

SEATTLE PARKS FOUNDATION

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2009

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Independent Auditor's Report

Board of Directors
Seattle Parks Foundation
Seattle, Washington

We have audited the accompanying statement of financial position of Seattle Parks Foundation, (a non-profit corporation), as of June 30, 2009 and the related statements of activities, cash flows, and operating expenses for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the organization's 2008 financial statements, and in our report dated September 10, 2008 we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Seattle Parks Foundation as of June 30, 2009 and its changes in net assets and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Dave Bembridge CPA PS
Certified Public Accountant
September 1, 2009

**SEATTLE PARKS FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2009**

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
<u>Current Assets</u>		
Cash and Cash Equivalents	\$2,090,114	\$8,991,981
Current Portion of Pledges Receivable, net (Note 3)	<u>537,291</u>	<u>814,189</u>
Total Current Assets	2,627,405	9,806,170
<u>Noncurrent Asset</u>		
Noncurrent Portion of Pledges Receivable, net (Notes 2&3)	424,343	945,886
<u>Property and Equipment</u>		
Office Equipment, at cost	28,772	28,772
Accumulated Depreciation	<u>(20,517)</u>	<u>(13,197)</u>
Net Property and Equipment	8,255	15,575
<u>Other Asset</u> (Note 4)	<u>684,000</u>	<u>697,500</u>
Total Assets	<u>\$3,744,003</u>	<u>\$11,465,131</u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities</u>		
Accounts Payable	\$52,739	\$ 92,250
Agency Funds (Note 5)	<u>-</u>	<u>32,333</u>
Total Current Liabilities	52,739	124,583
<u>Net Assets</u>		
Permanently Restricted Funds (Note 9)	215,000	115,000
Temporarily Restricted Funds (Note 8)	2,465,747	10,217,462
Unrestricted Funds (Note 10)	<u>1,010,517</u>	<u>1,008,086</u>
Total Net Assets	<u>3,691,264</u>	<u>11,340,548</u>
Total Liabilities and Net Assets	<u>\$3,744,003</u>	<u>\$11,465,131</u>

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

**SEATTLE PARKS FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>JUNE 30, 2009</u>				<u>JUNE 30,</u>
	<u>Unrestricted</u>	<u>Temporarily</u>	<u>Permanently</u>	<u>Total</u>	<u>2008</u>
	<u>Operating</u>	<u>Restricted</u>	<u>Restricted</u>		<u>Total</u>
<u>Operating Support and Revenue</u>					
Total Pledges Raised	\$252,415	\$ 277,831	\$ 100,000	\$ 630,246	\$3,555,572
Government Grants	100,000	141,139	-	241,139	198,000
Reimbursed Fundraising Expenses (Note 8)	-	765,450	-	765,450	-
In-Kind Donations (Note 7)	<u>11,337</u>	<u>7,938</u>	<u>-</u>	<u>19,275</u>	<u>41,788</u>
Total Funds Raised	363,752	1,192,358	100,000	1,656,110	3,795,360
Discount on Long Term Pledges	<u>-</u>	<u>88,494</u>	<u>-</u>	<u>88,494</u>	<u>18,588</u>
Net Funds Raised	363,752	1,280,852	100,000	1,744,604	3,813,948
Decline in Value of Donated Stock	(13,500)	-	-	(13,500)	-
Fiscal Sponsorship Fees	69,263	-	-	69,263	68,649
Interest Income	<u>133,145</u>	<u>2,235</u>	<u>-</u>	<u>135,380</u>	<u>265,078</u>
Total Operating Support and Revenue	552,660	1,283,087	100,000	1,935,747	4,147,675
Temporarily Restricted Funds Released (Note 8)	<u>9,034,802</u>	<u>(9,034,802)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 9,587,462</u>	<u>\$ (7,751,715)</u>	<u>\$ 100,000</u>	<u>\$ 1,935,747</u>	<u>\$ 4,147,675</u>
<u>Operating Expenses</u>					
Program Services (Page 5)	9,328,646			9,328,646	1,111,599
Supporting Services (Page 5)					
Management and General	108,973			108,973	80,953
Fundraising and Development	<u>147,412</u>			<u>147,412</u>	<u>146,775</u>
Total Supporting Services	<u>256,385</u>			<u>256,385</u>	<u>227,728</u>
Total Operating Expenses	<u>9,585,031</u>	<u>-</u>	<u>-</u>	<u>9,585,031</u>	<u>1,339,327</u>
<u>Change in Net Assets</u>	2,431	(7,751,715)	100,000	(7,649,284)	2,808,348
Net Assets – Beginning of the Year	<u>1,008,086</u>	<u>10,217,462</u>	<u>115,000</u>	<u>11,340,548</u>	<u>8,532,200</u>
Net Assets – End of the Year	<u>\$ 1,010,517</u>	<u>\$ 2,465,747</u>	<u>\$ 215,000</u>	<u>\$ 3,691,264</u>	<u>\$11,340,548</u>

