

FRIENDS of the Blue Ridge Parkway, Inc.

Financial Statements

December 31, 2016

FRIENDS of the Blue Ridge Parkway, Inc.

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Independent Auditor's Report

Board of Directors

FRIENDS of the Blue Ridge Parkway, Inc.

We have audited the accompanying statement of financial position of ***FRIENDS of the Blue Ridge Parkway, Inc.*** as of December 31, 2016, and related statements of activities, functional expenses and cash flows for the year 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 of 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 assessment of the risk 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 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 evaluating the appropriateness of accounting policies used and the reasonableness of significant 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 the Blue Ridge Parkway Inc.*** as of December 31, 2016 changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Boitnott & Schalen, LLC

Roanoke, VA
July 5, 2017

FRIENDS of the Blue Ridge Parkway, Inc.
Statement of Financial Position
As of December 31, 2016

Assets

Current assets

Unrestricted current assets:

SunTrust Checking	\$ 29,995
Investments - Merrill Lynch	66,727
Inventory	<u>12,941</u>

Total unrestricted current assets 109,663

Temporarily restricted current assets:

BB & T	540
Wells Fargo	<u>549</u>

Total temporarily restricted current assets 1,089

Total Current assets 110,752

Property and equipment - net 17,763

Total assets \$ 128,515

Liabilities and Net Assets

Current Liabilities

Accounts payable \$ -

Net Assets

Unrestricted	127,426
Temporarily restricted	1,089
Permanently restricted	<u> -</u>

Total net assets 128,515

Total liabilities and net assets \$ 128,515

The accompanying notes are an integral part of these financial statements.

FRIENDS of the Blue Ridge Parkway, Inc.
Statement of Activities
For the Year Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public Support and Revenue:				
Membership	\$ 120,911	\$ -	\$ -	\$ 120,911
In-kind contribution - materials	4,017	-	-	4,017
In-kind services	765,559	-	-	765,559
Contributions	86,627	-	-	86,627
Corporate membership	17,854	-	-	17,854
Golf Tournament	33,265	-	-	33,265
Rent contribution	34,578	-	-	34,578
Sales of merchandise	2,001	-	-	2,001
Donation Box Account/BRP	-	23,199	-	23,199
Chapter income	17,288	-	-	17,288
Grants	118,673	-	-	118,673
Bank credit	13	-	-	13
Reimbursements	18	-	-	18
Virginia license plates	76,875	-	-	76,875
Interest/dividend income	990	-	-	990
Investment account income/(loss)	3,803	-	-	3,803
Total Public Support and Revenue	<u>1,282,472</u>	<u>23,199</u>	<u>-</u>	<u>1,305,671</u>
Expenses:				
Program services	1,170,146	23,455	-	1,193,601
Management and general	35,605	-	-	35,605
Fundraising	45,419	-	-	45,419
Total Expenses	<u>1,251,170</u>	<u>23,455</u>	<u>-</u>	<u>1,274,625</u>
Change in net assets	31,302	(256)	-	31,046
Transfer of funds between accounts	-	-	-	-
Net Assets - Beginning	<u>96,124</u>	<u>1,345</u>	<u>-</u>	<u>97,469</u>
Net Assets - Ending	<u>\$ 127,426</u>	<u>\$ 1,089</u>	<u>\$ -</u>	<u>\$ 128,515</u>

The accompanying notes are an integral part of these financial statements.

FRIENDS of the Blue Ridge Parkway, Inc.
Statement of Activities (continued)
For the Year Ended December 31, 2016

**Blue Ridge Parkway
Resource Management,
Preservation &
Protection Programs
and Services**

- Save Parkway Views/Vista Restoration Program
- Volunteer in the Parks/Interpretive Education Programs
- Volunteer Services
- Parkway Forever: Overlooks, trails Cemetary Program
- Future Stewards: Junior Ranger, Alternate Break Program

**Blue Ridge Parkway
Education & Outreach
Programs**

- FRIENDS Parkway Chapters & Community Outreach
- Membership Services
- Friends & Parkway Education & Outreach
- Parkway Donation Box

MISSION STATEMENT

The Mission of FRIENDS' of the Blue Ridge Parkway is to help preserve, promote and enhance the outstanding natural beauty, ecological vitality, and cultural distinctiveness of the Blue Ridge Parkway and its corridor including surrounding scenic landscape, thereby preserving this national treasure for future generations.

