

Financial Statements

FRIENDS OF GREAT SMOKY
MOUNTAINS NATIONAL PARK

Year Ended December 31, 2025

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INDEPENDENT ACCOUNTANTS' AUDIT REPORT

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

Opinion

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, 2025, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friends of Great Smoky Mountains National Park as of December 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Friends of Great Smoky Mountains National Park and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Friends of Great Smoky Mountains National Park's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Friends of Great Smoky Mountains National Park's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Friends of Great Smoky Mountains National Park's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Mitchell Emert + Hill

April 24, 2026

FRIENDS OF GREAT SMOKY MOUNTAINS NATIONAL PARK

STATEMENT OF FINANCIAL POSITION

December 31, 2025

CURRENT ASSETS

Cash		\$ 5,090,159
Certificates of deposit		2,270,700
Accounts receivable		482,536
Prepaid expenses		<u>67,962</u>

TOTAL CURRENT ASSETS 7,911,357

INVESTMENTS

27,260,482

PROPERTY AND EQUIPMENT

Office equipment	\$ 91,090	
Vehicles	17,800	
Leasehold improvements	<u>149,586</u>	
	258,475	
Accumulated depreciation	<u>(136,973)</u>	121,502

OTHER ASSETS

Beneficial interest in assets held by others	369,217	
Right of use asset	244,816	
Cash surrender value of life insurance	9,314	
Deposit	<u>275</u>	<u>623,622</u>

\$ 35,916,963

See the accompanying notes to the financial statements.

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	14,304
Current portion of long-term lease		29,137
Deferred revenue		<u>468,648</u>

TOTAL CURRENT LIABILITIES 512,089

LONG-TERM LEASE,

net of current portion 215,679

NET ASSETS

Without donor restrictions:

Board designated	\$	1,017,558
Undesignated		<u>6,753,092</u>
		7,770,650

With donor restrictions 27,418,545 35,189,195

\$ 35,916,963

FRIENDS OF GREAT SMOKY MOUNTAINS NATIONAL PARK

STATEMENT OF ACTIVITIES

Year Ended December 31, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
SUPPORT AND REVENUE			
Contributions and grants	\$ 1,651,251	\$ 2,757,626	\$ 4,408,877
License plate revenue:			
State of Tennessee	1,217,419	0	1,217,419
State of North Carolina	0	623,447	623,447
Special events, net of direct expenses	475,932	0	475,932
In-kind contributions	100,670	0	100,670
Investment income, net of expense	408,921	518,163	927,084
	<u>3,854,193</u>	<u>3,899,236</u>	<u>7,753,429</u>
Net assets released from restrictions	<u>2,305,120</u>	<u>(2,305,120)</u>	<u>0</u>
TOTAL SUPPORT AND REVENUE	6,159,313	1,594,116	7,753,429
EXPENSES			
Program services:			
Park projects	3,418,468	0	3,418,468
Other program services:			
Salaries	308,393	0	308,393
Payroll taxes	23,496	0	23,496
Employee benefits	28,994	0	28,994
Insurance	6,513	0	6,513
Operating lease expense and rent	21,237	0	21,237
Utilities	7,307	0	7,307
Office	2,965	0	2,965

See the accompanying notes to the financial statements.

FRIENDS OF GREAT SMOKY MOUNTAINS NATIONAL PARK

STATEMENT OF ACTIVITIES

(continued)

Year Ended December 31, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
Computer	14,729	0	14,729
Travel	6,491	0	6,491
	<u>420,125</u>	<u>0</u>	<u>420,125</u>
TOTAL PROGRAM SERVICES	3,838,592	0	3,838,592
Management and general:			
Salaries	347,709	0	347,709
Payroll taxes	26,650	0	26,650
Employee benefits	32,690	0	32,690
Insurance	7,344	0	7,344
Professional services	25,900	0	25,900
Training and staff development	33,970	0	33,970
Operating lease expense and rent	23,945	0	23,945
Utilities	8,238	0	8,238
Repairs and maintenance	14,914	0	14,914
Office	4,083	0	4,083
Computer	16,606	0	16,606
Software	47,290	0	47,290
Postage	7,449	0	7,449
Printing	1,504	0	1,504
Dues and subscriptions	9,680	0	9,680
Meals and entertainment	3,302	0	3,302
Travel	7,319	0	7,319
Bank charges	20,708	0	20,708
Board	28,416	0	28,416
Volunteer support	860	0	860
Public relations	5,961	0	5,961

FRIENDS OF GREAT SMOKY MOUNTAINS NATIONAL PARK

STATEMENT OF ACTIVITIES

(continued)