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

**SEATTLE PARKS FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>2009</u>	<u>2008</u>
<u>Cash Flows from Operating Activities</u>		
Increase in Net Assets	\$ (7,649,284)	\$ 2,808,348
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	7,320	6,286
Decline in Value of Donated Stock	13,500	-
Discount on Long Term Pledges	(88,494)	(18,588)
(Increase) Decrease in:		
Pledges Receivable, net	886,935	893,322
Increase (Decrease) in:		
Accounts Payable	(39,511)	72,790
Agency Funds	<u>(32,333)</u>	<u>(32,667)</u>
Net cash (used)/received from operating activities	(6,901,867)	3,729,491
<u>Cash Flows from Investing Activities</u>		
Purchase of Office Equipment	<u>-</u>	<u>(6,398)</u>
Net Cash Used in Investing Activities	<u>-</u>	<u>(6,398)</u>
<u>Net (Decrease)/Increase in Cash</u>	(6,901,867)	3,723,093
Cash and Cash Equivalents at the Beginning of the Year	<u>8,991,981</u>	<u>5,268,888</u>
Cash and Cash Equivalents at the End of the Year	<u>\$ 2,090,114</u>	<u>\$ 8,991,981</u>
Supplemental Information:		
Other in-kind donations	<u>\$ 19,275</u>	<u>\$ 41,788</u>

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

**SEATTLE PARKS FOUNDATION
STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising & Development</u>	<u>2009 Total</u>	<u>2008 Total</u>
<u>Staff Expenses</u>					
Salaries	\$ 235,565	\$ 71,853	\$ 83,828	\$ 391,246	\$ 442,955
Payroll Taxes	19,535	6,022	7,025	32,582	36,202
Medical Benefits	13,509	4,110	4,795	22,414	23,141
Retirement Plan	4,689	1,417	1,653	7,759	9,243
Training and Conferences	<u>3,080</u>	<u>871</u>	<u>1,016</u>	<u>4,967</u>	<u>4,747</u>
Total Staff Expenses	<u>276,378</u>	<u>84,273</u>	<u>98,317</u>	<u>458,968</u>	<u>516,288</u>
 <u>Non-Staff Expenses</u>					
Seattle Parks Projects	9,001,453			9,001,453	663,154
Newsletter/Annual Report	11,844	4,107	4,791	20,742	13,309
Events	-	-	17,886	17,886	5,285
Office Supplies & Maintenance	5,899	2,045	2,386	10,330	5,183
Rent (In-kind)	5,345	1,853	2,162	9,360	9,360
Membership Mailings	4,819	1,671	1,949	8,439	2,749
Publicity Materials	-		7,927	7,927	31,469
Accounting, Audit and Tax Services	3,646	2,317	1,475	7,438	6,977
Depreciation	3,924	1,808	1,588	7,320	6,286
Communications	3,209	1,113	1,298	5,620	3,816
Meeting Expenses	2,935	1,018	1,187	5,140	3,060
Insurance	802	2,314	936	4,052	2,955
Equipment and Software	2,311	802	935	4,048	2,873
Bank Fees	-	3,363	-	3,363	3,157
Postage	1,890	655	765	3,310	2,334
IT Consulting	1,399	485	566	2,450	1,603
Travel	1,336	463	541	2,340	1,033
Fundraising Fees	-	-	2,115	2,115	8,536
Memberships, Dues & Subscriptions	826	287	334	1,447	1,361
Other Expenses	630	399	254	1,283	514
Strategic Planning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,025</u>
Subtotal Non-Staff Expenses	<u>9,052,268</u>	<u>24,700</u>	<u>49,095</u>	<u>9,126,063</u>	<u>823,039</u>
 Total Operating Expenses	 <u>\$ 9,328,646</u>	 <u>\$ 108,973</u>	 <u>\$ 147,412</u>	 <u>\$ 9,585,031</u>	 <u>\$ 1,339,327</u>

