

Row New York, Inc.

Financial Statements

June 30, 2022



Independent Auditors' Report

To the Board of Trustees
Row New York, Inc.

Opinion

We have audited the accompanying financial statements of Row New York, Inc., which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Row New York, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Row New York, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 generally accepted auditing standards will always detect a material misstatement when it exists.

PKF O'CONNOR DAVIES, LLP
245 Park Avenue, New York, NY 10167 | Tel: 212.867.8000 or 212.286.2600 | Fax: 212.286.4080 | www.pkfod.com

PKF O'Connor Davies, LLP is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- 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 audit 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 Row New York, Inc'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 Row New York, Inc'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 audit.

Report on Summarized Comparative Information

We have previously audited Row New York, Inc.'s June 30, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 10, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

PKF O'Connor Davies, LLP

March 15, 2023

Row New York, Inc.

Statement of Financial Position
June 30, 2022
(with comparative amounts at June 30, 2021)

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash	\$ 9,727,041	\$ 8,776,820
Pledges and grants receivable, net	1,009,361	1,821,186
Prepaid expenses and other assets	149,164	125,065
Property and equipment, net	<u>5,432,026</u>	<u>4,714,134</u>
 Total Assets	 <u>\$ 16,317,592</u>	 <u>\$ 15,437,205</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 142,980	\$ 300,441
Deferred revenue	35,223	14,648
PPP loan payable	-	590,882
Conditional asset retirement obligation	<u>100,000</u>	<u>100,000</u>
Total Liabilities	<u>278,203</u>	<u>1,005,971</u>
 Net Assets		
Without donor restrictions	3,411,344	3,125,604
With donor restrictions	<u>12,628,045</u>	<u>11,305,630</u>
Total Net Assets	<u>16,039,389</u>	<u>14,431,234</u>
	 <u>\$ 16,317,592</u>	 <u>\$ 15,437,205</u>

See notes to the financial statements

Row New York, Inc..

Statement of Activities
Year Ended June 30, 2022
(with summarized totals for the year ended June 30, 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Contributions				
Foundations	\$ 407,560	\$ 744,500	\$ 1,152,060	\$ 1,074,674
Capital campaign	-	2,030,609	2,030,609	4,164,584
Capital campaign - donated goods and services	-	131,917	131,917	196,226
Corporations	93,297	5,000	98,297	27,760
Individuals	365,102	-	365,102	605,104
Government	254,958	-	254,958	228,500
Program service fees	193,350	-	193,350	92,417
Special events, net of costs of direct benefits to donors of \$176,905 and \$0-	468,300	-	468,300	547,284
Donated goods and services	64,952	-	64,952	28,576
Rental and other income	27,334	-	27,334	86,951
Present value discount adjustment	-	18,302	18,302	6,732
Net assets released from restrictions	1,607,913	(1,607,913)	-	-
Total Support and Revenue	<u>3,482,766</u>	<u>1,322,415</u>	<u>4,805,181</u>	<u>7,058,808</u>
OPERATING EXPENSES				
Program services	2,776,183	-	2,776,183	2,447,397
Supporting Services				
Management and general	470,770	-	470,770	463,183
Fundraising	531,005	-	531,005	377,160
Total Operating Expenses	<u>3,777,958</u>	<u>-</u>	<u>3,777,958</u>	<u>3,287,740</u>
(Deficit) Excess of Support and Revenue Over Total Operating Expenses	(295,192)	1,322,415	1,027,223	3,771,068
NON-OPERATING ACTIVITIES				
CARES Act revenue	<u>580,932</u>	<u>-</u>	<u>580,932</u>	<u>700,982</u>
Change in Net Assets	285,740	1,322,415	1,608,155	4,472,050
NET ASSETS				
Beginning of year	<u>3,125,604</u>	<u>11,305,630</u>	<u>14,431,234</u>	<u>9,959,184</u>
End of year	<u>\$ 3,411,344</u>	<u>\$ 12,628,045</u>	<u>\$ 16,039,389</u>	<u>\$ 14,431,234</u>

See notes to the financial statements

Row New York, Inc.

