National Recreation and Park Association, Inc.

Financial Report
June 30, 2018

Contents

RSM US LLP

Independent Auditor's Report

To the Board of Directors
National Recreation and Park Association, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of National Recreation and Park Association, Inc. (the Association), which comprise the statement of financial position as of June 30, 2018, the related statements of activities 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 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 the Association as of June 30, 2018, 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.

Report on Summarized Comparative Information

We have previously audited the Association's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 14, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

RSM US LLP

McLean, Virginia
September 11, 2018

National Recreation and Park Association, Inc.

Statement of Financial Position
June 30, 2018
(With Comparative Totals for 2017)

	2018	2017
Assets		
Cash and cash equivalents	**$ 5,892,798**	$ 4,904,842
Accounts receivable, net	**453,277**	345,661
Prepaid expenses and other assets	**549,640**	345,999
Inventory	**44,628**	23,607
Investments	**6,453,442**	5,989,495
Deferred compensation	**265,967**	229,240
Property and equipment, net	**2,758,388**	2,818,532
Agency transaction asset	**1,324,442**	1,236,075
Total assets	**$ 17,742,582**	$ 15,893,451
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	**$ 723,868**	$ 227,670
Accrued salaries and related expenses	**653,329**	536,146
Deferred revenue	**4,875,889**	4,208,091
Deferred compensation	**265,967**	229,240
Agency transaction liability	**1,324,442**	1,236,075
Total liabilities	**7,843,495**	6,437,222
Commitments (Note 9)		
Net assets:		
Unrestricted	**5,156,080**	4,350,290
Temporarily restricted	**4,178,115**	4,541,047
Permanently restricted	**564,892**	564,892
Total net assets	**9,899,087**	9,456,229
Total liabilities and net assets	**$ 17,742,582**	$ 15,893,451

See notes to financial statements.

National Recreation and Park Association, Inc.

Statement of Activities
Year Ended June 30, 2018
(With Comparative Totals for 2017)

	2018	2017
Unrestricted activities:		
Support and revenue:		
Conference and exposition	**$ 5,064,459**	$ 4,523,834
Membership dues	**2,714,604**	2,421,040
Education services	**1,445,639**	1,303,862
Certification and accreditation	**1,214,319**	1,084,843
Publications and advertising	**1,217,405**	1,055,050
Investment income, net	**242,203**	232,654
Grants and contributions	**592,190**	531,265
Other income, net	**91,338**	118,155
Net assets released from restrictions	**6,549,962**	6,296,486
Total support and revenue	**19,132,119**	17,567,189
Expenses:		
Program services:		
National partnerships and grants	**6,873,633**	6,686,763
Knowledge and learning	**2,022,695**	1,826,252
Conferences and exposition	**2,098,874**	1,920,471
Memberships	**894,374**	910,626
Publications	**876,277**	820,782
Marketing and communications	**810,926**	695,082
Public policy	**620,183**	594,747
Conservation	**161,941**	149,037
Total program services	**14,358,903**	13,603,760
Supporting services:		
Management and general	**3,506,051**	3,328,981
Fundraising	**461,375**	236,355
Total expenses	**18,326,329**	17,169,096
Change in unrestricted net assets before pension adjustment	**805,790**	398,093
Pension adjustment	**-**	(661)
Change in unrestricted net assets	**805,790**	397,432
Temporarily restricted activities:		
Grants and contributions	**5,965,205**	5,821,132
Investment income, net	**221,825**	215,163
Net assets released from restriction	**(6,549,962)**	(6,296,486)
Change in temporarily restricted net assets	**(362,932)**	(260,191)
Change in net assets	**442,858**	137,241
Net assets, beginning of year	**9,456,229**	9,318,988
Net assets, end of year	**$ 9,899,087**	$ 9,456,229

See notes to financial statements.

National Recreation and Park Association, Inc.

