

THE FAIRFAX COUNTY PARK FOUNDATION, INC.

AUDITED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

DUNHAM, AUKAMP & RHODES, PLC
Certified Public Accountants
Chantilly, Virginia

THE FAIRFAX COUNTY PARK FOUNDATION, INC.

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Dunham, Aukamp & Rhodes, PLC

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of The Fairfax County Park Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Fairfax County Park Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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 and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in aggregate, that raise substantial doubt about The Fairfax County Park Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of The Fairfax County Park Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Fairfax County Park Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Certified Public Accountants
Chantilly, Virginia

September 26, 2023

THE FAIRFAX COUNTY PARK FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

June 30,

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 950,062	\$ 689,115
Investments	368,782	-
Unconditional promises to give	393,802	37,700
Total Current Assets	<u>1,712,646</u>	<u>726,815</u>
Other Assets		
Cash and cash equivalents, restricted	-	339,018
Long-Term unconditional promises to give, net	138,367	165,262
Total Other Assets	<u>138,367</u>	<u>504,280</u>
 Total Assets	 <u>\$ 1,851,013</u>	 <u>\$ 1,231,095</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	<u>\$ -</u>	<u>\$ -</u>
Net Assets		
Without donor restrictions	278,373	253,757
With donor restrictions - by purpose	1,472,640	877,338
With donor restrictions - in perpetuity	100,000	100,000
Total Net Assets	<u>1,851,013</u>	<u>1,231,095</u>
 Total Liabilities and Net Assets	 <u>\$ 1,851,013</u>	 <u>\$ 1,231,095</u>

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

THE FAIRFAX COUNTY PARK FOUNDATION, INC.

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions - by Purpose	With Donor Restrictions - in Perpetuity	Total
Revenue and Support				
Gifts, donations and contributions	\$ 133,985	\$ 1,898,062	\$ -	\$ 2,032,047
Donated services and support	463,702	-	-	463,702
Investment income	49	15,658	-	15,707
Net assets released from restriction:				
Transferred to Fairfax County Park Authority	1,306,988	(1,306,988)	-	-
Satisfaction of project restriction	11,430	(11,430)	-	-
Total Revenue and Support	<u>1,916,154</u>	<u>595,302</u>	<u>-</u>	<u>2,511,456</u>
Expenses				
Program expenses	1,317,292	-	-	1,317,292
Management and general	423,818	-	-	423,818
Fundraising	150,428	-	-	150,428
Total Expenses	<u>1,891,538</u>	<u>-</u>	<u>-</u>	<u>1,891,538</u>
Change in Net Assets	24,616	595,302	-	619,918
Net Assets at Beginning of Year	<u>253,757</u>	<u>877,338</u>	<u>100,000</u>	<u>1,231,095</u>
Net Assets at End of Year	<u>\$ 278,373</u>	<u>\$ 1,472,640</u>	<u>\$ 100,000</u>	<u>\$ 1,851,013</u>

THE FAIRFAX COUNTY PARK FOUNDATION, INC.

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions - by Purpose	With Donor Restrictions - in Perpetuity	Total
Revenue and Support				
Gifts, donations and contributions	\$ 120,849	\$ 963,562	\$ -	\$ 1,084,411
Donated services and support	421,264	-	-	421,264
Interest income	9	384	-	393
Net assets released from restriction:				
Transferred to Fairfax County Park Authority	839,283	(839,283)	-	-
Total Revenue and Support	<u>1,381,405</u>	<u>124,663</u>	<u>-</u>	<u>1,506,068</u>
Expenses				
Program expenses	839,464	-	-	839,464
Management and general	347,766	-	-	347,766
Fundraising	149,318	-	-	149,318
Total Expenses	<u>1,336,548</u>	<u>-</u>	<u>-</u>	<u>1,336,548</u>
Change in Net Assets	44,857	124,663	-	169,520
Net Assets at Beginning of Year	<u>208,900</u>	<u>752,675</u>	<u>100,000</u>	<u>1,061,575</u>
Net Assets at End of Year	<u>\$ 253,757</u>	<u>\$ 877,338</u>	<u>\$ 100,000</u>	<u>\$ 1,231,095</u>

THE FAIRFAX COUNTY PARK FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2023