Statement of Functional Expenses
Year Ended June 30, 2022
(with summarized totals for the year ended June 30, 2021)

	2022			2021 Total	
	Program Services	Supporting Services Management and General	Fundraising		Total
Salaries and related expenses	\$ 1,403,710	\$ 241,345	\$ 347,459	\$ 1,992,514	\$ 1,846,914
Payroll taxes	132,520	22,784	32,803	188,107	164,834
Employee benefits	153,628	26,414	38,026	218,068	185,468
Payroll and benefits administration	29,724	5,110	7,358	42,192	30,470
Athletic and educational supplies and expenses	251,054	-	-	251,054	138,630
Occupancy	112,516	10,552	11,989	135,057	90,609
Depreciation and amortization	160,103	-	-	160,103	170,359
Student transportation	36,681	-	-	36,681	28,140
Repairs and maintenance	18,653	-	-	18,653	1,586
Office supplies and other	45,218	15,810	14,719	75,747	95,673
Insurance	135,460	4,279	-	139,739	137,394
Fundraising expenses	-	-	201,464	201,464	12,600
Promotion and branding	33,220	4,509	9,571	47,300	44,311
Audit and accounting fees	-	48,000	-	48,000	50,930
Consulting and legal (including in-kind services)	226,953	89,653	38,250	354,856	253,360
Bad debt	-	-	-	-	12,542
Travel, meetings and entertainment	36,743	2,314	6,271	45,328	23,920
Total Expenses	<u>2,776,183</u>	<u>470,770</u>	<u>707,910</u>	<u>3,954,863</u>	<u>3,287,740</u>
Less event costs with direct benefit to donors	-	-	(176,905)	(176,905)	-
Total Expenses Reported by Function	<u>\$ 2,776,183</u>	<u>\$ 470,770</u>	<u>\$ 531,005</u>	<u>\$ 3,777,958</u>	<u>\$ 3,287,740</u>

See notes to financial statements

Row New York, Inc.

Statement of Cash Flows
Year Ended June 30, 2022

(with comparative amounts for the year ended June 30, 2021)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,608,155	\$ 4,472,050
Adjustments to reconcile change in net assets to net cash from operating activities		
In-kind contributions of property and equipment	(131,917)	(196,226)
Bad debt expense	-	12,542
Discount on pledges	(18,302)	(6,732)
Realized gain from sale of investments	(184)	(10,268)
Donated marketable investment securities	(156,997)	(1,850,660)
Depreciation and amortization	160,103	170,359
Loss on disposal of property and equipment	9,336	84,055
Forgiveness of Paycheck Protection Program loan	(580,932)	(700,982)
Changes in operating assets and liabilities		
Pledges and grants receivable	830,127	80,916
Program service fees receivable	-	6,677
Prepaid expenses and other assets	(24,099)	(40,383)
Accounts payable and accrued expenses	(157,461)	51,099
Deferred revenue	20,575	(39,196)
Net Cash from Operating Activities	1,558,404	2,033,251
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of marketable investment securities	157,181	1,860,928
Purchase of property and equipment	(755,414)	(1,285,627)
Net Cash from Investing Activities	(598,233)	575,301
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of Paycheck Protection Program loan	(9,950)	-
Proceeds from Paycheck Protection Program loan	-	590,882
Net Cash from Financing Activities	(9,950)	590,882
Net Change in Cash	950,221	3,199,434
CASH		
Beginning of year	8,776,820	5,577,386
End of year	\$ 9,727,041	\$ 8,776,820

See notes to the financial statements

Row New York, Inc.

Notes to Financial Statements
June 30, 2022

1. Organization and Tax Status

Row New York, Inc. (the “Organization”) combines the discipline of competitive rowing with rigorous academic support and social-emotional support to transform the lives of youth from some of New York City’s most under-resourced communities. Row New York, Inc. provides student-athletes with comprehensive year-round youth development programming on Meadow Lake in Queens and on the Harlem River in upper Manhattan. The values of confidence, teamwork, tenacity, and focus that teenagers develop with Row New York, Inc. persist once they leave the Organization, as self-possessed leaders who know their own power and potential in the boat, in the classroom, and in life. Year after year, 100 percent of the Organization’s student-athletes graduate from high school on time and put in 750-1,000 hours of physical activity-double the CDC recommendation. Further, 95% of Row New York, Inc.’s student-athletes have matriculated to college after they have graduated from the program and over 85% of youth have graduated college.

