

***The City of New York
Office of the Comptroller
Bureau of Financial Audit***

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WILLIAM C. THOMPSON, JR.
Comptroller

**Audit Report on Funds Raised by the
New York City Department of Parks and Recreation
And Maintained in Custodial and Restricted Accounts
By the City Parks Foundation**

FM01-166A

June 25, 2002

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EXECUTIVE SUMMARY

Background

The New York City Department of Parks and Recreation (Parks) maintains 28,000 acres of City parkland and provides the public with a variety of recreational opportunities through its ball fields, tennis courts, beaches, swimming pools, recreation centers, etc. Parks is also responsible for 500,000 street trees and two million park trees. Parks activities are funded through the City's General Operating Fund.

In addition to City funds, Parks raises "private" funds from individuals and organizations that are instructed to make their checks payable to the City Parks Foundation (Foundation). Those funds are deposited in several custodial accounts maintained by the Foundation or deposited in restricted accounts with the Foundations own funds. They are spent at Park's direction.

Besides the custodial accounts, Parks deposited "private" funds in several restricted accounts with the Foundation. Three audit reports have already been issued covering restricted accounts for Park's Urban Park Service Division, its Tree Trust Program, and its Marketing Division. Furthermore, Parks deposited funds into 28 other restricted accounts that were not covered in our first three audits. During Fiscal Year 1999, Parks deposited a total of \$574,094 in these accounts, which were examined during this audit.

This is the fourth and final report that will be issued covering the private funds raised by Parks and maintained by the Foundation. This report discusses the methods used by Parks to solicit private funds, as well as the results of our examination of funds deposited with the Foundation in the custodial accounts and in the 28 other restricted accounts.

Objectives, Scope, and Methodology

Our audit objectives were to review Parks's fund-raising practices and its internal controls governing the receipt and expenditure of funds raised for its custodial and restricted accounts, including: the propriety of Division employees raising private funds that are deposited with the Foundation; the adequacy of the internal controls over the processing, recording, reporting, and expending of these funds; and the accuracy of the accounting for and the recording and reporting of these funds.

Our audit covered the period from July 1, 1998, through June 30, 1999. To review internal controls, we interviewed Foundation and Division officials to gain an understanding of the procedures for recording, reporting, and expending "private" funds. Based on our interviews, we determined that the Foundation and the Division did not have sufficient controls in place to ensure that all funds raised are properly safeguarded and that the funds are expended in accordance with Parks guidelines. Therefore, we conducted substantive testing on the Custodial and Restricted accounts, as discussed in the body of this report.

This audit was conducted in accordance with generally accepted government auditing standards (GAGAS) and included those tests of the records and other auditing procedures we considered necessary. This audit was performed in accordance with the City Comptroller's audit responsibilities as set forth in Chapter 5, § 93 of the New York City Charter.

Results in Brief

Parks inappropriately bypassed the City Treasury by depositing \$3,511,779 in private funds it raised by soliciting donations at City recreation centers, by selling goods and services, by issuing permits, and by soliciting grants and donations in fiscal year 1999. In addition, Parks inappropriately instructed individuals seeking membership at City recreation centers,¹ and production

¹ On April 26, 2002, the Parks Commissioner published in *The City Record* a proposal to add a section to the City Administrative Code establishing mandatory recreation center membership fees. According to Parks officials, if this is approved, all membership fees will be deposited in the City Treasury. A public hearing on this proposal will be held May 28, 2002, and, barring any unforeseen circumstances, the charging of membership fees will commence 30 days later.

companies and individuals seeking permits, to label their payments as “donations” so that the amounts collected could be deposited with the Foundation.

Parks spent the bulk of the funds it raised on park-related programs; however it spent \$22,322 on trips to colleges for on-campus recruitment, and on office furniture, postage, and parties that were not in compliance with its guidelines. Parks also made \$8,182 in duplicate payments, and it did not obtain bids for 28 of 115 purchases costing more than \$1,000, as required by its guidelines.

Finally, we noted that the Foundation did not properly post all revenue and expense transactions on its books and records. Consequently, there was a \$1,193,404 difference between the custodial bank statements and the Foundation’s accounting records.

This report makes the following recommendations:

Parks should:

1. Require that all proceeds for the custodial and restricted accounts be deposited in the City Treasury. In addition, funds for these accounts on deposit with the Foundation should be transferred to the City Treasury. Until the transfer of these funds is made, Parks should ensure that these funds are reconciled and spent in accordance with Parks’s guidelines.
2. Cease the practice of instructing individuals and companies to label payments as donations.
3. Ensure that all recreation personnel are adequately trained in and follow Parks policies regarding the collection of fees and donations until membership fees are mandated by the City Administrative Code.

The Foundation should:

4. Cease accepting moneys for Parks custodial and restricted accounts and forward all balances it manages on behalf of Parks custodial and restricted accounts to the Parks Budget Office.

Agency Response

The matters covered in this report were discussed with Parks and Foundation officials during and at the conclusion of this audit. A preliminary draft was sent to Parks and Foundation officials and was discussed with Parks officials at an exit conference held on May 23, 2002. On May 28, 2002, we

submitted a draft report to Parks and Foundation officials with a request for comments. We received written responses from Parks on June 6, 2002, and from the Foundation on June 18, 2002.

In its response, Parks stated that it agreed with most of the findings and stated that two of the three recommendations have or will be implemented. Parks did not agree to transfer remaining funds on deposit with the Foundation to the City Treasury. Parks stated that the Funds would instead remain with the Foundation until they are spent.

However, the Foundation responded that it intends to comply with the report's recommendations that it cease accepting moneys for Parks custodial and restricted accounts and that it forward all the balances it manages regarding these accounts to the Parks Budget Office.

The full texts of the Parks and Foundation responses are included as addenda to this report.

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**Audit Report on Funds Raised by the
New York City Department of Parks and Recreation
And Maintained in Custodial and Restricted Accounts
By the City Parks Foundation**

FM01-166A

INTRODUCTION

Background

The New York City Department of Parks and Recreation (Parks) seeks to maintain a clean and safe parks system, providing the public with a greener City and a wide variety of recreational opportunities. The City's 28,000-acre municipal park system includes 614 turf ball fields, 550 tennis courts, 33 outdoor swimming pools, 10 indoor swimming pools, 35 recreation centers, 14 miles of beaches, 13 golf courses, six ice rinks, four major stadiums, and four zoos. Parks is also responsible for approximately 500,000 street trees and two million park trees.

The City funds Parks activities through annual appropriations from the General Fund and Capital Budget. Spending against these are subject to all City rules and regulations. In addition to the funds received from the City, certain Parks divisions raise "private" funds from individuals and organizations that are instructed to make their checks payable to the City Parks Foundation (Foundation).¹ These private funds are either deposited into several custodial accounts maintained by the Foundation or are pooled together in restricted accounts with the Foundation's own funds. In either case, the funds are spent at Parks's direction. Each month, the Foundation submits a report to Parks detailing the private funds raised and expended by Parks.

Parks first raised "private" funds and deposited those funds with a not-for-profit organization at a time of City budget cuts in the 1980s. Parks's custodial accounts were initially held by the Cultural Council Foundation and were transferred later to the City Parks Foundation on April 25, 1991. During Fiscal Year 1999, the Foundation maintained more than \$2.9 million

¹ The Foundation is a not-for-profit corporation that was established in 1989. On June 5, 1991, the Foundation entered into a formal agreement with Parks that allowed the Foundation to assist and support Parks in the restoration, maintenance, and management of City parks. The Foundation supports its activities by soliciting donations from corporations and individuals.

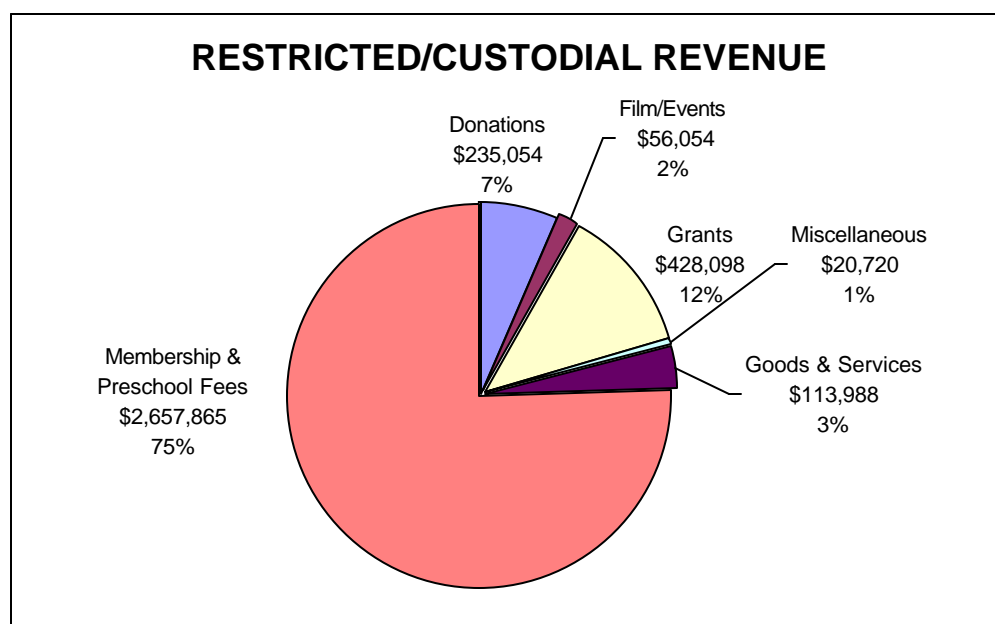
in revenue in 36 custodial accounts that consisted of 19 recreation accounts, five Borough Commissioner accounts, and 12 other Parks program accounts.

In addition to the custodial accounts, Parks deposited private funds in several restricted accounts with the Foundation. Three audit reports have already been issued covering restricted Parks accounts—the Urban Park Service Division (Audit # FM00-171A, issued on May 31, 2001), the Tree Trust Program (Audit # FM01-165A, issued on June 28, 2001), and the Marketing Division (Audit # FM01-167A, issued April 19, 2002). During the course of our examination of the custodial accounts, we discovered that Parks had 28 other restricted accounts that were not disclosed to us during our first three audits. Therefore, we expanded this audit to cover these accounts. During Fiscal Year 1999 Parks deposited a total of \$574,094 in the 28 accounts.

This is the fourth and final report that will be issued covering the private funds raised by Parks and maintained by the Foundation. This report discusses the methods used by Parks to solicit private funds and the results of our examination of funds deposited with the Foundation in the custodial accounts and the 28 other restricted accounts.

Chart I, below, summarize the categories and the total funds raised by Parks and deposited in the custodial accounts and the 28 restricted accounts during Fiscal Year 1999. (See Appendix I for a detailed list of the accounts.)

Chart I
Revenues by Category



Objectives

Our audit objectives were to review Parks's fund-raising practices and its internal controls governing the receipt and expenditure of the funds it raises, including:

- the propriety of Park employees raising private funds that are deposited with the Foundation;
- the adequacy of the internal controls over the processing, recording, reporting, and expending of those funds; and
- the accuracy of the recording and reporting of those funds.

