

*Financial Statements*

FRIENDS OF GREAT SMOKY  
MOUNTAINS NATIONAL PARK

Year Ended December 31, 2015

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INDEPENDENT ACCOUNTANTS' AUDIT REPORT

Board of Directors  
Friends of Great Smoky Mountains National Park  
Sevierville, Tennessee

We have audited the accompanying financial statements of Friends of Great Smoky Mountains National Park, which comprise the statement of financial position as of December 31, 2015, and the related statements of activities 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 the 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 misstatements, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the 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 auditors' 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 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 internal control. Accordingly, we express no such opinion. An audit also includes evaluating 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 opinion.

## **Opinion**

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Friends of Great Smoky Mountains National Park as of December 31, 2015, and the 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.

*Mitchell Emert + Hill*

April 11, 2016

FRIENDS OF GREAT SMOKY MOUNTAINS NATIONAL PARK

**STATEMENT OF FINANCIAL POSITION**

December 31, 2015

**ASSETS**

**CURRENT ASSETS**

Cash		\$ 5,786,984
Certificates of deposit		186,683
Prepaid expenses		42,998
Accounts receivable		179,431
Current portion of long-term pledges receivable		<u>6,483</u>

**TOTAL CURRENT ASSETS** 6,202,578

**INVESTMENTS** 4,781,584

**LONG-TERM PLEDGES RECEIVABLE,**

net of current portion 6,784

**PROPERTY AND EQUIPMENT**

Computer equipment	\$ 66,095	
Office equipment	83,619	
Leasehold improvements	<u>56,631</u>	
	206,345	
Accumulated depreciation	<u>(138,791)</u>	67,554

**OTHER ASSETS**

Beneficial interest in assets held by others	208,638	
Cash surrender value of life insurance	6,534	
Deposit	<u>275</u>	<u>215,447</u>

**\$ 11,273,946**

See the accompanying notes to the financial statements.

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable		\$ 9,455	
Deferred revenue		<u>213,925</u>	

<b>TOTAL CURRENT LIABILITIES</b>			223,380
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**NET ASSETS**

Unrestricted	\$ 2,481,300		
Temporarily restricted	3,697,643		
Permanently restricted	<u>4,871,623</u>		<u>11,050,566</u>

\$11,273,946

FRIENDS OF GREAT SMOKY MOUNTAINS NATIONAL PARK

**STATEMENT OF ACTIVITIES**

Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
<b>SUPPORT AND REVENUE</b>				
Contributions and grants	\$ 458,427	\$ 692,062	\$ 272,836	\$ 1,423,326
Less: Amounts designated by donors for other organizations	0	(11,000)	0	(11,000)
License plate revenue:				
State of Tennessee	358,912	0	0	358,912
State of North Carolina	433,600	0	0	433,600
Special events, net of direct expenses	376,600	0	0	376,600
In-kind contributions	49,069	0	0	49,069
Investment income net of expenses	3,367	17,014	(8,253)	12,128
	1,679,975	698,077	264,583	2,642,635
 Net assets released from restrictions	 604,216	 (604,216)	 0	 0
	2,284,191	93,861	264,583	2,642,635
 <b>EXPENSES</b>				
Program services:				
Park projects	835,430	0	0	835,430
Salaries	153,930	0	0	153,930
Payroll taxes	11,708	0	0	11,708
Employee benefits	3,488	0	0	3,488
Rent	10,813	0	0	10,813
Insurance	13,407	0	0	13,407
Office	2,267	0	0	2,267
Computer	4,290	0	0	4,290
Travel	5,200	0	0	5,200
Utilities	1,086	0	0	1,086
Telephone	3,048	0	0	3,048
	1,044,667	0	0	1,044,667

FRIENDS OF GREAT SMOKY MOUNTAINS NATIONAL PARK

**STATEMENT OF ACTIVITIES**

(continued)

