

# FAIRMOUNT PARK CONSERVANCY

FINANCIAL STATEMENTS

DECEMBER 31, 2023 and 2022

# FAIRMOUNT PARK CONSERVANCY

## Contents

	<b><u>Page</u></b>
<b>Independent Auditors' Report</b>	1 - 2
<b>Financial Statements</b>	
Statements of financial position as of December 31, 2023 and 2022	3
Statements of activities and changes in net assets for the years ended December 31, 2023 and 2022	4
Statements of functional expenses for the years ended December 31, 2023 and 2022	5 - 6
Statements of cash flows for the years ended December 31, 2023 and 2022	7
Notes to financial statements	8 - 21

## **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, 2023 and 2022, 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, 2023 and 2022, 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.

## ***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  
April 30, 2024



# FAIRMOUNT PARK CONSERVANCY

## Statements of Financial Position

	December 31,	
	2023	2022
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 2,896,001	\$ 1,933,303
Investments, at fair value	3,394,706	2,799,957
Unconditional promises to give, current portion	3,504,214	2,674,923
Accounts receivable, net of allowance for doubtful accounts of \$133,372 in 2023 and \$149,194 in 2022	10,297,751	4,136,459
Prepaid expenses	288,860	130,282
Total current assets	<b>20,381,532</b>	11,674,924
Property and equipment, net of accumulated depreciation	22,385	53,441
Unconditional promises to give, net of current portion	1,651,234	3,010,353
	<b>\$ 22,055,151</b>	<b>\$ 14,738,718</b>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 6,612,443	\$ 1,919,398
Grant payable	881,201	283,570
Accrued interest	411	23,718
Current portion of long-term debt	4,710,272	1,575,276
Deferred revenue	56,500	-
Other liabilities	1,950	1,950
Total current liabilities	<b>12,262,777</b>	3,803,912
Long-term debt, net of current portion	486,676	486,648
Total liabilities	<b>12,749,453</b>	4,290,560
Commitments, contingencies and other uncertainties		
<b>NET ASSETS</b>		
Without donor restrictions	(1,949,641)	(1,469,767)
With donor restrictions	11,255,339	11,917,925
Total net assets	<b>9,305,698</b>	10,448,158
	<b>\$ 22,055,151</b>	<b>\$ 14,738,718</b>

# FAIRMOUNT PARK CONSERVANCY

## Statements of Activities and Changes in Net Assets

	Year Ended December 31,					
	2023			2022		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
<b>Support and revenue:</b>						
Contributions:						
Foundation	\$ 657,745	\$ 4,354,396	\$ 5,012,141	\$ 71,444	\$ 650,380	\$ 721,824
Corporate	42,298	113,000	155,298	231,605	77,930	309,535
Individual	12,877	1,378,874	1,391,751	98,556	24,025	122,581
In-kind contributions – facilities	38,000	-	38,000	38,000	-	38,000
Government contracts	17,786,716	-	17,786,716	4,573,519	-	4,573,519
Rental income	161,629	-	161,629	184,958	-	184,958
Other earned revenue	1,250,250	-	1,250,250	643,058	-	643,058
Investment income (loss), net	115,191	390,812	506,003	(5,083)	(701,011)	(706,094)
Net assets released from restrictions	6,899,668	(6,899,668)	-	5,141,642	(5,141,642)	-
<b>Total support and revenue</b>	<b>26,964,374</b>	<b>(662,586)</b>	<b>26,301,788</b>	<b>10,977,699</b>	<b>(5,090,318)</b>	<b>5,887,381</b>
<b>Expenses:</b>						
Program services:						
Park activation	499,942	-	499,942	1,042,828	-	1,042,828
Capital improvements	20,706,096	-	20,706,096	7,233,150	-	7,233,150
Civic engagement	1,805,411	-	1,805,411	1,459,689	-	1,459,689
<b>Total program services</b>	<b>23,011,449</b>	<b>-</b>	<b>23,011,449</b>	<b>9,735,667</b>	<b>-</b>	<b>9,735,667</b>
Supporting services:						
General and administrative	2,480,628	-	2,480,628	1,771,267	-	1,771,267
Fundraising	1,952,171	-	1,952,171	1,537,433	-	1,537,433
<b>Total supporting services</b>	<b>4,432,799</b>	<b>-</b>	<b>4,432,799</b>	<b>3,308,700</b>	<b>-</b>	<b>3,308,700</b>
<b>Total expenses</b>	<b>27,444,248</b>	<b>-</b>	<b>27,444,248</b>	<b>13,044,367</b>	<b>-</b>	<b>13,044,367</b>
<b>Change in net assets</b>	<b>(479,874)</b>	<b>(662,586)</b>	<b>(1,142,460)</b>	<b>(2,066,668)</b>	<b>(5,090,318)</b>	<b>(7,156,986)</b>
Net assets at beginning of year	(1,469,767)	11,917,925	10,448,158	596,901	17,008,243	17,605,144
<b>Net assets at end of year</b>	<b>\$ (1,949,641)</b>	<b>\$ 11,255,339</b>	<b>\$ 9,305,698</b>	<b>\$ (1,469,767)</b>	<b>\$ 11,917,925</b>	<b>\$ 10,448,158</b>