Scope and Methodology

Our audit covered the period July 1, 1998, to June 30, 1999 (Fiscal Year 1999). To obtain an understanding of the relationship between Parks and the Foundation, we interviewed officials from both entities. We gathered background information on the Foundation and identified specific areas within Parks that raised private funds maintained by the Foundation.² Based on our interviews, we developed detailed audit tests to satisfy the audit objectives.

To review internal controls, we interviewed Foundation and Parks officials to obtain an understanding of the procedures for recording, reporting, and expending private funds. Based on our interviews, we determined that the Foundation and Parks did not have sufficient controls in place to ensure that all funds raised are properly safeguarded and that the funds are expended in accordance with Parks guidelines. Therefore, we conducted substantive testing on the Custodial and Restricted accounts as discussed below.

We interviewed Parks officials to gain an understanding of its policies and procedures for soliciting funds. We contacted individuals and companies that made "donations" to determine the methods used by Parks employees to raise funds for the custodial and restricted accounts. As part of our examination of the custodial accounts, we visited City recreation centers to determine whether Parks charged mandatory fees or solicited donations for membership. We also met with officials from the Mayor's Office of Filming, Broadcasting, and Theater to obtain information on production companies that paid Parks for film permits. In addition, we interviewed several individuals and representatives of various organizations to evaluate the propriety of the methods used by Parks employees to raise funds.

² Since our audit scope covered only the funds raised by Parks and maintained by the Foundation, we were not provided full access to the Foundation's financial records.

To determine whether the Foundation accurately recorded, reported, and accounted for the funds raised by Parks, we reviewed monthly general ledgers and traced transactions listed on the ledgers to the supporting documentation (e.g., permits, deposit sheets, and bank statements.)³ In addition, we examined expense vouchers, vendor invoices, bid sheets, and other related documentation to verify whether sampled expenses were in accordance with Parks guidelines.

To determine whether payroll disbursements from restricted accounts were properly recorded, we selected a sample of October 1998 payroll transactions and matched the amounts recorded on the general ledger to the Payroll Summary Report.

* * * * *

This audit was conducted in accordance with generally accepted government auditing standards (GAGAS) and included tests of the records and other auditing procedures considered necessary. This audit was performed in accordance with the City Comptroller's audit responsibilities as set forth in Chapter 5, § 93, of the New York City Charter.

Agency Response

The matters covered in this report were discussed with Parks and Foundation officials during and at the conclusion of this audit. A preliminary draft was sent to Parks and Foundation officials and was discussed with Parks officials at an exit conference held on May 23, 2002. On May 28, 2002, we submitted a draft report to Parks and Foundation officials with a request for comments. We received written responses from Parks on June 6, 2002, and from the Foundation on June 18, 2002.

In its response, Parks stated that it agreed with most of the findings and stated that two of the three recommendations have or will be implemented. Parks did not agree to transfer remaining funds on deposit with the Foundation to the City Treasury. Parks stated that the Funds would instead remain with the Foundation until they are spent.

However, the Foundation responded that it intends to comply with the report's recommendations that it cease accepting moneys for Parks custodial and restricted accounts and that it forward all the balances it manages regarding these accounts to the Parks Budget Office.

The full texts of the Parks and Foundation responses are included as addenda to this report.

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³ Due to the large volume of transactions for the 19 recreation center accounts, we performed limited transaction testing. These tests included obtaining ledgers, examining large dollar transactions, and analyzing funds raised and expended.

FINDINGS AND RECOMMENDATIONS

Parks inappropriately deposited—with the Foundation instead of the City Treasury—“private” funds raised by Parks. Parks raised these funds by soliciting donations, instead of charging membership fees, at City recreation centers, by selling goods and services, by issuing permits, and by soliciting grants and donations. Since City employees using City resources raised these funds, we consider them to be City revenue, subject to all City guidelines in terms of how they are accounted for and expended. As such, these funds clearly should have been deposited in the City Treasury.

Parks inappropriately instructed individuals seeking membership at City recreation centers, and production companies and individuals seeking permits, to label their payments as “donations” so that the amounts collected could be deposited with the Foundation.

During Fiscal Year 1999, Parks officials raised approximately \$3.5 million and disbursed approximately \$2.9 million. The bulk of these expenditures was used for park-related programs. However, Parks spent \$22,322 on trips to colleges for on-campus recruitment, and on office furniture, postage, and parties that violated Parks’s own guidelines. In addition, Parks made \$8,182 in duplicate payments, and it did not obtain bids for 28 of 115 purchases costing more than \$1,000, as required by Parks’s guidelines.

Finally, we noted that the Foundation did not properly post all revenue and expense transactions on its books and records. Consequently, there was a \$1,193,404 difference between the custodial bank statements and the Foundation’s accounting records.

Because of our concerns regarding these and other matters, we sent a letter dated January 12, 2001, to Parks officials, notifying them of these and similar issues regarding its Urban Park Service Division, the Tree Trust Division, and the Marketing Division. (The portion of the letter pertaining to the custodial accounts is included as Appendix II.) Our findings are discussed in the following sections of this report.

Parks Inappropriately Deposited \$3.5 Million In City Funds with the Foundation

Park officials inappropriately bypassed the City Treasury by depositing \$3,511,779 in private funds it raised in Fiscal Year 1999 with the Foundation. These funds were maintained by the Foundation and held in its custodial and restricted accounts. As previously stated, Parks raised these funds by charging membership fees at City recreation centers, by selling goods and services, by issuing permits for filming and special events, and by soliciting grants and donations. Since Parks used City resources to raise these funds, we consider them to be City revenue, subject to all City guidelines in terms of how they are accounted for and expended. As such, these funds clearly should have been deposited in the City Treasury.

During Fiscal Year 1999, Parks recreation centers collected \$2,657,865 in membership fees. These fees were deposited with the Foundation instead of the City Treasury. According to New York State law, Parks is allowed to accept a donation for recreational purposes; however,

the funds must be deposited in the City Treasury. § 244-a, “Acceptance of Donations,” of *McKinney’s Consolidated Laws of New York*, states:

“A recreation commission . . . may accept any grant or devise of real estate or any gift or bequest of money or other personal property or any donation to be applied principal or income for either temporary or permanent use for playground or recreation Money received for such purpose, unless otherwise provided by the terms of the gift or bequest, shall be deposited with the treasurer of the municipality to the account of the recreation commission.”

During Fiscal Year 1999, Parks sold \$113,988 of goods and services to individuals and organizations and deposited those proceeds with the Foundation. For example New York University (NYU) purchased plants for \$1,000 for a special event held at Washington Square Park. On April 8, 1999 NYU remitted a check for the \$1,000 that was deposited with the Foundation. As another example, on February 2, 1999, Parks’s Director of Special Events instructed the New York Association For New Americans, INC. (NYANA) to pay \$6,846.19 for clean-up and restoration services associated with a special event held at a City park. Of this amount, \$2,636.19 was to be paid to the City of New York, \$2,710 was to be paid to the Conservancy for Historic Battery Park, and \$1,500 was to be paid to the City Parks Foundation. (See Appendix III.)

In addition, Parks received \$56,054 in permit fees for filming and other private events held in City parks during Fiscal Year 1999. For example, on November 16, 1998, Warner Bros. Television Productions remitted a check for \$800 payable to the Foundation for filming at one of the City recreation facilities. Under the City’s Administrative Rules, any group or individual wanting to hold a special event in the park should submit a permit application and pay the applicable fee to Parks. Accordingly, Parks should not have forwarded these fees to the Foundation.

Parks also solicited \$428,098 in grants and contributions during Fiscal Year 1999. Included in this amount was a payment of \$250,000 received from the U.S. Department of Justice as restitution for a January 1, 1990, oil spill. As part of the restitution agreement, the City was appointed trustee and receives \$250,000 annually to restore salt marsh land in Staten Island. However, Parks decided to deposit these funds in a restricted account maintained by the Foundation. We believe that since the City is the trustee, the restitution payments should have been deposited in the City Treasury.

Membership Fees

During the course of the audit, we made three visits to various City recreational centers to determine whether the amounts collected at the centers were mandatory fees or voluntary donations. When we attempted to join the centers as members, we found that most recreational centers required us to pay a mandatory fee, despite the fact that signs posted at the centers stated that the amounts collected were “suggested donations.”

During our first series of visits (May 9, 2000-May 26, 2000), recreation personnel at all nine recreation centers visited told us that a mandatory fee was required to become a member. Accordingly, we sent a letter to the former Parks Commissioner on September 28, 2000, to express our concern that the recreation personnel were collecting mandatory payments instead of asking for voluntary donations. Subsequently, on October 13, 2000, Parks's Deputy Commissioner responded that "Membership donations are voluntary at all Parks' recreation centers. . . .We are re-training all recreational center personnel. Borough Chiefs of Recreation have met with center managers, deputy center managers, and front desk staff. We are requiring recreation center personnel to demonstrate that they understand all donation procedures." (See letters in Appendix IV.)

Subsequent to the Parks October 13, 2000, response, we made a second set of visits (January 6, 2001-January 9, 2001) to 21 centers. The second visit revealed that most of the centers continued to require the public to make mandatory membership payments. Specifically, Parks personnel at 12 of the 21 recreation centers we visited told us that a payment was required before we could use the facilities. At three other centers, we were told that we could use the facilities for the day at no charge, but a fee was required to receive an annual membership card. We again informed Parks of the results of our visits in a January 12, 2001, letter. Parks responded to our letter on February 16, 2001, stating, "Membership donations are voluntary at all Parks' recreation centers and are used to provide the highest quality services and facilities to all of our center users. However, our centers are open to everyone regardless of his or her donation. It is our policy to issue membership cards to patrons who offer full or partial suggested annual donation. Patrons who do not wish to make a donation are welcome to use the facilities within our recreation centers, but do not receive membership cards." (See letters in Appendix II.)

Our third set of visits to 22 recreation centers took place on August 15 and August 16, 2001. It revealed that 11 centers (50%) still required a donation or fee to use the facilities and receive an annual membership card. Although a fee was still required at half of the centers, the results indicate that our two letters had an effect and that Parks was making some effort to re-train personnel at the recreational centers. A comparison between our first and last visits shows a reduction in centers requiring a payment, from 100 percent to 50 percent. Table I, following, details the results of our visits.

