

**SEATTLE PARKS FOUNDATION**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**JUNE 30, 2011**

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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, 2011 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 2010 financial statements, and in our report dated December 9, 2010 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, 2011 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  
November 2, 2011

**SEATTLE PARKS FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
AS OF JUNE 30, 2011**

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
Cash and Cash Equivalents	\$1,507,355	\$1,886,260
Current Portion of Pledges Receivable, net (Note 3)	<u>132,696</u>	<u>505,820</u>
	1,640,051	2,392,080
Pre-paid Expenses and Deposit	4,150	-
Non-current Portion of Pledges Receivable, net (Note 3)	-	25,000
<b><u>Property and Equipment</u></b>		
Office Equipment, at cost	26,026	28,772
Accumulated Depreciation	<u>(20,013)</u>	<u>(26,032)</u>
Net Property and Equipment	6,013	2,740
<b><u>Other Asset</u></b> (Note 4)	<u>684,000</u>	<u>684,000</u>
Total Assets	<u>\$2,334,214</u>	<u>\$3,103,820</u>

**LIABILITIES AND NET ASSETS**

<b><u>Liabilities</u></b>		
Accounts Payable	\$63,172	\$ 45,624
Total Liabilities	63,172	45,624
<b><u>Net Assets</u></b>		
Permanently Restricted Funds (Note 7)	215,000	215,000
Temporarily Restricted Funds (Note 8)	644,731	1,459,054
Unrestricted Funds (Note 9)	<u>1,411,311</u>	<u>1,384,142</u>
Total Net Assets	<u>2,271,042</u>	<u>3,058,196</u>
Total Liabilities and Net Assets	<u>\$2,334,214</u>	<u>\$3,103,820</u>

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

**SEATTLE PARKS FOUNDATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>JUNE 30, 2011</u>				<u>JUNE 30,</u>
	<u>Unrestricted</u>	<u>Temporarily</u>	<u>Permanently</u>	<u>Total</u>	<u>2010</u>
	<u>Operating</u>	<u>Restricted</u>	<u>Restricted</u>		<u>Total</u>
<b><u>Operating Support and Revenue</u></b>					
Total Pledges Raised	\$107,437	\$ 378,704	-	\$ 486,141	\$490,307
Government Grants	170,506		-	170,506	160,065
Reimbursed Fundraising Expenses (Note 8)	95,000		-	95,000	355,464
Event Revenue	125,892		-	125,892	-
In-Kind Donations (Note 5)	<u>10,922</u>	<u>-</u>	<u>-</u>	<u>10,922</u>	<u>9,600</u>
Total Funds Raised	509,757	378,704	-	888,461	1,015,436
Discount on Long Term Pledges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,991</u>
Net Funds Raised	509,757	378,704	-	888,461	1,037,427
Fiscal Sponsorship Fees	74,686	-	-	74,686	62,587
Dividends, Interest and Other Revenue	<u>56,854</u>	<u>1,100</u>	<u>-</u>	<u>57,954</u>	<u>38,097</u>
Total Operating Support and Revenue	641,297	379,804	-	1,021,101	1,138,111
Temporarily Restricted					
Funds Released (Note 8)	<u>1,194,127</u>	<u>(1,194,127)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,835,424</u>	<u>\$ (814,323)</u>	<u>-</u>	<u>\$ 1,021,101</u>	<u>\$ 1,138,111</u>
<b><u>Operating Expenses</u></b>					
Program Services (Page 5)	1,375,910			1,375,910	1,501,970
Supporting Services (Page 5)					
Management and General	93,890			93,890	126,739
Fundraising and Development	<u>338,455</u>			<u>338,455</u>	<u>142,470</u>
Total Supporting Services	<u>432,345</u>			<u>432,345</u>	<u>269,209</u>
Total Operating Expenses	<u>1,808,255</u>	<u>-</u>	<u>-</u>	<u>1,808,255</u>	<u>1,771,179</u>
<b><u>Change in Net Assets</u></b>	27,169	(814,323)	-	(787,154)	(633,068)
Net Assets – Beginning of the Year	<u>1,384,142</u>	<u>1,459,054</u>	<u>215,000</u>	<u>3,058,196</u>	<u>3,691,264</u>
Net Assets – End of the Year	<u>\$ 1,411,311</u>	<u>\$ 644,731</u>	<u>\$ 215,000</u>	<u>\$ 2,271,042</u>	<u>\$3,058,196</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, 2011**

