

REGIONAL PLAN ASSOCIATION, INC.

**Financial Statements
for the year ended
June 30, 2016**

Independent Auditor's Report

Board of Directors of
Regional Plan Association, Inc.

We have audited the accompanying financial statements of Regional Plan Association, Inc. (the "Association") which comprise the statement of financial position as of June 30, 2016 and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to in the first paragraph on the previous page present fairly, in all material respects, the financial position of Regional Plan Association, Inc. as of June 30, 2016 and the results of its activities and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Association's 2015 financial statements, and our report dated August 12, 2015 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Condon O'Meara McGinty + Donnelly LLP

REGIONAL PLAN ASSOCIATION, INC.

Statement of Financial Position

Assets

	<u>June 30</u>	
	<u>2016</u>	<u>2015</u>
Cash	\$ 1,142,054	\$ 3,138,291
Investments, at fair value	1,489,348	-
Pledges receivable	3,501,375	1,880,281
Prepaid expenses and deposits	<u>23,599</u>	<u>16,331</u>
Sub-total	<u>6,156,376</u>	<u>5,034,903</u>
Furniture, fixtures and equipment, at cost	1,167,256	1,113,682
Less accumulated depreciation	<u>1,021,166</u>	<u>976,760</u>
Net furniture, fixtures and equipment	<u>146,090</u>	<u>136,922</u>
Total assets	<u>\$ 6,302,466</u>	<u>\$ 5,171,825</u>

Liabilities and Net Assets

Accounts payable, accrued expenses and other	\$ 102,705	\$ 227,380
Accrued employee benefits	<u>119,983</u>	<u>110,414</u>
Total liabilities	<u>222,688</u>	<u>337,794</u>
Net assets		
Unrestricted		
Operating (deficit)	(83,589)	(109,440)
Board designated	<u>1,941,106</u>	<u>951,525</u>
Total unrestricted	1,857,517	842,085
Temporarily restricted	3,473,662	3,415,572
Permanently restricted	<u>748,599</u>	<u>576,374</u>
Total net assets	<u>6,079,778</u>	<u>4,834,031</u>
Total liabilities and net assets	<u>\$ 6,302,466</u>	<u>\$ 5,171,825</u>

See notes to financial statements.

REGIONAL PLAN ASSOCIATION, INC.

Statement of Activities
Year Ended June 30, 2016
(with Summarized Comparative Information for the Year Ended June 30, 2015)

	Year Ended June 30					2015
	2016					
	Unrestricted	Board-	Temporarily	Permanently	Total	
Operating	Designated	Restricted	Restricted	Total		
Public support and revenue						
Public support						
Grants and contributions	\$ 1,039,375	\$ 949,083	\$ 3,311,525	\$ 172,225	\$ 5,472,208	\$ 6,432,903
Regional assembly (net of direct expenses of \$416,877 in 2016 and \$418,915 in 2015)	328,340	-	-	-	328,340	295,930
Net assets released from restrictions	<u>3,261,149</u>	<u>-</u>	<u>(3,261,149)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total public support	<u>4,628,864</u>	<u>949,083</u>	<u>50,376</u>	<u>172,225</u>	<u>5,800,548</u>	<u>6,728,833</u>
Revenue						
Net investment return	298	40,498	7,714	-	48,510	715
Miscellaneous	<u>5,503</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,503</u>	<u>6,051</u>
Total revenue	<u>5,801</u>	<u>40,498</u>	<u>7,714</u>	<u>-</u>	<u>54,013</u>	<u>6,766</u>
Total public support and revenue	<u>4,634,665</u>	<u>989,581</u>	<u>58,090</u>	<u>172,225</u>	<u>5,854,561</u>	<u>6,735,599</u>
Expenses						
Program services						
Research	3,447,060	-	-	-	3,447,060	4,904,699
Public affairs	440,103	-	-	-	440,103	480,419
Supporting services						
Management and general	392,669	-	-	-	392,669	520,461
Fund-raising	<u>328,982</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>328,982</u>	<u>442,792</u>
Total expenses	<u>4,608,814</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,608,814</u>	<u>6,348,371</u>
Increase in net assets	25,851	989,581	58,090	172,225	1,245,747	387,228
Net assets (deficit), beginning of year	<u>(109,440)</u>	<u>951,525</u>	<u>3,415,572</u>	<u>576,374</u>	<u>4,834,031</u>	<u>4,446,803</u>
Net assets (deficit), end of year	<u>\$ (83,589)</u>	<u>\$ 1,941,106</u>	<u>\$ 3,473,662</u>	<u>\$ 748,599</u>	<u>\$ 6,079,778</u>	<u>\$ 4,834,031</u>

See notes to financial statements.