TABLE I

Recreation Centers Visits
Mandatory Fee vs. Voluntary Donations

Recreation Center	Visit #1	Visit #2	Visit #3
	May 9–26, 2000 Fee Required?	Jan. 6–9, 2001 Fee Required?	Aug.15–16, 2001 Fee Required?
Asser Levy (Manhattan)	Yes	No	No
Hamilton Fish (Manhattan)	Yes	Yes	No
Carmine (Manhattan)	Yes	No	Yes
St. Mary's (Bronx)	Yes	Yes	No
St James (Bronx)	Yes	Yes	No
Ft. Hamilton (Brooklyn)	Yes	N/V	No
Sunset Park (Brooklyn)	Yes	No	Yes
Lost Battalion (Queens)	Yes	Yes	Yes
Cromwell (Staten Island)	Yes	N/V	No
Brownsville (Brooklyn)	N/V	Yes	Yes
Red Hook (Brooklyn)	N/V	Yes	Yes
St. Johns (Brooklyn)	N/V	Yes	Yes
Herbert Von King (Brooklyn)	N/V	N/V	Yes
Louis Armstrong (Queens)	N/V	Yes	N/V
Roy Wilkens (Queens)	N/V	Yes	Yes
Sorrentino (Queens)	N/V	Yes	Yes
Alfred E. Smith (Manhattan)	N/V	No	Yes
Hansborough (Manhattan)	N/V	Yes	No
Jackie Robinson (Manhattan)	N/V	Yes	N/V
J. Hoodright (Manhattan)	N/V	Yes	Yes
Highbridge (Manhattan)	N/V	N/V	No
Pelham Fritz (Manhattan)	N/V	Yes	No
RC 54 East (Manhattan)	N/V	No	N/V
RC 59 West (Manhattan)	N/V	No	No
Thomas Jefferson (Manhattan)	N/V	Yes	No

N/V – Not Visited

Visit #1	9 out of 9 required payment	100%
Visit #2	15 out of 21 required payment	71%
Visit #3	11 out of 22 required payment	50%

On April 26, 2002, the Parks Commissioner published in *The City Record* a proposal to add a section to the City Administrative Code establishing mandatory recreation center membership fees. According to Parks officials, if this is approved, all membership fees will be deposited in the City Treasury. A public hearing on this proposal will be held May 28, 2002, and, barring any unforeseen circumstances, the charging of membership fees will commence 30 days later.

Parks Response: “The Parks Department has established a fee structure for Recreation Centers that will be put into effect July 1, 2002. Recreation Centers that have an indoor pool will charge \$75 for Adult membership. Recreation centers that do not have a pool will charge \$50 for adult membership. Seniors will be charged \$10 and youth under the age of 18 will be free.”

Permit Fees

In order to deposit fees for filming and events with the Foundation rather than the City Treasury, Parks requested that these payments be labeled as donations. Specifically, Parks officials instructed film and production companies to submit donation letters along with their fees. In one case, Parks requested that a production company revise its letter to state that the payment was a donation. Specifically, a Parks letter dated March 23, 1999, stated “We are unable to deposit your check with the letter that you included. The letter gives the impression Larry Scoones, our Park Manager, solicited the donation or was charging a fee. If you could please write a letter on your company letterhead explaining that the donation to the City Parks Foundation is for parks and park programs.” (See letter in Appendix V.)

In another example, a letter dated December 17, 1998, from NBC stated: “We wish to make a donation to show our gratitude. We have sent a check from NBC entertainment for \$700 to the City Parks Foundation. We hope this money will go back to parks and parks programs. We understand our check can not be deposited until this letter is received.” (See letter in Appendix VI.)

Parks Misspent \$22,322 **From Restricted Accounts**

During Fiscal Year 1999, at the direction of Parks, the Foundation paid \$22,322 for items that were not in compliance with Parks guidelines for restricted accounts. Specifically, the Foundation paid for trips to colleges for on campus recruitment, office furniture, postage, and parties. Table II, following, provides further information pertaining to these expenditures.

TABLE II

Misspent Funds **From Restricted Accounts**

Account Name	Amount	Percent of Account Misspent	Description
Staten Island Borough Commissioner	\$5,965	3.61%	Furniture, Party
Brooklyn Borough Commissioner	3,733	8.89%	Furniture, Party, Personal
Flushing Meadow Corona Park	2,885	3.39%	Furniture, Party
Commissioner Special Events	2,549	34.20%	Parking, Postage, Party
Commissioner Special	1,729	17.52%	Party, Recruitment
Queens Borough Commissioner	1,507	4.68%	Postage, Personal
Lifetime Friend of Parks	1,074	30.48%	Homecoming, Alumni
Manhattan Borough Commissioner	1,177	1.39%	Postage, Party, MetroCards
Incentive Committee	1,049	80.88%	Party
Bronx Borough Commissioner	655	1.81%	Water, Personal
Total	\$22,322		

Examples of the items purchased were dog toys and a birthday cake for the former Parks Commissioner's dog, food for ceremonies and meetings, and an air conditioner for a Borough Commissioner's office.

According to the Parks policies and procedures entitled "Guidelines for the Use of Park and Recreation Funds Held in Custodial Accounts by the City Parks Foundation," these funds from restricted accounts are not to be spent on office furnishings or equipment that are not for public use; personal postage, items, or gifts; parking; supplements to employee salaries; and, food purchases for employee meetings or gatherings.

Internal Control Issues

Parks did not properly reconcile and monitor the funds held by the Foundation. Specifically, the amount on deposit for the custodial accounts greatly differed from the amounts recorded on the Foundation's general ledger because revenue and expense transactions were not properly posted to the Foundation's records. As a result, the bank statements as of June 30, 1999, indicated that Parks had on account \$1,308,572, while the Foundation's books indicated a balance of \$115,167, a difference of \$1,193,404. Because of the large account differences, Parks assumed responsibility for maintaining the accounting records for all its recreation centers from the Foundation in November 2001. Although the fees are still deposited in a custodial bank account held by the Foundation, the revenues and expenses are being recorded within the Parks Fiscal Office.

In addition, Parks's files did not contain documentation for revenue and expense transactions totaling \$163,527, including two deposits into the Salt Marsh account totaling \$33,745, a \$2,229 purchase from AGW Lithographers, Inc., a \$1,197 purchase from Tiffany Lumber, and a \$1,284 purchase from Mitchell Rubber Products. Moreover, Parks made duplicate payments to vendors totaling \$8,182. Finally, Parks did not obtain bids for 28 of 115 purchases costing more than \$1,000, as required by Parks's guidelines. These purchases included a \$5,000 Christmas tree, a \$1,249 snow blower, and two computers totaling \$2,610.

Recommendations

Parks should:

1. Require that all proceeds for the custodial and restricted accounts be deposited in the City Treasury. In addition, funds for these accounts on deposit with the Foundation should be transferred to the City Treasury. Until the transfer of these funds is made, Parks should ensure that these funds are reconciled and spent in accordance with Parks's guidelines.
2. Cease the practice of instructing individuals and companies to label payments as donations.

Parks & Foundation Responses: Parks responded that all membership fees collected (See page eight.) will now be deposited in the City Treasury, as recommended. However, Parks stated that it will continue to forward donations it receives to the Foundation for deposit. Moreover, Parks stated that it will not comply with our recommendation to transfer funds on deposit with the Foundation to the City Treasury:

“Funds that are on deposit with the Foundation will remain in CPF [the Foundation]. Parks will ensure that these funds are reconciled and spent in accordance with Parks’s guidelines. DPR [Parks] is working with CPF to set up a reasonable time frame for spending the remaining balance.”

However, the Foundation responded that it intends to comply with our recommendation to cease accepting moneys for the Parks custodial and restricted accounts and to transfer the remaining funds on deposit to the Parks Budget Office.

Auditor Comment: Given the contradiction in the responses received from Parks and the Foundation we cannot ascertain whether the remaining funds will be transferred to the City Treasury, as recommended. It should be noted that we take exception to Parks’s decision not to transfer funds on deposit with the Foundation to the City Treasury since, as stated earlier, it was inappropriate to deposit these funds with the Foundation in the first place.

Furthermore, we interpret Parks’s response to mean that it will continue its practice of using City employees to solicit donations and deposit the amounts collected with the Foundation. In our January 12, 2001, letter to Parks, we recommended that the agency obtain an opinion from the Law Department as to whether it is proper for City employees to solicit funds for deposit with the Foundation. Since Parks still has not obtained this opinion, we continue to question the appropriateness of such solicitations and believe that any funds collected should be deposited in the City Treasury.

3. Ensure that all recreation personnel are adequately trained in and follow Parks policies regarding the collection of fees and donations.

Parks Response: “Parks will ensure that all recreation personnel are adequately trained in and follow Parks policies regarding the collection of fees and donations.”

The Foundation should:

4. Cease accepting moneys for Parks custodial and restricted accounts and forward all balances it manages on behalf of Parks custodial and restricted accounts to the Parks Budget Office.

Foundation Response: “I would like to state that CPF intends to comply with the recommendation by August 31, 2002.”

SUMMARY OF CUSTODIAL AND RESTRICTED ACCOUNTS

APPENDIX I
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ACCOUNT NAME	REVENUES		EXPENSES	
	C	R	C	R
C0001-Commissioner Special Events	4,487.52		\$ 7,454.49	
C0003-Commissioner Special	4,145.00		9,867.30	
C0005-Incentive Committee	-		1,296.76	
C0007-Bronx Borough Commissioner	6,380.00		36,223.07	
C0009-Bronx Recreation	112,054.62		61,446.99	
C0011-Van Cortlandt/Pelham Bay Parks	33,826.15		23,198.22	
C0013-Brooklyn Borough Commissioner	15,597.50		41,978.80	
C0015-Brooklyn Recreational	524,421.48		222,079.08	
C0017-Manhattan Borough Commissioner	64,724.80		84,567.30	
C0018-Manhattan Boro Wide Events	32,155.00		29,933.25	
C0019-Carmine Recreation Center	358,569.76		355,979.57	
C0020-Carmine Camp	86,153.07		89,138.06	
C0021-Climbing Wall	31,555.00		32,099.28	
C0023-East 54th Street Center	203,966.93		162,011.93	
C0025-West 59th Street Center	76,361.31		76,876.64	
C0027-Friends of West 59th Street Pool	-		105.00	
C0029-Hamilton Fish Recreational Center	88,444.64		70,202.98	
C0031-Pelham Fritz Recreation Center	17,075.99		5,980.17	
C0033-Hansborough Recreation Center	179,840.32		158,687.87	
C0035-Thomas Jefferson Recreation Center	50,102.89		28,898.18	
C0037-Asser Levy Recreation Center	504,045.44		350,900.31	
C0039-Jackie Robinson Recreational Center	37,849.00		12,730.54	
C0041-Al Smith Recreation Center	36,137.40		7,713.34	
C0042-J. Hood Wright Recreation Center	570.00		-	
C0045-Jim Murphy Golf	-		4,776.27	
C0047-Queens Borough Commissioner	27,293.00		32,226.52	
C0049-Queens Recreation	225,983.24		200,556.25	
C0051-Flushing Meadows Corona Park	77,229.00		85,147.95	
C0053-S.I. Borough Commissioner	105,783.02		165,298.91	
C0055-Central Recreation	2,862.02		25,724.51	
C0057-Lifetime Friends of Parks	5,454.00		3,524.29	
C0059-Park Store	7,228.80		1,739.97	
C0061-Central Horticulture	6,480.00		5,118.11	
C0063-Five Boro Shop	2,601.56		1,564.60	
C0067-Photo Archives	1,416.85		1,495.46	
C0072-City-wide Aquatics	6,879.02		8,817.80	
EB003-Broadway Malls Improvement		9,592.50		282.00
EE005-East River Park Volunteer Day		18,143.09		16,080.02
EM001-Morningside Park		4,000.00		9,308.60
EM002-Manhattan Garden Doctor		25,000.00		14,901.06
ET003-Thomas Kiel Arboretum		1,300.00		-
HE014-Natural Resources Group/TAUEI		5,000.00		-
HG006-Great Tree Preservation Endowment		76.10		317.11
HS002-Salt Marsh Restoration Fund		289,465.63		362,497.43
HT005-Tompkins Square Park		2,502.75		2,186.00
PA003-Annunciation Park Project		-		18,375.00
PB006-Battery Park		4,750.00		3,250.00
PC006-Carl Schurz Park		20,000.00		-
PF002-FMCP Trolley		3.60		3,625.24
PJ001-Jackie Robinson Park I		-		1,670.50
PL004-Love Your Pet-Manhattan		13,291.00		6,291.00
PM010-Mercer Playground P.A		-		3,374.27
PM028-Marcus Garvey Park		754.48		16,204.05
PM041-Morris Avenue Playground-		54,668.00		-
PP004-Playground for all Children		44.00		-
PS012-Stuyvesant Square Park		10,000.00		6,600.00
PU001-Union Square Park		28,833.00		25,103.94
PW004-Washington Square Park		43,851.30		27,350.72
RB023-NBA Basketball		-		4,539.28
RE007-East River Cup		1,500.00		815.00
RM022-Mullaly Skate Park		-		25,435.34
RO003-Our Time Playschool-Queens		13,108.95		7,719.05
RP022-Playground Assoc. at Albano Park		10,000.00		-
RR013-Recreation Programs		18,209.75		13,083.97
TOTAL (C)	\$ 2,937,684.43		\$ 2,405,359.37	
TOTAL (R)		\$ 574,094.15		\$ 568,009.58
Combined Total:	\$ 3,511,778.58		\$ 2,970,388.95	

