EisnerAmper

FAIRMOUNT PARK CONSERVANCY

FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

Contents

EisnerAmper

EisnerAmper LLP
One Logan Square
130 North 18th Street, Suite 3000
Philadelphia, PA 19103
T 215.881.8800
F 215.881.8801
www.eisneramper.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Fairmount Park Conservancy

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Fairmount Park Conservancy (a nonprofit organization) (the "Conservancy"), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for each of the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Fairmount Park Conservancy as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for each of 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 ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Conservancy and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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; 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.

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

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Auditors' 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 auditors' 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 GAAS 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 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 GAAS, 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 on the effectiveness of the Conservancy'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 Conservancy's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, 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.

EisnerAmper LLP

EISNERAMPER LLP
Philadelphia, Pennsylvania
August 25, 2022

FAIRMOUNT PARK CONSERVANCY

Statements of Financial Position

	December 31, 2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 1,389,719**	$ 4,698,799
Investments, at fair value	**4,392,336**	3,260,271
Unconditional promises to give, current portion	**4,928,333**	1,496,000
Accounts receivable, net of allowance for doubtful accounts of $25,079 in 2021 and $-0- in 2020	**4,167,106**	2,108,670
Prepaid expenses	**127,116**	155,320
Total current assets	**15,004,610**	11,719,060
Property and equipment, net of accumulated depreciation	**97,537**	49,617
Unconditional promises to give, net of current portion	**3,579,512**	538,599
	$ 18,681,659	$ 12,307,276
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	**$ 924,565**	$ 593,220
Current portion of long-term debt	**3,654**	45,645
Other liabilities	**1,950**	1,950
Paycheck Protection Program ("PPP") payable	**-**	86,587
Grants payable	**-**	120,000
Total current liabilities	**930,169**	847,402
Long-term debt, net of current portion	**146,346**	146,841
Total liabilities	**1,076,515**	994,243
Commitments, contingencies and other uncertainties (Note L)		
NET ASSETS		
Without donor restrictions	**596,901**	1,357,618
With donor restrictions	**17,008,243**	9,955,415
Total net assets	**17,605,144**	11,313,033
	$ 18,681,659	$ 12,307,276

FAIRMOUNT PARK CONSERVANCY

Statements of Activities and Changes in Net Assets

	Year Ended December 31,					
	2021			2020		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support and revenue:						
Contributions:						
Foundation	**$ 98,784**	**$ 7,969,414**	**$ 8,068,198**	$ 46,949	$ 2,386,605	$ 2,433,554
Corporate	**81,556**	**76,752**	**158,308**	318,868	241,467	560,335
Government	**1,003**	**457,737**	**458,740**	-	487,313	487,313
Individual	**200,573**	**3,124,103**	**3,324,676**	371,694	1,000	372,694
In-kind contributions	**38,000**	**-**	**38,000**	38,000	-	38,000
Government contracts	**1,805,000**	**-**	**1,805,000**	603,085	-	603,085
Rental income	**93,508**	**-**	**93,508**	179,915	-	179,915
Other earned revenue	**216,456**	**-**	**216,456**	150,765	-	150,765
Investment income, net	**19,083**	**602,762**	**621,845**	26,305	362,041	388,346
Net assets released from restrictions	**5,177,940**	**(5,177,940)**	**-**	3,687,859	(3,687,859)	-
Total support and revenue	**7,731,903**	**7,052,828**	**14,784,731**	5,423,440	(209,433)	5,214,007
Expenses:						
Program services:						
Park activation	**1,277,915**	**-**	**1,277,915**	1,133,713	-	1,133,713
Capital improvements	**2,670,842**	**-**	**2,670,842**	1,561,043	-	1,561,043
Civic engagement	**1,731,607**	**-**	**1,731,607**	950,947	-	950,947
Total program services	**5,680,364**	**-**	**5,680,364**	3,645,703	-	3,645,703
Supporting services:						
General and administrative	**1,655,024**	**-**	**1,655,024**	1,124,538	-	1,124,538
Fundraising	**1,157,232**	**-**	**1,157,232**	637,412	-	637,412
Total supporting services	**2,812,256**	**-**	**2,812,256**	1,761,950	-	1,761,950
Total expenses	**8,492,620**	**-**	**8,492,620**	5,407,653	-	5,407,653
Change in net assets	**(760,717)**	**7,052,828**	**6,292,111**	15,787	(209,433)	(193,646)
Net assets at beginning of year	**1,357,618**	**9,955,415**	**11,313,033**	1,341,831	10,164,848	11,506,679
Net assets at end of year	**$ 596,901**	**$ 17,008,243**	**$ 17,605,144**	$ 1,357,618	$ 9,955,415	$ 11,313,033

