

FAIRMOUNT PARK CONSERVANCY

FINANCIAL STATEMENTS

JUNE 30, 2017

(WITH SUMMARIZED FINANCIAL INFORMATION  
FOR JUNE 30, 2016)

FAIRMOUNT PARK CONSERVANCY

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Fairmount Park Conservancy  
Philadelphia, Pennsylvania

### Report on the Financial Statements

We have audited the accompanying financial statements of Fairmount Park Conservancy (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017 and the related statements of activities, cash flows, and functional expenses for the year 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 audit. We conducted our audit 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 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 Fairmount Park Conservancy as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors  
Fairmount Park Conservancy  
(Continued)

Report on Summarized Comparative Information

We have previously audited Fairmount Park Conservancy's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 24, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Myrion Cogen LLP*

November 8, 2017

FAIRMOUNT PARK CONSERVANCY  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2017  
(WITH FINANCIAL INFORMATION  
FOR JUNE 30, 2016)

	2017	2016
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents - unrestricted	\$ 1,623,439	\$ 3,354,334
Cash and cash equivalents - temporarily restricted	4,745,815	5,042,978
Accounts receivable - net of allowance	1,367,578	1,266,331
Prepaid expenses	31,442	36,592
Unconditional promises to give	6,702,000	5,225,000
Investments - temporarily restricted	2,146,285	1,913,248
	16,616,559	16,838,483
 PROPERTY AND EQUIPMENT, net	 75,511	 99,346
 LONG-TERM UNCONDITIONAL PROMISES TO GIVE	 1,461,598	 2,068,913
 INVESTMENTS - PERMANENTLY RESTRICTED	 100,000	 100,000
	100,000	100,000
 TOTAL ASSETS	 \$ 18,253,668	 \$ 19,106,742
	18,253,668	19,106,742
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 1,016,320	\$ 265,708
Other liabilities	1,550	200
Grants payable	750,000	2,400,000
	1,767,870	2,665,908
 LONG-TERM GRANTS PAYABLE	 -	 750,000
	-	750,000
 TOTAL LIABILITIES	 1,767,870	 3,415,908
	1,767,870	3,415,908
<b>NET ASSETS</b>		
 UNRESTRICTED	 1,268,698	 1,249,608
TEMPORARILY RESTRICTED	15,117,100	14,341,226
PERMANENTLY RESTRICTED	100,000	100,000
	100,000	100,000
 TOTAL NET ASSETS	 16,485,798	 15,690,834
	16,485,798	15,690,834
 TOTAL LIABILITIES AND NET ASSETS	 \$ 18,253,668	 \$ 19,106,742
	18,253,668	19,106,742

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

FAIRMOUNT PARK CONSERVANCY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017  
(WITH SUMMARIZED FINANCIAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2016)

	2017			Total	2016 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
<b>SUPPORT AND REVENUES</b>					
Foundation grants	\$ 57,062	\$ 3,898,297	\$ -	\$ 3,955,359	\$ 5,827,791
Corporate grants	66,523	327,550	-	394,073	775,720
Contributions	338,070	755,894	-	1,093,964	430,509
Government	995,328	310,000	-	1,305,328	919,210
Contracts	710,151	-	-	710,151	671,033
Rental income	194,019	-	-	194,019	193,289
Special events, net of expenses of \$179,587	267,421	-	-	267,421	331,338
Investment income	20,566	222,279	-	242,845	92,065
	<u>2,649,140</u>	<u>5,514,020</u>	<u>-</u>	<u>8,163,160</u>	<u>9,240,955</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>					
Satisfaction of program restrictions	<u>4,738,146</u>	<u>(4,738,146)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL SUPPORT AND REVENUES</b>	<u>7,387,286</u>	<u>775,874</u>	<u>-</u>	<u>8,163,160</u>	<u>9,240,955</u>
<b>EXPENSES</b>					
Program services	5,930,094	-	-	5,930,094	7,198,649
Administrative	886,051	-	-	886,051	910,665
Fundraising	552,051	-	-	552,051	467,660
<b>TOTAL EXPENSES</b>	<u>7,368,196</u>	<u>-</u>	<u>-</u>	<u>7,368,196</u>	<u>8,576,974</u>
<b>CHANGE IN NET ASSETS</b>	19,090	775,874	-	794,964	663,981
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>1,249,608</u>	<u>14,341,226</u>	<u>100,000</u>	<u>15,690,834</u>	<u>15,026,853</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 1,268,698</u>	<u>\$ 15,117,100</u>	<u>\$ 100,000</u>	<u>\$ 16,485,798</u>	<u>\$ 15,690,834</u>