REGIONAL PLAN ASSOCIATION, INC.

**Statement of Functional Expenses
Year Ended June 30, 2016
(with Summarized Comparative Information for the Year Ended June 30, 2015)**

	<u>Program Services*</u>		<u>Supporting Services</u>		<u>2016 Total Expenses</u>	<u>2015 Total Expenses</u>
	<u>Research</u>	<u>Public Affairs</u>	<u>Management and General</u>	<u>Fund- Raising</u>		
Salaries and wages	\$1,637,257	\$ 261,404	\$ 190,907	\$ 216,076	\$2,305,644	\$2,381,472
Payroll taxes	127,282	20,322	14,841	16,798	179,243	188,747
Employee health and welfare benefits	309,250	49,375	40,198	40,813	439,636	446,759
Professional fees	1,033,015	37,615	85,090	24,003	1,179,723	2,571,008
Supplies	11,879	1,765	4,903	1,265	19,812	56,244
Telephone	32,224	7,404	11,951	3,023	54,602	59,180
Postage and shipping	5,285	783	2,362	749	9,179	39,147
Occupancy	66,370	28,667	7,738	8,759	111,534	110,401
Rental and maintenance equipment	37,416	5,946	4,343	4,915	52,620	62,293
Travel	18,679	2,735	2,592	788	24,794	31,315
Conferences and meetings	69,141	6,840	12,482	4,371	92,834	122,308
Printing and publications	8,063	2,332	2,260	868	13,523	15,144
Membership dues	3,713	862	1,938	490	7,003	11,694
Computer, website and internet	40,951	1,275	54	14	42,294	5,163
Advertisement	347	2,422	128	33	2,930	3,551
Bank charges and fees	9,381	1,512	4,870	1,232	16,995	13,859
Uncollectible accounts	-	-	-	-	-	192,093
Miscellaneous	5,274	3,809	2,336	623	12,042	7,561
Sub-total	3,415,527	435,068	388,993	324,820	4,564,408	6,317,939
Depreciation	31,533	5,035	3,676	4,162	44,406	30,432
Total	\$3,447,060	\$ 440,103	\$ 392,669	\$ 328,982	\$4,608,814	\$6,348,371

* For the 2016 fiscal year, the program services expense percentage to overall expenses was approximately 85%.

See notes to financial statements.

REGIONAL PLAN ASSOCIATION, INC.

Statement of Cash Flows

	Year Ended	
	June 30	
	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Increase in net assets	\$ 1,245,747	\$ 387,228
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities		
Depreciation	44,406	30,432
Net realized and unrealized (gain) on investments	(28,377)	-
Contributed securities	(1,804)	(13,864)
Proceeds from sale of contributed securities	1,804	13,864
Permanently restricted contributions	(172,225)	(241,037)
(Increase) decrease in assets		
Pledges receivable	(1,621,094)	1,591,896
Prepaid expenses and deposits	(7,268)	42
Increase (decrease) in liabilities		
Accounts payable, accrued expenses and other	(124,675)	7,222
Accrued employee benefits	9,569	(21,922)
Net cash provided by (used in) operating activities	<u>(653,917)</u>	<u>1,753,861</u>
Cash flows from investing activities		
Expenditures for furniture, fixtures and equipment	(53,574)	(107,119)
Purchases of investments	(1,497,592)	-
Proceeds from sale of investments	36,621	-
Net cash (used in) investing activities	<u>(1,514,545)</u>	<u>(107,119)</u>
Cash flows from financing activities		
Permanently restricted contributions	<u>172,225</u>	<u>241,037</u>
Net increase (decrease) in cash	(1,996,237)	1,887,779
Cash, beginning of year	<u>3,138,291</u>	<u>1,250,512</u>
Cash, end of year	<u>\$ 1,142,054</u>	<u>\$ 3,138,291</u>

See notes to financial statements.

