

FRIENDS OF RADNOR LAKE  
NASHVILLE, TENNESSEE  
FINANCIAL STATEMENTS  
AND  
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS  
DECEMBER 31, 2004 AND 2003

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees  
Friends of Radnor Lake  
Nashville, Tennessee

We have audited the accompanying statement of financial position of Friends of Radnor Lake (a not-for-profit corporation) (the "Association") as of December 31, 2004, and the related statements of activities, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of the Association's management. 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 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 audit provides 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 Radnor Lake as of December 31, 2004, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The 2003 financial statements were compiled by us and our report thereon, dated May 7, 2004, stated we did not audit or review those financial statements and, accordingly, we express no opinion or any other form of assurance on them.

*KraftCPAs PLLC*

Nashville, Tennessee  
April 15, 2005

FRIENDS OF RADNOR LAKE

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2004 (AUDITED) AND 2003 (COMPILED)

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 614,399	\$ 430,417
Contributions receivable	30,000	-
Marketable securities	-	821
Furniture and equipment - at cost, less accumulated depreciation - Note 2	20,478	24,086
Land - at cost - Note 3	<u>625,926</u>	<u>621,426</u>
TOTAL ASSETS	<u>\$ 1,290,803</u>	<u>\$ 1,076,750</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable and accrued expenses	<u>\$ 1,064</u>	<u>\$ 995</u>
NET ASSETS		
Unrestricted:		
Invested in land previously acquired	625,926	621,426
Board designated for land acquisitions	22,878	-
Undesignated	<u>185,931</u>	<u>141,234</u>
Total unrestricted	834,735	762,660
Temporarily restricted - Note 5	<u>455,004</u>	<u>313,095</u>
TOTAL NET ASSETS	<u>1,289,739</u>	<u>1,075,755</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,290,803</u>	<u>\$ 1,076,750</u>

The accompanying notes are an integral part of the financial statements.

FRIENDS OF RADNOR LAKE

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2004 (AUDITED) AND 2003 (COMPILED)

	2004			2003		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUES AND SUPPORT						
Local government grants	\$ -	\$ 55,000	\$ 55,000	\$ -	\$ -	\$ -
Contributions	75,774	249,469	325,243	79,206	12,900	92,106
License plate income	73,989	-	73,989	13,454	-	13,454
Fundraising events	9,402	-	9,402	50,665	-	50,665
Merchandise sales	730	-	730	1,200	-	1,200
Interest and dividend income	742	5,796	6,538	412	5,123	5,535
Unrealized gain (loss) on securities	(33)	-	(33)	46	-	46
Net assets released from restrictions:						
Satisfaction of purpose restrictions	168,356	(168,356)	-	354,861	(354,861)	-
TOTAL REVENUES AND SUPPORT	328,960	141,909	470,869	✓ 499,844	(336,838)	163,006
EXPENSES						
Program services	195,302	-	195,302	11,199	-	11,199
Supporting services:						
Management and general	34,040	-	34,040	41,220	-	41,220
Fundraising	27,543	-	27,543	43,260	-	43,260
TOTAL EXPENSES	256,885	-	256,885	✓ 95,679	-	95,679
CHANGE IN NET ASSETS	72,075	141,909	213,984	404,165	(336,838)	67,327
NET ASSETS - BEGINNING OF YEAR	762,660	313,095	1,075,755	358,495	649,933	1,008,428
NET ASSETS - END OF YEAR	<u>\$ 834,735</u>	<u>\$ 455,004</u>	<u>\$ 1,289,739</u>	<u>\$ 762,660</u>	<u>\$ 313,095</u>	<u>\$ 1,075,755</u>

The accompanying notes are an integral part of the financial statements.

FRIENDS OF RADNOR LAKE

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2004 (AUDITED) AND 2003 (COMPILED)

	<u>2004</u>	<u>2003</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 213,984	\$ 67,327
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	7,256	4,516
Noncash contribution of land	(4,500)	-
Unrealized (gain) loss on marketable securities	33	(46)
(Increase) decrease in:		
Contributions receivable	(30,000)	-
Increase (decrease) in:		
Accounts payable and accrued expenses	<u>69</u>	<u>995</u>
TOTAL ADJUSTMENTS	<u>(27,142)</u>	<u>5,465</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>186,842</u>	<u>72,792</u>
NET CASH USED IN INVESTING ACTIVITIES		
Purchase of land and related costs	-	(343,890)
Proceeds from sale of investments	788	
Purchase of equipment	<u>(3,648)</u>	<u>(9,541)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(2,860)</u>	<u>(353,431)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	183,982	(280,639)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>430,417</u>	<u>711,056</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 614,399</u>	<u>\$ 430,417</u>

The accompanying notes are an integral part of the financial statements.

