

REGIONAL PLAN ASSOCIATION, INC.

**Financial Statements
for the year ended
June 30, 2017**

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, 2017 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, 2017 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 2016 financial statements, and our report dated August 11, 2016 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, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Cordon O'Meara McGinty + Dorelly LLP

August 9, 2017

REGIONAL PLAN ASSOCIATION, INC.

Statement of Financial Position

Assets

	June 30	
	2017	2016
Cash	\$ 1,487,167	\$ 1,142,054
Investments, at fair value	1,801,022	1,489,348
Pledges receivable	1,385,258	3,501,375
Prepaid expenses and deposits	49,845	23,599
Sub-total	<u>4,723,292</u>	<u>6,156,376</u>
Property and equipment, at cost		
Leasehold improvements	209,976	-
Furniture, fixtures and equipment	<u>1,213,909</u>	<u>1,167,256</u>
Total property and equipment	1,423,885	1,167,256
Less accumulated depreciation and amortization	<u>1,059,729</u>	<u>1,021,166</u>
Net property and equipment	<u>364,156</u>	<u>146,090</u>
Total assets	<u>\$ 5,087,448</u>	<u>\$ 6,302,466</u>

Liabilities and Net Assets

Accounts payable, accrued expenses and other	\$ 63,002	\$ 102,705
Accrued employee benefits	148,048	119,983
Deferred rent	<u>71,460</u>	<u>-</u>
Total liabilities	<u>282,510</u>	<u>222,688</u>
Net assets		
Unrestricted		
Operating (deficit)	1,098,922	(83,589)
Board designated	<u>1,144,045</u>	<u>1,941,106</u>
Total unrestricted	2,242,967	1,857,517
Temporarily restricted	1,270,872	3,473,662
Permanently restricted	<u>1,291,099</u>	<u>748,599</u>
Total net assets	<u>4,804,938</u>	<u>6,079,778</u>
Total liabilities and net assets	<u>\$ 5,087,448</u>	<u>\$ 6,302,466</u>

See notes to financial statements.

REGIONAL PLAN ASSOCIATION, INC.

Statement of Activities
Year Ended June 30, 2017
(with Summarized Comparative Information for the Year Ended June 30, 2016)

	Year Ended June 30					2016
	2017					
	Unrestricted	Board-	Temporarily	Permanently		
	Operating	Designated	Restricted	Restricted	Total	Total
Public support and revenue						
Public support						
Grants and contributions	\$ 1,300,928	\$ 15,000	\$ 1,612,380	\$ 542,500	\$ 3,470,808	\$ 5,472,208
Regional assembly (net of direct expenses of \$467,074 in 2017 and \$416,877 in 2016)	445,862	-	-	-	445,862	328,340
Net assets released from restrictions	3,880,989	-	(3,880,989)	-	-	-
Total public support	5,627,779	15,000	(2,268,609)	542,500	3,916,670	5,800,548
Revenue						
Net investment return	242	112,939	65,819	-	179,000	48,510
Miscellaneous	1,085	-	-	-	1,085	5,503
Total revenue	1,327	112,939	65,819	-	180,085	54,013
Total public support and revenue	5,629,106	127,939	(2,202,790)	542,500	4,096,755	5,854,561
Expenses						
Program services						
Research	3,846,034	-	-	-	3,846,034	3,447,060
Public affairs	551,851	-	-	-	551,851	440,103
Supporting services						
Management and general	645,267	-	-	-	645,267	392,669
Fundraising	328,443	-	-	-	328,443	328,982
Total expenses	5,371,595	-	-	-	5,371,595	4,608,814
Excess (deficiency) of revenue over expenses before other	257,511	127,939	(2,202,790)	542,500	(1,274,840)	1,245,747
Interfund transfer	925,000	(925,000)	-	-	-	-
Increase (decrease) in net assets	1,182,511	(797,061)	(2,202,790)	542,500	(1,274,840)	1,245,747
Net assets (deficit), beginning of year	(83,589)	1,941,106	3,473,662	748,599	6,079,778	4,834,031
Net assets, end of year	\$ 1,098,922	\$ 1,144,045	\$ 1,270,872	\$ 1,291,099	\$ 4,804,938	\$ 6,079,778

See notes to financial statements.

