

FRIENDS OF KENILWORTH AQUATIC GARDENS
FINANCIAL STATEMENTS
AND INDEPENDENT ACCOUNTANT'S REVIEW REPORT
DECEMBER 31, 2022

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Independent Auditor's Review Report

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

We have reviewed the accompanying financial statements of Friends of Kenilworth Aquatic Gardens (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Friends of Kenilworth Aquatic Gardens and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be 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, during the year ended December 31, 2022, Friends of Kenilworth Aquatic Gardens adopted new accounting guidance, Accounting Standards Update ("ASU") 2016-02, Topic 842 *Leases*, as amended. Our opinion is not modified with respect to this matter.



Washington, DC
October 27, 2023

FRIENDS OF KENILWORTH AQUATIC GARDENS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

ASSETS

CURRENT ASSETS

Cash	\$ 223,794
Grant receivable	1,800
Total Current Assets	<u>225,594</u>

OTHER ASSETS

Property and equipment, net	1,768
Total Other Assets	<u>1,768</u>

TOTAL ASSETS

\$ 227,362

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 2,600
Accrued expenses	13,102
Total Current Liabilities	<u>15,702</u>

NET ASSETS

Without donor restrictions	192,683
With donor restrictions	18,977
Total Net Assets	<u>211,660</u>

TOTAL LIABILITIES AND NET ASSETS

\$ 227,362

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

FRIENDS OF KENILWORTH AQUATIC GARDENS
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Grants and contributions	\$ 233,107	\$ 79,601	\$ 312,708
Net assets released from restrictions	115,723	(115,723)	-
Total Revenue and Support	348,830	(36,122)	312,708
EXPENSES			
Program Services:			
Education	22,917	-	22,917
Stewardship	32,250	-	32,250
Public engagement	205,752	-	205,752
Total Program Services	260,919	-	260,919
Support Services:			
Management and general	30,934	-	30,934
Fundraising	67,734	-	67,734
Total Support Services	98,668	-	98,668
Total Expenses	359,587	-	359,587
CHANGE IN NET ASSETS	(10,757)	(36,122)	(46,879)
NET ASSETS			
Beginning of year	203,440	55,099	258,539
End of year	\$ 192,683	\$ 18,977	\$ 211,660

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

**FRIENDS OF KENILWORTH AQUATIC GARDENS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022**

	Program Services				Support Services			Total
	Education	Stewardship	Public Engagement	Total Program Services	Management and General	Fundraising	Total Support Services	
Personnel Costs:								
Salaries	\$ 6,970	\$ 21,306	\$ 132,818	\$ 161,094	\$ 7,751	\$ 39,382	\$ 47,133	\$ 208,227
Benefits	318	955	5,972	7,245	-	943	943	8,188
Payroll taxes	602	1,816	11,074	13,492	430	3,309	3,739	17,231
Total Personnel Costs	7,890	24,077	149,864	181,831	8,181	43,634	51,815	233,646
Accounting	-	-	-	-	20,400	-	20,400	20,400
Consultants	13,596	2,909	24,489	40,994	735	13,989	14,724	55,718
Depreciation	31	95	592	718	34	175	209	927
Dues and subscriptions	71	211	1,324	1,606	77	1,369	1,446	3,052
Educational materials	3	551	4,153	4,707	3	4,169	4,172	8,879
Insurance	1,001	601	3,765	5,367	713	1,881	2,594	7,961
Office supplies	33	100	627	760	410	229	639	1,399
Printing	79	1,088	9,770	10,937	86	439	525	11,462
Postage and delivery	6	1,996	6,535	8,537	7	698	705	9,242
Rent	15	46	286	347	17	85	102	449
Telephone	78	233	1,457	1,768	84	432	516	2,284
Travel	114	343	2,890	3,347	187	634	821	4,168
Total Expenses	\$ 22,917	\$ 32,250	\$ 205,752	\$ 260,919	\$ 30,934	\$ 67,734	\$ 98,668	\$ 359,587

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

**FRIENDS OF KENILWORTH AQUATIC GARDENS
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (46,879)
Adjustments to reconcile change in net assets to net cash used for operating activities:	
Depreciation	927
Decrease in assets:	
Grant receivable	36,200
Increase (decrease) in liabilities:	
Accounts payable	(3,696)
Accrued expenses	6,347
Net Cash Used for Operating Activities	<u>(7,101)</u>
 NET DECREASE IN CASH	 (7,101)
 CASH, beginning of year	 <u>230,895</u>
 CASH, end of year	 <u><u>\$ 223,794</u></u>

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

**FRIENDS OF KENILWORTH AQUATIC GARDENS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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. These 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 2022, more than 100 FoKAG volunteers contributed 300 hours of their time to remove and pick-up trash and support park projects. Grants secured by FoKAG have been 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’s fundraising efforts have 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 each year.