OPERATING SUPPORT AND REVENUE

Membership	\$ 120,911
<i>In-kind : Materials</i>	4,017
<i>In-kind : Services*</i>	765,559
Contributions	86,627
Corporate membership	17,854
Golf tournament	33,265
Sales of merchandise	2,001
Chapters	17,288
Grants	118,673
VA License Plate Funds	76,875
Donation Box Account (all temporarily restricted)	23,199
Interest/Misc	4,824
Rent contributions	34,578
TOTAL OPERATING SUPPORT AND REVENUE	\$ 1,305,671

Functional Expenses

Blue Ridge Resource Management, Preservation & Protection Parkway Programs & Services

Save Parkway Views Program	\$ 118,206
<i>In-Kind Contribution</i>	2,356
Volunteer in the Parks Interpretive & Education Programs	93,750
<i>VIP In-Kind Contribution</i>	569
<i>VIP Recognition In-Kind Contribution</i>	5,855
Volunteer Services*	755,723
Parkway Forever: Overlooks, Trails, Cemetary Program	23,017
<i>In-Kind Contribution</i>	333
Future Stewards: Jr. Ranger & Alternate Break Program	57,366
<i>In-Kind Contribution</i>	833

Blue Ridge Parkway Education & Outreach Programs

FRIENDS Chapters & Community Outreach	55,008
<i>In-Kind Contributions</i>	2,527
Membership Services	19,542
FRIENDS & Parkway Education and Outreach	28,012
<i>In-Kind Contributions</i>	1,380
Parkway Donation Box	1,267

Investment changes

Restricted Fund Expenses 23,455

Total Program Services 1,193,601

Management and General 35,605

Fundraising and Development 45,419

In-kind contributions -

Total Functional Expenses 1,274,625

Change in Net Assets 31,046

Net Assets - Beginning of Year 97,469

Net Assets - End of Year \$ 128,515

**32,494 Total Blue Ridge Parkway Volunteer hours based upon the rate of \$23.56.

The accompanying notes are an integral part of these financial statements.

FRIENDS of the Blue Ridge Parkway, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2016

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Accounting fees	\$ 2,583	\$ 517	\$ -	\$ 3,100
Bankcard fees	1,769	-	-	1,769
Bankcard fees - donation box - restricted	5	-	-	5
Contract labor	492	10,266	-	10,758
Depreciation	936	-	-	936
Direct program costs	154,574	1,376	10,915	166,865
Direct program costs - restricted	-	-	-	-
Donation box - restricted	23,450	-	-	23,450
Dues and publications	1,733	1,083	-	2,816
In-kind contributions - materials	4,017	-	-	4,017
Insurance	10,839	1,572	1,313	13,724
Internet service	1,647	-	-	1,647
Investment fee	4,402	-	-	4,402
Marketing	338	52	15	405
Meetings	5,529	688	673	6,890
Merchandise	2,194	-	-	2,194
Payroll	73,270	4,104	14,958	92,332
Payroll taxes	48,616	4,089	5,258	57,963
Postage and shipping	4,656	1,452	1,507	7,615
Printing	22,113	172	2,461	24,746
Rent	32,854	6,570	6,570	45,994
Sales tax	26	-	-	26
Supplies	24,079	2,834	1,749	28,662
Telephone	2,480	197	-	2,677
Travel	5,440	633	-	6,073
In-kind - Volunteer Services	765,559	-	-	765,559
	<u>\$ 1,193,601</u>	<u>\$ 35,605</u>	<u>\$ 45,419</u>	<u>\$ 1,274,625</u>

The accompanying notes are an integral part of these financial statements.

FRIENDS of the Blue Ridge Parkway, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2016

Cash Flows from operating activities	
Change in net assets	\$ 31,046
Adjustments to reconcile to net cash from operating activities:	
Depreciation	936
Change In:	
Inventory	797
Investments	-
Accounts payable	-
Accrued payroll taxes	-
	<hr/>
Net cash from operating activities	32,779
	<hr/>
Cash Flows from Investing activities	
Purchase of fixed assets	(18,699)
	<hr/>
Net cash from Investing activities	(18,699)
	<hr/>
Net change in cash and cash equivalents	14,080
Cash and cash equivalents - beginning of the year	83,731
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Cash and cash equivalents - end of year	\$ 97,811
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The accompanying notes are an integral part of these financial statements.