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

FAIRMOUNT PARK CONSERVANCY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2017  
(WITH FINANCIAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2016)

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 794,964	\$ 663,981
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	25,183	20,126
Increase in allowance for doubtful accounts	40,006	-
Unrealized gain on investments	(163,233)	(34,982)
(Increase) decrease in assets		
Accounts receivable	(141,253)	(549,376)
Prepaid expenses	5,150	15,572
Unconditional promises to give	(869,685)	211,051
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	750,612	(263,803)
Other liabilities	1,350	(433)
Grants payable	(2,400,000)	3,150,000
	<u>(1,956,906)</u>	<u>3,212,136</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(69,804)	(47,039)
Purchase of property and equipment	(1,348)	(42,578)
	<u>(71,152)</u>	<u>(89,617)</u>
Net cash used in investing activities		
	<u>(71,152)</u>	<u>(89,617)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(2,028,058)	3,122,519
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>8,397,312</u>	<u>5,274,793</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 6,369,254</u>	<u>\$ 8,397,312</u>

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

FAIRMOUNT PARK CONSERVANCY  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2017  
(WITH SUMMARIZED FINANCIAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2016)

	2017			2016 Total	
	Program Services	Administrative	Fundraising		Total
Payroll	\$ 1,001,258	\$ 330,795	\$ 326,449	\$ 1,658,502	\$ 1,399,240
Payroll taxes	79,957	26,327	25,981	132,265	110,146
Employee benefits	106,846	35,181	34,719	176,746	159,502
<b>Total payroll and related expenses</b>	<b>1,188,061</b>	<b>392,303</b>	<b>387,149</b>	<b>1,967,513</b>	<b>1,668,888</b>
Automobile	9,080	4,847	-	13,927	21,266
Bad debt	-	40,006	-	40,006	-
Building repairs and materials	300,923	-	-	300,923	270,745
Construction contracts	2,373,382	3,968	-	2,377,350	708,674
Consultants	442,146	33,840	39,461	515,447	484,806
Depreciation	-	25,183	-	25,183	20,126
Development/materials and services	122,931	-	87,875	210,806	148,448
Marketing	22,720	-	2,825	25,545	8,863
Occupancy	30,374	100,469	-	130,843	126,784
Office expenses	138,306	168,581	16,454	323,341	249,912
Park expenses	1,036,278	39,566	14,873	1,090,717	4,614,589
Professional services	57,097	59,121	-	116,218	125,062
Travel and entertainment	208,796	18,167	3,414	230,377	128,811
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b><u>\$ 5,930,094</u></b>	<b><u>\$ 886,051</u></b>	<b><u>\$ 552,051</u></b>	<b><u>\$ 7,368,196</u></b>	<b><u>\$ 8,576,974</u></b>

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



FAIRMOUNT PARK CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

On December 31, 2014 Fairmount Park Conservancy merged with the Fairmount Park Historic Preservation Trust (the Trust), a 501(c)(3) tax exempt nonprofit organization. The Trust is the surviving corporate entity and the Fairmount Park Conservancy's corporate entity was merged into the Trust. The name of the corporation was changed to the Fairmount Park Conservancy (the Conservancy).

The Conservancy is a nonprofit organization that works as a collaborative partner to lead and support efforts which preserve and improve the Fairmount Park system to enhance the quality of life and stimulate the economic development of the Greater Philadelphia Region. The Conservancy raises funds to develop and promote the park's unique assets, accomplishments, and contributions. The Conservancy is a leader and steward of signature capital projects and innovative programs in support of the Fairmount Park system, and is committed to having a positive and measurable impact in the neighborhoods and communities it serves.

The Conservancy often receives support from funders for specific projects. In accordance with generally accepted accounting principles this support is recognized as temporarily restricted either for time or purpose. Often, these projects will go through several phases and span many years. Expenditures from one year to the next can vary significantly according to the various stages of these projects. Park improvement expenditures are a significant component of overall program expenditures and therefore the percentage of program expenditures to total expenditures can vary significantly between years.

