

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

Financial Statements  
For the Year Ended June 30, 2022

**Friends of the Warner Parks, Inc.**  
Financial Statements  
For the Year Ended June 30, 2022

**Contents**

|                                     |        |
|-------------------------------------|--------|
| <b>Independent Auditor's Report</b> | 1      |
| <b>Financial Statements</b>         |        |
| Statement of Financial Position     | 3      |
| Statement of Activities             | 4      |
| Statement of Functional Expenses    | 5      |
| Statement of Cash Flows             | 6      |
| Notes to Financial Statements       | 7 - 16 |



## **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 statement of financial position as of June 30, 2022, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit 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 audit. 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  
Brentwood, Tennessee  
September 20, 2022

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

Statement of Financial Position

June 30, 2022

**Assets**

|  |                     |
|--|---------------------|
| Cash   | \$ 1,725,666        |
| Cash, capital campaign   | 2,418,395           |
| Contributions receivable, net  | 1,094,064           |
| Other assets   | 13,243              |
| Land held for transfer to Metro<br>Nashville Board of Parks and Recreation | 1,729,804           |
| Property and equipment, net  | 347,910             |
| Investments  | 178,780             |
| Beneficial interest in funds held by others                                | 84,952              |
| Total assets   | <b>\$ 7,592,814</b> |

**Liabilities and Net Assets**

Liabilities

|                                       |         |
|---------------------------------------|---------|
| Accounts payable and accrued expenses | 173,830 |
| Deferred revenues                     | 237,114 |
| Total liabilities                     | 410,944 |

Net assets

|                                  |                     |
|----------------------------------|---------------------|
| Without donor restrictions       | 3,517,353           |
| With donor restrictions          | 3,664,517           |
| Total net assets                 | 7,181,870           |
| Total liabilities and net assets | <b>\$ 7,592,814</b> |

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

|  | <b>Without donor<br/>restrictions</b> | <b>With donor<br/>restrictions</b> | <b>Total</b>        |
|--|---------------------------------------|------------------------------------|---------------------|
| <b>Revenues and Support</b>  |                                       |                                    |                     |
| Contributions of cash and other financial assets   | \$ 509,403                            | \$ 2,660,252                       | \$ 3,169,655        |
| Contributions of nonfinancial assets   | 201,793                               | -                                  | 201,793             |
| Fundraising events and community engagement<br>(net of direct benefit to donors of \$56,609) | 1,095,764                             | -                                  | 1,095,764           |
| Investment and interest income   | (22,253)                              | 13,447                             | (8,806)             |
| Rental income  | 68,448                                | -                                  | 68,448              |
| Distribution from beneficial interest in<br>funds held by others                             | 4,977                                 | -                                  | 4,977               |
| Net assets released from restrictions  | <u>2,232,747</u>                      | <u>(2,232,747)</u>                 | <u>-</u>            |
| Total revenues and support   | 4,090,879                             | 440,952                            | 4,531,831           |
| <b>Expenses</b>  |                                       |                                    |                     |
| Program services   |                                       |                                    |                     |
| Park improvements  | 1,745,017                             | -                                  | 1,745,017           |
| Park programming   | 411,965                               | -                                  | 411,965             |
| Supporting services  |                                       |                                    |                     |
| Management and general   | 224,685                               | -                                  | 224,685             |
| Fundraising  | <u>644,686</u>                        | <u>-</u>                           | <u>644,686</u>      |
| 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  | <u>2,452,827</u>                      | <u>3,223,565</u>                   | <u>5,676,392</u>    |
| Net assets, end of year  | <b>\$ 3,517,353</b>                   | <b>\$ 3,664,517</b>                | <b>\$ 7,181,870</b> |