FAIRMOUNT PARK CONSERVANCY

Statement of Functional Expenses
Year Ended December 31, 2021

	Program Services				Supporting Services			
	Park Activation	Capital Improvements	Civic Engagement	Subtotal	General and Administrative	Fundraising	Subtotal	Total
Payroll	$ 274,382	$ 475,609	$ 406,941	$ 1,156,932	$ 533,260	$ 438,036	$ 971,296	$ 2,128,228
Payroll taxes	20,620	37,794	31,533	89,947	44,767	34,308	79,075	169,022
Employee benefits	7,838	13,590	9,576	31,004	283,009	13,425	309,859	340,863
Total payroll and related expenses	302,840	526,993	448,050	1,277,883	861,036	485,769	1,346,805	2,624,688
Automobile	-	15,380	3,397	18,777	5,578	-	5,578	24,355
Bad debt	12,930	109,351	3,251	125,532	63,021	11,447	74,468	200,000
Building repairs and materials	91,335	251,031	42,661	385,027	21,919	-	21,919	406,946
Construction contracts	78,515	1,354,773	-	1,433,288	-	-	-	1,433,288
Consultants	-	3,705	-	3,705	46,076	820	46,896	50,601
Depreciation	-	-	-	-	53,155	-	53,155	53,155
Development/materials and services	16,763	430	20,127	37,320	15,390	29,336	44,726	82,046
Marketing	10,735	550	17,487	28,772	3,400	304	3,704	32,476
Occupancy	27,221	310	-	27,531	53,150	-	53,150	80,681
Office expenses	108,339	44,478	87,423	240,240	336,616	56,044	392,660	632,900
Park expenses	551,859	303,078	891,271	1,746,208	98,650	44,527	143,177	1,889,385
Professional services	74,135	58,775	207,453	340,363	84,516	516,463	600,979	941,342
Travel and entertainment	3,243	1,988	10,487	15,718	12,517	12,522	25,039	40,757
Total expense	$ 1,277,915	$ 2,670,842	$ 1,731,607	$ 5,680,364	$ 1,655,024	$ 1,157,232	$ 2,812,256	$ 8,492,620

FAIRMOUNT PARK CONSERVANCY

Statement of Functional Expenses
Year Ended December 31, 2020

	Program Services				Supporting Services			
	Park Activation	Capital Improvements	Civic Engagement	Subtotal	General and Administrative	Fundraising	Subtotal	Total
Payroll	$ 260,208	$ 327,805	$ 441,549	$ 1,029,562	$ 525,173	$ 333,002	$ 858,175	$ 1,887,737
Payroll taxes	23,359	36,156	36,844	96,359	11,250	37,008	48,258	144,617
Employee benefits	27,732	37,032	38,749	103,513	143,674	32,583	176,257	279,770
Total payroll and related expenses	311,299	400,993	517,142	1,229,434	680,097	402,593	1,082,690	2,312,124
Automobile	2,715	2,198	-	4,913	3,697	-	3,697	8,610
Bad debt	28,994	39,711	36,793	105,498	3,239	34,968	38,207	143,705
Building repairs and materials	211,371	103,982	13,357	328,710	2,332	-	2,332	331,042
Construction contracts	81,233	440,195	-	521,428	-	-	-	521,428
Consultants	97,872	6,083	106,401	210,356	36,037	-	36,037	246,393
Depreciation	-	-	-	-	19,910	-	19,910	19,910
Development/materials and services	6,952	873	11,112	18,937	500	35,593	36,093	55,030
Marketing	6,457	-	4,186	10,643	-	1,808	1,808	12,451
Occupancy	9,194	-	-	9,194	65,200	-	65,200	74,394
Office expenses	18,146	97,098	7,573	122,817	237,642	66,125	303,767	426,584
Park expenses	345,356	455,133	236,159	1,036,648	12,793	12,961	25,754	1,062,402
Professional services	3,627	13,317	7,203	24,147	49,219	82,610	131,829	155,976
Travel and entertainment	10,497	1,460	11,021	22,978	13,872	754	14,626	37,604
Total expense	$ 1,133,713	$ 1,561,043	$ 950,947	$ 3,645,703	$ 1,124,538	$ 637,412	$ 1,761,950	$ 5,407,653