The Conservancy also receives support to preserve, develop, and manage the historic resources in Philadelphia's Fairmount Park. The Conservancy functions in lieu of the Philadelphia Department of Parks and Recreation on matters regarding the restoration, rehabilitation, and management of the properties designated to the Conservancy's care. Properties designated to the Conservancy's care are stipulated in a master lease, between the City of Philadelphia and the Philadelphia Authority for Industrial Development (PAID), and a Master Sublease between PAID and the Conservancy.

Basis of Presentation

The Conservancy follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*, for financial statement presentation. Under FASB ASC 958, the Conservancy 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.

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

The Conservancy considers all money market funds and certificates of deposit with original maturities of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable consist of monies due for billings for work completed under performance grants and monies due for the annual dinner sponsorships. The Conservancy provides an allowance for doubtful accounts which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. As of June 30, 2017, there was an allowance of \$40,006. Delinquent receivables are written off based on individual credit evaluation and specific circumstances.

FAIRMOUNT PARK CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unconditional Promises to Give

Unconditional promises to give represent payments due in future periods for awards recorded as temporarily restricted support and revenue. The Conservancy considers unconditional promises to give to be fully collectible; accordingly, no allowance for doubtful accounts has been established. If accounts become uncollectible, they will be charged to operations when that determination is made.

Investments

The Conservancy carries investments in marketable securities at fair value. Under FASB ASC 820, *Fair Value Measurement*, fair value is defined as the price that an organization would receive to sell an investment to an independent buyer in the principal market, or in the absence of a principal market, the most advantageous market. FASB ASC 820 establishes a three-tier hierarchy based on quoted prices in active markets (Level 1), other observable inputs (Level 2), or unobservable inputs (Level 3).

Realized and unrealized gains and losses on investments (determined based on original cost) are included in investment income, which is included in the statement of activities.

Investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Property and Equipment

Assets are stated at cost. The cost of assets is depreciated over the estimated useful lives of the related assets on a straight-line basis.

Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. When items of property and equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in revenue.

Grants Payable

Grants payable represent future payments that the Conservancy has awarded to subrecipients which are considered unconditional promises to give (see Note 6).

Restricted and Unrestricted Support

The Conservancy follows FASB ASC 958 in recording contributions received. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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.

In-kind Contributions

The Conservancy recognizes contributed services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Conservancy did not record any contributed services for the year ended June 30, 2017.

The Conservancy records the value of contributed goods when there is an objective basis available to measure their value. Contributed materials and equipment are reflected as revenue in the accompanying financial statements at their estimated values at the date of receipt. The Conservancy did not record any contributed goods for the year ended June 30, 2017.

FAIRMOUNT PARK CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-kind Contributions (Continued)

The Conservancy records the value of contributed facilities and utilities at their perceived market value when received. Contributed facilities and utilities are reflected as revenue in the accompanying financial statements at their estimated values at the date of receipt. The Conservancy recorded \$38,000 of contributed facilities and utilities for the year ended June 30, 2017.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Administrative Fee

The Conservancy receives a fee to administer and oversee some grants restricted for a specific purpose. These fees are included in foundation grants, corporate grants, government grants and contracts on the statements of activities. The fee varies by project or program and by the source of funds. The fee is charged at 0% to 10% of the grant as stipulated by the grant agreement.

Project Management Fee

The Conservancy receives a project management fee to implement certain projects and programs. These fees are included in foundation grants, corporate grants, government grants and contracts on the statements of activities. The fee varies by project or program and by the source of funds.

Advertising Costs

The Conservancy uses advertising to promote its services among the audience it serves. Advertising costs are expensed as incurred. Advertising expense for the year ended June 30, 2017 was \$25,145.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates based on management's knowledge and experience. Accordingly, actual results could differ from those estimates.

Prior Period Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such information should be read in conjunction with the Conservancy's audited financial statements for the year ended June 30, 2016 from which the summarized information was derived.

Reclassifications

Certain reclassifications have been made to the 2016 financial statements in order to conform to the 2017 financial statements presentation.

