

**FRIENDS OF KENILWORTH AQUATIC GARDENS
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT**

DECEMBER 31, 2018 AND 2017

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Independent Auditor's Report

To the Board of Directors of
Friends of Kenilworth Aquatic Gardens
Washington, DC

We have audited the accompanying financial statements of Friends of Kenilworth Aquatic Gardens (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friends of Kenilworth Aquatic Gardens as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Janis Mauer & M^aQuade PA

Washington, DC
September 11, 2019

FRIENDS OF KENILWORTH AQUATIC GARDENS
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

	2018	2017
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 179,703	\$ 62,991
Grants receivable	84,207	70,000
Prepaid Expenses	6,500	-
Other assets	-	338
Total Current Assets	270,410	133,329
OTHER ASSETS		
Property and equipment	6,557	1,397
TOTAL ASSETS	\$ 276,967	\$ 134,726
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 6,625	\$ 3,712
Accrued expenses	1,685	14,069
Total Current Liabilities	8,310	17,781
NET ASSETS		
Without donor restrictions	184,288	94,891
With donor restrictions	84,369	22,054
Total Net Assets	268,657	116,945
TOTAL LIABILITIES AND NET ASSETS	\$ 276,967	\$ 134,726

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

**FRIENDS OF KENILWORTH AQUATIC GARDENS
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Grants and contributions	\$ 372,724	\$ 100,224	\$ 472,948
Program services	918	-	918
Net assets released from restrictions	37,909	(37,909)	-
Total Revenue and Support	411,551	62,315	473,866
EXPENSES			
Program services:			
Education	74,711	-	74,711
Stewardship	164,944	-	164,944
Public Engagement	37,464	-	37,464
Total Program Services	277,119	-	277,119
Support services:			
Management and general	37,917	-	37,917
Fundraising	7,118	-	7,118
Total Support Services	45,035	-	45,035
Total Expenses	322,154	-	322,154
CHANGE IN NET ASSETS	89,397	62,315	151,712
NET ASSETS			
Beginning of year	94,891	22,054	116,945
End of year	\$ 184,288	\$ 84,369	\$ 268,657

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

FRIENDS OF KENILWORTH AQUATIC GARDENS
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Grants and contributions	\$ 82,933	\$ 73,500	\$ 156,433
Program services	168,409	-	168,409
Net assets released from restrictions	53,426	(53,426)	-
Total Revenue and Support	304,768	20,074	324,842
EXPENSES			
Program services:			
Education	178,833	-	178,833
Stewardship	51,793	-	51,793
Public Engagement	5,722	-	5,722
Total Program Services	236,348	-	236,348
Support services:			
Management and general	19,801	-	19,801
Total Expenses	256,149	-	256,149
CHANGE IN NET ASSETS	48,619	20,074	68,693
NET ASSETS			
Beginning of year	46,272	1,980	48,252
End of year	\$ 94,891	\$ 22,054	\$ 116,945

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

**FRIENDS OF KENILWORTH AQUATIC GARDENS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018**

	Program Services				Support Services			Total
	Education	Stewardship	Public Engagement	Total Program Services	Management and General	Fundraising	Total Support Services	
Salaries	\$ 41,246	\$ 32,736	\$ 12,059	\$ 86,041	\$ 1,387	\$ 6,229	\$ 7,616	\$ 93,657
Benefits	-	-	-	-	1,028	-	1,028	1,028
Payroll taxes	2,456	1,839	781	5,076	1,951	471	2,422	7,498
Total Personnel Expenses	43,702	34,575	12,840	91,117	4,366	6,700	11,066	102,183
Consultants	17,052	121,856	14,864	153,772	25,457	-	25,457	179,229
Depreciation	-	-	-	-	1,026	-	1,026	1,026
Dues and subscriptions	-	120	5,460	5,580	1,789	-	1,789	7,369
Educational materials	2,500	-	-	2,500	-	-	-	2,500
Equipment rental	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	3,428	-	3,428	3,428
Miscellaneous	1,536	1,294	274	3,104	269	52	321	3,425
Office supplies	5,718	2,739	2,847	11,304	642	105	747	12,051
Printing	755	-	-	755	-	-	-	755
Professional fees	-	-	-	-	-	-	-	-
Telephone	1,931	2,161	493	4,585	484	93	577	5,162
Travel	1,517	2,199	686	4,402	456	168	624	5,026
Total Expenses	<u>\$ 74,711</u>	<u>\$ 164,944</u>	<u>\$ 37,464</u>	<u>\$ 277,119</u>	<u>\$ 37,917</u>	<u>\$ 7,118</u>	<u>\$ 45,035</u>	<u>\$ 322,154</u>

