

# **Friends of the Warner Parks, Inc.**

Financial Statements  
For the 18 Months Ended June 30, 2021

**Friends of the Warner Parks, Inc.**  
Financial Statements  
For the 18 Months Ended June 30, 2021

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## Independent Auditor's Report

Board of Directors  
Friends of the Warner Parks, Inc.

### Report on the Financial Statements

We have audited the accompanying financial statements of Friends of the Warner Parks, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2021, the related statements of activities, functional expenses, and cash flows for the 18 months 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 the Warner Parks, Inc. as of June 30, 2021, and the results of its operations and its cash flows for the 18 months then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in blue ink that reads "Blankenship CPA Group, PLLC".

Blankenship CPA Group, PLLC  
Brentwood, Tennessee  
September 21, 2021

**Friends of the Warner Parks, Inc.**

Statement of Financial Position

June 30, 2021

**Assets**

Cash	\$ 1,450,758
Cash, capital campaign	439,317
Contributions receivable, net	1,787,373
Other assets	26,669
Investments	998,240
Land held for transfer to Metro Nashville Board of Parks and Recreation	734,804
Property and equipment, net	339,614
Beneficial interest in funds held by others	99,463
Total assets	<b>\$ 5,876,238</b>

**Liabilities and Net Assets**

Liabilities

Accounts payable and accrued expenses	33,674
Deferred revenues	166,172
Total liabilities	199,846

Net assets

Without donor restrictions	2,452,827
With donor restrictions	3,223,565
Total net assets	5,676,392
Total liabilities and net assets	<b>\$ 5,876,238</b>

**Friends of the Warner Parks, Inc.**  
Statement of Activities  
For the 18 Months Ended June 30, 2021

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
<b>Revenues and Support</b>			
Contributions	\$ 864,725	\$ 1,311,302	\$ 2,176,027
Fundraising events (net of direct donor benefit of \$39,062)	828,893	-	828,893
Investment income	-	116,117	116,117
Rental income	119,040	-	119,040
Interest income	11,362	-	11,362
Distribution from beneficial interest in funds held by others	8,600	-	8,600
Change in value of beneficial interest in funds held by others	8,010	-	8,010
Net assets released from restrictions	<u>2,975,031</u>	<u>(2,975,031)</u>	<u>-</u>
Total revenues and support	4,815,661	(1,547,612)	3,268,049
<b>Expenses</b>			
Program services			
Restoration and preservation	3,695,125	-	3,695,125
Nature Center	255,094	-	255,094
Supporting services			
Management and general	267,823	-	267,823
Fundraising	<u>583,658</u>	<u>-</u>	<u>583,658</u>
Total expenses	4,801,700	-	4,801,700
Change in net assets	13,961	(1,547,612)	(1,533,651)
Net assets, beginning of period	<u>2,438,866</u>	<u>4,771,177</u>	<u>7,210,043</u>
Net assets, end of period	<b>\$ 2,452,827</b>	<b>\$ 3,223,565</b>	<b>\$ 5,676,392</b>

**Friends of the Warner Parks, Inc.**  
Statement of Functional Expenses  
For the 18 Months Ended June 30, 2021

	<b>Program services</b>		<b>Supporting services</b>		
	<b>Restoration and preservation</b>	<b>Nature Center</b>	<b>Management and general</b>	<b>Fundraising</b>	<b>Total</b>
<b>Personnel</b>					
Salaries	\$ 254,320	\$ -	\$ 165,784	\$ 327,101	\$ 747,205
Contracted services	70,042	124,955	-	-	194,997
Employee benefits	38,679	-	8,003	20,006	66,688
Payroll taxes	39,545	-	8,182	20,454	68,181
Total personnel	402,586	124,955	181,969	367,561	1,077,071
<b>Expenses Before Direct Benefits to Donors</b>					
Advertising and public relations	115,740	-	-	49,603	165,343
Depreciation	29,762	-	-	-	29,762
Fundraising events	-	-	-	146,590	146,590
Insurance	4,959	-	4,959	5,110	15,028
Nature Center program supplies	-	86,452	-	-	86,452
Office facilities rent and maintenance	69,340	-	23,113	23,113	115,566
Office supplies and equipment	32,235	-	7,821	30,743	70,799
Park maintenance and restoration	3,040,503	43,687	-	-	3,084,190
Professional services	-	-	49,961	-	49,961
Total expenses before direct benefits to donors	3,695,125	255,094	267,823	622,720	4,840,762
<b>Less direct benefits to donors</b>	-	-	-	(39,062)	(39,062)
	<b>\$ 3,695,125</b>	<b>\$ 255,094</b>	<b>\$ 267,823</b>	<b>\$ 583,658</b>	<b>\$ 4,801,700</b>