Key:	
C=Custodial	
R=Restricted	

**Excerpt from Comptroller letter dated January 12, 2001
relating to questionable practices on how
Parks raises "private" funds**

IV) CUSTODIAL ACCOUNTS

These accounts contain funds raised at City recreation centers, borough offices, and other Parks' facilities such as the Five-Borough Shop. These funds are deposited into a custodial bank account maintained by CPF and expended at the direction of Parks. CPF's records separate these funds into 40 individual ledger accounts.

At the recreation centers, revenue is generated by charging fees/donations for membership. According to CPF's records, the recreation centers generated revenue totaling approximately \$1.9 million in fiscal year 1999. The borough offices' accounts contain revenue generated from donations made by various individuals and organizations seeking permits from Parks. According to CPF's records, approximately \$204,000 was deposited into the borough offices' accounts in fiscal year 1999. At this point, we do not know the source of funds deposited into one account called the Commissioner's account. However, based on CPF's records, approximately \$7,400 was deposited into the Commissioner's account in fiscal year 1999. The Five-Borough Shop account contains funds that the Shop generates by manufacturing and selling park-related equipment, such as playground equipment, and picnic tables. In fiscal year 1999, approximately \$2,600 was deposited into this account.

We have a number of concerns regarding the legality of the methods used by Parks to generate these funds. These methods include requiring donations before issuing permits to individuals requesting permission to make changes to property; selling products produced by City employees and funneling the proceeds into a CPF account, and misleading the public into thinking that "donations" are required to join City recreation centers. Examples of these dubious methods are discussed below.

In one case, a resident of Rockaway, Queens gave us a detailed and credible description of a situation wherein Parks required that he make a \$1,000 donation to CPF in order to receive Parks' permission to construct a concrete sea wall at his residence. A review of CPF's records showed that the payment made by this individual was deposited into a CPF custodial account and posted on CPF's books to the Queens Borough Commissioner's account. Based on our review of the details of that event, we are certain that Parks officials directly involved in these transactions vastly exceeded their authority, at the very least, by requiring such donations, and indeed may have been so coercive in their efforts to solicit funds for CPF that the conduct they engaged in may have been criminal in nature. As soon as we learned of all this information, we forwarded our concerns to the City's Department of Investigation on June 11, 1998. To date, we have no new information as to the status of its investigation into these matters.

In a second case, an organization under contract with Parks purchased Parks' logo signs from the Five-Borough Shop on June 4, 1997. The proceeds, which amounted to \$255 were deposited in a CPF custodial account and posted on CPF's books to the Five-Borough Shop account. Clearly, these funds were generated by the efforts of the City employees, who manufactured the signs. Thus, the contractor's payments for these signs constitute City revenue, which should have been deposited into the City Treasury.

During fiscal year 1999, \$2,279,473 was deposited into the custodial accounts and \$1,728,477 was paid out of these accounts. My auditors have not yet audited the expenses paid out of these accounts, but were told that the majority of the payments were for payroll and equipment costs associated with the recreation centers.

While the custodial expenses have not yet been audited, certain aspects of the procedures for collecting fees at the recreation centers have been reviewed in-depth, since those revenues represented approximately 85 percent of the monies deposited into the custodial account in fiscal year 1999. As you know, I wrote to you on September 28, 2000 regarding the collection of "donations" at the City's recreation centers. (See Attachment I.) In that letter, I informed you that my auditors, when they visited nine recreation centers, were not allowed to use the facilities unless they paid a mandatory fee/donation. In your Department's response (see Attachment II), Deputy Commissioner Garafola stated that "membership donations are voluntary at all Parks' recreation centers." The Deputy Commissioner further stated that "We are requiring recreation center personnel to demonstrate that they understand all donation procedures. Parks will internally inspect all centers to ensure that policies are being followed and will revise all signs to make sure that suggested donations are clearly stated. All printed materials including flyers and brochures will make it clear that we are only requesting donations."

I am disappointed to have to inform you that, based on recent follow-up visits to recreation centers, it is clear that the public is still being required to make payments for using the facilities.

Specifically, my auditors visited 21 recreation centers from January 6 to January 9, 2001. At 12 centers, my auditors were told that they had to make a "donation" and/or pay a "fee" before they could use the facilities. At three other centers, my auditors were told that they could use the facilities at no charge but would not be issued a membership card unless they paid a fee.

For example, the manager of the Lost Battalion Hall Recreation Center in Queens told my auditors that a \$15 membership fee is required for basic membership and an additional \$50 would be required for the use of the fitness center. The auditor responded that a sign on the wall stated that the \$15 membership fee was a donation and asked to join the center by only paying the \$50 fee. In response, the manager stated that, despite what was written on the sign, the full \$65 payment was required for membership and the use of the fitness center.

As another example, personnel at the Jackie Robinson Recreation Center in Manhattan told the auditors that a \$25 donation was required for using the facility. In contrast, a sign at the center stated "donations are not required but will be appreciated."

As a final example, personnel at the Thomas Jefferson Recreation Center told the auditors that a \$25 donation is required to join the center. When the auditors requested that the donation be waived, center personnel stated that they could use the facility at no charge as long as they signed in at the front desk. Center personnel also stated that membership cards would not be issued unless the auditors made a \$25 donation.

Table IV below summarizes previous and current findings regarding recreation centers:

Table IV

**Recreation Centers Where
Parks Personnel Mislead Public
Regarding Mandatory Nature of "Donations"**

Name of Center	Misleads Public?		Date of Latest Visit	Recreation Center Person Interviewed
	Earlier Visits May 9 to May 26, 2000	Latest Visits January 6 to January 9, 2001		
Asser Levy (Manhattan)	Yes	No	January 8, 2001	Receptionist
Hamilton Fish (Manhattan)	Yes	Yes	January 8, 2001	Receptionist
Carmines (Manhattan)	Yes	No	January 8, 2001	Receptionist
St. Mary's (Bronx)	Yes	Yes	January 9, 2001	Receptionist
St. James (Bronx)	Yes	Yes	January 9, 2001	Receptionist
Ft. Hamilton (Brooklyn)	Yes	N/V		
Sunset Park (Brooklyn)	Yes	No	January 8, 2001	Receptionist
Lost Battalion (Queens)	Yes	Yes	January 6, 2001	Manager
Cromwell (Staten Island)	Yes	N/V		
Brownsville (Brooklyn)	N/V	Yes	January 8, 2001	Receptionist
Red Hook (Brooklyn)	N/V	Yes	January 8, 2001	Receptionist
St. Johns (Brooklyn)	N/V	Yes	January 8, 2001	Receptionist
Louis Armstrong (Queens)	N/V	Yes	January 9, 2001	Receptionist
Roy Wilkens (Queens)	N/V	Yes	January 6, 2001	Receptionist
Sorrentino (Queens)	N/V	Yes	January 6, 2001	Receptionist
Alfred E. Smith (Manhattan)	N/V	No	January 8, 2001	Receptionist
Hansborough (Manhattan)	N/V	Yes	January 8, 2001	Receptionist
Jackie Robinson (Manhattan)	N/V	Yes	January 8, 2001	Receptionist
J. Hoodright (Manhattan)	N/V	Yes	January 8, 2001	Receptionist
Pelham Fritz (Manhattan)	N/V	Yes	January 8, 2001	Receptionist
RC 54 East (Manhattan)	N/V	No	January 8, 2001	Receptionist
RC 59 West (Manhattan)	N/V	No	January 9, 2001	Receptionist
Thomas Jefferson (Manhattan)	N/V	Yes	January 8, 2001	Receptionist

N/V - Recreation center not visited in May 2000 or January 2001 visits.

Obviously, insufficient action has been taken by your department to ensure that recreation center employees do not force the public to pay fees/donations that are not required by Parks' policies.

**Recommendations Related to
Custodial Account Revenue**

Parks should:

12. Ensure that all concerns and recommendations mentioned in my earlier letter of September 20, 2000 (Attachment I) are revisited and promptly addressed.
13. Ensure that all recreation center personnel are adequately trained in and follow all Parks' policies regarding the collection of fees/donations.
14. Periodically send out an "undercover" staff person to verify, in the same fashion as my auditors, that the public is not being misled regarding the nature of donations.



City of New York
Parks & Recreation

APPENDIX II
Page 5 of 11

The Arsenal
Central Park
New York, New York 10021

Henry J. Stern
Commissioner

Alan M. Moss
First Deputy Commissioner
(212) 360-1307
northside@nycparks.org

February 16, 2001

Mr. Roger Liwer
Deputy Comptroller
The City of New York
Office of the Comptroller
1 Centre Street, Room 530
New York, N. Y. 10007-2341

Dear Mr. Liwer:

Thank you for the opportunity to review and comment on your letter dated January 12, 2001, as well as the issues raised at our meeting, on January 31, 2001 before the completion of your draft report.

The Department of Parks & Recreation (Parks) believes that we have not violated the City's Administrative Code regarding the appropriateness of requesting donations and forwarding the donated funds to the City Parks Foundation (CPF) rather than the City's general fund. We are, however, seeking guidance from Corporation Counsel on these matters. Parks has already implemented many of the recommendations suggested in your letter, including your suggestions regarding special event fees.