FRIENDS OF RADNOR LAKE

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2004 (AUDITED)

	<u>SUPPORTING SERVICES</u>			<u>TOTAL</u>
	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	
Salaries and wages and related payroll taxes	\$ 14,932	\$ 19,909	\$ 14,932	\$ 49,773
Accounting fees	-	2,400	-	2,400
Bank fees	-	115	650	765
Computer maintenance	-	495	-	495
Contract labor	-	-	2,500	2,500
Deer and coyote study	2,958	-	-	2,958
Dues and subscriptions	-	45	-	45
Eagle scout projects	5,000	-	-	5,000
Environmental education	517	-	-	517
Events	1,406	-	-	1,406
Fees	-	449	-	449
Frist technology grant	413	620	-	1,033
Gifts and awards	1,145	-	1,144	2,289
Hospitality	-	-	1,600	1,600
Insurance	-	1,130	-	1,130
Junior Ranger Program	4,271	-	-	4,271
Land acquisition grants	153,313	-	-	153,313
Membership outreach	-	-	100	100
Netherton video	1,500	-	3,500	5,000
Newsletter	4,649	-	951	5,600
Park support	4,962	-	-	4,962
Postage and handling	-	286	286	572
Printing and publications	-	323	-	323
Property taxes (refund)	-	(634)	-	(634)
Rent	-	600	600	1,200
Supplies	-	331	330	661
Telephone	-	715	714	1,429
Web site maintenance	236	-	236	472
<b>TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION</b>	<b>195,302</b>	<b>26,784</b>	<b>27,543</b>	<b>249,629</b>
Depreciation	-	7,256	-	7,256
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 195,302</b>	<b>\$ 34,040</b>	<b>\$ 27,543</b>	<b>\$ 256,885</b>

The accompanying notes are an integral part of the financial statements.

FRIENDS OF RADNOR LAKE

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2003 (COMPILED)

	<u>SUPPORTING SERVICES</u>			<u>TOTAL</u>
	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	
Salaries and wages and related payroll taxes	\$ -	\$ 24,531	\$ 8,900	\$ 33,431
Accounting fees	-	4,279	-	4,279
Bank fees	-	522	-	522
Computer software	-	100	-	100
Continuing education	-	18	-	18
Contract labor	-	-	6,992	6,992
Dues and subscriptions	-	40	-	40
Environmental education	575	-	-	575
Events	-	-	1,889	1,889
Fees	-	20	-	20
Gifts and awards	-	-	700	700
Hospitality	-	328	-	328
Insurance	-	1,130	-	1,130
Junior Ranger Program	2,773	-	-	2,773
Merchandise purchases	-	-	1,671	1,671
Newsletter	-	-	5,409	5,409
Park Support	7,271	-	-	7,271
Postage and handling	-	376	-	376
Printing and publications	-	162	-	162
Project Diane	580	-	-	580
Property taxes	-	2,527	-	2,527
Radnor Revelry Event	-	-	15,447	15,447
Rent	-	600	600	1,200
Supplies	-	888	888	1,776
Telephone	-	763	764	1,527
Web site maintenance	-	420	-	420
 TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION	 11,199	 36,704	 43,260	 91,163
 Depreciation	 -	 4,516	 -	 4,516
 TOTAL FUNCTIONAL EXPENSES	 \$ 11,199	 \$ 41,220	 \$ 43,260	 \$ 95,679

The accompanying notes are an integral part of the financial statements.



## FRIENDS OF RADNOR LAKE

### NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004 (AUDITED) AND 2003 (COMPILED)

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### General

Friends of Radnor Lake (the "Association") is a Tennessee not-for-profit corporation. The purpose of the Association is to maintain, improve and protect the natural environment, habitat, facilities and equipment of Radnor Lake State Natural Area and educate the general public on the importance of the area.

##### Cash and Cash Equivalents

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

##### Contributions and Support

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

Contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor 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 Association had no permanently restricted net assets at December 31, 2004 or 2003.

##### Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded as contributions receivable at their 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. Conditional promises to give are not included as support until such time as the conditions are substantially met. All contributions receivable at December 31, 2004, are collectible within one year.

An allowance for uncollectible amounts has not been provided on contributions receivable since, in management's opinion, the pledges are fully collectible, based on past history.

##### Income Taxes

The Association is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made.

