of the issuance date of these financial statements the consolidated matters as to either damages or liability has not commenced. The Trust carries liability insurance that covers a portion of the contingent liability.

## (11) Contributions

Contributions received for the years ended March 31, 2023 and 2022 consist of the following:

| | 2023 | 2022 |
|---|---|---|
| Friends of Hudson River Park Trust | $ 1,620,000 | 1,020,000 |
| Other | 143,886 | - |
| | $ 1,763,886 | 1,020,000 |

## (12) Accounting Standards Issued But Not Yet Implemented

GASB has issued the following pronouncements which will be implemented in the years required. The effects of the implementation of these pronouncements are not known at this time.

Statement No. 94 - Public-Private and Public-Public Partnerships and Availability Payment Arrangements. Effective for fiscal years beginning after June 15, 2022.

Statement No. 99 - Omnibus 2022. Effective for various periods through fiscal years beginning after June 15, 2023.

Statement No. 101 - Compensated Absences. Effective for fiscal years beginning after December 15, 2023.

## (13) Cumulative Effect of Accounting Principle

For the year ended March 31, 2023, the Trust implemented GASB Statement No. 87 - "Leases." The implementation of this Statement resulted in reporting certain activities related to the long-term impact of the Trust's leases. The Trust's net position at March 31, 2021 has been restated as follows:

| | |
|---|---|
| Net position at beginning of year, as previously stated | $ 861,543,925 |
| GASB Statement No. 87 implementation | 29,114,943 |
| Net position at beginning of year, as restated | $ 890,658,868 |

The implementation of this Statement also resulted in the restatement of balances for the year ended March 31, 2022. The March 31, 2022 balances were restated as follows:

| | 2022 as previously stated | | 2022 as restated |
|---|---|---|---|
| Leases receivable - GASB 87 | $ - | 230,511,334 | 230,511,334 |
| Interest receivable - GASB 87 | $ - | 10,729,293 | 10,729,293 |
| Deferred inflows of resources - appropriations | $ 1,888,001 | (11,647) | 1,876,354 |
| Deferred inflows of resources - lease rents | $ 1,858,373 | 207,653,222 | 209,511,595 |
| Net position - unrestricted | $ 61,579,737 | 33,599,052 | 95,178,789 |
| Lease revenue - GASB 87 | $ - | 4,484,109 | 4,484,109 |

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Required Supplementary Information
Schedule of Changes in Trust's
Total OPEB Liability and Related Ratios
Year ended March 31, 2023

| Total OPEB liability: | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| Service cost | $ 2,138,610 | 1,894,857 | 1,164,880 | 1,164,880 | 1,106,111 |
| Interest on total OPEB liability | 631,232 | 735,888 | 852,190 | 668,458 | 594,911 |
| Differences between actual and expected experience | (381,678) | (2,372,461) | (1,167,781) | (502,740) | 192,206 |
| Changes in assumptions | (11,280,448) | 3,454,908 | 6,285,078 | 3,841,970 | (493,708) |
| Benefit payments | (367,606) | (258,282) | (210,365) | (203,374) | (285,696) |
| Net change in total OPEB liability | (9,259,890) | 3,454,910 | 6,924,002 | 4,969,194 | 1,113,824 |
| Total OPEB liability - beginning | 32,350,430 | 28,895,520 | 21,971,518 | 17,002,324 | 15,888,500 |
| Total OPEB liability - ending | $ 23,090,540 | 32,350,430 | 28,895,520 | 21,971,518 | 17,002,324 |
| Covered payroll | $ 6,337,566 | 6,359,016 | 6,223,908 | 5,696,661 | 5,152,017 |
| Total OPEB liability as a percentage of covered payroll | 364.3% | 508.7% | 464.3% | 385.7% | 330.0% |

Notes to schedule:

Changes of assumptions - Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

| | |
|---|---|
| 2019 | 3.70% |
| 2020 | 2.60% |
| 2021 | 2.40% |
| 2022 | 1.84% |
| 2023 | 4.05% |

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the Trust is presenting information for those years for which information is available. There are no assets accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4.

HUDSON RIVER PARK TRUST
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Asset (Liability)
Year ended March 31, 2023

| | NYSERS Pension Plan | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
| Trust's proportion of the net pension asset (liability) | 0.0217492% | 0.0220465% | 0.0206192% | 0.0192262% | 0.0192998% | 0.0178503% | 0.0188732% | 0.0186450% |
| Trust's proportionate share of the net pension asset (liability) | 1,777,910 | (21,953) | (5,460,071) | (1,362,236) | (622,889) | (1,677,257) | (3,029,206) | (629,872) |
| Trust's covered payroll | 6,337,566 | 6,359,016 | 6,223,908 | 5,696,661 | 5,152,017 | 4,727,541 | 4,423,662 | 4,391,701 |
| Trust's proportionate share of the net pension asset (liability) as a percentage of its covered payroll | 28.05% | 0.35% | 87.73% | 23.91% | 12.09% | 35.48% | 68.48% | 14.34% |
| Plan fiduciary net position as a percentage of the total pension asset (liability) | 103.65% | 99.95% | 86.39% | 96.27% | 98.24% | 94.70% | 90.70% | 97.50% |

Note to schedule:
This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the Trust is presenting information for those years for which information is available.