REGIONAL PLAN ASSOCIATION, INC.**Notes to Financial Statements
June 30, 2016****Note 1 – Organization**

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

Note 2 – Significant accounting policies**Financial reporting**

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

Unrestricted

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

Temporarily restricted

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

Permanently restricted

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

Cash equivalents

The Association considers highly liquid assets with original maturities of ninety days or less to be cash equivalents.

Investments and investment return

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

REGIONAL PLAN ASSOCIATION, INC.

Notes to Financial Statements (continued)

June 30, 2016

Note 2 – Significant accounting policies (continued)

Fair value measurements

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

Contributions and net assets released from restrictions

The Association reports contributions as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor stipulation expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The net assets that were released from temporarily restricted net assets used to fund the program described in note 1 to the financial statements.

Pledges receivable

At June 30, 2016, the pledges receivable are expected to be collected as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2017	\$ 2,732,421
2018	241,604
2019	126,350
2020	101,000
2021	100,000
Thereafter	<u>200,000</u>
Total	<u>\$ 3,501,375</u>

Allowance for doubtful accounts

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

REGIONAL PLAN ASSOCIATION, INC.**Notes to Financial Statements (continued)****June 30, 2016****Note 2 – Significant accounting policies (continued)****Furniture, fixtures and equipment**

Furniture, fixtures and equipment, above a nominal amount with an estimated useful life of one year or longer, are recorded at cost and are being depreciated by the straight-line method over their estimated useful lives of the assets ranging from four to five years.

Concentrations of credit risk

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

Use of estimates

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

Comparative financial information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class or functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

Subsequent events

The Association has evaluated events and transactions for potential recognition or disclosure through August 11, 2016, which is the date the financial statements were available to be issued.

REGIONAL PLAN ASSOCIATION, INC.

Notes to Financial Statements (continued)

June 30, 2016

Note 3 – Investments

At June 30, 2016 the following is a summary of the investments:

	<u>Cost</u>	<u>Fair Value</u>
Mutual funds	\$ 251,207	\$ 252,165
Exchange traded funds	<u>1,209,544</u>	<u>1,237,183</u>
Total	<u>\$ 1,460,751</u>	<u>\$ 1,489,348</u>

For the years ended June 30, 2016 and June 30, 2015, net investment return consists of the following:

	<u>2016</u>	<u>2015</u>
Interest and dividends	\$ 20,133	\$ 715
Realized (loss)	(220)	-
Unrealized gains	<u>28,597</u>	<u>-</u>
Total	<u>\$ 48,510</u>	<u>\$ 715</u>

Note 4 – Retirement plan

The Association maintains a defined contribution pension plan for all qualified employees. Contributions are made to the plan based on a percentage of the participating employees' salaries. For the 2016 fiscal year, the Association made contributions to the plan for the entire year. For the 2015 fiscal year, the Association made contributions to the plan for eight months. The pension expense for the years ended June 30, 2016 and 2015 was \$119,106 and \$87,039, respectively.

Note 5 – Line of credit

The Association has available through April 17, 2017 a \$500,000 secured line of credit with a bank. Any amounts borrowed under the line, require interest at the Prime Rate plus ½%. At June 30, 2016, there were no amounts outstanding under the line.

Note 6 – Lease agreements

The Association leases office space for its headquarters in New York City under the terms of a lease which expires February 14, 2017. The lease required monthly rent payments of \$7,477 which increased to \$8,225 during the final year of the agreement.

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

Rent expense in connection with these leases totaled \$111,534 and \$110,401 for the 2016 and 2015 fiscal years, respectively.

REGIONAL PLAN ASSOCIATION, INC.