FAIRMOUNT PARK CONSERVANCY

Statements of Cash Flows

	Year Ended December 31, 2021	Year Ended December 31, 2020
Cash flows from operating activities:		
Change in net assets	**$ 6,292,111**	$ (193,646)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	**53,155**	19,910
Provision for doubtful accounts	**200,000**	143,705
Unrealized gain on investments	**(370,791)**	(387,813)
Donated securities	**(761,274)**	-
(Increase) decrease in assets:		
Unconditional promises to give	**(6,473,246)**	(622,592)
Accounts receivable	**(2,258,436)**	216,772
Prepaid expenses	**28,204**	(119,914)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	**331,345**	333,330
PPP payable	**(86,587)**	86,587
Grants payable	**(120,000)**	-
Net cash used in operating activities	**(3,165,519)**	(523,661)
Cash flows from investing activities:		
Purchase of investments	**-**	(12,000)
Purchase of property and equipment	**(101,075)**	(20,103)
Net cash used in investing activities	**(101,075)**	(32,103)
Cash flows from financing activities:		
Proceeds from long-term debt	**-**	149,900
Principal payments on long-term debt	**(42,486)**	(123,895)
Net cash (used in) provided by financing activities	**(42,486)**	26,005
Net decrease in cash and cash equivalents	**(3,309,080)**	(529,759)
Cash and cash equivalents at beginning of year	**4,698,799**	5,228,558
Cash and cash equivalents at end of year	**$ 1,389,719**	$ 4,698,799

NOTE A - NATURE OF OPERATIONS

On December 31, 2014, Fairmount Park Conservancy merged with the Fairmount Park Historic Preservation Trust (the "Trust"), a 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").

Fairmount Park Conservancy brings parks to life. The Conservancy works with the City of Philadelphia and its communities to steward our parks and nurture our shared environment, cultural resources and public health. The Conservancy leads capital projects and historic preservation efforts, foster neighborhood park stewardship, attract and leverage investments, and develop innovative programs throughout the 10,200 acres that include Fairmount Park, six other watershed parks and more than 130 neighborhood parks and gardens around the city.

The Conservancy often receives support from funders for specific projects. In accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), this support is recognized as with donor restrictions 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 partnership with the Philadelphia Department of Parks and Recreation ("PPR"), 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.

The Conservancy's programs include the following:

- **Civic Engagement:** Initiatives that seek to empower, educate and connect Philadelphia citizens and public space partners to civic assets through volunteering, capacity building, and stewardship.

- **Park Activation:** A robust offering of programming and transformation of public spaces to connect Philadelphia's cultural and civic assets with the communities they serve. In 2021, the Conservancy hosted 141 programs that drew 6,396 attendees.

- **Capital Improvements:** Large capital improvements to Philadelphia parklands, including current projects such as:

  FDR Park: Led by the Conservancy, Philadelphia Parks & Recreation, and the Friends of FDR Park, the FDR Park Plan is a once-in-a generation opportunity to reimagine a historic Olmsted Park to serve 21st century Philadelphians. Guided by the community-driven plan, the Conservancy began implementation in 2021, focusing on advancing four projects that will comprise the Gateway Phase: the Welcome Center, Anna C. Verna Playground, Gateway Plaza, and the People's Plaza and Habitat Terrace.