	Support Services			Total Support Services	Total
	Program Expenses	Management and General	Fundraising		
Grants	\$ 1,317,292	\$ -	\$ -	\$ -	\$ 1,317,292
Personnel salaries and benefits	-	312,607	136,430	449,037	449,037
Events	-	49,460	-	49,460	49,460
Printing and reproductions	-	20,389	-	20,389	20,389
Rent	-	14,665	-	14,665	14,665
Direct mailing	-	-	11,425	11,425	11,425
Website	-	7,217	-	7,217	7,217
Professional fees	-	7,058	-	7,058	7,058
Software	-	6,355	-	6,355	6,355
Miscellaneous	-	3,145	-	3,145	3,145
Donor and board cultivation	-	-	2,180	2,180	2,180
Training expense	-	1,530	-	1,530	1,530
Insurance	-	730	-	730	730
Office expense	-	662	-	662	662
Development	-	-	393	393	393
	\$ 1,317,292	\$ 423,818	\$ 150,428	\$ 574,246	\$ 1,891,538
Total Expenses	\$ 1,317,292	\$ 423,818	\$ 150,428	\$ 574,246	\$ 1,891,538

THE FAIRFAX COUNTY PARK FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2022

	Support Services			Total Support Services	Total
	Program Expenses	Management and General	Fundraising		
Grants	\$ 839,464	\$ -	\$ -	\$ -	\$ 839,464
Personnel salaries and benefits	-	284,387	124,251	408,638	408,638
Direct mailing	-	-	21,225	21,225	21,225
Events	-	14,311	-	14,311	14,311
Rent	-	12,626	-	12,626	12,626
Printing and reproductions	-	12,405	-	12,405	12,405
Website	-	6,848	-	6,848	6,848
Software	-	5,879	-	5,879	5,879
Professional fees	-	5,825	-	5,825	5,825
Miscellaneous	-	2,777	-	2,777	2,777
Donor and board cultivation	-	-	2,402	2,402	2,402
Training expense	-	1,579	-	1,579	1,579
Development	-	-	1,440	1,440	1,440
Insurance	-	697	-	697	697
Total Expenses	<u>\$ 839,464</u>	<u>\$ 347,766</u>	<u>\$ 149,318</u>	<u>\$ 497,084</u>	<u>\$ 1,336,548</u>

THE FAIRFAX COUNTY PARK FOUNDATION, INC.

STATEMENTS OF CASH FLOWS
For the Years Ended June 30,

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Change in net assets	\$ 619,918	\$ 169,520
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Unrealized gain on investments	(14,001)	-
Changes in operating assets and liabilities:		
Increase in unconditional promises to give	<u>(329,207)</u>	<u>34,300</u>
Net cash provided by operating activities	<u>276,710</u>	<u>203,820</u>
Cash flows from investing activities		
Purchases of investments	<u>(354,781)</u>	<u>-</u>
Net cash used in investing activities	<u>(354,781)</u>	<u>-</u>
Change in cash and cash equivalents	(78,071)	203,820
Cash and cash equivalents, beginning of year	<u>1,028,133</u>	<u>824,313</u>
Cash and cash equivalents, end of year	<u>\$ 950,062</u>	<u>\$ 1,028,133</u>
Cash and cash equivalents, end of year	950,062	689,115
Cash and cash equivalents (restricted), end of year	<u>-</u>	<u>339,018</u>
Cash and cash equivalents, end of year	<u>\$ 950,062</u>	<u>\$ 1,028,133</u>

The accompanying notes are an integral part of these 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 two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions are created by contributions with donor-imposed restrictions on their use.

Under these provisions, net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reposted as follows:

Net Assets without Donor Restrictions – These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program related services, raising contributions, and performing administrative functions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires restricted net assets are reclassified to net assets without donor restrictions.

Net Assets with Donor Restrictions – These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted. As of June 30, 2023 and 2022, the Foundation had \$1,472,640 and \$877,338 in net assets with donor restrictions-purpose and time restrictions, and \$100,000 and \$100,000 in net assets with donor restrictions-perpetual in nature, 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.

THE FAIRFAX COUNTY PARK FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

(Continued)

NOTE 1 – Organization and Significant Accounting Policies (continued)

- (d) Cash and Cash Equivalents, Restricted – Restricted cash and cash equivalents are held for specific purposes. The restricted cash and cash equivalents balance of \$339,018 as of June 30, 2022, consisted of \$119,371 and \$219,647 for the Oakton School House Fund and the Resource Management-Lazar Family Fund, respectively.
- (e) 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.
- (f) 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 restricted support that increases the net assets with donor restrictions class. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without and reported in the statement of activities as net assets released from restrictions.
- (g) 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. There are no contributions receivable as of June 30, 2023 and 2022.
- (h) Advertising Costs – Advertising costs are expensed when incurred.
- (i) Unconditional Promises to Give – Unconditional promises to give are total pledges of future contributions made by individuals, foundations and/or local businesses. Unconditional promises to give, less an appropriate reserve, are recorded at their estimated fair value. Amounts due more than one year later are recorded at the present value of the estimated future cash flows, discounted at the incremental borrowing rate of 8.25%. Amortization of the discount is credited to contributions and donations income. The expiration of a donor-imposed restriction on a contribution or endowment is recognized in the period in which the restriction expires, and the related resources then are classified as unrestricted net assets.

