

**GOVERNORS ISLAND ALLIANCE, INC.  
FINANCIAL STATEMENTS  
(WITH INDEPENDENT AUDITOR'S REPORT)  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**GOVERNORS ISLAND ALLIANCE, INC.  
FINANCIAL STATEMENTS  
(WITH INDEPENDENT AUDITOR'S REPORT)  
FOR THE YEAR ENDED DECEMBER 31, 2015**

TABLE OF CONTENTS

	<u>Page Number</u>
Independent Auditor's Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6-7

**LEDERER, LEVINE & ASSOCIATES, LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

KENNETH J. LEDERER, CPA  
STEVEN J. LEVINE, CPA  
DEREK A. FLANAGAN, CPA

1099 WALL STREET WEST - SUITE 280  
LYNDHURST, NEW JERSEY 07071  
(201) 933-3780  
(201) 933-3575 FAX

149 MADISON AVENUE - 11<sup>th</sup> FLOOR  
NEW YORK, NEW YORK 10016  
(800) 269-3457 (NYC)

**INDEPENDENT AUDITOR'S REPORT**

The Board of Directors  
Governors Island Alliance, Inc.

We have audited the accompanying financial statements of Governors Island Alliance, Inc. (the "Alliance") which comprise the statement of financial position as of December 31, 2015, 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 above present fairly, in all material respects, the financial position of Governors Island Alliance, Inc. as of December 31, 2015 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

  
\_\_\_\_\_  
Lederer, Levine & Associates, LLC

November 5, 2016

**GOVERNORS ISLAND ALLIANCE, INC.  
STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2015**

**ASSETS**

Cash and cash equivalents (Notes B and D)	\$	404,214
Contributions receivable (Note B)		503
Prepaid expenses		2,652
Security deposits		<u>5,200</u>

<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>412,569</u></b>
---------------------	-----------	-----------------------

**LIABILITIES**

Accrued expenses	\$	<u>200</u>
------------------	----	------------

<b>TOTAL LIABILITIES</b>		<u>200</u>
--------------------------	--	------------

**COMMITMENTS AND CONTINGENCIES (Note C)**

**NET ASSETS**

Unrestricted		370,702
Temporarily restricted (Note E)		<u>41,667</u>

<b>TOTAL NET ASSETS</b>		<u>412,369</u>
-------------------------	--	----------------

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$</b>	<b><u>412,569</u></b>
---	-----------	-----------------------

The accompanying notes are an integral part of these financial statements.

**GOVERNORS ISLAND ALLIANCE, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUE:</b>			
Contributions	\$ 345,746	\$ 70,000	\$ 415,746
Special event (net of related expenses of \$66,823)	406,927		406,927
Interest	221		221
	<u>28,333</u>	<u>(28,333)</u>	
Net assets released from restrictions			
<b>Total Support and Revenue</b>	<u>781,227</u>	<u>41,667</u>	<u>822,894</u>
<b>EXPENSES:</b>			
Program services	304,830		304,830
Management and general	151,690		151,690
Fundraising	88,247		88,247
<b>Total Expenses</b>	<u>544,767</u>		<u>544,767</u>
<b>Change in Net Assets</b>	236,460	41,667	278,127
<b>Net Assets - Beginning of Year</b>	<u>134,242</u>		<u>134,242</u>
<b>Net Assets - End of Year</b>	<u>\$ 370,702</u>	<u>\$ 41,667</u>	<u>\$ 412,369</u>

The accompanying notes are an integral part of these financial statements.

**GOVERNORS ISLAND ALLIANCE, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 151,538	\$ 56,507	\$ 62,126	\$ 270,171
Payroll taxes and benefits	12,711	4,520	4,897	22,128
Employee benefits	<u>358</u>	<u>149</u>	<u>169</u>	<u>676</u>
Total salaries and related costs	164,607	61,176	67,192	292,975
Program grants	20,295			20,295
Professional fees	46,902	67,882	12,450	127,234
Occupancy (Note C)	14,067	5,246	5,767	25,080
Special event expenses			66,823	66,823
Meetings and meals	2,508	689	2,401	5,598
Program and office supplies	44,857	2,666	427	47,950
Telephone	796	399		1,195
Printing and copying	10,288	60		10,348
Insurance		3,593		3,593
Other	<u>510</u>	<u>9,979</u>	<u>10</u>	<u>10,499</u>
Totals	<u>304,830</u>	<u>151,690</u>	<u>155,070</u>	<u>611,590</u>
Less: expenses deducted directly from revenues on the statement of activities for special events			<u>66,823</u>	<u>66,823</u>
Total expenses	<u>\$ 304,830</u>	<u>\$ 151,690</u>	<u>\$ 88,247</u>	<u>\$ 544,767</u>

The accompanying notes are an integral part of these financial statements.

