

FRIENDS OF PASSAIC COUNTY PARKS

ANNUAL AUDIT REPORT

FOR THE YEARS ENDED
DECEMBER 31, 2018 AND 2017

FRIENDS OF PASSAIC COUNTY PARKS
INDEX TO ANNUAL REPORT
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

<u>Page</u>		<u>Exhibit</u>
1	Independent Auditor's Report on Financial Statements	
	Financial Statements:	
3	Statement of Financial Position	A
4	Statement of Activities	B
5	Statement of Cash Flows	C
6	Notes to Financial Statements	

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INDEPENDENT AUDITOR'S REPORT

Friends of Passaic County Parks
401 Grand Street
Paterson, NJ 07505

Ladies and Gentlemen:

We have audited the accompanying statements of financial position of Friends of Passaic County Parks (a nonprofit organization) which comprise the statements of financial position as of as of December 31, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friends of Passaic County Parks as of December 31, 2018 and 2017, 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.

Very truly yours,

Ferraioli, Wielkatz, Cerullo & Cova, P.A.

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

April 24, 2019

**FRIENDS OF PASSAIC COUNTY PARKS
STATEMENT OF FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
Current Assets:		
Cash and Cash Equivalents	162,284	167,670
Grants Receivable	296,340	-
Total Assets	<u>458,624</u>	<u>167,670</u>
<u>NET ASSETS</u>		
Net Assets:		
With Donor Restrictions	296,340	-
Without Donor Restrictions:		
Unrestricted	<u>162,284</u>	<u>167,670</u>
Total Net Assets	<u>458,624</u>	<u>167,670</u>

See accompanying notes to financial statements.

**FRIENDS OF PASSAIC COUNTY PARKS
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018	2017
Revenues:		
Improvement Grants:		
State Grant	288,500	-
County Grant	538,500	-
NJ Historical Trust Grant	41,397	-
Donations	157,710	136,800
Event Fees	106,346	163,486
Interest Income	643	-
Miscellaneous	24	-
	1,133,120	300,286
Expenses:		
Program Expenses:		
Summer Concert Series:		
Entertainment	182,108	187,914
Security and Safety	23,328	32,950
Maintenance of Parks	8,152	13,319
Grant Expenditures - Goffle Brook Park Improvements	628,489	-
Support Expenses:		
Bank Fees	89	16
	842,166	234,199
Changes in Net Assets	290,954	66,087
Net Assets, January 1,	167,670	101,583
Net Assets, December 31,	458,624	167,670

See accompanying notes to financial statements.

**FRIENDS OF PASSAIC COUNTY PARKS
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
Cash Flows From Operating Activities:		
Change in Net Assets	290,954	66,087
(Increase) Decrease in Receivables	<u>(296,340)</u>	<u>-</u>
Net Cash Provided (Used) by Operating Activities:	<u>(5,386)</u>	<u>66,087</u>
Net Increase (Decrease) in Cash and Investments	(5,386)	66,087
Cash and Cash Equivalents, Beginning of Year	<u>167,670</u>	<u>101,583</u>
Cash and Cash Equivalents, End of Year	<u><u>162,284</u></u>	<u><u>167,670</u></u>

See accompanying notes to financial statements.

**FRIENDS OF PASSAIC COUNTY PARKS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies the Friends of Passaic County Parks (the "Organization") is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (generally accepted accounting principles) and have been consistently applied in the preparation of the financial statements.

Nature of Activities

The Organization's mission is to enhance and advocate for the Passaic County Parks System by pursuing all relevant and applicable grant opportunities, soliciting corporate donations, conducting an annual fundraising campaign and pursuing all available avenues of fundraising exclusively for the benefit of the county parks, as well as by educating residents about the historic landmarks which lie within the parks system.

Basis of Presentation

The Organization's policy is to prepare its financial statements using the accrual basis of accounting.

The Organization has adopted the provisions of Financial Accounting Standard Board's ASC 958:205, "Presentation of Financial Statements of Not-for-profit Organizations", which established standards for external financial reporting of not-for-profit organizations. These provisions require that a complete set of financial statements for a not-for-profit organization should include a *statement of financial position* as of the end of the reporting period, a *statement of activities* and a *statement of cash flows* for the reporting period, and accompanying notes to the financial statements, as described below.

Statement of Financial Position

The primary purpose of the statement of financial position is to provide relevant information about the organization's assets, liabilities and net assets, and about their relationships to each other at a moment in time. The information provided in the statement of financial position, used with related disclosures and information in other financial statements, helps donors, members, creditors and others assess (a) the organization's ability to continue to provide services and (b) the organization's liquidity, financial flexibility, ability to meet obligations, and needs for external financing.

