




Montgomery Parks
FOUNDATION

MCPB Agenda Item 5- May 1, 2014

April 24, 2014

MEMORANDUM

To: Montgomery County Planning Board

From: Debbie Rankin, CFRE 
Executive Director, Montgomery Parks Foundation

Cc: Mary Bradford, Director of Parks
Mike Riley, Deputy Director
John Nissel, Deputy Director
Joe Isaacs, President, Board of Trustees, Montgomery Parks Foundation

Subject: Montgomery Parks Foundation- Presentation of FY13 Annual Audit and Program Briefing

Presentation of FY13 Independent Financial Audit

The Montgomery Parks Foundation engaged Government & Non-Profit Audit Group, PLC to conduct a full independent audit for its fiscal year 2013 (January 1-December 31) as required by the Memorandum of Understanding (MOU) between M-NCPPC and the Foundation.

The Annual Audit identifies total income of \$752,551, a 23.5% increase from the FY12 income of \$609,160.

Revenue and support

Revenue and support was generated in the amount of \$574,451 through contributions, tribute programs (benches, trees, and bricks), corporate support, and the Friends of Montgomery Parks. In-Kind Support for salaries and supplies was provided by the Department of Parks in the amount of \$178,100.

Expenditures

Expenditures indicate the funds raised for the Department of Parks as an organizational expense. In FY13, the Foundation raised over \$470,000 which directly benefits Montgomery Parks. These benefits include the addition or replacement of benches and trees as well as funding for programs and facilities.

Foundation stability

The FY13 Audit continues to indicate impressive progress and growth however the Montgomery Parks Foundation is indeed still in its infancy. Appreciating the current organizational vulnerability and the mandatory requirement for consistency and stability cannot be overstated.

(FY13 Audit attached)

Summary Remarks- Program Overview

- **Josiah Henson Park- Capital Campaign**

The Capital Campaign for Josiah Henson Park is well underway and we are incredibly pleased with our efforts. A Campaign Planning Committee has been established and started meeting a few weeks ago. The Campaign Planning Committee (member roster attached) is a diverse, connected and knowledgeable group of community members charged with: Identifying and recruiting Campaign Leadership, building the campaign community, assisting in developing the campaign plan (goals & objectives, timing of each phase, cultivating principal and leadership gifts, creating the campaign budget, assisting in designing special events, making introductions to prospective donors.

The Campaign Planning Committee's work will conclude in June and hopefully many of the members will continue to work with us to form the long term Steering Committee to steward the campaign.

The Foundation staff is meeting regularly with private foundation, corporate partners and individuals to spread the word about the project. We are receiving incredibly positive responses and looking forward to much good work on this effort.

- **Brookside Gardens- A Garden Gateway**

The Foundation is supporting the efforts of our department colleagues at Brookside Gardens to raise \$650,000 to fill the gap in the CIP funding for the Master Plan Phase 1 and 2. A donor event was held on April 30 to share the project details with prospects who have financially supported the garden previously.

- **Major Donors and Programs**

The Foundation was privileged to work with donors focusing on several specific projects this past year:

- Raising over \$40,000 in Corporate Sponsorship
- Developing a fundraising effort to support the Nature Centers and raising almost \$14,000 from new donors

- Building a park-wide dedication/tribute program through benches, trees and bricks which raised over \$62,000
- Soliciting over \$35,000 to support the Brookside Gardens Master Plan Project
- Supporting the Westmoreland's community efforts to save their "Little House" with an additional \$60,500 in private support.
- Kona Ice fulfilled a fourth year of \$5000 pledges to the Foundation to support Montgomery Parks.

- **Grants Management and Administration**

The Foundation staff has worked with our department colleagues to establish a Grant Workgroup to assist us in developing a robust grant program that benefits the programs and facilities in Montgomery Parks. There are important nuances to grant programs and decisions that must be made by the department to assure that outside grant funding is a benefit to programs of all sizes.