As you know, Parks had already taken the following actions:

- Proposed a formal written policy indicating the range of criteria for rates to be charged for the special events. This policy was published in the *City Record* and a public hearing is scheduled for February 26, 2001. Under the new policy, the fees collected will be deposited into the general fund. (See Attached.)
- Established and implemented written policies and procedures in all of the recreation centers in the City's five boroughs to comply with all applicable rules and regulations.

- Conducted two rounds of visits by Park inspectors posing as patrons were made at 48 recreation centers from October 2000 to January 2001 to ensure that the public is not being misled regarding the nature of donations. Parks will continue to conduct inspections of this nature at the recreation centers and offers to work with the City Comptroller to conduct joint inspections. During these visits it was observed that metal signs clarifying donation policy are prominently displayed in recreation centers that were inspected.

Our comments to the letter follow:

URBAN PARK SERVICES (UPS)

The City Comptroller maintains that certain fees posted to the UPS ledger were simply reimbursements for park services. UPS no longer accepts donations in exchange for city services. On its own accord Parks ceased depositing funds received in exchange for services into CPF accounts in May 1999. Since then, the funds deposited into the UPS account were for corporate sponsorship. With the exception of the U.S.A., the donation of \$18,000 was from Banana Republic for general support, \$5,000 was from General Mills to sponsor Earth Day, and \$2,000 was from Red Wing Shoes for National Trails Day. Parks is currently preparing rules to establish fees for services involving UPS, and hopes to publish proposed rules shortly.

As for expenditures from these funds, UPS staff has reported to me that food purchases and party supplies were primarily for events held throughout the five boroughs. In FY'99 UPS raised funds for a total of 12 events. Three non-public events included a training seminar for City, state and federal agencies on how to most humanely capture wild animals, an Annual Award Ceremony, and a premiere of a TBS film featuring the Rangers in Central Park. The latter event was considered a fundraising event for UPS and past, present and future sponsors were all invited. The remaining nine events were all public events celebrating environmental facets of New York City, such as East River Festival in Astoria Park, Queens; Moonday in Central Park; and Life in the Colonies in Van Cortlandt Park, Bronx. With the exception of the Film Premiere, which TBS specifically underwrote, food costs averaged \$479 per event.

UPS did purchase a boat in FY'99 with CPF funds. In this same time frame the Parks: 1) at the request of the U.S. Coast Guard Parks assumed responsibility for mooring fields in Jamaica Bay and the lower Hudson, 2) began to reassume responsibility for its marinas, 3) entered into a contract with the Hudson River Park Conservancy which specifically included patrolling of the Hudson waterfront, and 4) confronted issues with Jet skis and other hazards at waterfront properties such as Orchard Beach.

To ensure that the commercial benefits gained by Central Park's status would be shared with all other parks in the system, Urban Park Service often underwrites programming for events in other boroughs with funds generated from corporate interest in Central Park. Among these events are: Touch of Autumn in Prospect Park, Rookery in Staten Island and Life in the Colonies in Van Cortlandt.

Purchases charged to CPF Urban Parks Services accounts are reviewed by the Chief of Urban Park Services and approved by the Deputy Director of the City Parks Foundation. Currently Parks is drafting written guidelines and procedures for purchases made through CPF accounts.

TREE TRUST PROGRAM

The goals of the Tree Trust are to foster public private partnership in urban forestry, educate the public in the importance of urban forestry conservation and stewardship, promote new technologies to enhance tree survival and advance innovative management tools, and revitalize historically and arboreally significant municipal trees.

Tree removal permits are only issued when all other options have been exhausted. The Administrative Code of the New York Section 18-129 states:

It shall be unlawful for any individual, firm, corporation, agent, employee or person under the control of such individual, firm or corporation to cut, remove or in any way destroy or cause to be destroyed, any tree or other form of vegetation on public property under the jurisdiction of the Commissioner without acquiring written consent from the Commissioner.

The Administrative Code of the City of New York Section 18-107 provides for replacement of trees removed during construction and specifies that any individual or firm intending to remove a tree shall post a bond with the Commissioner to insure replacement of the tree. Section 18-107 further states that the replacement shall in no event be less than the total caliper of the trees removed. The amount of the bond shall be determined by the Commissioner and shall be sufficient to cover the replacement of the tree. In conformity with the Administrative Code, Parks seeks full wood for wood replacement of destroyed live wood in street trees. We use the basal area replacement formula ("BARF") to calculate the number of trees needed to do a wood-for-wood replacement of a felled tree, which is greater than the total caliper calculation.

It is my understanding that we inform and give permittees every opportunity to meet the above requirements before issuing a tree removal permit. However, more often than not, permittees indicate an undue hardship with regard to the bond requirement. Indeed a company needs extensive financial resources in order to secure a bond. Most companies indicate a reluctance to post a bond due to limited funding and high bond premiums, particularly smaller, limited funded companies.

Permittees appreciate the alternatives that are made available. The process is as follows:

- Pay funds sufficient to cover replacement and maintenance costs directly to the Tree Trust, as the agent, thereby easing difficulty of raising sufficient funds for posting bond. Parks also takes into consideration species of tree, surrounding environment, and permittee's cost savings when redesign is not required.
- The Tree Trust accepts responsibility for tree replacement as well as guaranty period.

This practice ensures that the spirit of the statute, which is concerned with the replacement of trees removed during construction, is preserved.

Parks is working with the City Council to amend section 18-107 to clarify tree replacement procedures and requirements. Similar tree replacement costs are sought from other parties who cause a City tree to be destroyed. The Administrative Code prohibits such destruction and Parks seeks restitution for property destroyed. Parties who receive a tree restitution claim are asked to directly replace the destroyed tree with an equivalent amount of smaller caliper trees plus a guaranty period of one to two years. Insurance companies and other individuals request an alternative arrangement whereby Parks would accept all responsibility for planting and guaranteeing the replacement tree to be carried out by the Tree Trust. As such, the Tree Trust accepts funds sufficient to replace the destroyed tree.

The auditors' review of related expenses paid from the Tree Trust Program account has not been completed. Based on the records reviewed, however, it appears that the expenses charged were in line with the mission of Tree Trust program, and that these funds were used to pay for the purchasing, planting and caring of trees.

SPECIAL EVENT ACCOUNT

The mission of the Parks Marketing Division is not only to propose, develop, monitor and execute events in city parks, but also to promote Parks through corporate sponsorship, and regulate private activities on City Parkland. The primary function of Parks Marketing division is not to solicit funds. Parks Counsel believes the Marketing Division's actions have not violated conflict of interests rules.

The Commissioner is authorized to establish and enforce rules for the use, government and protection of public parks and of all property under the charge of control of Parks. Certain types of special events substantially increase traffic and usage of various park venues and require a disproportionate deployment of public resources. The proper regulation of such events is essential to ensure the protection of parks property and the continued enjoyment by the people of public parks. These procedures are intended to provide a framework for Parks to assure the safety of parks property and the continued public usage of parks property for recreational purposes, to preserve public resources associated with the maintenance and upkeep of parks property and to inform persons who wish to use the parks for special events of the amounts that may be charged for such events.

Up to now, Parks has used written guidelines to determine contributions, including and the top ten considerations in evaluating events held in New York City parks. Any producers of events/programs in City parks are formally notified of the specific requirements (e.g., contributions, bonds, insurance, etc.) to establish an effective system of internal control over such activities in City parks. (See attached Exhibits 2 & 3). As noted above, Parks has proposed rules establishing a range of fees, and criteria for determining fees, for special events.

IV) CUSTODIAL ACCOUNTS

Membership donations are voluntary at all Parks' recreation centers and are used to provide the highest quality services and facilities to all of our center users. However, our centers are open to everyone regardless of his or her donation.

It is our policy to issue membership cards to patrons who offer a full or partial suggested annual donation. Patrons who do not wish to make a donation are welcome to use the facilities within our recreation centers, but do not receive membership cards.

The following four major steps were taken in each borough:

1. Recreation Chiefs repeatedly stress to center managers the importance of the donation policy at their weekly center managers meetings.
2. All brochures using the word "fee" have been changed to "suggested annual donation."
3. New large metal signs clarifying donation policy have been hung in each recreation center. (See attached).
4. A dialogue regarding proper donation language has been placed at the desk in each registration area.

Parks' Operations Management and Planning has made two rounds of visits to the recreation centers.

- The first round occurred during October 2000. Twenty-eight sites were visited and fifteen inspectors were denied entry and one was referred to the manager.
- The second round occurred in January 2001. Twenty sites were visited and two inspectors were denied entry. (One denial occurred over the phone). Two inspectors were referred to the manager.

It was observed during these visits that metal signs clarifying donation policy are prominently displayed in each of the recreation centers that were inspected.

Parks will continue to conduct inspections at our recreation centers. However, to reconcile the disparate results between our findings and the Comptrollers, Parks offers to work with the City Comptroller to conduct joint inspections.

Parks will continue to accept suggested annual donations at the recreation centers. We do take your concerns very seriously and we will ensure that the above policies are all enforced. However, the recreation centers are open six days a week, and rely heavily on the suggested annual donations. These funds are vital in order to maintain a constant level of service to the community. Termination of these funds will result in severe reductions in service levels.

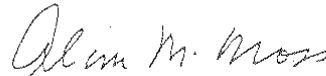
V) OTHER REVENUES

The new policy addresses all of the issues discussed in this section.

The remaining issues will be addressed with the auditors in detail as we schedule meetings on specific issues.

If you have any questions or need further information, please call David Stark at (212) 360-8265.

Sincerely,



Alan M. Moss
First Deputy Commissioner

Recreation Center Membership

Suggested Donations
for Annual Membership:

Adults (18-54)	_____	\$10
Seniors (over 54)	_____	\$5
Youth (under 18)	_____	Not Requested
Weight Room (full year)	_____	\$60
Weight Room (1/2 year)	_____	\$30

Make check or money order payable
to the City Parks Foundation

We do not accept cash

Your donations allow this center to purchase and maintain
equipment, finance after school programs, and stay open for
extended hours. Donations are appreciated but not required.

City of New York
Parks & Recreation



Rudolph W. Giuliani, Mayor
Henry J. Stern, Commissioner

www.nyc.gov/parks



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PURCHASING SERVICES

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Page: 1 of 2

VENDOR NO.

NYC PARKS

V
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CITY PARKS FOUNDATION
FORESTRY DIVISION
16 WEST 61 STREET, 6TH FLOOR
NEW YORK, NY 10023
ATTN: BILL STEYER

S.B. DESTINATION

DAY 1999

TERMS

% 30 Net

DELIVERY DATE

4/20/99

SHIP TO: NEW YORK UNIVERSITY

SCHOOL/DEPT.: VP/AD/GOVERNMENT & COMMUNITY RELATIONS

STREET ADDRESS: 25 WEST 4TH STREET, ROOM 304
NEW YORK, NY 10012

ATTN. OF: ROBERT COHEN

Ext.: 9982404

QUARTY NO.