Year Ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
Management and general:				
Salaries	160,726	0	0	160,726
Payroll taxes	12,225	0	0	12,225
Employee benefits	3,642	0	0	3,642
Rent	11,291	0	0	11,291
Utilities	1,185	0	0	1,185
Insurance	13,999	0	0	13,999
Telephone	3,182	0	0	3,182
Accounting and legal	15,000	0	0	15,000
Bank charges	17,780	0	0	17,780
Computer services	4,480	0	0	4,480
Meals and entertainment	5,367	0	0	5,367
Supplies	2,367	0	0	2,367
Postage	15,986	0	0	15,986
Repairs and maintenance	2,175	0	0	2,175
Dues and subscriptions	3,494	0	0	3,494
Travel	9,850	0	0	9,850
Printing	5,726	0	0	5,726
Depreciation	4,439	0	0	4,439
Board	7,194	0	0	7,194
Volunteer support	921	0	0	921
Miscellaneous	2,652	0	0	2,652
	<u>303,680</u>	<u>0</u>	<u>0</u>	<u>303,680</u>

FRIENDS OF GREAT SMOKY MOUNTAINS NATIONAL PARK

**STATEMENT OF ACTIVITIES**

(continued)

Year Ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
Fundraising:				
Salaries	248,320	0	0	248,320
Payroll taxes	18,991	0	0	18,991
Employee benefits	5,627	0	0	5,627
Rent	17,444	0	0	17,444
Utilities	1,702	0	0	1,702
Insurance	21,629	0	0	21,629
Telephone	4,917	0	0	4,917
Office	3,807	0	0	3,807
Printing	22,389	0	0	22,389
Computer	6,921	0	0	6,921
Travel	8,388	0	0	8,388
Advertising and promotion	10,506	0	0	10,506
Newsletter	21,798	0	0	21,798
Public relations	4,655	0	0	4,655
Telethon	39,473	0	0	39,473
	<u>436,566</u>	<u>0</u>	<u>0</u>	<u>436,566</u>
	<u>1,784,913</u>	<u>0</u>	<u>0</u>	<u>1,784,913</u>
<b>CHANGE IN NET ASSETS</b>	499,278	93,861	264,583	857,722
<b>NET ASSETS AT THE BEGINNING OF THE YEAR</b>	<u>1,982,021</u>	<u>3,603,782</u>	<u>4,607,040</u>	<u>10,192,843</u>
<b>NET ASSETS AT THE END OF THE YEAR</b>	<u>\$ 2,481,300</u>	<u>\$ 3,697,643</u>	<u>\$ 4,871,623</u>	<u>\$11,050,566</u>

See the accompanying notes to the financial statements.

FRIENDS OF GREAT SMOKY MOUNTAINS NATIONAL PARK

**STATEMENT OF CASH FLOWS**

Year Ended December 31, 2015

<b>CASH PROVIDED(USED) BY OPERATING ACTIVITIES</b>		
Change in net assets		\$ 857,722
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	\$ 4,439	
(Increase)decrease in:		
Prepaid expenses	(5,459)	
Pledges receivable	(11,267)	
Accounts receivable	11,528	
Increase(decrease) in:		
Accounts payable	(16,365)	
Deferred revenue	24,474	7,350
		<u>7,350</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		865,072
<b>CASH PROVIDED(USED) BY INVESTING ACTIVITIES</b>		
(Increase) in certificates of deposit	(1,835)	
(Increase) in cash surrender value of life insurance	(6,534)	
Decrease in endowments	284,350	
		<u>275,980</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>		<u>275,980</u>
		1,141,052
<b>NET INCREASE IN CASH</b>		1,141,052
<b>CASH AT THE BEGINNING OF THE YEAR</b>		<u>4,645,931</u>
<b>CASH AT THE END OF THE YEAR</b>		<u>\$ 5,786,984</u>

See the accompanying notes to the financial statements.

