

Row New York, Inc.

Financial Statements

June 30, 2018



Independent Auditors' Report

**To the Board of Trustees
Row New York, Inc.**

We have audited the accompanying financial statements of Row New York, Inc., which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' 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 of 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 auditors' 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 above present fairly, in all material respects, the financial position of Row New York, Inc. as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

PKF O'Connor Davies, LLP

December 14, 2018

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Row New York, Inc.

Statement of Financial Position
June 30, 2018

ASSETS

Cash and cash equivalents	\$ 2,165,198
Pledges and grants receivable	318,495
Program service fees receivable	15,642
Prepaid expenses and other assets	76,970
Property and equipment, net	<u>929,311</u>
	<u>\$ 3,505,616</u>

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable and accrued expenses	\$ 210,836
Deferred revenue	<u>22,790</u>
Total Liabilities	<u>233,626</u>
Net Assets	
Unrestricted	1,931,180
Temporarily restricted	<u>1,340,810</u>
Total Net Assets	<u>3,271,990</u>
	<u>\$ 3,505,616</u>

See notes to the financial statements

Row New York, Inc.

Statement of Activities
Year Ended June 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions			
Foundations	\$ 137,963	\$ 682,500	\$ 820,463
Capital campaign	-	2,437,527	2,437,527
Corporations	13,726	-	13,726
Individuals	768,878	87,500	856,378
Government	193,100	5,000	198,100
Program service fees	481,813	-	481,813
Special events, net of costs of direct benefit to donors of \$97,938	446,557	-	446,557
Donated goods and services	106,176	-	106,176
Rental and other income	59,438	-	59,438
Net assets released			
from restriction	<u>2,623,996</u>	<u>(2,623,996)</u>	<u>-</u>
Total Support and Revenue	<u>4,831,647</u>	<u>588,531</u>	<u>5,420,178</u>
EXPENSES			
Program Services	3,032,517	-	3,032,517
Supporting Services			
Management and general	464,727	-	464,727
Fundraising	<u>507,904</u>	<u>-</u>	<u>507,904</u>
Total Expenses	<u>4,005,148</u>	<u>-</u>	<u>4,005,148</u>
Change in Net Assets	826,499	588,531	1,415,030
NET ASSETS			
Beginning of year	<u>1,104,681</u>	<u>752,279</u>	<u>1,856,960</u>
End of year	<u>\$ 1,931,180</u>	<u>\$ 1,340,810</u>	<u>\$ 3,271,990</u>

See notes to the financial statements

Row New York, Inc.

Statement of Functional Expenses
Year Ended June 30, 2018

		<u>Supporting Services</u>		
	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and related expenses	\$ 1,531,057	\$ 341,188	\$ 350,786	\$ 2,223,031
Employee benefits	126,830	18,802	18,307	163,939
Payroll and benefits administration	54,768	8,119	7,905	70,792
Athletic and educational supplies and expenses	300,990	-	-	300,990
Occupancy	174,118	19,075	17,025	210,218
Payroll taxes	164,403	24,372	23,730	212,505
Depreciation and amortization	119,028	-	-	119,028
Student transportation	90,308	-	-	90,308
Repairs and maintenance	27,452	-	-	27,452
Office supplies and other	42,374	5,077	7,969	55,420
Insurance	82,405	1,353	-	83,758
Fundraising fees and expenses	585	713	34,726	36,024
Promotion and branding	70,404	10,437	10,162	91,003
Audit and accounting fees	31,319	4,643	4,521	40,483
Consulting	188,062	26,546	27,782	242,390
Travel, meetings and entertainment	<u>28,414</u>	<u>4,402</u>	<u>4,991</u>	<u>37,807</u>
 Total Expenses	 <u>\$ 3,032,517</u>	 <u>\$ 464,727</u>	 <u>\$ 507,904</u>	 <u>\$ 4,005,148</u>

See notes to financial statements

Row New York, Inc.

Statement of Cash Flows
Year Ended June 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 1,415,030
Adjustments to reconcile change in net assets to net cash from operating activities	
Depreciation and amortization	119,028
Changes in operating assets and liabilities	
Pledges and grants receivable	(161,916)
Program service fees receivable	10,752
Prepaid expenses and other assets	(12,619)
Accounts payable and accrued expenses	144,063
Deferred revenue	<u>1,790</u>
Net Cash from Operating Activities	1,516,128

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	<u>(710,311)</u>
Net Change in Cash and Cash Equivalents	805,817

CASH AND CASH EQUIVALENTS

Beginning of year	<u>1,359,381</u>
End of year	<u>\$ 2,165,198</u>

See notes to the financial statements

Row New York, Inc.

