Audited Financial Statements

NATIONAL RECREATION AND PARK ASSOCIATION, INC.

June 30, 2019

Contents

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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, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. The statement of financial position, statement of activities, and statement of cash flows as of and for the year ended June 30, 2018 were audited by other auditors whose report thereon, dated September 11, 2018, expressed an unmodified opinion on those 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 Association'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 Association'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 2019 financial statements referred to above present fairly, in all material respects, the financial position of National Recreation and Park Association, Inc. as of June 30, 2019, and the changes in net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of Accounting Standards Update 2016-14

As described in Note A to the financial statements, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). As required by the FASB, the Association adopted the provisions of ASU 2016-14 during the year ended June 30, 2019. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and the availability of resources and functional expenses. There was no change in the Association's previously reported change in net assets as a result of the adoption of the ASU. Our opinion is not modified with respect to this matter.

Restatement of 2018 Financial Statements

As discussed in Note N, the June 30, 2018 financial statements have been restated to reflect a correction in the treatment of a beneficial interest in trust. Our opinion is not modified with respect to this matter.

Tate & Tryon

Washington, DC
September 11, 2019

Statements of Financial Position

June 30,	2019	(as restated) 2018
Assets		
Cash and cash equivalents	**$ 6,841,603**	$ 5,892,798
Contributions receivable	**1,887,541**	-
Accounts receivable, net	**643,259**	453,277
Prepaid expenses and other assets	**582,103**	549,640
Inventory	**45,056**	44,628
Investments	**7,037,318**	6,453,442
Deferred compensation	**296,809**	265,967
Property and equipment, net	**2,534,731**	2,758,388
Beneficial interest in trust	**1,062,312**	993,331
Total assets	**$ 20,930,732**	$ 17,411,471
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	**$ 763,934**	$ 723,868
Accrued salaries and related expenses	**599,518**	653,329
Deferred revenue	**5,209,571**	4,875,889
Deferred compensation	**296,809**	265,967
Total liabilities	**6,869,832**	6,519,053
Net assets		
Net assets without donor restrictions	**6,179,741**	5,156,080
Net assets with donor restrictions	**7,881,159**	5,736,338
Total net assets	**14,060,900**	10,892,418
Total liabilities and net assets	**$ 20,930,732**	$ 17,411,471

See notes to the financial statements.

National Recreation and Park Association, Inc.

Statements of Activities

Year Ended June 30,	2019	(as restated) 2018
Activities without donor restrictions		
Revenue and support		
Conference and exposition	**$ 5,343,452**	$ 5,064,459
Membership dues	**2,614,782**	2,714,604
Education services	**1,882,620**	1,445,639
Certification and accreditation	**1,342,758**	1,214,319
Publications and advertising	**1,171,197**	1,217,405
Grants and contributions	**648,057**	592,190
Investment income, net	**231,448**	242,203
Other income	**122,692**	91,338
Net assets released from restriction	**6,908,011**	6,549,962
Total revenue and support without donor restrictions	**20,265,017**	19,132,119
Expense		
Program services		
Partnerships, programs, and grants	**7,155,100**	6,873,633
Knowledge and learning	**2,768,650**	2,022,695
Conferences and exposition	**2,238,506**	2,098,874
Publications	**948,068**	876,277
Marketing and communications	**914,266**	810,926
Memberships	**821,911**	894,374
Public policy	**642,382**	620,183
Strategic initiatives	**162,156**	161,941
Total program services	**15,651,039**	14,358,903
Supporting services		
Management and general	**3,484,617**	3,506,051
Fundraising	**105,700**	461,375
Total supporting services	**3,590,317**	3,967,426
Total expense	**19,241,356**	18,326,329
Change in net assets without donor restrictions	**1,023,661**	805,790
Activities with donor restrictions		
Grants and contributions	**8,831,329**	5,965,205
Investment income, net	**152,522**	221,825
Gain on interest in trust	**68,981**	66,275
Net assets released from restriction	**(6,908,011)**	(6,549,962)
Change in net assets with donor restrictions	**2,144,821**	(296,657)
Change in net assets	**3,168,482**	509,133
Net assets, beginning of year	**10,892,418**	10,383,285
Net assets, end of year	**$ 14,060,900**	$ 10,892,418

See notes to the financial statements.

National Recreation and Park Association, Inc.