Unconditional promises to give consisted of the following as of June 30, 2023 and 2022:

Unconditional promises expected to be collected in:

	<u>2023</u>	<u>2022</u>
Less than one year	\$ 393,802	\$ 37,700
One year to five years	170,315	180,000
Over five years	-	18,000
Less discount to present value	<u>(31,948)</u>	<u>(32,738)</u>
Total Unconditional Promises to Give, net	\$ 532,169	\$ 202,962
Less Current Unconditional Promises to Give, net	<u>(393,802)</u>	<u>(37,700)</u>
Long-Term Unconditional Promises to Give, net	<u>\$ 138,367</u>	<u>\$ 165,262</u>

THE FAIRFAX COUNTY PARK FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

(Continued)

NOTE 1 – Organization and Significant Accounting Policies (continued)

- (j) Investments – Investments consist of mutual funds and exchange traded and closed funds. Investments are carried at fair value on the statement of financial position. Unrealized and realized gains and losses included as components of investment income.
- (k) 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.
- (l) Recently Issued Accounting Standards – In 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. FCPF adopted this new standard in the current year with no significant effect on its financial statements.
- (m) 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.
- (n) Uncertain Tax Positions – As of June 30, 2023, 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, 2020 through 2022.
- (o) 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.
- (p) Concentration of Credit and Market Risk – The Foundation occasionally maintains deposits in excess of federally insured limits. These items are 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 investment portfolio is adequately diversified amongst issuers.

NOTE 2 – Leases

No formal lease agreement has been written. Fairfax County donates office space on a month-to-month basis to the Foundation. The Foundation expects this relationship to continue. The value of donated rent for the fiscal years ended June 30, 2023 and 2022, were \$14,665 and \$12,626, respectively.

THE FAIRFAX COUNTY PARK FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

(Continued)

NOTE 3 – Net Assets With Donor Restrictions-Perpetual in Nature

Net assets with donor restrictions-perpetual in nature 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 4 – Net Assets With Donor Restrictions-Purpose Restricted

Net assets with donor restrictions-purpose restricted include donor restricted funds which are available for various purposes. As of June 30, 2023 and 2022 net assets with donor restrictions are available for the following activities:

<u>Project</u>	<u>2023</u>	<u>2022</u>
Bench Memorials	\$ 5,348	\$ 3,788
Burke Lake Park	28	76
Class Scholarships	2,830	4,172
Clemyjontri	350	-
Community Connections	56	-
Cub Run Streams Valley	15,175	12,675
Eakin Park	12,445	12,200
Entertainment Series	323,077	230,155
Frying Pan Park	130	7,711
Green Spring Gardens	382,844	32,406
Hidden Pond	-	3,000
Huntley Meadows	10,529	40
Invasive Plants	40,333	50
Lake Accotink Park	100	1,000
Laurel Hill	1,758	10,989
Laurel Hill Garden Plots	-	401
Lee District Park Family Recreation Center	28	29
Linway Terrace Park	295	295
McLean Central Park Playground	125,855	8,150
Meaningful Watershed	1,524	396
Nottoway Park	4,252	4,253
Oak Hill Event	-	842
Oak Marr Rec Center	-	500
Oakton School House	23,972	19,371
Open Space	2,726	4,935
Parks and Communities Together	75	500
REC-PAC	21,195	17,615
Resource Management Department Training	97	-
Resource Management-Lazar Family Fund	427,617	415,406
Riverbend Park	-	5,000
Royal Lake Park	429	-
Sully Woodland's	4,895	17,192
Trail Fund	24,095	64,191
Turner Farm Park	5,135	-
Wonder Wagon	35,447	-
Total	<u>\$1,472,640</u>	<u>\$877,338</u>

THE FAIRFAX COUNTY PARK FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

(Continued)

NOTE 4 – Net Assets With Donor Restrictions-Purpose Restricted (continued)