  Natural Lands: The Natural Lands Program represents the Fairmount Park Conservancy's investment in restoring, maintaining and improving the woodlands, streams, meadows, and lakes that make up 60% of the City's parklands. This work includes construction of the Trolley Trail, a mows-to-meadows project, and the restoration of the woods at the Horticultural Center. The team also facilitated the Natural Lands Volunteer Training program and created a natural lands training for PowerCorpsPHL leadership.

NOTE A - NATURE OF OPERATIONS (CONTINUED)

- **Capital Improvements: (continued)**

  West Fairmount Park: The Fairmount Park Conservancy is engaged in a multi-year effort to deliver capital improvements to the site based on masterplans from 2009 and 2014. These improvements include projects such as the Parkside Edge Gap, infrastructure and pedestrians safety upgrades , planning for the Welsh Fountain restoration, and signage and wayfinding improvements.

  Historic Preservation: The preservation, development, and management of historic resources in Philadelphia's Fairmount Park, including numerous properties designated to the Conservancy's care. The Conservancy's award-winning conservation team completed historic preservation projects at 16 historic sites in 2021, with major projects including the restoration of the Wissahickon Guard House, Ohio House and Hatfield House renovations, the restoration of balustrades at Glen Forde, and the completion of the roof restoration of the Sheep Barn in the Wissahickon. The Conservancy's staff also received two Grand Jury Awards from the Preservation Alliance for Greater Philadelphia for work at Smith Playhouse and the First Unitarian Church of Philadelphia.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Basis of presentation:

The financial statements of the Conservancy have been prepared utilizing the accrual basis of accounting and conform to U.S. GAAP, as applicable to not-for-profit organizations. Resources in the financial statements are classified for accounting and reporting purposes into classes of net assets according to the existence or absence of donor-imposed restrictions.

[2] Classification of net assets:

The Conservancy reports information regarding its financial position and activities based on the existence or absence of donor-imposed or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets without donor restrictions represent funds available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

[3] Cash and cash equivalents:

Cash and cash equivalents consist of cash accounts at financial institutions and nonbank money market funds. The Conservancy considers all money market funds and certificates of deposit with original maturities of three months or less to be cash equivalents.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[4] Investments:

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with gains and losses included in the statements of activities and changes in net assets. Invested cash and investments in money markets are valued at cost which approximates fair value. Dividend and interest income is recorded as earned. Gains and losses on sales of investments are determined using the average cost method. Restricted investment income from investments whose restrictions are satisfied in the same period as the income is classified as net assets without donor restrictions. Investments received as gifts are initially recorded at fair value at the date of receipt.

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

Donated marketable securities and other noncash donations are recorded as contributions at their fair value at the date of donation within the appropriate statements of activities and changes in net assets' line.

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 statements of financial position.

[5] Unconditional promises to give:

Unconditional promises to give represent payments due in future periods for awards recorded as donor-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.

[6] Accounts receivable:

Accounts receivable consist of monies due for billings for work completed under performance grants. 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 December 31, 2021 and 2020, there was an allowance of $25,079 and $-0-, respectively. Delinquent receivables are written off based on individual credit evaluation and specific circumstances.

[7] Property and equipment and depreciation:

Property and equipment are stated at cost less accumulated depreciation. Equipment and other fixed assets in excess of $1,000 are capitalized and recognized in the statements of financial position. Contributed property and equipment are recorded at fair value at the date of donation. The cost of property and equipment is depreciated over the estimated useful lives of the related assets, which range from two to ten years 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.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[8] Grants payable:

Grants payable represent future payments that the Conservancy has awarded to subrecipients, which are considered unconditional promises to give. These grants are recorded as expenses at the time they become unconditional, which is usually when they are awarded (see Note I).

[9] Rental income:

Rental income from tenants is recorded ratably over the term of the lease. See Note L for more information.

