

Friends of the Warner Parks, Inc.

Financial Statements
For the Years Ended June 30, 2023 and 2022

Friends of the Warner Parks, Inc.
Financial Statements
For the Years Ended June 30, 2023 and 2022

Contents

Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	6
Statements of Cash Flows	8
Notes to Financial Statements	9 - 19



Independent Auditor's Report

Board of Directors
Friends of the Warner Parks, Inc.

Opinion

We have audited the financial statements of Friends of the Warner Parks, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2023 and 2022, the related statements of activities, functional expenses, and cash flows for the years 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 the Organization 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's 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 auditor's 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 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, 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 the Organization'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 the Organization'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.

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC

Brentwood, Tennessee

October 18, 2023

Friends of the Warner Parks, Inc.
Statements of Financial Position
June 30, 2023 and 2022

	2023	2022
Assets		
Cash	\$ 2,158,015	\$ 1,725,666
Cash, capital campaign	683,760	2,418,395
Contributions receivable, net	964,920	1,094,064
Investments	8,530	-
Other assets	25,686	13,243
Land held for transfer to Metro Nashville Board of Parks and Recreation	1,431,435	1,729,804
Property and equipment, net	365,098	347,910
Endowment investments	849,809	178,780
Beneficial interest in funds held by others	87,397	84,952
Total assets	\$ 6,574,650	\$ 7,592,814
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 83,627	\$ 173,830
Deferred revenues	227,541	237,114
Total liabilities	311,168	410,944
Net assets		
Without donor restrictions	3,679,400	3,517,353
With donor restrictions	2,584,082	3,664,517
Total net assets	6,263,482	7,181,870
Total liabilities and net assets	\$ 6,574,650	\$ 7,592,814

Friends of the Warner Parks, Inc.
Statement of Activities
For the Year Ended June 30, 2023

	Without donor restrictions	With donor restrictions	Total
Revenues and Support			
Contributions of cash and other financial assets	\$ 633,202	\$ 2,695,277	\$ 3,328,479
Contributions of nonfinancial assets	156,081	-	156,081
Fundraising events and community engagement			
Contributions of cash and other financial assets	1,383,913	-	1,383,913
Contributions of nonfinancial assets	79,068	-	79,068
Less: direct benefit to donors	(124,608)	-	(124,608)
Total Fundraising events and community engagement	1,338,373	-	1,338,373
Investment and interest income	59,304	62,604	121,908
Rental income	60,341	-	60,341
Distribution from beneficial interest in funds held by others	4,325	-	4,325
Net assets released from restrictions	3,838,316	(3,838,316)	-
Total revenues and support	6,089,942	(1,080,435)	5,009,507
Expenses			
Program services			
Park improvements	4,490,265	-	4,490,265
Park programming	367,030	-	367,030
Supporting services			
Management and general	269,331	-	269,331
Fundraising	801,269	-	801,269
Total expenses	5,927,895	-	5,927,895
Change in net assets	162,047	(1,080,435)	(918,388)
Net assets, beginning of year	3,517,353	3,664,517	7,181,870
Net assets, end of year	\$ 3,679,400	\$ 2,584,082	\$ 6,263,482

Friends of the Warner Parks, Inc.
Statement of Activities
For the Year Ended June 30, 2022

	Without donor restrictions	With donor restrictions	Total
Revenues and Support			
Contributions of cash and other financial assets	\$ 587,821	\$ 2,660,252	\$ 3,248,073
Contributions of nonfinancial assets	136,134	-	136,134
Fundraising events and community engagement			
Contributions of cash and other financial assets	1,073,955		1,073,955
Contributions of nonfinancial assets	65,659		65,659
Less: direct benefit to donors	(56,609)	-	(56,609)
Total Fundraising events and community engagement	1,083,005	-	1,083,005
Investment and interest income	(22,253)	13,447	(8,806)
Rental income	68,448	-	68,448
Distribution from beneficial interest in funds held by others	4,977	-	4,977
Net assets released from restrictions	2,232,747	(2,232,747)	-
Total revenues and support	4,090,879	440,952	4,531,831
Expenses			
Program services			
Park improvements	1,784,667	-	1,784,667
Park programming	372,315	-	372,315
Supporting services			
Management and general	224,685	-	224,685
Fundraising	644,686	-	644,686
Total expenses	3,026,353	-	3,026,353
Change in net assets	1,064,526	440,952	1,505,478
Net assets, beginning of year	2,452,827	3,223,565	5,676,392
Net assets, end of year	\$ 3,517,353	\$ 3,664,517	\$ 7,181,870