As a 501(c)(3) charitable organization that Foundation has the capacity to solicit grants that were previously not available to the department and are frequently less burdensome than grants acquired as a government agency.

- **Corporate Sponsorship Program**

The Corporate Sponsorship Program is being guided by an internal workgroup of representatives from all Divisions. This workgroups is charged with developing strategies and supporting the implementation of the program this summer.

MONTGOMERY COUNTY PARKS FOUNDATION, INC.

AUDITED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

GOVERNMENT & NON-PROFIT AUDIT GROUP, PLC
Certified Public Accountants
Chantilly, Virginia

MONTGOMERY COUNTY PARKS FOUNDATION, INC.

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Government & Non-Profit Audit Group, PLC

Certified Public Accountants

P.O. Box 220111 • Chantilly, Virginia 20153
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Montgomery County Parks Foundation, Inc.
Silver Spring, MD

We have audited the accompanying financial statements of Montgomery County Parks Foundation, Inc. (a nonprofit organization), which comprises the statement of financial position as of December 31, 2013, and the related statements of activities, functional expenses, and cash flows for the year 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 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 Montgomery County Parks Foundation, Inc. as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Government & Non-Profit Audit Group, PLLC

Certified Public Accountants
Chantilly, Virginia

March 10, 2014

MONTGOMERY COUNTY PARKS FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2013

ASSETS

| | |
|------------------------------|-------------------|
| Current Assets | |
| Cash and cash equivalents | \$ 551,487 |
| Accounts receivable | 66,623 |
| Prepaid expenses | 939 |
| Total Current Assets | <u>619,049</u> |
| Property and Equipment | |
| Software | 7,788 |
| Accumulated amortization | <u>(5,727)</u> |
| Total Property and Equipment | <u>2,061</u> |
| Other Assets | |
| Investments | <u>59,851</u> |
| Total Assets | <u>\$ 680,961</u> |

LIABILITIES AND NET ASSETS

| | |
|----------------------------------|-------------------|
| Current Liabilities | |
| Accounts payable | \$ 11,524 |
| Accrued expenses | 8,020 |
| Total Current Liabilities | <u>19,544</u> |
| Net Assets | |
| Unrestricted | |
| Undesignated | 129,947 |
| Board designated | 60,121 |
| Total Unrestricted Net Assets | <u>190,068</u> |
| Temporarily Restricted | 471,349 |
| Total Net Assets | <u>661,417</u> |
| Total Liabilities and Net Assets | <u>\$ 680,961</u> |

MONTGOMERY COUNTY PARKS FOUNDATION, INC.

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2013

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|---------------------------------------|---------------------|-----------------------------------|-------------------|
| Revenue and Support | | | |
| Contributions | \$ 38,922 | \$ 535,499 | \$ 574,421 |
| In-kind donations | 178,100 | - | 178,100 |
| Investment income | 30 | - | 30 |
| Net assets released from restriction: | | | |
| Satisfaction of project restriction | <u>343,849</u> | <u>(343,849)</u> | <u>-</u> |
| Total Revenue and Support | <u>560,901</u> | <u>191,650</u> | <u>752,551</u> |
| Expenses | | | |
| Program expenses | 348,391 | - | 348,391 |
| Management and general | 101,734 | - | 101,734 |
| Fundraising | <u>67,136</u> | <u>-</u> | <u>67,136</u> |
| Total Expenses | <u>517,261</u> | <u>-</u> | <u>517,261</u> |
| Change in Net Assets | 43,640 | 191,650 | 235,290 |
| Net Assets at Beginning of Year | <u>146,428</u> | <u>279,699</u> | <u>426,127</u> |
| Net Assets at End of Year | <u>\$ 190,068</u> | <u>\$ 471,349</u> | <u>\$ 661,417</u> |

See accompanying notes to financial statements.