In addition to the Organization’s core youth-development program, each year hundreds of New Yorkers are reached through community rowing programs for public school students, Veterans, and individuals with cognitive and physical disabilities. The Organization strives to empower all to build strength, gain confidence, and pursue excellence both on and off the water.

The Organization was incorporated in 2001 as a 501(c)(3) nonprofit organization.

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.

Adoption of Accounting Principle

As of July 1, 2021, the Organization adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2020-07, Presentation and Disclosure by Not-for-Profit Entities for the Contributed Nonfinancial Assets (Topic 958). ASU 2020-07 brings more transparency and consistency to the presentation and disclosure of gifts-in-kind. The standard does not change the accounting for gifts-in-kind, however provides matters related to presentation and disclosure.

Row New York, Inc.

Notes to Financial Statements
June 30, 2022

2. Summary of Significant Accounting Policies (*continued*)

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 with or without donor restriction. Contributions are reported as an increase in without donor restricted net assets unless their use is limited by donor-imposed restrictions. All donor restricted support is reported as an increase in with donor restricted net assets. When a restriction expires, with donor restricted net assets are reclassified to without donor restriction and reported in the statement of activities as net assets released from restriction.

Cash

Cash consists of checking and savings accounts.

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 10 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.

Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is identified. If the carrying amount for the asset is not recoverable, the asset is written down to the fair value. There were no asset impairments for the years ended June 30, 2022 and 2021.

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.

Row New York, Inc.

Notes to Financial Statements
June 30, 2022

2. Summary of Significant Accounting Policies *(continued)*

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 deferred revenue. As of July 1, 2020, program service fees received in advance was \$53,844. As of July 1, 2020, receivables were \$6,677.

In-Kind Contributions and Related Party

The Organization received pro-bono legal services valued at \$64,952 and \$28,576 in 2022 and 2021, of which \$4,322 and \$-0- was from a board member's law firm. Such services have been reflected as both income and expenses on the accompanying statement of activities and within professional fees on the statement of functional expenses. There were no restrictions on such amounts. The Organization received pro-bono legal and architectural services valued at \$131,917 and \$196,226 in 2022 and 2021, of which \$68,076 and \$81,504 was from a board member's law firm. Such services have been reflected as both capital campaign – donated services revenue and capitalized as construction-in-progress. The contributed services are valued at the estimated fair value based on current rates for similar legal and architectural services.

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 \$7,254 and \$95 in 2022 and 2021.

Functional Allocation of Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the statement of activities. Expenses that can be specifically identified with a program or support service are allocated accordingly. The allocations of salary and related expenses, occupancy, and promotion and branding are based on the estimated time spent by staff in the program service functions.

Row New York, Inc.

Notes to Financial Statements
June 30, 2022

2. Summary of Significant Accounting Policies *(continued)*

Conditional Asset Retirement Obligation

The Organization accounts for Conditional Asset Retirement Obligations in accordance with U.S. GAAP guidance, which defines a conditional asset retirement obligation as a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the entity. Uncertainty with respect to the timing and/or method of settlement of the asset retirement obligation does not defer recognition of a liability.

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 2019 tax year.

Measure of Operations

The Organization has elected to present an operating measure in its statement of activities. Accordingly, items affecting operations are segregated from those not affecting operations. The CARES Act revenue is treated as non-operating.

Reclassifications

Certain 2021 amounts have been reclassified to conform to the current year presentation.

Summarized Financial Information

The financial statements include certain prior-year comparative information in total but not by net asset and functional class. Accordingly, the 2021 totals are not intended to present all information necessary for a complete presentation in accordance with U.S. GAAP. Such information should be read in conjunction with the Organization's financial statements as of and for the year ended June 30, 2021, from which the summarized information was derived.

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 March 15, 2023.

Row New York, Inc.

Notes to Financial Statements June 30, 2022

3. Pledges and Grants Receivable

Pledges and grants receivable at June 30 are summarized as follows:

	<u>2022</u>	<u>2021</u>
Due within one year	\$ 993,137	\$ 1,165,094
Due within two to five years	<u>85,500</u>	<u>751,169</u>
	1,078,637	1,916,263
Allowance for doubtful accounts	(62,339)	(69,838)
Present value discount	<u>(6,937)</u>	<u>(25,239)</u>
	<u>\$ 1,009,361</u>	<u>\$ 1,821,186</u>

A present value discount for pledges due after one year from the date of the financial statements has been calculated using rates of 1% to 4% which approximate the risk and expected timing of future contribution payments. This discount will be amortized and recognized as income over the terms of the pledges.

