

FRIENDS OF STATE PARKS

FINANCIAL STATEMENTS

DECEMBER 31, 2017

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, 2017 and 2016, the related statements of activities, functional expenses 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, 2017 and 2016, 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.

Raleigh, North Carolina
September 7, 2018

Maddison + Carson, LLP

FRIENDS OF STATE PARKS, INC.
STATEMENTS OF FINANCIAL POSITION
December 31

	<u>2017</u>	<u>2016</u>
ASSETS		
Current assets		
Cash and cash equivalents		
Cash - operating	\$ 320,145	\$ 284,536
Cash - Carver's Creek	69,938	68,518
Total cash and cash equivalents	<u>390,083</u>	<u>353,054</u>
Receivables	39,159	30,220
Prepaid expenses	1,363	1,324
Inventory	320	917
Total current assets	<u>430,925</u>	<u>385,515</u>
Beneficial interest in assets held by community foundation	<u>102,769</u>	<u>10,892</u>
TOTAL ASSETS	<u><u>\$ 533,694</u></u>	<u><u>\$ 396,407</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 35,124	\$ -
Grants payable	3,400	11,000
Deferred membership dues	3,466	2,660
Total current liabilities	<u>41,990</u>	<u>13,660</u>
Net assets		
Unrestricted, available for operations	78,574	226,624
Unrestricted, board designated	100,000	-
Temporarily restricted	210,361	145,231
Beneficial interest in assets held by community foundation	102,769	10,892
Total net assets	<u>491,704</u>	<u>382,747</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 533,694</u></u>	<u><u>\$ 396,407</u></u>

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

FRIENDS OF STATE PARKS, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Beneficial Interest in Assets Held by Community Foundation</u>	<u>Total</u>
Changes in net assets				
Support and revenues				
Contributions	\$ 11,641	\$ 132,802	\$ -	\$ 144,443
License plate income	143,580	-	-	143,580
Donated professional services	3,514	-	-	3,514
Membership dues	10,053	-	-	10,053
Program revenue	76,709	-	-	76,709
Book sales (net of cost of \$1,973)	977	-	-	977
Interest and dividend income	71	-	1,071	1,142
Unrealized gain on beneficial interest	-	-	1,208	1,208
Temporarily restricted net assets released from restriction	67,672	(67,672)	-	-
Total support and revenues	<u>314,217</u>	<u>65,130</u>	<u>2,279</u>	<u>381,626</u>
Expenses				
Program expenses	247,775	-	-	247,775
General and administrative	24,163	-	-	24,163
Fundraising	731	-	-	731
Total expenses	<u>272,669</u>	<u>-</u>	<u>-</u>	<u>272,669</u>
Change in net assets	41,548	65,130	2,279	108,957
Transfer of assets	(89,598)	-	89,598	-
Net assets, beginning of period	<u>226,624</u>	<u>145,231</u>	<u>10,892</u>	<u>382,747</u>
Net assets, end of period	<u>\$ 178,574</u>	<u>\$ 210,361</u>	<u>\$ 102,769</u>	<u>\$ 491,704</u>

See accompanying accountant's report.
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FRIENDS OF STATE PARKS, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Beneficial Interest in Assets Held by Community Foundation</u>	<u>Total</u>
Changes in net assets				
Support and revenues				
Contributions	\$ 70,324	\$ 41,281	\$ -	\$ 111,605
License plate donations	133,840	-	-	133,840
Donated professional services	18,437	-	-	18,437
Membership dues	10,819	-	-	10,819
Book sales (net of cost of \$2,070)	1,201	-	-	1,201
Interest and dividend income	22	-	-	22
Realized gain on beneficial interest	-	-	45	45
Unrealized gain on beneficial interest	-	-	302	302
Temporarily restricted net assets released from restriction	23,040	(23,040)	-	-
Total support and revenues	<u>257,683</u>	<u>18,241</u>	<u>347</u>	<u>276,271</u>
Expenses				
Program expenses	142,946	-	-	142,946
General and administrative	21,541	-	-	21,541
Fundraising	475	-	-	475
Total expenses	<u>164,962</u>	<u>-</u>	<u>-</u>	<u>164,962</u>
Change in net assets	92,721	18,241	347	111,309
Net assets, beginning of period	<u>133,903</u>	<u>126,990</u>	<u>10,545</u>	<u>271,438</u>
Net assets, end of period	<u>\$ 226,624</u>	<u>\$ 145,231</u>	<u>\$ 10,892</u>	<u>\$ 382,747</u>