Tax Status

The Conservancy is incorporated in the Commonwealth of Pennsylvania and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Conservancy has been classified as a publicly supported charitable organization and is registered as required with the Pennsylvania Bureau of Charitable Organizations.

Subsequent Events

FASB ASC 855-10 establishes general standards of accounting and disclosure of events that occur after the statement of financial position date but before the date the financial statements are available to be issued. Subsequent events have been evaluated through November 8, 2017, the date that the financial statements were available to be issued.

FAIRMOUNT PARK CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 2 – CONCENTRATION OF CREDIT RISK INVOLVING CASH

During the year the Conservancy may have deposits with major financial institutions which exceed Federal Deposit Insurance Corporation limits.

NOTE 3 – UNCONDITIONAL PROMISES TO GIVE

Unconditional promises that are to be received in future periods are discounted to present value. Unconditional promises to give at June 30, 2017 were \$8,163,598 (gross pledge of \$8,225,000 discounted by \$61,402 using an interest rate of 2%).

At June 30, 2017, the Conservancy recorded the promises of funding receivable in the following years:

YEARS ENDING JUNE 30,	GROSS PROMISE	DISCOUNT	AMOUNT
2018	\$ 6,702,000	\$ -	\$ 6,702,000
2019	1,403,000	54,480	1,348,520
2020	120,000	6,922	113,078
	<u>\$ 8,225,000</u>	<u>\$ 61,402</u>	<u>\$ 8,163,598</u>

In late 2014, the Conservancy was awarded a major multi-year grant by the John S. and James L. Knight Foundation to establish and convene a collaboration between open space leaders in Philadelphia through an initiative titled “Reimagining the Civic Commons.” Through this initiative, the Conservancy is leading a new Civic Commons Collective that will demonstrate, through interventions at five key sites, the ways that civic assets can be elevated and connected as an integrated, sustainable system and how they can be designed and developed to foster talent, opportunity and engagement throughout Philadelphia. The total grant amount of \$5,442,500 was recorded as temporarily restricted revenue for the six months ended December 31, 2014. After an initial payment of \$1,810,000 and subsequent payment of \$1,810,000 the amount due from the John S. and James L. Knight Foundation as of June 30, 2017 is \$1,822,500. No payment was received in 2017 and the remaining balance is expected to be received in 2018.

In August 2015, the Conservancy received a three year grant from ArtPlace America to support the Conservancy in incorporating arts and cultural strategies into its work. The total grant amount of \$3,000,000 was recorded as temporarily restricted revenue for the year ended June 30, 2016. After an initial payment of \$250,000 and a subsequent payment of \$438,500 the amount due from ArtPlace America as of June 30, 2017 is \$2,311,500 and is to be received in 2018.

Spurred by the Philadelphia’s Rebuild initiative, which plans to invest \$500,000,000 in capital improvement of parks, recreation centers, and libraries, the Knight Foundation has granted \$3,296,000 to the Conservancy to support a network of nonprofit partners in building community participation with, and stewardship of, public spaces. The total grant amount was recorded as temporarily restricted revenue for the year ended June 30, 2017. After an initial payment of \$530,000, the remaining amount due of \$2,766,000 as of June 30, 2017 is expected to be received in 2018 and 2019.

FAIRMOUNT PARK CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 4 – FAIR VALUE MEASUREMENTS

The framework for measuring fair value 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) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Conservancy has the ability to access.

Level 2 Inputs to the valuation methodology include

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2017.

*Mutual funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by the Conservancy are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Conservancy are deemed to be actively traded.

The following table sets forth by level, within the fair value hierarchy, the Conservancy's assets at fair value as of June 30, 2017:

	Assets at Fair Value as of June 30, 2017			
	Level 1	Level 2	Level 3	Total
Mutual funds				
Large cap blended fund	\$ 1,147,288	\$ -	\$ -	\$ 1,147,288
Large cap value fund	1,098,997	-	-	1,098,997
Total assets at fair value	\$ 2,246,285	\$ -	\$ -	\$ 2,246,285

FAIRMOUNT PARK CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 4 – FAIR VALUE MEASUREMENTS (Continued)

Investments at June 30, 2017 are shown in the financial statements as:

Investments - temporarily restricted	\$ 2,146,285
Investments - permanently restricted	<u>100,000</u>
	<u><u>\$ 2,246,285</u></u>

Investment income for the year ended June 30, 2017 is as follows:

Interest and dividends	\$ 79,612
Unrealized gain on investments	<u>163,233</u>
	<u><u>\$ 242,845</u></u>

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2017:

Equipment and software	\$ 68,670
Furniture and fixtures	15,738
Leasehold improvements	38,028
Trucks	<u>20,084</u>
	142,520
Less: accumulated depreciation	<u>(67,009)</u>
	<u><u>\$ 75,511</u></u>

Depreciation expense is \$25,183 for the year ended June 30, 2017.

