

**FRIENDS OF THE WARNER PARKS, INC.**

**FINANCIAL STATEMENTS**

December 31, 2010 and 2009

FRIENDS OF THE WARNER PARKS, INC.  
Nashville, Tennessee

FINANCIAL STATEMENTS  
December 31, 2010 and December 31, 2009

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## REPORT OF INDEPENDENT AUDITORS

Board of Directors  
Friends of the Warner Parks, Inc.  
Nashville, Tennessee

We have audited the accompanying statements of financial position of Friends of the Warner Parks, Inc. as of December 31, 2010 and December 31, 2009, and the related statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friends of the Warner Parks, Inc. as of December 31, 2010 and December 31, 2009, and the change in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



Crowe Horwath LLP

Brentwood, Tennessee  
May 16, 2011

FRIENDS OF THE WARNER PARKS, INC.  
STATEMENTS OF FINANCIAL POSITION  
December 31, 2010 and December 31, 2009

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 338,714	\$ 279,287
Contributions receivable	4,400	8,150
Land - cost (Note 3)	10,800,326	10,800,326
Automobile, net (Note 5)	8,858	-
Assets restricted for land acquisitions and capital improvements:		
Contributions receivable (Note 3)	1,085,837	1,638,843
Cash	599,930	1,573,553
Beneficial interest in agency endowment fund held by Community Foundation of Middle Tennessee (Note 4)	81,830	75,135
Other assets	<u>6,087</u>	<u>7,825</u>
Total assets	<u>\$ 12,925,982</u>	<u>\$ 14,383,119</u>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued expenses	\$ 20,716	\$ 19,700
Long term liabilities (Note 6)	12,710	1,654,073
Net assets		
Designated for investment in property, net of related debt	10,787,616	9,146,253
Designated for beneficial interest in agency endowment fund (Note 4)	81,830	75,135
Undesignated	<u>278,959</u>	<u>226,278</u>
Total Unrestricted	11,148,405	9,447,666
Temporarily restricted (Note 7)	<u>1,744,151</u>	<u>3,261,680</u>
Total net assets	<u>12,892,556</u>	<u>12,709,346</u>
Total liabilities and net assets	<u>\$ 12,925,982</u>	<u>\$ 14,383,119</u>

See accompanying notes to financial statements.

FRIENDS OF THE WARNER PARKS, INC.  
STATEMENTS OF ACTIVITIES  
For the years ended December 31, 2010 and December 31, 2009

	2010			2009		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenues						
Public support:						
Fundraising events and contributions	\$ 407,148	\$ 208,130	\$ 615,278	\$ 439,942	\$ 7,952,773	\$ 8,392,715
Membership dues	50,584	-	50,584	48,729	-	48,729
Revenues:						
Investment income	724	1,404	2,128	126	25,693	25,819
Realized and unrealized losses on investments	-	-	-	-	(1,433)	(1,433)
Other income (expense)	20,160	-	20,160	(4,104)	-	(4,104)
Donation (Note 5)	-	-	-	-	1,500,000	1,500,000
Change in value of beneficial interest in agency endowment fund held by Community Foundation of Middle Tennessee (Note 4)	6,695	-	6,695	8,105	-	8,105
Net assets released from restriction:						
Satisfaction of time and purpose restrictions	<u>1,727,063</u>	<u>(1,727,063)</u>	<u>-</u>	<u>9,304,458</u>	<u>(9,304,458)</u>	<u>-</u>
	<u>2,212,374</u>	<u>(1,517,529)</u>	<u>694,845</u>	<u>9,797,256</u>	<u>172,575</u>	<u>9,969,831</u>
Expenses						
Donation of land (Note 5)	-	-	-	4,816,801	-	4,816,801
Program services	297,715	-	297,715	300,617	-	300,617
Supporting services:						
Management and general	51,538	-	51,538	52,830	-	52,830
Fundraising	<u>162,382</u>	<u>-</u>	<u>162,382</u>	<u>164,268</u>	<u>-</u>	<u>164,268</u>
Total expenses	<u>511,635</u>	<u>-</u>	<u>511,635</u>	<u>5,334,516</u>	<u>-</u>	<u>5,334,516</u>
<b>Change in net assets</b>	1,700,739	(1,517,529)	183,210	4,462,740	172,575	4,635,315
Net assets, beginning of year	<u>9,447,666</u>	<u>3,261,680</u>	<u>12,709,346</u>	<u>4,984,926</u>	<u>3,089,105</u>	<u>8,074,031</u>
<b>Net assets, end of year</b>	<u>\$ 11,148,405</u>	<u>\$ 1,744,151</u>	<u>\$ 12,892,556</u>	<u>\$ 9,447,666</u>	<u>\$ 3,261,680</u>	<u>\$ 12,709,346</u>

See accompanying notes to financial statements.