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

FRIENDS OF KENILWORTH AQUATIC GARDENS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017

	Program Services			Support Services		Total
	Education	Stewardship	Public Engagement	Total Program Services	Management and General	
Salaries	\$ 87,267	\$ 12,508	\$ 2,570	\$ 102,345	\$ 9,787	\$ 112,131
Payroll taxes	6,804	812	186	7,802	1,036	8,837
Total Personnel Expenses	94,071	13,320	2,756	110,146	10,822	120,969
Consultants	73,687	35,406	1,452	110,545	409	110,954
Depreciation	573	166	18	758	37	795
Dues and subscriptions	-	-	-	-	379	379
Equipment rental	-	-	-	-	229	229
Insurance	108	-	-	108	4,336	4,444
Miscellaneous	6,024	1,746	192	7,962	394	8,356
Office supplies	678	158	981	1,816	85	1,902
Professional fees	-	-	-	-	2,602	2,602
Telephone	3,230	856	155	4,241	481	4,722
Travel	464	142	167	772	25	798
Total Expenses	<u>\$ 178,833</u>	<u>\$ 51,793</u>	<u>\$ 5,722</u>	<u>\$ 236,348</u>	<u>\$ 19,801</u>	<u>\$ 256,149</u>

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

FRIENDS OF KENILWORTH AQUATIC GARDENS
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 151,712	\$ 68,693
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,026	795
Decrease (increase) in assets:		
Grants receivable	(14,207)	(34,173)
Prepaid expenses	(6,500)	-
Other assets	338	300
Increase (decrease) in liabilities:		
Accounts payable	2,913	(27,493)
Accrued expenses	(12,384)	12,603
Net Cash Provided by Operating Activities	122,898	20,725
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(6,186)	(2,192)
NET INCREASE IN CASH	116,712	18,533
CASH, beginning of year	62,991	44,458
CASH, end of year	\$ 179,703	\$ 62,991

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

**FRIENDS OF KENILWORTH AQUATIC GARDENS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE A – ORGANIZATION AND PURPOSE

Friends of Kenilworth Aquatic Gardens (“FoKAG”), a 501(c)(3) non-profit organization since 2007, is dedicated to ensuring the national park site Kenilworth Aquatic Gardens (the “Gardens”) is well-maintained, well-enjoyed and welcoming for neighbors and visitors. FoKAG does this by connecting people to the Gardens through stewardship, public engagement, and educational programs in cooperation with the National Park Service.

Friends of Kenilworth Aquatic Gardens provides the following programs:

Stewardship

FoKAG provides human, financial and material resources essential to sustaining the park. In 2018, more than 800 FoKAG volunteers contributed 2,855 hours of their time to maintain and improve the park. FoKAG regularly acquires and donates much-needed supplies, such as landscaping tools and materials and native plants. Over \$100,000 in grants secured by FoKAG are now being used to upgrade park trails and infrastructure, design and install wayfinding and informational signs, and purchase amenities to enhance every visitor’s experience. FoKAG fundraising has also enabled the park to utilize local young adults work crews for improvement projects – reinforcing commitment to the community and the park.

Public Engagement

FoKAG provides safe, culturally-enriching events year-round to help connect people to the park, hosting an annual photography contest, well-attended family days, and summer concert series. FoKAG also promotes and supports the park’s signature annual Lotus and Water Lily Festival, which attracts an average of 13,000 visitors annually.

Education

Through spring and summer break camps, known as NatureFest, FoKAG has introduced hundreds of local children from the surrounding distressed community to the park – a previously unknown or rarely visited resource in their backyard. Students, led by teens and adults from their own neighborhoods, together explore the park and learn about the value of wetlands, plants and animals, nature-inspired arts, and the local history. NatureFest cultivates the emotional, social, and physical benefits of spending time in nature. As students deepen their understanding of and connection to the park, their neighborhood and each other, they take the first step in becoming community and environmental stewards.

FRIENDS OF KENILWORTH AQUATIC GARDENS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

FoKAG's financial statements are prepared on the accrual basis of accounting. Therefore, revenue and related assets are recognized when earned and expenses and related liabilities are recognized as the obligations are incurred.

Adoption of New Accounting Pronouncement

For the year ended December 31, 2018, FoKAG adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This update addresses the complexity and understandability of net assets classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. The changes required by the update have been applied retrospectively to all periods presented. A key change required by ASU 2016-14 relates to the net assets classes used in these financial statements.

Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions.