MONTGOMERY COUNTY PARKS FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2013

| | <u>Program Expenses</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total</u> |
|---------------------|-----------------------------|-----------------------------------|--------------------|-------------------|
| Expenses | | | | |
| Project expense | \$ 263,987 | \$ - | \$ - | \$ 263,987 |
| Wages and benefits | 47,590 | 55,521 | 55,521 | 158,632 |
| Contract services | 30,777 | - | - | 30,777 |
| Office expense | - | 20,951 | - | 20,951 |
| Marketing | 4,822 | 499 | 3,020 | 8,341 |
| Professional fees | - | 9,443 | - | 9,443 |
| Rent and utilities | 1,215 | 4,050 | 2,835 | 8,100 |
| Software | - | 2,802 | 4,202 | 7,004 |
| Amortization | - | 1,038 | 1,558 | 2,596 |
| Travel and meetings | - | 2,199 | - | 2,199 |
| Bank fees | - | 2,052 | - | 2,052 |
| Insurance | - | 1,298 | - | 1,298 |
| Membership expense | - | 1,154 | - | 1,154 |
| Training | - | 727 | - | 727 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Expenses | <u>\$ 348,391</u> | <u>\$ 101,734</u> | <u>\$ 67,136</u> | <u>\$ 517,261</u> |

MONTGOMERY COUNTY PARKS FOUNDATION, INC.

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2013

| | |
|---|--------------------------|
| Cash flows from operating activities | |
| Change in net assets | \$ 235,290 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | |
| Amortization expense | 2,596 |
| Changes in operating assets and liabilities: | |
| Increase in accounts receivable | (66,623) |
| Increase in prepaid expenses | (18) |
| Increase in accounts payable | 444 |
| Increase in accrued expenses | <u>6,370</u> |
| Net cash provided by operating activities | <u>178,059</u> |
| Cash flows from investing activities | |
| Proceeds from investments | 300 |
| Purchase of investments | <u>(30)</u> |
| Net cash provided by investing activities | <u>270</u> |
| Change in cash and cash equivalents | 178,329 |
| Cash and cash equivalents, beginning of year | <u>373,158</u> |
| Cash and cash equivalents, end of year | <u><u>\$ 551,487</u></u> |

See accompanying notes to financial statements.

MONTGOMERY COUNTY PARKS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Organization and Significant Accounting Policies

The Montgomery County Parks Foundation, Inc. (the Foundation) is a nonprofit organization incorporated in 1992 under the laws of the State of Maryland. The Foundation is dedicated to help fund parks and open space needs in Montgomery County, Maryland. The Foundation works in cooperation with private citizens, businesses, other foundations, the Maryland-National Capital Park and Planning Commission, and the Montgomery County Department of Parks to meet these parks and open space needs. The Foundation's primary sources of funds are from contributions and donated services.

The following is a summary of significant accounting policies followed in the preparation of these financial statements:

- (a) **Basis of Accounting** – The Foundation prepares its financial statements in accordance with generally accepted accounting principles, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.
- (b) **Basis of Presentation** – The Foundation is required 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. As of December 31, 2013, the Foundation had temporarily restricted net assets of \$471,349 and the Foundation had no permanently restricted net assets.
- (c) **Cash and Cash Equivalents** – For purposes of the statement of cash flows, the Foundation considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents.
- (d) **Investments** – Investments consist of cash held by the Community Foundation for the National Capital Region (CFNCR) that earn interest at .50%. Investments are reported at fair value, with any unrealized and realized gains and losses included as components of investment income.
- (e) **Support and Revenue** – Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets.
- (f) **Revenue Recognition** – All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.
- (g) **Income Tax Matters** – The Foundation has been granted tax exempt status under the Internal Revenue Code Section 501(c)(3) on all income other than unrelated business income. The Foundation has been classified as an organization that is not a private foundation.

MONTGOMERY COUNTY PARKS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 – Organization and Significant Accounting Policies (continued)

- (h) Management Estimates – The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates, including estimates relating to assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.
- (i) Accounts Receivable – The Foundation solicits pledges and grants from individuals, corporations, foundations, and local businesses. Management periodically evaluates the contributions receivable and determines the need for an allowance for doubtful accounts. Management considers the Foundation's past receivables loss experience, adverse situations that may affect the donor's ability to pay, and current economic conditions.
- (j) Property and Equipment – Purchased property and equipment are recorded at cost for any item in excess of \$500. Contributed property and equipment is recorded at its fair market value on the date of contribution. Expenditures for maintenance and repairs are charged against income as incurred; betterments, which increase the value or materially extend the life of the related assets, are capitalized.