FRIENDS OF THE WARNER PARKS, INC.  
STATEMENTS OF CASH FLOWS  
For the Years ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 183,210	\$ 4,635,315
Adjustments to reconcile change in net assets to net cash from operating activities:		
Realized and unrealized losses on investments	-	1,433
Donation of land	-	3,316,801
Restricted contributions for land acquisitions and capital improvements	200	(3,672,231)
Amortization of discount on restricted contributions	(40,284)	11,786
Depreciation of fixed assets	1,107	-
Change in value of beneficial interest in agency endowment fund held by Community Foundation of Middle Tennessee	(10,095)	(12,105)
Changes in operating assets and liabilities:		
Contributions receivable	3,750	3,600
Accounts payable and accrued expenses	1,016	(9,708)
Other assets	<u>1,738</u>	<u>(7,825)</u>
Net change in cash from operating activities	140,642	4,267,066
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	973,623	494,531
Acquisition of land and property	(9,965)	(10,795,326)
Distribution from agency endowment fund	<u>3,400</u>	<u>4,000</u>
Net change in cash from investing activities	967,058	(10,296,795)
<b>Cash flows from financing activities</b>		
Proceeds from contributions restricted for land acquisitions and capital improvements	593,090	2,971,274
Proceeds from donation of land	-	1,500,000
Principal payments on notes payable	(1,641,363)	(5,170,927)
Proceeds from note payable	<u>-</u>	<u>6,825,000</u>
Net change in cash from financing activities	<u>(1,048,273)</u>	<u>6,125,347</u>
Net change in cash and cash equivalents	59,427	95,618
Cash and cash equivalents - beginning of year	<u>279,287</u>	<u>183,669</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 338,714</u>	<u>\$ 279,287</u>
Interest paid	<u>\$ 6,533</u>	<u>\$ 39,773</u>

See accompanying notes to financial statements.

FRIENDS OF THE WARNER PARKS, INC.  
STATEMENTS OF FUNCTIONAL EXPENSES  
For the year ended December 31, 2010

	Supporting Services				
	Program Services	Management And General	Fundraising	Total Supporting Services	Total
Employee compensation expenses:					
Contracted salaries and related payroll expenses (Note 9)	\$ 28,185	\$ 11,867	\$ 23,733	\$ 35,600	\$ 63,785
Salaries	81,850	15,950	54,700	70,650	152,500
Payroll taxes	7,314	1,425	4,888	6,313	13,627
Employee benefits	<u>4,346</u>	<u>847</u>	<u>2,904</u>	<u>3,751</u>	<u>8,097</u>
Total employee compensation expenses	121,695	30,089	86,225	116,314	238,009
Park construction and restoration projects	95,283	-	-	-	95,283
Education	9,811	-	-	-	9,811
Landscaping	10,380	-	-	-	10,380
Promotion	41,702	-	62,553	62,553	104,255
Printing, postage, and publication	3,567	-	-	-	3,567
Professional development	1,371	94	94	188	1,559
Insurance and office expense	13,468	13,072	13,072	26,144	39,612
Professional services	-	8,063	-	8,063	8,063
Nature Center	<u>438</u>	<u>220</u>	<u>438</u>	<u>658</u>	<u>1,096</u>
Total	<u>\$ 297,715</u>	<u>\$ 51,538</u>	<u>\$ 162,382</u>	<u>\$ 213,920</u>	<u>\$ 511,635</u>

See accompanying notes to financial statements.