[10] Revenue recognition - contributions:

Funding for the Conservancy's activities is partially achieved through foundation, corporate, individual, and in-kind contributions, including unconditional promises to give. These donations provide funding to be used to support the mission of the Conservancy. As the donors are not receiving a benefit as a result of these transactions, the donations are considered to be contributions to the Conservancy. Some contributions require that funds be expended for a specific purpose, and are considered to be net assets with donor restrictions.

The Conservancy recognizes contributions as revenue when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest 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 met.

On March 18, 2021 and April 18, 2020, the Conservancy received proceeds from the U.S. Small Business Administration (the "SBA") as part of the Paycheck Protection Program ("PPP") in the amount of $457,737 and $573,900, respectively. Subsequent to receiving the proceeds on April 18, 2020, the guidance surrounding the calculation of the PPP proceeds was updated from the original guidance used during the initial application process. The amount of proceeds the Conservancy should have received was $487,313; the remaining $86,587 was to be returned to the SBA. As of December 31, 2020, the amount owed to the SBA is included in PPP payable on the statements of financial position. The Conservancy received permission to repay the $86,587 as one lump-sum payment without interest in 2021. The funding is conditional based on the Conservancy using the funds to cover qualified expenditures while maintaining certain employment levels. Contributions from this agreement are therefore recognized as revenue when qualifying costs are incurred and conditions have been substantially met, as required by the agreement. For the years ended December 31, 2021 and 2020, $457,737 and $487,313, respectively, of the grants were used for qualified expenditures, including payroll-related expenditures, and thus was recognized as government funding revenue on the statements of activities and changes in net assets. During the year ended December 31, 2021, the Conservancy received notification that the entire $487,313 of PPP proceeds was forgiven by the SBA. Subsequent to year-end, the Conservancy received notification that the entire $457,737 of PPP proceeds was forgiven by the SBA.

Government contracts

The City of Philadelphia (the "City") has contracts with the Conservancy to perform services for the City's parks over a period of time. The benefits received by the City include the maintenance and beautification of parks, which are owned by the City. The City simultaneously receives and consumes the benefit of work done by the Conservancy through maintaining the City's parks; therefore, revenue is recognized ratably over the course of the year. There are no open contracts as of year-end that would be included in deferred revenue.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[11] Revenue recognition - services:

In addition, some contracts with the City relate to a specific park project or performance obligation. Government contract revenue is recognized at a point in time when the project listed in the contract is complete as that is when the performance obligation transfers to the government. The Conservancy invoices the City when the project has been completed for the work performed to complete the project. The amount recognized is the amount that reflects the consideration received or expected to be received in exchange for completing park projects.

Other earned income

Contracts with nongovernment sources are included as other earned income. These contracts relate to a specific park project or performance obligation. Other earned income revenue is recognized at a point in time when the project listed in the contract is complete as that is when the performance obligation transfers to the beneficiary. The amount recognized is the amount that reflects the consideration received or expected to be received in exchange for completing park projects.

[12] Paycheck Protection Program:

The Conservancy received funds from the PPP under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). The Conservancy has elected to account for the PPP proceeds as a conditional contribution under Accounting Standards Codification (“ASC”) 958-605. The agreement includes provisions for forgiveness based on measurable performance barriers related to staffing and salary levels and qualifying expenditures. Any amounts not forgiven will be required to be repaid. PPP funds will be recognized as government funding as the conditions on which they depend are substantially met. The Conservancy was notified on March 31, 2022 and October 19, 2021 that the PPP proceeds and any accrued interest were fully forgiven.

[13] 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 and changes in net assets. The fee varies by project or program and by the source of funds. The fee is charged at 0% to 12.5% of the grant as stipulated by the grant agreement.

[14] 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 and changes in net assets. The fee varies by project or program and by the source of funds.

[15] In-kind contributions:

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 each of the years ended December 31, 2021 and 2020, which are included in general and administrative as occupancy in the accompanying statements of activities and changes in net assets.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[16] Functional allocation of expenses:

Directly identifiable expenses are charged to program services, general and administrative, and fundraising. Salaries, payroll taxes, and benefits are charged to the different functions based on the employees' actual functions performed. Remaining expenses are allocated to program and supporting services based on direct expenses incurred by each function. Park expenses consist of various expenses to supporting the Conservancy's programing such as program supplies, permit fees, equipment rental and professional program services.