Friends of the Warner Parks, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2023

	Program services		Supporting services		
	Park	Park	Management	Fundraising	Total
	Improvements	Programming	and general		
Personnel					
Salaries	\$ 267,832	\$ 214,175	\$ 170,165	\$ 261,955	\$ 914,127
Contracted services	29,543	45,705	-	-	75,248
Employee benefits	24,979	6,649	10,955	21,261	63,844
Payroll taxes	20,854	17,262	12,793	19,484	70,393
Total personnel	343,208	283,791	193,913	302,700	1,123,612
Advertising and public relations	7,070	7,070	-	9,427	23,567
Depreciation	27,097	-	-	-	27,097
Events and community engagement	-	-	-	536,799	536,799
Insurance	1,563	1,564	2,346	2,346	7,819
Office facilities rent and maintenance	40,418	40,417	13,472	40,417	134,724
Supplies and equipment	34,188	34,188	11,396	34,188	113,960
Park maintenance and restoration	4,036,721	-	-	-	4,036,721
Professional services	-	-	48,204	-	48,204
Total expenses before direct benefits to donors	4,490,265	367,030	269,331	925,877	6,052,503
Less direct benefits to donors	-	-	-	(124,608)	(124,608)
	\$ 4,490,265	\$ 367,030	\$ 269,331	\$ 801,269	\$ 5,927,895

Friends of the Warner Parks, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2022

	Program services		Supporting services		
	Park	Park	Management	Fundraising	Total
	Improvements	Programming	and general		
Personnel					
Salaries	\$ 248,222	\$ 148,388	\$ 142,381	\$ 227,696	\$ 766,687
Contracted services	30,556	45,768	-	-	76,324
Employee benefits	23,691	4,270	7,565	20,540	56,066
Payroll taxes	18,714	11,396	10,541	16,858	57,509
Total personnel	321,183	209,822	160,487	265,094	956,586
Advertising and public relations	27,442	27,443	-	36,590	91,475
Depreciation	26,066	-	-	-	26,066
Events and community engagement	-	-	-	337,819	337,819
Insurance	2,388	2,387	3,581	3,581	11,937
Office facilities rent and maintenance	39,724	39,725	13,242	39,725	132,416
Supplies and equipment	18,484	92,938	6,162	18,486	136,070
Park maintenance and restoration	1,349,380	-	-	-	1,349,380
Professional services	-	-	41,213	-	41,213
Total expenses before direct benefits to donors	1,784,667	372,315	224,685	701,295	3,082,962
Less direct benefits to donors	-	-	-	(56,609)	(56,609)
	\$ 1,784,667	\$ 372,315	\$ 224,685	\$ 644,686	\$ 3,026,353

Friends of the Warner Parks, Inc.
Statement of Cash Flows
For the Years Ended June 30, 2023 and 2022

	2023	2022
Cash, beginning of year	\$ 4,144,061	\$ 1,890,075
Cash flows from operating activities		
Change in net assets	(918,388)	1,505,478
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Net cost of land transferred to Metro Parks	298,369	149,000
Contributions of nonfinancial assets	(28,806)	(12,759)
Depreciation	27,097	26,066
Unrealized gain on investments	(59,470)	(2,960)
Contributions of investments	(61,559)	-
Payout from beneficial interest in funds held by others	(4,325)	(4,977)
Change in value of beneficial interest in funds held by others	(2,445)	14,511
Change in:		
Contributions receivable, net	129,144	693,309
Other assets	(15,443)	10,426
Accounts payable and accrued expenses	(90,203)	140,156
Deferred revenues	(9,573)	70,942
Net cash provided (used) by operating activities	(735,602)	2,589,192
Cash flows from investing activities		
Proceeds from sale of investments	46,751	1,022,919
Purchase of endowment investments	(605,281)	(200,500)
Purchase of land to transfer to Metro Parks	-	(1,294,000)
Proceeds from the land transferred to Metro Parks	-	150,000
Purchases of property and equipment	(12,479)	(18,602)
Distributions received from Community Foundation of Middle Tennessee	4,325	4,977
Net cash provided (used) by investing activities	(566,684)	(335,206)
Net change in cash	(1,302,286)	2,253,986
Cash, end of year	\$ 2,841,775	\$ 4,144,061
Reconciliation of cash to statement of financial position		
Cash	\$ 2,158,015	\$ 1,725,666
Cash, capital campaign	683,760	2,418,395
	\$ 2,841,775	\$ 4,144,061

Friends of the Warner Parks, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

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; fundraising events 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, 2023 or 2022.

