



NATIONAL RECREATION  
AND PARK ASSOCIATION

**NATIONAL RECREATION AND PARK ASSOCIATION, INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

**REPORTS REQUIRED IN ACCORDANCE WITH  
THE UNIFORM GUIDANCE**

**FOR THE YEAR ENDED JUNE 30, 2023**

# NATIONAL RECREATION AND PARK ASSOCIATION, INC.

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## INDEPENDENT AUDITORS' REPORT

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

### *Report of the Audit of the Financial Statements*

#### *Opinion*

We have audited the financial statements of the National Recreation and Park Association, Inc. (NRPA), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of NRPA as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 NRPA's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about NRPA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 GAAS generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2024, on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control over financial reporting and compliance.

*Marcum LLP*

Washington, DC  
May 7, 2024

**NATIONAL RECREATION AND PARK ASSOCIATION, INC.**

**STATEMENTS OF FINANCIAL POSITION**

**JUNE 30, 2023 AND 2022**

	2023	2022
<b>Assets</b>		
Cash and cash equivalents	\$ 7,215,700	\$ 7,399,592
Investments	10,752,209	10,013,667
Grants and contributions receivable	2,557,123	2,849,396
Accounts receivable, net	1,155,316	348,384
Prepaid expenses	702,117	363,064
Inventory	180,085	57,638
Deferred compensation	195,442	149,822
Property and equipment, net	1,814,235	1,974,068
<b>Total Assets</b>	<b>\$ 24,572,227</b>	<b>\$ 23,155,631</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accrued payable and accrued expenses	\$ 1,064,007	\$ 1,235,876
Accrued salaries and related expenses	611,298	482,558
Deferred revenue	5,715,925	4,509,132
Deferred compensation	195,442	149,822
<b>Total Liabilities</b>	<b>7,586,672</b>	<b>6,377,388</b>
<b>Net Assets</b>		
Without donor restrictions	10,859,705	9,727,947
With donor restrictions	6,125,850	7,050,296
<b>Total Net Assets</b>	<b>16,985,555</b>	<b>16,778,243</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 24,572,227</b>	<b>\$ 23,155,631</b>

*The accompanying notes are an integral part of these financial statements.*

**NATIONAL RECREATION AND PARK ASSOCIATION, INC.**

**STATEMENTS OF ACTIVITIES**

**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support</b>						
Grants and contributions	\$ 1,960,807	\$ 3,032,895	\$ 4,993,702	\$ 1,154,784	\$ 2,887,417	\$ 4,042,201
Conference	5,511,573	--	5,511,573	3,472,120	--	3,472,120
Certification and accreditation	2,967,836	--	2,967,836	2,716,587	--	2,716,587
Membership dues	2,140,612	--	2,140,612	2,205,290	--	2,205,290
Publications and advertising	1,694,575	--	1,694,575	1,543,241	--	1,543,241
Employee retention tax credit	1,214,333	--	1,214,333	--	--	--
Professional development	579,742	--	579,742	324,416	--	324,416
Other income	215,068	--	215,068	51,410	--	51,410
PPP Loan Forgiveness	--	--	--	1,065,985	--	1,065,985
Gain on interest in trust	--	--	--	--	2,265	2,265
Investment income (losses), net	710,121	197,667	907,788	(709,282)	(259,193)	(968,475)
Releases from restriction:						
Time	--	--	--	1,361,016	(1,361,016)	--
Purpose	4,155,008	(4,155,008)	--	6,440,179	(6,440,179)	--
<b>Total Revenue and Support</b>	<u>21,149,675</u>	<u>(924,446)</u>	<u>20,225,229</u>	<u>19,625,746</u>	<u>(5,170,706)</u>	<u>14,455,040</u>
<b>Expenses</b>						
Program services:						
Programs and partnerships	5,104,325	--	5,104,325	6,706,247	--	6,706,247
Conference	3,434,597	--	3,434,597	2,508,977	--	2,508,977
Certification and accreditation	1,518,129	--	1,518,129	1,426,595	--	1,426,595
Marketing and communications	1,210,663	--	1,210,663	1,099,677	--	1,099,677
Publications	1,132,313	--	1,132,313	942,329	--	942,329
Membership	962,571	--	962,571	1,066,994	--	1,066,994
Research and learning	769,261	--	769,261	567,491	--	567,491
Professional development	619,197	--	619,197	323,759	--	323,759
Public policy	585,037	--	585,037	616,670	--	616,670
<b>Total Program Services</b>	<u>15,336,093</u>	<u>--</u>	<u>15,336,093</u>	<u>15,258,739</u>	<u>--</u>	<u>15,258,739</u>
Supporting services:						
Management and general	4,103,767	--	4,103,767	3,366,109	--	3,366,109
Fundraising	578,057	--	578,057	619,437	--	619,437
<b>Total Supporting Services</b>	<u>4,681,824</u>	<u>--</u>	<u>4,681,824</u>	<u>3,985,546</u>	<u>--</u>	<u>3,985,546</u>
<b>Total Expenses</b>	<u>20,017,917</u>	<u>--</u>	<u>20,017,917</u>	<u>19,244,285</u>	<u>--</u>	<u>19,244,285</u>
<b>Change in Net Assets</b>	1,131,758	(924,446)	207,312	381,461	(5,170,706)	(4,789,245)
<b>Net Assets, Beginning of Year</b>	<u>9,727,947</u>	<u>7,050,296</u>	<u>16,778,243</u>	<u>9,346,486</u>	<u>12,221,002</u>	<u>21,567,488</u>
<b>Net Assets, End of Year</b>	<u>\$ 10,859,705</u>	<u>\$ 6,125,850</u>	<u>\$ 16,985,555</u>	<u>\$ 9,727,947</u>	<u>\$ 7,050,296</u>	<u>\$ 16,778,243</u>