[17] 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 years ended December 31, 2021 and 2020 was $32,476 and $12,451, respectively.

[18] Use of estimates:

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses, including functional allocations, during the reporting period. Actual results could differ from those estimates.

[19] Income taxes:

The Internal Revenue Service has classified the Conservancy as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("Code"); as an organization, contributions to which are deductible under Section 170(c) of the Code; and as an organization that is not a private foundation as defined in Section 509(a) of the Code.

U.S. GAAP requires management to evaluate tax positions taken and recognize a tax liability, if the Conservancy has taken an uncertain tax position that more likely than not would not be sustained upon examination by a government authority. Management has analyzed the tax positions taken by the Conservancy and has concluded that as of December 31, 2021 and 2020, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

The Conservancy recognizes accrued interest and penalties associated with uncertain tax positions, if any. There were no income tax related interest and penalties recorded for either of the years ended December 31, 2021 or 2020.

[19] Concentrations of credit risk:

During the years ended December 31, 2021 and 2020, the Conservancy may have deposits with major financial institutions which exceed Federal Deposit Insurance Corporation limits.

[20] Upcoming accounting pronouncement:

In February 2016, Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*. The ASU's core principle is to increase transparency and comparability among organizations by recognizing lease assets and liabilities on the statement of financial position and disclosing key information. ASU 2016-02 will be effective for nonpublic entities for fiscal years beginning after December 15, 2021, with early adoption permitted. Management is currently evaluating the effect that this new guidance will have on its financial statements and related disclosures.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[20] Upcoming accounting pronouncement: (continued)

In September 2020, FASB issued ASU 2020-07 (Topic 958), *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. Under the new standard's requirements, gifts-in-kind are to be presented as a separate line item, instead of remaining grouped among contributions of cash or other financial assets, on the statement of activities and changes in net assets. The ASU requires the new standard to be applied retrospectively, with amendments taking effect for annual reporting periods beginning after June 15, 2021. The ASU does allow for early adoption. Management is currently evaluating the effect that this new guidance will have on its financial statements and related disclosures.

NOTE C - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following as of December 31, 2021 and 2020:

	December 31,	
	2021	**2020**
Financial assets:		
Cash and cash equivalents	**$ 1,389,719**	$ 4,698,799
Investments, at fair value	**4,392,336**	3,260,271
Unconditional promise to give	**4,928,333**	1,496,000
Accounts receivables	**4,167,106**	2,108,670
Total financial assets available within one year	**14,877,494**	11,563,740
Less: amounts not available for general expenditures within one year:		
Net assets with donor restrictions subject to expenditures for specified purposes	**10,925,616**	3,502,735
Net assets with donor restrictions subject to the Conservancy's spending policy and appropriation donor-restricted endowment funds	**100,000**	100,000
	11,025,616	3,602,735
Financial assets available to meet cash needs for general expenditures within one year	**$ 3,851,878**	$ 7,961,005

General expenditures include program services expenses, general and administrative expenses, and fundraising expenses expected to be paid in the subsequent year.

The Conservancy's total investments consist of operating investments and donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes. Donor-restricted endowment funds of $100,000 are not available for general expenditure.

With the exception of the net assets with donor restrictions of $10,925,616 and $3,502,735, net assets with donor restrictions subject to expenditures for specified purposes are expected to be released in 2021 and 2020, respectively.

NOTE C - LIQUIDITY AND AVAILABILITY (CONTINUED)

As part of the Conservancy's liquidity management plan, the Conservancy structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Conservancy invests cash in excess of daily requirements in money market funds and other short-term investments.

NOTE D - INVESTMENTS

The investments of $4,392,336 and $3,260,271 as of December 31, 2021 and 2020, respectively, are comprised of mutual funds.