Depreciation is computed on the straight-line basis over the estimated useful lives of the assets. The estimated useful life of the software is 3 years.

- (k) Concentration of Credit Risk and Market Risk – The Foundation occasionally maintains deposits in excess of federally insured limits. Statement of Financial Accounting Standards No. 105 identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by maintaining all deposits in high quality financial institutions. The Foundation has not experienced any losses on its cash accounts. The Foundation's investments do not represent significant concentrations of market risk inasmuch as the investment portfolio is in cash.
- (l) Uncertain Tax Positions – As of December 31, 2013, the Foundation had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The tax years subject to examination by the taxing authorities are the years ended December 31, 2010 through 2012.
- (m) Functional Presentation – The direct costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the programs, management and general and fundraising activities benefited.
- (n) Advertising Costs – Advertising costs are expensed when incurred.

MONTGOMERY COUNTY PARKS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 – Investments

Investments are recorded at fair market value based on level 2 inputs (observable market-based inputs other than level 1 prices or unobservable inputs corroborated by market data) and are comprised of the following as of December 31, 2013:

| | Fair Market Value | Cost |
|--|----------------------|-----------------|
| Community Foundation for the National Capital Region | <u>\$59,851</u> | <u>\$60,121</u> |
| Total | <u>\$59,851</u> | <u>\$60,121</u> |

The fair value of the Community Foundation for the National Capital Region funds has been estimated using value reported by the Community Foundation for the National Capital Region. The Foundation is generally permitted to make complete or partial redemptions of its investments at Community Foundation for the National Capital Region.

Net investment income for the year ended December 31, 2013 consists of unrestricted interest and dividend income of \$30.

NOTE 3 – Leases

No formal lease agreement has been written. Montgomery County Department of Parks donates office space on a month-to-month basis to the Foundation. Donated rent for the year ended December 31, 2013 was valued at \$8,100.

NOTE 4 – Donated Services and Support

Donated services and materials received during the year ended December 31, 2013 were recognized in the accompanying financial statements as in-kind support and are offset by like amounts included in expenses or assets.

Donated services and materials received for the year ended December 31, 2013 consisted of:

| | | |
|------------------------------------|-----------|------------------|
| <u>Program Support:</u> | | |
| Wages and benefits | | \$ 45,000 |
| Rent and utilities expense | | <u>1,215</u> |
| | Sub-total | <u>\$ 46,215</u> |
| <u>General Operations Support:</u> | | |
| Wages and benefits | | \$ 52,500 |
| Professional fees | | 15,000 |
| Office expense | | 5,000 |
| Rent and utilities expense | | <u>4,050</u> |
| | Sub-total | <u>\$ 76,550</u> |
| <u>Fundraising Support:</u> | | |
| Wages and benefits | | \$ 52,500 |
| Rent and utilities expense | | <u>2,835</u> |
| | Sub-total | <u>\$ 55,335</u> |
| | Total | <u>\$178,100</u> |

MONTGOMERY COUNTY PARKS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 – Related Parties

The Foundation is related to the Montgomery County Department of Parks (MCDP) through common support. For the year ended December 31, 2013, the MCDP made in-kind donations of salaries and benefits, rent, marketing and office expense to the Foundation of \$178,100. The Foundation's fundraising efforts are directed towards granting funding to support the parks and open space under the management of the Foundation.

In exchange for MCDP's installation of benches, plaques and trees, the Foundation sets aside funds to be used at the discretion of the MCDP Division Chiefs for maintenance of the parks or needs of park personnel. As of December 31, 2013, the Foundation had set aside \$6,520, which is include in accrued expense on the statement of financial position.