FRIENDS OF THE WARNER PARKS, INC.  
STATEMENTS OF FUNCTIONAL EXPENSES  
For the year ended December 31, 2009

	Supporting Services				
	Program Services	Management And General	Fundraising	Total Supporting Services	Total
Employee compensation expenses:					
Contracted salaries and related payroll expenses (Note 9)	\$ 27,440	\$ 11,867	\$ 23,732	\$ 35,599	\$ 63,039
Salaries	62,931	15,950	54,700	70,650	133,581
Payroll taxes	5,306	1,345	4,612	5,957	11,263
Employee benefits	<u>3,810</u>	<u>966</u>	<u>3,312</u>	<u>4,278</u>	<u>8,088</u>
Total employee compensation expenses	99,487	30,128	86,356	116,484	215,971
Park construction and restoration projects	124,535	-	-	-	124,535
Education	6,928	-	-	-	6,928
Landscaping	5,848	-	-	-	5,848
Promotion	43,083	-	64,624	64,624	107,707
Printing, postage, and publication	6,062	-	-	-	6,062
Professional development	1,041	71	71	142	1,183
Insurance and office expense	14,163	13,747	13,746	27,493	41,656
Professional services	-	9,149	-	9,149	9,149
Nature Center	<u>(530)</u>	<u>(265)</u>	<u>(529)</u>	<u>(794)</u>	<u>(1,324)</u>
Total	<u>\$ 300,617</u>	<u>\$ 52,830</u>	<u>\$ 164,268</u>	<u>\$ 217,098</u>	<u>\$ 517,715</u>

See accompanying notes to financial statements.



FRIENDS OF THE WARNER PARKS, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2010 and 2009

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**NOTE 1 - GENERAL**

Friends of the Warner Parks, Inc. (the "Organization") is a nonprofit organization whose purpose is to provide volunteer service to the Metropolitan Government of Nashville and Davidson County Tennessee Board of Parks and Recreation ("Metro Parks and Recreation") in order to preserve, protect, and improve the historic and natural quality of the Warner Parks and to improve the facilities, equipment, and programs of the Warner Parks. The Organization is funded primarily from membership dues and contributions.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Contributions and Support: Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a restriction is fulfilled (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted and reported in the Statement of Activities as net assets released from restrictions.

The Organization had no permanently restricted net assets at December 31, 2010 or December 31, 2009.

Cash and Cash Equivalents: Cash and cash equivalents consist of bank deposits in accounts that are federally insured up to \$250,000 per financial institution. Additionally, for purposes of the statement of cash flows, the Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Contributions Receivable: Pledges receivable represent the remaining balance of unconditional promises to give that have not yet been paid. Pledges that are expected to be collected within one year or less are recorded at net realizable value. Pledges that are expected to be collected beyond one year are recorded at the present value of their estimated future cash flows. The pledges have been discounted using a rate commensurate with the risk. The interest rate used for pledges received in 2005 is 4.35%, 4.70% for pledges received in 2006, 1.55% for pledges received in 2008 and 2.69% for pledges received in 2009. The capital campaign ended in 2009. Amortization of the pledge discounts are recognized as contribution revenue each year until the pledge is paid in full. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Allowance for doubtful accounts is determined by management based on historic loss experience. Management has not recorded an allowance for doubtful accounts at December 31, 2010 or 2009 as they believe all amounts to be collectible.

Valuation of Investments: Investments consist of a beneficial interest in an endowment fund and are carried at their fair values on the last business day of the reporting period. The changes in unrealized gains and losses are recognized in the statement of activities for the year.

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FRIENDS OF THE WARNER PARKS, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2010 and 2009

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Investments are carried at their estimated fair value. A fair value hierarchy is established which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value.

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumption about the assumptions that market participants would use in pricing an asset or liability.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

The following description of the valuation methods and assumptions used by the Organization to estimate the fair values of investments:

*Beneficial interest in endowment fund:* The fair value of beneficial interests in the endowment fund assets were determined based upon the fair value of the underlying trust assets at year end. This valuation method has been estimated to represent the present value of future distributed income. The Organization is able to compare the valuation model inputs and results to widely available published industry data for reasonableness (level 3 inputs). In 2010 the guidance related to the valuation of certain investments was clarified to include the consideration of liquidity of certain investments. Due to the illiquidity of this investment, it is now classified as a level 3 investment but was considered a level 2 investment for the year ended December 31, 2009.

