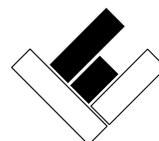


**OVERTON PARK CONSERVANCY  
FINANCIAL STATEMENTS  
(with independent auditor's report thereon)  
December 31, 2018**



**V. Lynn Evans**  
CERTIFIED PUBLIC ACCOUNTANT

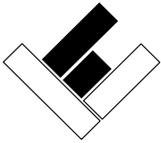
**OVERTON PARK CONSERVANCY**

**FINANCIAL STATEMENTS**  
**(with independent auditor's report thereon)**

**December 31, 2018**

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V. Lynn Evans  
CERTIFIED PUBLIC ACCOUNTANT

119 South Main Street, Suite 500 • Memphis, TN 38103 • 901.312.5522 Phone • 901.312.5622 Fax

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Overton Park Conservancy  
Memphis, Tennessee

We have audited the accompanying financial statements of Overton Park Conservancy (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, 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 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 Overton Park Conservancy as of December 31, 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 Overton Park Conservancy's 2017, financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated June 26, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ending December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Helen Evans, CPA*

Memphis, Tennessee  
May 24, 2019

**OVERTON PARK CONSERVANCY**

**Statement of Financial Position**

**December 31, 2018**

*With comparative totals as of December 31, 2017*

<b>ASSETS</b>	<u>2018</u>	<u>2017</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,448,010	\$ 1,567,233
Beneficial interest in assets held by others	305,303	
Receivable - other	625	3,825
Prepaid expenses		1,320
Unconditional promises to give	<u>310,000</u>	<u>321,500</u>
<b>TOTAL CURRENT ASSETS</b>	2,063,938	1,893,878
 <b>NON-CURRENT ASSETS</b>		
Unconditional promises to give	5,979	12,979
Land, buildings, and equipment at cost of \$19,169 and \$19,169 less accumulated depreciation of \$19,169 and \$17,461 in 2018 and 2017, respectively	<u>                    </u>	<u>1,708</u>
<b>TOTAL NONCURRENT ASSETS</b>	<u>5,979</u>	<u>14,687</u>
 <b>TOTAL ASSETS</b>	<u>\$ 2,069,917</u>	<u>\$ 1,908,565</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 35,863	\$ 14,547
Accrued expenses	15,212	10,346
Other liabilities	<u>2,450</u>	<u>1,600</u>
<b>TOTAL CURRENT LIABILITIES</b>	53,525	26,493
 <b>NONCURRENT LIABILITIES</b>		
 <b>TOTAL NONCURRENT LIABILITIES</b>	<u>                    </u>	<u>                    </u>
<b>TOTAL LIABILITIES</b>	53,525	26,493
 <b>NET ASSETS</b>		
Without donor restrictions	603,346	869,235
With donor restrictions	<u>1,413,046</u>	<u>1,012,837</u>
<b>TOTAL NET ASSETS</b>	<u>2,016,392</u>	<u>1,882,072</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 2,069,917</u>	<u>\$ 1,908,565</u>

See accompanying notes to the financial statements

**OVERTON PARK CONSERVANCY**  
**Statement of Activities**  
**For the Year Ended December 31, 2018**  
*With comparative totals for the year ended December 31, 2017*

	Net assets without donor <u>restrictions</u>	Net assets with donor <u>restrictions</u>	2018 <u>Total</u>	2017 <u>Total</u>
<b>REVENUE AND SUPPORT</b>				
Contributions	\$ 379,296	406,571	\$ 785,867	\$ 390,117
Contributions - parking		25,000	25,000	1,189,254
City of Memphis	150,000		150,000	150,000
Corporate sponsorships	44,676		44,676	30,972
Special events	59,481		59,481	68,625
Event and rental fees	29,567		29,567	48,145
In-kind contributions	11,288		11,288	3,160
Other income	15,276	63,160	78,436	13,138
Net assets released from restrictions	<u>94,522</u>	<u>(94,522)</u>	<u>          </u>	<u>          </u>
<b>TOTAL REVENUE AND SUPPORT</b>	784,106	400,209	1,184,315	1,893,411
<b>EXPENSES</b>				
Program services	607,872		607,872	753,413
Supporting services				
General and administrative	118,149		118,149	116,358
Fundraising	214,564		214,564	184,793
Membership development	<u>109,410</u>	<u>          </u>	<u>109,410</u>	<u>96,134</u>
Total supporting services	<u>442,123</u>	<u>          </u>	<u>442,123</u>	<u>397,285</u>
<b>TOTAL EXPENSES</b>	<u>1,049,995</u>	<u>          </u>	<u>1,049,995</u>	<u>1,150,698</u>
<b>CHANGE IN NET ASSETS</b>	(265,889)	400,209	134,320	742,713
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>869,235</u>	<u>1,012,837</u>	<u>1,882,072</u>	<u>1,139,359</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 603,346</u>	<u>1,413,046</u>	<u>\$ 2,016,392</u>	<u>\$ 1,882,072</u>

