

**FRIENDS OF FRANKLIN PARKS, INC.**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

**DECEMBER 31, 2022**



**BELLENFANT**  
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

# **FRIENDS OF FRANKLIN PARKS, INC**

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# BELLENFANT

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

Professional Accounting & Consulting Services

## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Friends of Franklin Parks, Inc.  
Mt. Juliet, Tennessee

### **Opinion**

We have audited the accompanying financial statements of Friends of Franklin Parks, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friends of Franklin Parks, Inc. as of December 31, 2022, 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.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Friends of Franklin Parks, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Friends of Franklin Parks, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Friends of Franklin Parks, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Friends of Franklin Parks, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Bellenfant, PLLC*

Nashville, Tennessee  
June 26, 2023

**FRIENDS OF FRANKLIN PARKS, INC**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2021**

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 1,920,081
Accounts Receivable	<u>25,167</u>
Total Current Assets	<u>1,945,248</u>
Total Assets	<u><u>\$ 1,945,248</u></u>

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accrued Expenses	<u>2,851</u>
Total Current Liabilities	<u>2,851</u>

**NET ASSETS**

Net Assets Without Donor Restrictions	<u>1,942,397</u>
Total Net Assets	<u>1,942,397</u>
Total Liabilities and Net Assets	<u><u>\$ 1,945,248</u></u>

The accompanying notes are an integral part of these statements.

**FRIENDS OF FRANKLIN PARKS, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
<b>REVENUE</b>			
<b>Public Support:</b>			
Arena Events	\$ 32,945	\$ -	\$ 32,945
Direct Public Support	317,210	-	317,210
Event Income	417,205	-	417,205
Merchandise Sales	380	-	380
	<u>767,740</u>	<u>-</u>	<u>767,740</u>
<b>Total Public Support</b>			
	<u>767,740</u>	<u>-</u>	<u>767,740</u>
<b>Other Revenue:</b>			
Interest	11,097	-	11,097
	<u>11,097</u>	<u>-</u>	<u>11,097</u>
<b>Total Revenue</b>			
	<u>778,837</u>	<u>-</u>	<u>778,837</u>
<b>EXPENSES</b>			
Program Services	345,754	-	345,754
Management and General	101,204	-	101,204
Fundraising	41,956	-	41,956
	<u>488,914</u>	<u>-</u>	<u>488,914</u>
<b>Total Expenses</b>			
	<u>488,914</u>	<u>-</u>	<u>488,914</u>
<b>Change in Net Assets</b>			
	289,923	-	289,923
<b>Net Assets, beginning of the year</b>			
	<u>1,652,474</u>	<u>-</u>	<u>1,652,474</u>
<b>Net Assets, end of the year</b>			
	<u><u>\$ 1,942,397</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,942,397</u></u>

The accompanying notes are an integral part of these statements.

**FRIENDS OF FRANKLIN PARKS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<b>Total Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Salaries & Wages	\$ 34,559	\$ 69,116	\$ 34,559	\$ 138,234
Payroll Taxes	2,588	5,173	2,588	10,349
Management Fees	-	2,706	-	2,706
Accounting Fees	-	6,450	-	6,450
Advertising	1,282	-	1,281	2,563
Office Expenses	2,856	2,855	2,855	8,566
Information Technology	-	2,408	-	2,408
Meetings	-	2,932	-	2,932
Insurance	-	3,023	-	3,023
Concessions	29,440	-	-	29,440
Dues & Subscriptions	-	5,196	-	5,196
Event Expenses	76,492	-	-	76,492
Project Expenses	197,864	-	-	197,864
Travel	673	1,345	673	2,691
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenses	<u>\$ 345,754</u>	<u>\$ 101,204</u>	<u>\$ 41,956</u>	<u>\$ 488,914</u>

The accompanying notes are an integral part of these statements.

**FRIENDS OF FRANKLIN PARKS, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$ 289,923
Adjustments to reconcile change in net assets to net cash provided (used) by operations	
(Increase) Decrease in:	
Accounts Receivable	350,002
Earnest Money	10,750
Increase (Decrease) in:	
Accrued Expenses	<u>(3,544)</u>
Net Cash Provided (Used) by Operating Activities	<u>647,131</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Sale of Investments	<u>9,198</u>
Net Cash Provided (Used) by Investing Activities	<u>9,198</u>
Net Increase (Decrease) in Cash	656,329
Cash and Cash Equivalents, beginning of the year	<u>1,263,752</u>
Cash and Cash Equivalents, end of the year	<u><u>\$ 1,920,081</u></u>

The accompanying notes are an integral part of these statements.



**FRIENDS OF FRANKLIN PARKS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Purpose**

Friends of Franklin Parks, Inc. (the "Organization") is a non-profit organization incorporated in the state of Tennessee in 2016. The purpose of the Organization is to bridge the gap between the services and amenities offered by government funding and those that allow citizens to take full advantage of the incredible natural and historic resources of the local community.

**Financial Statement Presentation**

The financial statements of the Organization are presented on the accrual basis of accounting. Revenue is generally recognized when earned. Expenses are generally recognized when incurred.

Financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic related to Presentation of Financial Statements of Not-for-Profit Organizations. Under the FASB Accounting Standards Codification, the Organization is required to report information regarding its financial position and activities according to two classes of net assets; net assets without donor restrictions and net assets with donor restrictions.

*Net assets without donor restrictions* - These are net assets that are not subject to donor-imposed stipulations. The Organization had \$1,942,397 of net assets without donor restrictions as of December 31, 2022.

*Net assets with donor restrictions* - These are net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. This classification also includes net assets subject to donor-imposed stipulations that may be maintained permanently by the Organization. Generally, donors of these assets permit the Organization to use all or part of the income earned for general or specific purposes. The Organization had no net assets with donor restrictions as of December 31, 2022.

The Organization accounts for contributions in accordance with the requirements of the FASB Accounting Standards Codification Revenue Recognition Topic. In accordance with the FASB Accounting Standards Codification, contributions received are recorded depending on the existence or nature of any donor restrictions.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all cash funds, cash bank accounts and highly liquid debt instruments with an original maturity when purchased of twelve months or less to be cash and cash equivalents. At December 31, 2022, there were no cash equivalents. The cash accounts are held primarily by financial institutions and at times may exceed amounts that are federally insured.

**FRIENDS OF FRANKLIN PARKS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Investments**

The Organization accounts for investments in accordance with FASB Accounting Standards Codification topic relating to Accounting for Certain Investments Held by Not-for-Profit Organizations. Under FASB Accounting Standards Codification, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair market values in the statement of financial position.

**Contributions and Promises to Give**

Contributions are recognized when the donor makes a pledge to give that is, in substance, an unconditional promise. The Organization does not recognize a conditional promise to give until the conditions on which the promise depends are substantially met. A promise that calls for specific outcomes to be achieved will be treated as a conditional promise to give. Contributions are recorded depending on the nature of donor restrictions. Restricted contributions are reported as increases in net assets with donor restrictions. When the restriction is met the amount is shown as a reclassification of net assets with donor restrictions to net assets without donor restrictions. If a donor's restriction is met in the same period that the support is recognized, the contribution is reported as an increase in net assets without donor restrictions.

**Donated Service**

Unpaid volunteers make contribution of time in various administrative and program functions. The value of contributed time is not reflected in the financial statements as it is not susceptible to objective measurement of valuation.

**Income Taxes**

The Organization has qualified for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation.

The Organization has evaluated its tax positions in accordance with the Codification Standard relating to Accounting for Uncertainty in Income Taxes. The Organization believes that it has taken no uncertain tax positions.

The Organization files a U.S. Federal Form 990-Return of Organization Exempt from Income Tax. The Organization's returns for the years prior to calendar year 2019 are no longer open for examination.

**FRIENDS OF FRANKLIN PARKS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from estimates.

**Revenue Recognition**

Event income and direct public support revenue are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

**Performance Obligations:**

In general, the Organization's agreements have an expected duration of one year or less and the consideration from the members is an amount that corresponds directly with the value received by the members to date.

For performance obligations related to events and merchandise sales, members receive the benefit at a point in time, when the event takes place. The Organization records revenue for these events during the period in which the event takes place.

**Functional Allocation of Expenses**

Expenses that can be directly attributed to a particular function are charged to that function. Accordingly, certain costs have been categorized based on specific identification of costs incurred or allocated as determined by management.

<u>Expense</u>	<u>Method of Allocation</u>
Payroll and related expenses	Time and Effort
Office expenses	Time and Effort
Insurance	Policy Coverage

**FRIENDS OF FRANKLIN PARKS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Accounts Receivable**

Accounts receivable are reported at their estimated collectible amounts. They are periodically evaluated for collectability based on management's assessment of each account. An allowance for doubtful accounts is established as losses are estimated to have occurred through recognition of bad debt expense. When management confirms the uncollectibility of an account receivable, such amount is charged off against the allowance for doubtful accounts. No allowance for doubtful accounts was recorded at December 31, 2022.

**2. COMPENSATED ABSENCES**

Employees of the Organization are entitled to paid vacation, paid sick days, and personal days off, depending on job classification, length of service, and other factors. Any unused paid time off expires annually and does not carry over from year to year, and accordingly, no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the cost of compensated absences when actually paid to employees.

**3. CONCENTRATIONS**

The Organization maintains deposits in financial institutions that at times exceed the amounts covered by insurance provided by the Federal Deposit Insurance Corporation ("FDIC"). The balance exceeding federal insurance limits was \$1,670,081 at December 31, 2022. The Organization believes that the credit risk related to these deposits is minimal.

The Organization is heavily reliant on revenues earned during special events and receiving charitable donations. If the Organization's funding sources decreased extensively, the Organization would experience significant difficulty in sustaining its current level of operations.

**4. AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the Organization's financial assets as of December 31, 2022, reduced by amounts not available for general use due to being designated to specific projects per the board of directors.

Financial assets, at year-end	\$ 1,920,081
Add: Accounts Receivable	<u>25,167</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 1,945,248</u></u>

There is an adequate amount of financial assets available as of December 31, 2022. The Organization effectively manages its liquid available resources to meet cash needs for general expenditures within one year of the balance sheet date.

**FRIENDS OF FRANKLIN PARKS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2022**

**5. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through June 26, 2023 which is the date the financial statements were available to be issued.