Year Ended December 31, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
Depreciation	11,439	0	11,439
Miscellaneous	1,499	0	1,499
TOTAL MANAGEMENT AND GENERAL	687,477	0	687,477
Fundraising:			
Salaries	368,947	0	368,947
Payroll taxes	28,109	0	28,109
Employee benefits	34,687	0	34,687
Insurance	7,792	0	7,792
Operating lease expense and rent	25,407	0	25,407
Utilities	8,741	0	8,741
Office	3,547	0	3,547
Computer	17,621	0	17,621
Supplies	10,612	0	10,612
Travel	7,766	0	7,766
Advertising and promotion	141,626	0	141,626
Public relations	95,062	0	95,062
TOTAL FUNDRAISING	749,916	0	749,916
TOTAL EXPENSES	5,275,985	0	5,275,985
OTHER CHANGES IN NET ASSETS			
Unrealized gain on investments	86,496	1,789,244	1,875,740
Change in cash surrender value of life insurance	(214)	0	(214)
	<u>86,282</u>	<u>1,789,244</u>	<u>1,875,526</u>

FRIENDS OF GREAT SMOKY MOUNTAINS NATIONAL PARK

STATEMENT OF ACTIVITIES

(continued)

Year Ended December 31, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
CHANGE IN NET ASSETS	969,610	3,383,360	4,352,970
NET ASSETS AT THE BEGINNING OF THE YEAR, as originally stated	5,905,156	24,931,070	30,836,226
Restatement	<u>895,885</u>	<u>(895,885)</u>	<u>0</u>
NET ASSETS AT THE BEGINNING OF THE YEAR, restated	<u>6,801,041</u>	<u>24,035,185</u>	<u>30,836,226</u>
NET ASSETS AT THE END OF THE YEAR	<u>\$ 7,770,650</u>	<u>\$ 27,418,545</u>	<u>\$ 35,189,195</u>

FRIENDS OF GREAT SMOKY MOUNTAINS NATIONAL PARK

STATEMENT OF CASH FLOWS

Year Ended December 31, 2025

CASH PROVIDED(USED) BY OPERATING ACTIVITIES		
Change in net assets		\$ 4,352,970
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	\$ 39,158	
Unrealized (gain) on investments	(1,875,740)	
(Increase) in:		
Prepaid expenses	(22,539)	
Accounts receivable	(42,320)	
(Decrease)increase in:		
Accounts payable	6,285	
Long-term lease	(27,719)	
Deferred revenue	48,625	<u>(1,874,250)</u>
NET CASH PROVIDED BY BY OPERATING ACTIVITIES		2,478,720
CASH PROVIDED(USED) BY INVESTING ACTIVITIES		
Purchase of property and equipment	(5,998)	
Decrease in certificates of deposit	2,671,596	
(Increase) in investments	(6,773,743)	
(Increase) in beneficial interest in assets held by others	(50,096)	
Decrease in cash surrender value of life insurance	214	<u></u>
NET CASH (USED) BY INVESTING ACTIVITIES		<u>(4,158,027)</u>
NET (DECREASE) IN CASH		(1,679,305)
CASH AT THE BEGINNING OF THE YEAR		<u>6,769,465</u>
CASH AT THE END OF THE YEAR		<u>\$ 5,090,159</u>

See the accompanying notes to the financial statements.

FRIENDS OF GREAT SMOKY MOUNTAINS NATIONAL PARK

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

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 Kodak, Tennessee and Asheville, 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, computation of the value of lease liability and right-of-use assets, 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, 2025

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. Friends of the Smokies capitalizes property and equipment purchases that cost \$2,000 or more. 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, 2025 was \$11,439.

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 support with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions 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. Special event revenue is recognized when the event is held.

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, 2025

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. Salaries, payroll taxes, employee benefits, rent, occupancy and office expenses are allocated based on an analysis of time spent on program services and other activities.

State License Plate Revenue

The 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. The State of Tennessee Commissioner of Finance and Administration makes disbursements of such funds on a quarterly basis to Friends of the Smokies.

The 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' 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, 2025

NOTE C - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Friends of the Smokies had the following financial assets available at December 31, 2025:

Cash	\$ 5,090,159
Certificates of deposit	2,270,700
Accounts receivable	482,536
Investments	27,260,482
Beneficial interest in assets held by others	369,217
Cash surrender value of life insurance	<u>9,314</u>
	35,482,408
Less cash surrender value of life insurance	(9,314)
Less those unavailable for general expenditures within one year:	
due to restrictions from donors for purpose	(27,418,545)
due to board designations	<u>(1,017,558)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 7,036,991</u>

As part of Friends of the Smokies' liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

FRIENDS OF GREAT SMOKY MOUNTAINS NATIONAL PARK

NOTES TO THE FINANCIAL STATEMENTS

(continued)

December 31, 2025

NOTE D - 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, consisted of the following:

Cash	\$ 1,123,716
Mutual funds	15,702,059
Bonds	<u>10,434,707</u>
	<u>\$ 27,260,482</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, 2025 consisted of the following:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
Interest and dividends	\$ 407,602	\$ 483,492	\$ 891,094
Realized gain	3,687	87,560	91,247
Expense	<u>(2,368)</u>	<u>(52,889)</u>	<u>(55,257)</u>
	408,921	518,163	927,084
Unrealized gain	<u>86,496</u>	<u>1,789,244</u>	<u>1,875,740</u>
	<u>\$ 495,417</u>	<u>\$ 2,307,407</u>	<u>\$ 2,802,824</u>

NOTE E - LEASE OBLIGATIONS

Friends of the Smokies leases office space in Tennessee under an operating lease with an initial term of ten years with the option to extend for four additional five year terms. The lease is currently in the third extended term from August 1, 2016 through July 31, 2028. Friends of the Smokies is reasonably certain to extend the lease for the additional remaining term through July 31, 2036. The right-of-use asset and lease liability were computed using the extended term through July 31, 2036 and a discount rate of 5%.

