

THE FAIRFAX COUNTY PARK FOUNDATION, INC.

AUDITED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010

GOVERNMENT & NON-PROFIT AUDIT GROUP, PLC
Certified Public Accountants
Chantilly, Virginia

THE FAIRFAX COUNTY PARK FOUNDATION, INC.

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Government & Non-Profit Audit Group, PLC

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Fairfax County Park Foundation, Inc.
Fairfax, Virginia

We have audited the accompanying statements of financial position of The Fairfax County Park Foundation, Inc. (a not-for-profit organization) as of June 30, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of The Fairfax County Park Foundation, Inc.'s management. 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Fairfax County Park Foundation, Inc., as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Government & Non-Profit Audit Group, PLC

Certified Public Accountants
Chantilly, Virginia
September 21, 2011

THE FAIRFAX COUNTY PARK FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

June 30,

	<u>2011</u>	<u>2010</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 192,298	\$ 95,568
Accounts receivable	8,600	-
Total Current Assets	<u>200,898</u>	<u>95,568</u>
Property and Equipment		
Website	6,000	6,000
Accumulated amortization	(4,167)	(2,167)
Total Property and Equipment	<u>1,833</u>	<u>3,833</u>
Other Assets		
Restricted investments - Note 3	<u>106,221</u>	<u>104,778</u>
Total Assets	<u>\$ 308,952</u>	<u>\$ 204,179</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
No liabilities	<u>\$ -</u>	<u>\$ -</u>
Net Assets		
Unrestricted	107,577	45,926
Temporarily restricted	101,375	58,253
Permanently restricted	100,000	100,000
Total Net Assets	<u>308,952</u>	<u>204,179</u>
Total Liabilities and Net Assets	<u>\$ 308,952</u>	<u>\$ 204,179</u>

See accompanying notes to financial statements.

THE FAIRFAX COUNTY PARK FOUNDATION, INC.

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Support				
Gifts, donations and contributions	\$ 102,345	\$ 374,435	\$ -	\$ 476,780
Donated services and support	334,736	47,475	-	382,211
Interest income	16	1,443	-	1,459
Net assets released from restriction:				
Transferred to Fairfax County				
Park Authority	329,990	(329,990)	-	-
Satisfaction of project restriction	50,241	(50,241)	-	-
Total Revenue and Support	<u>817,328</u>	<u>43,122</u>	<u>-</u>	<u>860,450</u>
Expenses				
Program expenses				
Grants	329,990	-	-	329,990
Project expenses	50,241	-	-	50,241
Management and general				
Personnel salaries and benefits	257,152	-	-	257,152
Rent	10,238	-	-	10,238
Events	7,325	-	-	7,325
Printing and reproductions	1,690	-	-	1,690
Professional fees	5,100	-	-	5,100
Office expense	4,586	-	-	4,586
Amortization	2,000	-	-	2,000
Software	1,953	-	-	1,953
Insurance	490	-	-	490
Donor recognition	420	-	-	420
Website	190	-	-	190
Training	115	-	-	115
Security	82	-	-	82
Fundraising				
Personnel salaries and benefits	60,552	-	-	60,552
Direct mailing	23,553	-	-	23,553
Total Expenses	<u>755,677</u>	<u>-</u>	<u>-</u>	<u>755,677</u>
Change in Net Assets	61,651	43,122	-	104,773
Net Assets at Beginning of Year	<u>45,926</u>	<u>58,253</u>	<u>100,000</u>	<u>204,179</u>
Net Assets at End of Year	<u>\$ 107,577</u>	<u>\$ 101,375</u>	<u>\$ 100,000</u>	<u>\$ 308,952</u>

THE FAIRFAX COUNTY PARK FOUNDATION, INC.