	<u>2011</u>	<u>2010</u>
<b><u>Cash Flows from Operating Activities</u></b>		
Increase in Net Assets	\$ (787,154)	\$ (633,068)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,234	5,515
Discount on Long Term Pledges	-	(21,991)
Changes in:		
Pledges Receivable, net	398,124	452,805
Pre-paid Expenses and Deposit	(4,150)	-
Accounts Payable	<u>17,548</u>	<u>(7,115)</u>
Net cash from operating activities	(372,398)	(203,854)
<b><u>Cash Flows from Investing Activities</u></b>		
Purchase of Equipment and Leasehold Improvements	<u>(6,507)</u>	-
Net Cash from Investing Activities	<u>(6,507)</u>	-
<b><u>Net (Decrease)/Increase in Cash</u></b>	(378,905)	(203,854)
Cash and Cash Equivalents at the Beginning of the Year	<u>1,886,260</u>	<u>2,090,114</u>
Cash and Cash Equivalents at the End of the Year	<u>\$1,507,355</u>	<u>\$1,886,260</u>
Supplemental Information:		
Cost and Accumulated Depreciation of Scrapped Equipment	<u>\$ 9,253</u>	<u>\$ -</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, 2011**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising &amp; Development</u>	<u>2011 Total</u>	<u>2009 Total</u>
<b><u>Staff Expenses</u></b>					
Salaries	\$ 147,283	\$ 53,557	\$ 133,893	\$ 334,733	\$ 331,832
Payroll Taxes	13,698	4,981	12,452	31,131	30,153
Medical Benefits	10,876	3,955	9,887	24,718	16,882
Retirement Plan	2,545	925	2,313	5,783	6,560
Recruiting	862	313	783	1,958	-
Training and Conferences	284	103	258	645	3,022
Total Staff Expenses	<u>175,548</u>	<u>63,834</u>	<u>159,586</u>	<u>398,968</u>	<u>388,449</u>
<b><u>Non-Staff Expenses</u></b>					
Seattle Parks Projects	1,036,221	-	-	1,036,221	1,232,044
Newsletter/Annual Report	6,814	5,211	8,017	20,042	25,100
Events	89,003	-	105,678	194,681	28,912
Bad Debts	-	-	-	-	10,707
Office Supplies & Maintenance	7,050	2,564	6,409	16,023	8,351
Rent	2,314	842	2,104	5,260	-
Rent (In-kind)	-	-	-	-	9,600
Consulting Fees	4,461	1,622	4,056	10,139	-
Membership Mailings	1,183	430	1,075	2,688	4,462
Publicity Materials	963	350	876	2,189	3,951
Accounting, Audit and Tax Services	16,259	5,912	14,781	36,952	21,913
Depreciation	1,423	518	1,293	3,234	5,515
Communications	2,519	916	2,290	5,725	4,854
Meeting Expenses	6,630	2,410	6,027	15,067	4,221
Insurance	2,639	960	2,399	5,998	4,405
Equipment and Software	5,321	1,935	4,838	12,094	5,247
Bank Fees	816	297	742	1,855	2,896
Postage	2,802	1,019	2,547	6,368	2,660
IT Consulting	1,186	431	1,078	2,695	2,388
Travel	1,451	528	1,319	3,298	868
Fundraising Fees	-	-	2,971	2,971	1,638
Memberships, Dues & Subscriptions	105	38	95	238	1,134
Moving Expenses	6,779	2,465	6,162	15,406	-
Other Expenses	4,423	1,608	4,112	10,143	1,864
Subtotal Non-Staff Expenses	<u>1,200,362</u>	<u>30,056</u>	<u>178,869</u>	<u>1,409,287</u>	<u>1,382,730</u>
Total Operating Expenses	<u>\$ 1,375,910</u>	<u>\$ 93,890</u>	<u>\$ 338,455</u>	<u>\$ 1,808,255</u>	<u>\$ 1,771,179</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, 2011**

**NOTE 1 - ORGANIZATION**

Seattle Parks Foundation (the Foundation) connects Seattle through parks and green space. The Parks Foundation is an independent 501 (c) (3) nonprofit organization, working with public and private partners. Since 2001, Seattle Parks Foundation has completed 31 neighborhood park projects and raised over \$30 million for parks and green spaces in Seattle. Key projects during fiscal year 2011 include:

- **Lake Union Park:** The Foundation continues project oversight in partnership with Seattle Parks & Recreation Department and other key Lake Union Park partners to maintain a high standard of maintenance for the park, oversee repairs and facilitate installation of interpretive signage.
- **Bands of Green:** The Foundation has dedicated significant time and resources to projects identified by our 2011 update to the Bands of Green Report. These include the **Cheshiahud Lake Union Loop**, where we continue to serve in an advisory role, overseeing implementation of priority projects and the **Lake to Bay Loop**, where we successfully leveraged funds from the City of Seattle for design and implementation of a 3.5 mile trail connecting Lake Union Park to Seattle Center and the Olympic Sculpture Park.
- **Homer Harris Park:** The Foundation continues to administer a maintenance fund for this park, located in the Central District, and is currently working with the Parks Department to do irrigation improvements.
- **Counterbalance Park:** The Foundation continues to serve in an advisory role for this uptown neighborhood park and will raise additional dollars for an art piece to be installed in the park in 2012.
- **Concord Elementary School Playground Improvement Project:** The Foundation is currently raising funds to complete Phase 2 of the project, which includes planting native learning gardens, a welcoming entry gate, installation of games tables to be used for an outdoor classroom and community gathering space and building an outdoor amphitheater adjacent to the newly installed running track and playfield.
- **Volunteer Park Water Tower:** The Foundation facilitated a donation and offered technical assistance in working with Seattle Public Utilities to install new aesthetic lighting at the historic water tower, a project completed in May 2011.
- **Momentum:** The Foundation is currently serving as fiscal sponsor for this program, which has the goal of bringing fitness equipment to the parks of Seattle, King County and around America, allowing children to play under the watchful eye of their parents as they exercise.

**SEATTLE PARKS FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

**NOTE 1 – ORGANIZATION (continued)**

- **Thornton Creek Park:** The Foundation is currently serving as fiscal sponsor for this project, which is removing invasive species and encouraging native plantings, providing nature/wildlife experiences for visitors, preserving watershed areas on Thornton Creek, providing educational opportunities around local flora and fauna and providing a natural neighborhood wooded sanctuary.
- **Denny Park:** The Foundation is serving as fiscal sponsor to the Friends of Denny Park, as the group raises funds to complete a labyrinth in Seattle's first park.
- **McGilvra Place Park:** The Foundation is serving as fiscal sponsor for this park redevelopment project, which will create a green infrastructure and community gathering space in the pocket park adjacent to the new Bullitt Center, which, when completed, will be the greenest office building in the world.
- **Sacajawea Elementary School Playground Project:** The Foundation is offering the PTA technical assistance in the planning effort aimed at transforming the upper playground (currently a cracked, warped black top) into a safer play area for physical exercise, while also creating environmental learning opportunities and a gathering space for all neighborhood members.
- **Jackson Park Loop Project:** The Foundation continues to serve as fiscal sponsor for this project, which is raising funds to create a loop trail around the Jackson Park Public Golf Course in North Seattle.
- **Waterway 18:** The Foundation is in a three year maintenance contract for the park and oversees a fund for this purpose. We have been working with Friends of Waterway 18 to have quarterly work parties and replace plants as needed.
- **Junction Plaza Park:** The Foundation continues to work with the West Seattle Junction Association to bring further improvements to this new park. Efforts are currently focused on bringing new seating areas to the park.

**SEATTLE PARKS FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
(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, 2011 and 2010 was \$3,234 and \$5,515, respectively.

**SEATTLE PARKS FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

(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.

**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 \$25,218 and \$59,048 for the fiscal years ending June 30, 2011 and 2010, respectively.

**Operating Expense Allocation**

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

**NOTE 3 - PLEDGES RECEIVABLE**

Pledges for Seattle Parks Foundation projects are as follows:

	<b>As of June 30,</b>	
	<b>2011</b>	<b>2010</b>
Pledges Receivable due in less than one year	\$ 147,696	\$ 523,320
Less: Allowance for doubtful pledges	<u>(15,000)</u>	<u>(17,500)</u>
	<u>\$ 132,696</u>	<u>\$ 505,820</u>
 Pledges Receivable due in more than one year	 <u>\$ -</u>	 <u>\$ 25,000</u>

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.

