

**SEATTLE PARKS FOUNDATION**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITORS' REPORT**

**JUNE 30, 2021 AND 2020**



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Seattle Parks Foundation  
Seattle, Washington

We have audited the accompanying financial statements of Seattle Parks Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Seattle Parks Foundation as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Jones &amp; Associates PLLC, CPAs".

Jones & Associates PLLC, CPAs  
May 10, 2022

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**SEATTLE PARKS FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2021 AND 2020**

	2021	2020
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,418,897	\$ 2,546,601
Accounts receivable	192,160	131,846
Pledges receivable	876,395	487,149
Prepaid expenses	22,352	2,593
Total current assets	3,509,804	3,168,189
Pledges receivable, long term, net	422,755	187,784
Investments	11,554,633	9,889,028
Property and equipment, net	8,640	5,433
	\$ 15,495,832	\$ 13,250,434
 <b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 809,622	\$ 117,913
Accrued payroll and related	20,494	42,606
Deferred rent	-	749
Total current liabilities	830,116	161,268
Forgivable loan payable	149,965	157,182
Total liabilities	980,081	318,450
 <b>NET ASSETS</b>		
Without donor restrictions		
Undesignated	582,038	500,537
Board designated	8,214,768	6,687,927
	8,796,806	7,188,464
With donor restrictions	5,718,945	5,743,520
Total net assets	14,515,751	12,931,984
	\$ 15,495,832	\$ 13,250,434

**SEATTLE PARKS FOUNDATION  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2021**

	<u>Without Donor Restrictions</u>		With Donor Restrictions	Total
	<u>Undesignated</u>	Board <u>Designated</u>		
<b>SUPPORT AND REVENUE</b>				
Contributions	\$ 1,230,568	\$ -	\$ 3,110,051	\$ 4,340,619
Government grants	-	-	1,835,249	1,835,249
Investment return	1,554,740	-	75,989	1,630,729
Program income	58,019	-	-	58,019
Other	2,650	-	-	2,650
	<u>2,845,977</u>	<u>-</u>	<u>5,021,289</u>	<u>7,867,266</u>
Net asset releases/transfers:				
Board designated transfers	(1,526,841)	1,526,841	-	-
Net assets released from restriction	5,045,864	-	(5,045,864)	-
	<u>3,519,023</u>	<u>1,526,841</u>	<u>(5,045,864)</u>	<u>-</u>
 Total support and revenue	 <u>6,365,000</u>	 <u>1,526,841</u>	 <u>(24,575)</u>	 <u>7,867,266</u>
 <b>EXPENSES</b>				
Program services	5,369,566	-	-	5,369,566
Management and general	419,210	-	-	419,210
Fundraising	238,465	-	-	238,465
Total expenses	<u>6,027,241</u>	<u>-</u>	<u>-</u>	<u>6,027,241</u>
 CHANGE IN NET ASSETS BEFORE FUND MISPAYMENT LOSS	 337,759	 1,526,841	 (24,575)	 1,840,025
Fund mispayment loss	<u>(256,258)</u>			<u>(256,258)</u>
 CHANGE IN NET ASSETS	 81,501	 1,526,841	 (24,575)	 1,583,767
 <b>NET ASSETS</b>				
Beginning of the year	<u>500,537</u>	<u>6,687,927</u>	<u>5,743,520</u>	<u>12,931,984</u>
End of the year	<u>\$ 582,038</u>	<u>\$ 8,214,768</u>	<u>\$ 5,718,945</u>	<u>\$ 14,515,751</u>

