

FRIENDS OF KENILWORTH AQUATIC GARDENS

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT**

DECEMBER 31, 2020 AND 2019

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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, 2020 and 2019, 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, 2020 and 2019, 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.

Jane Maruca & M^oQuade PA

Washington, DC
June 14, 2021

FRIENDS OF KENILWORTH AQUATIC GARDENS
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	2020	2019
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 129,813	\$ 107,612
Grants receivable	137,275	211,125
Prepaid expenses	1,476	984
Total Current Assets	268,564	319,721
OTHER ASSETS		
Property and equipment, net	3,644	4,986
Security deposit	-	4,775
Total Other Assets	3,644	9,761
TOTAL ASSETS	\$ 272,208	\$ 329,482
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 46,710	\$ -
Accrued expenses	3,450	4,422
Total Current Liabilities	50,160	4,422
NET ASSETS		
Without donor restrictions	108,886	112,646
With donor restrictions	113,162	212,414
Total Net Assets	222,048	325,060
TOTAL LIABILITIES AND NET ASSETS	\$ 272,208	\$ 329,482

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

FRIENDS OF KENILWORTH AQUATIC GARDENS
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Grants and contributions	\$ 155,531	\$ 22,755	\$ 178,286
Government grant	17,600	-	17,600
Net assets released from restrictions	122,007	(122,007)	-
Total Revenue and Support	295,138	(99,252)	195,886
EXPENSES			
Program services:			
Education	100,314	-	100,314
Stewardship	88,588	-	88,588
Public engagement	39,076	-	39,076
Total Program Services	227,978	-	227,978
Support services:			
Management and general	29,969	-	29,969
Fundraising	40,951	-	40,951
Total Support Services	70,920	-	70,920
Total Expenses	298,898	-	298,898
CHANGE IN NET ASSETS	(3,760)	(99,252)	(103,012)
NET ASSETS			
Beginning of year	112,646	212,414	325,060
End of year	\$ 108,886	\$ 113,162	\$ 222,048

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 FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020**

	Program Services				Support Services				Total
	Education	Stewardship	Public Engagement	Total Program Services	Management and General	Fundraising	Total Support Services		
Personnel Costs:									
Salaries	\$ 54,768	\$ 16,856	\$ 21,218	\$ 92,842	\$ 6,053	\$ 31,861	\$ 37,914	\$ 130,756	
Benefits	1,359	947	430	2,736	331	259	590	3,326	
Payroll taxes	4,862	1,512	1,881	8,255	748	2,583	3,331	11,586	
Total Personnel Costs	<u>60,989</u>	<u>19,315</u>	<u>23,529</u>	<u>103,833</u>	<u>7,132</u>	<u>34,703</u>	<u>41,835</u>	<u>145,668</u>	
Accounting	-	-	-	-	19,900	-	19,900	19,900	
Consultants	6,264	48,458	4,786	59,508	281	3,290	3,571	63,079	
Depreciation	-	-	-	-	1,342	-	1,342	1,342	
Dues and subscriptions	832	511	1,061	2,404	178	191	369	2,773	
Educational materials	20,853	15,683	51	36,587	-	834	834	37,421	
Insurance	3,069	837	380	4,286	292	231	523	4,809	
Office supplies	179	135	71	385	43	200	243	628	
Printing	739	153	5,885	6,777	49	910	959	7,736	
Rent	3,520	2,020	1,380	6,920	505	396	901	7,821	
Telephone	3,033	939	1,689	5,661	60	47	107	5,768	
Travel	836	537	244	1,617	187	149	336	1,953	
Total Expenses	<u>\$ 100,314</u>	<u>\$ 88,588</u>	<u>\$ 39,076</u>	<u>\$ 227,978</u>	<u>\$ 29,969</u>	<u>\$ 40,951</u>	<u>\$ 70,920</u>	<u>\$ 298,898</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, 2019**

	Program Services				Support Services			Total
	Education	Stewardship	Public Engagement	Total Program Services	Management and General	Fundraising	Total Support Services	
Personnel Costs:								
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 Costs	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
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (103,012)	\$ 56,403
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	1,342	1,571
Decrease (increase) in assets:		
Grants receivable	73,850	(126,918)
Prepaid expenses	(492)	5,516
Security deposit	4,775	(4,775)
Increase (decrease) in liabilities:		
Accounts payable	46,710	(6,625)
Accrued expenses	(972)	2,737
Net Cash Provided by (Used by) Operating Activities	22,201	(72,091)
NET INCREASE (DECREASE) IN CASH	22,201	(72,091)
CASH, beginning of year	107,612	179,703
CASH, end of year	\$ 129,813	\$ 107,612

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

FRIENDS OF KENILWORTH AQUATIC GARDENS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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. Government and other grants and contributions are the primary sources of revenue that support the programs, general and other expenses of FoKAG.

