

FRIENDS OF RADNOR LAKE
NASHVILLE, TENNESSEE
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Friends of Radnor Lake
Nashville, Tennessee

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Friends of Radnor Lake (a not-for-profit corporation) ("FORL") which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friends of Radnor Lake as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Kraft CPAs PLLC

Nashville, Tennessee
September 28, 2021

FRIENDS OF RADNOR LAKE

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2021

ASSETS

Cash and cash equivalents	\$ 1,395,835
Accounts receivable - license plate fees	12,792
Contributions receivable, net	49,813
Property and equipment, net	71,376
Land	<u>2,184,634</u>
 TOTAL ASSETS	 <u>\$ 3,714,450</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$ <u>46,546</u>
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TOTAL LIABILITIES	<u>46,546</u>
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NET ASSETS

Without donor restrictions:

Undesignated	809,881
Board-designated	50,000
Invested in property and equipment	71,376
Invested in land	<u>2,184,634</u>
Total without donor restrictions	3,115,891
With donor restrictions	<u>552,013</u>

TOTAL NET ASSETS	<u>3,667,904</u>
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TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,714,450</u>
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See accompanying notes to financial statements.

FRIENDS OF RADNOR LAKE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2021

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
REVENUES AND SUPPORT			
Contributions and public support:			
Individuals, foundations and other, net of present value discount	\$ 278,859	\$ 209,282	\$ 488,141
Donated goods and services	85,371	-	85,371
License plate fees	50,391	-	50,391
Calendar and merchandise sales	11,430	-	11,430
Less: cost of calendar and merchandise sales	(13,505)	-	(13,505)
Interest income	4,284	-	4,284
Rental income	6,895	-	6,895
Net assets released from restrictions:			
Satisfaction of time or purpose restrictions	<u>396,771</u>	<u>(396,771)</u>	<u>-</u>
TOTAL REVENUES AND SUPPORT	<u>820,496</u>	<u>(187,489)</u>	<u>633,007</u>
EXPENSES			
Program services	641,265	-	641,265
Supporting services:			
Management and general	74,526	-	74,526
Fundraising	<u>31,471</u>	<u>-</u>	<u>31,471</u>
TOTAL EXPENSES	<u>747,262</u>	<u>-</u>	<u>747,262</u>
CHANGE IN NET ASSETS	73,234	(187,489)	(114,255)
NET ASSETS - BEGINNING OF YEAR	<u>3,042,657</u>	<u>739,502</u>	<u>3,782,159</u>
NET ASSETS - END OF YEAR	<u>\$ 3,115,891</u>	<u>\$ 552,013</u>	<u>\$ 3,667,904</u>

See accompanying notes to financial statements.

FRIENDS OF RADNOR LAKE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (114,255)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	5,812
(Increase) decrease in:	
Accounts receivable - license plate fees	(1,621)
Contributions receivable	70,874
Increase in:	
Accounts payable and accrued expenses	<u>40,678</u>
TOTAL ADJUSTMENTS	<u>115,743</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,488</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,488
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,394,347</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,395,835</u>

See accompanying notes to financial statements.

FRIENDS OF RADNOR LAKE

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2021

		<u>SUPPORTING SERVICES</u>		
	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Compensation	\$ 40,906	\$ 32,725	\$ 8,181	\$ 81,812
Accounting fees	-	11,050	-	11,050
Bridge expense	268,792	-	-	268,792
Calendar expense:				
Cost of sales - actual	-	-	9,755	9,755
Cost of sales - donated	-	-	3,750	3,750
Construction - donated	19,621	-	-	19,621
Contract labor	7,771	6,216	1,554	15,541
Depreciation	-	5,812	-	5,812
Gifts and environmental awards	525	525	-	1,050
Information technology	4,010	2,122	501	6,633
Insurance	-	3,551	-	3,551
Land acquisition costs - actual	76,708	-	-	76,708
Land acquisition costs - donated	62,000	-	-	62,000
Marketing	7,267	-	-	7,267
Meetings and training	817	817	5,739	7,373
Newsletter	7,331	-	3,142	10,473
Office expenses	605	9,599	10,246	20,450
Park support	139,630	-	-	139,630
Stipends	3,475	-	-	3,475
Telephone and internet	1,807	2,109	2,108	6,024
TOTAL EXPENSES	641,265	74,526	44,976	760,767
Less expenses included with revenues on the statement of activities as cost of sales	-	-	(13,505)	(13,505)
TOTAL EXPENSES INCLUDED IN EXPENSE SECTION OF THE STATEMENT OF ACTIVITIES	\$ 641,265	\$ 74,526	\$ 31,471	\$ 747,262

See accompanying notes to financial statements.

