



Malnory, McNeal & COMPANY, PC
ACCOUNTING • ADVISORY • ASSURANCE

Independent Accountants' Report
on Applying Agreed Upon Procedures

Alyssa Arnold,
Acting Chief Executive Office and Chief Operating Officer
Fair Park First

Dear Ms. Arnold:

We have performed the procedures enumerated below, which were agreed to by Fair Park First (a Texas nonprofit Organization) (the "Organization"), the Board of Directors, and Spencer Fane, LLP, (the specified parties), solely to assist you with respect to the accounting records of the Organization, for the period ended April 30, 2024. The Organization's management is responsible for the Organization's accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. Obtained schedules of unconditional promises to give with donor restrictions for the period of October 1, 2020, and ending April 30, 2024 from OVG ("Operator") and Fair Park First ("Manager").
 - a. traced & agreed a sample of the unconditional promises to give to the underlying donor agreement noting restrictions on the agreements, e.g. "toward a capital campaign for the new Community Park."
 - b. traced & agreed the unconditional promise to give with donor restrictions installment to the bank account activity transaction details report from the bank and noted which bank account to which the amounts were deposited.
2. Reviewed Section 4.12 Grant Administration (a) Application and Management of Management Agreement for Fair Park executed November 1, 2018, noting "Manager will have the exclusive right during the Term to apply for and accept, receive, and manage all financial grants or other donations from non-City sources with regard to Fair Park Management. Proceeds of all such grants or other donations will be held in Manager's restricted or unrestricted account for the benefit of Fair Park, as the case may be, based on the purpose and requirements of such grants."

To the Board of Directors of
Fair Park First

2. Of the \$17,115,626 of donor restricted receipts received through April 30, 2024, \$11,358,487 were deposited to Bank of America (BOA”) Operating Account ending #9335. Certain amounts were subsequently transferred to accounts designated to hold donor restricted receipts. Based on the above procedures, compliance with the requirements of Section 4.12 Grant Administration failed.
3. Obtained a schedule of expenditures from the Operator reported as meeting donor restrictions and qualifying as net assets with donor restrictions released from restriction. Held multiple collaborative meetings with Operator and Manager to obtain determination of the nature of expenditures as it related to donor restricted funds and whether or not the expenditures met the donor stipulated restrictions.
 - a. traced & agreed a sample of expenditures to the underlying supporting documentation noting the description on the underlying supporting documentation.
 - b. traced & agreed the amount reported on the invoices to the amounts reported on the schedule of expenditures.
 - c. noted expenses reported as expenses qualifying for net assets with donor restrictions released from restriction that included various general ledger accounts including Payroll-Salaries, Payroll: Bonus-General & Administration, Payroll-Employee Benefits, Travel & Entertainment: Other Travel Expense in the total amount of \$1,152,436 for the period of October 1, 2022, to April 30, 2024. Noted no expenses from these categories were reported as qualifying expenses from October 1, 2020, to September 30, 2022.
 - d. reviewed the two Fair Park First Gift Policies and calculated the Administration Fee per the respective schedules. Compared the computed Gift Administration Fee to the administrative expenses reported as qualifying expenses at 3. c. above and noted administrative expenses in excess of computed Gift Administration Fees in the amount of \$307,474.
 - e. noted direct expenses that do not qualify as expenditures for Capital Campaign restriction release in the total amount of \$6,766,074.
4. Prepared a schedule in collaboration with the Operator and Manager of donor restricted receipts and expenses and allocated the eligible expenses by project. See attached Schedule II.
5. Compared the donor restricted receipts (inflows) collected through April 30, 2024, in Procedure 2 above to the reported schedule of expenditures meeting donor restriction (outflows) in Procedure 4 above. Noted \$1,839,037 of reported expenses are eligible for reimbursement from the City. Determined that as of April 30, 2024, that campaign collections less net qualified expenses was \$6,058,475. Compared this amount to the restricted cash account balance at April 30, 2024 in the total amount of \$353,823 and noted a deficiency of the restricted cash account balance of \$5,704,652. See attached Schedule I.

To the Board of Directors of
Fair Park First

We were not engaged to, and did not conduct an audit, as a part of this agreed upon procedures engagement, the objective of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Directors of Fair Park First (the "Organization"), and Spencer Fane, LLP and is not intended to be used by anyone other than those who agreed to the procedures and took responsibility for the sufficiency of the procedures for their purposes.

A handwritten signature in blue ink that reads "Malnory, McNeal & Company PC". The signature is written in a cursive, flowing style.

October 9, 2024
Dallas, Texas

Certified Public Accountants

Fair Park First
Summary Schedule
For the period October 1, 2020 - April 30, 2024

Schedule I

INFLOWS

Donor Restricted Campaign collections/receipts through April
30, 2024 excluding outstanding promises to give \$ 17,115,626

OUTFLOWS

Operator reported qualifying expenditures \$ 16,291,661
Administrative expenses in excess of Gift Administration Fees (307,474)
Expenditures not qualifying for release (6,766,074)
Expenditures eligible 9,218,114

Less amount submitted to City of Dallas to be reimbursed 1,839,037

Subtotal 6,058,475

Restricted Cash Accounts

Cash - Fundraising (BOA #XXXX4554) 353,823

Deficiency of restricted cash account balance \$ 5,704,652

Fair Park First

Schedule II

Schedule of Donor Restricted Funds and Expenses by Project
 Period Ending April 30, 2024

	<u>Total</u>	<u>Cotton Bowl</u>				
		<u>Plaza</u>	<u>Art Restoration</u>	<u>Cultural District</u>	<u>Magnolia Lounge</u>	<u>Community Park</u>
Receipts	\$ 17,115,626	\$ 1,000,000	\$ 1,321,065	\$ 325,000	\$ 2,000,000	\$ 12,469,561
Direct Exp	8,373,151	-	98,435	256,476	2,109	8,016,131
Admin Fee	844,963	100,000	158,276	-	200,000	386,687
Total Exp	<u>9,218,114</u>	<u>100,000</u>	<u>256,711</u>	<u>256,476</u>	<u>202,109</u>	<u>8,402,818</u>
Net	<u>7,897,512</u>	<u>\$ 900,000</u>	<u>\$ 1,064,354</u>	<u>\$ 68,524</u>	<u>\$ 1,797,891</u>	<u>\$ 4,066,743</u>
	<u>1,839,037</u>	Less amount submitted to City of Dallas to be reimbursed				
	<u>6,058,475</u>	Subtotal				
	353,823	Cash - Fundraising (BOA #XXXXX4554)				
	<u>\$ 5,704,652</u>	Deficiency of restricted cash account balance				