468

REFER ALL INQUIRIES TO BUYER

B. MORMANDO

998-1033

BUDGET YEAR

1999

PLANT PURCH

QTY NO.

QUANTITY

DESCRIPTION

UNIT PRICE

TOTAL AMOUNT

1

.1

VIP DAY
APRIL 20, 1999
FLOWERS- MIXTURE OF ANNUALS, PERENNIALS
AND GROUND COVER FOR PLANTING ON VIP DAY
DELIVER TO WASHINGTON SQUARE PARK, APRIL
20, 1999. RAIN DATE: APRIL 21, 1999.
(THIS IS A DONATION TO THE CITY PARKS
FOUNDATION)

1000.00

1000.0

ADVANCE PAYMENT FOR THIS ORDER IS
ENCLOSED. THE UNIVERSITY IS REQUIRED TO
HAVE AN INVOICE MARKED "PAID" SUPPORTING
THIS PAYMENT. PLEASE INDICATE THE ORDER
NUMBER ON THE "PAID" INVOICE & SEND TO:

NEW YORK UNIVERSITY
ACCOUNTS PAYABLE DEPARTMENT
726 BROADWAY 2ND FL
NEW YORK, NY 10003

CHECK #

AMOUNT \$1,000.00

GRAND TOTAL

NEW YORK UNIVERSITY is exempt from:
New York State Sales and Use Taxes. (Section 1116(4)). EX. 116174.
Federal Manufacturer's and Retailer's Excise Taxes, Certificate of Registry for tax free
transactions under Chapter 22 of the Internal Revenue Code, number 1-126100

BY

BUYER

APPENDIX III

Page 1 of 6

PURCHASE ORDER

APPENDIX III

DATE

04/06/99

ORDER NUMBER

W17106

THIS ORDER IS SUBJECT TO TERMS AND
CONDITIONS ON THE REVERSE SIDE.

Commencement of performance pursuant to this
Purchase Order constitutes acceptance by seller of each
of the terms hereof, including price, unless otherwise
agreed to in writing by both buyer and seller.

BILLING INSTRUCTIONS:

1. Order Number must appear on all Invoices,
Packages, Shipping Papers, Packing Slips and
Correspondence.
2. Render Invoice in triplicate to:
NYU Accounts Payable Dept., Room 200
725 Broadway, New York, NY 10003-9530

PURCHASING SERVICES WEBSITE

www.nyu.edu/pages/purcha
FOR PURCHASE ORDER TERMS &
CONDITIONS



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Tel: (212) 998-1030 • FAX: (212) 995-3672

Page: 2 of 2

VENDOR NO.

NYC PARKS

V
E
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CITY PARKS FOUNDATION
FORESTRY DIVISION
16 WEST 61 STREET, 6TH FLOOR
NEW YORK, NY 10023
ATTN: BILL STEYER

O.B. DESTINATION

P DAY 1999

TERMS

% 30 Net

DELIVERY DATE

4/20/99

SHIP TO: NEW YORK UNIVERSITY

SCHOOL/DEPT.: VP/AD/GOVERNMENT & COMMUNITY RELATIONS

STREET ADDRESS: 25 WEST 4TH STREET, ROOM 304
NEW YORK, NY 10012

ATTN. OF: ROBERT COHEN

Ext.: 9982404

INQUIRY NO.

1468

REFER ALL INQUIRIES TO BUYER

B. MORMANDO

998-1033

BUDGET YEAR

1999

PLANT PURCH

ITEM NO

QUANTITY

DESCRIPTION

UNIT PRICE

TOTAL AMOUNT

CHARTFIELD 1999
ACCOUNT FUND ORGANIZATION
63110 10 06400

GRAND TOTAL

1000.00

NEW YORK UNIVERSITY is exempt from:

New York State Sales and Use Taxes, (Section 1116(4)), EX. 116174.

Federal Manufacturer's and Retailer's Excise Taxes, Certificate of Registry for tax free

transactions under Chapter 22 of the Tax Law of the State of New York.

BY

BUYER

APPENDIX III

Page 2 of 6

PURCHASE ORDER

DATE

04/06/99

ORDER NUMBER

W17106

THIS ORDER IS SUBJECT TO TERMS AND CONDITIONS ON THE REVERSE SIDE.

Commencement of performance pursuant to this Purchase Order constitutes acceptance by seller of each of the terms hereof, including price, unless otherwise agreed to in writing by both buyer and seller.

BILLING INSTRUCTIONS:

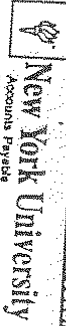
1. Order Number must appear on all Invoices, Packages, Shipping Papers, Packing Slips and Correspondence.

2. Render Invoice in triplicate to:
NYU Accounts Payable Dept., Room 200
725 Broadway, New York, NY 10003-9530

PURCHASING SERVICES WEBSITE

www.nyu.edu/pages/purchasing
FOR PURCHASE ORDER TERMS AND CONDITIONS

THE FACE OF THIS DOCUMENT HAS A COLORED BACKGROUND ON WHITE PAPER. THE BACK OF THIS DOCUMENT CONTAINS A SIMULATED WATERMARK.



Accounts Payable
726 Broadway
2nd Floor
New York, NY 10003-9500
(212) 998-2890

6/2/99
311

CHECK DATE
04/08/99

CHECK NO.
520684

*****\$1,000.00

PAY One thousand and 00/100 Dollars

TO THE CITY PARKS FOUNDATION
ORDER OF FORESTRY DEPARTMENT

NEW YORK, NY 1002316 WEST 61ST STREET

CityBank Delaware, A Subsidiary of Citicorp, One Park's Way New Castle, DE 19720

⑈520684⑈ ⑆031100209⑆ 38840566⑈

Robert M. Levine
TREASURER - NEW YORK UNIVERSITY



City of New York
Parks & Recreation

The Arsenal
Central Park
New York, New York 10021

Henry J. Stern
Commissioner

February 2, 1999

Mr. Mark Handelman
Executive Vice President
New York Association for New Americans
17 Battery Place
New York, NY 10004-1102

Dear Mr. Handelman:

Congratulations on your successful event. Although the weather wasn't always cooperative, your audience's enthusiasm never waned. Before we move forward with planning NYANA's 1999 event, there are a few details from 1998 that need to be addressed.

As is common with events of this size, Parks incurred significant clean-up and restoration costs due to your event. The costs are separated into clean-up costs to Parks & Recreation, clean-up costs to the Conservancy for Historic Battery Park, and charges due to performance violations.

Parks will hold bonds posted by NYANA in the amount of \$15,000 until payment for these charges have been received. I've attached a cost-out detailing each expense. Please make the checks payable to the following:

City of New York Parks & Recreation:	\$2,636.19
<i>Clean-up cost for city employees</i>	
Conservancy for Historic Battery Park:	\$2,710.00
<i>Clean-up cost for the WEP participants</i>	
City Parks Foundation:	\$1,500.00
<i>Costs associated with performance violations</i>	

If you should have any questions, please call me at (212) 408.0226.

Sincerely,

Bob Lawson
Director of Special Events
Manhattan

Visit our website at www.nycparks.org

3-9
Manhattan
Street
ew York 10023
e
missioner
an.ci.nyc.ny.us
Jane:
This is not
exactly a
"donation." What
do you think we
should do with
it? - Bob L.

Sent 2/3/99

2/4

NYANA COST-OUT
September 6-8, 1998
Battery Park.

CLEAN-UP COSTS

Parks personnel and Work Experience Program participants.

Parks personnel					
TITLE	HOURS				COST
	9/6	9/7	9/8	total	
PPS	8	8		16	\$281.04
PS	8	9.5	8	27.5	\$541.63
Gardener	8	8		16	\$217.92
APSW	8	21	8	37	\$821.03
CPW	8	3		11	\$186.45
CSA	11	21	20	52	<u>\$588.12</u>
Total Parks personnel costs					\$2,636.19

Work Experience Program participants					
	HOURS				COST
	9/6	9/7	9/8	total	
shift 1	30	40	32	158	\$1,580.00
shift 2	56	40	73	113	<u>\$1,130.00</u>
Total WEP costs:					\$2,710.00

PERFORMANCE VIOLATION COSTS

Unpermitted vehicles in park and on lawn	
Cost for personnel to repair and reseed lawn	\$500.00
Tents left in park	
Cost for personnel to remove items and dispose	\$500.00
Programs left in park	
Cost for personnel to remove items and dispose	<u>\$500.00</u>
Total Violations Costs:	\$1,500.00

3/4

NEW YORK ASSOCIATION FOR NEW AMERICANS, INC.
17 BATTERY PLACE, N.Y., N.Y. 10004-1102

006119

CITY PARKS FOUNDATION

005659

02/12/99

006119

990202

02/02/99

FEST '98; CLEANUP COST

1500.00

▼ DETACH THIS STUB AND RETAIN YOUR RECORDS ▼

1500.00

NEW YORK ASSOCIATION FOR NEW AMERICANS, INC.
17 BATTERY PLACE, N.Y., N.Y. 10004-1102

006119
006119

1-8/210

GENERAL ACCOUNT :

*****ONE THOUSAND FIVE HUNDRED AND 00/100*****


PAY TO THE
ORDER OF

VOID AFTER 90 DAYS

DATE 02/12/99 AMOUNT *****1,500.00

SECOND SIGNATURE REQUIRED FOR \$500 AND OVER.

CITY PARKS FOUNDATION
ARSENAL WEST
16 WEST 61st STREET
NEW YORK, NY 10023
CITIBANK, N.A. BR. 252
1528 SHEEPSHEAD BAY ROAD
BROOKLYN, NY 11235



⑈006119⑈ ⑆021000069⑆ 33461882⑈

4/4



Roger D. Liwer
DEPUTY COMPTROLLER FOR
AUDITS & ENGINEERING

THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
1 CENTRE STREET - ROOM 1100 NORTH
NEW YORK, N.Y. 10007-2341

ALAN G. HEVESI
COMPTROLLER

APPENDIX IV
Page 1 of 5

TELEPHONE: (212) 669-8461
FAX NUMBER: (212) 669-8471

EMAIL:
RogerSanit@AOL.COM
rliwer@comptroller.nyc.gov

September 28, 2000

Honorable Henry Stern
Commissioner
New York City Department of Parks
And Recreation
The Arsenal, Central Park
New York, NY 10021

Dear Commissioner Stern:

As you know, the Comptroller's Office is conducting an audit of the funds raised by your department and managed by the City Parks Foundation (CPF). This audit has uncovered an issue related to the collection of "donations" at the City's recreation centers that I would like to bring to your attention.

According to CPF officials, they manage between \$5 and \$6 million in City funds in various bank accounts. One of these is the Custodial Account, which contains primarily funds collected from members of the public for the use of the City's recreation centers. (Approximately \$4.3 million deposited in fiscal year 1999)

As part of our review of the Custodial Account, my auditors visited 9 of the City's 30 recreation centers. At each center our auditors were told that a charge ranging from \$10 to \$65 was required for annual membership. Four centers referred to these charges as "donations" and the remaining five centers called these charges "membership fees." Nevertheless, at all nine centers the check or money order for these charges had to be made payable to CPF.

