

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

DECEMBER 31, 2019 AND 2018

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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, 2019 and 2018, 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 audits 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, 2019 and 2018, 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.

Emphasis of Matter

As discussed in Note B to the financial statements, in 2019 Friends of Kenilworth Aquatic Gardens adopted new accounting guidance, Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers* and ASU 2018-08, *Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

Joan Marston & M^oQuade PA

Washington, DC
March 18, 2020

**FRIENDS OF KENILWORTH AQUATIC GARDENS
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018**

	2019	2018
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 107,612	\$ 179,703
Grants receivable	211,125	84,207
Prepaid Expenses	984	6,500
Total Current Assets	324,496	270,410
OTHER ASSETS		
Property and equipment	4,986	6,557
Security deposit	4,775	-
Total Other Assets	9,761	6,557
TOTAL ASSETS	\$ 329,482	\$ 276,967
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ -	\$ 6,625
Accrued expenses	4,422	1,685
Total Current Liabilities	4,422	8,310
NET ASSETS		
Without donor restrictions	112,646	184,288
With donor restrictions	212,414	84,369
Total Net Assets	325,060	268,657
TOTAL LIABILITIES AND NET ASSETS	\$ 329,482	\$ 276,967

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

FRIENDS OF KENILWORTH AQUATIC GARDENS
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Grants and contributions	\$ 93,364	\$ 210,360	\$ 303,724
Program services	2,360	-	2,360
Net assets released from restrictions	82,315	(82,315)	-
Total Revenue and Support	178,039	128,045	306,084
EXPENSES			
Program services:			
Education	124,468	-	124,468
Stewardship	15,493	-	15,493
Public engagement	57,259	-	57,259
Total Program Services	197,220	-	197,220
Support services:			
Management and general	41,221	-	41,221
Fundraising	11,240	-	11,240
Total Support Services	52,461	-	52,461
Total Expenses	249,681	-	249,681
CHANGE IN NET ASSETS	(71,642)	128,045	56,403
NET ASSETS			
Beginning of year	184,288	84,369	268,657
End of year	\$ 112,646	\$ 212,414	\$ 325,060

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 FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019**

	Program Services				Support Services			
	Education	Stewardship	Public Engagement	Total Program Services	Management and General	Fundraising	Total Support Services	Total
Salaries	\$ 33,760	\$ 7,456	\$ 18,000	\$ 59,216	\$ 13,993	\$ 8,003	\$ 21,996	\$ 81,212
Benefits	330	41	152	523	635	32	667	1,190
Payroll taxes	2,792	632	1,562	4,986	1,393	664	2,057	7,043
Total Personnel Expenses	36,882	8,129	19,714	64,725	16,021	8,699	24,720	89,445
Accounting	-	-	-	-	15,475	-	15,475	15,475
Consultants	48,037	1,650	15,324	65,011	1,796	300	2,096	67,107
Depreciation	-	-	-	-	1,571	-	1,571	1,571
Dues and subscriptions	80	-	756	836	-	-	-	836
Educational materials	9,620	3,465	6,116	19,201	70	19	89	19,290
Insurance	1,773	221	815	2,809	1,478	174	1,652	4,461
Miscellaneous	1,015	126	466	1,607	365	99	464	2,071
Office supplies	2,991	29	107	3,127	84	23	107	3,234
Printing	1,392	214	7,777	9,383	293	679	972	10,355
Rent	6,435	801	2,955	10,191	2,311	630	2,941	13,132
Telephone	2,795	342	1,470	4,607	986	268	1,254	5,861
Travel	13,448	516	1,759	15,723	771	349	1,120	16,843
Total Expenses	<u>\$ 124,468</u>	<u>\$ 15,493</u>	<u>\$ 57,259</u>	<u>\$ 197,220</u>	<u>\$ 41,221</u>	<u>\$ 11,240</u>	<u>\$ 52,461</u>	<u>\$ 249,681</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, 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
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
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
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 56,403	\$ 151,712
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,571	1,026
Decrease (increase) in assets:		
Grants receivable	(126,918)	(14,207)
Prepaid expenses	5,516	(6,500)
Other assets	-	338
Security deposit	(4,775)	-
Increase (decrease) in liabilities:		
Accounts payable	(6,625)	2,913
Accrued expenses	2,737	(12,384)
Net Cash (Used by) Provided by Operating Activities	(72,091)	122,898
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	-	(6,186)
 NET INCREASE IN CASH	(72,091)	116,712
 CASH, beginning of year	179,703	62,991
 CASH, end of year	\$ 107,612	\$ 179,703

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

**FRIENDS OF KENILWORTH AQUATIC GARDENS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

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 “park”), is well-maintained, well-enjoyed and welcoming for neighbors and visitors. FoKAG does this by connecting people to the park 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 to help maintain the park. In 2019, more than 970 FoKAG volunteers contributed 3,350 hours of their time to remove and pick up trash and support park projects. Over \$100,000 in grants secured by FoKAG are now being used to upgrade park trails and infrastructure, design and install informational signs, and purchase amenities to enhance every visitor’s experience. FoKAG regularly acquires and donates much-needed supplies, such as landscaping tools and materials and native plants. FoKAG fundraising has also enabled the park to utilize local young adults' work crews for restoration projects – reinforcing commitment to the local community and the park.

Public Engagement

FoKAG provides safe, culturally-enriching events year-round to help connect people to the park, hosting well-attended family days, summer concert series, and an annual photography contest. 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 a one-week spring break camp and a two-week summer camp, FoKAG introduces hundreds of local children from the surrounding underserved community to the park – a previously unknown or rarely visited resource in their backyard. Campers explore the wetlands, ponds, plants, and animals alongside teens and adults from their neighborhood and then venture to other local parks to expand their experience. Programs foster a sense of belonging and lifelong appreciation for nature.

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.

FRIENDS OF KENILWORTH AQUATIC GARDENS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Adoption of New Accounting Pronouncement

The Financial Accounting Standards Board (“FASB”) *Accounting Standards Codification Topic 606, Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. FoKAG has implemented Topic 606.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. FoKAG has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the FoKAG’s implementation of ASU 2018-08.

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 actions 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.

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.

FRIENDS OF KENILWORTH AQUATIC GARDENS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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.

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, 2019, FoKAG had no liability for tax on unrelated business income. FoKAG files information returns and other tax returns as required.

FRIENDS OF KENILWORTH AQUATIC GARDENS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(continued)

NOTE C – INCOME TAXES - continued

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, 2016 through 2018 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 \$212,414 as of December 31, 2019, 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, 2019, 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:

	2019	2018
Cash	\$ 107,612	\$ 179,703
Contributions receivable	211,125	84,207
Total Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	\$ 318,737	\$ 263,910

FRIENDS OF KENILWORTH AQUATIC GARDENS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(continued)

NOTE E - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31, 2019:

	2019	2018
Office equipment	\$ 8,378	\$ 8,378
Less: accumulated depreciation	(3,392)	(1,821)
Property and Equipment, Net	\$ 4,986	\$ 6,557

Depreciation expense totaled \$1,571 and \$1,026 for the years ended December 31, 2019 and 2018, respectively.

NOTE F – NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2019 and 2018, net assets with donor restrictions consisted of the following:

	2019	2018
NatureFest	\$ 54,472	\$ 72,315
Education and outreach	-	10,000
National Park Service Activities	3,789	2,054
Stewardship	154,153	-
Total	\$ 212,414	\$ 84,369

NOTE G – SUBSEQUENT EVENTS

In preparing these financial statements, FoKAG has evaluated events and transactions for potential recognition or disclosure through March 18, 2020, 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.