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

**SEATTLE PARKS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

NOTE 1 - ORGANIZATION

Seattle Parks Foundation improves, expands, and creates parks and green spaces, building a more vibrant community. The Parks Foundation is an independent 501(c)3 nonprofit organization working with public and private partners. Since 2001, Seattle Parks Foundation has completed 28 neighborhood park projects and raised over \$28 million for parks and green spaces in Seattle. Key parks projects during fiscal year 2009 include:

- **Lake Union Park:** Seattle Parks Foundation continued project oversight in partnership with the Seattle Parks & Recreation Department and other key Lake Union Park partners to complete construction of the park's first Phase and begin Phase 2. The Parks Foundation has begun to make disbursements of funds raised during the three year capital campaign (Note 8).
- **Junction Plaza Park:** This neighborhood park project will transform a vacant lot in the heart of the rapidly developing West Seattle Junction urban village, into a vital community green space and gathering place. Seattle Parks Foundation worked with the community to raise funds to complete this long-awaited project.
- **Cheshiahud Lake Union Loop:** In partnership with the City of Seattle, the Parks Foundation has continued advocacy efforts and project work to create a continuous path for pedestrians and recreational cyclists around Lake Union.
- **Waterway 18:** This waterway project at the north end of Lake Union will improve public access to the lake, restore salmon habitat, and make a neighborhood green space inviting and safe. The Parks Foundation mobilized the community, managed the design and permits, and raised money for this project.
- **Counterbalance Park:** Seattle Parks Foundation completed fundraising and dedicated this urban plaza park in the Uptown neighborhood.
- **Bench, Tree and Yellow Swing Donation Programs:** These programs managed by the Parks Foundation, in close partnership with the Seattle Parks & Recreation Department, provide opportunities for donors to improve parks and give in tangible and meaningful ways.
- **Lake to Bay Trail:** Seattle Parks Foundation partnered with nonprofit, government, and private organizations to renew momentum for a trail connecting Lake Union Park to Seattle Center and the Olympic Sculpture Park.
- **Central Waterfront:** Seattle Parks Foundation partnered with others to advocate for a transportation solution that provided for the best opportunity to create a vibrant and accessible public space on Seattle's Central Waterfront.

SEATTLE PARKS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(continued)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by the Seattle Parks Foundation are as follows:

Financial Statement Presentation

The Parks Foundation is required under generally accepted accounting principles to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Use of Estimates

The preparation of these financial statements in conformity with generally accepted accounting principles has required 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 support and revenue during the reporting period. Thus, actual results could differ from these estimates.

Gifts

Gifts received are recorded as unrestricted, temporarily or permanently restricted support depending on the existence or nature of any donor restrictions. Time and purpose restrictions are reported as temporarily restricted support and then reclassified to unrestricted net assets upon expiration of the time or purpose restriction.

Income Taxes

The Parks Foundation is exempt from income taxation under the provisions of Section 501(c)3 of the Internal Revenue Code. The Parks Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation.

Cash & Cash Equivalents

Cash and cash equivalents include all highly liquid assets with maturity dates of one year or less.