*The accompanying notes are an integral part of these financial statements.*

NATIONAL RECREATION AND PARK ASSOCIATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2023

	Program Services									Supporting Services			Total	
	Programs and Partnership	Conference	Certification and Accreditation	Marketing and Communications	Publications	Membership	Research and Learning	Professional Development	Public Policy	Total Program Services	Management and General	Fundraising		Total Supporting Services
Salary and benefits	\$ 2,166,821	\$ 572,441	\$ 520,838	\$ 799,041	\$ 528,721	\$ 695,159	\$ 454,885	\$ 232,866	\$ 349,766	\$ 6,320,538	\$ 2,089,513	\$ 451,911	\$ 2,541,424	\$ 8,861,962
Legal and professional fees	535,898	560,242	466,010	263,197	207,404	136,198	190,883	49,996	160,192	2,570,020	1,032,232	49,053	1,081,285	3,651,305
Meeting expenses	35,691	1,821,062	235,556	4,793	3,090	6,097	1,166	168,378	2,471	2,278,304	59,367	7,327	66,694	2,344,998
Grants, contracts and direct assistance	1,812,057	--	--	--	--	--	--	--	--	1,812,057	--	--	--	1,812,057
Software licensing fees	177,170	118,062	46,704	41,922	39,781	35,563	38,870	19,583	20,252	537,907	200,602	20,196	220,798	758,705
Travel expenses	89,451	128,801	154,953	8,969	4,946	15,793	35,029	107,541	18,721	564,204	120,851	14,693	135,544	699,748
Occupancy, repairs and maintenance	89,936	45,274	17,910	16,076	15,255	13,638	14,906	7,509	7,766	228,270	88,615	7,745	96,360	324,630
Printing	534	5,947	6,440	4,438	285,904	6,966	--	--	77	310,306	1,024	3,462	4,486	314,792
Bank and charge card fees	--	26,884	14,119	1,601	6,430	13,301	--	2,089	12	64,436	229,087	550	229,637	294,073
Postage and freight	46,353	30,889	12,219	10,968	10,408	9,304	10,170	5,123	5,298	140,732	52,485	5,284	57,769	198,501
Other expenses	22,030	54,400	--	6,089	5,062	4,787	595	12,461	2,597	108,021	82,150	2,990	85,140	193,161
Depreciation and amortization	36,447	24,287	9,608	8,624	8,184	7,316	7,996	4,029	4,166	110,657	45,021	4,155	49,176	159,833
Office equipment and supplies	51,385	16,952	13,582	6,890	5,704	5,666	5,713	3,362	3,301	112,555	39,129	5,817	44,946	157,501
Insurance	28,656	19,096	7,554	6,781	6,434	5,752	6,287	3,167	3,275	87,002	32,447	3,267	35,714	122,716
Telephone	11,556	7,701	3,046	2,734	2,595	2,320	2,535	1,278	1,321	35,086	13,083	1,317	14,400	49,486
Dues and professional resources	340	2,559	2,740	4,640	2,395	--	226	1,565	5,822	20,287	17,133	290	17,423	37,710
Advertising and public relations	--	--	6,850	23,900	--	1,712	--	--	--	32,462	--	--	--	32,462
Commissions	--	--	--	--	--	2,999	--	250	--	3,249	--	--	--	3,249
UBI Taxes	--	--	--	--	--	--	--	--	--	--	1,028	--	1,028	1,028
<b>Total</b>	<u>\$ 5,104,325</u>	<u>\$ 3,434,597</u>	<u>\$ 1,518,129</u>	<u>\$ 1,210,663</u>	<u>\$ 1,132,313</u>	<u>\$ 962,571</u>	<u>\$ 769,261</u>	<u>\$ 619,197</u>	<u>\$ 585,037</u>	<u>\$ 15,336,093</u>	<u>\$ 4,103,767</u>	<u>\$ 578,057</u>	<u>\$ 4,681,824</u>	<u>\$ 20,017,917</u>

The accompanying notes are an integral part of these financial statements.



NATIONAL RECREATION AND PARK ASSOCIATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2022