FRIENDS OF KENILWORTH AQUATIC GARDENS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022
(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

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, *Leases* (Topic 842), as amended. FASB Accounting Standards Codification ("ASC") 842 supersedes the lease requirements in FASB ASC 840. This guidance is intended to improve financial reporting of leasing transactions by requiring organizations that lease assets to recognize assets and liabilities for the rights and obligations created by leases that extend more than twelve months. Key provisions in this guidance include additional disclosures surrounding the amount, timing, and uncertainty of cash flows arising from leases.

FoKAG adopted FASB ASC Topic 842, with an initial application of January 1, 2022, by applying the modified retrospective transition approach and using the additional (and optional) transition method provided by ASU No. 2018-11, *Leases* (Topic 842): *Targeted Improvements*.

As part of the transition, FoKAG implemented new controls and key system functionality to enable the preparation of financial information on adoption and elected to apply the following practical expedients:

- a) No reassessment of whether any expired or existing contracts contain a lease.
- b) No reassessment of initial direct costs for any existing leases as of the effective date.
- c) In calculating the right-of-use assets and lease liability, FoKAG has elected to combine lease and non-lease components.
- d) As an accounting policy, FoKAG has also elected to apply the short-term lease exception to all leases having initial terms of 12 months or less and recognizes occupancy expense on a straight-line basis over the lease term.

During 2022, FoKAG only had one operating lease that was on a month-to-month basis. As a result, there was no operating lease, right-of-use asset or lease liability recorded on the statement of financial position as of December 31, 2022.

FRIENDS OF KENILWORTH AQUATIC GARDENS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

Financial statement presentation follows Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 958, *Not-for-Profit Entities*. In accordance with Topic 958, 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 several bank deposit accounts, which are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. At times, the accounts may exceed this limit; however, FoKAG believes it is not exposed to any significant credit risk with regards to cash.

Grant Receivable

Grant receivable is stated at the amount management expects to collect from balances outstanding at year end. Amounts expected to be collected within one year are recorded at the net realizable value. Annually, management determines if an allowance for doubtful accounts is necessary based upon a review of outstanding receivables, historical collections, and existing economic conditions. Grants receivable deemed uncollectible are charged off based on circumstances of the parties involved. FoKAG believes all receivables are collectible. Therefore, as of December 31, 2022, no allowance for doubtful accounts was established.

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, 2022
(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.

Methods Used for Allocation of Expenses

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 depreciation, insurance, rent, and any other applicable of expenditures, which are allocated on the basis of salaries and related costs, determined by estimates of 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, 2022
(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, 2022, 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, 2019 through 2021, 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 ongoing 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 grant receivable. In addition, FoKAG anticipates receiving additional grants and contributions that will sufficiently cover its operating expenses over a 12-month period.

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, 2022, 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:

Cash	\$	223,794
Grant receivable		1,800
Total Financial Assets		225,594
Less: net assets restricted by donor		(18,977)
Total Financial Assets Available to Meet Cash Needs for General Expenditures within One Year		\$ 206,617

FRIENDS OF KENILWORTH AQUATIC GARDENS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022
(continued)

NOTE E - PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2022, consisted of the following:

Office equipment	\$ 8,378
Less: accumulated depreciation	<u>(6,610)</u>
Property and Equipment, Net	<u><u>\$ 1,768</u></u>

Depreciation expense totaled \$927 for the year ended December 31, 2022.

NOTE F – NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2022, net assets with donor restrictions consisted of the following:

National Park Service activities	\$ 11,250
Public engagement	<u>7,727</u>
Total	<u><u>\$ 18,977</u></u>

NOTE G – OPERATING LEASE

During the year, FoKAG renewed its membership agreement to lease office space from WeWork on a month-to-month basis. The lease amount may vary depending on the amount of space leased for that particular month. The lease may be canceled at any time with proper notice. For the year ended December 31, 2022, rent expense totaled \$449.

NOTE H – SUBSEQUENT EVENTS

In preparing these financial statements, FoKAG has evaluated events and transactions for potential recognition or disclosure through October 27, 2023, 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.