Notes to Financial Statements

June 30, 2018

1. Organization and Tax Status

Row New York, Inc. (the "Organization") is a 501 (c)(3) not-for-profit founded on the belief that competitive rowing paired with rigorous academic support for underserved youth can change the trajectory of their teen years and beyond. Started in 2002 at the World's Fair Boathouse in Flushing Meadows-Corona Park, Queens, the Organization expanded in 2012 to a second location, the Peter Jay Sharp Boathouse in upper Manhattan and in 2016 to a third location in Canarsie, Brooklyn. The 240 young rowers engaged in the Organization's year-round program at these three locations learn the invaluable and lifelong lessons of teamwork, tenacity, and commitment to self and others. As a result of their focus and confidence, the Organization's student-athletes regularly achieve success both on and off the water: Row New Yorkers hold their own at regattas against elite teams throughout the Northeast and have medaled at the NY state championships for ten consecutive years. Nearly every graduate has gone on to college, with most on a scholarship.

In addition to the Organization's year-round programs, the Organization has grown to serve more than 5,000 youths each year across all the Organization's offerings, including PE classes for middle schoolers at risk of obesity, indoor rowing for juveniles in locked detention, summer camps, and a robust adaptive rowing program for those with cognitive or physical disabilities. These programs include 16 weeks of landbased and on-water rowing activities each spring and fall for middle schoolers with disabilities and both recreational and competitive teams for adult para-athletes. The Organization was incorporated in the State of New York in 2001.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results may differ from those estimates.

Net Asset Presentation

Net assets and revenue are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as permanently restricted, temporarily restricted or unrestricted. Contributions are reported as an increase in unrestricted net assets unless their use is limited by donor-imposed restrictions. All donor restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as assets released from restriction. There were no permanently restricted assets as of June 30, 2018.

Row New York, Inc.

Notes to Financial Statements
June 30, 2018

2. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Organization considers all highly liquid investments with a maturity of three months or less at time of purchase to be cash equivalents.

Property and Equipment

The Organization follows the practice of capitalizing all expenditures for property and equipment with a cost in excess of \$3,000 and a useful life of three years or more. Property and equipment are reflected at cost, or fair value at the time of the donation and depreciation is recognized on a straight-line basis over 3 to 7 years. Leasehold improvements are amortized over the lesser of estimated useful life or lease inclusive of expected lease renewals.

When property and equipment is sold, retired or disposed the cost and related accumulated depreciation is removed from the accounts and any gain or loss is reported in the statement of activities.

Allowance for Accounts Doubtful for Collection

The Organization estimates an allowance for uncollectible balances for pledges and grants receivable. Such estimates are based on management's assessment of the aged basis of its receivables, current economic conditions, subsequent receipts and historical information. Receivables are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. There is no allowance as of June 30, 2018.

Revenue Recognition

Contributions, including unconditional promises to give (pledges), are recognized as income in the period received. Conditional contributions are recognized as income when the conditions on which they depend have been substantially met. Amounts reflected in the financial statements include adjustments based upon estimates of collectability. Program service fees are recognized in the period in which the program occurs. Program service fees and other fees paid in advance are classified as other deferred revenue.

In-Kind Contributions

The Organization received pro-bono legal services valued at \$106,176 in 2018. Such services have been reflected as both income and as expenses within management and general.

Row New York, Inc.

Notes to Financial Statements
June 30, 2018

2. Summary of Significant Accounting Policies (continued)

In-Kind Contributions (continued)

The Organization recognizes the fair value of donated services which create or enhance nonfinancial assets, or require specialized skills provided by individuals possessing those skills and would typically be purchased if not provided by donation. Volunteer services that do not require specialized skills or would not typically be purchased had they not been provided by the donation have not been recognized as such services do not meet the criteria for recognition in the financial statements.

Donated investments are recorded at their fair values at date of donation and are typically sold immediately.

Advertising

Advertising costs are expensed as incurred and totaled \$7,905 in fiscal year 2018.

Functional Allocation of Expenses

Expenses have been charged to programs and supporting services, either directly when identifiable, or indirectly based on management's estimation of the functional area benefited.