	Program Services										Supporting Services			Total
	Programs and Partnership	Conference	Certification and Accreditation	Marketing and Communications	Publications	Membership	Research and Learning	Professional Development	Public Policy	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salary and benefits	\$ 2,033,154	\$ 475,584	\$ 428,425	\$ 522,079	\$ 460,971	\$ 676,447	\$ 430,833	\$ 209,828	\$ 441,588	\$ 5,678,909	\$ 1,592,847	\$ 514,998	\$ 2,107,845	\$ 7,786,754
Legal and professional fees	979,889	155,750	311,779	503,715	160,833	167,258	102,677	71,746	108,758	2,562,405	1,087,011	50,911	1,137,922	3,700,327
Meeting expenses	9,086	1,563,010	181,089	--	--	--	212	--	2,615	1,756,012	22,440	7,623	30,063	1,786,075
Grants, contracts and direct assistance	3,479,021	--	--	--	--	--	--	--	--	3,479,021	--	--	--	3,479,021
Software licensing fees	50,505	57,877	175,307	8,643	622	90,205	14,257	8,760	29,674	435,850	239,466	13,739	253,205	689,055
Travel expenses	72,899	43,353	103,098	14,529	6,171	4,465	6,806	16,811	8,271	276,403	39,360	5,847	45,207	321,610
Occupancy, repairs and maintenance	35,721	36,714	2,967	14,406	12,014	10,532	3,635	2,063	5,534	123,586	41,558	8,199	49,757	173,343
Printing	2,622	3,167	7,636	915	184,153	4,013	--	3,999	--	206,505	447	2,796	3,243	209,748
Bank and charge card fees	--	87,828	47,209	3,516	21,501	44,473	--	5,147	--	209,674	13,479	--	13,479	223,153
Postage and freight	721	3,081	80,396	--	73,003	11,954	--	479	--	169,634	22,449	544	22,993	192,627
Other expenses	--	1,916	76,614	--	85	34,907	--	--	--	113,522	112,088	121	112,209	225,731
Depreciation and amortization	13,973	37,378	3,646	14,666	12,232	9,971	3,700	2,101	5,634	103,301	64,003	8,349	72,352	175,653
Office equipment and supplies	2,053	705	787	--	31	110	200	845	83	4,814	42,849	405	43,254	48,068
Insurance	9,129	38,178	1,974	9,582	7,991	6,514	2,418	1,372	3,681	80,839	24,364	5,453	29,817	110,656
Telephone	9,251	134	650	845	1,355	1,301	1,663	608	1,474	17,281	45,495	--	45,495	62,776
Dues and professional resources	6,975	2,109	3,735	4,015	1,367	110	1,090	--	7,943	27,344	11,387	452	11,839	39,183
Advertising and public relations	1,248	2,193	1,283	2,766	--	2,840	--	--	1,415	11,745	6,764	--	6,764	18,509
Commissions	--	--	--	--	--	1,894	--	--	--	1,894	--	--	--	1,894
UBI Taxes	--	--	--	--	--	--	--	--	--	--	102	--	102	102
<b>Total</b>	<b>\$ 6,706,247</b>	<b>\$ 2,508,977</b>	<b>\$ 1,426,595</b>	<b>\$ 1,099,677</b>	<b>\$ 942,329</b>	<b>\$ 1,066,994</b>	<b>\$ 567,491</b>	<b>\$ 323,759</b>	<b>\$ 616,670</b>	<b>\$ 15,258,739</b>	<b>\$ 3,366,109</b>	<b>\$ 619,437</b>	<b>\$ 3,985,546</b>	<b>\$ 19,244,285</b>

The accompanying notes are an integral part of these financial statements.

**NATIONAL RECREATION AND PARK ASSOCIATION, INC.**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
<b>Cash Flows From Operating Activities</b>		
Change in Net Assets	\$ 207,312	\$ (4,789,245)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net realized and unrealized losses (gains) on investments	(420,444)	1,240,794
Gain on beneficial interest in trust	--	(2,265)
Forgiveness of PPP loan	--	(1,065,985)
Depreciation and amortization	159,833	175,653
Changes in assets and liabilities		
Grants and contributions receivable	292,273	2,215,016
Accounts receivable	(806,932)	219,967
Prepaid expenses	(339,053)	267,144
Inventory	(122,447)	(12,493)
Beneficial interest in trust	--	1,361,016
Accounts payable and accrued expenses	(171,869)	(1,185,088)
Accrued salaries and related expenses	128,740	(61,118)
Deferred revenue	1,206,793	874,701
Deferred compensation	45,620	(87,925)
<b>Net Cash Provided By (Used In) Operating Activities</b>	<u>179,826</u>	<u>(849,828)</u>
<b>Cash Flows From Investing Activities</b>		
Purchases of property and equipment	--	(57,238)
Purchases of investments	(5,754,188)	(4,020,610)
Proceeds from sale of investments	5,794,237	4,398,802
<b>Net Cash Provided By (Used In) Investing Activities</b>	<u>40,049</u>	<u>320,954</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	219,875	(528,874)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>7,554,178</u>	<u>8,083,052</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 7,774,053</u>	<u>\$ 7,554,178</u>
<b>Cash and Cash Equivalents, as Reported on the Statement of Financial Position</b>		
Cash and cash equivalents	\$ 7,215,700	\$ 7,399,592
Cash and cash equivalents held in investments	558,353	154,586
<b>Total Cash and Cash Equivalents</b>	<u>\$ 7,774,053</u>	<u>\$ 7,554,178</u>
<b>Noncash Investing Activities</b>		
Forgiveness of PPP note payable	<u>\$ --</u>	<u>\$ 1,065,985</u>

*The accompanying notes are an integral part of these financial statements.*

# NATIONAL RECREATION AND PARK ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

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### NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

#### *NATURE OF ACTIVITIES*

The National Recreation and Park Association, Inc. (NRPA) 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 more than 60,000 park and recreation professionals as well as approximately 10,000 park and recreation agencies throughout the country to strengthen communities by offering equitable access to healthy activities and safe play spaces and by protecting our natural resources. Parks are essential to healthy lifestyles, healthy environments and vibrant communities.

Established in 1965, NRPA 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 NRPA's core services:

NRPA'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.

NRPA creates strategic partnerships with corporations and foundations to advance the field and fill in funding gaps that exist in local communities. Through these partnerships, NRPA enables local park and recreation agencies to improve parks, expand program offerings and implement policy-changes that create sustainable change and strengthen communities. Through its Partnerships and Programs department, NRPA 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 mentorships opportunities, protecting pollinators, implementing green infrastructure projects and more.

NRPA 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.

NRPA is the ultimate resources 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. NRPA 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.

# NATIONAL RECREATION AND PARK ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

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### NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *NATURE OF ACTIVITIES (CONTINUED)*

The National Recreation and Park Foundation Inc. (the Foundation) is a national nonprofit supporting organization of NRPA exempt from the payment of income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code (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 NRPA. In October 2021, an agreement was reached that 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.

A summary of NRPA's significant accounting policies follows:

#### *BASIS OF PRESENTATION*

The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized as incurred regardless of the timing of cash flows.

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

#### *CASH AND CASH EQUIVALENTS*

For purposes of reporting cash flows, NRPA 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.