FRIENDS OF RADNOR LAKE
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Friends of Radnor Lake ("FORL") is a Tennessee not-for-profit corporation. Its purpose is to protect, preserve and promote the natural environment, habitat, facilities and equipment of Radnor Lake State Natural Area and to educate the general public on the importance of the area.

Basis of Presentation

The accompanying financial statements present the financial position and changes in net assets of FORL on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("GAAP").

Resources are classified as net assets without donor restrictions or with donor restrictions based on the existence or absence of donor-imposed restrictions, as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of FORL's management and the Board of Trustees.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of FORL or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. There are currently no donor restrictions that are perpetual in nature.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statement of Activities.

Revenues and Support

Contributions and public support are recognized when cash, securities or other assets, or an unconditional promise to give are received. A contribution is conditional if an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of promisor's obligation to transfer assets exists. The presence of both a barrier and a right of return or right of release indicates that a recipient is not entitled to the contribution until it has overcome the barrier(s) in the agreement. Conditional promises to give are not recognized until the barrier(s) in the agreement are overcome. There are no conditional contributions recorded on FORL's financial statements as of June 30, 2021. Noncash contributions are recorded at the estimated fair value at the date of the gift.

FRIENDS OF RADNOR LAKE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues and Support (Continued)

Donated goods and services are reflected as support in the accompanying financial statements at their estimated or appraised fair value in the period received.

Donated services are recognized if they create or enhance non-financial assets or the donated service requires specialized skills, were performed by a donor who possesses such skills and would have been purchased by FORL if not donated. Such services are recognized at estimated fair value as support and expense in the period the services are performed.

FORL reports any gifts of property, equipment or materials as support without donor restrictions unless explicit donor restrictions specify how the assets must be used. Gifts of long-lived assets with explicit restrictions as to how the assets are to be used or funds restricted for the acquisition of long-lived assets are reported as support with donor restrictions. Expirations of donor restrictions are recognized when the donated or acquired long-lived assets are placed in service.

License plate fees are collected on behalf of FORL by the State of Tennessee when individuals purchase or renew specialty license plates. These fees are recognized by FORL as revenue in the month collected by the State.

Calendar and merchandise sales are recognized by FORL when control of the product is transferred to the customer, which is the completion of FORL's performance obligation.

Cash and Cash Equivalents

Cash and cash equivalents consist principally of checking and money market account balances with financial institutions.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded as contributions receivable at their estimated net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discount on those amounts is computed using the risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is recognized on the interest method over the term of the gift and included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

An allowance for uncollectible contributions is provided based on management's estimate of uncollectible pledges and historical trends. Contributions receivable are written off when deemed to be uncollectible. In management's opinion, no allowance for uncollectible pledges was necessary as of June 30, 2021.

FRIENDS OF RADNOR LAKE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Equipment and Land

Property, equipment and land are reported at cost at the date of purchase or at estimated fair value at the date of gift to FORL. FORL's policy is to capitalize items with a cost of \$1,000 or more and an estimated useful life greater than one year. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets, which range from five to thirty years.

Income Taxes

FORL qualifies as a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, income taxes are not provided. FORL files a U.S. Federal Form 990 for organizations exempt from income tax.

Management performs an evaluation of all income tax positions taken or expected to be taken in the course of preparing FORL's income tax returns to determine whether the income tax positions meet a "more likely than not" standard of being sustained under examination by the applicable taxing authorities. Management has performed its evaluation of all income tax positions taken on all open income tax returns and has determined that there were no positions taken that do not meet the "more likely than not" standard. Accordingly, there are no provisions for income taxes, penalties or interest receivable or payable relating to uncertain income tax positions in the accompanying financial statements.

Program and Supporting Services

The following program and supporting services are included in the accompanying financial statements:

Program Services - includes activities carried out to fulfill FORL's mission including programs to acquire land to be donated to the natural area, protect and maintain the environment, improve the natural area and educate the general public about the Radnor Lake State Natural Area.

Management and General - relates to the overall direction of the organization. These expenses are not identifiable with a particular program but are indispensable to the conduct of those activities and are essential to FORL. Specific activities include organization oversight, coordination and articulation of FORL's program strategy, business management, record keeping, budgeting, financing and other administrative activities.