REGIONAL PLAN ASSOCIATION, INC.

Statement of Functional Expenses Year Ended June 30, 2017 (with Summarized Comparative Information for the Year Ended June 30, 2016)

	Program Services*		Supporting Services		2017	2016
	Research	Public Affairs	Management and General	Fund-Raising	Total Expenses	Total Expenses
Salaries and wages	\$1,815,502	\$ 327,276	\$ 186,541	\$ 184,895	\$2,514,214	\$2,305,644
Payroll taxes	133,306	24,031	13,697	13,576	184,610	179,243
Employee health and welfare benefits	324,351	61,022	37,087	34,543	457,003	439,636
Professional fees	1,172,292	48,500	75,016	58,917	1,354,725	1,179,723
Supplies	13,027	2,572	5,869	1,362	22,830	19,812
Telephone	40,936	8,729	19,576	4,154	73,395	54,602
Postage and shipping	3,948	217	577	2,556	7,298	9,179
Occupancy	110,992	38,800	11,404	11,304	172,500	111,534
Rental and maintenance equipment	37,246	6,714	3,828	3,793	51,581	52,620
Travel	15,170	3,736	1,878	1,639	22,423	24,794
Conferences and meetings	39,080	6,316	6,629	3,129	55,154	92,834
Printing and publications	15,699	4,251	1,657	804	22,411	13,523
Membership dues	4,114	777	1,975	419	7,285	7,003
Computer, website and internet	56,398	6,064	85	1,017	63,564	42,294
Advertisement	3,388	598	1,591	338	5,915	2,930
Bank charges and fees	14,793	2,667	7,099	1,510	26,069	16,995
Uncollectible accounts	-	-	265,214	-	265,214	-
Miscellaneous	4,515	2,140	1,303	283	8,241	12,042
Sub-total	3,804,757	544,410	641,026	324,239	5,314,432	4,564,408
Depreciation and amortization	41,277	7,441	4,241	4,204	57,163	44,406
Total	\$3,846,034	\$ 551,851	\$ 645,267	\$ 328,443	\$5,371,595	\$4,608,814

* For the 2017 fiscal year, the program services expense percentage to overall expenses was approximately 82%.

See notes to financial statements.

REGIONAL PLAN ASSOCIATION, INC.

Statement of Cash Flows

	Year Ended June 30	
	2017	2016
Cash flows from operating activities		
Increase (decrease) in net assets	\$(1,274,840)	\$ 1,245,747
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	57,163	44,406
Net realized and unrealized (gain) on investments	(132,798)	(28,377)
Contributed securities	(5,202)	(1,804)
Proceeds from sale of contributed securities	5,202	1,804
Permanently restricted contributions	(542,500)	(172,225)
(Increase) decrease in assets		
Pledges receivable	2,116,117	(1,621,094)
Prepaid expenses and deposits	(26,246)	(7,268)
Increase (decrease) in liabilities		
Accounts payable, accrued expenses and other	(39,703)	(124,675)
Accrued employee benefits	28,065	9,569
Deferred rent	71,460	-
Net cash provided by (used in) operating activities	256,718	(653,917)
Cash flows from investing activities		
Expenditures for furniture, fixtures and equipment	(275,229)	(53,574)
Purchases of investments	(843,523)	(1,497,592)
Proceeds from sale of investments	664,647	36,621
Net cash (used in) investing activities	(454,105)	(1,514,545)
Cash flows provided by financing activities		
Permanently restricted contributions	542,500	172,225
Net increase (decrease) in cash	345,113	(1,996,237)
Cash, beginning of year	1,142,054	3,138,291
Cash, end of year	\$ 1,487,167	\$ 1,142,054

See notes to financial statements.