4. 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 of \$250,000 per institution. The Organization has not experienced any losses in such accounts. Concentrations of credit risk with respect to receivables are disclosed in note 11.

5. Property and Equipment

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

	<u>2022</u>	<u>2021</u>
Equipment	\$ 894,993	\$ 846,717
Vehicles	207,476	226,148
Docks	80,447	80,447
Existing boathouses	415,205	317,810
Construction-in-progress - New Boathouse	<u>5,010,715</u>	<u>4,269,055</u>
	6,608,836	5,740,177
Less: accumulated depreciation and amortization	<u>(1,176,810)</u>	<u>(1,026,043)</u>
	<u>\$ 5,432,026</u>	<u>\$ 4,714,134</u>

Row New York, Inc.

Notes to Financial Statements June 30, 2022

5. Property and Equipment (*continued*)

The Organization is undergoing a major capital project to build the new Sherman Creek Boathouse. The project has an estimated cost of \$40 million. As of June 30, 2022 and 2021, the Organization has incurred costs included in construction-in-progress of \$5,010,715 and \$4,269,055 for this project.

During the fiscal years ended June 30, 2022 and 2021, property and equipment with a cost of \$18,762 and \$185,785 and accumulated depreciation of \$9,426 and \$101,730 was disposed.

6. PPP Loan Payable

On April 16, 2020, the Organization received loan proceeds in the amount of \$700,982 under the Paycheck Protection Program ("PPP Loan") at a fixed interest rate of 1%. The PPP Loan, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The PPP Loan was forgiven in full by the SBA on January 8, 2021. The PPP loan forgiveness is recognized as CARES Act Stimulus on the 2021 statement of activities.

On February 24, 2021, the Organization received a second draw on the PPP in the amount of \$590,882 at a fixed interest rate of 1%. The PPP loan forgiveness in the amount of \$580,932 is recognized as CARES Act Stimulus on the 2022 statement of activities. The remaining balance was not forgiven, and the Organization repaid the balance.

7. Employee Benefits

The Organization maintains a 401(k) retirement plan. The Organization contributed \$-0- to the plan during the years ended June 30, 2022 and 2021.

8. Line of Credit

During 2018, the Organization obtained a line of credit with a local bank. Under the terms of the line of credit, the Organization may borrow up to \$250,000. Borrowings under the line bear interest at 8.75%, and the line is automatically renewed annually. At June 30, 2022 and 2021, no amount was drawn on the line.

Row New York, Inc.

Notes to Financial Statements
June 30, 2022

9. With Donor Restricted Net Assets

Changes in the net assets balances by restriction in the fiscal years 2022 and 2021 were as follows:

	<u>Balance at June 30, 2021</u>	<u>Additions</u>	<u>Release from Restrictions</u>	<u>Balance at June 30, 2022</u>
Restricted for Purpose:				
Capital campaign	\$ 10,805,040	\$ 2,162,526	\$ (1,012,500)	\$ 11,955,066
Middle/High school/College program	116,458	519,500	(347,708)	288,250
Other	36,038	20,000	(41,038)	15,000
	<u>10,957,536</u>	<u>2,702,026</u>	<u>(1,401,246)</u>	<u>12,258,316</u>
Restricted for Time:				
General operating support	373,333	210,000	(206,667)	376,666
Present value discount adjustment	<u>(25,239)</u>	<u>18,302</u>	<u>-</u>	<u>(6,937)</u>
Total Net Assets with Donor Restrictions	<u>\$ 11,305,630</u>	<u>\$ 2,930,328</u>	<u>\$ (1,607,913)</u>	<u>\$ 12,628,045</u>
	<u>Balance at June 30, 2020</u>	<u>Additions</u>	<u>Release from Restrictions</u>	<u>Balance at June 30, 2021</u>
Restricted for Purpose:				
Capital campaign	\$ 7,329,387	\$ 4,360,810	\$ (885,157)	\$ 10,805,040
Adaptive rowing program	15,188	-	(15,188)	-
Middle/High school program	10,000	270,625	(164,167)	116,458
COVID response	32,143	-	(32,143)	-
Other	-	89,538	(53,500)	36,038
	<u>7,386,718</u>	<u>4,720,973</u>	<u>(1,150,155)</u>	<u>10,957,536</u>
Restricted for Time:				
General operating support	635,000	30,000	(291,667)	373,333
Present value discount adjustment	<u>(31,971)</u>	<u>6,732</u>	<u>-</u>	<u>(25,239)</u>
Total Net Assets with Donor Restrictions	<u>\$ 7,989,747</u>	<u>\$ 4,757,705</u>	<u>\$ (1,441,822)</u>	<u>\$ 11,305,630</u>