Fundraising - includes costs of activities directed toward appeals for financial support, including fundraising events and calendar and merchandise sales. Other activities include the cost of solicitations and creation and distribution of fundraising materials.

FRIENDS OF RADNOR LAKE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allocation of Functional Expenses

Expenses that can be directly attributed to a particular function are charged to that function. Expenses that relate to more than one function are allocated among applicable functions on the basis of objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management. The expenses that are allocated include compensation, contract labor, gifts and environmental awards, information technology, meetings and training, newsletter, office expenses and telephone and internet, which are allocated on the basis of estimates of time and effort.

Recent Accounting Pronouncements

In September 2020, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This guidance is effective for fiscal years beginning after June 15, 2021. The adoption of ASU 2020-07 is not expected to have a significant impact on the FORL’s financial statements.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Events Occurring After Reporting Date

FORL has evaluated events and transactions that occurred between June 30, 2021 and September 28, 2021, the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

FRIENDS OF RADNOR LAKE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 2 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following represents FORL's financial assets at June 30, 2021:

Cash and cash equivalents	\$ 1,395,835
Accounts receivable - license plate fees	12,792
Contributions receivable, net	<u>49,813</u>
Total financial assets	1,458,440
Less amounts not available to be used within one year:	
Restricted by board	(50,000)
Restricted by donor with time or purpose restrictions	<u>(552,013)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 856,427</u>

As a part of FORL's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

NOTE 3 - CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following at June 30, 2021:

Due in less than one year	\$ 25,000
Due in one to five years	<u>25,000</u>
	50,000
Less: discount to present value	<u>(187)</u>
Contribution receivable, net	<u>\$ 49,813</u>

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2021:

Building and building improvements	\$ 114,245
Furniture and equipment	<u>1,974</u>
	116,219
Less: accumulated depreciation	<u>(44,843)</u>
Property and equipment, net	<u>\$ 71,376</u>

FRIENDS OF RADNOR LAKE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 5 - LAND

Land tracts acquired surround the Radnor Lake State Natural Area. FORL intends to either sell or donate much of the land to the State of Tennessee for future expansion of the Radnor Lake State Natural Area.

Land consists of the following at June 30, 2021:

Cheek property, and related costs	\$ 276,987
Ansley donated property	224,700
Fielder property, and related costs	30,095
Harris property, and related costs	886,458
Parkwood Terrace property, and related costs	<u>766,394</u>
Total land	<u><u>\$2,184,634</u></u>

NOTE 6 - PROGRAM ACCOMPLISHMENTS

Total program accomplishments by FORL consist of the following for the year ended June 30, 2021:

Program services:	
Bridge project	\$ 268,792
Costs related to land acquisition, grants and other contracts	138,708
Park support	139,630
Other program services	<u>94,135</u>
	<u><u>\$ 641,265</u></u>

NOTE 7 - PARK SUPPORT

Park support on the Statement of Functional Expenses consists of the following for the year ended June 30, 2021:

General park support	\$ 56,485
Ansley home maintenance	6,544
Barbara J. Mapp Aviary Education Center	9,012
Native grasslands initiative	60,280
Trail management	<u>7,309</u>
	<u><u>\$ 139,630</u></u>

FRIENDS OF RADNOR LAKE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consists of the following as of June 30, 2021:

Time and purpose restricted:

Bridge project	\$ 50,000
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Purpose restricted:

Harris Ridge Trail project	53,940
Historic research	7,102
Barbara J. Mapp Aviary Education Center	20,235
Other land acquisitions	416,735
Other donations with donor restrictions	<u>4,001</u>

\$ 552,013

NOTE 9 - CONCENTRATION OF CREDIT RISK

FORL maintains cash balances at financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to statutory limits. FORL's cash balances may, at times, exceed statutory limits. FORL has not experienced any losses in such accounts and management considers this to be a normal operating risk.

Contributions received from one source comprised approximately 26% of total contributions received for the year ended June 30, 2021. Contributions receivable at June 30, 2021 is from one contributor.

NOTE 10 - RELATED PARTY TRANSACTIONS

Donated services included in contribution income for the year ended June 30, 2021 includes in-kind contributions by board members as follows: \$3,750 for graphic design for the 2021 calendar, \$62,000 for attorney fees related to land acquisition costs, and \$19,621 for construction costs.