See notes to financial statements.

## FAIRMOUNT PARK CONSERVANCY

### Statement of Functional Expenses Year Ended December 31, 2023

	Program Services				Supporting Services			Total
	Park Activation	Capital Improvements	Civic Engagement	Subtotal	General and Administrative	Fundraising	Subtotal	
Payroll	\$ 122,063	\$ 800,446	\$ 875,108	\$ 1,797,617	\$ 520,756	\$ 425,336	\$ 946,092	\$ 2,743,709
Payroll taxes	9,563	62,449	68,614	140,626	45,770	33,321	79,091	219,717
Employee benefits	15,769	105,593	113,779	235,141	105,118	54,961	160,079	395,220
Total payroll and related expenses	147,395	968,488	1,057,501	2,173,384	671,644	513,618	1,185,262	3,358,646
Automobile	498	4,671	2,479	7,648	13,802	-	13,802	21,450
Bad debt	-	210,640	2,997	213,637	12,454	-	12,454	226,091
Building repairs and materials	13,506	406,428	8,024	427,958	20,309	-	20,309	448,267
Construction contracts	24,681	18,535,617	-	18,560,298	65,283	-	65,283	18,625,581
Consultants	-	-	-	-	48,882	-	48,882	48,882
Depreciation	-	9,294	8,200	17,494	14,746	-	14,746	32,240
Development/materials and services	7,954	7,500	22,284	37,738	4,749	152	4,901	42,639
Marketing	62	500	8,757	9,319	990	-	990	10,309
Occupancy	11,753	-	-	11,753	86,220	-	86,220	97,973
Office expenses	61,306	177,278	51,691	290,275	663,903	72,668	736,571	1,026,846
Park expenses	194,298	90,524	351,646	636,468	253,102	199,923	453,025	1,089,493
Professional services	31,773	287,417	204,194	523,384	595,888	1,095,294	1,691,182	2,214,566
Travel and entertainment	6,716	7,739	87,638	102,093	28,656	70,516	99,172	201,265
Total expenses	<u>\$ 499,942</u>	<u>\$ 20,706,096</u>	<u>\$ 1,805,411</u>	<u>\$ 23,011,449</u>	<u>\$ 2,480,628</u>	<u>\$ 1,952,171</u>	<u>\$ 4,432,799</u>	<u>\$ 27,444,248</u>

See notes to financial statements.