HUDSON RIVER PARK TRUST
Required Supplementary Information
Schedule of Employer Pension Contributions
Year ended March 31, 2023

NYSERS Pension Plan

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually required contribution | $ 642,186 | 890,656 | 781,031 | 717,973 | 666,639 | 636,752 | 600,181 | 707,967 | 700,867 | 778,956 |
| Contributions in relation to the contractually required contribution | 642,186 | 890,656 | 781,031 | 717,973 | 666,639 | 636,752 | 600,181 | 707,967 | 700,867 | 778,956 |
| Contribution deficiency (excess) | $ - | - | - | - | - | - | - | - | - | - |
| Trust's covered employee payroll | $ 6,337,566 | 6,359,016 | 6,223,908 | 5,696,661 | 5,152,017 | 4,727,541 | 4,423,662 | 4,391,701 | 4,692,545 | 4,312,067 |
| Contributions as a percentage of covered employee payroll | 10.13% | 14.01% | 12.55% | 12.60% | 12.94% | 13.47% | 13.57% | 16.12% | 14.94% | 18.06% |

Schedule 1

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Supplementary Information
Trust Operating Activity by Budget Function
Years ended March 31, 2023 and 2022

| | 2023 | 2022 (As restated) |
|---|---|---|
| Revenue: | | |
| General operating revenue (note 1) | $ 35,364,094 | 33,267,649 |
| Self-generated portion of non-operating revenue (note 2) | 6,254,434 | 3,825,111 |
| Total revenue | 41,618,528 | 37,092,760 |
| Expenses: | | |
| Direct park operating expenses: | | |
| Education and park programs | 3,326,337 | 2,015,479 |
| Grounds, facilities and capital plant | 7,114,781 | 6,874,385 |
| Public safety and security | 3,348,354 | 3,113,213 |
| Sanitation | 1,540,646 | 1,472,886 |
| Utilities | 1,931,787 | 1,749,236 |
| Insurance | 6,688,904 | 6,668,355 |
| Total direct park operating expenses | 23,950,809 | 21,893,554 |
| Other park operating expenses: | | |
| Parking expenses | 1,741,317 | 1,478,801 |
| Admin, support and overhead expenses | 4,775,340 | 4,963,510 |
| Total other park operating expenses | 6,516,657 | 6,442,311 |
| Total expenses | 30,467,466 | 28,335,865 |
| Reimbursable operating expenses (note 4) | (6,789,792) | (6,444,514) |
| Net operating expenses | 23,677,674 | 21,891,351 |
| Surplus | $ 17,940,854 | 15,201,409 |

Restated for implementation of GASB Statement No. 87.

Schedule 2

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Supplementary Information
Capital Maintenance and Capital Equipment
Years ended March 31, 2023 and 2022

| | 2023 | 2022 (As restated) |
|---|---|---|
| Surplus before capital maintenance and capital equipment | $ 17,940,854 | 15,201,409 |
| Equipment capital maintenance | 950,648 | 828,994 |
| Upland and park piers capital maintenance | 13,668,730 | 6,263,483 |
| Marine structures other than Pier 40 capital maintenance | 2,797,432 | 611,937 |
| Pier 40 capital maintenance | 4,737,982 | 25,584,114 |
| Gross amount of capital maintenance and capital equipment without reimbursable | 22,154,792 | 33,288,528 |
| Deficit after capital maintenance and capital equipment reimbursable | (4,213,938) | (18,087,119) |
| Reimbursable capital maintenance and capital equipment from restricted funds (non-governmental) | 13,317,844 | 21,601,910 |
| Reimbursable capital maintenance and capital equipment from from appropriations (governmental) | 3,052,951 | 5,106,585 |
| Total reimbursable capital maintenance and capital equipment | 16,370,795 | 26,708,495 |
| Surplus after capital maintenance and capital equipment net of reimbursable | $ 12,156,857 | 8,621,376 |

Restated for implementation of GASB Statement No. 87.

Schedule 3

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Supplementary Information
Surplus (Deficit) After Other and Non-operating Expenses
Years ended March 31, 2023 and 2022

| | 2023 | 2022 (As restated) |
|---|---|---|
| Surplus before capital maintenance and capital equipment | $ 17,940,854 | 15,201,409 |
| Other and non-operating expenses: | | |
| OPEB and accrued pension liability | (9,863,884) | 3,030,633 |
| Depreciation and amortization | 16,156,813 | 15,523,058 |
| Total other and non-operating expenses | 6,292,929 | 18,553,691 |
| Surplus (deficit) after other and non-operating expenses | $ 11,647,925 | (3,352,282) |

Restated for implementation of GASB Statement No. 87.