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Support				
Gifts, donations and contributions	\$ 84,841	\$ 246,028	\$ -	\$ 330,869
Donated services and support	237,101	-	-	237,101
Interest income	14	2,710	-	2,724
Net assets released from restriction:				
Transferred to Fairfax County				
Park Authority	211,493	(211,493)	-	-
Satisfaction of project restriction	15,308	(15,308)	-	-
Total Revenue and Support	<u>548,757</u>	<u>21,937</u>	<u>-</u>	<u>570,694</u>
Expenses				
Program expenses				
Grants	327,119	-	-	327,119
Project expenses	33,101	-	-	33,101
Management and general				
Personnel salaries and benefits	190,196	-	-	190,196
Rent	9,914	-	-	9,914
Office expense	7,349	-	-	7,349
Professional fees	4,900	-	-	4,900
Amortization	2,000	-	-	2,000
Software	1,327	-	-	1,327
Website	186	-	-	186
Amortization	119	-	-	119
Fundraising				
Personnel salaries and benefits	31,140	-	-	31,140
Direct mailing	14,447	-	-	14,447
Total Expenses	<u>621,798</u>	<u>-</u>	<u>-</u>	<u>621,798</u>
Change in Net Assets	(73,041)	21,937	-	(51,104)
Net Assets at Beginning of Year	<u>118,967</u>	<u>36,316</u>	<u>100,000</u>	<u>255,283</u>
Net Assets at End of Year	<u>\$ 45,926</u>	<u>\$ 58,253</u>	<u>\$ 100,000</u>	<u>\$ 204,179</u>

THE FAIRFAX COUNTY PARK FOUNDATION, INC.

STATEMENTS OF CASH FLOWS
For the Years Ended June 30,

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities		
Change in net assets	\$ 104,773	\$ (51,104)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Amortization	2,000	2,000
Changes in operating assets and liabilities:		
Increase in accounts receivable	<u>(8,600)</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>98,173</u>	<u>(49,104)</u>
Cash flows from investing activities		
Purchases of investments	<u>(1,443)</u>	<u>(2,710)</u>
Net cash used in investing activities	<u>(1,443)</u>	<u>(2,710)</u>
Change in cash and cash equivalents	96,730	(51,814)
Cash and cash equivalents, beginning of year	<u>95,568</u>	<u>147,382</u>
Cash and cash equivalents, end of year	<u>\$ 192,298</u>	<u>\$ 95,568</u>

See accompanying notes to financial statements.

THE FAIRFAX COUNTY PARK FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Organization and Significant Accounting Policies

The Fairfax County Park Foundation, Inc. (the Foundation) is a nonprofit organization incorporated in 2001 in Fairfax, Virginia. The purpose of the Foundation is to raise private donations and to create innovative partnerships between organizations, individuals and corporate neighbors in order to support parks and open space in the Fairfax County community where needs surpass public resources; and to strengthen the connection and commitment of corporate and individual neighbors to their parks. The Foundation's primary sources of funds are from contributions and donated services.

The following is a summary of significant accounting policies followed in the preparation of these financial statements:

- (a) **Basis of Accounting** – The Foundation prepares its financial statements in accordance with generally accepted accounting principles, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.
- (b) **Basis of Presentation** – The Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As of June 30, 2011 and 2010, the Foundation had temporarily restricted net assets of \$101,375 and \$58,253 respectively, and the Foundation had permanently restricted net assets of \$100,000 and \$100,000 respectively.
- (c) **Cash and Cash Equivalents** - For purposes of the statement of cash flows, the Foundation considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents.
- (d) **Support and Revenue** – Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets.
- (e) **Revenue Recognition** - All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.
- (f) **Income Tax Matters** - The Foundation has been granted tax exempt status under the Internal Revenue Code Section 501(c)(3) on all income other than unrelated business income. The Foundation has been classified as an organization that is not a private foundation.
- (g) **Management Estimates** - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates, including estimates relating to assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

THE FAIRFAX COUNTY PARK FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - Organization and Significant Accounting Policies (continued)

- (h) Contributions Receivable – The Foundation solicits pledges and grants from individuals, corporations, foundations, and local businesses. Management periodically evaluates the contributions receivable and determines the need for an allowance for doubtful accounts. Management considers the Foundation’s past receivables loss experience, adverse situations that may affect the donor’s ability to pay, and current economic conditions. Management had determined that all contributions receivable at June 30, 2011 were collectible, and an allowance for doubtful accounts was not deemed necessary.
- (i) Property and Equipment – Purchased property and equipment are recorded at cost for any item in excess of \$1,000. Contributed property and equipment is recorded at its fair market value on the date of contribution. Expenditures for maintenance and repairs are charged against income as incurred; betterments, which increase the value or materially extend the life of the related assets, are capitalized.

Depreciation is computed on the straight-line basis over the estimated useful lives of the assets. The estimated useful life of the website is 3 years.

