

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

JUNE 30, 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Friends of Radnor Lake
Nashville, Tennessee

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Friends of Radnor Lake (a not-for-profit corporation) ("FORL") which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, cash flows and functional expenses for the eighteen-month period from January 1, 2019 through June 30, 2020, and the related notes to the financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friends of Radnor Lake as of June 30, 2020, and the changes in its net assets and its cash flows for the eighteen-month period from January 1, 2019 through June 30, 2020, in accordance with accounting principles generally accepted in the United States of America.

Kraft CPAs PLLC

Nashville, Tennessee
October 28, 2020

FRIENDS OF RADNOR LAKE

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020

ASSETS

Cash and cash equivalents	\$ 1,394,347
Accounts receivable - license plate fees	11,171
Contributions receivable, net	120,687
Property and equipment, net	77,188
Land	<u>2,184,634</u>
 TOTAL ASSETS	 <u>\$ 3,788,027</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$ <u>5,868</u>
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TOTAL LIABILITIES	<u>5,868</u>
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NET ASSETS

Without donor restrictions:

Undesignated	730,835
Board-designated	50,000
Invested in property and equipment	77,188
Invested in land	<u>2,184,634</u>
Total without donor restrictions	3,042,657
With donor restrictions	<u>739,502</u>

TOTAL NET ASSETS	<u>3,782,159</u>
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TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,788,027</u>
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See accompanying notes to financial statements.

FRIENDS OF RADNOR LAKE

STATEMENT OF ACTIVITIES

FOR THE EIGHTEEN-MONTH PERIOD FROM JANUARY 1, 2019 THROUGH JUNE 30, 2020

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
REVENUES AND SUPPORT			
Contributions and public support:			
Individuals, foundations and other, net of present value discount	\$ 385,050	\$ 804,654	\$ 1,189,704
Donated goods and services	91,669	-	91,669
License plate fees	72,224	-	72,224
Fundraising events	66,150	-	66,150
Calendar and merchandise sales	13,548	-	13,548
Less: cost of calendar and merchandise sales	(11,806)	-	(11,806)
Interest income	21,248	-	21,248
Rental income	9,582	-	9,582
Net assets released from restrictions:			
Satisfaction of time or purpose restrictions	<u>232,654</u>	<u>(232,654)</u>	<u>-</u>
TOTAL REVENUES AND SUPPORT	<u>880,319</u>	<u>572,000</u>	<u>1,452,319</u>
EXPENSES			
Program services	409,041	-	409,041
Supporting services:			
Management and general	87,559	-	87,559
Fundraising	<u>36,779</u>	<u>-</u>	<u>36,779</u>
TOTAL EXPENSES	<u>533,379</u>	<u>-</u>	<u>533,379</u>
CHANGE IN NET ASSETS	346,940	572,000	918,940
NET ASSETS - BEGINNING OF PERIOD	<u>2,695,717</u>	<u>167,502</u>	<u>2,863,219</u>
NET ASSETS - END OF PERIOD	<u>\$ 3,042,657</u>	<u>\$ 739,502</u>	<u>\$ 3,782,159</u>

See accompanying notes to financial statements.

FRIENDS OF RADNOR LAKE

STATEMENT OF CASH FLOWS

FOR THE EIGHTEEN-MONTH PERIOD FROM JANUARY 1, 2019 THROUGH JUNE 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets \$ 918,940

Adjustments to reconcile change in net assets to net cash
provided by operating activities:

Depreciation 5,712

(Increase) decrease in:

Accounts receivable - license plate fees 1,679

Accounts receivable - other 6,623

Contributions receivable (85,333)

Inventory 375

Decrease in:

Accounts payable and accrued expenses (8,798)

TOTAL ADJUSTMENTS (79,742)

NET CASH PROVIDED BY OPERATING ACTIVITIES 839,198

CASH FLOWS FROM INVESTING ACTIVITIES

Cash paid for purchase of land and related costs (324,735)

NET CASH USED IN INVESTING ACTIVITIES (324,735)

NET INCREASE IN CASH AND CASH EQUIVALENTS 514,463

CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD 879,884

CASH AND CASH EQUIVALENTS - END OF PERIOD \$ 1,394,347

See accompanying notes to financial statements.

