

FRIENDS OF STATE PARKS

FINANCIAL STATEMENTS

DECEMBER 31, 2013

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 statement of assets and net assets – cash basis as of December 31, 2013, the related statement of support, revenue, and expenses – cash basis, 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 the cash basis of accounting as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's 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 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 assets and net assets of Friends of State Parks, Inc. as of December 31, 2013, and its support, revenue, and expenses for the year then ended in accordance with the cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Maddison + Cason, LLP

July 11, 2014

FRIENDS OF STATE PARKS
STATEMENT OF ASSETS AND NET ASSETS - CASH BASIS
December 31, 2013

ASSETS

Cash - operating	\$ 37,989
Cash - Carver's Creek	71,486
Certificate of deposit	40,361
Inventory	<u>1,397</u>
TOTAL ASSETS	<u>\$ 151,233</u>

NET ASSETS

Unrestricted	\$ 37,863
Temporarily restricted	<u>113,370</u>
TOTAL NET ASSETS	<u>\$ 151,233</u>

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

FRIENDS OF STATE PARKS
STATEMENT OF SUPPORT, REVENUE, AND EXPENSES - CASH BASIS
Year Ended December 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Changes in net assets			
Support and revenues			
Contributions	\$ 53,721	\$ 11,940	\$ 65,661
Program revenue	9,098	-	9,098
Membership fees	5,368	-	5,368
Book sales (net of cost of \$1,001)	480	-	480
Interest income	114	-	114
Temporarily restricted net assets released from restriction	22,439	(22,439)	-
Total support and revenues	<u>91,219</u>	<u>(10,499)</u>	<u>80,720</u>
Expenses			
Program expenses	67,106	-	67,106
General and administrative expenses	6,118	-	6,118
Total expenses	<u>73,225</u>	<u>-</u>	<u>73,225</u>
Change in net assets	17,995	(10,499)	7,496
Net assets, beginning of period	<u>19,868</u>	<u>123,869</u>	<u>143,737</u>
Net assets, end of period	<u>\$ 37,863</u>	<u>\$ 113,370</u>	<u>\$ 151,233</u>

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

FRIENDS OF STATE PARKS
 SCHEDULE OF EXPENSES BY FUNCTIONAL CLASSIFICATION - CASH BASIS
 For the Year Ended December 31, 2013

	General Programs	Carver's Creek	Conference	Total Program	General & Administrative	Total
Travel & board expenses	\$ -	\$ -	\$ -	\$ -	\$ 3,404	\$ 3,404
Office expenses	-	-	-	-	720	720
Telephone & communication	1,402	-	-	1,402	-	1,402
Professional fees	19,633	-	-	19,633	850	20,483
Insurance	-	-	-	-	1,144	1,144
Meetings & committee expenses	248	-	13,481	13,729	-	13,729
Other program expenses	22,860	9,482	-	32,342	-	32,342
Total expenses	\$ 44,143	\$ 9,482	\$ 13,481	\$ 67,106	\$ 6,118	\$ 73,225

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

FRIENDS OF STATE PARKS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 1 - Organizational Purpose and Significant Accounting Policies

Friends of State Parks (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 accompanying financial statements have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under the cash basis of accounting, revenues are recognized when received rather than when earned, and expenses are recognized when paid rather than when the obligation is incurred.

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 market 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 Schedule of Expenses by Functional Classification. 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, 2013, the Organization recorded \$18,283 in services contributed by a local law firm with corresponding recognition of professional fees.

FRIENDS OF STATE PARKS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

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, 2013, 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.

Note 3 – Temporarily Restricted Net Assets

As of December 31, 2013 the Organization had net assets temporarily restricted for the following purposes:

Carver's Creek	\$ 71,486
Friends of State Parks Chapter Accounts	40,175
Graham Memorial Fund	<u>1,709</u>
Total	<u>\$ 113,370</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 \$9,482 in 2013.

Note 5 – Centennial Planning

At the April 26, 2014 board of directors meeting, the board voted to evaluate and hire a capital campaign consulting firm to initiate a large capital campaign on behalf of the Organization. At that same meeting, the board voted to contract with NC Community Foundation to establish an endowment fund and a gift fund related to the capital campaign. The Organization authorized payments of \$10,000 and \$1,000 to the endowment fund and the gift fund, respectively. The board also authorized the executive committee to develop a job description and contract to hire an Executive Director.

Note 6 – 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.

Note 7 – Subsequent Events

The Organization has evaluated subsequent events through July 11, 2014, the date the financial statements were available to be issued. No adjustments or disclosures were judged to be necessary.