# Friends of the Warner Parks, Inc.

## Statement of Functional Expenses

For the Year Ended June 30, 2022

|   | Program services    |                   | Supporting services    |                   |                     |
|---|---------------------|-------------------|------------------------|-------------------|---------------------|
|   | Park                | Park              | Management and general | Fundraising       | Total               |
|   | Improvements        | Programming       |                        |                   |                     |
| Personnel                                       |                     |                   |                        |                   |                     |
| Salaries  | \$ 248,222          | \$ 148,388        | \$ 144,247             | \$ 227,696        | \$ 768,553          |
| 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           | 162,353                | 265,094           | 958,452             |
| 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              |
| Nature Center program supplies                  | -                   | 114,102           | -                      | -                 | 114,102             |
| Office facilities rent and maintenance          | 39,724              | 39,725            | 13,242                 | 39,725            | 132,416             |
| Office supplies and equipment                   | 18,484              | 18,486            | 6,162                  | 18,486            | 61,618              |
| Park maintenance and restoration                | 1,309,730           | -                 | -                      | -                 | 1,309,730           |
| Professional services                           | -                   | -                 | 39,347                 | -                 | 39,347              |
| Total expenses before direct benefits to donors | 1,745,017           | 411,965           | 224,685                | 701,295           | 3,082,962           |
| Less direct benefits to donors                  | -                   | -                 | -                      | (56,609)          | (56,609)            |
|   | <b>\$ 1,745,017</b> | <b>\$ 411,965</b> | <b>\$ 224,685</b>      | <b>\$ 644,686</b> | <b>\$ 3,026,353</b> |

**Friends of the Warner Parks, Inc.**  
Statement of Cash Flows  
For the Year Ended June 30, 2022

|  |                     |
|--|---------------------|
| Cash, beginning of year  | \$ 1,890,075        |
| <b>Cash flows from operating activities</b>  |                     |
| Change in net assets   | 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  | 149,000             |
| In-kind contribution of vehicle  | (12,759)            |
| Depreciation   | 26,066              |
| Investment income  | (2,960)             |
| Payout from beneficial interest in funds held by others  | (4,977)             |
| Change in value of beneficial interest in funds held by others                                     | 14,511              |
| Change in:   |                     |
| Contributions receivable, net  | 693,309             |
| Other assets   | 10,426              |
| Accounts payable and accrued expenses  | 140,156             |
| Deferred revenues  | 70,942              |
| Net cash provided (used) by operating activities   | <u>2,589,192</u>    |
| <b>Cash flows from investing activities</b>  |                     |
| Proceeds from sale of investments  | 1,022,919           |
| Purchase of endowment investments  | (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  | (18,602)            |
| Distributions received from Community Foundation of Middle Tennessee                               | <u>4,977</u>        |
| Net cash provided (used) by investing activities   | (335,206)           |
| Net change in cash   | <u>2,253,986</u>    |
| Cash, end of year  | <b>\$ 4,144,061</b> |
| <b>Reconciliation of cash to statement of financial position</b>                                   |                     |
| Cash   | \$ 1,725,666        |
| Cash, capital campaign   | <u>2,418,395</u>    |
|  | <b>\$ 4,144,061</b> |



**Friends of the Warner Parks, Inc.**  
Notes to Financial Statements  
For the Year Ended June 30, 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; 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 consist 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, 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 June 30, 2022.

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

**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 Year Ended June 30, 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 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             |

## Friends of the Warner Parks, Inc.

### Notes to Financial Statements For the Year Ended June 30, 2022

#### Note 3. **Availability and Liquidity**

The following represents the Organization's financial assets:

|   |                     |
|---|---------------------|
| Financial assets  |                     |
| Cash  | \$ 1,725,666        |
| Cash, capital campaign  | 2,418,395           |
| Contributions receivable, net   | 1,094,064           |
| Investments   | 178,781             |
| Beneficial interest in funds held by others                             | <u>84,952</u>       |
| Total financial assets  | 5,501,857           |
| Less amounts not available to be used within one year                   |                     |
| Contributions receivable not expected in subsequent year, net           | 566,659             |
| Investments   | 178,781             |
| Beneficial interest in funds held by others                             | <u>84,952</u>       |
| Financial assets available to meet general expenditures within one year | \$ <b>4,671,466</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 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 as well as the Hodge House renovation. Other current and planned projects include repair of additional historic buildings, structures, 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:

|   |                     |
|---|---------------------|
| Capital campaign contributions receivable | \$ 1,070,099        |
| Other contributions receivable            | <u>45,870</u>       |
|   | 1,115,969           |
| Less discounts to present value           | <u>(21,905)</u>     |
| Contributions receivable, net             | \$ <b>1,094,064</b> |

## Friends of the Warner Parks, Inc.

### Notes to Financial Statements For the Year Ended June 30, 2022

---

#### Note 4. **Capital Campaign**

Scheduled expected collections of contributions receivable are as follows:

| <b>Year ended<br/>June 30,</b> |                     |
|--------------------------------|---------------------|
| 2023                           | \$ 612,529          |
| 2024                           | 378,440             |
| 2025                           | <u>125,000</u>      |
| Total                          | <b>\$ 1,115,969</b> |

#### Note 5. **Investments**

Investments consist of the following endowment assets:

|                                 |                   |
|---------------------------------|-------------------|
| Cash                            | \$ 1,350          |
| Exchange traded funds, bonds    | 67,450            |
| Exchange traded funds, equities | <u>109,980</u>    |
| Total investments               | <b>\$ 178,780</b> |

During 2022, the Organization liquidated investments to purchase a parcel of land held for transfer to Metro Parks and Recreation (see note 7) and began to solicit contributions for an endowment fund (note 6).

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 consolidated 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

The Organization's exchange-traded funds are valued using Level 1 inputs.

**Friends of the Warner Parks, Inc.**  
Notes to Financial Statements  
For the Year Ended June 30, 2022

---

**Note 6. Endowment**

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. Once the funds attain a significant threshold, the Organization plans to remove the board-designated portion of the endowment.

Endowment assets consist of the following:

|   |                   |
|---|-------------------|
| Endowment funds with donor restrictions – perpetual in nature | \$ 89,614         |
| Endowment funds, board-designated                             | <u>89,166</u>     |
|   | 178,780           |
| Beneficial interest in funds held by others, board-designated | <u>84,952</u>     |
| Total endowment assets  | <b>\$ 263,732</b> |

Changes in endowment assets are as follows:

|                            | <b>Beneficial<br/>interest</b> | <b>Without<br/>donor<br/>restrictions</b> | <b>With donor<br/>restrictions</b> | <b>Total</b>      |
|----------------------------|--------------------------------|---|------------------------------------|-------------------|
| Balance, beginning of year | \$ 99,463                      | \$ -                                      | \$ -                               | \$ -              |
| Internal transfer          | -                              | 100,000                                   | -                                  | 100,000           |
| Contributions              | 0                              | -   | 100,500                            | 102,500           |
| Investment income (loss)   | (11,534)                       | (10,834)                                  | (10,886)                           | (33,254)          |
| Appropriations             | <u>(4,977)</u>                 | <u>-</u>                                  | <u>-</u>                           | <u>(4,977)</u>    |
|                            | <b>\$ 84,952</b>               | <b>\$ 89,166</b>                          | <b>\$ 89,614</b>                   | <b>\$ 263,732</b> |

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.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor of the Tennessee Uniform Prudent Management of Institutional Funds Act (TUPMIFA) requires the Organization to retain as a fund of perpetual duration. Deficiencies of this nature exist in the donor-restricted portion of the endowment, which have an original gift value of \$100,500, a current fair value of \$89,613, and a deficiency of \$10,887. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of contributions to the donor-restricted portion of the endowment fund.

