

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, 2014 and 2013, 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 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 financial position of Friends of State Parks, Inc. as of December 31, 2014 and 2013, 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 & Carson, LLP

Raleigh, North Carolina
August 28, 2015

FRIENDS OF STATE PARKS
STATEMENTS OF FINANCIAL POSITION
December 31,

	2014	2013
ASSETS		
Current assets		
Cash and cash equivalents		
Cash - operating	\$ 91,729	\$ 37,989
Cash - Carver's Creek	69,876	71,486
Certificate of deposit	40,393	40,361
Total cash and cash equivalents	201,998	149,836
Receivables	28,480	24,060
Inventory	1,440	1,397
TOTAL ASSETS	\$ 231,918	\$ 175,293
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 11,540	\$ -
Grants payable	4,653	-
Deferred membership dues	8,687	1,875
Total Current Liabilities	24,880	1,875
Net Assets		
Unrestricted	83,846	60,048
Temporarily restricted	123,192	113,370
Total Net Assets	207,038	173,418
TOTAL LIABILITIES AND NET ASSETS	\$ 231,918	\$ 175,293

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 fees	7,617	-	7,617
Book sales (net of cost of \$2,132)	594	-	594
Interest income	56	-	56
Temporarily restricted net assets released from restriction	21,623	(21,623)	-
Total support and revenues	<u>189,435</u>	<u>9,822</u>	<u>199,257</u>
Expenses			
Program expenses	115,881	-	115,881
General and administrative expenses	38,216	-	38,216
Fundraising	11,540	-	11,540
Total expenses	<u>165,637</u>	<u>-</u>	<u>165,637</u>
Change in net assets	23,798	9,822	33,620
Net assets, beginning of period	<u>60,048</u>	<u>113,370</u>	<u>173,418</u>
Net assets, end of period	<u>\$ 83,846</u>	<u>\$ 123,192</u>	<u>\$ 207,038</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, 2013

	Unrestricted	Temporarily Restricted	Total
Changes in net assets			
Support and revenues			
Contributions	\$ 77,781	\$ 11,940	\$ 89,721
Program revenue	9,098	-	9,098
Membership fees	3,493	-	3,493
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	113,405	(10,499)	102,906
Expenses			
Program expenses	67,106	-	67,106
General and administrative expenses	6,118	-	6,118
Total expenses	73,225	-	73,225
Change in net assets	40,180	(10,499)	29,681
Net assets, beginning of period	19,868	123,869	143,737
Net assets, end of period	\$ 60,048	\$ 113,370	\$ 173,418

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

FRIENDS OF STATE PARKS
STATEMENTS OF CASH FLOWS
December 31,

	2014	2013
Cash flows from operating activities		
Change in net assets	\$ 33,620	\$ 29,681
Changes in		
Receivables	(4,420)	(24,060)
Inventory	(43)	(492)
Accounts payable	11,540	-
Grants payable	4,653	-
Deferred membership dues	6,812	1,874
Net cash flows provided by operating activities	52,162	7,003
Cash and cash equivalents - beginning of year	149,836	142,833
Cash and cash equivalents - end of year	\$ 201,998	\$ 149,836

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
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
Administrative consultant	1,000	-	6,000	7,000	3,000	-	10,000
Insurance	-	-	-	-	1,194	-	1,194
Meetings & committee expenses	-	-	10,871	10,871	717	-	11,588
Other program expenses	3,252	1,636	49,947	54,835	-	-	54,835
Total expenses	\$ 4,252	\$ 1,803	\$ 109,826	\$ 115,881	\$ 38,216	\$ 11,540	\$ 165,637

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, 2013

	Junior Ranger & YIP-EE	Carver's Creek	State Parks & Other Programming	Total Program	General & Administrative	Fundraising	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	-	-	19,633
Legal & accounting	-	-	-	-	850	-	850
Insurance	-	-	-	-	1,144	-	1,144
Meetings & committee expenses	-	-	13,729	13,729	-	-	13,729
Other program expenses	3,048	9,482	19,812	32,342	-	-	32,342
Total expenses	\$ 3,048	\$ 9,482	\$ 54,576	\$ 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, 2014 and 2013

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. The prior year financial statements were originally issued 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. The prior year statements have been restated on the accrual basis. The cumulative effect of this restatement is an increase in net assets of \$22,185, after accounting for receivables and deferred membership dues.

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 Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services.

FRIENDS OF STATE PARKS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 and 2013

Note 1 - Organizational Purpose and Significant Accounting Policies (continued)

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 and 2013 the Organization recorded \$29,813 and \$18,283, respectively in advocacy services contributed by a local firm with corresponding recognition of professional fees.

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, 2014, 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

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

	<u>2014</u>	<u>2013</u>
Carver's Creek	\$ 69,850	\$ 71,486
Friends of State Parks Chapter Accounts	49,154	40,175
Junior Ranger	4,188	-
Youth-in-Parks – Environmental Education (YIP-EE)	<u> -</u>	<u> 1,709</u>
Total	<u>\$ 123,192</u>	<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 \$1,636 and \$9,482 in 2014 and 2013, 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, 2014 and 2013

Note 6 – Centennial Planning (Capital Campaign)

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. In 2014, the Organization recorded expenditures of \$38,217 related to this campaign. 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 recorded payments of \$10,000 and \$1,000 to the endowment fund and the gift fund, 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.

Note 8 – Subsequent Events

The Organization has evaluated subsequent events through August 28, 2015, the date the financial statements were available to be issued. No adjustments or disclosures were judged to be necessary.