

FRIENDS OF RADNOR LAKE

NASHVILLE, TENNESSEE

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2013 AND 2012

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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 statements of financial position as of December 31, 2013 and 2012, and the related statements of activities, cash flows and functional expenses for the years 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.

AUDITOR'S RESPONSIBILITY

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 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 December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Kraft CPAs PLLC

Nashville, Tennessee
June 26, 2014

FRIENDS OF RADNOR LAKE

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,358,163	\$ 901,173
Restricted cash for aviary project	-	50,000
Accounts receivable - license plate fees	9,091	8,935
Accounts receivable - other	-	1,334
Contributions receivable	218,750	568,000
Inventory	333	1,773
Furniture and equipment, net	7,438	7,644
Land	<u>1,493,566</u>	<u>1,463,471</u>
 TOTAL ASSETS	 <u>\$ 3,087,341</u>	 <u>\$ 3,002,330</u>
 <u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable and accrued expenses	<u>\$ 31,173</u>	<u>\$ 38,928</u>
 TOTAL LIABILITIES	 <u>31,173</u>	 <u>38,928</u>
NET ASSETS		
Unrestricted:		
Invested in land	1,493,566	1,463,471
Board designated	361,650	357,905
Undesignated	<u>391,583</u>	<u>194,004</u>
Total unrestricted	2,246,799	2,015,380
Temporarily restricted	<u>809,369</u>	<u>948,022</u>
 TOTAL NET ASSETS	 <u>3,056,168</u>	 <u>2,963,402</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 3,087,341</u>	 <u>\$ 3,002,330</u>

See accompanying notes to financial statements.

FRIENDS OF RADNOR LAKE

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013			2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUES AND SUPPORT						
Contributions and public support:						
Individuals, foundations and other	\$ 419,293	\$ 251,005	\$ 670,298	\$ 165,929	\$ 983,910	\$ 1,149,839
Donated goods and services	145,290	-	145,290	13,000	-	13,000
License plate fees	40,174	-	40,174	39,456	-	39,456
Fundraising events	29,837	-	29,837	119,679	-	119,679
Calendar and merchandise sales	13,091	-	13,091	14,248	-	14,248
Less: cost of calendar and merchandise sales	(17,055)	-	(17,055)	(8,137)	-	(8,137)
Interest income	20	-	20	215	53	268
Rental income	3,200	-	3,200	4,400	-	4,400
Net assets released from restrictions:						
Satisfaction of purpose restrictions	389,658	(389,658)	-	169,402	(169,402)	-
TOTAL REVENUES AND SUPPORT	1,023,508	(138,653)	884,855	518,192	814,561	1,332,753
EXPENSES						
Program services						
Other program services	710,724	-	710,724	329,683	-	329,683
Supporting services:						
Management and general	50,043	-	50,043	54,674	-	54,674
Fundraising	31,322	-	31,322	31,693	-	31,693
TOTAL EXPENSES	792,089	-	792,089	416,050	-	416,050
CHANGE IN NET ASSETS	231,419	(138,653)	92,766	102,142	814,561	916,703
NET ASSETS - BEGINNING OF YEAR	2,015,380	948,022	2,963,402	1,913,238	133,461	2,046,699
NET ASSETS - END OF YEAR	\$ 2,246,799	\$ 809,369	\$ 3,056,168	\$ 2,015,380	\$ 948,022	\$ 2,963,402

See accompanying notes to financial statements.

FRIENDS OF RADNOR LAKE

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 92,766	\$ 916,703
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,080	1,002
Cash paid for purchase of land and related costs	(30,095)	-
(Increase) decrease in:		
Accounts receivable - license plate fees	(156)	31
Accounts receivable - other	1,334	(1,334)
Contributions receivable	349,250	(540,000)
Inventory	1,440	(14)
Increase (decrease) in:		
Accounts payable and accrued expenses	(7,755)	23,213
TOTAL ADJUSTMENTS	315,098	(517,102)
NET CASH PROVIDED BY OPERATING ACTIVITIES	407,864	399,601
NET CASH USED IN INVESTING ACTIVITIES		
Purchase of equipment	(874)	(6,900)
Change in restricted cash	50,000	(50,000)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	49,126	(56,900)
NET INCREASE IN CASH AND CASH EQUIVALENTS	456,990	342,701
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	901,173	558,472
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,358,163</u>	<u>\$ 901,173</u>

See accompanying notes to financial statements.