NOTE 6 – GRANTS PAYABLE

At June 30, 2017, the Conservancy has grants payable of \$750,000 due in 2018. These grants payable relate to sub-grantees for the Conservancy’s “Reimagining the Civic Commons” program.

NOTE 7 – LINE OF CREDIT

The Conservancy has available a \$50,000 bank line of credit with interest on the outstanding borrowings at prime plus .5% with a floor of 5% (5.0% at June 30, 2017). Borrowings under the line of credit are collateralized by the rents receivable of various tenants. There were no outstanding borrowings as of June 30, 2017.

FAIRMOUNT PARK CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 8 – TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2017 the Conservancy has temporarily restricted net assets of \$15,117,100 for various program activities such as restoration of trails, repairs and rehabilitation work, environmental restoration, natural lands management and neighborhood parks restoration.

The Conservancy is proposing to create a new headquarters, which will be The Center for Philadelphia Park Stewardship, a welcome center and gateway for the entire Fairmount Park System and a hub for Philadelphia’s network of park stewardship organizations. The Center for Philadelphia Park Stewardship could feature office space for the Conservancy and exhibition space to showcase park history, special projects, park initiatives, milestones, and community meeting space for public forums. As of June 30, 2017, \$1,100,000 has been donated to fund the new headquarters at this location and is reflected in temporarily restricted net assets. The Conservancy continues negotiations on a building lease and believes an agreement will be reached in 2018.

NOTE 9 – PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net asset of \$100,000 at June 30, 2017 consist of the McNeil endowment. Income earned is to be used for maintenance of the Waterworks project.

NOTE 10 – RENTAL INCOME

The Conservancy is the lessor of property under a Master Sublease between Philadelphia Authority for Industrial Development and the Conservancy (see Note 1) expiring in various years through 2033. Rental income totaled \$194,019 for the year ended June 30, 2017. Minimum future rentals to be received on noncancellable leases as of June 30, 2017 are:

YEARS ENDING JUNE 30,	AMOUNT
2018	\$ 85,811
2019	77,140
2020	70,359
2021	56,189
2022	53,400
Thereafter	628,889
Total	\$ 971,788

NOTE 11 – ADMINISTRATIVE AGREEMENT

The Philadelphia Chamber of Commerce staff performs administrative and other support functions under an annual agreement with the Conservancy. The expense under this agreement was \$9,000 for the year ended June 30, 2017.

FAIRMOUNT PARK CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 12 – LEASE COMMITMENTS

The Conservancy has non-cancellable operating lease agreements for office space and equipment expiring through 2020. Rent expense was \$130,843 for the year ended June 30, 2017.

Minimum future payments under the operating leases are as follows:

YEARS ENDING JUNE 30,	LEASE OBLIGATIONS
2018	\$ 51,490
2019	9,726
2020	1,552
Total	\$ 62,768

NOTE 13 – PENSION PLAN

The Conservancy has a contributory retirement plan for eligible employees who have completed six months of service. For each payroll period, the Conservancy will match 100% of the salary deferrals that employees make to the plan up to 4% of the total salary. Non-elective contributions may be permitted at the discretion of the Conservancy for each plan year.

The Conservancy also has a 401(k) plan covering all full-time employees with 12 months of eligible experience. For each payroll period, the Conservancy will match 100% of elective salary deferrals that employees make to the plan up to 3% of the total salary plus 50% of elective salary deferrals up to 5% of total salary. Non-elective contributions may be permitted at the discretion of the Conservancy for each plan year. The plan was that of the former Fairmount Park Historic Preservation Trust and was frozen as of December 31, 2015. The plan will be closed in 2018.

For the year ended June 30, 2017 there were employer contributions of \$40,437.