Financial Statement Presentation

Financial statement presentation follows Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic *Not-for-Profit Entities*. In accordance with topic ASU NO. 2016-14, net assets, revenue, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of FoKAG and changes therein, are classified and reported as follows:

Net Assets without Donor Restrictions - Net assets not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed restrictions that will be met by either action of FoKAG and/or the passage of time, or that must be maintained permanently by FoKAG. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

FRIENDS OF KENILWORTH AQUATIC GARDENS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Cash

FoKAG maintains its cash in bank deposit accounts, which may at times exceed the federally insured limits. FoKAG believes it is not exposed to any significant credit risk on cash.

Property and Equipment

Property and equipment are recorded at cost. Major additions, replacements, and betterments with costs of at least \$1,000 and lives greater than one year are capitalized, while repairs and maintenance are expensed. Depreciation of all assets is calculated on a straight-line basis over the estimated useful lives (ranging from three to seven years) of the related assets.

Revenue Recognition

Contributions, including unconditional promises to give, are recognized as revenue in the period in which they are received. Grants are recognized as revenue in the period in which such promises or agreements are made, generally when the agreement has been received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. When a time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Program service revenue is recognized in the period in which the program services are held.

Methods Used for Allocation of Expenses from Management and General Activities

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include office and occupancy, which are allocated on the basis of salaries and related costs, which are based on the amount of estimated time and effort expended.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

FRIENDS OF KENILWORTH AQUATIC GARDENS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017
(continued)

NOTE C – INCOME TAXES

FoKAG is a 501(c) (3) organization exempt from federal income tax under Section 501(a) of the Internal Revenue Code (the “Code”) and is not a private foundation. Under the provisions of the Code, FoKAG is, however, subject to tax on business income unrelated to its exempt purpose. As of December 31, 2018, FoKAG had no liability for tax on unrelated business income. FoKAG files information returns and other tax returns as required.

FoKAG believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

FoKAG’s information returns are subject to examination by the Internal Revenue Service for a period of three years from the date they were filed, except under certain circumstances. FoKAG’s information returns for the years ended December 31, 2015 through 2017 are open for a tax examination by the Internal Revenue Service, although no request has been made as of the date of these financial statements.

NOTE D – AVAILABLE RESOURCES AND LIQUIDITY

FoKAG’s management regularly monitors liquidity requirements to ensure that on-going operating needs and other contractual commitments are met. Timing of revenue receipts also ensures the availability of necessary operational funds. Sources of liquidity available to FoKAG include financial assets consisting of cash and grants receivable. In addition, FoKAG anticipates receiving additional grants and contributions that will sufficiently cover its operating expenses over a 12-month period. Although FoKAG had net assets with donor restrictions totaling \$84,369 as of December 31, 2018, these funds are expected to be available for spending over the next 12 months.

In determining the adequacy of liquidity sources to cover general operating expenditures over a 12-month period, FoKAG considers all expenditures related to its ongoing program support services, as well as services undertaken to support its programs, such as fundraising activities, to be general operating expenditures.

As of December 31, 2018, total financial assets held by FoKAG and the amounts of those financial assets that could readily be made available within one year of the balance sheet date to meet general expenditures were as follows:

FRIENDS OF KENILWORTH AQUATIC GARDENS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017
(continued)

NOTE D – AVAILABLE RESOURCES AND LIQUIDITY – continued

Cash and cash equivalents	\$ 179,703
Contributions receivable	<u>84,207</u>
Total Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	<u><u>\$ 263,910</u></u>

NOTE E - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31, 2018:

	2018	2017
Office equipment	\$ 8,378	\$ 2,192
Less: accumulated depreciation	<u>(1,821)</u>	<u>(250)</u>
Property and Equipment, net	<u><u>\$ 6,557</u></u>	<u><u>\$ 1,942</u></u>

Depreciation expense totaled \$1,026 and \$250 for the years ended December 31, 2018 and 2017, respectively.

NOTE F – NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2018 and 2017, net assets with donor restrictions consisted of the following:

	2018	2017
NatureFest	\$ 72,315	\$ 20,000
Education and outreach	10,000	-
National Park Service Activities	<u>2,054</u>	<u>2,054</u>
Total	<u><u>\$ 84,369</u></u>	<u><u>\$ 22,054</u></u>

NOTE G – SUBSEQUENT EVENTS

In preparing these financial statements, FoKAG has evaluated events and transactions for potential recognition or disclosure through September 11, 2019, the date the financial statements were available to be issued. There were no additional events or transactions that were discovered during the evaluation that required further recognition or disclosure.