#### *INVESTMENTS*

Investments include common stock, mutual funds, exchange-traded funds, money market funds, certificates of deposit, and various bonds. These investments, other than money market funds, are recorded in the accompanying finance statements of financial position at fair value.

# NATIONAL RECREATION AND PARK ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

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### NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *INVESTMENTS (CONTINUED)*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Money market funds are recorded at cost.

The change in unrealized appreciation or depreciation of investments is included in investment (losses) income in the accompanying statements of activities. Realized gains and losses on sales of investments are computed on an average cost method and are recorded on the trade date of the transaction and included in investment (losses) income in the accompanying statements of activities.

#### *FAIR VALUE MEASUREMENT*

NRPA has categorized its applicable financial instruments into a required fair value hierarchy as follows:

*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 NRPA'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.

As of and for the years ended June 30, 2023 and 2022, NRPA's investments, deferred compensation and beneficial interest in trust, as described in Note 4 to the financial statements, were measured at fair value on a recurring basis.

#### *GRANTS AND CONTRIBUTIONS RECEIVABLE*

Contributions are recognized when the donor or grantor makes a contribution or promise to give to NRPA that is, in substance, unconditional. 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 made. There was no discount for the year ended June 30, 2023 and 2022. Conditional promises to give are not included as support

# NATIONAL RECREATION AND PARK ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

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### NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *GRANTS AND CONTRIBUTIONS RECEIVABLE (CONTINUED)*

until the conditions are substantially met. Furthermore, based on past collection history, NRPA 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, 2023 and 2022, respectively.

#### *ACCOUNTS RECEIVABLE*

Accounts receivable consist primarily of publication sales and advertising. Management periodically reviews the status of all accounts receivable balances for collectability, and provides for probable losses using the allowance methods. The allowance is determine based on management's experience and collection efforts. Balances that remain outstanding after NRPA has used reasonable collection efforts are written off. At June 30, 2023 and 2022, management has assessed an allowance of \$111,507 and \$44,337, 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 net realizable value, determined using the first-in first-out method of inventory valuation. At June 30, 2023 and 2022, NRPA did not record any reserve against its inventory, as it believes all items are fully salable.

#### *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.

#### *VALUATION OF LONG-LIVED ASSETS*

NRPA 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 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 of fair value, less costs to sell.

# NATIONAL RECREATION AND PARK ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

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### NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *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.

#### *REVENUE*

Revenue from contracts with customers includes performance obligations that are satisfied either at a point in time or over time and most contracts have initial terms of one year or less. NRPA performs an evaluation at contract inception focused on whether a performance obligation is satisfied over time or at a point in time. If a performance obligation meets certain criteria, the related revenue is recognized over time if NRPA is able to reasonably measure its progress toward complete satisfaction of the performance obligation using reliable information.

Prices are specific to a distinct performance obligation and contracts do not have multiple performance obligations. Economic factors driven by consumer confidence, employment, inflation and other world events impact the timing and level of revenue recognized in the financial statements. Periods of economic downturn resulting from any of the above factors may result in declines in future cash flows and recognized revenue of NRPA or can have a positive impact on cash flows in favorable economic conditions.

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

Conference fees and professional development are recognized over 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.

Unconditional contributions and grants are reported as revenue and support in the year in which payments are received and/or unconditional promises to give are made. Grants and contributions are recorded as with or without donor restrictions depending upon the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets with donor restrictions and then reclassified to net assets without donor restrictions when the restriction expires. Unconditional promises to give that have been awarded to NRPA, but not yet received, are reflected as grants and contributions receivable in the accompanying statements of financial position. A contribution is considered conditional if the agreement includes a measurable performance or barrier and a right of return. Conditional promises to give are not recognized until they become unconditional, that is, when the barrier(s) in the agreement are met. Conditional contributions and grants whose conditions are met in the same year earned are recorded as without donor restrictions in the accompanying statements of financial activities.

# NATIONAL RECREATION AND PARK ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

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### NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *FUNCTIONAL ALLOCATION OF EXPENSE*

The cost 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 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.

#### *USE OF ESTIMATES*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

### NOTE 2 – LIQUIDITY AND AVAILABILITY

NRPA 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, 2023 and 2022.

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents	\$ 7,215,700	\$ 7,399,592
Investments	10,752,209	10,013,667
Grants and contributions receivable	2,557,123	2,849,396
Accounts receivable, net	<u>1,155,316</u>	<u>348,384</u>
Subtotal financial assets	21,680,348	20,611,039
Less amounts not available within one year:		
Net assets with donor restrictions	<u>(6,125,850)</u>	<u>(7,050,296)</u>
<b>Financial Assets Available to Meet Cash Needs For General Expenditures Within One Year</b>	<u><b>\$ 15,554,498</b></u>	<u><b>\$ 13,560,743</b></u>



# NATIONAL RECREATION AND PARK ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

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#### NOTE 3 – GRANTS AND CONTRIBUTIONS RECEIVABLE

NRPA records unconditional contributions receivable that are expected to be collected within one year at net realizable value. As of June 30, 2023, management elected to not record a discount on the \$500,000 due in over one year as it was deemed to be immaterial. All other amounts as of June 30, 2023 were due within one year. As of June 30, 2022 there was no discount rate necessary as the remaining contribution receivables were due in less than one year.