Statement of Cash Flows
Year Ended June 30, 2018
(With Comparative Totals for 2017)

	2018	2017
Cash flows from operating activities:		
Change in net assets	**$ 442,858**	$ 137,241
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net gain on investments	**(397,499)**	(381,585)
Loss on disposal of fixed assets	**6,361**	11,861
Depreciation and amortization	**239,432**	232,156
Bad debt provision	**6,542**	(11,389)
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	**(114,158)**	(104,366)
Prepaid expenses and other assets	**(203,641)**	(46,507)
Inventory	**(21,021)**	7,840
Increase (decrease) in:		
Accounts payable	**496,198**	8,656
Accrued salaries and related expenses	**117,183**	64,509
Deferred revenue	**667,798**	201,462
Accrued pension liability	**-**	(1,457,644)
Net cash provided by (used in) operating activities	**1,240,053**	(1,337,766)
Cash flows from investing activities:		
Purchase of property and equipment	**(185,649)**	(198,515)
Purchase of investments	**(116,181)**	(111,964)
Proceeds on sale of investments	**49,733**	45,794
Net cash used in investing activities	**(252,097)**	(264,685)
Net increase (decrease) in cash and cash equivalents	**987,956**	(1,602,451)
Cash and cash equivalents, at beginning of year	**4,904,842**	6,507,293
Cash and cash equivalents, at end of year	**$ 5,892,798**	$ 4,904,842
Supplemental cash flow information:		
Cash paid for taxes	**$ 42,558**	$ 80,449

See notes to financial statements.

Note 1. Nature of Activities and Summary of Significant Accounting Policies

Nature of activities: Established in 1965, the National Recreation and Park Association, Inc. (the Association) is a national nonprofit corporation organized to promote an adequate system of parks and recreation areas, to improve recreation and park leadership for service to people and to educate the public on recreation and park matters beneficial to communities and the nation. The Association works closely with regional and local recreation and park agencies, corporations and citizens groups in carrying out its vision. The Association collaborates with national and state recreation and park agencies to promote conservation, health and wellness and social equity. These activities are funded primarily through event registrations and exhibit fees, publication and advertising sales, grants and contracts and membership dues. The Association is incorporated under the laws of the State of New York and has its headquarters in Ashburn, Virginia.

A summary of the Association's significant accounting policies follows:

Basis of accounting: The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby unconditional support is recognized when received, revenue is recognized when earned and expenses when the obligation is incurred.

Basis of presentation: The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (the Codification). As required by the Not-for-Profit Entities topics of the Codification, Balance Sheet and Income Statement, the Association 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.

Cash and cash equivalents: For purposes of reporting cash flows, the Association considers all highly-liquid investments with a maturity of three months or less and which are to be used for current operations to be cash equivalents. All other highly-liquid investments which are to be used for long-term purposes are classified as investments.

Financial risk: The Association maintains cash and money market accounts with financial institutions. At times, aggregate balances may at times exceed the Federal Deposit Insurance Corporation (FDIC) insured limit per institution. The Association monitors the creditworthiness of the institution and has not experienced any credit losses on its cash and money market accounts.

The Association invests funds in a professionally managed portfolio that contains various types of marketable securities. Such investments are exposed to various risks, such as fluctuations in market value and credit risk. Thus, it is at least reasonably possible that changes in these risks could materially affect investment balances and the amounts reported in the financial statements.

Accounts receivable: Accounts receivable consist primarily of meeting registration fees, publication sales and advertising. Management periodically reviews the status of all accounts receivable balances for collectability, and provides for probable losses using the allowance method. The allowance is determined based on management's experience and collection efforts. Balances that remain outstanding after the Association has used reasonable collection efforts are written off. At June 30, 2018, management has assessed an allowance of $13,863.

Prepaid expenses: Prepaid expenses consist primarily of deferred costs related to future meetings. Prepaid meeting costs associated with a particular meeting are expensed in the year the meeting is held.

Inventory: Inventory consists of publications and other merchandise and is valued at the lower of cost or net realizable value, with cost determined using the first-in first-out method of inventory valuation.

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Investments: Investments with readily determinable fair values are reflected at fair market value. The change in fair market value of these investments is recorded as a component of investment income in the statement of activities.

Property and equipment: Property and equipment are stated at cost less accumulated depreciation. Expenditures in excess of $2,500 for additions, renewals and betterments are capitalized; expenditures for maintenance and repairs are charged to expense as incurred. Equipment and furniture are depreciated using straight-line methods over a useful life of three to ten years. Building and building improvements are depreciated on a straight-line basis over a useful life of five to forty years.