Statement of Functional Expenses

Year Ended June 30, 2019 (With Comparative Totals for 2018)

	Program Services												
	Partnerships, Programs, and Grants	Knowledge and Learning	Conferences and Expositions	Publications	Marketing and Communications	Memberships	Public Policy	Strategic Initiatives	Total Program Services	Management and General	Fundraising	2019 Total	2018 Total
Salary and benefits	$ 1,604,780	$ 1,043,265	$ 611,083	$ 467,363	$ 676,741	$ 539,485	$ 451,987	$ 151,512	$ 5,546,216	$ 1,916,658	$ 67,603	**$ 7,530,477**	$ 7,115,433
Grant promotions	4,356,912	-	-	-	-	-	-	-	4,356,912	-	-	**4,356,912**	4,526,943
Legal and professional fees	824,893	599,613	1,872	121,361	181,666	64,829	3,771	1,000	1,799,005	625,621	26,139	**2,450,765**	2,179,250
Meeting expenses	133,513	397,002	1,358,834	-	26	920	44,805	-	1,935,100	68,856	1,507	**2,005,463**	1,672,759
Travel expenses	146,813	345,509	44,523	27,531	23,730	17,676	71,800	8,390	685,972	60,038	3,215	**749,225**	622,033
Printing	9,947	86,625	27,011	218,609	9,764	23,186	822	1,199	377,163	1,837	124	**379,124**	318,974
Bank and credit card fees	-	48,953	81,542	17,536	2,833	42,612	675	-	194,151	11,259	1,637	**207,047**	195,487
Postage and freight	5,967	51,864	4,547	87,210	1,931	34,524	218	-	186,261	1,446	-	**187,707**	191,164
Other expenses (including COGS & bad debt)	2,516	28,663	54,918	-	-	68,763	39	-	154,899	6,301	-	**161,200**	152,113
Software licensing fees	-	131,324	-	163	-	-	-	-	131,487	163,215	-	**294,702**	315,789
Office equipment and supplies	34,973	11,569	5,380	5,471	5,594	6,838	5,176	-	75,001	74,423	-	**149,424**	137,111
Advertising and public relations	12,870	10,414	19,302	530	1,772	11,641	150	-	56,679	-	2,325	**59,004**	55,136
Dues and professional resources	1,112	4,720	1,989	2,714	5,518	35	24,382	15	40,485	5,122	3,095	**48,702**	56,336
Occupancy	-	173	-	-	-	1,899	34,653	-	36,725	2,536	-	**39,261**	46,109
Telephone	6,610	3,094	278	990	1,580	2,811	3,512	40	18,915	48,638	55	**67,608**	70,206
Insurance	168	2,132	12,273	-	-	-	18	-	14,591	68,153	-	**82,744**	85,083
Contracted and temporary help	-	-	14,098	-	-	-	-	-	14,098	(9)	-	**14,089**	14,779
In-Kind travel vouchers	12,000	-	-	-	-	-	-	-	12,000	-	-	**12,000**	27,800
Training and development	1,875	3,103	856	-	-	3,341	374	-	9,549	16,117	-	**25,666**	75,890
Depreciation and loss on disposals of property and equipment	-	627	-	-	3,111	-	-	-	3,738	239,325	-	**243,063**	245,793
Repairs and maintenance	-	-	-	1,743	-	-	-	-	1,743	175,072	-	**176,815**	162,187
Unrelated business income taxes	151	-	-	328	-	-	-	-	479	9	-	**488**	(11,854)
Commissions	-	-	-	(3,481)	-	3,351	-	-	(130)	-	-	**(130)**	71,808
	$ 7,155,100	**$ 2,768,650**	**$ 2,238,506**	**$ 948,068**	**$ 914,266**	**$ 821,911**	**$ 642,382**	**$ 162,156**	**$ 15,651,039**	**$ 3,484,617**	**$ 105,700**	**$ 19,241,356**	**$ 18,326,329**