## FRIENDS OF GREAT SMOKY MOUNTAINS NATIONAL PARK

### **NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2015

#### **NOTE A - DESCRIPTION OF ORGANIZATION**

Friends of Great Smoky Mountains National Park (Friends of the Smokies) is a nonprofit North Carolina corporation with offices in Sevierville, Tennessee and Waynesville, North Carolina. Friends of the Smokies was established in 1993 to assist the National Park Service in its mission to preserve and protect the Great Smoky Mountains National Park by raising funds and public awareness, and providing volunteers for needed projects.

Friends of the Smokies primary purposes are to preserve, restore, and enhance the natural beauty and features, the ecological systems and the cultural and historical heritage of Great Smoky Mountains National Park; to enhance educational, interpretive, and research opportunities relating to Great Smoky Mountains National Park; to increase public awareness, enjoyment, and appreciation of Great Smoky Mountains National Park; to support the efforts of the National Park Service and other organizations and individuals in furtherance of the foregoing, and to provide support and assistance to the National Park Service in constructing or improving park facilities such as trails, visitor centers, and support facilities to better serve the visiting public.

#### **NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### Use of 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 the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions they may undertake in the future, actual results could differ from those estimates. Estimates are used when accounting for fair value of pledges, allowances for uncollectible receivables, depreciation, allocation of expenses, and contingencies, among others.

##### Cash and Cash Equivalents

Cash and cash equivalents consist of cash and interest-bearing deposits. For purposes of the statement of cash flows, Friends of the Smokies considers cash on deposit with financial institutions and all cash investments with original maturities of three months or less to be cash and cash equivalents.

FRIENDS OF GREAT SMOKY MOUNTAINS NATIONAL PARK

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

December 31, 2015

Property and Equipment

Property and equipment are recorded at cost or estimated cost if actual cost is not available. Donated property and equipment are recorded at the estimated fair value at the date of receipt. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, which range from three to ten years. Depreciation expense for the year ended December 31, 2015 was \$4,439.

Support and Revenue

Contributions are recorded as support when cash or other assets are received. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Gifts of cash and other assets that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support, depending on the nature of the restriction. When a donor 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. Restricted grants and contributions whose restrictions are met in the same reporting period as they are received are reported as unrestricted. Revenue from services is recognized when the service is rendered.

Contributions of property and equipment and other long-lived assets with explicit restrictions that specify how the assets are to be used, including cash contributed to acquire such assets, are recorded as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the expiration of donor restrictions is reported when the donated or acquired assets are placed in service.

Agency Transactions

Friends of the Smokies acts as an agent in certain cases to facilitate the receipt and transfer of charitable gifts to other organizations that benefit the Great Smoky Mountains National Park. Contributions received are recorded by Friends of the Smokies as revenue. Designated contributions disbursed to other organizations are presented in the accompanying statement of activities as a reduction of support and revenue.

## FRIENDS OF GREAT SMOKY MOUNTAINS NATIONAL PARK

### NOTES TO THE FINANCIAL STATEMENTS

(continued)

December 31, 2015

#### Functional Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Costs are charged to program services, management and general and fundraising functions based on direct expenses incurred. Indirect expenses are allocated among the program and supporting services benefited.

#### State License Plate Revenue

State of Tennessee has provided for the sale of specially earmarked Friends of Great Smoky Mountains National Park license plates. The funds produced from the sale of such plates, less the expense incurred in designing and manufacturing the plates, are deposited in a State of Tennessee general fund reserve account known as the Friends of Great Smoky Mountains endowment fund. The endowment fund maintains a principal balance of \$500,000. All revenue produced from the sale of the plates and the earned interest of the fund are to be used exclusively for the assistance of the National Park Service in the care of the Great Smoky Mountains National Park. The State of Tennessee Commissioner of Finance and Administration makes disbursements of such funds on a quarterly basis to Friends of the Smokies.