Valuation of long-lived assets: The Association reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

Deferred revenue: Deferred revenue consists primarily of exhibit and event registration fees and membership dues and subscriptions received in advance of the period in which they are earned.

Net assets: The net assets for the Association are reported as follows:

Unrestricted net assets: Include those net assets that are available for the general support of the Association's operations.

Temporarily restricted net assets: Include those net assets whose use has been donor restricted to specified time or purpose limitations. When a restriction expires (that is, when a stipulated time restriction ends or a 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.

Permanently restricted net assets: Include those net assets whose use has been donor restricted such that the principal is required to be maintained in perpetuity and that only the earnings can be used in the manner specified by the donor.

Revenue recognition: Membership dues, subscriptions and advertising revenue are recognized evenly over the applicable dues, subscription or advertising period. Revenue received for dues and subscriptions that related to subsequent years has been reflected as deferred revenue.

Conference, exposition fees and education services are recognized at the time of the conference or seminar. Amounts received in advance are recorded as deferred revenue. Publication revenue is recognized upon shipment of the material. Certification and accreditation fees are recognized upon completion of the certification or accreditation.

Government and non-government grant revenue is recognized when costs qualified under the grants are incurred. Grant costs incurred in excess of funds received are recorded as accounts receivable.

Unconditional contributions are recorded as unrestricted or restricted support depending upon the existence and/or nature of donor restrictions. Donor restricted support is reported as an increase in restricted net assets. When a temporary restriction expires, temporarily restricted net assets are released to unrestricted net assets. Temporarily restricted contributions whose restrictions are met within the same period are recorded as unrestricted.

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Income taxes: The Association is generally exempt from federal income taxes under provisions of Section 501(c)(3) of the Internal Revenue Code (IRC). In addition, the Association qualifies for charitable contribution deductions and has been classified as an organization that is not a private foundation under Section 509(a)(2). The Association generates unrelated business income from its advertising activities. The Association had taxable unrelated business income of $73,027 for the year ended June 30, 2018.

Management evaluated the tax positions and concluded that the Association has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

Functional allocation of expenses: The 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 among the programs and supporting services benefited.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from estimates.

Prior year summarized 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 GAAP. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended June 30, 2017, from which the summarized information was prepared.

Reclassifications: Certain items in the 2017 summarized information have been reclassified to conform to the 2018 financial statements, with no effect on the previously reported change in net assets or net assets.

Upcoming Accounting Pronouncements: In June, 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* The purpose of the ASU is to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in the ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The amendments in the ASU likely will result in more grants and contracts being accounted for as either contributions or conditional contributions than observed in practice under current guidance. The amendments in the ASU should be applied on a modified prospective basis, although retrospective application is permitted. Entities should apply the amendments for transactions in which the entity serves as the resource recipient to annual periods beginning after December 15, 2018. Entities should apply the amendments for transactions in which the entity serves as the resource provider to annual periods beginning after December 15, 2019. Management is currently evaluating the impact of this ASU on its financial statements.

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

In August 2016, the FASB issued ASU 2016-14—*Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.* The amendments in this ASU make improvements to the information provided in financial statements and accompanying notes of not-for-profit entities. The amendments set forth the FASB's improvements to net asset classification requirements and the information presented about a not-for-profit entity's liquidity, financial performance and cash flows. The ASU will be effective for fiscal years beginning after December 15, 2017. Earlier application is permitted. The changes in this ASU should generally be applied on a retrospective basis in the year that the ASU is first applied. Management is currently evaluating the impact of this ASU on its financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14, which defers the effective date of ASU 2014-09 one year, making it effective for annual reporting periods beginning after December 15, 2018. Management is currently evaluating the impact of this ASU on its financial statements.

Subsequent events: Subsequent events have been evaluated through September 11, 2018, which is the date the financial statements were available to be issued.

Note 2. Investments and Fair Value Measurements

In accordance with generally accepted accounting principles, the Association uses the following prioritized input levels to measure fair value. The input levels used for valuing investments are not necessarily an indication of risk.

Level 1: Observable inputs that reflect quoted prices for identical assets or liabilities in active markets, such as stock quotes.

Level 2: Includes inputs other than Level 1 inputs that are directly or indirectly observable in the marketplace, such as yield curves or other market data.

