

**FRIENDS OF STATE PARKS**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2016**

**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, 2016 and 2015, 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, 2016 and 2015, 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  
June 12, 2017

*Maddison + Carson, LLP*

FRIENDS OF STATE PARKS  
STATEMENTS OF FINANCIAL POSITION  
December 31

	2016	2015
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents		
Cash - operating	\$ 284,536	\$ 170,093
Cash - Carver's Creek	68,518	68,897
Total cash and cash equivalents	353,054	238,990
Receivables	30,220	28,400
Prepaid expenses	1,324	684
Inventory	917	879
Total current assets	385,515	268,953
Beneficial interest in assets held by community foundation	10,892	10,545
<b>TOTAL ASSETS</b>	<b>\$ 396,407</b>	<b>\$ 279,498</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Grants payable	\$ 11,000	\$ 3,850
Deferred membership dues	2,660	4,210
Total current liabilities	13,660	8,060
Net assets		
Unrestricted	226,624	133,903
Temporarily restricted	145,231	126,990
Beneficial interest in assets held by community foundation	10,892	10,545
Total net assets	382,747	271,438
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 396,407</b>	<b>\$ 279,498</b>

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, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Changes in net assets			
Support and revenues			
Contributions	\$ 204,164	\$ 41,281	\$ 245,445
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	295	-	295
Unrealized gain on beneficial interest	302	-	302
Temporarily restricted net assets released from restriction	23,040	(23,040)	-
Total support and revenues	<u>258,280</u>	<u>18,241</u>	<u>276,521</u>
Expenses			
Program expenses	142,946	-	142,946
General and administrative	21,791	-	21,791
Fundraising	475	-	475
Total expenses	<u>165,212</u>	<u>-</u>	<u>165,212</u>
Change in net assets	93,068	18,241	111,309
Net assets, beginning of period	<u>144,448</u>	<u>126,990</u>	<u>271,438</u>
Net assets, end of period	<u>\$ 237,516</u>	<u>\$ 145,231</u>	<u>\$ 382,747</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)	(184)	-	(184)
Interest and dividend income	30	-	30
Realized gain on beneficial interest	360	-	360
Unrealized loss on beneficial interest	(720)	-	(720)
Temporarily restricted net assets released from restriction	51,932	(51,932)	-
Total support and revenues	<u>198,359</u>	<u>3,798</u>	<u>202,157</u>
Expenses			
Program expenses	119,498	-	119,498
General and administrative	24,414	-	24,414
Fundraising	5,000	-	5,000
Total expenses	<u>148,912</u>	<u>-</u>	<u>148,912</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  
STATEMENTS OF CASH FLOWS  
December 31

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Change in net assets	\$ 111,309	\$ 53,245
Adjustments to reconcile change in net assets:		
Unrealized (gain) loss on beneficial interest	(302)	720
Changes in		
Receivables	(1,820)	80
Prepaid expenses	(640)	(684)
Inventory	(38)	561
Accounts payable	-	(11,540)
Grants payable	7,150	(803)
Deferred membership dues	(1,550)	(4,477)
	<u>114,109</u>	<u>37,102</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Reinvestment of realized gain on beneficial interest	<u>(45)</u>	<u>(110)</u>
	<u>(45)</u>	<u>(110)</u>
Net cash used by investing activities		
Cash and cash equivalents - beginning of year	<u>238,990</u>	<u>201,998</u>
Cash and cash equivalents - end of year	<u>\$ 353,054</u>	<u>\$ 238,990</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, 2016

	Junior Ranger & YIP-EE	Carver's Creek	State Parks & Other		Total Program	General & Administrative		Fundraising	Total
			Programming	Other		Administrative	Fundraising		
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	2,032	34	34	2,788
Telephone & communication	-	-	1,025	-	1,025	575	441	441	2,041
Professional services	-	-	26,234	-	26,234	562	-	-	26,796
Legal & accounting	-	-	-	-	-	5,971	-	-	5,971
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
Centennial programs & grants	-	-	21,323	-	21,323	-	-	-	21,323
Other program expenses	3,119	400	47,170	-	50,689	-	-	-	50,689
<b>Total expenses</b>	<b>\$ 6,619</b>	<b>\$ 400</b>	<b>\$ 135,927</b>	<b>\$ -</b>	<b>\$ 142,946</b>	<b>\$ 21,791</b>	<b>\$ 475</b>	<b>\$ -</b>	<b>\$ 165,212</b>

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	-	-	-	-	1,754	-	1,754
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
<b>Total expenses</b>	<b>\$ 7,185</b>	<b>\$ 1,000</b>	<b>\$ 111,313</b>	<b>\$ 119,498</b>	<b>\$ 24,414</b>	<b>\$ 5,000</b>	<b>\$ 148,912</b>

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

FRIENDS OF STATE PARKS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 and 2015

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 for only those that require specialized skills.

FRIENDS OF STATE PARKS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 and 2015

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, 2016, 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 Organization 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 at December 31 for the following purposes:

	<u>2016</u>	<u>2015</u>
Carver's Creek	\$ 68,450	\$ 68,850
Friends of State Parks Chapter Accounts	67,277	51,886
Centennial projects	500	500
Junior Ranger	3,252	3,612
Ledford Scholarship Fund	4,150	1,150
Other grant funds	<u>1,602</u>	<u>992</u>
Total	<u>\$ 145,231</u>	<u>\$ 126,990</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 \$400 and \$1,000 in 2016 and 2015, respectively.

Note 5 – 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.

FRIENDS OF STATE PARKS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 and 2015

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 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, 2016, 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, 2016 and 2015 was \$10,892 and \$10,545, respectively.

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 2013, 2014 and 2015 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 June 12, 2017, the date the financial statements were available to be issued. No adjustments or disclosures were judged to be necessary.