**Friends of the Warner Parks, Inc.**  
Notes to Financial Statements  
For the Year Ended June 30, 2022

---

**Note 6. Endowment**

**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.

**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.

## Friends of the Warner Parks, Inc.

### Notes to Financial Statements For the Year Ended June 30, 2022

#### Note 7. Land Held for Transfer to Metro Parks and Recreation

During 2022, the Organization transferred 3.56 acres of land to Metro Parks and Recreation, with a net book value of \$299,000, for a selling price of \$150,000. The resulting excess of cost over the proceeds received of \$149,000 is included in the park maintenance and restoration expenses on the statement of functional expenses. The Organization purchased an additional 8 acres for \$1,294,000 that the Organization intends to transfer to Metro Parks and Recreation.

At June 30, 2022, the Organization holds three parcels of land with a book value of \$1,729,804 that it intends to transfer to Metro Parks and Recreation. Metro Parks and Recreation has pledged \$150,000 to the Organization to be paid at the time of the transfer of one of these parcels. The payment of funds and transfer of all properties is expected to take place during the year ended June 30, 2023.

#### Note 8. Property and Equipment

Property and equipment consist of the following:

|                                |    |                |
|--------------------------------|----|----------------|
| Land                           | \$ | 133,750        |
| Buildings                      |    | 251,826        |
| Equipment                      |    | 42,664         |
| Automobile                     |    | 27,239         |
| Less: accumulated depreciation |    | (107,569)      |
| Property and equipment, net    | \$ | <b>347,910</b> |

Depreciation expense was \$26,066 for 2022.

#### Note 9. Net Assets

Changes in net assets with donor restrictions are as follows:

|                | Beginning<br>balance | Contributions       | Release of<br>restrictions | Investment<br>income | Ending<br>balance   |
|----------------|----------------------|---------------------|----------------------------|----------------------|---------------------|
| 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)                   | -                    | -                   |
|                | <b>\$ 3,223,565</b>  | <b>\$ 2,660,252</b> | <b>\$ (2,232,747)</b>      | <b>\$ 13,447</b>     | <b>\$ 3,664,517</b> |



**Friends of the Warner Parks, Inc.**  
Notes to Financial Statements  
For the Year Ended June 30, 2022

---

**Note 10. Contributions of Nonfinancial Assets**

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

**Included in contributions/expenses**

Provided by Metro Parks and Recreation

|                        |                   |
|------------------------|-------------------|
| Facility rent          | \$ 50,000         |
| Utilities              | 28,125            |
| Grounds maintenance    | 17,250            |
| Maintenance staff      | 10,000            |
| Custodial              | 9,375             |
| Facilities maintenance | <u>8,625</u>      |
|                        | <b>\$ 123,375</b> |

**Included in contributions/property and equipment**

|       |                  |
|-------|------------------|
| Truck | <b>\$ 12,759</b> |
|-------|------------------|

**Included in fundraising events income/expense**

|                                 |                  |
|---------------------------------|------------------|
| Food, drink, and supplies       | \$ 31,223        |
| Metro Parks and Recreation fees | 23,986           |
| Radio promotions                | <u>10,450</u>    |
|                                 | <b>\$ 65,659</b> |

**Note 11. Concentrations**

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

**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 7, the Organization transferred land to Metro Parks and Recreation during 2022 and is holding three parcels of land with anticipation of transfer to Metro Parks and Recreation during 2023. As described in Note 11, Metro Parks and Recreation provided the Organization with \$147,361 of in-kind use of facilities and services. Also during 2022, the Organization paid Metro Parks and Recreation \$76,324, for personnel and \$150,000 to assist with repairs at the Nature Center. As of June 30, 2022, \$24,535 is included in the accounts payable as owed to Metro Parks and Recreation.

**Note 13. 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 \$11,759 during 2022.

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

Notes to Financial Statements  
For the Year Ended June 30, 2022

---

Note 14. **Subsequent Events**

Management has evaluated subsequent events through September 20, 2022, the date on which the financial statements were available for issuance.