**SEATTLE PARKS FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011  
(continued)**

**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.

	<b>As of June 30,</b>	
	<b>2011</b>	<b>2010</b>
Interest in Closely-Held Company	<u>\$ 684,000</u>	<u>\$ 684,000</u>

A bequest for further shares in this company is being processed by the estate and will be recognized when the shares are received.

**NOTE 5 – IN-KIND DONATIONS**

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

	<b>As of June 30,</b>	
	<b>2011</b>	<b>2010</b>
Rent	\$ -	\$ 9,600
Project Consulting Fees	8,091	-
Event Expenses	<u>2,831</u>	<u>-</u>
	<u>\$ 10,922</u>	<u>\$ 9,600</u>

**NOTE 6 - 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, 2010 from which the summarized information was derived.

**NOTE 7 – 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.

**SEATTLE PARKS FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

(continued)

**NOTE 8 - TEMPORARILY RESTRICTED FUNDS**

Temporarily restricted funds for the year ended June 30, 2011 are summarized as follows:

	<u>Balance</u> <u>June 30, 2010</u>	<u>Funds</u> <u>Received</u>	<u>Funds</u> <u>Released</u>	<u>Balance</u> <u>June 30, 2011</u>
Bailey-Gatzert Loop Trail	\$ 3,500	-	3,500	\$ -
Bands of Green	-	27,900	14,897	13,003
Bench Donation Program	9,496	81,901	54,661	36,736
Concord Elementary Phase I	14,345	88,200	90,394	12,151
Concord Elementary Phase II	-	5,000	-	5,000
Counterbalance Park: An Urban Oasis	100	-	-	100
Denny Park	15,220	-	-	15,220
Homer Harris Park & Maintenance	27,613	-	852	26,761
Jackson Park Trail	18,375	500	14,823	4,052
Junction Plaza Park	8,718	-	6,000	2,718
Lake to Bay	-	100	-	100
Lake Union Loop Trail	16,871	-	15,000	1,871
McGilvra Park	-	2,500	-	2,500
North Lake Beach (Waterway #18)	10,787	75,861	70,858	15,790
Parks Funding Study	-	32,600	32,600	-
Seward Park Playground	1,650	250	-	1,900
Streissguth Gardens	4,821	1,100	-	5,921
Thornton Creek	-	6,444	6,444	-
Tree Donation Program	5,430	25,360	8,193	22,597
Volunteer Park Tower	-	11,500	10,000	1,500
Yellow Swings and Other	5,693	100	5,000	793
Other Temporarily Restricted Funds	3,099	15,000	2,650	14,449
Lake Union Park	<u>1,313,336</u>	<u>5,488</u>	<u>857,255</u>	<u>461,569</u>
	<u>\$1,459,054</u>	<u>\$379,804</u>	<u>\$1,194,127</u>	<u>\$644,731</u>

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, 2011, the Parks Foundation paid \$300,000 (2010 - \$750,000) to Seattle Parks & Recreation Department and received \$95,000 (2010 - \$355,464) reimbursed fundraising costs from Seattle Parks & Recreation Department.

**SEATTLE PARKS FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

(continued)

**NOTE 9 – 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 \$1,411,311 (2010 - \$1,384,142) Unrestricted Net Assets at June 30, 2011, \$374,358 (2010- \$429,032) is reserved by the Board.

	<u>2011</u>	<u>2010</u>
Balance at the Beginning of the Year	429,032	75,000
Funds Designated by the Board	-	354,032
Funds Released by the Board	<u>(54,674)</u>	<u>-</u>
Balance at the End of the Year	<u>\$ 374,358</u>	<u>\$ 429,032</u>

**NOTE 10 – 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, 2011 and 2010 was \$5,433 and \$6,559, respectively.

**NOTE 11 – LEASE COMMITMENT**

The Parks Foundation entered into a lease agreement for office premises effective from January 2011 to December 2015. The Parks Foundation is also committed to an operating lease for office equipment. The following are the minimum lease payments for the years ended June 30:

	<u>Office</u>	<u>Equipment</u>
2012	21,563	1,362
2013	22,688	1,362
2014	23,812	681
2015	24,937	-
2016	<u>12,750</u>	<u>-</u>
	<u>\$105,750</u>	<u>\$3,405</u>