FRIENDS of the Blue Ridge Parkway, Inc.
Notes to Financial Statements
December 31, 2016

1. Organization and Nature of Activities

FRIENDS of the Blue Ridge Parkway, Inc. (Organization) was established in 1988 as an independent, private, 501 (C) (3) support organization of the Blue Ridge Parkway; and incorporated and doing business in the State of the Commonwealth of Virginia and North Carolina. The Friends headquarters is located in Roanoke, Virginia.

The purpose of the Organization is to protect, promote and enhance the Blue Ridge Parkway, a unit of the National Park Service, located in the state of North Carolina and Virginia, and the Blue Ridge through a collaborative public/private partnership focused on:

- a) Conservation initiatives aimed at conserving the natural and cultural integrity of Blue Ridge Parkway Corridor;
- b) Preservation and interpretation of historic sites and structures along the Parkway;
- c) Educational initiatives targeted to the general public and those who visit and enjoy the Parkway;
- d) Community involvement aimed at reinvesting the public in the ownership, support and protection of the Parkway and in the wise integration of economic development with environmental protection at the local, state and national levels;
- e) Collaboration intended to leverage the resources of the Corporation to assist the National Park Service in its management of the national treasure known as the Blue Ridge Parkway and Parkway communities;
- f) Engagement of the public in volunteerism.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. These financial statements report amounts separately by class of net assets as follows:

Unrestricted net assets generally result from revenues from providing services; receiving unrestricted contributions; realized and unrealized gains and losses; and receiving dividends and interest from investing in income-producing assets, less expenses incurred in providing services, raising contributions, and performing administrative functions; and the acquisition of property or equipment, including general program needs.

FRIENDS of the Blue Ridge Parkway, Inc.
Notes to Financial Statements (continued)
December 31, 2016

2. Summary of Significant Accounting Policies (continued)

Temporarily restricted net assets generally result from contributions and other inflows of assets whose use by the Organization limited by chapter-imposed stipulations that either expire by passage of time accounts designated for Park Service and grants or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. However, if a restriction is fulfilled in the same period in which the contribution is received, the Organization reports the support as unrestricted. The Organization had \$1,089 of temporarily restricted assets at December 31, 2016.

Permanently restricted net assets to investments in perpetuity, the income from which is expendable in accordance with the conditions of each specific donation. The Organization had no permanently restricted net assets at December 31, 2016.

Cash and Cash equivalents

For purposes of the statement cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Investments

Investment equities are stated at estimated fair values determined primarily from national equities quotation systems. Fluctuations in fair value are reflected in the statement of activities as unrealized gains or losses.

Inventory

Inventory consists of logo wear, note cards, decorative license plates, etc. Inventory is stated at the lower of cost or market, determined on the first-in, first-out (FIFO) method, or market.

Property and Equipment

Property and equipment are stated at cost, or if donated at fair market value at the date of donation. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on the straight-line basis. Useful lives range from five to seven years for furniture and equipment.

Expenditures for acquisition, renewals, and betterments are capitalized, whereas maintenance and repair costs are charged to expense as incurred. When properties are retired or otherwise disposed of, the appropriate accounts are relieved of costs and accumulated depreciation and any resultant gain or loss is reported in current year operations.

Donated Services and Materials

Donated services and materials are reflected in the accompanying financial statements at their estimated values at date of receipt as both contributions and either expenses or assets, depending on the nature of the contributions. The Organization records only those donated services that qualify to be recognized as such by the applicable standards.

FRIENDS of the Blue Ridge Parkway, Inc.
Notes to Financial Statements (continued)
December 31, 2016

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Financial Instruments

The Organization believes the book value of its financial instruments (cash equivalents and accrued expenses) approximates their fair value due to their short-term nature.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and incurred no income tax liability on unrelated business income for the year. The Organization is open for review by all Federal, State and local taxing authorities for the three years ending December 31, 2014, 2015 and 2016.

Credit Risk

At times, the Organization may have cash and cash equivalents at a financial institution in excess of insured limits. The Organization places its cash and cash equivalents with financial institutions whose credit ratings are monitored by management to minimize concentration of credit risk.

Membership

The Organization offers memberships for \$30 for one year. Members receive various goods and services that are nominal value. The membership dues are primarily for the Organization support and are considered contributions.

Functional Allocation of Expenses

The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited as displayed in the statement of functional expenses.