State of North Carolina has approved Friends of the Smokies as one of the organizations participating in its state attraction license plates program. Quarterly distributions are made to the specific organizations, based upon each organization's proportion of state attraction plates sold. The revenue received from the sale of such plates, is to be used for educational materials, preservation programs, capital improvements for the portion of the park that is located in North Carolina, and operating expenses of the park.

#### Income Taxes

Friends of the Smokies is exempt from federal income taxes under section 501(c)(3) of the U.S. Internal Revenue Code, except on unrelated business income. Friends of the Smokies had no unrelated business income for the year ended December 31, 2015. Friends of the Smokies' income tax filings are open and subject to examination by the Internal Revenue Service generally for three years after they are filed. However, Friends of the Smokies is not currently under audit nor has Friends of the Smokies been contacted by this jurisdiction. Friends of the Smokies believes that it has appropriate support for any tax positions taken, and as such, do not have any uncertain tax positions that are material to the financial statements.

FRIENDS OF GREAT SMOKY MOUNTAINS NATIONAL PARK

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

December 31, 2015

**NOTE C - INVESTMENTS**

Investments are carried at fair value. Fair value is determined based on quoted prices in active markets for identical assets (considered Level 1 in the fair value hierarchy). Long-term investments at December 31, 2015 consisted of the following:

Equity securities	\$ 4,562,245
Fixed income	<u>219,339</u>
	<u>\$ 4,781,584</u>

Realized and unrealized gains and losses are determined on the basis of specific identification. Investment income includes income from investments, checking and savings accounts and certificates of deposit. Investment income for the year ended December 31, 2015 consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
Interest and dividends	\$ 3,367	\$ 98,410	\$ 2,718	\$ 104,495
Realized gain	0	7,952	5,337	13,289
Unrealized gain(loss)	0	(71,376)	(10,468)	(81,844)
Expenses	<u>0</u>	<u>(17,972)</u>	<u>(5,839)</u>	<u>(23,811)</u>
	<u>\$ 3,367</u>	<u>\$ 17,014</u>	<u>\$ (8,253)</u>	<u>\$ 12,128</u>

**NOTE D - PLEDGES RECEIVABLE**

Unconditional pledges receivable restricted for the McNeil Education Ranger Endowment at December 31, 2015 were as follows:

Amounts due in:	
Less than one year	\$ 6,483
One to two years	<u>6,784</u>
	<u>\$ 13,267</u>

FRIENDS OF GREAT SMOKY MOUNTAINS NATIONAL PARK

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

December 31, 2015

**NOTE E- LEASE OBLIGATIONS**

Friends of the Smokies leases two office facilities under operating leases. The lease agreement for the office space in Tennessee will expire in July 2016. The lease agreement for office space in North Carolina is renewed annually. Rent expense for the year ended December 31, 2015 was \$39,548, net of sublease income. Future minimum lease payments for the year ending December 31, 2016 are \$23,751 which will fulfill the lease obligation.

**NOTE F - CONCENTRATIONS OF CREDIT RISK**

Financial instruments that potentially subject Friends of the Smokies to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. Cash and cash equivalents are maintained in demand deposit accounts which, at times, may exceed federally insured limits. Friends of the Smokies has not experienced any losses and does not believe it is exposed to any significant credit risk on such accounts. By their nature, all such financial instruments involve risk, including the credit risk of nonperformance by counterparties. Exposure to credit risk is managed through various monitoring procedures. At December 31, 2015 Friends of the Smokies had no major concentrations of credit risk except for uninsured bank deposits.

**NOTE G - RETIREMENT**

Friends of the Smokies provides an IRA retirement savings plan for employees. All full-time employees who have completed a 90 day probationary period are eligible to participate. The first three percent of employee contributions are matched by Friends of the Smokies. Contributions made on behalf of employees during the year ended December 31, 2015 were \$12,758.