The charges cited in center brochures and/or signs posted at the centers as well as information provided by center employees are as follows:

Hon. Henry Stern
Sept. 28, 2000
Page 2 of 3

Facility	Terms Used to Define Amounts Charged		Amount Charged Per Adult
	Brochure Language/ Signage	Information Obtained Verbally*	
Asser Levy (Manhattan)	Donation	Donation	\$25
Hamilton Fish (Manhattan)	Membership	Donation	\$25
Carmines (Manhattan)	Membership	Donation	\$25
St. Mary's (Bronx)	Membership	Donation	\$25
St. James (Bronx)	N/A	Fee	\$25
Ft. Hamilton (Brooklyn)	Membership Dues	Fee	\$10
Sunset Park (Brooklyn)	Membership Fee	Fee	\$10
Lost Battalion Hall (Queens)	Membership Fee	Membership Fee	\$15-\$65
Cromwell (Staten Island)	Membership	Membership Fee	\$10-\$60

* Information obtained verbally from DPR staff at the recreation centers

At each of these sites the auditor asked to join the center without paying and the auditor told each center employee (who is a New York City Park's Department employee) that he/she could not afford the amount charged. At each and every site, the auditor was told that the payment was required before he/she could use the facility. However, after repeated attempts to join without paying a fee at one of the facilities—Asser Levy—the auditor was allowed to join the facilities at no charge. At another facility—Carmines—the auditor was told that he could join for a \$10 donation, which is the amount he was told is charged to homeless people.

Based upon these observations, it is clear that the charges imposed to join these centers are mandatory fees—not donations. Therefore, the use of the word donation in Department of Parks' brochures, posted signage, and/or by Department of Parks' employees is inappropriate and misleading. In that regard, I have the following questions and concerns regarding the solicitation of donations fees at the recreation centers.

1) Voluntary vs. required payments:

- Are the fees charged by these centers in fact voluntary or required? Please provide written documentation in support of your response.
- If the fees are voluntary, why do Department of Parks' employees deny membership to people who state that they cannot afford to pay?
- If the fees are mandatory, why are they called donations at certain centers?
- In either case, on what basis did the Department of Parks establish the policy of charging fees at the centers?

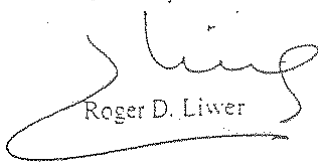
Hon. Henry Stern
Sept. 28, 2000
Page 3 of 3

- Why is the public required to make a check or money order payable to CPF instead of to DPR or the City of New York?
- When and on what basis were these charges instituted?
- Who approved this policy and under what authority? In this connection, please provide copies of any documentation (such as internal memos, copies of the Administrative Code, local laws) showing how these policies were established.

2) Using the term donation for the amounts charged and requiring that payments be made to CPF—a not-for-profit organization—may mislead the public into believing that they are making tax-deductible donations to CPF. However, based on IRS guidelines the amounts paid to the CPF for use of the centers would not qualify as tax-deductible donations. Specifically, IRS Publication 526 states "if you receive a benefit as a result of making a contribution to a qualified organization, you can deduct only the amount of your contribution that is *more than the value of the benefit* you receive." [emphasis in original] Clearly, the value of the services provided at the centers exceeds the amounts charged. Therefore, if the Department of Parks continues to charge fees for using the facilities (assuming that it has the authority to do so) it should discontinue calling these fees donations and such fees should be deposited in a City account as opposed to an account managed by CPF.

I am bringing these matters to your attention now so you can take action to ensure that immediate steps are taken to bring your operations in this regard into compliance with all applicable rules, regulations and statutes. Please provide the above-requested documentation and advise me as to what specific actions you plan to take with regard to these matters as soon as possible. Should additional questions arise during the conduct of this ongoing audit that I think warrant your immediate attention, I will advise you accordingly.

Sincerely,



Roger D. Liwer

cc: Michael Carpinello, Director, Mayor's Office of Operations



City of New York
Parks & Recreation

Roger D. Liwer
Deputy Commissioner
Office of the Comptroller
1 Centre Street, room 1100 North
New York, NY 10007-2341

The Arsenal
Central Park
New York, New York 10021

Henry J. Stern
Commissioner

Robert L. Garafola
Deputy Commissioner
Management and Recreation
(212) 360-1302
iceman@parkland.ci.nyc.ny.us

October 13, 2000

Dear Deputy Comptroller Liwer:

Thank you for your letter regarding the recent audit of Parks' recreation center donation policies. We appreciate your interest and concern. The following is a response to your questions and provides an outline of actions we are taking.

Are the fees charged by these centers in fact voluntary or required?

Membership donations are voluntary at all Parks' recreation centers. These donations are used to pay for facility maintenance, supplies, repairs, sports & weight equipment, recreation programming, and staff. Attached are also sample copies of two signs we are displaying at the front desk in all recreation centers (see Attachment A and Attachment B). We believe these signs will eliminate any confusion.

Recreation centers do require fees for specialty classes such as aerobics, karate, and yoga. The fees provide the supplementary programming that could not be covered with existing funds. These payments cover the cost of instructors.

If the fees are voluntary, why do Department of Parks' employees deny membership to people who state that they cannot afford to pay?

Parks trains all recreation center personnel in the conditions and reasons for membership donations. The first sentence of the Recreation Center Membership Issuance and Donation Collection and Revenue Reporting Procedures (Attachment C), issued in February 2000, explicitly states that "there should be a clearly visible sign posted listing the suggested donations for all services."

We have trained our recreation center personnel in the correct membership procedures. In addition, donation policies have been clarified and stressed in meetings with Borough Recreation Chiefs and with borough recreation staff. Attached are samples of minutes from these meetings (See Attachments D-H). However, there appears to be a misunderstanding by some of our recreation staff as to the difference between a donation and a fee. Despite the training they have received, some staff are using the words interchangeably.

If fees are mandatory, why are they called donations at certain centers?

In either case, on what basis did the Department of Parks establish the policy of charging fees at the centers? When and on what basis were these charges instituted? Who approved this policy and under what authority? Please provide copies of any documentation.

Parks is unaware of any authority prohibiting individuals from making donations to a non-profit organization. In 1991, the Parks recreation full time staff dropped from 317 full time employees to 111 employees resulting in a 65% reduction in recreation personnel. In order to compensate for this decrease, Parks searched for alternate sources of funding. In 1992, we began accepting donations which we have used to program, and refurbish our recreation centers.

Why is the public required to make a check or money order payable to CPF instead of to DPR or City of New York?

Members make donations payable to the City Parks Foundation because their membership is a contribution, not a fee. Members make checks payable to CPF with the understanding that they are helping supplement the operation of the recreation center. The City Parks Foundation acts as a fiduciary for these donations. If members were required to make donations payable to the City of New York, members could not be assured that their donation would be returned to the recreation center.

We are re-training all recreation center personnel. Borough Chiefs of Recreation have met with center managers, deputy center managers, and front desk staff. We are requiring recreation center personnel to demonstrate that they understand all donation procedures. Parks will internally inspect all centers to insure that policies are being followed and will revise all signs to make sure suggested donations are clearly stated. All printed material including flyers and brochures will make it clear that we are only requesting donations. We have also developed a dialogue to be kept at the front desk and referenced by all personnel issuing membership (see Attachment 1). All security staff will again be instructed to direct membership inquiries to appropriate personnel.

Please call me at (212)360-1302 if you need any additional information.

Sincerely,



Robert L. Gafola



City of New York
Parks & Recreation

The Arsenal
Central Park
New York, New York 10021

Henry J. Stern
Commissioner

APPENDIX V

Page 1 of 5

Borough of Manhattan

Arsenal West
16 West 61st Street
New York, New York 10023

Adrian Benepe
Borough Commissioner

(212) 408-0100
a-train@parklan.ci.nyc.ny.us

MEMORANDUM

To: Therese Braddick

From: Jane Rudolph *JR*

Date: May 24, 1999

Subject: Donation Letter

Please accepted the attached donations to the City Parks Foundation from a.k.a films. On several occasions I have called the company requesting a new donation letter. Each attempt was met with little or no response. I proceeded to fax and mail the location manager requesting an updated letter. Yet again, no response.

The original letter that accompanied the donation should suffice. It does indicate that the check is a donation. Thank you for your consideration.

a.k.a. films
51 e. 12 street, 6th floor
new york, ny 10003

PAY TO THE ORDER OF City Park Foundation DATE 2/12/99

Five hundred dollars & no cents \$ 500

CHASE The Chase Manhattan Bank
11 West 51st Street
New York, NY 10019

FOR Location fee Kathleen P. King

"006001" 1:021000021:007050305"

a.k.a. films
51 e. 12 street, 6th floor
new york, ny 10003

PAY TO THE ORDER OF City Parks Foundation DATE 2/11/99

Five hundred dollars & no cents \$ 500

CHASE The Chase Manhattan Bank
11 West 51st Street
New York, NY 10019

FOR Location fee Kathleen P. King

"006001" 1:021000021:007050305"



City of New York
Parks & Recreation

The Arsenal
Central Park
New York, New York 10021

Henry J. Stern
Commissioner

APPENDIX V

Page 3 of 5

Borough of Manhattan

Arsenal West
16 West 61st Street
New York, New York 10023

Adrian Benepe
Borough Commissioner

(212) 408-0100
a-train@parklan.ci.nyc.ny.us

March 23, 1999

Mr. Daniel Strol
Location Manager
a.k.a films
51 East 12th Street
New York, NY 10003

J-13

Dear Mr. Strol:

Thank you and a.k.a films for your donations to the City Parks Foundation for \$1,000. Unfortunately, we are unable to deposit your check with the letter that you included. The letter gives the impression the Larry Scoones, our Park Manager, solicited the donation or was charging a fee which is against agency policy. If you could please write a letter on your company letterhead explaining that the donation to the City Parks Foundation is for parks and park programs. This gift will help us to better maintain our parks and run programs for New Yorkers and visitors, alike.

Please fax the letter to my attention at 212-408-0202. If you have any questions please call me at 212-408-0110. Thank you for your assistance.

Sincerely,

Jane Rudolph

Visit our website at www.nycparks.org

a.k.a. films

699 025 -2 P 1:01

APPENDIX V
Page 4 of 5

February 26, 1999

Jane Rudolph
City of New York/Parks&Recreation
16 West 61st Street, 6th Floor
New York, NY 10023

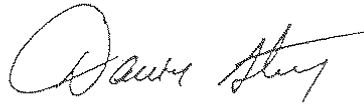
Dear Ms. Rudolph

As per my communication with Larry Scoones, I am enclosing \$ 1,000.00 donation to your organization.

The assistance received from Larry with regard to the filming of scenes from the Buick Park Avenue commercial on Park Avenue merited the attention of our company to your needs.