Statements of Cash Flows

Year Ended June 30,	2019	(as restated) 2018
Cash flows from operating activities		
Change in net assets	**$ 3,168,482**	$ 509,133
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net gain on investments	**(252,984)**	(397,499)
Gain on beneficial interest in trust	**(68,981)**	(66,275)
Loss on disposal of property and equipment	**12,016**	6,361
Depreciation and amortization	**231,047**	239,432
Bad debt provision	**-**	6,542
Changes in assets and liabilities:		
Contributions receivable	**(1,887,541)**	-
Accounts receivable	**(189,982)**	(114,158)
Prepaid expenses and other assets	**(32,463)**	(203,641)
Inventory	**(428)**	(21,021)
Accounts payable and accrued expenses	**40,066**	496,198
Accrued salaries and related expenses	**(53,811)**	117,183
Deferred revenue	**333,682**	667,798
Total adjustments	**(1,869,379)**	730,920
Net cash provided by operating activities	**1,299,103**	1,240,053
Cash flows from investing activities		
Purchases of property and equipment	**(19,406)**	(185,649)
Purchases of investments	**(7,327,798)**	(116,181)
Proceeds on sale of investments	**6,996,906**	49,733
Net cash used in investing activities	**(350,298)**	(252,097)
Net increase in cash and cash equivalents	**948,805**	987,956
Cash and cash equivalents, beginning of year	**5,892,798**	4,904,842
Cash and cash equivalents, end of year	**$ 6,841,603**	$ 5,892,798
Supplemental Information		
Cash paid for taxes	**$ -**	$ 42,558

See notes to the financial statements.

A. Organization and Summary of Significant Accounting Policies

Organization: The National Recreation and Park Association, Inc. (the Association) believes that great parks are essential to creating healthy and sustainable communities. As the leading nonprofit dedicated to the advancement of public parks, we work to ensure all parks in all places are benefiting all people. We partner with our network of 60,000 park and recreation professionals as well as the 10,000 park and recreation agencies throughout the country to strengthen communities by offering equitable access to healthy activities and safe play spaces and protecting our natural resources. Parks are essential to healthy lifestyles, vibrant communities and a healthy environment.

Established in 1965, the Association advances public parks and recreation through advocacy, professional development, network building, research, grants, communications and publications, and more. The Association is incorporated under the laws of the State of New York and has its headquarters in Ashburn, Virginia. The following is a summary of the Association's core services:

The Association's public policy team works every day to represent the cause of public parks and recreation at the federal level by fighting for funding and legislation that improves access to open space and recreational opportunities for all people.

The Association creates strategic partnerships with corporations and foundations to advance the field and fill in funding gaps that exist in local communities. Through these partnerships, the Association enables local park and recreation agencies to improve parks, expand program offerings and implement policy-changes that create long-term, sustainable change and strengthen communities. Through the Association's Partnerships and Programs Department, the Association is increasing access to local parks for all people, serving meals to children during out-of-school time, providing older adults with evidence-based arthritis interventions, creating mentorship opportunities, protecting pollinators, implementing green infrastructure projects and more.

The Association provides learning opportunities to advance the development of best practices and resources that make parks and recreation indispensable elements of American communities. These resources include online learning opportunities, in-person conferences and events, certificate programs, professional certifications, online and in-person networking opportunities, and career resources.

The Association is the ultimate resource for best practices, case studies and comprehensive data related to parks and recreation. Our research offerings and publications are the standard for park and recreation insights. The Association keeps park and recreation professionals and related fields informed through its award-winning *Parks & Recreation* magazine, email communications, blog, podcast, research reports, academic journals and more.

Income tax status: 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 $0 and $73,027 for the years ended June 30, 2019 and 2018, respectively.

Basis of accounting: The accompanying financial statements have been prepared using the accrual basis of accounting. Revenue is recognized when earned and expense when the obligation has been incurred.

A. Organization and Summary of Significant Accounting Policies - Continued

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.

Contributions receivable: Contributions receivable that are expected to be collected in future years are recorded at their fair value, measured as the net present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in grants and contributions revenue. Conditional promises to give are not included as support until the conditions are substantially met. Contributions receivable consist of contributions pledged to the Association. Receivables are stated at net realizable value.

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, 2019 and 2018, management has assessed an allowance of $11,057 and $13,863, respectively.

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. At June 30, 2019 and 2018, the Association did not record any reserve against its inventory, as it believes all items are fully salable.

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 statements of activities.

Property and equipment: Property and equipment are stated at cost less accumulated depreciation. Expenditures in excess of $5,000 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.

A. **ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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: For financial statement purposes, net assets consist of the following:

Without donor restrictions: Net assets without donor restrictions include those net assets that are available for the general support of the Association's operations.

With donor restrictions: Net assets with donor restrictions have 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), net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction. Additionally, there are net assets with donor restrictions for which the principal is required to be maintained in perpetuity and 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 support with or without donor restrictions depending upon the existence and/or nature of donor restrictions. Donor restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are released to net assets without donor restrictions. Contributions with donor restrictions whose restrictions are met within the same period are recorded as contributions without donor restrictions.