Level 3: Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, such as bid/ask spreads and liquidity discounts.

Note 2. Investments and Fair Value Measurements (Continued)

Assets were measured at fair market value using the following input levels at June 30, 2018:

	2018			
	Level 1	Level 2	Level 3	Total
Equity securities – common stock	$ 4,005,320	$ -	$ -	$ 4,005,320
Equity securities – mutual funds	358,288			358,288
Fixed income – exchange traded funds	500,663	-	-	500,663
Fixed income – mutual funds	1,037,451	-	-	1,037,451
Money market funds	551,720	-	-	551,720
Investments carried at fair value	$ 6,453,442	$ -	$ -	$ 6,453,442
Agency transaction asset		$ 1,324,442		$ 1,324,442
Investments held for deferred compensation		$ 265,967		$ 265,967
Agency transaction liability		$ 1,324,442		$ 1,324,442
Deferred compensation liability		$ 265,967		$ 265,967

Investments which were classified in Level 2 were valued by pricing vendors using observable market data. In determining the fair value of the investments, the pricing vendors use a market approach to obtain pricing spreads based on the credit risk of the issuer, maturity, current yield and other terms and conditions of each security. Management believes the values of the asset classified in Level 2 to be a reasonable approximation of the exit price and fair value of these investments.

The deferred compensation plan assets are classified as Level 2 based on the ability of the Association to redeem amounts at a net asset value (NAV) per share in the near term. The deferred compensation liability is based on the fair value of the deferred compensation plan assets, which are observable inputs, but the liability is not publicly traded and is hence classified as Level 2.

Investment income consists of the following for the year ended June 30, 2018:

Net gain on investments	$ 397,499
Interest and dividends	116,262
Investment expenses	(49,733)
	$ 464,028

Note 3. Property and Equipment

Property and equipment consists of the following at June 30, 2018:

Building and building improvements on leased land	$	4,751,378
Computer and equipment		652,288
Furniture and fixtures		487,028
		5,890,694
Less accumulated depreciation and amortization		(3,132,306)
	$	2,758,388

The Association leases its land from the Northern Virginia Regional Park Authority for $1 per year. The lease agreement was signed in 1997 and extends fifty years plus two twenty year options.

Note 4. Deferred Revenue

Deferred revenue consists of the following as of June 30, 2018:

Event registrations and exhibit fees	$	3,635,852
Member dues and subscriptions		1,240,037
	$	4,875,889

Note 5. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes as of June 30, 2018:

Endowments	$	807,879
Corporate and foundation partnerships		2,853,690
Special memorial funds		516,546
	$	4,178,115

Note 6. Permanently Restricted Net Assets

Permanently restricted net assets are restricted for the following purposes as of June 30, 2018:

Endowment fund	$	202,947
Scholarship and internship fund		186,288
Joseph Lee library		150,657
Crawford lecture		25,000
	$	564,892

Note 7. Temporarily and Permanently Restricted Endowment Funds

The Association’s endowment is made up of permanently restricted funds established to finance the various activities noted in Note 6. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The unspent accumulations of investment earnings on permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Association.

Note 7. Temporarily and Permanently Restricted Endowment Funds (Continued)

Interpretation of relevant law: The Association 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 Association classifies as permanently restricted net assets: (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. The remaining portion of the donor restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Association in a manner consistent with the standard of prudence prescribed by UPMIFA.

Funds with deficiencies: From time to time, the fair value of assets associated with an individual donor restricted endowment fund may fall below the level that the donor or UPMIFA requires the Association to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2018.

Return objectives and risk parameters: The Association has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets are invested in funds with a primary objective of allowing the fund to grow over time. The objective of the permanently restricted assets is the preservation of capital.

Strategies employed for achieving objectives and spending policy: The Association's investments are managed in a balanced portfolio and are intended to be more aggressive than fixed income portfolios and less aggressive than equity portfolios. A positive return is expected over the time of the investment, although there may be periods with negative return. The earnings on the permanently restricted net assets are released from restricted funds as amounts are approved and used in accordance with donor stipulations.

How investment objectives relate to spending policy: The Association's investments are managed in a balanced portfolio and are intended to be more aggressive than fixed income portfolios and less aggressive than equity portfolios. A positive return is expected over time. The objective of the permanently restricted assets is the preservation of the capital.