See accompanying notes to the financial statements

**OVERTON PARK CONSERVANCY**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2018**  
*With comparative totals for the year ended December 31, 2017*

	<u>Program</u> <u>Services</u>	<u>General and</u> <u>Administrative</u>	<u>Supporting Services</u>		<u>2018</u> <u>Total Expenses</u>	<u>2017</u> <u>Total Expenses</u>
			<u>Fundraising</u>	<u>Membership</u> <u>Development</u>		
Compensation and related expenses						
Compensation	\$ 104,653	20,352	134,826	79,807	\$ 339,638	\$ 326,822
Payroll taxes	<u>8,550</u>	<u>1,514</u>	<u>11,482</u>	<u>6,506</u>	<u>28,052</u>	<u>26,050</u>
	113,203	21,866	146,308	86,313	367,690	352,872
Master planning	65,353	439			65,792	
Project Overton Park	78,000				78,000	
Visitors counters	25,810				25,810	
Project expenses	21,022				21,022	54,855
Parking						250,098
Park maintenance	282,370				282,370	300,588
Advertising	77	999	212	1,561	2,849	5,267
Contract services		23,888	4,106		27,994	25,646
Development	284	302	5,144	958	6,688	11,045
Special events		8	46,659		46,667	35,558
Insurance		44,532			44,532	39,652
Postage		3,787	1,196		4,983	5,043
Printing		1,425	6,168	12,859	20,452	16,472
Rent	8,807	4,227	4,579		17,613	17,100
Supplies	7,577	3,073	52	3,543	14,245	8,196

See accompanying notes to the financial statements

Other costs	<u>5,369</u>	<u>11,895</u>	<u>140</u>	<u>4,176</u>	<u>21,580</u>	<u>25,050</u>
Total expenses before depreciation	607,872	116,441	214,564	109,410	1,048,287	1,147,442
Depreciation	<u>          </u>	<u>1,708</u>	<u>          </u>	<u>          </u>	<u>1,708</u>	<u>3,256</u>
Total expenses after depreciation	<u>\$ 607,872</u>	<u>118,149</u>	<u>214,564</u>	<u>109,410</u>	<u>\$ 1,049,995</u>	<u>\$ 1,150,698</u>

See accompanying notes to the financial statements

**OVERTON PARK CONSERVANCY**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2018**  
*With comparative totals for the year ended December 31, 2017*

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 134,320	\$ 742,713
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,708	3,256
Changes in operating assets and liabilities:		
Unconditional promises to give	18,500	(324,400)
Receivable - City of Memphis		150,000
Beneficial interest in assets held by others	(305,303)	
Prepaid expenses	1,320	(1,320)
Receivable - others	3,200	2,425
Accounts payable	21,316	(15,454)
Accrued expenses	4,866	483
Accrued wages	850	(1,550)
Total adjustments	<u>(253,543)</u>	<u>(186,560)</u>
Net cash provided (used) by operating activities	(119,223)	556,153
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	<u>                    </u>	<u>118</u>
Net cash provided (used) by investing activities		118
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net cash provided (used) by financing activities	<u>                    </u>	<u>                    </u>
<b>NET CHANGE IN CASH</b>	(119,223)	556,271
<b>CASH AT BEGINNING OF YEAR</b>	<u>1,567,233</u>	<u>1,010,962</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 1,448,010</u>	<u>\$ 1,567,233</u>
<b>SUPPLEMENTAL DISCLOSURE</b>		
Interest expense paid	<u>\$ 0</u>	<u>\$ 0</u>
Interest expense incurred and expensed	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to the financial statements

**OVERTON PARK CONSERVANCY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2018**  
*With comparative totals for the year ended December 31, 2017*

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Organization and Activities***

Overton Park Conservancy ('the Organization') is a nonprofit organization founded in 2011 for the purpose of overseeing the revitalization and beautification of Overton Park for the City of Memphis, Tennessee. The Organization operates under a management agreement with the City of Memphis as described more fully in Note 7, and is responsible for the planning and implementation of park improvements that will benefit the surrounding community. All improvements made are the property of the City of Memphis, Tennessee.