Schedule 4

HUDSON RIVER PARK TRUST
(A Public Benefit Corporation of the State of New York)
Supplementary Information
Notes to Supplementary Information
Years ended March 31, 2023 and 2022

| | 2023 | 2022 (As restated) |
|---|---|---|
| Note 1 - included in general operating revenue: | | |
| Lease and occupancy permits | $ 22,971,136 | 21,649,438 |
| Parking | 10,431,318 | 9,228,267 |
| Fees | 1,362,350 | 1,812,583 |
| Sponsorship | 238,840 | 168,894 |
| Other income | 360,450 | 408,467 |
| Total general operating revenue | $ 35,364,094 | 33,267,649 |
| Note 2 - included in non-operating revenue | | |
| Interest | 3,863,673 | 2,601,005 |
| Contributions and grants | 2,390,761 | 1,224,106 |
| Total non-operating revenue | $ 6,254,434 | 3,825,111 |
| Note 3 - included in three designated expense categories: | | |
| Payroll | 7,783,196 | 7,544,239 |
| Fringe benefits | 3,162,312 | 3,086,677 |
| Total personnel | $ 10,945,508 | 10,630,916 |
| Full-time employees | 77 | 77 |
| Part-time employees | 4 | - |
| Note 4 - reimbursable operating expenses | | |
| Insurance | 6,205,715 | 5,995,149 |
| Ground, facilities and capital plant | 584,077 | 449,365 |
| Total reimbursable operating expenses | $ 6,789,792 | 6,444,514 |
| Note 5 - reconciliation to operating income in statements of revenue, expenses, and changes in net position: | | |
| Note 5a | | |
| Surplus before capital maintenance and capital equipment | 17,940,854 | 15,201,409 |
| OPEB and accrued pension liability | 9,863,884 | (3,030,633) |
| Self generated portion of non-operating revenue | (6,254,434) | (3,825,110) |
| Reimbursable operating expenses (see note 4) | (6,789,792) | (6,444,515) |
| Lease revenue - GASB 87 | 10,631,234 | 4,484,109 |
| Insurance cost adjustment * | 2,172,000 | 2,098,302 |
| Operating income | $ 27,563,746 | 8,483,562 |
| Note 5b | | |
| Surplus (deficit) after non-operating expenses | 11,647,925 | (3,352,282) |
| Depreciation and amortization | 16,156,813 | 15,523,058 |
| Self-generated portion of non-operating revenue (see note 2) | (6,254,434) | (3,825,111) |
| Reimbursable operating expenses (see note 4) | (6,789,792) | (6,444,514) |
| Lease revenue - GASB 87 | 10,631,234 | 4,484,109 |
| Insurance cost adjustment * | 2,172,000 | 2,098,302 |
| Operating income | $ 27,563,746 | 8,483,562 |

* Insurance cost subtracted from General and Administrative Operating Expense in the statements as a result of the credit provided by the City of New York for park security.

Restated for implementation of GASB Statement No. 87.

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# 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, 2023, and the related notes to financial statements, which collectively comprise the Trust's basic financial statements, and have issued our report thereon dated June 28, 2023.

## Report on 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) as a basis for designing 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.

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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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.

EFPR Group, CPAs, PLLC

Williamsville, New York
June 28, 2023

EFPR GROUP, CPAs PLLC

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REPORT ON INVESTMENT COMPLIANCE WITH SECTION 201.3
OF TITLE TWO OF THE OFFICIAL COMPILATION OF CODES,
RULES AND REGULATIONS OF THE STATE OF NEW YORK

The Board of Directors
Hudson River Park Trust:

We have examined the Hudson River Park Trust's (the Trust), a public benefit corporation of the State of New York State, 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 (Section 201.3) during the year ended March 31, 2023. Management is responsible for the Trust's compliance with Section 201.3. Our responsibility is to express an opinion on the Trust's compliance with Section 201.3 based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and standards applicable to attestation engagements contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the examination to obtain reasonable assurance about the Trust's compliance with Section 201.3. An examination involves performing procedures to obtain evidence about the Trust's compliance with Section 201.3. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Trust's compliance with Section 201.3, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the Trust complied in all material respects with Section 201.3 during the year ended March 31, 2023.

In accordance with Government Auditing Standards, we are required to report significant deficiencies in internal control, violations of provisions of laws, regulations, contracts, or grant agreements, and abuse that are material to the Trust's compliance with Section 201.3 and any fraud or illegal acts that are more than inconsequential that come to our attention during our examination. We are also required to obtain views of management on those matters. We performed our examination to express an opinion on Trust's compliance with Section 201.3 and not for the purpose of expressing an opinion on internal control over compliance with Section 201.3 or other matters; accordingly, we express no such opinion. The results of our tests disclosed no matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of Trust management, the Board of Directors, the New York State Office of the State Comptroller, and the New York State Authority Budget Office and is not intended and should not be used by anyone other than those specified parties.

EFPR Group, CPAs, PLLC

Williamsville, New York
June 28, 2023