Changes in endowment net assets consist of the following for the year ended June 30, 2018:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning of year	$ -	$ 761,657	$ 564,892	$ 1,326,549
Investment income:				
Interest and dividends	-	17,680	-	17,680
Realized and unrealized gain, net	-	58,790	-	58,790
Total investment income	-	76,470	-	76,470
Amounts appropriated for expenditure	-	(30,248)	-	(30,248)
Net assets, end of year	$ -	$ 807,879	$ 564,892	$ 1,372,771

Note 8. Retirement Plans

Defined contribution plan: The Association has a defined contribution plan which covers all employees who meet certain eligibility requirements. All regular employees working 20 hours or more per week are eligible for this plan. The Association matches equivalent contributions up to 6% of each eligible employee's gross salary. Total contribution expense was $306,161 for the year ended June 30, 2018.

Deferred compensation plan: The Association also sponsors deferred compensation plans for senior level employees. The plans provide a number of payment options commencing upon retirement, separation from service or death. As of June 30, 2018, the plans' investment balances totaled $265,967. The investments and related liability are included in the accompanying statement of financial position.

Defined benefit plan: On August 17, 2016, the Association paid the accrued pension liability, fully settling the pension plan.

Note 9. Commitments and Contingencies

Federal awards: Amounts received or receivable from government agencies under various contracts or federal grant awards may be subject to audit and adjustment by the government agencies. The amount, if any, of expenditures which may be potentially disallowed cannot be determined at this time, although management expects such amounts, if any, to be immaterial.

Hotel commitments: The Association has entered into agreements with several hotels to provide conference facilities and room accommodations for its conferences through 2023. The agreements contain various clauses whereby the Association is liable for liquidated damages in the event of cancellation or lower than anticipated attendance. The total commitment under the agreements is not determinable as it depends upon attendance and other unknown factors. However, the Association has purchased an insurance policy to mitigate any potential losses.

Employment: In September 2015, a new agreement was entered into between the Association and the President and Chief Executive Officer (Executive) with a termination date of June 30, 2021. The contract provides for severance payments equal to a minimum of eight months' salary plus one month salary for each year completed during the Executive's tenure with the Association, subject to a minimum of eight months' and a maximum of 12 months' salary if terminated without cause, based upon the employee's salary at the date of the termination.

Note 10. Agency Transaction – Interest in Trust

The Association is the beneficiary of an irrevocable charitable trust held by a bank trustee. These resources are neither in the possession of, nor under the control of, the organization. The distribution has been specified to be used for a specific purpose, and the Association has no discretion or variance power to use the funds. The accounting falls under the scope of an agency transaction. The funds will be received after the expiration of 15 years after the death of the last individual beneficiary mentioned in the trust.

The beneficial interest in the trust is reported at its fair value of $1,324,442, which is estimated as the fair value of the underlying trust assets.

Note 11. Related Party

The National Recreation and Park Foundation, Inc. (the Foundation) is a national nonprofit supporting organization of the Association exempt from the payment of income taxes on its exempt activities under Section 501(c)(3) of the IRC. Established in 2006, the Foundation is incorporated under the laws of the Commonwealth of Virginia to support knowledge, public policy and public awareness efforts that enhance the quality of life for all people exclusively through the strategic works of the Association. In October 2012, an agreement was reached which allowed the Foundation to transfer its current programs to an unrelated association. The Foundation has been dormant since that time and consequently is not consolidated in these audited financial statements.

Independent Auditor's Report on the Supplementary Information

To the Board of Directors
National Recreation and Park Association, Inc.

We have audited the financial statements of National Recreation and Park Association, Inc. (the Association) as of and for the year ended June 30, 2018, and have issued our report thereon, which contains an unmodified opinion on those financial statements. See pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole.

The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

RSM US LLP

McLean, Virginia
September 11, 2018

National Recreation and Park Association, Inc.