Accounting for Uncertainty in Income Taxes

The Organization recognizes the effect of tax positions when they are more likely than not to be sustained. Management has determined that the Organization had no uncertain tax positions that would require financial statement recognition or disclosure. The Organization is no longer subject to examinations by applicable taxing jurisdictions for any periods prior to the Organization's 2014 tax year.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is December 14, 2018.

3. Concentration of Credit Risk

Financial instruments which potentially subject the Organization to a concentration of credit risk consist principally of cash deposits with financial institutions and receivables. At times cash and cash equivalents held at financial institutions may be in excess of federally insured limits. The Organization has not experienced any losses in such accounts. Concentrations of credit risk with respect to receivables are limited due to the fact that receivables are due from a number of donors.

Row New York, Inc.

Notes to Financial Statements
June 30, 2018

4. Property and Equipment

Property and equipment is reported at cost less accumulated depreciation and amortization as follows:

Equipment	\$ 816,372
Leasehold improvements	63,734
Vehicles	185,027
Docks	77,447
Boathouses	51,473
Construction-in-progress - New Boathouse	<u>458,354</u>
	1,652,407
Less: accumulated depreciation and amortization	<u>(723,096)</u>
	<u>\$ 929,311</u>

Construction-in-progress represents those costs incurred as of June 30, 2018 for the new Sherman Creek Boathouse.

5. Employee Benefits

The Organization maintains a 401(k) retirement plan. Matches of eligible contributions may be made at the discretion of the Organization at 50 cents per dollar up to 2.5% of employee compensation. The Organization contributed \$18,095 to the plan during the year ended June 30, 2018 as is included in employee benefits of the statement of functional expenses.

Row New York, Inc.

Notes to Financial Statements
June 30, 2018

6. Temporarily Restricted Net Assets

Changes in the net assets balances by restriction in the fiscal year 2018 were as follows:

	<u>Balance at</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Release from</u> <u>Restrictions</u>	<u>Balance at</u> <u>June 30, 2018</u>
Restricted for Purpose:				
Adaptive rowing program	\$ 52,528	\$ 35,000	\$ (87,528)	\$ -
Brooklyn girls program	5,000	-	(5,000)	-
Staff diversity training	35,086	-	(35,086)	-
School day adaptive support	-	5,000	(3,687)	1,313
Fall benefit	-	37,500	-	37,500
2018 Queens program	-	2,500	(2,500)	-
Brooklyn support	-	125,000	(125,000)	-
Capital equipment support	-	10,000	(10,000)	-
High school program	-	335,000	(335,000)	-
Manhattan support	-	5,000	(5,000)	-
Youth development and academic	-	60,000	(60,000)	-
Capital campaign	<u>559,665</u>	<u>2,437,527</u>	<u>(1,855,195)</u>	<u>1,141,997</u>
	<u>652,279</u>	<u>3,052,527</u>	<u>(2,523,996)</u>	<u>1,180,810</u>
Restricted for Time:				
General operating support	10,000	160,000	(10,000)	160,000
2017 ERA & PREP programs	<u>40,000</u>	<u>-</u>	<u>(40,000)</u>	<u>-</u>
	<u>50,000</u>	<u>160,000</u>	<u>(50,000)</u>	<u>160,000</u>
Restricted for Time and Purpose:				
2017 Queens support	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>	<u>-</u>
Total Temporarily Restricted Net Assets	<u>\$ 752,279</u>	<u>\$ 3,212,527</u>	<u>\$ (2,623,996)</u>	<u>\$ 1,340,810</u>

Row New York, Inc.

Notes to Financial Statements
June 30, 2018

7. Commitments and Contingencies

Commitments

On December 15, 2016, the Organization entered into a lease for facilities under an operating lease that commenced January 1, 2017, and expires December 31, 2023.

Future minimum annual lease obligations as of June 30, 2018 are:

2019	\$ 91,364
2020	91,364
2021	91,364
2022	91,364
2023	91,364
Thereafter	<u>45,681</u>
	<u>\$ 502,501</u>

Rent expense was \$145,267 for the year ended June 30, 2018.

Contingencies

The Organization, in the normal course of business, is exposed to various potential claims and assessments which in the opinion of management, in the event of unfavorable outcomes, would be covered by insurance.

The Organization also has a pending contingency associated with the decommissioning of a Boathouse that was purchased in a prior year. No formal board resolution or formal estimate has been made as to the likelihood, timing, date or cost of the disposal nor has an agreement been made with the local government (NYC Parks Department) to determine final rights and obligations for the Organization.

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