FRIENDS OF RADNOR LAKE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

	PROGRAM SERVICES	SUPPORTING SERVICES		
		MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Salaries	\$ 25,138	\$ 20,110	\$ 5,028	\$ 50,276
FICA payroll expenses	1,958	1,566	391	3,915
Accounting fees	-	8,300	-	8,300
Bank and credit card service charges	-	272	1,542	1,814
Calendar expense:				
Cost of sales - actual	-	-	5,055	5,055
Cost of sales - donated	-	-	12,000	12,000
Promotional gifts	-	-	5,268	5,268
Computer maintenance	-	351	-	351
Computer, software and database	-	2,450	-	2,450
Contract labor	6,033	4,826	1,207	12,066
Depreciation	-	1,080	-	1,080
Dues and subscriptions	-	609	-	609
Events	5,810	-	5,809	11,619
Events - donated	750	-	750	1,500
General office postage	153	230	382	765
General office printing	-	1,688	-	1,688
General office supplies	-	1,149	1,150	2,299
Gifts and environmental awards	1,389	1,389	-	2,778
Insurance	-	1,989	-	1,989
Junior ranger program	10,933	-	-	10,933
Land acquisition costs - actual	23,382	-	-	23,382
Land acquisition costs - donated	18,340	-	-	18,340
Marketing - actual	5,445	-	-	5,445
Marketing - donated	26,000	-	-	26,000
Meetings and training	1,533	1,533	4,601	7,667
Newsletter	9,199	-	3,943	13,142
Park support	566,079	-	-	566,079
Property taxes	5,791	-	-	5,791
Rent	-	1,250	-	1,250
Telephone and internet	866	1,010	1,010	2,886
Web site maintenance	1,925	241	241	2,407
TOTAL EXPENSES	710,724	50,043	48,377	809,144
Less expenses included with revenues on the statement of activities as cost of sales	-	-	(17,055)	(17,055)
TOTAL EXPENSES INCLUDED IN EXPENSE				
SECTION OF THE STATEMENT OF ACTIVITIES	<u>\$ 710,724</u>	<u>\$ 50,043</u>	<u>\$ 31,322</u>	<u>\$ 792,089</u>

See accompanying notes to financial statements.

FRIENDS OF RADNOR LAKE

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2012

	PROGRAM SERVICES	<u>SUPPORTING SERVICES</u>		<u>TOTAL</u>
		<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	
Salaries	\$ 36,322	\$ 29,058	\$ 7,264	\$ 72,644
FICA payroll expenses	3,142	2,513	628	6,283
Accounting fees	-	8,150	-	8,150
Bank and credit card service charges	-	265	1,500	1,765
Calendar expense:				
Cost of sales - actual	-	-	5,137	5,137
Cost of sales - donated	-	-	3,000	3,000
Promotional gifts	-	-	2,565	2,565
Computer maintenance	-	228	-	228
Computer, software and database	-	1,799	-	1,799
Contract labor	1,073	858	214	2,145
Depreciation	-	1,002	-	1,002
Dues and subscriptions	-	220	-	220
Events	10,948	-	10,948	21,896
General office postage	191	287	477	955
General office printing	-	570	-	570
General office supplies	-	907	908	1,815
Gifts and environmental awards	2,788	2,787	-	5,575
Insurance	-	1,989	-	1,989
Junior ranger program	9,511	-	-	9,511
Land acquisition costs - actual	89,607	-	-	89,607
Land acquisition costs - donated	10,000	-	-	10,000
Marketing - actual	460	-	-	460
Meetings and training	1,268	1,267	3,803	6,338
Memorials	205	-	-	205
Newsletter	4,978	-	2,134	7,112
Park support	142,559	-	-	142,559
Property taxes	14,827	-	-	14,827
Rent	-	1,200	-	1,200
State and federal fees	-	322	-	322
Telephone and internet	994	1,160	1,160	3,314
Volunteerism and neighborhood outreach	70	-	-	70
Web site maintenance	740	92	92	924
TOTAL EXPENSES	329,683	54,674	39,830	424,187
Less expenses included with revenues on the statement of activities as cost of sales	-	-	(8,137)	(8,137)
TOTAL EXPENSES INCLUDED IN EXPENSE				
SECTION OF THE STATEMENT OF ACTIVITIES	<u>\$ 329,683</u>	<u>\$ 54,674</u>	<u>\$ 31,693</u>	<u>\$ 416,050</u>

See accompanying notes to financial statements.

FRIENDS OF RADNOR LAKE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

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.