Statement of Functional Expenses
Year Ended June 30, 2018

	2018											
	National Partnerships	Knowledge and Learning	Conferences and Expositions	Memberships	Publications	Marketing and Communications	Public Policy	Conservation	Total Program Services	Management and General	Fundraising	Total
Salary and benefits	$ 1,330,304	$ 875,017	$ 562,746	$ 542,057	$ 345,498	$ 595,305	$ 457,527	$ 156,622	$ 4,865,076	$ 1,957,679	$ 283,062	$ 7,105,817
Contracted and temporary help	272	-	13,903	605	-	-	-	-	14,780	-	-	14,780
Training and development	21,716	237	4,064	2,371	-	-	16,100	-	44,488	31,403	-	75,891
Other personnel costs	-	-	-	-	-		-	-	-	9,617	-	9,617
Dues and professional resources	320	2,517	2,928	-	2,195	2,623	32,098	1,712	44,393	8,560	3,383	56,336
Professional and consulting - legal	462	7,345		3,992	50	670	-	-	12,519	31,782	-	44,301
Professional and consulting - accounting				825	-	-	-	-	825	63,497	-	64,322
Professional and consulting - other	488,643	516,210	1,359	97,435	194,008	131,550	-	-	1,429,205	265,279	102,258	1,796,742
Grant consulting	273,886	-	-	-	-	-	-	-	273,886	-	-	273,886
Occupancy - rent	-	82	-	1,524	-	-	38,064	-	39,670	6,439	-	46,109
Occupancy - facility	-	-	-	-	-	-	-	-	-	162,187	-	162,187
Telephone	6,099	3,317	285	3,124	933	1,460	2,654	48	17,920	52,205	80	70,205
Cost of goods sold	-	31,095	-	70,879	-	-	-	-	101,974	-	-	101,974
Office equipment and supplies	12,657	7,842	1,131	1,933	548	-	745	16	24,872	93,995	-	118,867
Printing	16,094	58,804	31,812	16,654	172,198	9,936	968	35	306,501	2,852	9,620	318,973
Promotional and advertising	7,513	2,391	9,422	7,638	1,265	24,763	1,110	-	54,102	-	1,034	55,136
Postage and freight	5,894	50,499	4,728	45,826	78,989	748	239	18	186,941	3,488	735	191,164
Programs	27,800	-	-	-	-	-	-	-	27,800	-	-	27,800
Travel - staff	143,859	38,249	33,252	18,331	29,697	43,861	52,403	3,490	363,142	36,653	26,594	426,389
Travel - others	14,314	121,405	37,415	19,866	-	10	-	-	193,010	2,635	-	195,645
Meetings - group meals and events	21,404	14,655	443,356	54,160	-	-	17,576	-	551,151	47,204	-	598,355
Meetings - speaker fees	-	179,300	49,267	-	-	-	-	-	228,567	1,700	-	230,267
Meetings - facilities and equipment	-	-	658,902	-	-	-	98	-	659,000	1,921	-	660,921
Meetings - other	-	3,012	101,799	266	-	-	601	-	105,678	916	7,840	114,434
Meetings - registration	674	495	40,230	-	-	-	-	-	41,399	-	-	41,399
Meetings - exhibits	-		25,374	2,007	-	-	-	-	27,381	-	-	27,381
Commissions	-	3,426	-	4,881	63,500	-	-	-	71,807	-	-	71,807
Insurance	-		17,928	-	-	-	-	-	17,928	67,155	-	85,083
Computer equipment and maintenance	-	2,690	-	-	-	-	-	-	2,690	15,555	-	18,245
Depreciation and amortization	-	627	-	-	-	-	-	-	627	238,805	-	239,432
Software licensing fees	-	103,480	-	-	-	-	-	-	103,480	212,308	-	315,788
Grant promotions	4,500,354	-	-	-	-	-	-	-	4,500,354	-	26,589	4,526,943
Charge card fees	-	-	-	-	-	-	-	-	-	183,921	-	183,921
Bank and investment fees	-	-	-	-	-	-	-	-	-	11,566	-	11,566
Taxes	-	-	-	-	(12,604)	-	-	-	(12,604)	-	-	(12,604)
Taxes - other	-	-	-	-	-	-	-	-	-	750	-	750
Other expenses	1,368	-	58,973	-	-	-	-	-	60,341	(4,021)	180	56,500
	$ 6,873,633	$ 2,022,695	$ 2,098,874	$ 894,374	$ 876,277	$ 810,926	$ 620,183	$ 161,941	$ 14,358,903	$ 3,506,051	$ 461,375	$ 18,326,329