Grants and contributions receivable represent amounts due from various federal agencies and other organizations and were composed of the following as of June 30:

	2023	2022
Federal grants receivable	\$ 1,572,895	\$ 849,396
Pledges and contributions receivable	984,228	2,000,000
<b>Total Grants and Contributions Receivable, Net</b>	<b>\$ 2,557,123</b>	<b>\$ 2,849,396</b>

#### NOTE 4 – FAIR VALUE MEASUREMENT

The following is a summary of the input levels used to determine fair values at June 30, 2023 and 2022:

	2023	Fair Value	Level 1	Level 2	Level 3
Investments, at fair value:					
Equity securities –					
common stock	\$ 4,543,621	\$ 4,543,621	\$	--	\$ --
Equity securities –					
mutual funds	1,324,549	1,324,549	--	--	--
U.S. government obligations	2,272,584	--	2,272,584	--	--
Municipal bond	663,373	--	663,373	--	--
Corporate bonds	1,389,729	--	1,389,729	--	--
Investments carried at fair value	10,193,856	\$ 5,868,170	\$ 4,325,686	\$	--
Investments, at cost:					
Cash and cash equivalents	558,353				
<b>Total Investments</b>	<b>\$ 10,752,209</b>				

# NATIONAL RECREATION AND PARK ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

#### NOTE 4 – FAIR VALUE MEASUREMENT (CONTINUED)

2022	Fair Value	Level 1	Level 2	Level 3
Investments, at fair value:				
Equity securities – common stock	\$ 4,187,921	\$ 4,187,921	\$ --	\$ --
Equity securities – mutual funds	830,108	830,108	--	--
Fixed income – exchange- traded funds	422,528	422,528	--	--
Certificate of deposit	199,112	--	199,112	--
U.S. government obligations	2,080,633	--	2,080,634	--
Municipal bond	686,583	--	686,584	--
Corporate bonds	<u>1,452,193</u>	--	<u>1,452,193</u>	--
Investments carried at fair value	9,859,081	<u>\$ 5,440,558</u>	<u>\$ 4,418,523</u>	<u>\$ --</u>
Investments, at cost:				
Cash and cash equivalents	<u>154,586</u>			
<b>Total Investments</b>	<b><u>\$ 10,013,667</u></b>			

The deferred compensation plan assets consist of mutual funds – equities and money market funds which are classified as Level 1 based on the ability of NRPA 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 2. The deferred compensation plan assets consist of the following as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Mutual funds – equities	\$ 184,385	\$ 128,579
Money market funds	<u>11,057</u>	<u>21,243</u>
<b>Total Deferred Compensation</b>	<b><u>\$ 195,442</u></b>	<b><u>\$ 149,822</u></b>

The fair value of the beneficial interest in trust (see Note 11) was based on the fair value of fund investments as reported by the trust. It was considered to be Level 3 measurements. During the year ended June 30, 2022, the beneficial interest in trust was liquidated and \$1,361,016 was transferred out of the fair value table. There were no purchases or sales during the year ended June 30, 2023.

# NATIONAL RECREATION AND PARK ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

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#### NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Building and building improvements on leased land	\$ 4,765,277	\$ 4,765,277
Computer and equipment	80,930	80,930
Furniture and fixtures	<u>505,502</u>	<u>505,502</u>
	5,351,709	5,351,709
Less: Accumulated depreciation	<u>(3,537,474)</u>	<u>(3,377,641)</u>
<b>Property and Equipment, Net</b>	<u>\$ 1,814,235</u>	<u>\$ 1,974,068</u>

Depreciation expense for the years ended June 30, 2023 and 2022 totaled \$159,833 and \$175,653, respectively.

NRPA leases its land from the Northern Virginia Regional Park Authority for \$1 per year. The lease agreement was signed in 1997 and extends 50 years plus two 20-year options.

#### NOTE 6 – DEFERRED REVENUE

Deferred revenue consists of the following as of June 30, 2023, 2022 and 2021:

	<u>2023</u>	<u>2022</u>
Event registrations and exhibit fees	\$ 4,196,294	\$ 3,140,054
Member dues	1,234,603	1,146,328
Sponsorships and other	<u>285,028</u>	<u>222,750</u>
<b>Total</b>	<u>\$ 5,715,925</u>	<u>\$ 4,509,132</u>
	<u>2021</u>	
Event registrations and exhibit fees	\$ 2,259,520	
Member dues	1,144,416	
Sponsorships and other	<u>230,495</u>	
<b>Total</b>	<u>\$ 3,634,431</u>	

# NATIONAL RECREATION AND PARK ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

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### NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Restricted for time or purpose:		
Endowment appreciation	\$ 1,312,060	\$ 1,181,350
Corporate and foundation partnerships	3,834,855	4,802,036
Special memorial funds	<u>414,043</u>	<u>502,018</u>
Total Restricted for Time or Purpose	5,560,958	6,485,404
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	<u>25,000</u>	<u>25,000</u>
Total Restricted in Perpetuity	<u>564,892</u>	<u>564,892</u>
<b>Total Net Assets With Donor Restrictions</b>	<u><u>\$ 6,125,850</u></u>	<u><u>\$ 7,050,296</u></u>

### NOTE 8 – ENDOWMENT FUNDS

As required by GAAP, 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 NRPA.

#### *INTERPRETATION OF RELEVANT LAW*

NRPA 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, NRPA 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 NRPA in a manner consistent with the standard of prudence prescribed by UPMIFA.

# NATIONAL RECREATION AND PARK ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

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### NOTE 8 – ENDOWMENT FUNDS (CONTINUED)

#### *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 NRPA to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2023 and 2022.

#### *RETURN OBJECTIVES AND RISK PARAMETERS*

NRPA 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*

NRPA'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*

NRPA'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. NRPA has interpreted UPMIFA to not permit spending from underwater endowments in accordance with the prudent management guidance.

#### *ENDOWMENT FUNDS WITH DEFICITS*

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires and organization to retain as a fund of perpetual duration. As of June 30, 2023 deficiencies of this nature exist in various donor-restricted endowment funds, which have an original value of \$202,947 a current value of \$198,946, with a deficiency of \$4,001.