**SEATTLE PARKS FOUNDATION  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020**

	<u>Without Donor Restrictions</u>		With Donor Restrictions	Total
	<u>Undesignated</u>	Board <u>Designated</u>		
<b>SUPPORT AND REVENUE</b>				
Contributions	\$ 695,261	\$ -	\$3,689,768	\$ 4,385,029
Government grants	-	-	795,195	795,195
In-kind contribution	33,550	-	-	33,550
Investment return	52,938	83,238	4,188	140,364
Other	3,769	-	-	3,769
	<u>785,518</u>	<u>83,238</u>	<u>4,489,151</u>	<u>5,357,907</u>
Net asset releases/transfers:				
Board designated transfers	(589,568)	589,568	-	-
Net assets released from restriction	2,793,192	-	(2,793,192)	-
	<u>2,203,624</u>	<u>589,568</u>	<u>(2,793,192)</u>	<u>-</u>
 Total support and revenue	 <u>2,989,142</u>	 <u>672,806</u>	 <u>1,695,959</u>	 <u>5,357,907</u>
 <b>EXPENSES</b>				
Program services	3,300,313	-	-	3,300,313
Management and general	304,643	-	-	304,643
Fundraising	210,101	-	-	210,101
Total expenses	<u>3,815,057</u>	<u>-</u>	<u>-</u>	<u>3,815,057</u>
 CHANGE IN NET ASSETS	 (825,915)	 672,806	 1,695,959	 1,542,850
 <b>NET ASSETS</b>				
Beginning of the year	<u>1,326,452</u>	<u>6,015,121</u>	<u>4,047,561</u>	<u>11,389,134</u>
End of the year	<u>\$ 500,537</u>	<u>\$6,687,927</u>	<u>\$5,743,520</u>	<u>\$ 12,931,984</u>

**SEATTLE PARKS FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2021**

	Program Services	Support Services		Total
		Management and General	Fundraising	
Professional fees	\$ 4,216,860	\$ 183,877	\$ 30,534	\$ 4,431,271
Salaries and related costs	500,042	194,015	143,477	837,534
Parks and capital projects	478,064	-	-	478,064
Project supplies and materials	105,247	-	-	105,247
Information technology	15,783	9,877	21,516	47,176
Fundraising	18,057	-	18,851	36,908
Occupancy	9,922	4,005	2,793	16,720
Meetings and travel	9,174	3,657	2,551	15,382
Other	3,423	7,370	964	11,757
Office	5,472	4,258	1,541	11,271
Communication and outreach	5,151	-	5,151	10,302
Bad debt	-	-	10,000	10,000
Membership dues	69	5,782	439	6,290
Insurance	-	5,440	-	5,440
Depreciation	2,302	929	648	3,879
Total functional expenses	<u>\$ 5,369,566</u>	<u>\$ 419,210</u>	<u>\$ 238,465</u>	<u>\$ 6,027,241</u>

**SEATTLE PARKS FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2020**

	Program Services	Support Services		Total
		Management and General	Fundraising	
Professional fees	\$ 1,768,944	\$ 11,455	\$ -	\$ 1,780,399
Salaries and related costs	514,665	267,165	140,127	921,957
Parks and capital projects	662,233	-	-	662,233
Project supplies and materials	239,019	-	-	239,019
Information technology	30,888	4,981	9,344	45,213
Fundraising	10,933	-	39,244	50,177
Occupancy	21,281	7,083	5,203	33,567
Meetings and travel	8,736	3,018	1,211	12,965
Other	2,160	1,281	-	3,441
Office	7,721	2,570	1,887	12,178
Communication and outreach	18,292	-	9,448	27,740
Bad debt	-	2,688	-	2,688
Membership dues	10,530	1,754	1,289	13,573
Insurance	1,519	1,519	1,519	4,557
Depreciation	3,392	1,129	829	5,350
Total functional expenses	<u>\$ 3,300,313</u>	<u>\$ 304,643</u>	<u>\$ 210,101</u>	<u>\$ 3,815,057</u>

**SEATTLE PARKS FOUNDATION  
STATEMENT OF CASH FLOWS  
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from government contracts and contributions	\$ 5,334,155	\$ 5,523,775
Cash received from investment return and other	597,304	254,522
Cash paid to employees and suppliers	(5,630,530)	(3,791,088)
	300,929	1,987,209
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(7,087)	(2,547)
Purchases of investments	(1,249,228)	(1,776,874)
Proceeds from sales of investments	677,717	1,488,742
	(578,598)	(290,679)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from forgivable loan payable	149,965	157,182
	149,965	157,182
 NET CHANGE IN CASH AND CASH EQUIVALENTS	 (127,704)	 1,853,712
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of the year	2,546,601	692,889
End of the year	\$ 2,418,897	\$ 2,546,601
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES</b>		
Gain on forgiveness of loan payable	\$ 157,182	\$ -



**SEATTLE PARKS FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

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**Note 1 – Nature of Activities and Summary of Significant Accounting Policies**

**Nature of Activities** – Seattle Parks Foundation (the Organization) is an independent 501(c)(3) nonprofit that promotes philanthropy and advocates for public policies and investment to support and sustain a thriving system of community-led park and public space projects that improve the health and happiness of all Seattle residents.