3. Property and Equipment

Property and equipment consist of the following at December 31:

	<u>2016</u>
Furniture and equipment	\$ 33,932
Less - accumulated depreciation	16,169
	<u>\$ 17,763</u>

FRIENDS of the Blue Ridge Parkway, Inc.
Notes to Financial Statements (continued)
December 31, 2016

4. Donations

FRIENDS collaterally administers the Volunteer In Parks Program under the guidance and direction of the NPS Blue Ridge Parkway. **FRIENDS** responsibilities annually with the VIP Program included but not limited to: recruit volunteers, recognize volunteers including funding volunteer events, providing volunteers recognition gifts, on-going development of the VIP database, recording and reporting all volunteer hours to the Blue Ridge Parkway; therefore all the VIP Program volunteer hours under this program are included.

The Organization receives a significant amount of donated services from unpaid volunteers who meet the criteria for recognition under SFAS No. 116. Donation of services received by the Organization for the year ended December 31 is as follows:

Volunteer Services, 32,494 volunteer hours at the 2015 rate of 23.56*	\$ 765,559
Event donations	4,900
Grant writing services	1,000
Website hosting	180
Housing for volunteers	1,000
Photography	2,756
	<u>\$ 775,395</u>

* Although volunteer hours may vary by state and job being performed, **FRIENDS** uses the 2015 rate of the volunteer hours of \$23.56 as provided by the Independent Sector's value of volunteer time.

The Organization receives a significant amount of donated materials. The donations are reflected on the financial statements as both contributions and either expenses or assets, depending on the nature of the contributions. Donation of materials received by the Organization for the year then ended December 31, is as follows:

T-shirts	\$ 285
Travel guide	1,200
Pictures, books and calendars	57
Banners	150
Food and miscellaneous	2,325
	<u>\$ 4,017</u>
Assets - office equipment	<u>\$ -</u>

FRIENDS of the Blue Ridge Parkway, Inc.
Notes to Financial Statements (continued)
December 31, 2016

Note 5 - Fair Value Measurements

a) Fair Value of Financial Instruments

The following methods and assumptions were used by **FRIENDS** in estimating the fair value of its financial instruments:

* The carrying amount reported in the statements of financial position for the following approximates fair value because of the short maturities of these instruments: cash, accounts receivable, accounts payable, and accrued expenses.

* Short-term and long - term investments: Domestic equity mutual funds, international equity mutual funds, government and agency securities and mutual funds, international and domestic mutual investment funds, corporate bonds and fixed - income mutual funds, limited partnership, and money market funds are measured using quoted market prices at the reporting date multiplied by the quantity held. The carrying value equals fair value.

* **FRIENDS** applies the concepts of ASC Subtopic 820 - 10 to its mutual funds and alternative investments using NAV as a practical expedient in estimating fair value; however, it is possible that the redemption rights of certain alternative investments may be restricted by the funds in the future in accordance with the underlying fund agreements. Changes in market conditions and the economic environment may impact the NAV of the funds and consequently the fair value of Feeding America's interest in the fund.

b) Fair Value Hierarchy

FRIENDS follows the guidance of ASC Topic 820 for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that Feeding America has the ability to access at the measurement date. Level 1 assets include cash that comprises demand deposits with commercial banks, domestic and international equity securities, and money market funds that consist primarily of U.S. Treasury obligations.
- Level 2 inputs are observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets include government and agency securities, corporate bonds, asset - backed securities, and a limited partnership fund.

FRIENDS of the Blue Ridge Parkway, Inc.
Notes to Financial Statements (continued)
December 31, 2016

Note 5 - Fair Value Measurements (continued)

- Level 3 inputs are unobservable inputs for the asset or liability

FRIENDS adopted, and retrospectively applied, the provisions of Accounting Standards Update (ASU) No. 2015 - 07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*. ASU No. 2015 - 07 amends ASC Topic 820, *Fair Value Measurement*, to remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value (NAV) per share practical expedient.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table presents assets that are measured at fair value on a recurring basis at December 31, 2016:

	Total	Level 1	Level 2	Level 3
Cash	\$ 31,084	\$ 31,084	\$ -	\$ -
Investments	\$ 66,727	\$ 66,727	\$ -	\$ -
Total assets	\$ 97,811	\$ 97,811	\$ -	\$ -

The following table presents assets that are measured at fair value on a recurring basis at December 31, 2015:

	Total	Level 1	Level 2	Level 3
Cash	\$ 22,394	\$ 22,394	\$ -	\$ -
Investments	\$ 61,337	\$ 61,337	\$ -	\$ -
Total assets	\$ 83,731	\$ 83,731	\$ -	\$ -

Note 6 - Subsequent Events

These financial statements considered subsequent events through July 5, 2017, the date the financial Management has determined that there are no events that would require disclosure or adjustments in the financial statements.