# NATIONAL RECREATION AND PARK ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

#### NOTE 8 – ENDOWMENT FUNDS (CONTINUED)

##### *ENDOWMENT FUNDS WITH DEFICITS (CONTINUED)*

Changes in endowment net assets consist of the following for the year ended June 30, 2023:

	With Donor Restrictions, Time or Perpetuity	With Donor Restrictions, Held in Perpetuity	<u>Total</u>
Net assets, beginning of year	\$1,181,850	\$ 564,892	\$1,746,242
Net investment income	197,667	--	197,667
Amounts appropriated for expenditure	<u>(66,957)</u>	<u>--</u>	<u>(66,957)</u>
<b>Net Assets, End of Year</b>	<b><u>\$1,312,060</u></b>	<b><u>\$ 564,892</u></b>	<b><u>\$1,876,952</u></b>

Changes in endowment net assets consist of the following for the year ended June 30, 2022:

	With Donor Restrictions, Time or Perpetuity	With Donor Restrictions, Held in Perpetuity	<u>Total</u>
Net assets, beginning of year	\$ 950,836	\$ 564,892	\$1,515,728
Transfers	655,154	--	655,154
Net investment losses	(259,193)	--	(259,193)
Amounts appropriated for expenditure	<u>(165,447)</u>	<u>--</u>	<u>(165,447)</u>
<b>Net Assets, End of Year</b>	<b><u>\$1,181,350</u></b>	<b><u>\$ 564,892</u></b>	<b><u>\$1,746,242</u></b>

#### NOTE 9 – RETIREMENT PLANS

##### *DEFINED CONTRIBUTION PLAN*

NRPA has a 403(b) defined 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. NRPA matches equivalent contributions up to 6% of each eligible employee's gross salary. Total contribution expense was \$362,785 and \$348,647 for the years ended June 30, 2023 and 2022, respectively.

##### *DEFERRED COMPENSATION PLAN*

NRPA also sponsors deferred compensation plans for senior level employees under section 457(b) of the IRC. The plans provide a number of payment options commencing upon retirement, separation from service or death. As of June 30, 2023 and 2022, the plan's investment balances \$195,442 and \$149,822 respectively. The investments and related liability are included in the accompanying statements of financial position.

# NATIONAL RECREATION AND PARK ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

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### NOTE 10 – COMMITMENTS AND CONTINGENCIES

#### *FEDERAL AWARDS*

NRPA has received federal grants that are subject to review, audit and adjustment by various federal agencies for qualified expenses charged to the grants. Such audits could lead to requests for reimbursement to the federal agencies for any expenditures or claims disallowed under the terms of the agreements. 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.

#### *CONCENTRATION OF CREDIT RISK*

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

#### *MARKET RISKS*

NRPA's investments are exposed to various risks, such as fluctuations in market value and credit risk. Market risk include global events which could impact the value of investment securities, such as a pandemic or international conflict. Due to the level of risk associated with certain investment securities, it is at least reasonably possible than changes in the values of investment securities will occur in the near term and that such changes could materially affect NRPA's balances and the amounts reported in the statements of financial position.

#### *HOTEL COMMITMENTS*

NRPA has entered into agreements with several hotels to provide conference facilities and room accommodations for its conferences through 2025. The agreements contain various clauses whereby NRPA 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, NRPA has purchased an insurance policy to mitigate and potential losses.

#### *EMPLOYMENT*

Effective June 2018 NRPA approved an agreement with the Chief Executive Officer with a termination date of May 2022. In May 2022 the contract was renewed through May 2025. 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.

# NATIONAL RECREATION AND PARK ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

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### NOTE 11 – BENEFICIAL INTEREST IN TRUST

NRPA was 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 is scheduled to be received in future years. As a result of the purpose and time restrictions, the amount was shown as a component of donor-restricted net assets. The funds were to 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 occurred in October 2021. At that time NRPA received 20% of the value of the trust, which totaled \$273,948, while the remaining assets were distributed directly to the City of Toledo.

### NOTE 12 – NOTE PAYABLE

On May 4, 2020, NRPA received loan proceeds in the amount of \$1,065,985 (the PPP Loan) under the Paycheck Protection Program (PPP), which was established under the Coronavirus Aid, Relief and Economic Security Act (CARES Act) and is administered by the U.S. Small Business Administration (SBA). The PPP Loan, evidenced by a promissory note, bears interest at a rate of 1.00% per annum, and matures in May 2022.

Under the terms of the CARES Act, NRPA can apply for loan forgiveness. The PPP Loan could be partially or fully forgiven if NRPA complied with the provisions of the CARES Act, including the use of PPP Loan proceeds for payroll costs, rent, utilities and other expenses, provided that such amounts were incurred during a 24-week period that commenced on May 4, 2020, and at least 60% of the forgiven amount was used for covered payroll costs as defined by the CARES Act. Any forgiveness of the PPP Loan was subject to approval by the SBA. On July 23, 2021, the SBA approved the PPP loan forgiveness application submitted by NRPA. As a result, NRPA recognized the forgiveness of the loan's principal, in the amount of \$1,065,985 in the accompanying statement of activities.

### NOTE 13 – CONDITIONAL GRANTS

NRPA has received grant commitments from the U.S. Federal government. Grants which are subject to the Uniform Guidance are cost-reimbursable in nature. Thus, a receivable related to these grants is only recognized as NRPA incurs grant-related expenses. The unearned conditional grant commitments as of June 30, 2023 and 2022, totaled \$5,052,224 and \$1,803,277, respectively.



# NATIONAL RECREATION AND PARK ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

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#### NOTE 13 – CONDITIONAL GRANTS (CONTINUED)

During the year ended June 30, 2022, NRPA also received a separate conditional contribution from a donor totaling \$374,858. As of June 30, 2022, NRPA had not yet recognized \$225,000 in revenue related to the grant agreement as the associated barriers had not yet been overcome. During the year ended June 30, 2023, the remaining amount was recognized as revenue as the barriers for recognition had been met and is included in grants and contribution revenue in the accompanying statement of activities.

