

FRIENDS OF THE WARNER PARKS, INC.
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

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YEAR ENDED DECEMBER 31, 2019**

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Independent Auditors' Report

To the Board of Directors
Friends of the Warner Parks, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Friends of the Warner Parks, Inc., which comprise the statement of financial position as of December 31, 2019, the related statements of activities, functional expenses, and cash flows for the year then ended, 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.

Auditors' 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 auditors' 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 the Warner Parks, Inc. as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, the Organization retroactively adopted the accrual basis of accounting in 2019.

A handwritten signature in blue ink that reads "Blankenship CPA Group, PLLC".

Blankenship CPA Group, PLLC
Brentwood, Tennessee
July 17, 2020

**FRIENDS OF THE WARNER PARKS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019**

ASSETS

Cash	\$ 1,535,914
Cash - capital campaign	1,412,678
Contributions receivable, net	2,497,407
Other assets	14,500
Investments	882,122
Land held for sale or donation to Metro Nashville Board of Parks and Recreation	435,804
Property and equipment, net	642,065
Beneficial interest in funds held by others	<u>91,453</u>
 TOTAL ASSETS	 <u><u>\$ 7,511,943</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 289,382
Accrued expenses	<u>12,518</u>
 Total Liabilities	 <u>301,900</u>

NET ASSETS

Without donor restrictions	2,438,866
With donor restrictions	<u>4,771,177</u>
 Total Net Assets	 <u>7,210,043</u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 7,511,943</u></u>
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The accompanying notes are an integral part of these financial statements.

FRIENDS OF THE WARNER PARKS
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support			
Contributions	\$ 342,501	\$ 4,095,831	\$ 4,438,332
Fundraising events (net of direct donor benefit of \$191,751)	744,530	-	744,530
Investment income	-	89,424	89,424
Rental income	76,000	-	76,000
Interest income	18,310	-	18,310
Distribution from beneficial interest in funds held by others	4,300	-	4,300
Change in value of beneficial interest in assets held by others	10,474	-	10,474
Net assets released from restrictions	417,302	(417,302)	-
Total Revenues and Support	1,613,417	3,767,953	5,381,370
Expenses			
Program services			
Restoration and preservation	749,595	-	749,595
Nature center	269,976	-	269,976
Supporting services			-
Management and general	106,616	-	106,616
Fundraising expenses	389,217	-	389,217
Total Expenses	1,515,404	-	1,515,404
Increase in net assets	98,013	3,767,953	3,865,966
Net assets - beginning of year as previously stated	2,503,004	870,365	3,373,369
Change in basis of accounting	(162,151)	132,859	(29,292)
Net assets - beginning of year as restated	2,340,853	1,003,224	3,344,077
Net assets - end of year	\$ 2,438,866	\$ 4,771,177	\$ 7,210,043

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

FRIENDS OF THE WARNER PARKS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

	Program Services		Supporting Services		Total
	Restoration and Preservation	Nature Center	Management and General	Fundraising	
Salaries	\$ 113,410	\$ -	\$ 28,311	\$ 136,961	\$ 278,682
Contracted services	106,453	112,314	5,693	-	224,460
Employee benefits	15,051	-	3,114	7,785	25,950
Payroll taxes	13,738	-	2,842	7,106	23,686
Total personnel	248,652	112,314	39,960	151,852	552,778
Park maintenance and restoration	362,915	102,361	-	-	465,276
Fundraising events	-	-	-	369,487	369,487
Nature center program supplies	-	55,301	-	-	55,301
Professional services	-	-	44,893	-	44,893
Advertising and public relations	61,277	-	-	26,262	87,539
Office facilities rent and maintenance	47,996	-	15,999	15,999	79,994
Office supplies and equipment	12,026	-	3,002	14,521	29,549
Depreciation	13,967	-	-	-	13,967
Insurance	2,762	-	2,762	2,847	8,371
Total expenses before direct benefit to donors	749,595	269,976	106,616	580,968	1,707,155
Less direct benefits to donors	-	-	-	(191,751)	(191,751)
	<u>\$ 749,595</u>	<u>\$ 269,976</u>	<u>\$ 106,616</u>	<u>\$ 389,217</u>	<u>\$ 1,515,404</u>

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

**FRIENDS OF THE WARNER PARKS
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2019**

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	\$ 3,865,966
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Depreciation	13,967
Investment income	(89,424)
Payout from beneficial interest held by others	(4,300)
Change in value of beneficial interest in funds held by others	(10,474)
Decrease (increase) in	
Contributions receivable	(2,497,407)
Other assets	(14,500)
Increase (decrease) in	
Accounts payable	262,947
Accrued expenses	<u>(2,053)</u>
Net Cash Provided by Operating Activities	<u>1,524,722</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Distribution received from Community Foundation of Middle Tennessee	<u>4,300</u>
Net Cash Provided by Investing Activities	<u>4,300</u>