Property and Equipment

Property and equipment are stated at cost except for donated equipment, which is recorded at fair value at the date of the gift. Property and equipment with a value greater than \$1,000 is capitalized. Depreciation is recorded using the straight line method over the useful life of the asset. The depreciation charge for the years ended June 30, 2009 and 2008 was \$7,320 and \$6,286, respectively.

SEATTLE PARKS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(continued)

Pledges Receivable

Pledges Receivable are valued at the amount of the pledge discounted to present value for the portions of pledges receivable after more than one year. An allowance for doubtful pledges has been estimated based upon management's assessment of pledges receivable outstanding.

Agency Funds

Agency Funds are pledges stipulated by the donor for a park project, where the Parks Foundation has no discretion in the project. Agency Funds are included in Total Funds Raised, but are then deducted from Total Operating Support and Revenue, because the Foundation acts in an agent capacity for these pledges. Agency funds not yet passed through are shown on the statement of financial position as a current liability. Fees from Agency Funds are recognized on transfer of the funds or when the obligation is complete.

In-Kind Donations

Donated goods and space are valued at their fair market value. Donated services are recognized in the financial statements at their fair value if the following criteria are met:

- The services require specialized skills, and the services are performed by individuals possessing those skills.
- The services would typically need to be purchased if not donated.

The fair value of non-specialized volunteer services is not recognized in the accompanying financial statements since they do not meet the criteria for recognition under generally accepted accounting principles.

Publicly traded securities are received on occasion for gift and pledge payments. These securities are not held for investment and are sold as soon as possible after receipt. The Parks Foundation records these receipts as cash contributions or cash payments against pledges. These receipts totaled \$48,394 and \$434,745 for the fiscal years ending June 30, 2009 and 2008, respectively.

Operating Expense Allocation

Operating expenses are allocated based on salaries as a function of staff time, which is estimated by management.

SEATTLE PARKS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(continued)

NOTE 3 - PLEDGES RECEIVABLE

Pledges for Seattle Parks Foundation projects that are due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 3% and 5% respectively for the years ending June 30, 2009 and 2008.

	As of June 30,	
	2009	2008
Pledges Receivable due in less than one year	\$ 547,291	\$ 814,189
Less: Allowance for doubtful pledges	(10,000)	-
	537,291	814,189
Pledges Receivable due in more than one year	471,334	1,056,371
Less: Allowance for doubtful pledges	(25,000)	-
Less: Unamortized discount	(21,991)	(110,485)
	\$ 424,343	\$ 945,886

The allowance for uncollectible pledges has been estimated by management, based in part on historic write-off experience and an assessment of the balance of outstanding pledges receivable. Actual pledge balances written off for the years ending June 30, 2009 and 2008 respectively are \$148,177 and \$0.

NOTE 4 – OTHER ASSET

The Parks Foundation has received shares in a closely-held company which is not publicly traded. The valuation of the shares is based on a third party appraisal performed in 2009 and 2007.

	As of June 30,	
	2009	2008
Interest in Closely-Held Company	\$ 684,000	\$ 697,500

NOTE 5 – AGENCY FUNDS

Agency Funds, held for the Green Seattle Partnership, at June 30, 2009 and 2008 totaled \$0 and \$32,333, respectively.

NOTE 6 – CONCENTRATION OF RISK

Pledges Receivable include \$511,667 (50%) from 4 donors and \$620,000 (33%) from 4 donors as of June 30, 2009 and 2008, respectively.

SEATTLE PARKS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(continued)

NOTE 7 – IN-KIND DONATIONS

The following In-Kind donations are included in the financial statements:

	<u>As of June 30,</u>	
	<u>2009</u>	<u>2008</u>
Rent	\$ 9,360	\$ 9,360
Goods	6,000	4,945
Publicity Materials	1,500	0
Consulting	1,394	10,483
Catering	665	-
Events	356	-
Marketing & Event Consulting	-	17,000
	<u>\$ 19,275</u>	<u>\$ 41,788</u>

Donated goods in 2009 were for a neighborhood park project; donated publicity materials in 2009 were for the Lake Union Park project; donated marketing & event consulting, consulting and goods in 2008 were for the Lake Union Park project. All other in-kind donations are for general operations.