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 unrestricted, temporarily restricted or permanently restricted net assets, based on the existence or absence of donor-imposed restrictions, as follows:

- *Unrestricted net assets* are free of donor-imposed restrictions. All revenues, gains and losses that are not temporarily or permanently restricted by donors are included in this classification. All expenditures are reported in the unrestricted class of net assets, since the use of restricted contributions in accordance with the donors' stipulations results in the release of the restriction.
- *Temporarily restricted net assets* are limited as to use by donor-imposed restrictions that expire with the passage of time or that can be satisfied by use for the specific purpose.
- *Permanently restricted net assets* are amounts required by donors to be held in perpetuity, including gifts requiring that the principal be invested and the income or specific portions thereof be used for operations. FORL had no permanently restricted net assets as of December 31, 2013 or 2012.

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.

FRIENDS OF RADNOR LAKE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2013 AND 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Support (Continued)

FORL reports any gifts of property, equipment, or materials as unrestricted support 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 restricted support. Expirations of donor restrictions are recognized when the donated or acquired long-lived assets are placed in service.

FORL receives grant revenue from the State of Tennessee. Grant revenue is recognized in the period a liability is incurred for eligible expenditures or transfers of property under the terms of the grant.

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, which was determined to be insignificant as of December 31, 2013 and 2012. 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 December 31, 2013 and 2012.

License Plate Fees

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.

Inventory

Inventory is reported at the lower of cost (first-in, first-out method) or market.

Furniture, Equipment and Land

Furniture, equipment and land are reported at cost at the date of purchase or at estimated fair value at date of gift to the 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 fifteen years.

FRIENDS OF RADNOR LAKE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2013 AND 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

FORL files a U.S. Federal Form 990 for organizations exempt from income tax. FORL's returns for years prior to fiscal year 2010 are no longer open to examination.

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 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 special events and calendar 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.

FRIENDS OF RADNOR LAKE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013 AND 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Property, Goods, Services and Interest Expense

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

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.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current year's presentation. Such reclassifications had no effect on the results of operations or net assets as previously reported.

Events Occurring After Reporting Date

FORL has evaluated events and transactions that occurred between December 31, 2013 and June 26, 2014, the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

NOTE 2 - CONTRIBUTIONS RECEIVABLE

Contributions receivable were due as follows as of December 31:

	<u>2013</u>	<u>2012</u>
In less than one year	\$ 201,750	\$ 464,000
In one to five years	<u>17,000</u>	<u>104,000</u>
	<u>\$ 218,750</u>	<u>\$ 568,000</u>

FRIENDS OF RADNOR LAKE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2013 AND 2012

NOTE 3 - FURNITURE AND EQUIPMENT

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

	<u>2013</u>	<u>2012</u>
Furniture and equipment	\$ 20,497	\$ 48,203
Less accumulated depreciation	<u>(13,059)</u>	<u>(40,559)</u>
Furniture and equipment, net	<u>\$ 7,438</u>	<u>\$ 7,644</u>

NOTE 4 - LAND

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

Land consisted of the following as of December 31:

	<u>2013</u>	<u>2012</u>
Cheek property, and related costs	\$ 365,432	\$ 365,432
Ansley donated property	325,000	325,000
Foster property, and related costs	5,044	5,044
Civic Bank property, and related costs	767,995	767,995
Fielder property, and related costs	<u>30,095</u>	<u>-</u>
Total	<u>\$ 1,493,566</u>	<u>\$ 1,463,471</u>

FRIENDS OF RADNOR LAKE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2013 AND 2012

NOTE 5 - PROGRAM ACCOMPLISHMENTS

Total program accomplishments by FORL consist of program services and land acquisitions, as follows for the years ended December 31:

	<u>2013</u>	<u>2012</u>
Program Services:		
Costs related to land acquisition, grants and other contracts	\$ 23,382	\$ 89,607
Park support	566,079	142,559
Other program services	<u>121,263</u>	<u>97,517</u>
Total	<u>\$ 710,724</u>	<u>\$ 329,683</u>

NOTE 6 - PARK SUPPORT

Park support on the Statements of Functional Expenses consists of the following for the years ended December 31:

	<u>2013</u>	<u>2012</u>
General park support	\$ 4,275	\$ 7,051
Ansley home maintenance	6,221	2,255
Aviary project	488,510	7,095
Bridge construction	-	62,825
Ganier Ridge trail maintenance	-	5,094
Environmental pipeline study	830	5,000
REI Grant:		
Valve house	-	9,444
Volunteerism	8,040	4,314
Forestry grant	14,802	750
Forest Hills grant, flood restoration	-	38,731
Security cameras	<u>43,401</u>	<u>-</u>
Total	<u>\$ 566,079</u>	<u>\$ 142,559</u>

FRIENDS OF RADNOR LAKE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2013 AND 2012

NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS

Changes in temporarily restricted net assets for the year ended December 31, 2013 were as follows:

	2013			
	<u>Beginning</u>	<u>Additions</u>	<u>Releases</u>	<u>Ending</u>
Grants and contributions restricted for specific purposes:				
Other land acquisitions	\$ 32,576	\$ 64,265	\$ (35,886)	\$ 60,955
Land opportunity fund	19,000	-	(2,584)	16,416
AWC land acquisitions	300,000	-	(2,749)	297,251
Trail signage	2,000	-	-	2,000
Frist land grant	420,760	-	(9,659)	411,101
Mapp aviary grant	150,000	94,750	(244,750)	-
Mapp aviary donations	-	66,990	(66,990)	-
Forestry grant	-	15,000	(15,000)	-
REI volunteerism grant	686	10,000	(8,040)	2,646
Other restricted donations	15,000	-	-	15,000
Contributions receivable - time restricted	<u>8,000</u>	<u>-</u>	<u>(4,000)</u>	<u>4,000</u>
	<u>\$ 948,022</u>	<u>\$ 251,005</u>	<u>\$(389,658)</u>	<u>\$ 809,369</u>

FRIENDS OF RADNOR LAKE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2013 AND 2012

NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)

Changes in temporarily restricted net assets for the year ended December 31, 2012 were as follows:

	2012			
	<u>Beginning</u>	<u>Additions</u>	<u>Releases</u>	<u>Ending</u>
Grants and contributions restricted for specific purposes:				
City of Forest Hills, flood restoration	\$ 38,731	\$ -	\$ (38,731)	\$ -
Other land acquisitions	45,457	6,313	(19,194)	32,576
Land opportunity fund	25,000	-	(6,000)	19,000
AWC land acquisitions	-	300,000	-	300,000
Technology equipment and training	-	6,900	(6,900)	-
Trail signage	2,000	-	-	2,000
Frist land grant	-	500,000	(79,240)	420,760
Mapp aviary grant	-	150,000	-	150,000
Forestry grant	-	750	(750)	-
REI valve house grant	9,273	-	(9,273)	-
Ganier ridge	5,000	-	(5,000)	-
REI volunteerism grant	-	5,000	(4,314)	686
Other restricted donations	-	15,000	-	15,000
Contributions receivable - time restricted	<u>8,000</u>	<u>-</u>	<u>-</u>	<u>8,000</u>
	<u>\$ 133,461</u>	<u>\$ 983,963</u>	<u>\$(169,402)</u>	<u>\$ 948,022</u>

NOTE 8 - CONCENTRATION OF CREDIT RISK

During 2013, FORL received approximately 33% of its total revenues and support from two contributors. Contributions receivable from two contributors comprised 89% of the receivable balance as of December 31, 2013. During 2012, FORL received approximately 72% of its total revenues and support from three contributors. Contributions receivable from these three contributors comprised 97% of the receivable balance as of December 31, 2012.

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.

FRIENDS OF RADNOR LAKE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2013 AND 2012

NOTE 9 - RELATED PARTY TRANSACTIONS

Donated services included in contribution income in 2013 include in-kind contributions by Board members as follows: \$12,000 for graphic design for the 2014 calendar, \$2,500 for brokerage services for real estate acquisitions, \$26,000 for marketing and public relations services, and \$15,840 for attorney fees.

Donated services included in contribution income in 2012 include in-kind contributions by Board members as follows: \$3,000 for graphic design for the 2013 calendar, \$2,500 for brokerage services for real estate acquisitions, and \$7,500 for attorney fees.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

During 2012, FORL entered into a contract with the State of Tennessee to construct an amphitheater and aviary at Radnor Lake State Natural Area. Under the contract, the State is not liable for any costs related to the construction of the project. The contract required FORL to obtain a bond for the estimated value of the project for which, in 2012, FORL obtained a letter of credit in the amount of \$200,000 and also had \$50,000 of restricted cash for the purpose of funding the aviary project. As of December 31, 2013, the project had been substantially completed, therefore, the \$50,000 in restricted cash is no longer reflected in the accompanying statement of financial position as of that date. The letter of credit, which originally expired on October 26, 2013, was maintained but reduced to \$100,000 and now expires July 26, 2014. There were no borrowings under this agreement during 2013 or 2012.

NOTE 11 - SUBSEQUENT EVENTS

In March 2014, FORL granted funds of approximately \$700,000 to facilitate the State of Tennessee's purchase of 23.50 acres located at Radnor Lake Natural Area. The property transferred directly from the seller to the State of Tennessee.

In May 2014, FORL transferred approximately \$250,000 into an escrow account for the purchase of 15 acres and anticipate closing on the property in July 2014.