NOTE 6 – Board Designated Funds

The Board Designated Funds consist of money designated by the Foundation's Board of Directors for the Takoma Piney Branch Park. Because of a lack of donor restrictions, these funds are considered unrestricted. However, the Foundation has disclosed these funds separately to reflect the Board's desire that these funds be retained for the Takoma Piney Branch Park. Board Designated Funds as of December 31, 2013 were \$60,121.

NOTE 7 – Temporarily Restricted Net Assets

Temporarily restricted net assets include donor restricted funds which are available for various purposes. As of December 31, 2013 temporarily restricted assets are available for the following activities:

| <u>Project:</u> | |
|-----------------------------------|------------------|
| Brookside Gardens | \$262,096 |
| Westmoreland | 63,670 |
| Tributes | 14,120 |
| Long Branch Community Garden | 11,227 |
| Cabin John – Lux Manor | 81,888 |
| Naming Rights | 8,813 |
| Black Hill Nature Programs - Yurt | 8,000 |
| Locust Grove Nature Center | 5,595 |
| NNI Elimination | 4,761 |
| Future Projects | 3,430 |
| Brookside Garden Nature Center | 3,281 |
| Black Hill Nature Center | 409 |
| Meadowside Nature Center | 1,167 |
| Nature Centers - General | 1,492 |
| Dog Parks | 880 |
| Hillmead Park | 391 |
| Weed Warriors | 128 |
| Chesapeake Bay Trust | <u>1</u> |
| Total | <u>\$471,349</u> |

MONTGOMERY COUNTY PARKS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
(Concluded)

NOTE 7 – Temporarily Restricted Net Assets (continued)

Net assets for the year ended December 31, 2013, were released from donor restrictions, by incurring expenses and/or satisfying the purpose or time restrictions specified by donors as follows:

| | |
|--------------------------------|------------------|
| <u>Project:</u> | |
| Brookside Gardens | \$111,688 |
| Tributes | 83,879 |
| Westmoreland | 66,082 |
| Rock Creek Park | 22,000 |
| Long Branch Community Garden | 15,708 |
| Cabin John – Lux Manor | 11,167 |
| Woodstock Jumps | 11,000 |
| Chesapeake Bay Trust | 10,980 |
| National Trust – Darby Store | 5,000 |
| DNR Stream Reforestation | 1,787 |
| Black Hill Nature Center | 1,760 |
| NNI Elimination | 1,283 |
| Locust Grove Nature Center | 763 |
| Brookside Garden Nature Center | 252 |
| Nature Centers - General | 203 |
| Meadowside Nature Center | 159 |
| Dog Parks | 120 |
| Weed Warriors | 18 |
| Total | <u>\$343,849</u> |

NOTE 8 – Evaluation of Subsequent Events

The Foundation has evaluated subsequent events through March 10, 2014, the date which the financial statements were available to be issued.



Josiah Henson Park

a Museum and Education Center



Montgomery Parks
FOUNDATION

Campaign Planning Committee

Meeting Dates: April 16, May 12 and June 2 at 6:00 p.m.

Royce Hanson

Liaison to the Montgomery Parks Foundation
Board of Trustees



Catherine Leggett, SVP- HR
ICMA-RC



Rhonda Cunningham Holmes, Esq.,
Deputy Director
Washington Lawyers Committee for Civil Rights
and Urban Affairs



Stacy Silber, Attorney & Partner
Lerch, Early & Brewer



Joe Carrol, VP Development
Lowe Enterprises Real Estate Group



Lorna Phillips Forde
Montgomery Commission for Women



Alec Sargent
Former Exxon Executive



Lou D'Ovidio
Senior Advisor, Office of Councilmember Roger
Berliner



Wilma Holmes
Retired Principal- MCPS



Barbara Flack Darko,
Editor/Writer/Publishing Executive
Montgomery Times, Post-Newsweek Media &
AOL



Jim Young
Vice President- Corporate Facilities
and Real Estate
Marriott International