FRIENDS OF GREAT SMOKY MOUNTAINS NATIONAL PARK

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

December 31, 2015

**NOTE H - DONATED MATERIALS AND SERVICES**

Donated materials and services are recorded in the financial statements at their estimated fair market value. The donated materials and services for the year ended December 31, 2015 were as follows:

Fundraising:	
Special events food, lodging and supplies	\$ 46,409
Marketing and promotion	2,435
Management and general:	
Travel	<u>224</u>
	<u>\$ 49,069</u>

**NOTE I- TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of cash and temporary investments held for the following purposes:

Smokies Fund (for administration and operation)	\$ 617,760
National Park Service	1,119,981
Greenbriar renovations	552,497
Trails Now	15,192
Trails Forever endowment earnings	993,898
Parks as Classrooms	165,401
Scholarships	36,607
Brook Trout restoration	88,862
Purchase Knob-Burroughs Welcome	40,549
Tree protection and preservation	61,822
Oconoluftee Visitor Center	1,450
Log Cabin	2,684
Other	<u>941</u>
	<u>\$ 3,697,643</u>

FRIENDS OF GREAT SMOKY MOUNTAINS NATIONAL PARK

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

December 31, 2015

**NOTE J - NET ASSETS RELEASED FROM RESTRICTIONS**

Friends of the Smokies incurred expenses for the following projects:

	Release of Temporarily Restricted <u>Net Assets</u>	Unrestricted <u>Net Assets</u>	<u>Totals</u>
Park amenities/facility improvements	\$ 34,270	\$ 34,087	\$ 68,357
Appalachian Bear Center	8,000	0	8,000
Cabin preservation/restoration	13,789	0	13,789
Discover life in America	0	2,500	2,500
Air/water quality research	42,500	42,500	85,000
Trail and shelter management	237,663	26,237	263,900
Parks as Classrooms	167,691	17,941	185,632
Cades Cove projects	6,900	0	6,900
Park interns and student conservation assistants	21,000	63,207	84,207
Purchase Knob Science Learning Center	0	11,800	11,800
Tree protection and preservation	51,465	0	51,465
Other parkwide initiatives	<u>20,938</u>	<u>32,942</u>	<u>53,880</u>
	<u>\$ 604,216</u>	<u>\$ 231,214</u>	<u>\$ 835,430</u>

FRIENDS OF GREAT SMOKY MOUNTAINS NATIONAL PARK

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

December 31, 2015

**NOTE K - PERMANENTLY RESTRICTED NET ASSETS/ENDOWMENT**

Friends of the Smokies endowment consists of approximately seven funds established for a variety of purposes. All of the endowment funds are donor-restricted. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. As of December 31, 2015, all endowment net assets are permanently restricted, the income from which is expendable to support the following purposes:

Brook Trout Fisheries Scholarship	\$ 18,177
Other scholarships	45,766
McNeil Education Ranger Endowment	179,460
Trails Forever endowment	<u>4,419,583</u>
	4,662,986
Funds held by others for the benefit of Friends of Great Smoky Mountains National Park:	
The Community Foundation of Western North Carolina	72,071
East Tennessee Foundation	<u>136,567</u>
	<u>208,638</u>
	<u>\$ 4,871,623</u>

Interpretation of Relevant Law

The Board of Directors of Friends of the Smokies has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Friends of the Smokies classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the directions of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

FRIENDS OF GREAT SMOKY MOUNTAINS NATIONAL PARK

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

December 31, 2015

- (1) The duration and preservation of the fund,
- (2) The purposes of the organization and the donor-restricted endowment fund,
- (3) General economic conditions,
- (4) The possible effect of inflation and deflation,
- (5) The expected total return from income and the appreciation of investments,
- (6) Other resources of the organization,
- (7) The investment policies of the organization.

Spending Policy

Endowment distributions are limited to no more than five percent of the average market value for the previous twelve quarters of each endowment fund. During the year ended December 31, 2015, distributions from the Trails Forever endowment totaled \$206,572 or 3.91% of the average market value for the previous twelve quarters of the Trails Forever endowment fund. There were no distributions from the other endowment funds held by Friends of the Smokies.