**FRIENDS OF PASSAIC COUNTY PARKS
NOTES TO FINANCIAL STATEMENTS, (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Basis of Presentation, (continued)

Statement of Financial Position, (continued)

A statement of financial positions provided by a not-for profit organization shall report the amounts for each of the two classes of net assets:

With Donor Restrictions - Net assets that are subject to donor-imposed restrictions (donors include other types of contributors). The Organization had donor-restricted net assets in 2018 and 2017 of \$296,340 and \$-0-, respectively.

Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions.

Statement of Activities

The primary purpose of a statement of activities is to provide relevant information about (a) the effects of transactions and other events and circumstances that change the amount and nature of net assets, (b) the relationships of those transactions and other events and circumstances to each other, and (c) how the organization's resources are used in providing various programs or services. The information in statement of activities, used with related disclosures and information in the other financial statements, helps donors, creditors, and others to (1) evaluate the organization's performance during a period, (2) assess an organization's service efforts and ability to continue to provide services, and (3) how an organization's managers have discharged their stewardship responsibilities and other aspects of their performance.

Statement of Cash Flows

The primary purpose of the statement of cash flows is to provide relevant information about the cash receipts and cash payments of an organization during a period.

Income Taxes

The Organization is a tax-exempt organization as defined by Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Organization is also exempt under Title 15 of the State of New Jersey, Corporations and Association Not-For-Profit Act. Accordingly, no provision for federal and state income taxes has been presented in the accompanying financial statements.

**FRIENDS OF PASSAIC COUNTY PARKS
NOTES TO FINANCIAL STATEMENTS, (CONTINUED)
FOR THE YEARS ENDING DECEMBER 31, 2018 AND 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Income Taxes, (continued)

Friends of Passaic County Park's accounting policies require compliance with FASB interpretation No. 48 "Accounting for Uncertainty in Income Taxes". During the year, the Organization regularly monitors transactions for potential exposure of an unrelated business income tax liability. As of December 31, 2018, the Organization identified no transactions that would qualify as unrelated business income under FASB Interpretation No. 48.

Contributions

Contributions received are recorded as with donor restrictions or without donor restrictions.

Contributed Services

The Organization receives a certain amount of services from unpaid volunteers. No amounts have been reflected in the financial statements for those services.

NOTE 2 - FINANCIAL INSTRUMENTS

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash. The Organization maintains its cash in bank deposit accounts, the balances of which, at time, may exceed Federally insured limits. Exposure to credit risk is reduced by management placing such deposits in high quality financial institutions.

NOTE 3 - CASH AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest.

The Organization held \$162,284 and \$167,670 in cash at December 31, 2018 and 2017 which was comprised entirely of three checking accounts.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Organization's deposit may not be returned. To minimize this risk, the Organization has deposited cash into a bank insured by Federal Deposit Insurance Organization (FDIC) in the amount of \$250,000. As of December 31, 2018 and 2017, \$-0- and \$-0- of the Organization's bank balances of \$163,305 and \$168,176 were exposed to custodial credit risk, respectively.

**FRIENDS OF PASSAIC COUNTY PARKS
NOTES TO FINANCIAL STATEMENTS, (CONTINUED)
FOR THE YEARS ENDING DECEMBER 31, 2018 AND 2017**

NOTE 4 - GRANTS RECEIVABLE

The Friends of Passaic County Parks were awarded State and County grants through the Green Acres Program for Goffle Brook Park Athletic Fields improvements in 2018. The following grants were receivable at December 31, 2018:

	<u>Balance Dec. 31, 2017</u>	<u>Grants Awarded</u>	<u>Less: Grants Received</u>	<u>Balance Dec. 31, 2018</u>
Project No. 16-17-19 (Goffle Brook Park Improvement):				
State Grants	\$ -0-	\$288,500	\$122,057	\$166,443
County Grants	-0-	538,500	450,000	88,500
NJ Historical Trust Grants	-0-	41,397	-0-	41,397
	<u>\$ -0-</u>	<u>\$868,397</u>	<u>\$572,057</u>	<u>\$296,340</u>

NOTE 5 - SUBSEQUENT EVENTS

Management has reviewed subsequent events and transactions that occurred after the statement of financial position date through April 24, 2019. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management has determined that there are no nonrecognized subsequent events that require additional disclosure.

NOTE 6 - COMMITMENTS AND CONTINGENCIES

Management is not aware of any pending or unsettled lawsuits against the Organization that would have a material effect on the financial statements.