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

FRIENDS OF STATE PARKS, INC.
STATEMENTS OF CASH FLOWS
December 31

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Change in net assets	\$ 108,957	\$ 111,309
Adjustments to reconcile change in net assets:		
Unrealized (gain) loss on beneficial interest	(1,208)	(302)
Changes in:		
Receivables	(8,939)	(1,820)
Prepaid expenses	(39)	(640)
Inventory	597	(38)
Accounts payable	35,124	-
Grants payable	(7,600)	7,150
Deferred membership dues	806	(1,550)
	<u>127,698</u>	<u>114,109</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Purchase of beneficial interest	(89,598)	-
Reinvestment of earnings in beneficial interest	(1,071)	(45)
	<u>(90,669)</u>	<u>(45)</u>
Net cash used by investing activities		
Cash and cash equivalents - beginning of year	<u>353,054</u>	<u>238,990</u>
Cash and cash equivalents - end of year	<u><u>\$ 390,083</u></u>	<u><u>\$ 353,054</u></u>

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

FRIENDS OF STATE PARKS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2017

	Junior Ranger & YIP-EE	Carver's Creek	State Parks & Other Programming	Total Program	General & Administrative	Fundraising	Total
Administrative consultant	\$ 4,200	-	\$ 25,200	\$ 29,400	\$ 12,600	\$ -	\$ 42,000
Travel & board expenses	-	-	7,487	7,487	106	-	7,593
Office expenses	-	-	857	857	1,818	34	2,709
Telephone & communication	-	-	5,076	5,076	331	697	6,104
Legal & accounting	-	-	13,817	13,817	6,271	-	20,088
Insurance	-	-	-	-	1,244	-	1,244
Meetings & committee expenses	-	-	3,084	3,084	1,793	-	4,877
MicroEye microscope project	-	-	27,708	27,708	-	-	27,708
ASSPD conference	-	-	74,475	74,475	-	-	74,475
100 Mile Challenge	-	-	28,896	28,896	-	-	28,896
Grants awarded	-	-	17,606	17,606	-	-	17,606
Other program expenses	6,374	9,575	23,420	39,369	-	-	39,369
Total expenses	\$ 10,574	\$ 9,575	\$ 227,626	\$ 247,775	\$ 24,163	\$ 731	\$ 272,669

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

FRIENDS OF STATE PARKS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2016

	Junior Ranger & YIP-EE	Carver's Creek	State Parks & Other Programming	Total Program	General & Administrative	Fundraising	Total
Administrative consultant	\$ 3,500	\$ -	\$ 21,000	\$ 24,500	\$ 10,500	\$ -	\$ 35,000
Travel & board expenses	-	-	2,864	2,864	409	-	3,273
Office expenses	-	-	722	722	1,782	34	2,538
Telephone & communication	-	-	1,025	1,025	575	441	2,041
Legal & accounting	-	-	26,234	26,234	6,533	-	32,767
Insurance	-	-	-	-	1,244	-	1,244
Meetings & committee expenses	-	-	589	589	498	-	1,087
Earthshare dues	-	-	10,000	10,000	-	-	10,000
North Carolina Forever grant	-	-	5,000	5,000	-	-	5,000
Grants awarded	-	-	21,323	21,323	-	-	21,323
Other program expenses	3,119	400	47,170	50,689	-	-	50,689
Total expenses	\$ 6,619	\$ 400	\$ 135,927	\$ 142,946	\$ 21,541	\$ 475	\$ 164,962

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

FRIENDS OF STATE PARKS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016

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 maps, park guides and 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 only for those that require specialized skills:

FRIENDS OF STATE PARKS, INC.
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2017 and 2016

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, 2017, the Organization had \$15,541 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 Organization does not believe it is exposed to any significant credit risk from these receivables.

Note 3 – Board Designated Net Assets

During 2017, the Organization's board of directors approved the designation of an operating reserve in the amount of \$100,000.

Note 4 – Temporarily Restricted Net Assets

The Organization had net assets temporarily restricted at December 31 for the following purposes:

	<u>2017</u>	<u>2016</u>
Carver's Creek	\$ 58,875	\$ 68,450
Friends of State Parks Chapters	106,939	67,277
Centennial projects	500	500
Junior Ranger	3,252	3,252
Ledford Scholarship Fund	4,150	4,150
100 Mile Challenge	26,303	1,500
REI Lake Norman	10,240	-
Other grant funds	102	102
	<hr/>	<hr/>
Total	<u>\$ 210,361</u>	<u>\$ 145,231</u>

Note 5 – 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 \$9,580 and \$400 in 2017 and 2016, respectively.

FRIENDS OF STATE PARKS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016

Note 6 – Friends of State Parks Chapter Accounts

The Organization serves as an agent for several affiliated chapter groups associated with 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. Management has determined the value of services the Organization provides to such groups to be immaterial.

Note 7 – 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 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, 2017, 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, 2017 and 2016 was \$102,769 and \$10,892, respectively.

Note 8 – 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 has evaluated its tax positions as of December 31, 2017 and believes they exceed the "more likely than not" standard set by FASB ASC 740-10. Consequently, it has not recorded a liability for any potentially imposed taxes or any potentially unrecognized tax benefits.

The Organization's federal information returns for 2015, 2016 and 2017 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 9 – Subsequent Events

The Organization has evaluated subsequent events through September 7, 2018, the date the financial statements were available to be issued. No adjustments or disclosures were judged to be necessary.