REGIONAL PLAN ASSOCIATION, INC.**Notes to Financial Statements
June 30, 2017****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. During the 2017 fiscal year, the Executive Committee approved a transfer of \$925,000 to unrestricted operating net assets.

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.

REGIONAL PLAN ASSOCIATION, INC.

Notes to Financial Statements (continued) June 30, 2017

Note 2 – Significant accounting policies (continued)

Investments and investment return

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

Fair value measurements

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

Contributions and net assets released from restrictions

The Association reports contributions as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor stipulation expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. 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, 2017, the pledges receivable are expected to be collected as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2018	\$ 881,158
2019	101,850
2020	101,250
2021	101,000
2022	100,000
2023	100,000
Total	<u>\$ 1,385,258</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, 2017****Note 2 – Significant accounting policies (continued)****Property and equipment**

Property and equipment, above a nominal amount with an estimated useful life of one year or longer, are recorded at cost and are being depreciated or amortized by the straight-line method over their estimated useful lives of the assets or the life of the lease which range from four to ten years. During the 2017 fiscal year, fully depreciated property and equipment totaling \$18,600 were deleted from the accounts and records of the Association.

Concentrations of credit risk

The Association's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash, investments and pledges receivable. The Association places its cash with what it believes to be quality financial institutions 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, 2016, from which the summarized information was derived.

Subsequent events

The Association has evaluated events and transactions for potential recognition or disclosure through August 9, 2017, which is the date the financial statements were available to be issued.

REGIONAL PLAN ASSOCIATION, INC.

Notes to Financial Statements (continued) June 30, 2017

Note 3 – Investments

At June 30, 2017 and June 30, 2016 the following is a summary of the investments:

	2017		2016	
	Cost	Fair Value	Cost	Fair Value
Mutual funds	\$ 233,992	\$ 259,080	\$ 251,207	\$ 252,165
Exchange traded funds	1,456,862	1,541,942	1,209,544	1,237,183
Total	<u>\$ 1,690,854</u>	<u>\$ 1,801,022</u>	<u>\$ 1,460,751</u>	<u>\$ 1,489,348</u>

For the years ended June 30, 2017 and June 30, 2016, net investment return consists of the following:

	2017	2016
Interest and dividends	\$ 46,202	\$ 20,133
Realized gain (loss)	51,227	(220)
Unrealized gains	81,571	28,597
Total	<u>\$ 179,000</u>	<u>\$ 48,510</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. The pension expense for the years ended June 30, 2017 and 2016 was \$161,565 and \$119,106, respectively.

Note 5 – Line of credit

The Association has available through April 17, 2018 a \$500,000 secured line of credit with a bank. Any amounts borrowed under the line, require interest at the Prime Rate. At June 30, 2017, there were no amounts outstanding under the line.

Note 6 – Lease agreements

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

REGIONAL PLAN ASSOCIATION, INC.

Notes to Financial Statements (continued)
June 30, 2017**Note 6 – Lease agreements (continued)**

The required annual rental payments under the lease are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2018	\$ 350,180
2019	420,210
2020	420,210
2021	420,210
2022	420,210
2023 and thereafter	<u>2,399,461</u>
Total	<u>\$ 4,430,481</u>

The Association's previous lease, which expired during the 2017 fiscal year, required monthly payments of \$8,225.

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 \$172,500 and \$111,534 for the 2017 and 2016 fiscal years, respectively.

REGIONAL PLAN ASSOCIATION, INC.