NOTE E - FAIR VALUE MEASUREMENTS

The fair value of each investment is determined at the statements of financial position date in accordance with FASB ASC Topic 820, *Fair Value Measurements and Disclosures*. Accordingly, fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between participants in the market in which the reporting entity transacts, and fair value measurements are separately disclosed by level within the fair value hierarchy.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in inactive markets; or inputs that are derived principally from or corroborated by observable market data.

Level 3 – Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or other valuation techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The financial instruments within the fair value hierarchy are based on the lowest level of any input that is significant to the fair value measurement. The valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying assets and liabilities.

The following is a description of the valuation methodology used for instruments measured at fair value. This valuation methodology was applied to all of the Conservancy's assets and liabilities that are carried at fair value as of December 31, 2021 and 2020.

Mutual funds – Valued at the daily closing price as reported by the fund. Mutual funds held by the Conservancy are open-ended 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.

NOTE E - FAIR VALUE MEASUREMENTS (CONTINUED)

The following tables set forth, by level, the Conservancy's investments at fair value, within the aforementioned fair value hierarchy, as of December 31, 2021 and 2020:

	Investment Assets at Fair Value December 31, 2021			
	Total	Level 1	Level 2	Level 3
Mutual funds	**$ 4,392,336**	**$ 4,392,336**	**$ -**	**$ -**

	Investment Assets at Fair Value December 31, 2020			
	Total	Level 1	Level 2	Level 3
Mutual funds	$ 3,260,271	$ 3,260,271	$ -	$ -

Changes in fair value levels:

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. For the years ended December 31, 2021 and 2020, there were no transfers into or out of Levels 1, 2 or 3.

NOTE F - UNCONDITIONAL PROMISES TO GIVE

The Conservancy has received unconditional promises to give, some of which are receivable in future years. Unconditional promises to give that are receivable in more than one year are discounted at an interest rate commensurate with the risk involved to approximate the net present value of the estimated future cash flows. In considering estimated cash flows, the Conservancy considers the creditworthiness of the donors, the Conservancy's past collection experience and its procedures to collect promises to give.

The Conservancy recorded the unconditional promises to give as of December 31, 2021 and 2020 as follows:

	2021	2020
Receivable in less than one year	**$ 4,928,333**	$ 1,496,000
Receivable in one to five years	**3,670,667**	540,000
Total unconditional promises to give	**8,599,000**	2,036,000
Less: discount to net present value	**(91,155)**	(1,401)
Net unconditional promises to give	**$ 8,507,845**	$ 2,034,599
Current unconditional promises to give	**$ 4,928,333**	$ 1,496,000
Noncurrent unconditional promises to give	**3,579,512**	538,599
	$ 8,507,845	$ 2,034,599

NOTE F - UNCONDITIONAL PROMISES TO GIVE (CONTINUED)

Pledges which are receivable in more than one year are discounted at an appropriate rate of return for the expected term of the promise to give range from 0.13% and 1.44% for the years ended December 31, 2021 and 2020, respectively.

NOTE G - PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2021 and 2020 consist of the following:

	2021	2020
Equipment and software	$ 102,381	$ 110,607
Furniture and fixtures	15,738	15,738
Leasehold improvements	44,905	36,680
Trucks	130,878	29,802
	293,902	192,827
Less: accumulated depreciation	196,365	143,210
	$ 97,537	$ 49,617

Depreciation for the years ended December 31, 2021 and 2020 was $53,155 and $19,910, respectively.

NOTE H - LONG-TERM DEBT

The Conservancy obtained a loan of $360,000 from PNC Bank for construction of the Welcome Center at Love Park in May 2018. The loan is payable in monthly installments of interest and principal of $10,773 through April 2021, with a fixed interest rate of 4.89%. The loan is collateralized by the Conservancy's assets. As of December 31, 2021 and 2020, the balance of the loan was $-0- and $42,486, respectively.

The Conservancy obtained a loan of $150,000 from the SBA under the CARES Act. The loan is payable in monthly installments of interest and principal of $641 that begin in June 2021 and continue through June 2050, with a fixed interest rate of 2.75%. The loan is collateralized by the Conservancy's assets. As of December 31, 2021 and 2020, the balance of the loan was $150,000. Subsequent to year-end, the SBA increased the amount of the loan to $500,000 and extended the first payment due date of the loan to June 2022.