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 both June 30, 2023 and 2022.

Friends of the Warner Parks, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

Note 2. Summary of Significant Accounting Policies

Investments

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

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 represent 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 of Cash and Other Financial Assets

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. 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.

Contributions of Nonfinancial Assets

Donated assets, materials, 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 Years Ended June 30, 2023 and 2022

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 and programming 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:

	Method of allocation
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

Reclassifications

Certain reclassifications have been made to the 2022 financial statement presentation to correspond to the current year's format. The total net assets and change in net assets are unchanged due to these reclassifications.

Friends of the Warner Parks, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

Note 3. Liquidity and Availability

The following represents the Organization's financial assets:

	2023	2022
Financial assets		
Cash	\$ 2,158,015	\$ 1,725,666
Cash, capital campaign	683,760	2,418,395
Contributions receivable, net	964,920	1,094,064
Investments	8,530	-
Endowment investments	849,809	178,781
Beneficial interest in funds held by others	<u>87,397</u>	<u>84,952</u>
Total financial assets	4,752,431	5,501,858
Less amounts not available to be used within one year		
Contributions receivable not expected in subsequent year, net	227,774	566,659
Investments	858,339	178,781
Beneficial interest in funds held by others	<u>87,397</u>	<u>84,952</u>
Financial assets available to meet general expenditures within one year	\$ 3,578,921	\$ 4,671,466

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 Allée was the initial project which began in the fall of 2019 and was completed in October 2020. Other completed projects include repair of the Nature Center roof and chimney; the Hodge House renovation; restoration of over 16 miles of primitive trails and 8.8 miles of equestrian trails; Edwin Warner Park land and river restoration by the Little Harpeth River; and reconstruction of the Nature Play Campus at the Warner Park Nature Center. Other current and planned projects include the restoration of the Percy Warner Golf Course; repair of additional historic buildings, structures, and stonework through the Parks; enhanced signage and improved parking throughout the Parks; eradication of invasive plant exotics; and the planting of native species.

Friends of the Warner Parks, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

Note 4. Capital Campaign and Contributions Receivable

Contributions receivable consists of the following:

	2023	2022
Capital campaign contributions receivable	\$ 797,800	\$ 1,070,099
Other contributions receivable	<u>176,876</u>	<u>45,870</u>
	974,676	1,115,969
Less discounts to present value	<u>(9,756)</u>	<u>(21,905)</u>
Contributions receivable, net	\$ 964,920	\$ 1,094,064

Scheduled expected collections of contributions receivable are as follows:

Year ended June 30,	
2024	\$ 737,146
2025	187,274
2026	<u>40,500</u>
Total	\$ 964,920

Note 5. Endowment Investments

During 2022, the Organization liquidated investments to purchase a parcel of land held for transfer to Metro Parks and Recreation and began to solicit contributions for an endowment fund.

Investments recorded at June 30, 2023 represent contributed investments that had not been liquidated as of year-end.

The Organization uses a framework for measuring fair values and disclosing fair values. The Organization defines fair value as the price which would be received to sell an asset in an orderly transaction between market participants at the measurement date. This framework is used for all assets and liabilities measured and reported on a fair value basis and enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. Each asset or liability carried at fair value is classified into one of the following categories:

Level 1 – Quoted market prices in active markets for identical assets or liabilities

Level 2 – Observable market-based inputs or unobservable inputs corroborated by market data

Level 3 – Unobservable inputs not corroborated by market data

Friends of the Warner Parks, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

Note 5. Endowment Investments

Endowment funds consist of the following:

	2023	2022
Cash	\$ 7,628	\$ 1,350
Exchange traded funds, bonds	276,902	67,450
Exchange traded funds, equities	<u>565,279</u>	<u>109,980</u>
	849,809	178,780
Beneficial interest in funds held by others, board-designated	<u>87,397</u>	<u>84,952</u>
Total endowment assets	\$ 937,206	\$ 263,732

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.

The Organization's exchange-traded funds are valued using Level 1 inputs and beneficial interest in funds held by others are valued using Level 3 inputs.

The endowment funds were created to provide permanent support for the Organization's operations, park improvements, and park programming. The endowment funds consist of donor-restricted funds, funds designated by the board of directors to function as an endowment, and a beneficial interest in funds held by others.