The following tables present investments measured at fair value:

Fair Value Measurements at December 31, 2010 Using:					
	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total	
Beneficial interest in endowment fund	\$ -	\$ -	\$ 81,830	\$	81,830

FRIENDS OF THE WARNER PARKS, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2010 and 2009

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

	Fair Value Measurements at December 31, 2009 Using:			
	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Beneficial interest in endowment fund	\$ -	\$ 75,135	\$ -	\$ 75,135

The table below presents a reconciliation of all investments measured at fair value on a recurring basis using significant unobservable inputs (level 3) for the year ended December 31, 2010, including the reporting classifications for the applicable gains and losses included in the 2010 statement of changes in net assets available for benefits.

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)
	Beneficial Interest in Endowment Fund
Total gains or losses included in change in net assets available for benefits:	
Realized appreciation	2,613
Unrealized appreciation (relating to assets held at end of year)	<u>5,274</u>
Net appreciation (depreciation) in fair value of investments	7,887
Interest income	1,411
Contributions to the fund	1,297
Grants and administrative fees	(3,900)
Transfer into Level 3	<u>75,135</u>
Balance, December 31, 2010	<u>\$ 81,830</u>

Agency Endowment Fund: The Organization's beneficial interest in an agency endowment fund is held by the Community Foundation of Middle Tennessee. Investment income and changes in the value of the fund are recognized in the statement of activity, and distributions received from the fund are recorded as decreases in the beneficial interest. (See Note 4.)

FRIENDS OF THE WARNER PARKS, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2010 and 2009

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Income Taxes: The Organization is a not-for-profit corporation pursuant to Section 501(c)(3) of the Internal Revenue Code and is exempt from income taxes on related income pursuant to Section 501(a). Accordingly, no provision for income taxes is required for the Organization in the financial statements.

The Organization adopted guidance issued by the FASB with respect to accounting for uncertainty in income taxes. A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded.

The Organization is no longer subject to examination by taxing authorities for years before 2007. The Organization does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months.

The Organization recognizes interest and/or penalties related to income tax matters in income tax expense. The Organization did not have any amounts accrued for interest and penalties at December 31, 2010 or December 31, 2009.

Donated Property and Materials: Donated items are recorded at their fair value at the date of the gift.

Fixed assets: Fixed assets are stated at cost less accumulated depreciation. Depreciation is provided by use of the straight-line method over the estimated useful lives of the assets. When properties are retired or otherwise disposed of, the appropriate accounts are relieved of cost and accumulated depreciation, and any resulting gain or loss is recognized.

The assets' estimated lives used in computing depreciation are as follows:

Automobiles	3 years
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Donated Services: In addition to receiving cash contributions, the Organization receives in-kind contributions from various donors. It is the policy of the Organization to record the estimated fair value of certain in-kind contributions as both revenue and expense for the programs or activities benefited. For the years ended December 31, 2010 and 2009 in-kind contributions totaled \$16,761 and \$15,343, respectively.

FRIENDS OF THE WARNER PARKS, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2010 and 2009

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Program and Supporting Services: The following functional expense classifications are included in the accompanying financial statements:

*Program Services* - includes costs of programs to help preserve, protect and improve the historic and natural quality of the Warner Parks and to provide support to help improve the park facilities, equipment and programs.

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

*Fundraising* - includes costs of activities directed toward appeals for financial support, including special events. Other activities include the cost of solicitations and creation and distributions of fundraising materials.

Allocation of Functional Expenses: 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 benefited based on objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to December 31, 2010 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended December 31, 2010. Management has performed their analysis through May 16, 2011, which was the date the financial statements were available to be issued.

Reclassifications: Certain prior year amounts have been reclassified to conform with the current year presentation. These reclassifications had no effect on the total net assets or change in net assets.

FRIENDS OF THE WARNER PARKS, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2010 and 2009

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**NOTE 3 - CONTRIBUTIONS RECEIVABLE**

As of December 31, 2010 and December 31, 2009, contributions receivable from related parties included \$57,195 and \$138,143, respectively, from members of the Organization's board of directors, and \$229,060 and \$284,260, respectively, from members of the Organization's advisory council.