Increase in Cash	1,529,022
CASH - BEGINNING OF YEAR	<u>1,419,570</u>
CASH - END OF YEAR	<u><u>\$ 2,948,592</u></u>

RECONCILIATION OF CASH TO STATEMENT OF FINANCIAL POSITION

Cash	\$ 1,535,914
Cash - capital campaign	<u>1,412,678</u>
	<u><u>\$ 2,948,592</u></u>

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

FRIENDS OF THE WARNER PARKS, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

Friends of Warner Parks, Inc. (the Organization) is a Tennessee non-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, 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 require 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 of donor promises to give. It is the Organization's policy to charge off uncollectable receivables when management determines the receivable will not be collected. 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.

Investments

Equity investments are reported at quoted fair market value 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.

FRIENDS OF THE WARNER PARKS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment and Depreciation

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 three to thirty-nine years and computed on the straight-line method.

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

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 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 reported in the statement of activities as net assets released from restrictions.

Donated Facilities and Services

Donated 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 non-financial 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.

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 Warner 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.

FRIENDS OF THE WARNER PARKS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses-Continued

The costs of providing program and other activities 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:

Expense	Method of Allocation
Personnel	Time and effort
Advertising and public relations	Estimated usage
Office facilities rent and maintenance	Estimated usage
Office supplies and equipment	Estimated usage
Insurance	Estimated usage

NOTE 3 - CHANGE IN BASIS OF ACCOUNTING

Prior to January 1, 2019, the Organization prepared its financial statements using the modified cash basis of accounting, which is a special purpose framework other than US GAAP. Beginning January 1, 2019, the Organization elected to present its financial statements using the accrual basis of accounting in accordance with US GAAP in order for its financial statements to better reflect the underlying economic reality of its operations. The beginning balances for January 1, 2019 have been restated on the accrual basis of accounting. Consequently, the beginning net assets at January 1, 2019 are \$29,292 lower than the amount previously reported.

NOTE 4 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at December 31, 2019:

Financial assets at period end:	
Cash	\$ 1,535,914
Cash - capital campaign	1,412,678
Contributions receivable, net	2,497,407
Investments	882,122
Beneficial interest in funds held by others	<u>91,453</u>
Total financial assets	6,419,574
Less amounts not available to be used within one year:	
Contributions receivable not expected in subsequent year, net	1,419,880
Investments to be used for future land purchases	882,122
Beneficial interest in funds held by others	<u>91,453</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 4,026,119</u>

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.

FRIENDS OF THE WARNER PARKS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2019

NOTE 5 - CAPITAL CAMPAIGN

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 Allee is the initial project which began in the fall of 2019. Other planned projects include critical structural improvements at the Warner Park Nature Center; repair of historic buildings, structure 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 consists primarily of pledges made for the Organization’s “It’s My Nature Capital Campaign.” Management has determined that no allowance for doubtful accounts is necessary as of December 31, 2019. A discount on contributions expected to be received over several years are computed using risk-free interest rates applicable to the years in which the pledges are received. Amortization of the discount is included in contributions revenue. The interest rate used in computing the discount of estimated cash flows was 2.0% for multi-year pledges received in 2019.

Contributions receivable consist of the following at December 31, 2019:

Gross contributions receivable	\$ 2,566,621
Less: Discounts to present value	<u>(69,214)</u>
Contributions receivable, net	<u><u>\$ 2,497,407</u></u>

Scheduled expected collections of contributions receivable are as follows:

Year Ending December 31,

2020	\$ 1,077,500
2021	1,077,000
2022	217,000
2023	192,621
2024	<u>2,500</u>
	<u><u>\$ 2,566,621</u></u>

NOTE 6 - INVESTMENTS

The Organization’s investments consist of the following as of December 31, 2019:

Cash	\$ 27,501
Equities	320,638
Exchange-traded products	20,897
Corporate bonds	<u>513,086</u>
	<u><u>\$ 882,122</u></u>

FRIENDS OF THE WARNER PARKS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2019

NOTE 6 - INVESTMENTS (CONTINUED)

Investment income includes the following for the year ended December 31, 2019:

Dividends and interest	\$ 32,369
Net gain on investments	67,445
Investment expenses	<u>(10,390)</u>
	<u>\$ 89,424</u>

US GAAP requires the Organization to disclose the basis for considering market participant assumptions in fair value measurements. Fair value accounting standards establish a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity including quoted market prices in active markets for identical assets (Level 1), or significant other observable inputs (Level 2) and the reporting entity's own assumptions about market participant assumptions (Level 3). The Organizations equities and exchange-traded products are valued using Level 1 measures and the corporate bonds are valued using Level 2 measures.