## FAIRMOUNT PARK CONSERVANCY

### Statement of Functional Expenses Year Ended December 31, 2022

	Program Services				Supporting Services			Total
	Park Activation	Capital Improvements	Civic Engagement	Subtotal	General and Administrative	Fundraising	Subtotal	
Payroll	\$ 220,365	\$ 688,391	\$ 518,967	\$ 1,427,723	\$ 545,044	\$ 346,407	\$ 891,451	\$ 2,319,174
Payroll taxes	17,321	53,943	40,768	112,032	46,293	26,817	73,110	185,142
Employee benefits	31,104	94,278	68,874	194,256	107,961	45,753	153,714	347,970
Total payroll and related expenses	268,790	836,612	628,609	1,734,011	699,298	418,977	1,118,275	2,852,286
Automobile	-	12,594	2,278	14,872	3,959	-	3,959	18,831
Bad debt	-	-	-	-	151,278	-	151,278	151,278
Building repairs and materials	5,041	256,881	22,939	284,861	10,544	-	10,544	295,405
Construction contracts	65,525	5,505,545	22,760	5,593,830	-	-	-	5,593,830
Consultants	-	-	225	225	45,014	18,204	63,218	63,443
Depreciation	-	11,237	8,200	19,437	24,659	-	24,659	44,096
Development/materials and services	3,082	29,740	22,164	54,986	4,789	3,480	8,269	63,255
Marketing	213	973	232	1,418	57,142	-	57,142	58,560
Occupancy	42,133	-	-	42,133	62,100	-	62,100	104,233
Office expenses	126,367	88,434	6,351	221,152	377,093	25,226	402,319	623,471
Park expenses	300,640	48,368	608,724	957,732	12,521	73,592	86,113	1,043,845
Professional services	202,846	425,085	100,998	728,929	307,732	990,139	1,297,871	2,026,800
Travel and entertainment	28,191	17,681	36,209	82,081	15,138	7,815	22,953	105,034
Total expenses	<u>\$ 1,042,828</u>	<u>\$ 7,233,150</u>	<u>\$ 1,459,689</u>	<u>\$ 9,735,667</u>	<u>\$ 1,771,267</u>	<u>\$ 1,537,433</u>	<u>\$ 3,308,700</u>	<u>\$ 13,044,367</u>

See notes to financial statements.



# FAIRMOUNT PARK CONSERVANCY

## Statements of Cash Flows

	Year Ended December 31,	
	2023	2022
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (1,142,460)	\$ (7,156,986)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	32,240	44,096
Provision for doubtful accounts	226,091	151,278
Realized unrealized (gain) loss on investments	(345,416)	860,727
(Increase) decrease in assets:		
Unconditional promises to give	529,828	2,822,569
Accounts receivable	(6,387,383)	(120,631)
Prepaid expenses	(158,578)	(3,166)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	4,693,046	994,834
Grants payable	597,630	283,569
Deferred revenue	56,500	-
Accrued interest	(23,307)	23,718
Net cash used in operating activities	<u>(1,921,809)</u>	<u>(2,099,992)</u>
<b>Cash flows from investing activities:</b>		
Proceeds from sales of investments	954,201	1,383,013
Purchase of investments	(1,203,534)	(651,361)
Purchase of property and equipment	(1,184)	-
Net cash (used in) provided by investing activities	<u>(250,517)</u>	<u>731,652</u>
<b>Cash flows from financing activities:</b>		
Proceeds from long-term debt	13,023,803	1,912,916
Principal payments on long-term debt	(9,888,779)	(992)
Net cash provided by financing activities	<u>3,135,024</u>	<u>1,911,924</u>
<b>Net increase in cash and cash equivalents</b>	<b>962,698</b>	<b>543,584</b>
Cash and cash equivalents at beginning of year	<u>1,933,303</u>	<u>1,389,719</u>
<b>Cash and cash equivalents at end of year</b>	<u><b>\$ 2,896,001</b></u>	<u><b>\$ 1,933,303</b></u>

See notes to financial statements.

# FAIRMOUNT PARK CONSERVANCY

## Notes to Financial Statements December 31, 2023 and 2022

### 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 (the "City") 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, fosters neighborhood park stewardship, attracts and leverages investments, and develops 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 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 2023, the Conservancy hosted 181 programs that drew 11,630 attendees.
- **Capital improvements:** Large capital improvements to Philadelphia parklands, including current projects such as:

FDR Park: Led by the Conservancy, PPR 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 21<sup>st</sup> 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 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, restoration of the Boxers' Trail and canopy restoration at the trail's edge, 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.

# FAIRMOUNT PARK CONSERVANCY

## Notes to Financial Statements December 31, 2023 and 2022

### NOTE A - NATURE OF OPERATIONS (CONTINUED)

- **Capital improvements: (continued)**

West Fairmount Park: The 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 pedestrian 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.