Row New York, Inc.

Notes to Financial Statements
June 30, 2022

10. Commitments and Contingencies

Commitments

On May 4, 2022, the Organization entered into a lease for facilities under an operating lease that commenced July 1, 2022, and expires December 31, 2024. The Organization did not lease office space during 2022 and 2021.

Future minimum annual lease obligations as of June 30, 2022 are:

2023	\$	60,000
2024		61,800
2025		<u>63,654</u>
	\$	<u>185,454</u>

Contingencies

The Organization, in the normal course of business, may be exposed to various potential claims and assessments, which in the opinion of management, in the event of unfavorable outcomes, the Organization has insured against or would not materially impact the financial stability of the Organization.

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. The Organization has recorded a \$100,000 liability related to the potential decommissioning.

11. Concentration of Revenue and Pledges and Grants Receivable

For the years ended June 30, 2022 and 2021, a single donor contributed \$2,150,000 and \$1,800,000 million in contribution support, representing approximately 45% and 25% of the Organization's total support and revenue.

At June 30, 2022 and 2021 three and five donors compromised approximately 75% and 95% of total pledges and grants receivable.

Row New York, Inc.

Notes to Financial Statements June 30, 2022

12. Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets and resources available as of June 30, to meet cash needs for general expenditures within one year of the date of the statement of financial position:

	<u>2022</u>	<u>2021</u>
Financial Assets:		
Cash	\$ 9,727,041	\$ 8,776,820
Pledges and grants receivable, net	<u>1,009,361</u>	<u>1,821,186</u>
Total Financial Assets	10,736,402	10,598,006
Less contractual or donor imposed restrictions amounts:		
Restricted by donor with time or purpose restrictions	<u>7,617,330</u>	<u>7,036,575</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 3,119,072</u>	<u>\$ 3,561,431</u>

A portion of the net asset amounts with donor restrictions have been used to pay for soft costs relating to the construction of the boathouse. As of June 30, 2022 and 2021, \$5,010,715 and \$4,269,055 was expended on such costs.

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. As part of the Organization's liquidity management strategy, the Organization seeks to maintain adequate liquidity to meet its obligations, including planned expenditures as approved by the Board. The Organization has a goal of maintaining 90 days cash on hand to ensure its ability to meet normal operating expenses.

The Organization also has a committed line of credit in the amount of \$250,000, which it could draw upon in the event of an unanticipated liquidity need. Anticipated cash flow for the budget year is reviewed monthly by members of the senior management team and quarterly by the Board.

13. Risks and Uncertainties

The ongoing Coronavirus pandemic has resulted in substantial volatility in the global economy. While management has implemented measures to mitigate the impact of the pandemic, the extent to which the Organization's operations are impacted will depend on future developments. As a result, the full extent of any adverse impact on the results of operations, financial position, and cash flows in the Organization cannot be reasonably estimated at this time.

Row New York, Inc.

Notes to Financial Statements
June 30, 2022

14. Subsequent Events

Subsequent to year end, in September 2022, the Organization entered into a license agreement with the City of New York Department of Parks and Recreation to use, occupy, maintain and operate rowing facilities at Sherman Creek in Manhattan, New York. The project will involve the construction of a new, state-of-the-art Community Boathouse and Learning Center. The project is expected to begin construction during the calendar year 2023 and is expected to take approximately two years to be completed, at which time, once occupied and operational, the license agreement provides that the Boathouse will become City property and the Organization will have the exclusive right to use and occupy the space for the remainder of the 20 year term with an option for renewal.

* * * * *