Notes to Financial Statements (continued)

June 30, 2016

Note 7 – Temporarily restricted net assets

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

	Balance at June 30, <u>2015</u>	Support and Investment <u>Return</u>	Released from <u>Restrictions</u>	Balance at June 30, <u>2016</u>
Fourth Regional Plan	\$2,263,812	\$2,020,676	\$(1,967,195)	\$2,317,293
Hudson Valley Land Conservation	-	232,500	(30,375)	202,125
Flushing Creek Sponge Park	127,251	-	(7,951)	119,300
Adaptation Action Planning	-	170,000	(55,489)	114,511
Bronx Queens Expressway	-	100,000	(11,309)	88,691
Fourth Plan Energy and Environmental Research	116,387	-	(31,095)	85,292
Walkup	-	80,000	(2,535)	77,465
Dayton Neighborhood Revitalization Study	128,595	-	(54,434)	74,161
Jamaica Bay - ARUP	89,851	-	(36,767)	53,084
Trans Hudson Mobility Issues	-	40,000	-	40,000
Suffolk On Call	34,882	60,465	(66,219)	29,128
Bridgeport Revitalization Zone	-	27,700	(505)	27,195
Long Island Index – MRA	-	60,000	(33,861)	26,139
East Harlem Housing	27,310	20,000	(22,238)	25,072
Mixed Use Regulations	-	65,000	(41,754)	23,246
BHI – Phase IV	22,509	-	-	22,509
Highlands FIA	27,875	-	(8,268)	19,607
Urban Mayor’s Resiliency Academy	-	84,000	(65,611)	18,389
Hudson Valley Smart Growth	22,014	-	(3,848)	18,166
NPS Landscape	17,315	-	-	17,315
Jamaica Vision Implementation Strategies	-	122,505	(106,885)	15,620
NYSER – Development Authority	68,844	7,940	(64,754)	12,030
Dayton Outreach	25,000	-	(13,643)	11,357
Bus Rapid Transit	30,539	-	(19,412)	11,127
Peter Herman Transportation Center	-	7,714	-	7,714

REGIONAL PLAN ASSOCIATION, INC.

Notes to Financial Statements (continued)

June 30, 2016

Note 7 – Temporarily restricted net assets (continued)

	Balance at June 30, <u>2015</u>	Support and Investment <u>Return</u>	Released from <u>Restrictions</u>	Balance at June 30, <u>2016</u>
VREF – Freight	\$ -	\$ 53,012	\$ (45,364)	\$ 7,648
Highlands Master Plan Update	85,007	15,000	(93,767)	6,240
Urban Systems Symposium	3,668	-	(430)	3,238
NY Transit Friendly Planning Metropolitan Rail	74,868	-	(74,868)	-
Discussion Group	63,324	12,000	(75,324)	-
Woolwich	40,823	-	(40,823)	-
New Jersey Issues	35,127	7,500	(42,627)	-
Volvo Transit Leadership Workshop	24,934	-	(24,934)	-
Yangon Master Plan	19,476	-	(19,476)	-
Regenerative Design II	18,817	-	(18,817)	-
GCA	16,811	-	(16,811)	-
Long Island Housing Profiles	11,432	-	(11,432)	-
Economic Impact of HRP	9,542	-	(9,542)	-
Orange County Water Authority	3,075	-	(3,075)	-
Revitalization Through Resiliency	2,308	-	(2,308)	-
County of Ulster	2,196	3,175	(5,371)	-
Other	1,980	-	(1,980)	-
Governors Island	-	997	(997)	-
HUD – NJ	-	47	(47)	-
Nassau Hub	-	5,000	(5,000)	-
Tarrytown – TOD	-	20,000	(20,000)	-
Newark Airport Vision	-	89,008	(89,008)	-
NYC Skyline Project Workshop	-	15,000	(15,000)	-
Total	<u>\$3,415,572</u>	<u>\$3,319,239</u>	<u>\$(3,261,149)</u>	<u>\$3,473,662</u>

REGIONAL PLAN ASSOCIATION, INC.**Notes to Financial Statements (continued)****June 30, 2016****Note 8 – Endowment**

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

Interpretations

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

Strategies employed for achieving objectives

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

Spending policy

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

Note 9 – Tax status

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