

FRIENDS OF STATE PARKS

FINANCIAL STATEMENTS

DECEMBER 31, 2015

MADDISON & CAISON, LLP
CERTIFIED PUBLIC ACCOUNTANTS
RALEIGH, NORTH CAROLINA

Independent Auditor's Report

To the Board of Directors
Friends of State Parks, Inc.
Raleigh, North Carolina

We have audited the accompanying financial statements of Friends of State Parks, Inc. (a non-profit organization) which comprise the statements of financial position as of December 31, 2015 and 2014, the related statements of activities and cash flows 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 audits 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 the 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 assessing 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 State Parks, Inc. as of December 31, 2015 and 2014, and 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.

Maddison + Cairon, LLP

Raleigh, North Carolina
May 16, 2016

FRIENDS OF STATE PARKS
STATEMENTS OF FINANCIAL POSITION
December 31,

	<u>2015</u>	<u>2014</u>
ASSETS		
Current assets		
Cash and cash equivalents		
Cash - operating	\$ 169,093	\$ 91,729
Cash - Carver's Creek	69,897	69,876
Certificate of deposit	-	40,393
Total cash and cash equivalents	<u>238,990</u>	<u>201,998</u>
Receivables	28,400	28,480
Prepaid expenses	684	-
Inventory	879	1,440
Total current assets	<u>268,953</u>	<u>231,918</u>
Beneficial interest in assets held by community foundation	<u>10,545</u>	<u>11,155</u>
TOTAL ASSETS	<u><u>\$ 279,498</u></u>	<u><u>\$ 243,073</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ -	\$ 11,540
Grants payable	3,850	4,653
Deferred membership dues	4,210	8,687
Total current liabilities	<u>8,060</u>	<u>24,880</u>
Net assets		
Unrestricted	133,903	83,846
Temporarily restricted	126,990	123,192
Beneficial interest in assets held by community foundation	10,545	11,155
Total net assets	<u>271,438</u>	<u>218,193</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 279,498</u></u>	<u><u>\$ 243,073</u></u>

See accompanying accountant's report.
See accompanying notes to financial statements.

FRIENDS OF STATE PARKS
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Changes in net assets			
Support and revenues			
Contributions	\$ 125,268	\$ 55,730	\$ 180,998
Program revenue	5,046	-	5,046
Membership dues	16,627	-	16,627
Book sales (net of cost of \$2,560)	(402)	-	(402)
Interest and dividend income	390	-	390
Unrealized loss on beneficial interest	(720)	-	(720)
Temporarily restricted net assets released from restriction	51,932	(51,932)	-
Total support and revenues	<u>198,141</u>	<u>3,798</u>	<u>201,939</u>
Expenses			
Program expenses	119,498	-	119,498
General and administrative	24,196	-	24,196
Fundraising	5,000	-	5,000
Total expenses	<u>148,694</u>	<u>-</u>	<u>148,694</u>
Change in net assets	49,447	3,798	53,245
Net assets, beginning of period	<u>95,001</u>	<u>123,192</u>	<u>218,193</u>
Net assets, end of period	<u>\$ 144,448</u>	<u>\$ 126,990</u>	<u>\$ 271,438</u>

See accompanying accountant's report.
See accompanying notes to financial statements.

FRIENDS OF STATE PARKS
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended December 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Changes in net assets			
Support and revenues			
Contributions	\$ 151,206	\$ 31,445	\$ 182,651
Program revenue	8,339	-	8,339
Membership dues	7,617	-	7,617
Book sales (net of cost of \$2,132)	594	-	594
Investment income	211	-	211
Temporarily restricted net assets released from restriction	21,623	(21,623)	-
Total support and revenues	<u>189,590</u>	<u>9,822</u>	<u>199,412</u>
Expenses			
Program expenses	104,881	-	104,881
General and administrative	38,216	-	38,216
Fundraising	11,540	-	11,540
Total expenses	<u>154,637</u>	<u>-</u>	<u>154,637</u>
Change in net assets	34,953	9,822	44,775
Net assets, beginning of period	<u>60,048</u>	<u>113,370</u>	<u>173,418</u>
Net assets, end of period	<u>\$ 95,001</u>	<u>\$ 123,192</u>	<u>\$ 218,193</u>

See accompanying accountant's report.
See accompanying notes to financial statements.