The Organization currently serves as fiscal sponsor for 90 groups championing new and enhanced park space, playgrounds, tree canopy projects, pedestrian and bike trails, stream daylighting, and myriad other projects—large and small—across Seattle. The Organization provides these community partners with the administrative, financial, fundraising, communications, and coaching services they need to make the city a safer, more beautiful, and more welcoming place for all to live.

**Basis of Accounting and Presentation** – The financial statements of the Organization have been prepared on the accrual basis of accounting and report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board has designated certain otherwise net assets without donor restrictions as the Board designated Community Parks Fund and an operating reserve. These funds are approved by the Board to be held for specific purposes and require Board approval to designate for any other purpose.

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) 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.

**Cash and Cash Equivalents** – For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents. At June 30, 2021 and 2020, cash and cash equivalents consist of checking and money market accounts. At times, cash and cash equivalents may exceed federally insured limits. The Organization has not experienced any losses in these accounts, and management does not believe it is exposed to any significant credit risk.

**SEATTLE PARKS FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

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**Note 1 – Nature of Activities and Summary of Significant Accounting Policies (continued)**

**Accounts Receivable** – Accounts receivable consist primarily of outstanding invoices for program service work and government grants and contracts. All account balances are due in less than one year. No allowance for uncollectible balances has been established by management based upon the Organization’s historical experience in the collection of balances due.

**Pledges Receivable** – Pledges receivable are recognized in the period the pledge is received and consist of outstanding promises to give from a variety of individuals and foundations. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year have been discounted to the present value of estimated cash flows. The Organization uses discount rates between 1.5% and 2.3% to calculate the net present value of pledges receivable due in more than one year. An allowance for uncollectible balances has been established by management based upon the Organization’s historical experience in the collection of balances due.

**Investments** – The Organization carries investments with readily determinable fair values at their fair values in the statement of financial position. Certificates of deposit are carried at cost plus accrued interest. Investment return is included in the accompanying statement of activities.

**Fair Value Measurements** – Fair value is defined as the price received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Accounting standards establish a hierarchy for measuring fair value that gives the highest priority to unadjusted quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are as follows:

- Level 1      Unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2      Quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in inactive markets, or other inputs that can be corroborated by observable market data.
- Level 3      Inputs that are not observable that reflect management’s assumptions and estimates.

Fair value measurements apply to the Organization’s investments in fixed income and equity mutual funds and exchange traded funds, which are classified within Level 1 of the fair value hierarchy.

**Property and Equipment** – Property and equipment is carried at cost or, in the case of donated property, at the estimated fair value at the date of donation. Depreciation is computed using the straight-line method over a period of three to five years. The Organization follows a policy whereby it capitalizes purchases of property and equipment with a value in excess of \$1,000 that provide future benefits over a period longer than one year.

**SEATTLE PARKS FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

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**Note 1 – Nature of Activities and Summary of Significant Accounting Policies (continued)**

**Revenue Recognition** – Revenue is recognized when earned. Contributions (including those received at special events) are recognized when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled or the stipulated time period has elapsed) are reported as reclassifications between net assets with donor restrictions and net assets without donor restrictions.

Revenues from government grants are recognized when the qualified expense is incurred and are subject to audit and retroactive adjustment made by the funding agencies. The adjustments would be recorded at the time that such amounts can first be reasonably determined, normally upon notification by the government agency. There were no government audits or adjustments during the years ended June 30, 2021 and 2020.

**In-kind Contributions** – Donations of facilities, goods and services are recognized as revenue at the estimated fair value at the date of donation if they meet the criteria for recognition. The Organization recognizes donated services if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. Volunteers provide valuable services throughout the year that are not recognized in the financial statements as the criteria above have not been met.