**Friends of the Warner Parks, Inc.**  
Statement of Cash Flows  
For the 18 Months Ended June 30, 2021

Cash, beginning of period	\$ 2,948,592
<b>Cash flows from operating activities</b>	
Change in net assets	(1,533,651)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	29,762
Investment income	(116,117)
Payout from beneficial interest in funds held by others	(8,600)
Change in value of beneficial interest in funds held by others	(8,010)
Change in:	
Contributions receivable, net	710,034
Other assets	(12,169)
Accounts payable and accrued expenses	(268,226)
Deferred revenues	166,172
Net cash provided (used) by operating activities	(1,040,805)
<b>Cash flows from investing activities</b>	
Distributions received from Community Foundation of Middle Tennessee	8,600
Purchases of property and equipment	(26,312)
Net cash provided (used) by investing activities	(17,712)
Net change in cash	(1,058,517)
Cash, end of period	<b>\$ 1,890,075</b>
<b>Reconciliation of cash to statement of financial position</b>	
Cash	\$ 1,450,758
Cash, capital campaign	439,317
	<b>\$ 1,890,075</b>

**Friends of the Warner Parks, Inc.**  
Notes to Financial Statements  
For the 18 Months Ended June 30, 2021

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**Note 1. Organization and Nature of Activities**

Friends of the Warner Parks, Inc. (the Organization) is a Tennessee not-for-profit corporation dedicated to the preservation, protection, and stewardship of Percy Warner and Edwin Warner Parks (the Parks). While the Parks are under the jurisdiction of the Metropolitan Government of Nashville and Davidson County, Tennessee Board of Parks and Recreation (Metro Parks and Recreation), the Organization raises funds to assist with and elevate the care of the Parks. Funds are raised primarily through memberships; individual, corporation, and foundation donations; and grants. In close partnership with Metro Parks and Recreation, the Organization funds and oversees a comprehensive land and resource management plan (including trail/park maintenance, invasive plant control, reforestation, wildlife preservation, and education); supports the Warner Park Nature Center through program and staff funding; and undertakes capital campaigns to restore historic structures and existing facilities and to secure additional land.

**Note 2. Summary of Significant Accounting Policies**

**Basis of Presentation**

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP), which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

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 the Organization's management and the board of directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

**Use of Estimates**

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

**Contributions Receivable**

Contributions receivable consists primarily of pledges made for the Organization's "It's My Nature Capital Campaign." It is the Organization's policy to charge off uncollectible receivables when management determines the receivable will not be collected. Management has determined that no allowance for doubtful accounts is necessary as of June 30, 2021.

A discount on contributions receivable expected to be received over several years is computed using risk-free interest rates applicable to the years in which the pledges are received. Amortization of the discount is included in contributions revenues. The interest rate used in computing the discount of estimated cash flows was 2.0% for multi-year pledges outstanding at June 30, 2021.



**Friends of the Warner Parks, Inc.**  
Notes to Financial Statements  
For the 18 Months Ended June 30, 2021

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**Note 2. Summary of Significant Accounting Policies**

**Investments**

Equity investments are reported at quoted fair market values based on the last reported sale of the year on a national security exchange. Bonds are valued with a model using inputs that are observable or can be corroborated by observable market data for substantially the full terms of the assets. Interest and dividends, as well as changes in unrealized gains and losses, are recognized in the statement of activities for the period.

**Beneficial Interest in Funds Held by Others**

The Organization's beneficial interest in an agency endowment fund held by the Community Foundation of Middle Tennessee is recognized as an asset. Changes in the value of the fund are recognized in the statement of activities and distributions received from the fund are recorded as decreases in the beneficial interest and investment income.

**Property and Equipment and Depreciation**

It is the Organization's policy to capitalize all property and equipment over \$1,000. Property and equipment acquisitions are recorded at cost. Donations of property and equipment are recorded as revenues at their estimated fair value. Such donations are reported as unrestricted revenues unless the donor has restricted the donated asset to a specific purpose. When depreciable assets are disposed of, the cost and related accumulated depreciation are removed from the accounts, and any gain (except on trade-in) or loss is included in the statement of activities for the period. A gain on trade-in is applied to reduce the cost of the new acquisition. Depreciation is provided over the estimated useful lives of the assets, ranging from 3 to 39 years and computed on the straight-line method.

**Deferred Revenues**

Deferred revenues represents proceeds received in advance for Warner Park events which are not considered earned by the Organization until after the event has occurred.

**Income Taxes**

The Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and the tax laws of the state of Tennessee.

**Contributions**

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

**Donated Facilities and Services**

Donated facilities and services are recorded at estimated fair value in the period the contribution is received. Donated services are recognized if they create or enhance nonfinancial assets or the donated service requires specialized skills, was performed by the donor who possesses such skills, and would have been purchased by the Organization if not provided by the donor. Such services are recognized at fair value as support and expense in the period the services are performed.