Additionally, NRPA provided conditional grants to recipient organizations under one of its programs. During the year ended June 30, 2022, NRPA awarded \$1,260,000 in conditional grants. As of June 30, 2022, NRPA had yet to recognize grant expense totaling \$630,000 as the associated conditions for recognition had not yet been met. During the year ended June 30, 2023, the grantee organizations met the associated barriers and the remaining \$630,000 was recorded as grant promotion expense in the accompanying statement of functional expenses.

#### NOTE 14 – INCOME TAX STATUS

NRPA is generally exempt from federal income taxes under provisions of Section 501(c)(3) of the IRC. In addition, NRPA qualifies for charitable contribution deductions and has been classified as an organization that is not a private foundation under Section 509(a)(2). NRPA generates unrelated business income from its advertising activities. NRPA had no material net taxable unrelated business income for the years ended June 30, 2023 and 2022. NRPA evaluated its uncertainty in income taxes for the years ended June 30, 2023 and 2022, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. It is NRPA's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in interest expense or income tax expense, respectively. There are currently no examinations pending or in progress regarding NRPA's tax returns.

#### NOTE 15 – RECLASSIFICATIONS

Certain 2022 amounts have been reclassified to conform to the 2023 presentation. The reclassifications consisted of breaking up NRPA's Knowledge and Learning program into, certification and accreditation, research and learning and professional development from the 2022 financial statements to provide further program expense detail to financial statement users. Additionally, the revenue streams were also updated to correspond with the expense changes.

**NATIONAL RECREATION AND PARK ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

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**NOTE 16 – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through May 7, 2024, which is the date the financial statements were available to be issued. Aside from the matter noted below, there were no such events that required disclosure or recognition in these financial statements.

In January 2024, NRPA settled a matter with its insurance provider for the reduced size of the FY21 Annual Conference. The agreement provided that the insurance provider would pay \$825,000 to reimburse NRPA for its losses related to hosting the event and be released from any future claims.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of National Recreation and Park Association, Inc. (NRPA), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 7, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered NRPA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of NRPA's internal control. Accordingly, we do not express an opinion on the effectiveness of NRPA's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-01 that we consider to be material weaknesses.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether NRPA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **National Recreation and Park Association, Inc.'s Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on NRPA's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. NRPA's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NRPA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Marcum LLP*

Washington, DC  
May 7, 2024

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR ITS  
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited National Recreation and Park Association, Inc. (NRPA) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of NRPA's major federal program for the year ended June 30, 2023. NRPA's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, NRPA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Audit Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of NRPA and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of NRPA's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to NRPA's federal programs.

## ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on NRPA's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about NRPA's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding NRPA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of NRPA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of NRPA's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and is described in the accompanying schedule of findings and questioned costs as items 2023-002. Our opinion on major federal program is not modified with respect to this matter.

*Government Auditing Standards* requires the auditor to perform limited procedures on NRPA's response to the noncompliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. NRPA's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## Report on Internal Control Over Compliance

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs of Finding 2023-002, to be a material weakness.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Marcum LLP*

Washington, DC  
May 7, 2024

**NATIONAL RECREATION AND PARK ASSOCIATION, INC.**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED JUNE 30, 2023**

<u>Agency or Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Provided to Subrecipients</u>	<u>Total Federal Expenditures</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
Assistance Programs for Chronic Disease Prevention and Control	93.945	N/A	\$ 82,542	\$ 474,755
<i>Pass-through from McKing Consulting Corporation</i> National Organizations for Chronic Disease Prevention and Health Promotion	93.809	NRPA-01-4577	--	<u>57,317</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>82,542</u>	<u>532,072</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Farmers Market Promotion Program	10.168	N/A	<u>65,500</u>	<u>216,382</u>
<b>Total U.S. Department of Agriculture</b>			<u>65,500</u>	<u>216,382</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>				
Juvenile Mentoring Program	16.726	N/A	<u>234,614</u>	<u>587,328</u>
<b>Total US Department of Justice</b>			<u>234,614</u>	<u>587,328</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 382,656</u>	<u>\$ 1,335,782</u>

See accompanying notes to this schedule.



# NATIONAL RECREATION AND PARK ASSOCIATION, INC.

## NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of NRPA for the year ended June 30, 2023. The information in this SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of NRPA, it is not intended to, and does not, present the financial position, changes in net assets or cash flows of NRPA.

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

### NOTE 3 – INDIRECT COST RATE

NRPA elected not to use the 10% de minimis indirect cost rate, which is allowed in accordance with the Uniform Guidance.

**NATIONAL RECREATION AND PARK ASSOCIATION, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

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**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

***FINANCIAL STATEMENTS***

Type of auditors’ report issued on whether the financial statements audited were prepared in accordance with GAAP:

***UNMODIFIED***

Internal control over financial reporting:

Material weakness(es) identified?

X  Yes

No

Significant deficiency(ies) identified?

Yes

X  None reported

Noncompliance material to financial statements noted?

Yes

X  No

***FEDERAL AWARDS***

Internal control over major federal programs:

Material weakness(es) identified?

X  Yes

X  No

Significant deficiency(ies) identified?

Yes

None reported

Type of auditors’ report issued on compliance for major federal programs:

***UNMODIFIED***

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

X  Yes

No

Identification of major federal program:

***ASSISTANCE LISTING***

**NAME OF FEDERAL PROGRAM OR CLUSTER**

**NUMBER(S)**

Juvenile Mentoring Program

16.726

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

Yes

X  No

# NATIONAL RECREATION AND PARK ASSOCIATION, INC.

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2023

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### SECTION II – FINANCIAL STATEMENT FINDINGS

#### **Finding No. 2023-001: Financial Close – Material Weakness in Internal Control over Financial Reporting**

##### ***Criteria***

As part of an effective control environment, the financial statements should be prepared monthly and reconciled to the underlying schedules on a monthly basis.