NOTE 7 - LAND HELD FOR SALE OR DONATION

The Organization is in discussions with Metro Parks and Recreation regarding the sale/donation of two parcels of land with a book value of \$435,804. The Organization anticipates that the transaction, if/when finalized, will result in a yet to be determined price that includes some cash payment by Metro Parks and Recreation and some donation by the Organization. At this time, no contract has been signed.

NOTE 8 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31, 2019:

Land	\$ 328,100
Buildings	356,476
Automobile	<u>14,480</u>
	699,056
Accumulated depreciation	<u>(56,991)</u>
	<u>\$ 642,065</u>

Depreciation expense was \$13,967 for the year ended December 31, 2019.

NOTE 9 - BENEFICIAL INTEREST IN FUNDS HELD BY OTHERS

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 there from. The fund is charged a .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.

FRIENDS OF THE WARNER PARKS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2019

NOTE 9 - BENEFICIAL INTEREST IN FUNDS HELD BY OTHERS (CONTINUED)

A schedule of changes in the Organization's beneficial interest in this fund follows for the year ended December 31, 2019:

Balance, beginning of year	\$ 80,979
Change in value of beneficial interest:	
Investment earnings	15,315
Grants distributed	(4,300)
Administrative expenses	<u>(541)</u>
Net change	<u>10,474</u>
Balance, end of year	<u><u>\$ 91,453</u></u>

NOTE 10 - NET ASSETS

Changes in net assets with donor restrictions for the year ended December 31, 2019 were as follows:

	Beginning Balance	Contributions	Release of Restrictions	Investment Income	Ending Balance
It's My Nature campaign \$	-	\$ 3,843,071	\$ (191,034)	\$ -	\$ 3,652,037
Future fund	792,698	-	-	89,424	882,122
Repairs and refurbish	105,162	-	(12,160)	-	93,002
Nature center projects	4,977	219,052	(151,754)	-	72,275
Book project	34,545	100	(13,100)	-	21,545
Other	<u>65,842</u>	<u>33,608</u>	<u>(49,254)</u>	<u>-</u>	<u>50,196</u>
	<u><u>\$ 1,003,224</u></u>	<u><u>\$ 4,095,831</u></u>	<u><u>\$ (417,302)</u></u>	<u><u>\$ 89,424</u></u>	<u><u>\$ 4,771,177</u></u>

NOTE 11 - DONATED FACILITIES, SERVICES AND MATERIALS

The following donated facilities, services and materials have been included in unrestricted revenues and expenses in the financial statements for the year ended December 31, 2019:

Included in contributions/expenses	
Provided by Metro Parks and Recreation	
Facility rent	\$ 28,000
Utilities	18,750
Grounds maintenance	11,500
Maintenance staff	10,000
Custodial	6,250
Facilities maintenance	<u>5,750</u>
	80,250
Other	<u>633</u>
	<u><u>\$ 80,883</u></u>
Included in fundraising events income/expense	
Ticketing services	\$ 29,000
Food and supplies	34,167
Radio promotions	<u>15,300</u>
	<u><u>\$ 78,467</u></u>

FRIENDS OF THE WARNER PARKS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2019

NOTE 12 - CONCENTRATIONS

Of the Organization's total revenues and support for 2019, approximately 46% represents funds received from one donor. No other revenue and support source represents 10% or more of total revenues and support.

The Organization has cash balances in banks in excess of amounts federally insured. The uninsured balances totaled approximately \$2,715,000 at December 31, 2019. The Organization maintains its cash with high quality financial institutions which the Organization believes limits these risks.

The Organization maintains a close working relationship with Metro Parks and Recreation. As described in Note 7, the Organization is in negotiation with Metro Parks and Recreation regarding the sale of two parcels of land. As described in Note 11, Metro Parks and Recreation provided the Organization with \$80,883 of in-kind use of facilities and services. Also, during 2019, the Organization paid Metro Parks and Recreation \$122,926 to provide personnel primarily for the nature center.

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 no discretionary matches totaling \$4,927 during 2019.

NOTE 14 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through July 17, 2020 which is the date the financial statements were available to be issued.

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, and 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 areas in which the Organization operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the Organization, to date, the Organization is experiencing a decline in its revenues and its ability to perform activities at its normal pace. The Organization filed for assistance under the CARES Act, Paycheck Protection Program and received a relief loan totaling \$72,885 on April 27, 2020.