- (j) Concentration of Credit and Market Risk - The Foundation occasionally maintains deposits in excess of federally insured limits. Statement of Financial Accounting Standards No. 105 identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by maintaining all deposits in high quality financial institutions. The Foundation has not experienced any losses in such accounts. The Foundation’s investments do not represent significant concentrations of market risk inasmuch as the organization’s investment portfolio is adequately diversified amongst issuers. The Foundation has not experienced any losses on its cash accounts.
- (k) Allocated Costs – Salaries, rent and payroll taxes have been allocated between the program, fundraising and general and administrative functions based on level of effort.
- (l) Uncertain Tax Positions - The Foundation has adopted the provisions of Financial Accounting Standards (FASB) interpretation No. 48 “Accounting for Uncertainty in Income Taxes.” The Interpretation provides clarification on accounting for uncertainty in income taxes recognized in an entity’s financial statements in accordance with FASB Statement of Financial Accounting Standards (SFAS) No. 109, “Accounting for Income Taxes.” The interpretation prescribes a recognition threshold and measurement attribute for the financial statements recognition and measurement of a tax position taken or expected to be taken in a tax return, and also provides guidance on derecognition, classification, interest, penalties, accounting in interim periods, disclosure and transition. As of June 30, 2011, the Foundation had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The tax years subject to examination by the taxing authorities are the years ended June 30, 2008 through 2010.
- (m) Functional Presentation – The direct costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the programs, management and general and fundraising activities benefited.
- (n) Advertising Costs – Advertising costs are expensed when incurred.

THE FAIRFAX COUNTY PARK FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 - Leases

No formal lease agreement has been written. Fairfax County donates office space on a month-to-month basis to the Foundation.

NOTE 3 - Restricted Investments

The fair values, which are the amounts reported in the statement of financial position, are based on level 1 inputs, quoted market prices, if available, or estimated using quoted market prices for similar securities. \$100,000 of the restricted investments balance is permanently restricted for the Oakton School House project.

Restricted investments at June 30, 2011 and 2010, included certificates of deposit valued at \$106,221 and \$104,778, respectively.

NOTE 4 - Donated Services and Support

Donated services and materials received during the years ended June 30, 2011 and 2010, were recognized in the accompanying financial statements as in-kind support and are offset by like amounts included in expenses or assets.

Donated services and materials received for the years ended June 30, 2011 and 2010 consisted of:

	<u>2011</u>	<u>2010</u>
<u>Program Support:</u>		
Construction materials and services for the Liberty Swing	\$ 30,000	-
Landscaping services for Clemjontri Park	9,975	-
Design services for Lee District Park	<u>7,500</u>	<u>-</u>
Sub-total	<u>\$ 47,475</u>	<u>\$ -</u>
<u>General Operations Support:</u>		
Donated personnel	\$317,704	\$221,336
Rent and utilities expense	10,238	9,914
Direct mail	3,893	4,605
Office expenses	<u>2,901</u>	<u>1,246</u>
Sub-total	<u>\$334,736</u>	<u>\$237,101</u>
Total	<u>\$382,211</u>	<u>\$237,101</u>

NOTE 5 - Related Parties

The Foundation is related to the Fairfax County Park Authority (FCPA) through common support. For the years ended June 30, 2011 and 2010, the FCPA made in-kind donations of salaries and benefits, rent and office expense to the Foundation of \$334,736 and \$237,101, respectively. The Foundation's fundraising efforts are directed towards granting funding to support the parks and open space under the management of the FCPA. For the years ended June 30, 2011 and 2010, the Foundation made grants of \$329,990 and \$327,119, respectively, to the FCPA, and the expense is included under program services in the Statements of Activities.

NOTE 6 - Evaluation of Subsequent Events

The Foundation has evaluated subsequent events through October 11, 2011, the date which the financial statements were available to be issued.

THE FAIRFAX COUNTY PARK FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

(Continued)

NOTE 7 – Permanently Restricted Net Assets

Permanently restricted net assets consisted of a grant received from Chevy Chase Bank for \$100,000 for the Oakton School House. The Foundation can only use the earnings generated by the original contribution for the operations of the Oakton School House and the original corpus must remain intact in perpetuity.