**Functional Expense Allocation** – The statement of functional expenses present expenses by function and natural classification. Certain categories of expenses are attributable to more than one program or supporting function and require allocation on a reasonable basis that is consistently applied. Management estimates the Organization's salary expense allocation based on individual time spent by employees by function. Management's estimated allocation of other expenses is based on the salary allocation, unless a different allocation is more appropriate.

**Fund Mispayment Loss** – During the year ended June 30, 2021 an invoice with a program partner was fraudulently intercepted which caused the Organization to transfer a program partner payment to a fraudulent entity, resulting in a \$256,258 loss. Subsequent to the year ended June 30, 2021, the Organization's financial institution was able to recover the lost funds and the full \$256,258 was returned to the Organization.

**Estimates** – Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**Income Tax Status** – The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(1).

**SEATTLE PARKS FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**Note 1 – Nature of Activities and Summary of Significant Accounting Policies (continued)**

**Subsequent Events** – Subsequent events were evaluated through May 10, 2022, which is the date the financial statements were available to be issued.

**Note 2 – Liquidity and Availability**

Financial assets available for general expenditure within one year of the statement of financial position date are as follows at June 30:

	2021	2020
Financial Assets		
Cash and cash equivalents	\$ 2,418,897	\$ 2,546,601
Investments	11,554,633	9,889,028
Pledges and accounts receivable	1,491,310	806,779
	15,464,840	13,242,408
Less those unavailable for general expenditures within one year:		
Receivables collectible beyond one year	(422,755)	(187,784)
Restricted by donors for purpose or time	(5,296,190)	(5,555,736)
Board designated funds (unavailable without Board approval)	(8,214,768)	(6,687,927)
Available to be released by Board for general expenditures	-	1,727,630
Financial assets available within one year	\$ 1,531,127	\$ 2,538,591

The Organization prepares an annual budget that is approved by the Board of Directors. The budget generally allows for sufficient financial assets to be available to cover expenditures and liabilities as they come due. Expenditures are tracked and compared to budgeted amounts on a monthly basis. The monthly budget reports are reviewed by the Board of Directors. In the event of unanticipated financial shortfalls, the Board has established an operating reserve. With approval of the Board, these funds may be used to temporarily support operations in order to maintain business continuity.

**SEATTLE PARKS FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**Note 3 – Investments**

The Organization’s investments consist of the following at June 30:

	2021	2020
Cash and money market funds	\$ 638,723	\$ 353,530
Certificates of deposit	506,041	1,231,245
Exchange-traded funds		
Equities - large blend	733,523	805,973
Equities - foreign large blend	543,239	414,208
Fixed income - intermediate-term	449,376	273,766
Equities - large value	410,535	-
Global real estate	254,567	152,295
	2,391,240	1,646,242
Mutual funds		
Fixed income - ultrashort	2,903,847	2,556,866
Equities - large blend	1,058,675	786,223
Fixed income - intermediate core-plus	1,047,350	746,184
Equities - diversified emerging markets	732,259	549,403
Equities - foreign large blend	547,015	429,497
Equities - foreign large growth	534,607	452,557
Equities - mid-cap growth	493,515	278,948
Equities - small growth	442,840	126,753
Commodities	258,521	149,335
Fixed income - non-traditional	-	582,245
	8,018,629	6,658,011
	\$ 11,554,633	\$ 9,889,028

**SEATTLE PARKS FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

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**Note 4 – Pledges Receivable**

The Organization’s pledges receivable consist of the following at June 30:

	2021	2020
Receivable in one year or less	\$ 885,495	\$ 487,149
Receivable in one to five years	425,000	210,000
	1,310,495	697,149
Less discount on long term pledges	(2,245)	(13,116)
Less allowance for doubtful accounts	(9,100)	(9,100)
	<u>\$ 1,299,150</u>	<u>\$ 674,933</u>

**Note 5 – Conditional Grants and Contributions**

As of June 30, 2021, the Organization has received notice of 22 multi-year government grant awards totaling \$1,828,359, of which \$228,897 was recognized before June 30, 2020 and \$660,531 was recognized in the year ended June 30, 2021. The remainder of these awards, totaling \$938,931, will be received in subsequent years, contingent on the Organization’s completion of terms and conditions set forth in the grant agreements. As the remainder represents conditional promises to give, these portions of the awards will not be recognized as revenue until the grantor conditions are met.