##### ***Context***

NRPA was unable to perform the monthly close process as intended throughout the year to completely reconcile its accounts to the financial statements. As a result, NRPA had to delay its audit significantly, while management spent significant time and effort to reconcile the books, particularly related to the revenue streams and associated statement of financial position accounts. Management provided us with multiple entries as a result of the reconciliation processes throughout the audit process.

##### ***Cause***

Based on our understanding, NRPA implemented a new accounting software and upgraded its billing platform to a cloud based platform that was supposed to direct feed into the new accounting software. However, the billing platform data was not cleaned up prior to the implementation, and the direct feed was not operating as intended during the year, leading to manual reconciliation process after year-end.

##### ***Effect***

Financial statements used throughout the year could have been materially incorrect in evaluating the operating results of the Foundation.

##### ***Recommendation***

We recommend that NRPA work with a third party vendor in order to clean-up the billing software and ensure the data feed into the accounting system is working as intended. Additionally, we recommend that management ensures accounts are fully reconciled each month to the underlying financial data in order to prepare its interim financial statements that are complete and accurate.

##### ***Views of Responsible Officials and Planned Corrective Actions***

See corrective action plan.

**NATIONAL RECREATION AND PARK ASSOCIATION, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2023**

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**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**Finding No. 2023-002: Late Filing of Data Collection Form – Material Weakness in Internal Control and Compliance Finding**

***Criteria***

In accordance with the Uniform Guidance, the audit package and the Data Collection Form must be submitted within 30 days after receipt of the auditors' report or nine months after the end of the fiscal year, whichever comes first.

***Context***

The Data Collection Form for the year ended June 30, 2023 was not submitted to the Federal Audit Clearinghouse by the March 31, 2024 deadline.

***Cause***

There were delays in completing the 2023 audit as management needed additional time to reconcile accounts and provide the requested supporting documentation due to systems changes at NRPA.

***Effect***

Management was not in compliance with the requirements of the Uniform Guidance.

***Questioned Costs***

None

***Recommendation***

We recommend that management enhance its internal controls, policies and procedures to ensure that all filing requirements under federal awards are met.

***Views of Responsible Officials and Planned Corrective Actions***

See corrective action plan.

**SECTION IV – SUMMARY OF PRIOR YEAR FINDINGS**

**Finding No. 2022-001:** Finding was resolved during the year and not required to be reported.

**Finding No. 2022-002:** Finding was not resolved during the year and is included as part of Finding 2023-001.



## **National Recreation and Park Association (NRPA)**

Corrective Action Plan – FINAL

Cognizant or Oversight Agency for Audit: Department of Health and Human Services

National Recreation and Park Association respectfully submits the following corrective action plan for the year ended June 30, 2023.

Name and address of independent public accounting firm:

Marcum LLP  
1899 L Street NW, Suite 850  
Washington, DC 20036

**Audit period:** The year ended June 30, 2023.

The findings from the June 30, 2023, schedule of finding and questioned costs are discussed below. The findings are numbered consistently with the number assigned in the schedule.

### **Finding No. 2023-001:**

#### ***Financial Close – Material Weakness in Internal Control over Financial Reporting***

**Contact for Corrective Action:** Candice Carnage, Chief Operations and Financial Officer

During FY22, NRPA experienced severe staff turnover and had insufficient resources to properly perform monthly reviews and reconciliations of accounts receivable activity. In Fall 2022, many accounting functions were outsourced and a Finance and Operations Manager position was created. With these changes, we had planned that our corrective action plan for this related prior year finding would be resolved by March 2023.

However, despite our efforts, NRPA was not able to hire the Finance and Operations Manager until February 2023. In addition, the transition to outsourced accounting required the implementation of new accounting software and other upgrades to a cloud-based platform used for billing and cash receipts. The system implementation involved integrations which did not operate as intended during the fiscal year. Staff vacancies combined with system integration challenges led to manual reconciliations at fiscal year-end. We believe the system integration issues have been resolved and the billing platform is now integrating with the accounting system on a monthly basis.



NRPA is currently working with a consulting firm to analyze and resolve the historical issues with accounts receivable data in the billing software and to ensure the data feed into the accounting system is working as intended. The planned completion date for this project is May 31, 2024.

Management recognizes the importance of monthly account reconciliations and the preparation of complete and accurate interim financial statements. To this end, our outsourced accounting and the in-house Finance and Operations Manager have established a joint detailed monthly-close schedule. Monthly meetings will be held to discuss material variances. With updated systems and staff in place, we believe timely monthly reconciliations of accounts receivable and revenue will be in place before the end of fiscal year 2024.

Additionally, to support our efforts, in November 2023 NRPA updated its Accounting Policies and Procedures Manual and Standard Operating Procedures have been documented for all accounting functions. With the standardization of all financial processes, procedures and policies and the proper integration and reconciliation between our systems, NRPA will be able to ensure appropriate and adequate internal control over financial reporting.

**Expected Completion Date:** May 2024

**Finding No. 2023-002:**

***Late Filing of Data Collection Form – Material Weakness in Internal Control and Compliance Finding***

**Contact for Corrective Action:** Candice Carnage, Chief Operations and Financial Officer

Due to the issues noted in response to finding 2023-001, the audit procedures were delayed and as a result the data collection form package was unable to be filed timely. However, based on the updates made in response to finding 2023-001, NRPA expects to complete the audit and reporting package in a timely fashion.

**Expected Completion Date:** May 2024