***Financial Statement Presentation***

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's December 31, 2017, financial statements, from which the summarized information was derived.

***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 the reported amounts of assets, liabilities, revenues, and expenses, as well as disclosures of contingent assets and liabilities. Accordingly, actual results could differ from those estimates.

Significant items subject to estimates and assumptions include depreciation expense and the present value of multi-year unconditional promises to give.

***Contributions and Support***

The Organization is supported primarily by contributions from the general public and the City of Memphis. Contributions received are recorded as support without donor restrictions or with donor restrictions depending upon the existence and/or nature of any donor restrictions. Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Conditional promises to give are recognized only when the conditions on which

they depend are substantially met and the promises become unconditional.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

### ***Credit Risks and Concentrations***

The Organization's credit risks primarily relate to cash and cash equivalents, and receivables. Cash and cash equivalents are primarily held in bank accounts and are insured by the FDIC up to an aggregate of \$250,000 per institution. At December 31, 2018, and 2017, respectively, the Organization had \$937,828 and \$1,044,977 in depository accounts in excess of the FDIC-insured limits. Management believes the Organization is not exposed to any significant credit risk related to cash and cash equivalents. Receivables consist of promises to give from various individuals and organizations in the Memphis, Tennessee area.

For the year ended December 31, 2018, approximately 54% of contribution and grant revenues was from two donors. For the year ended December 31, 2017, approximately 59% of contribution and grant revenues was from four donors.

### ***Cash and Cash Equivalents***

For purposes of the statement of cash flows, the Organization considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

### ***Unconditional Promises to Give***

Unconditional promises to give are recognized as contributions when the promise is received. Promises that are expected to be collected in less than one year are reported at net realizable value. Promises that are expected to be collected in more than one year are discounted to the present value of their net realizable value using risk-free interest rates applicable to the years in which the promises were received. Amortization of the discounts, if any, is included in contributions revenue in the accompanying Statement of Activities. The allowance for uncollectible promises is determined based on management's evaluation of the collectability of individual promises. Management has deemed an allowance to be unnecessary at December 31, 2018, and 2017.

### ***Property and Equipment***

Property and equipment are stated at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, ranging from three (3) to eight (8) years. The Organization capitalizes office furniture and equipment with a cost of \$500 or more and useful lives of one year or more. Repairs and maintenance are charged to expense as incurred. Improvements made to the park are charged to expense, as stipulated by the management agreement with the City of Memphis as described in Note 7.

## **Net Assets**

The Organization's net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* - Net assets without donor restrictions are available for use in general operations and are not subject to donor or grantor restrictions. This classification includes voluntary board-approved designations of net assets for specific purposes, projects, or investments. Because designations are voluntary and may be reversed at any time by the board, designated portions of net assets are not considered net assets with donor restrictions. There were no such board-designated net assets at December 31, 2018, and 2017.

*Net Assets With Donor Restrictions* - Net assets with donor restrictions represent gifts or other revenues wherein donors have specified the purpose for which the net assets are to be spent or time restrictions have been imposed or implied by the nature of the gift. Some net assets with donor restrictions are temporary in nature; such as restrictions that may or will be met by the passage of time or other events specified by the donor. Other net assets with donor restrictions are perpetual in nature; for example, with stipulations that resources be maintained in perpetuity and for which only the income may be available for operations or specific purposes.

When a restriction is fulfilled (that is, when a purpose restriction is accomplished or a stipulated time restriction ends), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

## **Functional Allocation of Expenses**

The costs of providing programs and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the various programs and supporting services based on estimates made by management and consistently applied. Expenses that are allocated include compensation and related expenses, that are allocated on the basis of estimated time, while administrative and direct program expenses are allocated based on their specific functions and events.