**Note 6 – Property and Equipment**

Property and equipment consist of the following at June 30:

	2021	2020
Equipment	\$ 44,531	\$ 41,725
Less accumulated depreciation	(40,171)	(36,292)
	4,360	5,433
Construction in progress	4,280	-
	<u>\$ 8,640</u>	<u>\$ 5,433</u>

**SEATTLE PARKS FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

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**Note 7 – Forgivable Loans Payable**

The Organization entered into a Small Business Administration Paycheck Protection Program loan with a bank on April 30, 2020 for \$157,182 with a maturity date of April 30, 2022, if conditions are not met. The loan is unsecured with an interest rate of 1%. Monthly payments of \$8,846 are due beginning in August 2021 and the outstanding principal balance is due in full on the maturity date, if conditions are not met. The loan was fully forgiven during the year ended June 30, 2021 and recognized as government grant revenue on the statement of activities.

The Organization entered into a second Small Business Administration Paycheck Protection Program loan with a bank on April 9, 2021 for \$149,965 with a maturity date of April 9, 2026, if conditions are not met. The loan is unsecured with an interest rate of 1%. Monthly payments of \$3,439 are due beginning in August 2022 and the outstanding principal balance is due in full on the maturity date, if conditions are not met. The note can be forgiven if the Organization meets certain criteria and applies for forgiveness with the Small Business Administration. This loan was fully forgiven subsequent to June 30, 2021.

**Note 8 – Lease Commitment**

The Organization leased its office space under an operating agreement that expired on December 31, 2020, at which time the Organization shifted to a fully remote workplace. Rent expense totaled \$16,720 and \$32,463 for the years ended June 30, 2021 and 2020, respectively. Subsequent to year end, the Organization signed an operating lease for a new office space effective October 1, 2021 and ending on October 1, 2024.

**Note 9 – Retirement Plan**

The Organization has a contributory retirement plan known as a SIMPLE-IRA plan. The plan covers all fulltime 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 ended June 30, 2021 and 2020 was \$14,299 and \$15,226, respectively.

**Note 10 – Net Assets Without Donor Restrictions – Board Designated**

In 2013, the Organization received a \$5,000,000 contribution without restriction from a major donor. The Board of Directors used this contribution to establish the Community Parks Fund, which is used to further support its community partners through Board resolution. The Board of Directors has also established an operating reserve and, as discussed in the Note 12, designated net assets without donor restrictions to supplement the Streissguth Gardens Endowment Fund. Net assets without donor restrictions designated by the Board are included in cash and cash equivalents and investments and are to be used for the following purposes at June 30:

**SEATTLE PARKS FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**Note 10 – Net Assets Without Donor Restrictions – Board Designated (Continued)**

	2021	2020
Community Parks Fund	\$ 6,233,501	\$ 4,957,333
Partner Accounts Funds	1,576,329	1,727,631
Thatcher Bailey Fund	401,975	-
Streissguth Gardens Endowment Fund	2,963	2,963
	<u>\$ 8,214,768</u>	<u>\$ 6,687,927</u>

**Note 11 – Net Assets with Donor Restrictions**

Net assets with donor restrictions are composed of the following restrictions at June 30:

	2021	2020
Restricted for a specified purpose or passage of time:		
Community Partnerships	\$ 3,447,642	\$ 2,601,321
Major Initiatives	1,504,748	2,216,790
Managed Funds	541,237	700,091
	<u>5,493,627</u>	<u>5,518,202</u>
Perpetual in nature:		
Streissguth Gardens Endowment Fund	225,318	225,318
	<u>\$ 5,718,945</u>	<u>\$ 5,743,520</u>

**Note 12 – Endowment**

**Nature of Endowments and Applicable Laws** – The Organization received perpetually restricted gifts from private donors to establish an endowment fund. The purpose of the fund is to provide supplemental maintenance funds for the Streissguth Gardens. Additionally, the Board of Directors designated net assets without donor restrictions to supplement the endowment. Since the Board designated amount resulted from an internal designation and is not donor-restricted, it is classified and reported within net assets without donor restrictions. The endowment funds are included in investments on the statement of financial position.

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with perpetual donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.