### 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:

(i) *Net assets without donor restrictions:*

Net assets without donor restrictions represent funds available for use in general operations and not subject to donor restrictions.

(ii) *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.

# FAIRMOUNT PARK CONSERVANCY

## Notes to Financial Statements December 31, 2023 and 2022

### 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 and allowance for credit losses:

Accounts receivable consist of monies due for billings for work completed under performance grants. The allowance estimate is derived from a review of the Conservancy's historical losses based on the aging of receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Conservancy. The Conservancy believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as the Conservancy's portfolio segments have remained constant since the Conservancy's inception. As of December 31, 2023 and 2022, there was an allowance of \$133,372 and \$149,194, respectively.

#### [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.

# FAIRMOUNT PARK CONSERVANCY

## Notes to Financial Statements December 31, 2023 and 2022

### 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 K 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.

##### *Government contracts:*

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.

#### [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.

## **FAIRMOUNT PARK CONSERVANCY**

### **Notes to Financial Statements December 31, 2023 and 2022**

#### **NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **[12] 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 recognized by the Conservancy 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.

##### **[13] 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 recognized by the Conservancy varies by project or program and by the source of funds.

##### **[14] In-kind contributions – facilities:**

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. Fair value is based on the estimated fair rental value of comparable rental properties in the area. The Conservancy recorded \$38,000 of contributed facilities and utilities for each of the years ended December 31, 2023 and 2022, which are included in general and administrative as occupancy in the accompanying statements of activities and changes in net assets.

##### **[15] 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 supporting the Conservancy's programming, such as program supplies, permit fees, equipment rental and professional program services.

##### **[16] 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, 2023 and 2022 was \$10,309 and \$58,561, respectively.

##### **[17] 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.

## FAIRMOUNT PARK CONSERVANCY

### Notes to Financial Statements December 31, 2023 and 2022

#### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### [18] 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 (the "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, 2023 and 2022, 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, 2023 or 2022.

##### [19] Concentrations of credit risk:

During the years ended December 31, 2023 and 2022, the Conservancy may have deposits with major financial institutions which exceed Federal Deposit Insurance Corporation limits.

##### [20] Adoption of new accounting pronouncement:

###### Allowance for credit losses:

Effective January 1, 2023, the Conservancy adopted the Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2016- 13, *Financial Instruments – Credit Losses (Topic 326) – Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"), as amended. ASU 2016-13 replaces the "incurred loss" credit losses framework with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology, which requires management's measurement of the allowance for credit losses to be based on a broader range of reasonable and supportable information for lifetime credit loss estimates. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized costs.

The Conservancy adopted ASU 2016-13 using the modified retrospective method for all financial assets measured as amortized cost which consisted of accounts receivable. Results for the year ended December 31, 2022 continue to be reported in accordance with previously applicable U.S. GAAP. The adoption and application of the standard had no material effect on these financial statements and primarily resulted in enhanced disclosures only.

## FAIRMOUNT PARK CONSERVANCY

### Notes to Financial Statements December 31, 2023 and 2022

#### 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, 2023 and 2022:

	<u>December 31,</u>	
	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents	\$ 2,896,001	\$ 1,933,303
Investments, at fair value	3,394,706	2,799,957
Unconditional promise to give	3,504,214	2,674,923
Accounts receivable	<u>10,297,751</u>	<u>4,136,459</u>
 Total financial assets available within one year	 <u>20,092,672</u>	 <u>11,544,642</u>
 Less: amounts not available for general expenditures within one year:		
Net assets with donor restrictions subject to expenditures for specified purposes	 5,672,370	 6,368,954
Net assets with donor restrictions subject to the Conservancy's spending policy and appropriation donor-restricted endowment funds	 <u>100,000</u>	 <u>100,000</u>
	 <u>5,772,370</u>	 <u>6,468,954</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 14,320,302</u>	 <u>\$ 5,075,688</u>

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 \$5,672,370 and \$6,368,954, net assets with donor restrictions subject to expenditures for specified purposes are expected to be released or were released in 2023 and 2022, respectively.

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 \$3,394,706 and \$2,799,957 as of December 31, 2023 and 2022, respectively, are comprised of equity mutual funds.