The following is the detail of the pledges receivable balances at December 31:

	<u>2010</u>	<u>2009</u>
Due in less than one year	\$ 861,599	\$ 1,077,806
Due in one to five years	<u>239,562</u>	<u>620,395</u>
	1,101,161	1,698,201
Less: Discount to present value	<u>(10,924)</u>	<u>(51,208)</u>
Subtotal	1,090,237	1,646,993
Less: Allowance for uncollectible amounts	<u>-</u>	<u>-</u>
	<u>\$ 1,090,237</u>	<u>\$ 1,646,993</u>

Contributions receivable are reported on the Statement of Financial Position as follows as of December 31:

	<u>2010</u>	<u>2009</u>
Operating	\$ 4,400	\$ 8,150
Restricted for land acquisitions and capital improvements	<u>1,085,837</u>	<u>1,638,843</u>
	<u>\$ 1,090,237</u>	<u>\$ 1,646,993</u>

**NOTE 4 - AGENCY ENDOWMENT FUND**

The Organization has a beneficial interest in the Friends of Warner Parks Agency Fund, an agency endowment fund held by the Community Foundation of Middle Tennessee (the "Community Foundation"). Earnings on this fund are used to further the goals of Friends of the Warner Parks, Inc. The Organization has granted variance power to the Community Foundation, and the Community Foundation has the ultimate authority and control over the Fund and the income derived therefrom. The fund is charged a 0.4% administrative fee quarterly. 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.

FRIENDS OF THE WARNER PARKS, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2010 and 2009

**NOTE 4 - AGENCY ENDOWMENT FUND (Continued)**

A schedule of changes in the Organization's beneficial interest in this fund for the years ended December 31, follows:

	<u>2010</u>	<u>2009</u>
Balance - beginning of the year	\$ 75,135	\$ 67,030
Change in value of beneficial interest in agency endowment fund:		
Contributions to the fund	1,297	100
Investment income (loss) , net	9,298	12,269
Administrative expenses	<u>(500)</u>	<u>(264)</u>
	10,095	12,105
Distributions to the Organization	<u>(3,400)</u>	<u>(4,000)</u>
Balance - end of the year	<u><u>\$ 81,830</u></u>	<u><u>\$ 75,135</u></u>

**NOTE 5 - FIXED ASSETS**

The Organization's fixed assets and the related accumulated depreciation were as follows at December 31:

	<u>2010</u>	<u>2009</u>
Land	\$ 10,800,326	\$ 10,800,326
Automobile	<u>9,965</u>	<u>-</u>
	<u>10,810,291</u>	<u>10,800,326</u>
Less: Accumulated Depreciation on Automobile	<u>(1,107)</u>	<u>-</u>
	<u><u>\$ 10,809,184</u></u>	<u><u>\$ 10,800,326</u></u>

Prior to 2009, the Organization acquired certain land tracts surrounding the Warner Parks with the intention of donating the land to Metro Parks and Recreation. During 2009, the Organization donated land and property valued at \$4,816,801 to Metro Parks and Recreation and received \$1,500,000 to be used for the acquisition. The net donation to Metro Parks and Recreation was \$3,316,801.

FRIENDS OF THE WARNER PARKS, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2010 and 2009

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**NOTE 6 - NOTE PAYABLE**

Note Payable consists of the following:

	<u>2010</u>	<u>2009</u>
Note payable to Bank of America due June 30, 2014. The unpaid principal bears interest at LIBOR plus 2% (2.26% at December 31, 2010). The note is secured by contributions receivable and cash restricted for land acquisitions.	\$ 12,710	\$ 1,654,073
Less: current portion of debt	<u>-</u>	<u>-</u>
Long-term debt	<u>\$ 12,710</u>	<u>\$ 1,654,073</u>

Maturities of long-term debt are as follows:

<u>Year</u>	<u>Amount</u>
2014	\$ 12,710

The loan agreement requires the Organization to meet certain affirmative and negative covenants, which include certain restrictions on capital expenditures and debt coverage ratios. At December 31, 2010 the Organization was in compliance with all covenants.

Interest expense was \$6,533 and \$79,546 for the years ended December 31, 2010 and 2009, respectively.