FRIENDS OF RADNOR LAKE

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE EIGHTEEN-MONTH PERIOD FROM JANUARY 1, 2019 THROUGH JUNE 30, 2020

		<u>SUPPORTING SERVICES</u>		
	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Compensation	\$ 49,648	\$ 39,718	\$ 9,929	\$ 99,295
Accounting fees	-	13,180	-	13,180
Accounting fees - donated	-	2,500	-	2,500
Bad debt	-	3,500	-	3,500
Calendar expense:				
Cost of sales - actual	-	-	9,181	9,181
Cost of sales - donated	-	-	2,625	2,625
Contract labor	9,288	7,430	5,207	21,925
Depreciation	-	5,712	-	5,712
Equipment rental	-	-	1,550	1,550
Events - donated	-	-	669	669
Gifts and environmental awards	583	583	-	1,166
Information technology	4,084	2,303	511	6,898
Insurance	-	4,090	-	4,090
Land acquisition costs - actual	30,709	-	-	30,709
Land acquisition costs - donated	66,000	-	-	66,000
Marketing - actual	10,403	-	567	10,970
Marketing - donated	8,250	-	-	8,250
Meetings and training	742	742	2,224	3,708
Newsletter	7,533	-	3,228	10,761
Office expenses	242	4,536	9,629	14,407
Park support	217,440	-	-	217,440
Stipends	1,320	-	-	1,320
Telephone and internet	2,799	3,265	3,265	9,329
TOTAL EXPENSES	409,041	87,559	48,585	545,185
Less expenses included with revenues on the statement of activities as cost of sales	-	-	(11,806)	(11,806)
TOTAL EXPENSES INCLUDED IN EXPENSE SECTION OF THE STATEMENT OF ACTIVITIES	\$ 409,041	\$ 87,559	\$ 36,779	\$ 533,379

See accompanying notes to financial statements.

FRIENDS OF RADNOR LAKE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

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

FORL has changed its year-end from December to June to better align with its operation cycle. As a result, these financial statements represent an eighteen-month period from January 1, 2019 through June 30, 2020.

Basis of Presentation

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

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

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

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

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

Revenues and Support

Contributions and public support are recognized when cash, securities or other assets, or an unconditional promise to give are received. A contribution is conditional if an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of promisor’s obligation to transfer assets exists. The presence of both a barrier and a right of return or right of release indicates that a recipient is not entitled to the contribution until it has overcome the barrier(s) in the agreement. Conditional promises to give are not recognized until the barrier(s) in the agreement are overcome. Noncash contributions are recorded at the estimated fair value at the date of the gift.

FRIENDS OF RADNOR LAKE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues and Support (continued)

Donated marketable securities are recorded at their fair value at the date of contribution based on their quoted market price.

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

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

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

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

Fundraising events revenue is generated from sponsorships, ticket sales and sales of items at events held during the period and revenues are recognized when the events occur, which is the completion of the FORL's performance obligation. Some of these revenues are comprised of an exchange element based on the value of benefits provided, and a contribution element for the difference between the amount paid and the exchange element. FORL records fundraising income equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

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

Cash and Cash Equivalents

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

FRIENDS OF RADNOR LAKE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions Receivable

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

An allowance for uncollectible contributions is provided based on management's estimate of uncollectible pledges and historical trends. Contributions receivable are written off when deemed to be uncollectible. In management's opinion, no allowance for uncollectible pledges was necessary as of June 30, 2020.

Property, Equipment and Land

Property, equipment and land are reported at cost at the date of purchase or at estimated fair value at the date of gift to FORL. FORL's policy is to capitalize items with a cost of \$500 or more and an estimated useful life greater than one year. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets, which range from five to thirty years.

Income Taxes

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

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

FRIENDS OF RADNOR LAKE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program and Supporting Services

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

Program Services - consists of programs to acquire land to be donated to the natural area, protect and maintain the environment, improve the natural area and educate the general public about the Radnor Lake State Natural Area.

Management and General - includes the functions necessary to ensure an adequate working environment and costs not identifiable with a single program. Management and general includes costs associated with providing coordination and articulation of FORL's program strategy, business management, general record keeping, budgeting and related purposes.

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

Allocation of Functional Expenses

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

Use of Estimates in the Preparation of Financial Statements

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

FRIENDS OF RADNOR LAKE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements

On January 1, 2019, FORL adopted Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers (Topic 606)* and all subsequent amendments to the ASU (collectively, “ASC 606”), which supersedes most existing revenue recognition guidance and outlines a single comprehensive standard for revenue recognition across all industries. ASC 606 requires revenue to be recognized in an amount that reflects the considerations to which the entity expects to be entitled in an exchange of goods or services. FORL adopted ASC 606 using the modified retrospective method applied to all contracts not completed as of January 1, 2019. FORL performed an analysis of revenue streams and transactions to determine in-scope applicability. The revenue streams considered in-scope for purposes of ASC 606 include most revenues associated with performance of fundraising events (sponsorships, ticket sales and sales of items). FORL recognizes revenues that fall within the scope of ASC 606 as it satisfies its obligation to the customer. The adoption of ASC 606 did not result in a material change to the accounting for any of the in-scope revenue streams; as such, FORL did not record a cumulative effect adjustment.