FRIENDS OF RADNOR LAKE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2004 (AUDITED) AND 2003 (COMPILED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Furniture, Equipment and Land

Furniture, equipment and land purchases are capitalized and stated at acquisition cost, or at estimated fair market value at the time of the gift if donated. Depreciation on furniture and equipment is calculated by the straight-line method over an estimated useful life of five to fifteen years.

Donated Goods and Services

The value of contributed goods and services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

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. Includes costs associated with providing coordination and articulation of the Association's program strategy, business management, fundraising, general record keeping, budgeting, and related purposes.

Fundraising - includes costs of activities directed toward appeals for financial support, including special events and calendar sales. 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. 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.

Use of Estimates in the Preparation of Financial Statements

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.

FRIENDS OF RADNOR LAKE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2004 (AUDITED) AND 2003 (COMPILED)

NOTE 2 - FURNITURE AND EQUIPMENT

Furniture and equipment consist of the following as of December 31:

	<u>2004</u>	<u>2003</u>
Furniture and equipment	\$ 36,454	\$ 37,057
Less accumulated depreciation	<u>(15,976)</u>	<u>(12,971)</u>
Furniture and equipment - net	<u>\$ 20,478</u>	<u>\$ 24,086</u>

NOTE 3 - LAND

The land tracts acquired surround the Radnor Lake State Natural Area. The Association intends to donate the land to the State of Tennessee for future expansion of the Radnor Lake State Natural Area.

Land consists of the following properties as of December 31:

	<u>2004</u>	<u>2003</u>
Lipscomb donated property	\$ 4,500	\$ -
Davis property	83,000	83,000
McCubbin property	167,000	167,000
Cheek property, and related costs	<u>371,426</u>	<u>371,426</u>
Total	<u>\$ 625,926</u>	<u>\$ 621,426</u>

NOTE 4 - CONCENTRATION OF CREDIT RISK

A grant from the City of Forest Hills comprised 11% of the Association's revenue and support in 2004. This grant is restricted for the purpose of land acquisitions.

FRIENDS OF RADNOR LAKE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2004 (AUDITED) AND 2003 (COMPILED)

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following as of December 31:

	<u>2004</u>	<u>2003</u>
Total unexpended grant from City of Oak Hill - see detail below	\$ 293,352	\$ 288,966
Unexpended contributions restricted for specific purposes:		
Other land acquisitions	157,961	22,870
Technology equipment and training	1,649	1,259
Deer and coyote study	<u>2,042</u>	<u>-</u>
	<u>\$ 455,004</u>	<u>\$ 313,095</u>

Changes in temporarily restricted net assets for the year ended December 31, 2004 were as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Releases</u>	<u>Ending</u>
Grant received from the City of Oak Hill for land acquisitions within the City of Oak Hill to expand the Radnor Lake State Natural Area, and related interest income	\$ 288,966	\$ 4,386	\$ -	\$ 293,352
Contributions restricted for specific purposes:				
Other land acquisitions	22,870	288,404	(153,313) <sup>(1)</sup>	157,961
Technology equipment and training	1,259	3,975	(3,585)	1,649
Junior ranger program	-	1,000	(1,000)	-
Eagle scout projects	-	5,000	(5,000)	-
Netherton video	-	2,500	(2,500)	-
Deer and coyote study	<u>-</u>	<u>5,000</u>	<u>(2,958)</u>	<u>2,042</u>
	<u>\$ 313,095</u>	<u>\$ 310,265</u>	<u>\$ (168,356)</u>	<u>\$ 455,004</u>

(1) Includes land grant made to the State of Tennessee toward the purchase of six lots in the High Ridge (Radnor Glen) subdivision.

FRIENDS OF RADNOR LAKE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2004 (AUDITED) AND 2003 (COMPILED)

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)

Changes in temporarily restricted net assets for the year ended December 31, 2003 were as follows:

	2003			
	<u>Beginning</u>	<u>Additions</u>	<u>Releases</u>	<u>Ending</u>
Grant received from the City of Oak Hill for land acquisitions within the City of Oak Hill to expand the Radnor Lake State Natural Area	\$ 627,733	\$ 5,123	\$(343,890) <sup>(2)</sup>	\$ 288,966
Contributions restricted for specific purposes:				
Other land acquisitions	21,700	2,100	(930)	22,870
Technology equipment and training	-	10,800	(9,541)	1,259
Project Diane	500	-	(500)	-
	<u>\$ 649,933</u>	<u>\$ 18,023</u>	<u>\$(354,861)</u>	<u>\$ 313,095</u>

(2) Land acquired from the Cheek estate in June 2003 and the McCubbin property in December 2003.