Endowment assets consist of the following:

	2023	2022
Endowment funds, board-designated	\$ 97,259	\$ 89,166
Endowment funds with donor restrictions, perpetual in nature	<u>752,550</u>	<u>89,614</u>
	849,809	178,780
Beneficial interest in funds held by others, board-designated	<u>87,397</u>	<u>84,952</u>
Total endowment assets	\$ 937,206	\$ 263,732

Changes in endowment assets for the year ended June 30, 2023 are as follows:

	Beneficial interest	Without donor restrictions	With donor restrictions	Total
Balance, beginning of year	\$ 84,952	\$ 89,166	\$ 89,614	\$ 263,732
Contributions	-	-	600,333	600,333
Investment income (loss)	6,770	8,093	62,603	77,466
Appropriations	<u>(4,325)</u>	<u>-</u>	<u>-</u>	<u>(4,325)</u>
	\$ 87,397	\$ 97,259	\$ 752,550	\$ 937,206

Friends of the Warner Parks, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

Note 5. Endowment Investments

Changes in endowment assets for the year ended June 30, 2022 are as follows:

	Beneficial interest	Without donor Restrictions	With donor restrictions	Total
Balance, beginning of year	\$ 99,463	\$ -	\$ -	\$ 99,463
Internal transfer	-	100,000	-	100,000
Contributions	2,000	-	100,500	102,500
Investment income (loss)	(11,534)	(10,834)	(10,886)	(33,254)
Appropriations	(4,977)	-	-	(4,977)
	<u>\$ 84,952</u>	<u>\$ 89,166</u>	<u>\$ 89,614</u>	<u>\$ 263,732</u>

Interpretation of Relevant Law

In accordance with the TUPMIFA, the Organization intends to preserve 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, the Organization classifies as net assets with donor restriction (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 net assets with donor restrictions that are not classified as permanent in nature is held until those amounts are appropriate for expenditures by the Organization in a manner consistent with the standard of prudence prescribed by TUPMIFA. In accordance with TUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the Organization and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the investment policies of the Organization.

Return Objective and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets which 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. Under these policies, the endowment of the Organization is managed with the following objectives in priority order: (1) to preserve the endowment in order to provide perpetual financial assistance to the Organization, (2) to hold an investment mix that will generate cash to fund planned disbursements authorized in the Organization's charter, and (3) to earn an adequate rate of return on the endowment to increase its principal balance after cash disbursements at a rate which exceeds the rate of inflation, averaged over a five-year period.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current year earnings (interest and dividends). The Organization targets a diversified asset allocation which places an emphasis on equity-based investments to achieve its long-term return objectives.

Friends of the Warner Parks, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

Note 5. Endowment Investments

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a spending policy such that once the endowment has surpassed \$1 million in total market value, distributions will be allowed. Distributions should not exceed 5% of the trailing 20 calendar quarters of the portfolio's average market value. Should the endowment exceed a market value of \$1 million before the account has been in existence for 20 calendar quarters, then the Finance Committee will have the authority to recommend early distributions for approval by the Executive Committee. Even under such circumstances, withdrawal amounts will be limited to 5% of the average market value in the account of the preceding quarterly periods.

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

During 2022, the Organization purchased 8 acres for \$1,294,000 which brought the total land that the Organization intended to transfer to Metro Parks and Recreation to an amount of \$2,028,804. During 2022, the Organization transferred land with a net book value of \$299,000 for a selling price of \$150,000 with the remaining \$1,729,804 reported as land held for transfer as of June 30, 2022. During 2023, the Organization transferred 4.6 acres of land to Metro Parks and Recreation, with a net book value of \$298,369 for a selling price of \$150,000. The resulting excess of cost over the proceeds received is included in the park maintenance and restoration expenses on the statements of functional expenses for both 2023 and 2022.

As of June 30, 2023, the Organization holds two parcels of land with a book value of \$1,431,435 that are held for transfer to Metro Parks and Recreation. This transfer occurred in August 2023.

Note 7. Property and Equipment

Property and equipment consist of the following:

	2023	2022
Land	\$ 133,750	\$ 133,750
Buildings	251,826	251,826
Equipment	55,142	42,664
Automobile	56,045	27,239
Less: accumulated depreciation	(131,665)	(107,569)
Property and equipment, net	\$ 365,098	\$ 347,910

Depreciation expense was \$27,097 and \$26,066 for 2023 and 2022, respectively.