Notes to Financial Statements (continued)

June 30, 2017

Note 7 – Temporarily restricted net assets

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

	Balance at June 30, 2016	Support and Investment Return	Released from Restrictions	Transfer	Balance at June 30, 2017
Fourth Regional Plan Adaptation Action	\$2,317,293	\$ 780,389	\$ (2,557,843)	\$ -	\$ 539,839
Planning	114,511	150,000	(167,395)	-	97,116
Long Island Index – MRA	26,139	70,000	(855)	-	95,284
Peter Herman					
Transportation Center	7,714	65,819	-	-	73,533
Norwalk on-call	-	100,000	(32,670)	-	67,330
NYC Property Tax	-	50,000	(798)	-	49,202
SF Bay area planning and urban research assoc.	-	50,000	(3,165)	-	46,835
New Jersey Issues	-	47,500	(5,933)	-	41,567
NYC Affordable housing loss	-	20,000	(11,021)	23,521	32,500
Town of Babylon					
Industrial study	-	30,000	(1,863)	-	28,137
The L Train	-	50,000	(22,476)	-	27,524
Flushing Creek Sponge Park	119,300	-	(96,702)	-	22,598
Lincoln Infrastructure	-	35,000	(14,377)	-	20,623
Deer Park redesign	-	25,000	(6,003)	-	18,997
Bridgeport Revitalization Zone	27,195	-	(8,951)	-	18,244
Hudson Valley Smart Growth	18,166	-	(139)	-	18,027
Leadership Ins. For Housing	-	20,000	(3,691)	-	16,309
Hudson Valley Land Conservation	202,125	500	(187,559)	-	15,066
Jamaica Vision					
Implementation Strategies	15,620	40,000	(41,779)	-	13,841
Automated mobility	-	10,000	(1,072)	-	8,928
Tarrytown - TOD	-	10,000	(1,946)	-	8,054
Fourth Plan Energy and Environmental Research	85,292	-	(77,675)	-	7,617

REGIONAL PLAN ASSOCIATION, INC.

Notes to Financial Statements (continued)

June 30, 2017

Note 7 – Temporarily restricted net assets (continued)

	Balance at June 30, 2016	Support and Investment Return	Released from Restrictions	Transfer	Balance at June 30, 2017
Assoc. for Neighborhood Housing Development	\$ -	\$ 5,500	\$ (1,799)	\$ -	\$ 3,701
Bronx Queens Expressway Walkup	88,691	-	(88,691)	-	-
Dayton Neighborhood Revitalization Study	77,465	-	(77,465)	-	-
Jamaica Bay - ARUP	74,161	-	(74,161)	-	-
Trans Hudson Mobility Issues	53,084	-	(53,084)	-	-
Suffolk On Call	40,000	-	(40,000)	-	-
East Harlem Housing	29,128	22,880	(52,008)	-	-
Mixed Use Regulations	25,072	-	(1,551)	(23,521)	-
BHI – Phase IV	23,246	-	(23,246)	-	-
Highlands FIA	22,509	-	(22,509)	-	-
Urban Mayor's Resiliency Academy	19,607	-	(19,607)	-	-
NPS Landscape	18,389	-	(18,389)	-	-
NYSER – Development Authority	17,315	-	(17,315)	-	-
Dayton Outreach	12,030	-	(12,030)	-	-
Bus Rapid Transit	11,357	-	(11,357)	-	-
VREF – Freight	11,127	-	(11,127)	-	-
Highlands Master Plan Update	7,648	13,361	(21,009)	-	-
Urban Systems Symposium	6,240	-	(6,240)	-	-
Hudson Valley Resilience	3,238	-	(3,238)	-	-
Village of Great Neck Plaza IZ	-	10,000	(10,000)	-	-
Norwalk Innovation	-	30,000	(30,000)	-	-
	-	42,250	(42,250)	-	-
Total	<u>\$3,473,662</u>	<u>\$1,678,199</u>	<u>\$ (3,880,989)</u>	<u>\$ -</u>	<u>\$1,270,872</u>

REGIONAL PLAN ASSOCIATION, INC.**Notes to Financial Statements (continued)****June 30, 2017****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.