## **Advertising Costs**

Advertising costs are expensed as incurred. During the years ended December 31, 2018, and December 31, 2017, the Organization expensed \$2,849 and \$5,267, respectively for advertising costs.

## **Income Taxes**

The Organization is exempt from Federal income taxes under Section 501(c) (3) of the Internal Revenue Code. Accordingly, no provision for Federal income taxes is included in the accompanying financial statements. The Organization files an exempt organization return in the U. S. Federal jurisdiction. The Federal returns for tax years ending December 31, 2018, 2017, and 2016, remain subject to examination by the taxing authorities. The Organization was

determined not to be a private foundation within the meaning of Section 509(B) of the Internal Revenue Code.

***In-Kind Donations***

Donated supplies and services are recorded as contributions at their estimated fair values at the date of donation. Contributions of services are recognized in the financial statements if the services enhance or create non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. For the years ending December 31, 2018, and 2017, in-kind donations of supplies and services for special events totaled \$11,288 and \$3,160, respectively. In addition, a substantial number of volunteers have donated significant time to the Organization. No amounts have been recognized in the accompanying financial statements for these services since the criteria for recognition have not been met.

***Reclassifications***

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements. These changes have no effect on previously reported total net assets.

***Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities***

In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-14, *Not-for-profit Entities (Topic 958)*. The purpose of the ASU is to improve the prior net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance and cash flows. The ASU is effective for fiscal years beginning after December 15, 2017. The Organization has adopted ASU 2016-14 for the year ended December 31, 2018, and retroactively applied this standard to the year ended December 31, 2017, for summarized comparative financial statements reporting purposes.

**NOTE 2 - CASH**

Cash consists of the following as of June 30:

	<u>2018</u>	<u>2017</u>
Without donor restrictions	\$ 651,246	\$ 884,875
With donor restrictions	<u>796,764</u>	<u>682,358</u>
Total	<u>\$ 1,448,010</u>	<u>\$ 1,567,233</u>

**NOTE 3 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS**

The Organization has adopted Financial Accounting Standards Board Accounting Standards Codification 958-605-50-6, *Transfers of Assets to a Not-for-profit Organization or Charitable Trust That Raises or Holds Contributions for Others (FASB ASC 958-605-50-6)*. This statement

establishes standards for transactions in which a community foundation accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets or both to another entity that is specified by the donor. If a not-for-profit organization establishes a fund at a community foundation with its own assets and specifies itself as the beneficiary of that fund, FASB ASC 958-605-50-6 requires the not-for-profit organization to continue to recognize an asset, and the community foundation must account for the transfer of such an asset as a liability (on the community foundation's books).

During the year, generous donors contributed \$302,521 to the Organization to establish a donor-advised fund (the Overton Park Sustainability fund) with the Community Foundation of Greater Memphis (CFGM). Pursuant to the designated fund agreement with the CFGM, the Organization has transferred and assigned all of its right, title and interest in the asset for the purpose of creating the endowment fund. The CFGM agrees to the Organization's restriction that the income and assets of the fund are to be granted to or used for the benefit of the Organization.

Based on the criteria established in FASB ASC 958-605-50-6, \$305,303 has been recognized as a "beneficial interest in assets held by others" in the accompanying statement of financial position. The market value of the endowment fund (including \$2,782 in earnings) was \$305,303 as of December 31, 2018. Distributions to the Organization from this endowment fund are recorded as contributions in the year they are received and, in accordance with the designated fund agreement, annual distributions should not exceed 5% of the fund balance. There were no distributions from the endowment fund during the year ended December 31, 2018.

#### NOTE 4 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consisted of the following at December 31:

	<u>2018</u>	<u>2017</u>
Due within one year	\$ 310,000	\$ 321,500
Due within one to five years	<u>6,000</u>	<u>13,000</u>
	316,000	334,500
Less unamortized discount	<u>(21)</u>	<u>(21)</u>
	<u>\$ 315,979</u>	<u>\$ 334,479</u>
Short-term	\$ 310,000	\$ 321,500
Long-term	<u>5,979</u>	<u>12,979</u>
	<u>\$ 315,979</u>	<u>\$ 334,479</u>

Unconditional promises to give due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 0.72%.