Friends of the Warner Parks, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

Note 8. Net Assets

Net assets without donor restrictions consist of the following:

	2023	2022
Undesignated net assets without donor restrictions	\$ 2,834,400	\$ 3,517,353
Designated for Future Fund	150,000	-
Operating reserves	500,000	-
Maintenance reserves	100,000	-
Other projects	95,000	-
	<u>\$ 3,679,400</u>	<u>\$ 3,517,353</u>

Changes in net assets with donor restrictions for the year ended June 30, 2023 are as follows:

	<u>Beginning balance</u>	<u>Contributions</u>	<u>Release of restrictions</u>	<u>Investment income</u>	<u>Ending balance</u>
It's My Nature					
Campaign	\$ 3,383,070	\$ 1,571,532	\$ (3,572,216)	\$ -	\$ 1,382,386
Endowment	89,614	650,333	-	62,604	802,551
Programming					
Projects	106,847	194,307	(120,832)	-	180,322
Improvement					
Projects	84,986	279,105	(145,268)	-	218,823
	<u>\$ 3,664,517</u>	<u>\$ 2,695,277</u>	<u>\$ (3,838,316)</u>	<u>\$ 62,604</u>	<u>\$ 2,584,082</u>

Changes in net assets with donor restrictions for the year ended June 30, 2022 are as follows:

	<u>Beginning balance</u>	<u>Contributions</u>	<u>Release of restrictions</u>	<u>Investment income</u>	<u>Ending balance</u>
It's My Nature					
Campaign	\$ 2,124,216	\$ 2,316,050	\$ (1,057,196)	\$ -	\$ 3,383,070
Future fund	998,239	-	(1,022,572)	24,333	-
Endowment	-	100,500	-	(10,886)	89,614
Programming					
Projects	50,766	123,682	(67,601)	-	106,847
Improvement					
Projects	33,746	100,020	(48,780)	-	84,986
Book project	16,598	20,000	(36,598)	-	-
	<u>\$ 3,223,565</u>	<u>\$ 2,660,252</u>	<u>\$ (2,232,747)</u>	<u>\$ 13,447</u>	<u>\$ 3,664,517</u>

Friends of the Warner Parks, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

Note 9. Contributions of Nonfinancial Assets

The following donated facilities, assets, services, and materials are included in unrestricted revenues and expenses/assets in the financial statements:

	2023	2022
Included in contributions/expenses		
Provided by Metro Parks and Recreation		
Facility rent	\$ 50,000	\$ 50,000
Utilities	28,125	28,125
Grounds maintenance	17,250	17,250
Maintenance staff	10,000	10,000
Custodial	9,375	9,375
Facilities maintenance	8,625	8,625
Other		
Supplies	3,900	-
	<u>\$ 127,275</u>	<u>\$ 123,375</u>
Included in contributions/property and equipment		
Vehicles	\$ 28,806	\$ 12,759
Included in fundraising events income/expense		
Food, drink, and supplies	\$ 43,699	\$ 31,223
Metro Parks and Recreation fees	21,734	23,986
Radio promotions	13,635	10,450
	<u>\$ 79,068</u>	<u>\$ 65,659</u>

Note 10. Concentrations

The Organization has cash balances in banks in excess of amounts federally insured. The uninsured balances totaled approximately \$3,007,000 and \$3,899,000 as of June 30, 2023 and 2022, respectively. The Organization maintains its cash with high quality financial institutions which the Organization believes limits these risks.

Note 11. Related Party

The Organization maintains a close working relationship with Metro Parks and Recreation, which controls the Warner Parks. As described in note 7, the Organization transferred land to Metro Parks and Recreation during 2023 and 2022 and is holding two parcels of land that were ultimately transferred to Metro Parks and Recreation in August 2023. As of June 30, 2023, \$149,481 is included in contributions receivable as amounts due from Metro Parks and Recreation.

As described in note 10, Metro Parks and Recreation provided the Organization with in-kind use of facilities and services totaling \$145,109 and \$147,361 in 2023 and 2022, respectively. The Organization paid Metro Parks and Recreation for personnel totaling \$75,248 and \$76,324 for 2023 and 2022, respectively. Additionally, in 2022, the Organization paid Metro Parks and Recreation \$150,000 to assist with repairs at the Nature Center. As of June 30, 2023 and 2022, \$37,585 and \$24,535, respectively is included in the accounts payable as owed to Metro Parks and Recreation.

Friends of the Warner Parks, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

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 \$16,391 and \$11,759 during 2023 and 2022, respectively.

Note 13. Subsequent Events

Management has evaluated subsequent events through October 18, 2023, the date on which the financial statements were available for issuance.