FRIENDS OF STATE PARKS
STATEMENTS OF CASH FLOWS
December 31,

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Change in net assets	\$ 53,245	\$ 44,775
Adjustments to reconcile change in net assets:		
Unrealized (gain) loss on beneficial interest	720	(155)
Changes in		
Receivables	80	(4,420)
Prepaid expenses	(684)	-
Inventory	561	(43)
Accounts payable	(11,540)	11,540
Grants payable	(803)	4,653
Deferred membership dues	(4,477)	6,812
Net cash provided by operating activities	<u>37,102</u>	<u>63,162</u>
Cash flows from investing activities		
Reinvestment of interest and dividends	(110)	-
Purchase of beneficial interest in assets held by community foundation	<u>-</u>	<u>(11,000)</u>
Net cash used by investing activities	<u>(110)</u>	<u>(11,000)</u>
Cash and cash equivalents - beginning of year	<u>201,998</u>	<u>149,836</u>
Cash and cash equivalents - end of year	<u><u>\$ 238,990</u></u>	<u><u>\$ 201,998</u></u>

See accompanying accountant's report.
See accompanying notes to financial statements.

FRIENDS OF STATE PARKS
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2015

	Junior Ranger & YIP-EE	Carver's Creek	State Parks & Other Programming	Total Program	General & Administrative	Fundraising	Total
Administrative consultant	\$ 3,750	-	\$ 22,500	\$ 26,250	\$ 11,250	-	\$ 37,500
Travel & board expenses	-	-	3,127	3,127	197	-	3,324
Office expenses	-	-	-	-	1,536	-	1,536
Telephone & communication	-	-	-	-	4,466	-	4,466
Professional services	-	-	9,404	9,404	150	5,000	14,554
Legal & accounting	-	-	-	-	5,500	-	5,500
Insurance	-	-	-	-	560	-	560
Meetings & committee expenses	-	-	8,277	8,277	537	-	8,814
Other program expenses	3,435	1,000	68,005	72,440	-	-	72,440
Total expenses	\$ 7,185	\$ 1,000	\$ 111,313	\$ 119,498	\$ 24,196	\$ 5,000	\$ 148,694

See accompanying accountant's report.
See accompanying notes to financial statements.

FRIENDS OF STATE PARKS
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2014

	Junior Ranger & YIP-EE	Carver's Creek	State Parks & Other Programming	Total Program	General & Administrative	Fundraising	Total
Administrative consultant	\$ 1,000	-	\$ 6,000	\$ 7,000	\$ 3,000	-	\$ 10,000
Travel & board expenses	-	-	2,534	2,534	112	-	2,646
Office expenses	-	-	388	388	919	-	1,307
Telephone & communication	-	167	1,706	1,873	507	-	2,380
Professional services	-	-	38,380	38,380	26,677	11,540	76,597
Legal & accounting	-	-	-	-	5,090	-	5,090
Insurance	-	-	-	-	1,194	-	1,194
Meetings & committee expenses	-	-	10,871	10,871	717	-	11,588
Other program expenses	3,252	1,636	38,947	43,835	-	-	43,835
Total expenses	\$ 4,252	\$ 1,803	\$ 98,826	\$ 104,881	\$ 38,216	\$ 11,540	\$ 154,637

See accompanying accountant's report.
See accompanying notes to financial statements.

FRIENDS OF STATE PARKS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014

Note 1 - Organizational Purpose and Significant Accounting Policies

Friends of State Parks, Inc. (the "Organization") was incorporated in the State of North Carolina in 1978 and is a tax-exempt, nonprofit organization as defined under Section 501(c)(3) of the Internal Revenue Code. The Organization is dedicated to the understanding, enjoyment, and protection of North Carolina's state parks. The Organization's primary source of revenue is contributions from the general public, including substantial donations through the state's non-profit license plate program.