Friends of Kenilworth Aquatic Gardens provides the following programs:

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.

Stewardship

FoKAG provides human, financial, and material resources to help maintain the park. In 2020, more than 100 FoKAG volunteers contributed 300 hours of their time to remove and pick-up trash and support park projects. In a typical year, FoKAG brings in nearly 1,000 volunteers, however, volunteer activity was reduced due to the COVID-19 crisis. 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.

**FRIENDS OF KENILWORTH AQUATIC GARDENS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

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.

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 in perpetuity by FoKAG. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements 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 with regard to 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.

FRIENDS OF KENILWORTH AQUATIC GARDENS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Revenue Recognition

Grants and Contributions

FoKAG recognizes contributions when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Contributions received with donor stipulations are recorded as with donor restrictions based on the donor's intent. Unless otherwise stated by the donor, individual donations are recorded as without donor restrictions. FoKAG reports expirations of donor restrictions when the donated long-lived assets are acquired or placed in service. Contributions with donor restrictions that are met in the same reporting period as the contribution is received are reported as without donor restrictions support.

Government Grant

Proceeds received from PNC Bank, N.A. under the Small Business Administration's Paycheck Protection Program ("PPP") are recognized as a government grant. This revenue is considered a conditional grant with a measurable performance or other barrier and a right of return and are not recognized until the conditions on which they depend have been substantially met. These grants are also subject to audit by the grantor agencies, which could result in a request for reimbursement by the agency for expenditures disallowed under the terms and conditions of the appropriate grantor. As of December 31, 2020, FoKAG satisfied the conditions of the terms of the PPP loan, and therefore, recognized the total proceeds as grant revenue in the accompanying statement of activities.

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 rent, depreciation, and insurance, which are allocated on the basis of salaries and related costs, which are based on the amount of estimated time and effort expended.

FRIENDS OF KENILWORTH AQUATIC GARDENS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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, 2020 and 2019, 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, 2017 through 2019 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 \$113,162 and \$212,414, as of December 31, 2020 and 2019, respectively, 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.

FRIENDS OF KENILWORTH AQUATIC GARDENS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(continued)

NOTE D – AVAILABLE RESOURCES AND LIQUIDITY - continued

As of December 31, 2020 and 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 statement of financial position date to meet general expenditures were as follows:

	2020	2019
Cash	\$ 129,813	\$ 107,612
Grants receivable	137,275	211,125
Total Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	\$ 267,088	\$ 318,737

NOTE E - PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2020 and 2019 consisted of the following:

	2020	2019
Office equipment	\$ 8,378	\$ 8,378
Less: accumulated depreciation	(4,734)	(3,392)
Property and Equipment, Net	\$ 3,644	\$ 4,986

Depreciation expense totaled \$1,342 and \$1,571 for the years ended December 31, 2020 and 2019, respectively.

FRIENDS OF KENILWORTH AQUATIC GARDENS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(continued)

NOTE F – NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2020 and 2019, net assets with donor restrictions consisted of the following:

	<u>2020</u>	<u>2019</u>
Stewardship	\$ 107,607	\$ 154,153
National Park Service Activities	4,981	3,789
Education and outreach	574	-
NatureFest/Camps	-	54,472
Total	<u>\$ 113,162</u>	<u>\$ 212,414</u>

NOTE G – PPP LOAN

On May 8, 2020, FoKAG secured \$17,600 with PNC Bank, N.A. (the “Lender”) under the Small Business Administration’s Paycheck Protection Program (“PPP”) that authorized forgivable loans to small businesses. This loan can be used to cover certain expenses during the COVID-19 crisis. The loan amount may be forgiven as long as the loan proceeds are used to cover payroll costs, rent, certain mortgage interest and utility costs over a period specified in the loan document after the loan is made. If not used for the prescribed purpose, the loan is due on May 8, 2022, along with interest calculated at the rate of 1% per annum.

On March 19, 2021, the entire principal balance of the loan was forgiven in full, and FoKAG elected to treat the entire PPP proceeds as government grant revenue, which is reflected in the accompanying statement of activities.

NOTE H – SUBSEQUENT EVENTS

In preparing these financial statements, FoKAG has evaluated events and transactions for potential recognition or disclosure through June 14, 2021, the date the financial statements were available to be issued. Except for the forgiveness of the PPP loan as indicated in Note G, there were no additional events or transactions that were discovered during the evaluation that required further recognition or disclosure.