NOTE 8 – Temporarily Restricted Net Assets

Temporarily restricted net assets include donor restricted funds which are available for various purposes. As of June 30, 2011 and 2010 temporarily restricted assets are available for the following activities:

<u>Project</u>	<u>2011</u>	<u>2010</u>
Adapted Aquatics	\$ 1,600	\$ -
Arts for the Parks	-	50
Bright Futures	34,706	27,450
Bench Memorials	-	801
Burke Lake Park	200	-
Class Scholarship Donations	11,019	8,778
Clemyjontri	150	350
Concert Series	1,175	50
Dunn Loring Park	-	1,000
Fort Willard Outer Circle	-	1,435
Hidden Oaks	18,750	-
Katie's Playground	-	500
Kent's Garden	5,000	-
Late Night Skate	2,500	-
Lee District Park	10,870	3,890
Levelle Dupell Park	-	600
Liberty Swing	-	250
Lose the Training Wheels	140	-
Oakton School House	6,221	4,778
Open Space	8,004	7,411
Trail Fund	100	-
Treehouse-Lee District Park	440	860
Turner Farm	-	50
Water Safety Day	500	-
	<u>\$ 101,375</u>	<u>\$ 58,253</u>

THE FAIRFAX COUNTY PARK FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

(Continued)

NOTE 8 – Temporarily Restricted Net Assets (continued)

Net assets for the year ended June 30, 2011 and 2010, were transferred to the FCPA administrator or released from donor restrictions, by incurring expenses and/or satisfying the purpose or time restrictions specified by donors as follows:

<u>Project</u>	<u>2011</u>	<u>2010</u>
Adapted Aquatics	\$ 2,786	\$ 3,344
Arts for the Parks	19,640	14,580
Banks Memorial	928	-
Bench Memorials	9,932	2,014
Bright Futures	44,459	27,196
Bryn Marr Park	-	5,000
Burke Lake Park	502	1,600
Class Scholarship Donations	33,744	27,608
Clemyjontri	11,301	1,152
Concert Series	47,635	10,250
Cub Run Recreation Center	-	1,138
Dunn Loring Park	1,000	-
Fort Willard	1,485	370
Frying Pan Park	4,100	1,000
Hidden Oaks	2,000	6,020
Huntley Meadows	-	100
Katie's Playground	3,208	21,482
Laurel Hill Equestrian	-	1,956
Lake Accotink Park	5,088	-
Law Enforcement Foundation	-	25
Lee District Park	61,373	18,415
Levelle Dupell Park	600	-
Liberty Swing	68,419	16,644
Library Foundation	50	50
Lose the Training Wheels	680	477
Margaret White Garden	100	125
Mark Bleiweis Memorial	-	8,500
Multi-Cultural	100	700
Munson Hill Park	-	1,469
Open Space	27,174	35,172
Pact	21,455	13,118
Providence Recreation Center Park	4,420	3,400
Quinn Farm Dog Park	200	-
South Railroad Park	-	1,000
South Run Recreation Center	1,000	-
Trail Fund	4,482	896
Tree Memorial	2,070	2,000
Turner Farm	300	-
	<u>\$ 380,231</u>	<u>\$ 226,801</u>

THE FAIRFAX COUNTY PARK FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
(Concluded)

NOTE 9 – Endowment Funds

The Foundation's endowment consists of one (1) donor-restricted fund established for the maintenance and operation of the Oakton School House. Net assets associated with the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation have interpreted the Virginia State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowments funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the program supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Foundation Board, the endowment assets are invested in a manner that is intended to preserve the fair value of the gift and provide investment return through current yield (interest) to meet the short-term operational needs of the program.

The Foundation Board reviews maintenance and operational needs of the program as they arise and determine, by simple majority vote, the amount of available funds to spend on the program.

Changes in endowment net assets for the years ended June 30, 2011 and 2010 were as follows:

	<u>2011</u>		<u>2010</u>	
	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Beginning Endowment Net Assets	\$ 4,778	\$100,000	\$ 2,068	\$100,000
Investment Income:				
Dividends and Interest	<u>1,443</u>	<u>-</u>	<u>2,710</u>	<u>-</u>
Total Investment Income	6,221	100,000	4,778	100,000
Appropriation of endowment assets for expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Endowment Net Assets	<u>\$ 6,221</u>	<u>\$100,000</u>	<u>\$ 4,778</u>	<u>\$100,000</u>