Distributions from The Community Foundation of Western North Carolina are made in accordance with donor stipulations and totaled \$3,370 for the year ended December 31, 2015. There were no distributions from funds held by East Tennessee Foundation.

Investment Return Objective, Risk Parameters and Strategies

Endowments are invested in corporate stocks, money market accounts and certificates of deposit. Friends of the Smokies is developing investment and spending policies, to be approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. The goal of the endowment is to exist in perpetuity, and therefore, provide funding in perpetuity.

Two of Friends of the Smokies endowment funds are held and administered by East Tennessee Foundation and The Community Foundation of Western North Carolina for the benefit of Friends of the Smokies with the income distributed to Friends of the Smokies annually. Friends of the Smokies has granted the foundations variance power, which is defined as the power to modify any restriction or condition on the distribution of funds for the specified charitable purposes or to a specified organization, in the sole judgment of the foundation's board, such restrictions or conditions become, in effect unnecessary, undesirable, impracticable, incapable of fulfillment, or inconsistent with the charitable needs of the community served.

FRIENDS OF GREAT SMOKY MOUNTAINS NATIONAL PARK

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

December 31, 2015

Assets held by the foundations for the benefit of Friends of the Smokies are recorded in the accompanying statement of financial position as beneficial interest in assets held by others.

Changes in endowment net assets held by East Tennessee Foundation and The Community Foundation of Western North Carolina for the year ended December 31, 2015 were as follows:

Balance at December 31, 2014	\$ 216,890
Interest and dividends	2,718
Realized gain	5,337
Unrealized gain	(10,468)
Distribution	(3,370)
Endowment fees	<u>(2,469)</u>
Balance at December 31, 2015	<u>\$ 208,638</u>

Changes in donor-restricted endowment net assets held by Friends of the Smokies for the year ended December 31, 2015 were as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
Endowment net assets at the beginning of the year	\$ 1,193,670	\$ 4,390,150	\$ 5,583,819
Contributions	0	272,836	272,836
Investment return:			
Investment income, net of expenses	70,224	0	70,224
Net appreciation (realized and unrealized)	(63,424)	0	(63,424)
Released from restriction	<u>(206,572)</u>	<u>0</u>	<u>(206,572)</u>
Endowment net assets at the end of the year	<u>\$ 993,898</u>	<u>\$ 4,662,986</u>	<u>\$ 5,656,884</u>

FRIENDS OF GREAT SMOKY MOUNTAINS NATIONAL PARK

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

December 31, 2015

Endowment net assets held by Friends of the Smokies are presented in the financial statements as follows:

Cash	\$ 862,033
Accounts receivable	13,267
Investments	<u>4,781,584</u>
	<u>\$ 5,656,884</u>

**NOTE L - CONDITIONAL PLEDGES**

Friends of the Smokies has received a matching pledge of up to \$600,000, with the goal of establishing a permanent endowment in the amount of \$1,200,000, the income from which is to be used to establish a full-time year round position for the Parks as Classroom Resource Education Ranger at the Appalachian Highlands Science and Learning Center at Purchase Knob, North Carolina. During the year ended December 31, 2015, Friends of the Smokies received \$148,660 in funds from the conditional pledge and \$30,350 in contributions and unconditional pledges related to the establishment of this endowment. All funds received and the unconditional pledges have been reported as revenue for the year ended December 31, 2015. In the event adequate matching donations can not be obtained, Friends of the Smokies intends to supply the matching funds from existing cash balances or unrestricted donations.

**NOTE M - SUBSEQUENT EVENTS**

Friends of the Smokies has evaluated subsequent events through April 11, 2016, the date the financial statements were available to be issued, and determined that no subsequent events have occurred that require adjustment to or disclosure in the financial statements.