The accompanying financial statements have been prepared on the accrual basis of accounting. Accordingly, support and revenues are recorded when earned rather than when received, and expenses are recorded when incurred rather than when paid.

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

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

The preparation of financial statements 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Inventory consists of map and park guides and snake books. Inventory is stated at the lower of cost or net realizable value on an average cost basis. Inventory sales are presented net of cost of goods sold.

The costs of providing the various programs and other activities of the Organization have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services.

The Organization receives a substantial amount of services donated by its members and other volunteers in carrying out its mission. No amounts have been recorded in the financial statements for those services. Contributed services are recognized for those that require specialized skills. For the year ended December 31, 2014 the Organization recorded \$29,813, in advocacy services contributed by a local firm with corresponding recognition of professional fees.

FRIENDS OF STATE PARKS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2015 and 2014

Note 2 - Concentration of Risk

Cash balances are deposited at a local financial institution in the Organization's accounts, which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2015, the Organization had no balances on deposit in excess of federally insured limits. The Organization believes there is minimal risk regarding its cash and cash equivalents.

Accounts receivable consist of quarterly license plate sales that have been collected by the State of North Carolina and have not yet been remitted to the Organization. The Company does not believe it is exposed to any significant credit risk from these receivables.

Note 3 – Temporarily Restricted Net Assets

The Organization had net assets temporarily restricted for the following purposes:

	<u>2015</u>	<u>2014</u>
Carver's Creek	\$ 68,850	\$ 69,850
Friends of State Parks Chapter Accounts	51,886	49,154
Centennial projects	500	-
Junior Ranger	3,612	4,188
Ledford Scholarship Fund	1,150	-
Other grant funds	<u>992</u>	<u>-</u>
 Total	 <u>\$ 126,990</u>	 <u>\$ 123,192</u>

Note 4 – Carver's Creek - Long Valley Farm

Temporarily restricted net assets related to Carver's Creek consist of a grant from the Overhills Foundation to gather and present information related to the preservation and restoration of Long Valley Farm located in the state park of Carver's Creek. Total expenditures for this program were \$1,000 and \$1,636 in 2015 and 2014, respectively.

Note 5 – Friends of State Parks Chapter Accounts

The Organization serves as an agent for several North Carolina state parks. These small organizations advocate for improvement and maintenance of a specific state park. The organization collects temporarily restricted donations and revenues on their behalf and oversees disbursements for their approved expenditures.

FRIENDS OF STATE PARKS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014

Note 6 – Beneficial Interest in Assets Held by Community Foundation

On April 26, 2014 the board of directors voted to contract with NC Community Foundation (the "Foundation") to establish an endowment fund and a gift fund. The Organization recorded payments of \$10,000 and \$1,000 to the endowment fund and the gift fund, respectively, in 2014. For the year ended December 31, 2014, these payments were expensed as grants to NC Community Foundation. These payments have been reclassified to the Organization's balance sheet for the year ended December 31, 2014, and net assets and related income have been adjusted accordingly. The Foundation has legal and fiduciary control of the assets, including full authority and discretion as to investment of the assets. Because the Organization is the named beneficiary of future distributions from the funds upon request, it has recorded its beneficial interest in the assets held in these funds as long-term assets at fair value in accordance with FASB ASC 958.

As of December 31, 2015, the assets related to the Organization's beneficial interest are invested in the Foundation's larger portfolio, which is comprised of Level 1 investments according to FASB ASC 820-10's fair value hierarchy. Level 1 investments are those with quoted prices in active markets that the Organization has the ability to access as of a given measurement date. The recorded fair value of this beneficial interest to the Organization at December 31, 2015 is \$10,545.

Note 7 – Income Taxes

The Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been recorded on the financial statements.

The Organization's federal information returns for 2012, 2013 and 2014 are subject to examination by the taxing authorities, generally for three years after they are filed. The Organization recognizes any interest and penalties assessed by taxing authorities as incurred.

Note 8 – Subsequent Events

The Organization has evaluated subsequent events through May 16, 2016, the date the financial statements were available to be issued. No adjustments or disclosures were judged to be necessary.