## FAIRMOUNT PARK CONSERVANCY

### Notes to Financial Statements December 31, 2023 and 2022

#### NOTE E - FAIR VALUE MEASUREMENTS

The fair value of each investment is determined at the statements of financial position date in accordance with FASB Accounting Standards Codification ("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, 2023 and 2022.

*Mutual funds* – Valued at the daily closing price as reported by the fund. Mutual funds held by the Conservancy are open-ended equity 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 tables set forth, by level, the Conservancy's investments at fair value, within the aforementioned fair value hierarchy, as of December 31, 2023 and 2022:

	Investment Assets at Fair Value December 31, 2023			
	Total	Level 1	Level 2	Level 3
Mutual funds	\$ 3,394,706	\$ 3,394,706	\$ -	\$ -

	Investment Assets at Fair Value December 31, 2022			
	Total	Level 1	Level 2	Level 3
Mutual funds	\$ 2,799,957	\$ 2,799,957	\$ -	\$ -

## FAIRMOUNT PARK CONSERVANCY

### Notes to Financial Statements December 31, 2023 and 2022

#### NOTE E - FAIR VALUE MEASUREMENTS (CONTINUED)

##### 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, 2023 and 2022, 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, 2023 and 2022 as follows:

	<u>2023</u>	<u>2022</u>
Receivable in less than one year	\$ 3,504,214	\$ 2,674,923
Receivable in one to five years	1,670,784	2,849,207
Over five years	<u>15,000</u>	<u>225,000</u>
Total unconditional promises to give	5,189,998	5,749,130
Less: discount to net present value	<u>(34,550)</u>	<u>(63,854)</u>
Net unconditional promises to give	<u>\$ 5,155,448</u>	<u>\$ 5,685,276</u>
Current unconditional promises to give	\$ 3,504,214	\$ 2,674,923
Noncurrent unconditional promises to give	<u>1,651,234</u>	<u>3,010,353</u>
	<u>\$ 5,155,448</u>	<u>\$ 5,685,276</u>

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 0.97% and 1.44% for the years ended December 31, 2023 and 2022, respectively.

## FAIRMOUNT PARK CONSERVANCY

### Notes to Financial Statements December 31, 2023 and 2022

#### NOTE G - PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Equipment and software	\$ 102,381	\$ 102,381
Furniture and fixtures	16,921	15,738
Leasehold improvements	44,905	44,905
Trucks	<u>130,878</u>	<u>130,878</u>
	<b>295,085</b>	293,902
Less: accumulated depreciation	<u>272,700</u>	<u>240,461</u>
	<u><b>\$ 22,385</b></u>	<u>\$ 53,441</u>

Depreciation for the years ended December 31, 2023 and 2022 was \$32,239 and \$44,096, respectively.

#### NOTE H - LONG-TERM DEBT

The Conservancy obtained a loan of \$150,000 from the SBA under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") during 2021. During 2022, the Conservancy received an additional \$350,000 loan from the SBA and repayment terms were amended. The loan is payable in monthly installments of interest and principal of \$2,198 that began in December 2022 and continue through May 2050, with a fixed interest rate of 2.75%. The loan is collateralized by the Conservancy's assets. As of December 31, 2023 and 2022, the balance of the loan was \$500,000.

On October 28, 2022, the Conservancy obtained two construction loans from the Reinvestment Fund to assist in financing a project to restore a historic building in Philadelphia's FDR Park and a new playground. The project is supported by grants with the City and a Redevelopment Assistance Capital Program grant with the Commonwealth of Pennsylvania. The grants are to be paid to the Conservancy after the project is complete. The total loan amount available to the Conservancy to be drawn upon for the project is \$7,825,000. During 2023 and 2022, \$11,957,136 and \$1,562,916 of loans were disbursed to the Conservancy, respectively. Repayment of principal is based on the timing of the receipt of the grant funding from the City and the Commonwealth of Pennsylvania. During 2023 and 2022, \$9,889,771 and \$0 of loans were disbursed repaid. Interest will accrue at a fixed interest rate of 6% and is payable on the 1<sup>st</sup> day of each month thru October 2026. The loans are collateralized by proceeds of the grants. As of December 31, 2023 and 2022, the balance of the loan was \$3,630,281 and \$1,561,924, respectively.