NOTE 8 - TEMPORARILY RESTRICTED FUNDS

Temporarily restricted funds for the year ended June 30, 2009 are summarized as follows:

	<u>Balance</u>	<u>Funds</u>	<u>Funds</u>	<u>Balance</u>
	<u>June 30, 2008</u>	<u>Received</u>	<u>Released</u>	<u>June 30, 2009</u>
Bailey-Gatzert Loop Trail	\$ 48,955	\$ 17,104	\$ 62,559	\$ 3,500
Betty Bowen Viewpoint Restoration	-	12,058	11,976	82
Cheshiahud Lake Union Loop	(121)	27,000	11,843	15,036
Counterbalance Park: An Urban Oasis	9,202	10,100	23,594	(4,292)
Denny Park	79,346	204,700	259,796	24,250
Hitts Hill Park	3,661	-	2,042	1,619
Homer Harris Park & Maintenance	29,580	-	1,967	27,613
Jackson Park Trail	-	17,250	-	17,250
Junction Plaza Park	-	83,400	296	83,104
Lake People (Xacua'bs) Park	8,927	-	8,927	-
Leschi Park	-	13,003	5,500	7,503
Waterway #18	70,464	39,774	31,778	78,460
Bench Donation Program	51,782	84,860	115,651	20,991
Seward Park Playground	-	41,261	4,981	36,280
Tree Donation Program	12,920	38,088	36,465	14,543
Volunteer Park	1,245	-	-	1,245
Other Park Projects	1,187	7,031	173	8,045
Streissguth Gardens	1,571	2,235	-	3,806
Lake Union Park	<u>9,898,743</u>	<u>685,223</u>	<u>8,457,254</u>	<u>2,126,712</u>
	<u>\$10,217,462</u>	<u>\$1,283,087</u>	<u>\$9,034,802</u>	<u>\$2,465,747</u>

**SEATTLE PARKS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**
(continued)

NOTE 8 - TEMPORARILY RESTRICTED FUNDS (continued):

Seattle Parks Foundation entered into two agreements with Seattle Parks & Recreation Department regarding the schedule of payments for the development of Lake Union Park and reimbursement of associated fundraising costs. The schedule of payments is predicated on the completion of the park as specified in the City Ordinance approving the project. For the year ended June 30, 2009, the Parks Foundation paid \$8,400,000 to Seattle Parks & Recreation Department and received \$765,450 reimbursed fundraising costs from Seattle Parks & Recreation Department.

NOTE 9 – PERMANENTLY RESTRICTED FUNDS

The Parks Foundation received permanently restricted gifts from private donors to establish an endowment fund. The purpose of the fund will be to provide supplemental maintenance funds for the Streissguth Gardens. The endowment is not yet distributing funds during the establishment period in accordance with the donors' intention.

NOTE 10 – BOARD DESIGNATED RESERVE FUND

In March, 2008 the Parks Foundation's Board of Directors approved the establishment of a Board Designated Reserve Fund for future planned operating activities, emergencies and opportunities. Of the total \$1,010,517, Unrestricted Net Assets at June 30, 2009, \$75,000 is reserved by the Board.

NOTE 11 – RETIREMENT/SAVINGS PLAN

The Parks Foundation has a contributory retirement plan known as a SIMPLE-IRA plan. The plan covers all full-time employees who meet certain age and service requirements, and who elect to participate. Contributions are invested at the discretion of the plan participant. The plan expense for the years ending June 30, 2009 and 2008 was \$7,759 and \$9,243, respectively.

NOTE 12 – LEASE COMMITMENT

The Parks Foundation has no lease commitment due to the fact that the office premises at 860 Terry Avenue North, Seattle, are donated.

NOTE 13 - COMPARATIVE FINANCIAL INFORMATION

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the organization's audited financial statements for the year ended June 30, 2008 from which the summarized information was derived.