Functional allocation of expense: The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated to the programs and supporting services benefited. Direct costs are charged to each program as incurred. Salary and benefits are allocated based on level of effort. Indirect costs, such as copier expense, supplies, and administrative staff expenses are allocated on a monthly basis to programs based on total expenses methodology.

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

New accounting standard: The Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-14, Presentation of Financial Statements of Not-for-Profit Entities (ASU 2016-14). The Association adopted the provisions of ASU 2016-14 during the year ended June 30, 2019. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and functional expenses.

Subsequent events: Subsequent events have been evaluated through September 11, 2019, which is the date the financial statements were available to be issued.

B. CONCENTRATIONS

Credit 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.

Market risk: 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.

C. LIQUIDITY AND AVAILABILITY

The Association invests cash balances in excess of immediate liquidity needs in accordance with its investment policy. The following provides a summary of financial assets available for general expenditures at June 30, 2019:

Financial assets:	
Cash and cash equivalents	$ 6,841,603
Contributions receivable	1,887,541
Accounts receivable, net	643,259
Investments	7,037,318
Subtotal financial assets	16,409,721
Less amounts not available within one year:	
Contributions receivable expected to be received beyond one year	(1,131,278)
Investments that mature in excess of one year	(1,981,502)
Restricted Investments - Donor-imposed	(1,824,557)
Financial assets available to meet cash needs for general expenditures within one year	$ 11,472,384

D. Contributions Receivable

The Association records unconditional contributions receivable that are expected to be collected within one year at net realizable value. In addition, the Association records multi-year contributions receivable at the present value of their estimated future cash flows using a discount rate of 2.25%. Furthermore, based on past collection history, the Association expects to collect all outstanding contributions receivable and; as a result, no allowance for potentially uncollectible contributions receivable has been recorded as of June 30, 2019 and 2018, respectively.

Contributions receivable are recorded at their net realizable value and consist of the following as of June 30,:

	2019	2018
Amount due in one year	$ 756,263	$ -
Amount due in more than one year	1,200,000	-
	1,956,263	-
Less discount to net present value	(68,722)	-
	$ 1,887,541	$ -

E. Investments and Fair Value Measurements

In accordance with accounting principles generally accepted in the United States of America, the Association uses the following prioritized input levels to measure fair value of financial instruments. The input levels used for valuing financial instruments 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 that are directly or indirectly observable in the marketplace, such as yield curves or other market data. Corporate and government bonds are classified as Level 2 investments as there are no quoted market prices in active markets for identical assets. Their value is determined using models and other valuation methodologies, which are corroborated by market data.

Level 3 – Unobservable inputs which reflect the Association’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.

E. Investments and Fair Value Measurements - Continued

The following is a summary of the input levels used to determine fair values at June 30,:

2019	Total	Level 1	Level 2	Level 3
Equity securities - common stock	$ 3,640,703	$ 3,640,703	$ -	$ -
Equity securities - mutual funds	135,140	135,140	-	-
Fixed income - exchange traded funds	827,608	827,608	-	-
U.S. Government Obligations	905,770	-	905,770	-
Municipal bonds	420,025	-	420,025	-
Corporate bonds	830,220	-	830,220	-
Investments carried at fair value	6,759,466	4,603,451	2,156,015	-
Money Market Funds*	277,852			
Total Investments	**$ 7,037,318**			

2018	Total	Level 1	Level 2	Level 3
Equity securities - common stock	$ 4,005,320	$ 4,005,320	$ -	$ -
Fixed income - mutual funds	1,037,451	1,037,451	-	-
Equity securities - mutual funds	358,288	358,288	-	-
Fixed income - exchange traded funds	500,663	500,663	-	-
Investments carried at fair value	5,901,722	5,901,722	-	-
Money Market Funds*	551,720			
Total Investments	**$ 6,453,442**			

* Money market funds included in the investment portfolio are not subject to the provisions of the fair value measurements as they are recorded at cost.

The deferred compensation plan assets are classified as Level 1 based on the ability of the Association to redeem amounts at market value in the near term. The deferred compensation liability is based on the fair value of the deferred compensation plan assets, which are observable inputs and is hence classified as Level 1. Money market funds included in the investment portfolio are not subject to the provisions of the fair value measurement standard as they are recorded at cost. The deferred compensation plan assets consist of the following as of June 30,:

	2019	2018
Mutual funds - equities	$ 243,813	218,896
Money market funds	52,996	47,071
	$ 296,809	**$ 265,967**

F. Property and Equipment

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

	2019	2018
Building and building improvements on leased land	$ 4,747,192	$ 4,751,378
Computer and equipment	644,957	652,288
Furniture and fixtures	487,028	487,028
	5,879,177	5,890,694
Less: accumulated depreciation and amortization	(3,344,446)	(3,132,306)
	$ 2,534,731	**$ 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.