FRIENDS OF THE WARNER PARKS, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2010 and 2009

**NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS**

Changes in temporarily restricted net assets for the year ended December 31, 2010 were as follows:

	Temporarily Restricted Net Assets - Balance, as of <u>January 1, 2010</u>	Contributions/ Additions/ Reclassifications	Release of Restrictions	Investment Income	Temporarily Restricted Net Assets - Balance, as of <u>December 31, 2010</u>
Tree Trust	\$ 4,791	\$ 4,030	\$ (4,454)	\$ -	\$ 4,367
Chickering Road Improvement	641	-	-	-	641
PEN Pals Camp	(41)	10,001	(9,439)	-	521
USDA Tree Trail	43	-	-	-	43
Capital Campaign	579,662	-	-	144	579,806
Memorials	20,030	13,048	(7,931)	-	25,147
Allee	27,297	-	(11,110)	-	16,187
Hodge House	7,551	6,500	(2,900)	-	11,151
SWEAT	-	22,728	(22,728)	-	-
Exhibits	3,470	-	-	-	3,470
Other grants and gifts	5,256	15,000	-	-	20,256
Hill Tract Campaign	<u>2,612,980</u>	<u>136,823</u>	<u>(1,668,501)</u>	<u>1,260</u>	<u>1,082,562</u>
	<u>\$ 3,261,680</u>	<u>\$ 208,130</u>	<u>\$ (1,727,063)</u>	<u>\$ 1,404</u>	<u>\$ 1,744,151</u>

Changes in temporarily restricted net assets for the year ended December 31, 2009 were as follows:

	Temporarily Restricted Net Assets - Balance, as of <u>January 1, 2009</u>	Contributions/ Additions/ Reclassifications	Release of Restrictions	Investment Income	Temporarily Restricted Net Assets - Balance, as of <u>December 31, 2009</u>
Tree Trust	\$ 9,995	\$ 4,075	\$ (9,279)	\$ -	\$ 4,791
Chickering Road Improvement	641	-	-	-	641
PEN Pals Camp	(513)	10,000	(9,528)	-	(41)
USDA Tree Trail	43	-	-	-	43
Capital Campaign	588,075	-	(8,083)	(330)	579,662
Memorials	22,217	814	(3,001)	-	20,030
Allee	27,297	-	-	-	27,297
Hodge House	1,861	13,001	(7,311)	-	7,551
SWEAT	-	21,625	(21,625)	-	-
Exhibits	3,470	-	-	-	3,470
Other grants and gifts	4,907	3,000	(2,651)	-	5,256
Hill Tract Campaign	<u>2,431,112</u>	<u>9,400,258</u>	<u>(9,242,980)</u>	<u>24,590</u>	<u>2,612,980</u>
	<u>\$ 3,089,105</u>	<u>\$ 9,452,773</u>	<u>\$ (9,304,458)</u>	<u>\$ 24,260</u>	<u>\$ 3,261,680</u>

FRIENDS OF THE WARNER PARKS, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2010 and 2009

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**NOTE 8 - CONCENTRATION OF CREDIT RISK**

The Organization began a capital campaign at the end of 2004 and again in 2008 in order to help pay for land purchased in 2004 and 2009. Four contributors to the campaign accounted for 58% of total contributions in 2009. There was not an active capital campaign in 2010. The Organization's primary fundraiser, "Sunday in the Park," accounted for \$176,452 and \$207,560, or 43% and 47% of the unrestricted contributions in the years ended December 31, 2010 and 2009, respectively. The Organization's fundraiser with Luke Lea Society accounted for \$75,250 and \$76,978, or 18% and 17% of the unrestricted contributions in the years ended December 31, 2010 and 2009, respectively.

From time to time throughout the year, the Organization's bank balances with financial institutions exceeded FDIC insurance limits. Management considers this to be a normal business risk. At December 31, 2010 and December 31, 2009, cash balances per the bank exceeded the FDIC insurance limits by approximately \$458,671 and \$455,160, respectively.

**NOTE 9 - CONTRACTED SALARIES AND RELATED PAYROLL COSTS**

The Organization reimburses Metro Parks and Recreation for personnel expenses for the following positions: office assistant, naturalists, security services and staff ranger.