Interest expense under the loan agreements for the years ended December 31, 2021 and 2020 was $433 and $5,381, respectively.

NOTE H - LONG-TERM DEBT (CONTINUED)

Scheduled future maturities of long-term debt as of December 31, 2021 are as follows:

Year Ending December 31,	
2022	3,654
2023	3,754
2024	3,858
2025	3,964
2026	4,073
Thereafter	130,697
	$ 150,000

NOTE I - GRANTS PAYABLE

As of December 31, 2020, grants payable of $120,000 represent grants payable related to sub-grantees for the Conservancy's "Collaborative Civic Engagement Strategy" program, which were to be paid in 2021.

NOTE J - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes as of December 31, 2021 and 2020:

	2021	2020
Subject to expenditures for specified purpose:		
Civic engagement:		
Civic engagement	**347,469**	$ 230,417
Park stewardship	**23,000**	62,938
Capital projects:		
Capital projects	**5,572,695**	4,650,741
Centennial commons	**1,131,146**	1,391,870
Natural lands	**-**	8,000
Historic preservation	**941,809**	2,235,981
Park activation:		
Arts and culture	**83,596**	392,296
Park events	**315,387**	782,170
General operating	**8,493,141**	101,002
	16,908,243	9,855,415
Endowment:		
Perpetual in nature, earnings from which are subject to endowment spending policy and appropriation:		
McNeil endowment - maintenance of Waterworks project	**100,000**	100,000
Total endowments	**100,000**	100,000
	$ 17,008,243	$ 9,955,415

NOTE J - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Income earned from the McNeil endowment is to be used for maintenance of the Waterworks Project. Net assets were released from donor restriction by incurring expenses satisfying the restricted purpose specified by the donors as follows for the years ended December 31, 2021 and 2020:

	2021	2020
Satisfaction of purpose restriction:		
Civic engagement:		
Civic engagement	**$ 59,162**	$ 54,530
Park stewardship	**71,938**	75,250
Capital projects:		
Capital projects	**1,089,018**	1,110,658
Centennial commons	**260,724**	316,852
Natural lands	**8,000**	2,000
Historic preservation	**1,294,172**	699,650
Park activation:		
Arts and culture	**308,700**	257,779
Park events	**476,783**	449,485
Administrative/development	**1,141,706**	234,342
Qualified expenses within a covered period related to PPP	**467,737**	487,313
	$ 5,177,940	$ 3,687,859

NOTE K - RENTAL INCOME

The Conservancy is the lessor of property under a master sublease between Philadelphia Authority for Industrial Development and the Conservancy (see Note A) expiring in various years through December 2028. Rental income was $93,508 and $179,915 for the years ended December 31, 2021 and 2020, respectively. Minimum future annual rentals to be received on noncancelable leases as of December 31, 2021 are as follows:

Year Ending December 31,	
2022	$ 183,526
2023	142,427
2024	83,608
2025	83,608
2026	65,956
Thereafter	64,968
	$ 624,093

NOTE L - LEASE COMMITMENTS

The Conservancy has noncancelable operating lease agreements for equipment expiring through April 2025. Rent expense was $67,139 and $62,081 for the years ended December 31, 2021 and 2020, respectively.

Minimum future annual payments under the operating leases as of December 31, 2021 are as follows:

Year Ending December 31,	
2022	$ 9,103
2023	9,103
2024	9,103
2025	3,671
	$ 30,980

NOTE M - PENSION PLANS

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. Nonelective contributions may be permitted at the discretion of the Conservancy for each plan year.

The Conservancy also had a 401(k) plan covering all full-time employees with 12 months of eligible experience. For each payroll period, the Conservancy would 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. Nonelective contributions were 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 was closed on September 18, 2019.

For the years ended December 31 2021 and 2020, employer contributions were $56,822 and $73,591, respectively.

NOTE N - SUBSEQUENT EVENTS

The Conservancy has evaluated subsequent events through August 25, 2022, which is the date the financial statements were available to be issued.