G. Deferred Revenue

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

	2019	2018
Event registrations and exhibit fees	$ 3,932,726	$ 3,635,852
Member dues and subscriptions	1,276,845	1,240,037
	$ 5,209,571	**$ 4,875,889**

H. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes as of June 30,:

	2019	2018
Restricted for time or purpose:		
Endowments	$ 833,948	$ 807,879
Corporate and foundation partnerships	4,811,350	2,853,690
Beneficial interest in trust	1,062,312	993,331
Special memorial funds	608,657	516,546
Total restricted for time or purpose	7,316,267	5,171,446
Restricted in perpetuity:		
Endowment fund	$ 202,947	$ 202,947
Scholarship and internship fund	186,288	186,288
Joseph Lee library	150,657	150,657
Crawford lecture	25,000	25,000
Total restricted in perpetuity	564,892	564,892
Total net assets with donor restrictions	**$ 7,881,159**	**$ 5,736,338**

I. Endowment Funds

The Association's endowment is made up of funds with donor restrictions established to finance the various activities noted in Note H. 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 endowment funds are classified as net assets with donor restrictions restricted for time or purpose until those amounts are appropriated for expenditure by the Association.

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 net assets with donor restrictions held in perpetuity: (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 net assets with donor restrictions held in perpetuity are classified as net assets with donor restrictions for time or purpose 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, 2019 and 2018.

I. ENDOWMENT FUNDS - CONTINUED

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 net assets with donor restrictions held in perpetuity 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 net assets with donor restrictions held in perpetuity 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 is 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 net assets with donor restrictions held in perpetuity is the preservation of the capital.

Changes in endowment net assets consist of the following for the year ended June 30, 2019:

	Donor Restrictions	Time or Purpose	Held in Perpetuity	Total
Beginning of year	$ -	$ 807,879	$ 564,892	$ 1,372,771
Investment income				
Interest and dividends		17,553		17,553
Realized and unrealized gain, net		33,661		33,661
Total investment income	-	51,214	-	51,214
Amounts appropriated for expenditure		(25,145)		(25,145)
Net assets, end of year	**$ -**	**$ 833,948**	**$ 564,892**	**$ 1,398,840**

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

	Donor Restrictions	Time or Purpose	Held in Perpetuity	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**

J. 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 $310,204 and $306,161 for the years ended June 30, 2019 and 2018, respectively.

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, 2019 and 2018, the plans' investment balances totaled $296,809 and $265,967, respectively. The investments and related liability are included in the accompanying statements of financial position.

K. 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. In June 2018, a new agreement was entered into between the Association and the new President and Chief Executive Officer with a termination date of May 31, 2022. The contract provides for severance payments equal to a minimum of six months’ salary if terminated without cause, based upon the employee’s salary at the date of the termination.

L. Beneficial Interest in Trust

The Association is the beneficiary of an irrevocable charitable trust held by a bank trustee. The distribution has been specified to be used for a specific purpose and therefore is shown as a component of donor-restricted net assets. The funds will be received after the expiration of 15 years after the death of the last individual beneficiary mentioned in the trust.

The date of death of the last individual beneficiary was June 9, 2006; consequently, the distribution will occur after June 9, 2021.

The beneficial interest in the trust is reported at its fair value of $1,062,312 and $993,331 at June 30, 2019 and 2018, respectively, which is estimated as the fair value of the underlying trust assets.

M. 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.

N. Restatement of 2018 Financial Statements

As discussed in Note L, the Association is the beneficiary of an irrevocable charitable trust. In the prior year, the Association recorded this as an asset and liability noting that this was an agency transaction. The trust document indicates that the donation is irrevocable and consequently the restricted donation should have been recorded as a receivable at the date of the donor's death. As a result, the June 30, 2018 financial statements have been restated to reflect this correction as follows:

	Beneficial interest in trust receivable	Agency transaction asset	Agency transaction liability	Beginning net assets	Gain on interest in trust
June 30, 2018 as previously reported	$ -	$ 1,324,442	$ 1,324,442	$ 9,456,229	$ -
Adjustment to record beneficial interest in trust	993,331	(1,324,442)	(1,324,442)	927,056	66,275
June 30, 2018, as corrected	**$ 993,331**	**$ -**	**$ -**	**$ 10,383,285**	**$ 66,275**