**GOVERNORS ISLAND ALLIANCE, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Change in net assets	\$ 278,127
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Changes in operating assets and liabilities:	
Contribution receivables	(503)
Prepaid expenses	(2,652)
Security deposits	(5,200)
Accrued expenses	200
<b>Net Cash Provided by Operating Activities</b>	<b>269,972</b>
 <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	 269,972
Cash and cash equivalents - beginning of year	134,242
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 404,214</b>
 <b>Supplementary Disclosure of Cash Flow Information:</b>	
Cash paid during the year for interest	\$ - 0 -

The accompanying notes are an integral part of these financial statements.

**GOVERNORS ISLAND ALLIANCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**Note A - Organization and Nature of Activities**

Governors Island Alliance, Inc. (the "Alliance") (DBA: The Friends of Governors Island) was founded in 1995 as a project of the Regional Plan Association. The Alliance began to operate as an independent entity in September, 2014. The Alliance is incorporated under the Not-For-Profit Laws of the State of New York, and is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code.

The Alliance's mission is to support Governors Island with volunteers, financial resources and advocacy.

**Note B - Summary of Significant Accounting Policies**

**Basis of Accounting**

The Alliance follows accounting principles generally accepted in the United States of America ("U.S. GAAP") which include certain specialized requirements set forth in publications of the Financial Accounting Standards Board.

**Cash and Cash Equivalents**

The Alliance considers all highly liquid investments with a maturity of less than three months to be cash equivalents.

**Contributions**

Contributions are recognized when the donor makes a promise to give to the Alliance that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Donations other than cash are recorded in the financial statements at the fair market value at the date of the donation. Donated investments are also reported at fair value at the date of receipt.

**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 November 5, 2016.

**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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Contributed Services**

Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, would typically need to be purchased if not provided by donation, and are recorded at their fair values in the period received.

**Property and Equipment**

Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization are provided for on the straight line basis over the estimated useful lives of the assets. The Alliance capitalizes property and equipment with a useful life of two years or more, unless such property and equipment is funded by a grantor, and the grantor retains title to the property and equipment.



**GOVERNORS ISLAND ALLIANCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**  
**(Continued)**

**Note B – Summary of Significant Accounting Policies (continued)**

**Fair Value Measurements**

Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**Fair Value Measurements**

U. S. GAAP has established a fair value hierarchy organized into three levels based upon the “input” assumptions used in pricing assets. Level 1 inputs reflect assets with quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices that are observable either directly or indirectly with fair value being determined through the use of models or other valuation methodologies. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

**Accounting for Uncertainty in Income Taxes**

The Alliance’s accounting policy is to provide liabilities for uncertain tax positions when a liability is probable and estimable. Management is not aware of any violation of its tax status as an organization exempt from income taxes, nor of any exposure to unrelated business income tax.

**Note C – Commitments and Contingencies**

The Alliance leased office space under an operating lease that expired in August 31, 2016. In September, 2016, the Alliance began to lease on a month to month basis.

Rent expense amounted to approximately \$26,400 for the year ended December 31, 2015.

**Note D – Concentrations**

- 1) The Alliance maintains bank accounts at a bank which is an institution insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor. At December 31, 2015, there were uninsured cash balances of approximately \$154,200. Management believes that credit risk related to the accounts is minimal.
- 2) For the year ended December 31, 2015 approximately 49% of the Alliance’s support and revenue was received from one event.

**Note E – Temporarily Restricted Net Assets**

Temporarily restricted net assets were subject to the following restrictions as of December 31, 2015:

Time restrictions	\$ <u>41,667</u>
-------------------	------------------