On September 11, 2023, the Conservancy obtained a short term variable rate loan of \$1,066,667 from the Spring Garden Lending Group. Interest is payable monthly at the Wall Street Journal prime rate (8.50% as of December 31, 2023) plus 2% with a floor of 10.25%. The loan matured on March 11, 2024, at which time the full amount of the loan and unpaid interest was due. The loan is collateralized by the Conservancy's assets. As of December 31, 2023, the balance of the loan was \$1,066,667.

Interest expense under the loan agreements for the years ended December 31, 2023 and 2022 was \$161,148 and \$28,493, respectively.

**FAIRMOUNT PARK CONSERVANCY**

**Notes to Financial Statements  
December 31, 2023 and 2022**

**NOTE H - LONG-TERM DEBT (CONTINUED)**

Scheduled future maturities of long-term debt as of December 31, 2023 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ 4,710,272
2025	13,643
2026	13,971
2027	14,307
2028	14,653
Thereafter	<u>430,102</u>
	<u>\$ 5,196,948</u>

**NOTE I - GRANTS PAYABLE**

As of December 31, 2023 and 2022, grants payable of \$881,201 and \$283,570, respectively, represent grants payable related to sub-grantees for the design and construction of playful learning enhancements to two playgrounds in Philadelphia. These grants are expected to be paid by the Conservancy within one year from respective year end.

**FAIRMOUNT PARK CONSERVANCY**

**Notes to Financial Statements  
December 31, 2023 and 2022**

**NOTE J - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Subject to expenditures for specified purpose:		
Civic engagement:		
Civic engagement	\$ 81,647	\$ 315,515
Park stewardship	2,026,839	6,272
Capital projects:		
Capital projects	5,414,934	4,233,072
Natural lands	788	5,000
Historic preservation	302,777	357,705
Park activation:		
Arts and culture	-	11,895
Park events	174,148	349,888
General operating	<u>3,154,206</u>	<u>6,538,578</u>
	<u>11,155,339</u>	<u>11,817,925</u>
Endowment:		
Perpetual in nature, earnings from which are subject to endowment spending policy and appropriation:		
McNeil endowment - maintenance of Waterworks Project	<u>100,000</u>	100,000
Total endowments	<u>100,000</u>	100,000
	<u>\$ 11,255,339</u>	<u>\$ 11,917,925</u>

## FAIRMOUNT PARK CONSERVANCY

### Notes to Financial Statements December 31, 2023 and 2022

#### 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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Satisfaction of purpose restriction:		
Civic engagement:		
Civic engagement	\$ 343,868	\$ 672,190
Park stewardship	506,141	36,728
Capital projects:		
Capital projects	2,116,518	472,306
Centennial commons	-	1,119,306
Natural lands	4,212	-
Historic preservation	54,928	763
Park activation:		
Arts and culture	11,895	99,105
Park events	340,834	451,045
Administrative/development	3,521,272	2,290,199
	<u>\$ 6,899,668</u>	<u>\$ 5,141,642</u>

#### 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 2029. Rental income was \$161,629 and \$184,958 for the years ended December 31, 2023 and 2022, respectively. Minimum future annual rentals to be received on noncancelable leases as of December 31, 2023 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ 189,002
2025	28,016
2026	6,004
2027	6,004
2028	6,003
Thereafter	104,411
	<u>\$ 339,440</u>

## **FAIRMOUNT PARK CONSERVANCY**

### **Notes to Financial Statements December 31, 2023 and 2022**

#### **NOTE L - 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.

For the years ended December 31 2023 and 2022, employer contributions were \$80,046 and \$66,286, respectively.

#### **NOTE M - SUBSEQUENT EVENTS**

The Conservancy has evaluated subsequent events through April 30, 2024, which is the date the financial statements were available to be issued.

On March 11, 2024, the Conservancy paid off \$291,036 of the loan from the Spring Garden Lending Group (25% of the principal plus interest) and extended the loan for an additional six months with a new maturity date of September 15, 2024.