**SEATTLE PARKS FOUNDATION**  
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**Note 12 – Endowment (Continued)**

The remaining portion of the donor restricted endowment fund that is not classified in net assets with perpetual donor restrictions is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

**Investment and Spending Policies** – The Streissguth Gardens Endowment Agreement outlines investment and spending policies for assets held in the endowment fund. The goal of the policy is to maintain the corpus in perpetuity and generate income over time with which to augment to budget for care, maintenance, and improvements, and fulfilment of the Vision and Mission of the Streissguth Gardens (Gardens). The Organization will make endowment earnings available for the Gardens' expenses, while at the same time, protecting the corpus and spending power of the fund against inflationary erosion in the future.

Under the Agreement's spending policy, net fund earnings will be used firstly to pay fiscal sponsor fees; secondly, an amount equal to 0.25% up to 3% of the annual earnings of the fund will be added to the corpus and reinvested in the fund; and lastly, remaining annual fund earnings will be used to pay expenses of the Gardens.

Endowment net assets composition by type of fund as of June 30, 2021 is as follows:

	Without Donor Restrictions - Board Designated	With Donor Restrictions		Total
		Purpose and Time Restricted	Perpetual in Nature	
Streissguth Gardens Endowment Fund	\$ 2,964	\$ 76,001	\$ 225,318	\$ 304,283

Endowment net assets composition by type of fund as of June 30, 2020 is as follows:

	Without Donor Restrictions - Board Designated	With Donor Restrictions		Total
		Purpose and Time Restricted	Perpetual in Nature	
Streissguth Gardens Endowment Fund	\$ 2,964	\$ 75,541	\$ 225,318	\$ 303,823

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**Note 12 – Endowment (Continued)**

Changes to endowment net assets for the year ended June 30, 2021 are as follows:

	Without Donor Restrictions - Board Designated	With Donor Restrictions		Total
		Purpose Restricted	Perpetual in Nature	
Endowment net assets, June 30, 2020	\$ 2,964	\$ 75,541	\$ 225,318	\$ 303,823
Change in classification	-	-	-	-
Investment income, net of fees	-	460	-	460
Net appreciation	-	-	-	-
Amounts appropriated	-	-	-	-
Endowment net assets, June 30, 2021	<u>\$ 2,964</u>	<u>\$ 76,001</u>	<u>\$ 225,318</u>	<u>\$ 304,283</u>

Changes to endowment net assets for the year ended June 30, 2020 are as follows:

	Without Donor Restrictions - Board Designated	With Donor Restrictions		Total
		Purpose Restricted	Perpetual in Nature	
Endowment net assets, June 30, 2019	\$ 2,764	\$ 74,018	\$ 224,846	\$ 301,628
Change in classification	200	-	-	200
Investment income, net of fees	-	9,315	472	9,787
Net appreciation	-	(5,598)	-	(5,598)
Amounts appropriated	-	(2,194)	-	(2,194)
Endowment net assets, June 30, 2020	<u>\$ 2,964</u>	<u>\$ 75,541</u>	<u>\$ 225,318</u>	<u>\$ 303,823</u>

Subsequent to June 30, 2021 the endowment was transferred to a separate organization.

**Note 13 – Concentrations**

As of June 30, 2021 and 2020, 60% and 100% of accounts receivable was due from one government agency, respectively.

As of June 30, 2021 and 2020, 20% and 22% of pledges receivable was due from one donor, respectively.

For the year ended June 30, 2021, 54% of government contract revenue was received from two government agencies. For the year ended June 30, 2020, 78% of government contract revenue was received from one agency.

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**Note 14 – Risks and Uncertainties**

In December 2019, a novel strain of coronavirus (COVID-19) was first reported. On March 11, 2020, the World Health Organization declared the outbreak to be a global pandemic. Management is actively monitoring the situation but given the daily evolution of the COVID-19 outbreak, the Organization is not able to estimate the effects of the COVID-19 outbreak on its operations or financial condition in the next twelve months. While significant uncertainty remains, the Organization does not believe the COVID-19 outbreak will have a negative impact on its ability to raise operating dollars or continue to support its community partners.

As discussed in Note 7, the Organization received a forgivable note payable under the Small Business Administration Payroll Protection Program. This loan was fully forgiven. Overall, the Organization remains in strong financial position and does not project a cash shortfall in the next fiscal year.