

Testimony on Intro 699 – Annual Report of Funds for Parks by Non-Governmental Organizations

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before

**The New York City Council
Committee on Parks and Recreation**

by

**Tupper Thomas
President, Prospect Park Alliance**

Chairwoman Foster and Members of the Committee:

Thank you for inviting me to testify today on Intro 699, which would require the Mayor to provide an annual report of funding and/or goods and services by non-governmental entities to New York City Parks. My name is Tupper Thomas, and I am the President of the Prospect Park Alliance. In addition, I also serve as the Administrator of Prospect Park. As you know, the Prospect Park Alliance (*the Alliance*) in partnership with the City of New York and the community, restores, develops, and operates the Park for the enjoyment of all New Yorkers. The Alliance is dedicated to serving visitors through its facilities and programs, caring for the Park's natural environment, and preserving its historic design. Prospect Park's 585 acres of meadows, waterfalls, forest, lakes, and athletic facilities comprise a masterwork of urban green space.

As a public-private partnership, the Alliance has a long standing tradition of transparency and disclosure of contributions. In fact, our annual report lists all contributors and contributions (including in-kind donations) of \$250 and above. Specifically, this listing includes individual gifts, corporate donations, foundation awards, and government funding. As a 501(c) (3), we are required to file a 990 Form with the Internal Revenue Service and the State of New York, which provides information that helps government agencies enforce the laws that govern nonprofits, as well as, a great deal of financial information about the filing organization's financial condition, financial strength or weakness, and as the sources of its income.

Clearly, the Alliance is a firm believer in a high level of transparency, and I believe other public-private partnerships throughout the Parks system are as well. However, I question if this legislation, which will only add another layer of bureaucracy, accomplishes your goal. I encourage the Members of the Committee to truly examine the impact this legislation will have on these non-profit organizations, especially the smaller groups, and on the cost to prepare such a document for the Parks Department.

Again, thank you for inviting me to testify today on this important issue. I would be pleased to answer any questions.



City of New York Parks & Recreation



**New York City Council
Committee on Parks & Recreation**

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Committee on Parks & Recreation**

Introduction Number 699
(requiring the Mayor to provide an annual report of funding and/or goods
and services by non-governmental entities to New York City parks)

May 7, 2008

**Testimony by
First Deputy Commissioner Liam Kavanagh**

Supreme Court Justice Louis Brandeis famously said that "Sunlight is said to be the best of disinfectants..." and we couldn't agree more. The Bloomberg administration, and New York City Parks & Recreation, have embraced initiatives that increase transparency and ensure a greater level of accountability in government. We are moving towards a more transparent system of documenting all aspects of our day-to-day business with concrete steps that will increase accountability in all of our relationships with non-governmental organizations. We will discuss with the committee some of the information we have from those efforts.

Over the last 25 years, creative partnerships have been the story of revitalization and reinvigoration of our city parks. From Bryant, Prospect and Central Parks, to Greenstreets and GreenThumb, to ballfields and playgrounds, our 29,000 acres of green space have benefited from tremendous public and private support in the form of money, energy, time, creativity and personal commitment of thousands of New Yorkers. These contributions have resulted in cleaner, greener, safer and active parks, playgrounds, ballfields and streets in neighborhoods throughout the city.

INTRODUCTION NUMBER 699

Introduction Number 699 requires the administration to submit a report listing non-governmental agencies and/or individuals that have given money, services and goods to the parks. The report targets donations of goods, services and items donated, greater than \$1,000 in value, and requires a detailed explanation on how much money was given, as well as how much was spent for each individual park. Additionally, the purpose of the donation and the park that received the donation must be listed.

First, I'd like to give you the good news: much of what this legislation requires is already available to Parks and to the public. And with our on-going efforts to change the way in which

we conduct business, we have the gears in motion to compile much of the vast amount of information needed for Introduction number 699.

The bill as drafted also contains some serious challenges and concerns for us, specifically when it comes to contracts, reporting timelines, delineation of information by park, the values required to be placed on volunteer efforts citywide, and the reporting threshold. We will discuss this in a few minutes.

EFFORTS BEING MADE AT PARKS

Assistant Commissioner Imohiosen has taken the lead on initiating a comprehensive review of all our relationships with not-for-profit partners currently on the property of the agency. That includes compiling every 990 form for all of the non-profit partners required to file them, reviewing contracts and negotiating new agreements, in an effort to standardize these agreements and make them more readily accessible.

FEDERAL REQUIREMENTS ON NON-PROFITS AND THE VALUE OF THE 990 FORM

Since 1979, the Internal Revenue Service (IRS) has required the filing of a 990 form by public charities and other tax-exempt organizations. With some exceptions, federally tax-exempt nonprofits that have incomes of more than \$25,000, and all 501(c)(3) private foundations, regardless of income, are required to annually file with the IRS a 990 form. In general, nonprofits that have not received tax-exempt status from the IRS, most faith-based organizations, nonprofits with incomes of \$25,000 or less, and subsidiary organizations, do not have to file 990 forms.