**Friends of the Warner Parks, Inc.**  
Notes to Financial Statements  
For the 18 Months Ended June 30, 2021

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**Note 2. Summary of Significant Accounting Policies**

**Functional Allocation of Expenses**

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

Program services consist of activities relating to preservation and restoration projects and the educational projects occurring in the Parks.

Management and general relates to the overall direction of the Organization. These expenses are not identifiable with a particular program or with fundraising but are indispensable to the conduct of those activities and are essential to the Organization. Specific activities include oversight, business management, budgeting, recordkeeping, financing, and other administrative activities.

Fundraising includes costs of activities directed toward appeals for financial support including fundraising events. Other activities include the cost of solicitation and creation and distribution of fundraising materials.

Expenses that can be directly attributed to a particular function are charged to that function. Certain costs have been allocated among more than one program or activity based on objectively evaluated financial and nonfinancial data or subjective methods determined by management.

The costs of providing program and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

	<b>Method of allocation</b>
Personnel	Time and effort
Advertising and public relations	Estimated usage
Office facilities rent and maintenance	Estimated usage
Office supplies and equipment	Estimated usage
Insurance	Estimated usage

**Change in Fiscal Year**

The Organization changed its accounting year end from December 31 to June 30. Accordingly, the Organization is reporting the current period as an 18 month accounting period as it transitions to this new fiscal year end.

**Friends of the Warner Parks, Inc.**  
Notes to Financial Statements  
For the 18 Months Ended June 30, 2021

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**Note 3. Availability and Liquidity**

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

Financial assets	
Cash	\$ 1,450,758
Cash, capital campaign	439,317
Contributions receivable, net	1,787,373
Investments	998,240
Beneficial interest in funds held by others	<u>99,463</u>
Total financial assets	4,775,151
Less amounts not available to be used within one year	
Contributions receivable not expected in subsequent year, net	579,943
Investments to be used for future land purchases	998,240
Beneficial interest in funds held by others	<u>99,463</u>
Financial assets available to meet general expenditures within one year	<b>\$ 3,097,505</b>

As part of its liquidity plan, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization receives year-round donations from individuals and the Organization makes specific appeals at strategic times of the year for specific projects. Cash flow is tracked through regular budget to actual comparisons which are monitored by management, the finance committee, and the board of directors.

**Note 4. Capital Campaign and Contributions Receivable**

In the summer of 2019, the Organization launched a \$15 million "It's My Nature Capital Campaign" to address critical needs of the Parks. Needs were identified by the Warner Parks Priorities Guide, initiated by the Organization, which involved a thorough review of all Parks planning documents published since 1986. The Organization, Metro Parks and Recreation, and consultants evaluated the recommendations and priorities and ranked them based on relevance, accuracy, current conditions, and emerging challenges. The renovation of the iconic Allee was the initial project which began in the fall of 2019 and was completed in October 2020. Other planned projects include critical structural improvements at the Nature Center; repair of historic buildings, structure, and stonework through the Parks; enhanced signage and improved parking throughout the Parks; improvements to the trail systems; eradication of invasive plant exotics and the planting of native species.

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

Gross contributions receivables	\$ 1,815,103
Less discounts to present value	<u>(27,730)</u>
Contributions receivable, net	<b>\$ 1,787,373</b>

**Friends of the Warner Parks, Inc.**  
Notes to Financial Statements  
For the 18 Months Ended June 30, 2021

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**Note 4. Capital Campaign**

Scheduled expected collections of contributions receivable are as follows:

<b>Year ended June 30,</b>	
2022	\$ 1,235,160
2023	305,443
2024	272,500
2025	<u>2,000</u>
Total	<b>\$ 1,815,103</b>

**Note 5. Investments**

The Organization's investments consist of the following as of June 30, 2021:

Cash	\$ 33,302
Equities	372,924
Exchange-traded products	34,101
Corporate bonds	<u>557,913</u>
	<b>\$ 998,240</b>

Investment income includes the following for the period ended June 30, 2021:

Dividends and interest	\$ 40,470
Net gain on investments	92,106
Investment expenses	<u>(16,459)</u>
	<b>\$ 116,117</b>

US GAAP requires the Organization to disclose the basis for considering market participant assumptions in fair value measurements. Fair value accounting standards establish a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity including quoted market prices in active markets for identical assets (Level 1), or significant other observable inputs (Level 2) and the reporting entity's own assumptions about market participant assumptions (Level 3). The Organization's equities and exchange-traded products are valued using Level 1 measures and the corporate bonds are valued using Level 2 measures.