## NOTE 5 - LIQUIDITY

Financial assets available for general operations, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, consist of the following as of December 31:

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 651,246	\$ 884,875
Unconditional promises to give and receivables	<u>5,625</u>	<u>6,825</u>
Total	<u>\$ 656,871</u>	<u>\$ 891,700</u>

The Organization has a policy to manage its financial assets to have available cash as its general expenditures, liabilities and other obligations come due. Should liquidity needs arise in the future, the Organization can make special (project-specific) fundraising appeals.

## NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are as follows at December 31:

	<u>2017</u>	<u>Additions</u>	<u>Released from Restrictions</u>	<u>2018</u>
Specified Purpose Restrictions:	\$			\$
Golf clubhouse	10,000			10,000
Visitors counters		63,160	(25,810)	37,350
Poplar/Cooper entrance	25,975			25,975
Parking study	925,906	25,000		950,906
Master planning	35,200	104,000	(65,792)	73,408
Overton bark	1,555	50	(800)	805
Poplar/Tucker entrance	<u>1,222</u>		<u>(120)</u>	<u>1,102</u>
Total Specified Purpose Restrictions	999,858	192,210	(92,522)	1,099,546
Time Restrictions	12,979		(2,000)	10,979
Endowment		<u>302,521</u>		<u>302,521</u>
Total	<u>\$ 1,012,837</u>	<u>494,731</u>	<u>(94,522)</u>	<u>\$ 1,413,046</u>

## NOTE 7 - MANAGEMENT AGREEMENT

During 2012, the Organization entered into a management agreement with the City of Memphis for the beautification of the park. The key terms of the agreement include the following:

- All capital additions to the park funded by the Organization will be expensed and the property and additions will remain the property of the City of Memphis (the 'City')

- The Organization shall reimburse the City for the City's costs for all utilities in excess of \$15,000 each year.
- The City will continue to carry property insurance for all facilities and all future buildings; however, the Organization will reimburse the City for the cost of the property insurance premiums.
- The Organization will maintain general liability, workers' compensation, and commercial auto liability insurance as specified in the agreement.
- The City will provide annual operating funds in the amount of \$150,000 for ten (10) years, subject to budget approval.
- The City will provide additional capital improvement funds of \$416,000 over the first four (4) years of operations subject to availability and budget approval by the Capital Improvement Budget Committee and the Memphis City Council.

During the years ended December 31, 2018, and December 31, 2017, the Organization's revenue and support included \$150,000 from the City's Operating Fund.

#### **NOTE 8 - CORPORATE SPONSORSHIP**

During 2012, the Organization entered into a corporate sponsorship agreement with a local retailer. The agreement provides the retailer with (1) exclusive sponsorship rights related to pet related activities, (2) cooperation from the Organization during various marketing events, (3) cooperation from the Organization in the production and delivery of media releases relating to the sponsorship, and (4) recognition of the retailer's sponsorship at the park as specified in the agreement. In exchange, the retailer agreed to pay the Organization \$100,000 during the agreement's initial term. Payments have been made over five years in \$20,000 installments, with the first payment being made in 2012. The contract renewal option has been exercised for a second five (5) year term, with the sponsorship level increased to \$125,000. Payments will be made over five years in \$25,000 installments (\$15,000 for a Day of Merrymaking and \$10,000 general), with the first payment scheduled for 2018. During 2018 and 2017, the Organization received \$25,000 and \$20,000, respectively, related to this corporate sponsorship.

#### **NOTE 9 - COMMITMENTS AND CONTINGENCIES**

##### **Legal Contingencies**

The Organization has pending litigation matters related to the normal course of business. In the opinion of the Organization's management, the ultimate disposition of such matters will not have a material adverse effect on the Organization's financial condition. Accordingly, no estimated loss contingencies are recorded at December 31, 2018, and 2017, for such pending legal matters.

##### **Lease**

The Conservancy leases office space on an annual basis. The lease agreement is effective on

January 1 of each year and automatically renews unless notice to terminate is provided sixty (60) days prior to the renewal date. Rent expense for the years ending December 31, 2018, and 2017, was \$17,613 and \$17,100, respectively. There are no future minimum lease payments.

**NOTE 10 - SUBSEQUENT EVENTS**

The Organization's management evaluated its December 31, 2018, financial statements for subsequent events through May 24, 2019, which was the date the financial statements were available to be issued. Management is not aware of any subsequent events which would require recognition or disclosure in the financial statements.