For the 2008 tax season, the IRS revamped the 990 form to keep pace with changes in the tax laws and with the increasing size, diversity, and complexity of the tax exempt sector. As a result, the new form is better aligned with the IRS' compliance interests of transparency and the accountability needs of the states, the general public, and local communities served by the non-profit organizations. The new form provides a front page snapshot of key financial and operating information, governance, compensation and organization reporting, with greater detail on the composition of the group's board and governing body, as well as information required outside of the federal laws that ensure good governance and accountability practices that provide safeguards for the organization's assets.

990 forms are available on the Internet. They are open, accessible and tell the entire story of an organization's income and revenue, expenditures, programming objectives, staff compensation, liabilities and the composition of its board of directors. Assistant Commissioner Imohiosen is obtaining 990 forms from all IRS-mandated reporting groups that provide funds, goods or services to our parks. We ask that the Council consider using this form as the basis for reporting to avoid creating an additional bureaucratic burden on these organizations.

AGENCY-WIDE TRACKING OF DONATIONS, AGREEMENTS AND TRUST-IN-AGENCY ACCOUNTS

Parks tracks the private and public funds that are donated to the agency, as well as those paid to the many 'friends of', conservancy, foundation and funds groups that do work across the five boroughs. Our grants office provides a twice annual report to the New York City Conflicts of Interest Board detailing the number and amount of each donation of \$5,000 or more to all of our many affiliate groups. For example, during the period of October 2007 to March 2008, Parks and parks-related groups received \$2.88 million in donations of \$5,000 or more from entities ranging from non-profits, foundations, schools, food companies and arts organizations.

In the area of marketing and corporate sponsorships, the Department records income from parks-produced events, recreational programming, Adopt-a-Park donations, special projects and merchandising, with total income of approximately \$1.2 million so far for Fiscal Year 2008.

Parks & Recreation also tracks other entities and sources of funds that are donated to and paid by the agency. For example, our Budget Division tracks 26 Trust-In-Agency accounts held by Parks as trustee for groups and organizations. Budget oversees Trust-in-Agency accounts holding totaling \$18.9 million, with groups as diverse as the Kerb Boathouse and Columbia University to Elmhurst Park and our Mounted Park Enforcement Patrol officers. These funds are closely monitored by Parks with respect to their deposits, expenses and balances from year to year.

Lastly, our Budget Division manages our large contractual agreements with entities such as the Central Park Conservancy and the Wildlife Conservation Society. Our staff tracks payments made to these entities from Parks tax levy funds, and monitors income and revenue to these groups that reduces the agency's fiscal obligations.

CHALLENGES

Before I discuss with you the challenges we see with Introduction number 699 as drafted, I want to reiterate our shared commitment to full disclosure and the steps we have undertaken towards this purpose. With that being said, we see five distinct challenges in the bill as drafted:

1. Contracts: It would be difficult to change material terms of existing contracts to add additional reporting requirements beyond what is now publically available. However, going forward, when a contract is renewed, we can include reporting requirements in newly-drafted and amended contracts;
2. Reporting timelines: Right now, if the bill were passed, it would take effect immediately and require reporting on fiscal year 2008 this December. In order to comply with every element of the bill as drafted, include ensuring reporting compliance of our affiliated groups, we would need to extend the reporting deadline significantly;
3. Delineation of information: The bill as drafted would ask us to delineate funding by park or organization, which in many circumstances, would be difficult or impossible. Many of

the funds coming into Parks are not designated to specific parks or locations, but rather a borough or a program that covers multiple locations or facilities;

4. Volunteers: Most difficult would be to comply with the requirement of placing a value on volunteers in our parks. Volunteers provide valuable services for parks all over the city, but quantifying and reporting those contributions to comply with the bill as written would be an administrative and bureaucratic burden that runs counter to the spirit of public service; and
5. Reporting threshold: As the bill currently stands, we would like to see the minimum reporting threshold raised to \$25,000, or 2% of the total contributed income received by an organization during the year, the same limit required by the 990 form, whichever is less. A threshold of \$1,000 would capture an unwieldy number of groups, individuals and volunteers and would serve no purpose other than to complicate a process that might be better focused on large-scale donations of goods and services to our parks.

CONCLUSION

We thank Chair Foster for her leadership in drafting this bill, and for highlighting the need for further transparency in government. Any initiative that would widely distribute pertinent information to a larger audience that would increase and enhance the public's participation in our efforts to make New York City greener, cleaner and healthier, is one we would embrace.

We look forward to working with the Council to improve the bill so that the requirements of reporting and disclosure work to further, rather than hinder our efforts to provide a safe, healthy and vibrant park system of all of our 8.1 million residents and countless millions of visitors every year.