**Friends of the Warner Parks, Inc.**  
Notes to Financial Statements  
For the 18 Months Ended June 30, 2021

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**Note 6. Land Held for Transfer to Metro Parks and Recreation**

The Organization intends to transfer three parcels of land with a book value of \$734,804 to Metro Parks and Recreation. Metro Parks and Recreation has pledged \$300,000 to the Organization to be paid at the time of the transfer of land. The funds to acquire the property have been encumbered by Metro Parks and Recreation. The payment of funds and transfer of property is expected to take place during the year ended June 30, 2022.

**Note 7. Property and Equipment**

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

Land	\$ 133,750
Buildings	251,826
Equipment	24,061
Automobile	14,480
Less: accumulated depreciation	<u>(84,503)</u>
Property and equipment, net	<b>\$ 339,614</b>

Depreciation expense was \$29,762 for the period ended June 30, 2021.

**Note 8. Beneficial Interest in Funds Held By Others**

The Organization has a beneficial interest in an endowment fund held by the Community Foundation of Middle Tennessee (the CFMT) that resulted from funds transferred by the Organization. The Organization has granted variance power to the CFMT, and the CFMT has the ultimate authority and control over the Fund and the income derived therefrom. The fund is charged a 0.4% administrative fee annually. Upon request by the Organization, income from the fund representing a 5% annual return may be distributed to the Organization or to another suggested beneficiary.

A schedule of changes in the Organization's beneficial interest in this fund follows for the year ended June 30, 2021:

Balance, beginning of period	\$ 91,453
Change in value of beneficial interest	
Investment earnings	17,469
Grants distributed	(8,600)
Administrative expenses	<u>(859)</u>
Net change in balance	<u>8,010</u>
Balance, end of period	<b>\$ 99,463</b>

**Friends of the Warner Parks, Inc.**  
Notes to Financial Statements  
For the 18 Months Ended June 30, 2021

**Note 9. Net Assets**

Changes in net assets with donor restrictions for the period ended June 30, 2021 are as follows:

	<b>Beginning balance</b>	<b>Contributions</b>	<b>Release of restrictions</b>	<b>Investment income</b>	<b>Ending balance</b>
It's My Nature					
Campaign	\$ 3,652,037	\$ 1,182,546	\$ 2,710,367	\$ -	\$ 2,124,216
Future fund	882,122	-	-	116,117	998,239
Repairs and Refurbish	93,002	10,000	103,002	-	-
Nature Center					
Projects	72,275	85,256	116,728	-	40,803
Book project	21,545	-	4,947	-	16,598
Other	<u>50,196</u>	<u>33,500</u>	<u>39,987</u>	<u>-</u>	<u>43,709</u>
	<b>\$ 4,771,177</b>	<b>\$ 1,311,302</b>	<b>\$ 2,975,031</b>	<b>\$ 116,117</b>	<b>\$ 3,223,565</b>

**Note 10. Donated Facilities, Services, and Materials**

The following donated facilities, services, and materials are included in unrestricted revenues and expenses in the financial statements for the period ended June 30, 2021:

**Included in contributions/expenses**

Provided by Metro Parks and Recreation

Facility rent	\$ 42,650
Utilities	28,125
Grounds maintenance	17,250
Maintenance staff	15,000
Custodial	9,375
Facilities maintenance	<u>8,625</u>
	<b>\$ 121,025</b>

**Included in fundraising events income/expense**

Food, drink, and supplies	\$ 23,084
Metro Parks and Recreation fees	12,250
Radio promotions	<u>5,100</u>
	<b>\$ 40,434</b>

**Note 11. Concentrations**

The Organization has cash balances in banks in excess of amounts federally insured. The uninsured balances totaled approximately \$1,669,000 as of June 30, 2021. The Organization maintains its cash with high quality financial institutions which the Organization believes limits these risks.

**Friends of the Warner Parks, Inc.**  
Notes to Financial Statements  
For the 18 Months Ended June 30, 2021

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**Note 12. Related Party**

The Organization maintains a close working relationship with Metro Parks and Recreation which controls the Warner Parks. As described in note 6, the Organization is in negotiation with Metro Parks and Recreation regarding the sale of three parcels of land. As described in note 10, Metro Parks and Recreation provided the Organization with \$133,275 of in-kind use of facilities and services. Also, during 2021, the Organization paid Metro Parks and Recreation \$138,423 which is primarily to provide personnel for the Nature Center. As of June 30, 2021, \$17,210 is included in the accounts payable as owed to Metro Parks and Recreation.

**Note 12. Retirement Plan**

The Organization offers a SIMPLE IRA plan for all employees receiving at least \$5,000 in compensation. Employees are 100% vested in all employee contributions and related earnings. The plan allows for a 3% matching of employee contributions by the Organization. The Organization made discretionary matches totaling \$14,170 during 2021.

**Note 13. Subsequent Events**

Management has evaluated subsequent events through September 21, 2021, the date on which the financial statements were available for issuance.