We hope to enjoy your cooperation in the future.

Sincerely,



Daniel Strol
Location Manager

DEPOSIT TICKET
DEPOSIT RECORD COPY

BROWN BROTHERS HARRIMAN & CO.
PRIVATE BANKERS
59 WALL STREET
NEW YORK, N.Y. 10005

DATE

	DOLLARS	CENTS	ENTS
CURRENCY			
COIN			
LIST EACH CHECK			
1	500		
2	500		
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			

CITY PARKS FOUNDATION, INC.
CUSTODIAL ACCOUNT

\$ 1000



PLEASE BE SURE ALL ITEMS
ARE PROPERLY ENDORSED.
OFFICERS MAY NOT BE AVAILABLE
FOR IMMEDIATE WITHDRAWAL.

TOTAL
ITEMS
1-480
283
6175011



December 17, 1998

Ms. Jane Rudolph
City of New York Parks & Recreation
Arsenal West
16 West 61st Street
New York, New York, 10023

Dear Ms. Rudolph:

Thank you for all of your help with our news crew. Robert Fitzgerald, a producer in the Electronic Publicity, Production department, used Washington Square Park for a recent shoot. We wish to make a donation to show our gratitude. We have sent a check from NBC Entertainment for \$700 to the City Parks Foundation. We hope this money will go back to parks and parks programs. We understand our check can not be deposited until this letter is received. We apologize for sending this late and any inconvenience this may have caused.

If you have any further questions, please phone me at 818/840-3256. Thank you again for your assistance.

Sincerely,

A handwritten signature in cursive script that reads "Christine Call-Blan".

559

Christine Call-Blan

RECYCLED PAPER
Post Consumer Waste



The Chase Manhattan Bank
55 Water Street
New York, NY 10041

Bank

DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL.
LIST CHECKS SINCE

DOLLARS CENTS

☐ CURRENCY

☐ CORN
CHECK 12

ACH LIST
CENTS

700-

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٩
٨
٧
٦
٥
٤
٣
٢
١

4

1	700
---	-----

2

6017

PLEASE ENTER TOTAL HERE

Checks and other items are received for deposit
subject to the provisions of the Uniform Commercial
Code or any applicable collection agreement.

Checks and other items are received for deposit
subject to the provisions of the Uniform Commercial
Code or any applicable collection agreement.

Client Business Services, Inc.
P.O. Box 60500
Fort Myers, FL 33906-6500

70017

AS A DISBURSING AGENT FOR NDC

PAY: SEVEN HUNDRED AND 00/100 DOLLARS

TO THE ORDER OF
CITY PARKS FOUNDATION
ARSEBAK WEST
16 WEST 61ST STREET
NEW YORK NY 10023-7606

Fleet Bank CONNECTICUT, N.A.
HARTFORD, CONNECTICUT

CHECK NO.

0013747711

DATE OF CHECK

10/12/98

CHECK AMOUNT

\$700.00

Bonnie J. Hengstler
Authorized Signature

1,51,9311

0013747711 0119001451



City of New York
Parks & Recreation

**Addendum I - Response from the
City of New York Parks & Recreation**

The Arsenal
Central Park
New York, New York 10021

Adrian Benepe
Commissioner

David L. Stark
Chief Fiscal Officer

(212) 360-8265
david.stark@parks.nyc.gov

June 6, 2002

Mr. Roger D. Liwer
Assistant Comptroller for Audits
The City of New York
Office of the Comptroller
Bureau of Audits
1 Centre Street, Room 1100
North
New York, N. Y. 10007-2341

Re: **Audit Report on Funds Raised by the New York City Department of Parks and
Recreation and Maintained in Custodial and Restricted Accounts by the City Parks
Foundation**
Audit No. FM01-166A

Dear Mr. Liwer:

Thank you for the opportunity to review and comment on your draft report before its public release. The Department of Parks and Recreation (**Parks**) agrees with most of the findings, and our response includes our implementation plan.

The following highlights selected comments:

In the third paragraph in the section titled "Findings and Recommendations" (page 5) the audit discusses funds raised by the Parks Department. The paragraph states "During Fiscal Year 1999, Parks officials raised approximately \$3.5 million and disbursed approximately \$2.9 million. The bulk of these expenditures were used for parks-related programs. However, Parks spent \$22,322 on trips to colleges for on-campus recruitment, and on office furniture, postage, and parties that violated Park's own guidelines." The audit findings show an insignificant .008% of expenditures outside the internal guidelines. The Park's guidelines and procedures were created to help control and monitor the spending in the Boroughs. Within the internal guidelines limited exceptions were expected with corresponding approval from the budget office and CPF.

www.nyc.gov/parks

**Addendum I - Response from the
City of New York Parks & Recreation**

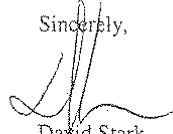
City Parks Foundation was created to supplement the agency budget. Parks believes the funds raised by suggested donations at the recreation centers, as well as other donations were spent on appropriate Parks related -items.

In the section titled "Membership Fees" (Page 6) the audit mentions three visits to various City recreational centers. As stated in the audit, findings show an increase in compliance from 0% to 50%. Parks made site visits to the recreation centers after receiving your letter dated September 28, 2000. On the first visits to 22 recreation centers (May 1 - May 8, 2001) the results show 63% of the recreation centers were following the suggested donation policy. During the visits (May 31, 2001 - June 1, 2001) to 26 recreation centers, Parks results demonstrated 80% compliance. Table 1, details the results of two visits.

The attached (**Attachment I**) describes in detail our response to each of the recommendations.

Once again thank you for your time and efforts.

Sincerely,



David Stark
Chief Fiscal Officer

Attachment

cc: Adrian Benepe
Kevin Jeffrey
Susan L. Kupferman
Peggy Rose Viera

Addendum I - Response from the
City of New York Parks & Recreation

ATTACHMENT I

Department of Parks & Recreation's Response to the
Audit Report on Funds Raised by the New York City
Department of Parks and Recreation and Maintained in
Custodial and Restricted Accounts by the City Parks Foundation
Audit No. FM01-166A

Recommendation 1: Parks require that all proceeds for the custodial and restricted accounts be deposited in the City Treasury. In addition, funds for these accounts on deposit with the Foundation should be transferred to the City Treasury. Until the transfer of these funds is made, Parks should ensure that these funds are reconciled and spent in accordance with Parks' guidelines.

The Parks Department has established a fee structure for Recreation Centers that will be put into effect July 1, 2002. Recreation Centers that have an indoor pool will charge \$75 for Adult membership. Recreation centers that do not have a pool will charge \$50 for adult membership. Seniors will be charged \$10 and youth under the age of 18 will be free. Funds that are on deposit with the Foundation will remain in CPF. Parks will ensure that these funds are reconciled and spent in accordance with Park's guidelines. DPR is working with CPF to set up a reasonable time frame for spending the remaining balance.

Recommendation 2: Parks should cease the practice of instructing individuals and companies to label payments as donations.

Parks has already complied with this recommendation. All fees are deposited into the general fund. All donations will be forwarded to CPF for deposit.

Recommendation 3: Parks should ensure that all recreation personnel are adequately trained in and follow Parks policies regarding the collection of fees and donations until membership fees are mandated by the City Administrative Code.

Park will ensure that all recreation personnel are adequately trained in and follow Parks policies regarding the collection of fees and donations.

**Addendum I - Response from the
City of New York Parks & Recreation**

Donation Compliance Findings

Borough	Recreation Center	First Visit (date)	Problem?	Follow-Up Inspection (date)	Problem?
Bronx	1. Owen Dolan	Week of 5/7	No staff at front desk; no mention of voluntary donation	06/01/2001	OK
	2. St. James	Week of 5/7	OK	..	..
	3. St. Mary's	Week of 5/7	No mention of donation	06/01/2001	OK
	4. Williams. Oval	Week of 5/7	No mention of donation	06/01/2001	Center open but no staff present
Brooklyn	1. Brownsville	Week of 5/1	OK (donation fee)	..	..
	2. Fort Hamilton	Week of 5/1	No mention of donation	05/31/2001	OK
	3. Metropolitan Pool	Week of 5/1	No mention of donation	05/31/2001	OK
	4. Red Hook			05/31/2001	OK
	5. St. John's	Week of 5/1	No mention of donation	05/31/2001	Not initially but said "donation" on further probing
	6. Sunset Park	Week of 5/1	OK	..	..
	7. Von King			05/31/2001	OK
Manhattan	1. Alfred E. Smith	05/08/2001	Not initially but said "donation" on further probing	05/31/2001	OK
	2. Asser Levy	05/08/2001	Not initially but said "donation" on further probing	05/31/2001	OK
	3. Carmine	05/08/2001	Not initially but said "donation" on further probing	05/31/2001	OK
	4. Hamilton Fish	05/08/2001	Not initially but said "donation" on further probing	05/31/2001	OK
	5. Hansborough	05/03/2001	OK	..	..
	6. J. Hood Wright	05/03/2001	Said it's required	06/01/2001	No mention of donation, "must pay"
	7. Jackie Robinson	05/03/2001	OK	..	..
	8. Pelham Fritz	05/03/2001	OK	..	..
	9. RC 54				
	10. RC 59	05/03/2001	Required -> first day free	05/31/2001	OK
	11. Thomas Jefferson	05/03/2001	OK	..	..
Queens	1. Lost Battalion Hall	Week of 5/1	Not initially but said "donation" on further probing	05/31/2001	No mention of donation, said you "must pay"
	2. Roy Wilkins	Week of 5/1	OK	..	..
	3. Sorrentino	Week of 5/1	Not initially but said "donation" on further probing	05/31/2001	OK
SI	1. Cromwell				

First Visit 14 Sites complied out of 22
Second Visit 12 Sites complied out of 14

83%
80%



Addendum II - Response from the
City Parks Foundation

CITY PARKS FOUNDATION

The Arsenal
Central Park
New York, New York 10021
212 360-1399

June 17, 2002

Mr. Roger D. Liwer
Assistant Comptroller for Audits
The City of New York
Office of the Comptroller
Room 1100
One Centre Street
New York, NY 10007-2341

Dear Mr. Liwer:

The City Parks Foundation (CPF) has reviewed the draft of the report issued by your office entitled "Audit Report on Funds Raised by the New York City Department of Parks and Recreation and Maintained in Custodial and Restricted Accounts by the City Parks Foundation". (FM01-166A).

On page 11, the report contains a recommendation regarding CPF. I would like to state that CPF intends to comply with the recommendation by August 31, 2002. As the report states on page 8, the Department of Parks and Recreation (DPR) hopes to institute membership fees at recreation centers beginning July 1, 2002, and CPF expects that this plan will resolve most of the issues and concerns raised by the report.

On a separate but related matter, CPF and DPR have developed guidelines on the acceptance of donations by CPF to ensure compliance with all relevant New York City laws. We have submitted these guidelines to the Comptroller for review and feedback.

Thank you for the opportunity to comment on the report.

Sincerely,

David Rivel
Executive Director