On January 1, 2019, FORL adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*, as amended, as management believes the standard improves the usefulness and understandability of FORL’s financial reporting. This guidance is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions and improved guidance to better distinguish between conditional and unconditional contributions. Analysis of various provisions of this standard resulted in no significant changes in the way FORL recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

Events Occurring After Reporting Date

FORL has evaluated events and transactions that occurred between June 30, 2020 and October 28, 2020, the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

FRIENDS OF RADNOR LAKE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

NOTE 2 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following represents FORL's financial assets at June 30, 2020:

Cash and cash equivalents	\$ 1,394,347
Accounts receivable - license plate fees	11,171
Contributions receivable, net	<u>120,687</u>
Total financial assets	<u>1,526,205</u>
Less amounts not available to be used within one year:	
Restricted by donor with time or purpose restrictions	<u>(739,502)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 786,703</u>

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

NOTE 3 - CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following at June 30, 2020:

Due in less than one year	\$ 71,000
Due in one to five years	<u>50,000</u>
	121,000
Less: discount to present value	<u>(313)</u>
Contribution receivable, net	<u>\$ 120,687</u>

FRIENDS OF RADNOR LAKE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2020:

Building and building improvements	\$ 114,245
Furniture and equipment	<u>1,974</u>
	116,219
Less: accumulated depreciation	<u>(39,031)</u>
Property and equipment, net	<u>\$ 77,188</u>

NOTE 5 - LAND

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

Land consists of the following at June 30, 2020:

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

NOTE 6 - PROGRAM ACCOMPLISHMENTS

Total program accomplishments by FORL consist of program services and land acquisitions, as follows, for the eighteen-month period from January 1, 2019 through June 30, 2020:

Program services:	
Costs related to land acquisition, grants and other contracts	\$ 96,709
Park support	217,440
Other program services	<u>94,892</u>
	<u>\$ 409,041</u>

FRIENDS OF RADNOR LAKE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

NOTE 7 - PARK SUPPORT

Park support on the Statement of Functional Expenses consists of the following for the eighteen-month period from January 1, 2019 through June 30, 2020:

General park support	\$ 45,564
Ansley home maintenance	15,586
Barbara J. Mapp Aviary Education Center	38,219
Bridge project	37,519
Native grasslands initiative	47,850
Ground nesting habitat restoration	9,876
Junior Ranger Intern Program	5,168
Trail management	<u>17,658</u>
	<u>\$ 217,440</u>

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consists of the following as of June 30, 2020:

Time and purpose restricted:

Bridge project	\$ 75,000
Harris Ridge Trail project	45,000
Other land acquisitions	1,000

Purpose restricted:

Bridge project	86,383
Harris Ridge Trail project	35,300
Historic research	7,161
Junior Ranger Intern Program	8,905
Barbara J. Mapp Aviary Education Center	8,824
Native grasslands initiative	10,000
Other land acquisitions	456,980
Other donations with donor restrictions	<u>4,949</u>

\$ 739,502

FRIENDS OF RADNOR LAKE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

NOTE 9 - CONCENTRATION OF CREDIT RISK

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

Contributions received from two sources comprised approximately 42% of total contributions received for the eighteen-month period from January 1, 2019 through June 30, 2020. Contributions receivable from two contributors comprised 95% of the receivable balance at June 30, 2020.

NOTE 10 - RELATED PARTY TRANSACTIONS

Donated services included in contribution income for the eighteen-month period from January 1, 2019 through June 30, 2020 includes in-kind contributions by board members as follows: \$2,625 for graphic design for the 2020 calendar, \$8,250 for marketing and public relations services, \$66,000 for attorney fees related to land acquisition costs, \$11,625 for labor related to construction and maintenance of the Barbara J. Mapp Aviary Education Center and \$2,500 for accounting services.

NOTE 11 - CORONAVIRUS PANDEMIC

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which FORL operates. While it is unknown how long these conditions will last and what the complete financial effect will be to FORL, management and the Board of Trustees are evaluating the evolving situation and will implement appropriate countermeasures as determined to be appropriate.