Net assets for the years ended June 30, 2023 and 2022, were transferred to the FCPA administer 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>2023</u>	<u>2022</u>
Adapted Aquatics	\$ 1,594	\$ 1,480
Archelogy and Collections Branch	1,000	-
Bench Memorials	45,761	76,542
Bren Mar Park	-	100
Burke Lake Park	988	11,808
Class Scholarships	10,840	12,262
Clemyjontri	300	11,953
Colvin Run Mill	50	-
EC Lawrence	1,000	-
Entertainment Series	113,937	34,534
Frying Pan Park	46,890	68,963
Great Falls Grange	20,925	-
Green Spring Gardens	157,108	-
Healthy Strides	600	84
Hidden Oaks	12,500	12,000
Hidden Pond	3,000	-
Honor Veterans	-	184
Huntley Meadows	50,854	6,510
Invasive Plants	31,041	7,952
Lake Accotink Park	12,182	1,000
Laurel Hill	10,000	-
Laurel Hill Garden Plots	1,501	-
Lee District Park	33,100	-
Lee District Park Family Recreation Center	22,180	10,303
Lewinsville Park	200,550	-
Meaningful Watershed	197	10,489
Oak Hill Event	842	5,000
Oak Marr Recreation Center	2,000	2,000
Oakton Community and Park	1,269	-
Oakton Day	-	63
Open Space	15,689	31,631
Parks and Communities Together	1,980	15,574
Providence Rec Center	-	1,000
REC-PAC	40,686	-
Resource Management Department Training	637	1,124
Riverbend Park	80,590	23,775
Skate the Wake	500	-
South Run Recreation Center	-	100
Stewardship Training	150	-
Sully Historic Sites	100	-
Sully Woodlands	188,953	274,545
Tennis Courts	1,185	978

THE FAIRFAX COUNTY PARK FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 – Net Assets With Donor Restrictions-Purpose Restricted (continued)

<u>Project</u>	<u>2023</u>	<u>2022</u>
Trail Fund	204,118	194,494
Tree Memorial	1,599	1,483
Turner Farm	22	11,150
Watermine Site	-	10,055
Westgrove Off Leash Dog Area	-	147
Total	<u>\$1,318,418</u>	<u>\$839,283</u>

NOTE 5 – Functional Allocation of Expenses

The Foundation’s operating costs have been allocated between program, management and general, and fundraising expenses based on direct identification when possible, and allocation if a single expenditure benefits more than one program or function. Expenditures that require allocation are allocated on either a personnel-cost or square-footage basis, whichever is more reasonable for the expenditure.

NOTE 6 – Endowment Funds

The Foundation’s endowment consists of two (2) donor-restricted endowment funds and one board designated fund. The Oakton School House Fund was established for the maintenance and operation of the Oakton School House. The Lazar Family Endowment Fund was established for the purpose of creating and endowing a fund intended to provide financial support for the ongoing management and protection of the Fairfax County Park Authority’s various natural resources. The board designated Fairfax Park Foundation Endowment Fund represents unrestricted contributions received, to be held as corpus, with the related income generated from the corpus to be used for future special projects identified by the board of directors. Net assets associated with the endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation’s board has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as allowing the Foundation to appropriate for expenditure or accumulate as much of an endowment fund as the Foundation determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of a donor expressed in the gift instrument. Unless stated otherwise in the gift instrument, the assets in an endowment fund are net assets with donor restrictions until appropriated for expenditure by the Foundation.

In accordance with UPMIFA, 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 FAIRFAX COUNTY PARK FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 6 – Endowment Funds (continued)

Changes in endowment net assets for the year ended June 30, 2023 were as follows:

	Board Designated Without Donor Restrictions	With Donor Restrictions - by Purpose	With Donor Restrictions - in Perpetuity	Total Endowment Net Assets
Beginning Endowment Net Assets	\$ 6,021	\$434,777	\$100,000	\$540,798
Contributions	2,000	1,153	-	3,153
Dividends and Interest	49	2,171	-	2,220
Net appreciation/(depreciation)	-	14,001	-	14,001
Sub-Total	8,070	452,102	100,000	560,172
Appropriation of endowment assets For expenditures	-	(514)	-	(514)
Ending Endowment Net Assets	<u>\$ 8,070</u>	<u>\$451,588</u>	<u>\$100,000</u>	<u>\$559,658</u>

Changes in endowment net assets for the year ended June 30, 2022 were as follows:

	Board Designated Without Donor Restrictions	With Donor Restrictions - by Purpose	With Donor Restrictions - in Perpetuity	Total Endowment Net Assets
Beginning Endowment Net Assets	\$ 6,012	\$433,842	\$100,000	\$539,854
Contributions	-	551	-	551
Dividends and Interest	9	384	-	393
Sub-Total	6,021	434,777	100,000	540,798
Appropriation of endowment assets For expenditures	-	-	-	-
Ending Endowment Net Assets	<u>\$ 6,021</u>	<u>\$434,777</u>	<u>\$100,000</u>	<u>\$540,798</u>

NOTE 7– Donated Services and Support

Donated services and materials received during the years ended June 30, 2023 and 2022, 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, 2023 and 2022 consisted of:

	<u>2023</u>	<u>2022</u>
<u>General Operations Support:</u>		
Donated personnel	\$449,037	\$ 408,638
Rent and utilities expense	<u>14,665</u>	<u>12,626</u>
Total	<u>\$463,702</u>	<u>\$ 421,264</u>

THE FAIRFAX COUNTY PARK FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 8 – Investments and Fair Value Measurements

Net investment income for the year ended June 30, 2023 consists of the following:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Net unrealized gain on investments	\$ -	\$ 14,001	\$ 14,001
Interest and dividend income	49	2,171	2,220
Investment fees	<u>-</u>	<u>(514)</u>	<u>(514)</u>
Total	<u>\$ 49</u>	<u>\$ 15,658</u>	<u>\$ 15,707</u>

The Foundation applies Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, which defines fair value, establishes a framework for measuring fair value, and requires certain disclosures about fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 are described as follows:

Level 1: Quoted prices for identical assets or liabilities in active markets.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity’s own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Valuation techniques used in fair value measurements need to maximize the use of observable inputs and minimize the use of unobservable inputs. A valuation method may produce a fair value measurement that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions could result in different fair value measurements at the reporting date. There have been no changes in the methodologies used during the year ended June 30, 2023.

The underlying investments in marketable securities and domestic equities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain securities, and the level of uncertainty related to changes in the value of the marketable securities and domestic equities, it is at least reasonably possible that changes in risks in the near term could materially affect account balances and the amounts reported in the statement of financial position and the statement of activities.

The following table sets forth, by level, within the fair value hierarchy, amounts recorded in the Foundation’s financial statements at fair value as of June 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Exchange Traded and Closed Funds	\$ 346,670	\$ -	\$ -	\$ 346,670
Mutual Funds	<u>22,112</u>	<u>-</u>	<u>-</u>	<u>22,112</u>
Total	<u>\$ 368,782</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 368,782</u>

THE FAIRFAX COUNTY PARK FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS (Concluded)

NOTE 9 – Related Parties

The Foundation is related to the Fairfax County Park Authority (FCPA) through common support. For the years ended June 30, 2023 and 2022, the FCPA made in-kind donations of salaries and benefits, rent and office expense to the Foundation of \$463,702 and \$421,264, 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, 2023 and 2022, the Foundation made payments of \$1,346,585 and \$840,055, respectively, to the FCPA, and the expenses are included under program services and management and general in the Statements of Activities.

During the year ended June 30, 2022, the Foundation was instrumental in securing financial donations made directly to FCPA, for various county parks, totaling \$132,750, as well as in-kind donations of goods and services totaling \$222,955. Because the funds were paid directly to FCPA and the goods and service were received directly by the parks within FCPA, they are not included in the Statement of Activities.

NOTE 10 – Liquidity and Availability of Financial Assets

The Foundation has \$278,373 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures. Some of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the Statement of Financial Position date. The unconditional promises to give are subject to implied time restrictions but are expected to be collected within one year. The Foundation monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The Foundation has a goal to maintain 60 days of financial assets on hand for normal operating expenses in case of revenue shortfalls. This amount is on average \$269,000. The Foundation has the following financial assets that could readily be made available within one year of the statement of financial position date to fund expenses without limitations:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 950,062	\$1,028,133
Investments	368,782	-
Unconditional promise to give	532,169	202,962
Less net long-term unconditional promises to give, restricted – by purpose	(138,367)	(165,262)
Less remaining net assets with donor restrictions – by purpose	(1,334,273)	(712,076)
Less net assets with donor restrictions – in perpetuity	<u>(100,000)</u>	<u>(100,000)</u>
Total	<u>\$ 278,373</u>	<u>\$ 253,757</u>

NOTE 11 – Statement Reclassifications

Certain reclassifications may have been made in the prior year's amounts to conform with the current year presentation.

NOTE 12 – Evaluation of Subsequent Events

The Foundation has evaluated subsequent events through September 26, 2023, the date which the financial statements were available to be issued.