FRIENDS OF GREAT SMOKY MOUNTAINS NATIONAL PARK

NOTES TO THE FINANCIAL STATEMENTS

(continued)

December 31, 2025

The following summarizes amounts included in the statement of financial position for operating leases as of December 31, 2025:

Operating lease right-of-use asset	<u>\$ 244,816</u>
Current portion of long-term lease	\$ 29,137
Long-term lease, net of current portion	<u>215,679</u>
Total lease liability	<u>\$ 244,816</u>

The maturities of long-term lease liabilities as of December 31, 2025 were as follows:

<u>Year Ending</u>	
<u>December 31:</u>	
2026	\$ 40,716
2027	40,716
2028	40,716
2029	40,716
2030	40,716
Thereafter	<u>54,233</u>
Total lease payments	257,813
Less: interest	<u>(12,997)</u>
Present value of lease liability	<u>\$ 244,816</u>

Operating lease expense for the year ended December 31, 2025 was \$40,716. Friends of the Smokies also leases office space in North Carolina under a short-term agreement. Rent expense on the North Carolina office for the year ended December 31, 2025 was \$22,903.

FRIENDS OF GREAT SMOKY MOUNTAINS NATIONAL PARK

NOTES TO THE FINANCIAL STATEMENTS

(continued)

December 31, 2025

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, 2025 Friends of the Smokies had no major concentrations of credit risk except for uninsured bank deposits.

NOTE G - RETIREMENT

All full-time employees who are at least 21 years of age and have completed one year of service are eligible to participate in the Friends of the Smokies' 401(k). Friends of the Smokies will match up to the first three percent of employee contributions to the plan. Pension expense for the year ended December 31, 2025 was \$25,899.

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, 2025 were as follows:

Fundraising:

Special events food, lodging and supplies

\$ 100,670

FRIENDS OF GREAT SMOKY MOUNTAINS NATIONAL PARK

NOTES TO THE FINANCIAL STATEMENTS

(continued)

December 31, 2025

NOTE I - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of cash and investments held for the following purposes:

Resource management and science	\$ 160,142
Resource education	1,110,237
Facilities management	5,714,879
Visitor and resource protection	204,385
Park projects and programs	5,187,491
Hawthorne Fisheries Fund	42,546
Employee Scholarship Fund	100,000
McNeil Endowment	1,228,160
Gibson Endowment	1,950,635
Trails Forever Endowment	5,759,043
Forever Places Endowment	5,591,809
Funds held by others for the benefit of Friends of Great Smoky Mountains National Park	<u>369,217</u>
	<u>\$ 27,418,545</u>

FRIENDS OF GREAT SMOKY MOUNTAINS NATIONAL PARK

NOTES TO THE FINANCIAL STATEMENTS

(continued)

December 31, 2025

NOTE J - NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Friends of the Smokies incurred expenses for the following projects:

	Release of Net Assets with Donor Restrictions	Unrestricted Net Assets	Totals
Administration and Business Services			
Low-speed Vehicles for Campground Operations	\$ 31,980	\$ 0	\$ 31,980
Park Management			
Handheld Satellite Communications for Backcountry Operations	7,840	23,211	31,051
Park Immersion Experience for Graduate Students	15,500	15,500	31,000
Miscellaneous park administrative Support	7,874	1,790	9,664
Data Analysis Program	0	9,180	9,180
Artist in Residence Program	2,100	0	2,100
Resource Management and Science			
Preserving Hemlock and Ash Trees of the Smokies	73,963	81,037	155,000
Protecting Wildlife and Visitors Natural Resources Inventory and Monitoring	105,382	27,922	133,303
Fisheries and Water Quality Program	6,332	38,332	44,664
All Taxa Biodiversity Inventory Support	13,319	28,059	41,378
Cultural Resource Program	30,000	0	30,000
Cades Cove Fields Restoration	12,500	12,500	25,000
Air Quality and Meteorological Monitoring	23,217	1,104	24,321
Webcams at Kuwohi and Newfound Gap	19,920	0	19,920
Preserving Gregory Bald	2,450	7,350	9,800
Mercury Deposition Monitoring	7,250	2,250	9,500
Fontana Lake Cleanup	0	5,982	5,982
	0	4,361	4,361

FRIENDS OF GREAT SMOKY MOUNTAINS NATIONAL PARK

NOTES TO THE FINANCIAL STATEMENTS

(continued)

December 31, 2025

	Release of Net Assets with Donor Restrictions	Unrestricted Net Assets	Totals
Resource Education			
Parks as Classrooms Programs	\$ 88,995	\$ 0	\$ 88,995
Appalachian Highland Science Learning Center	52,730	0	52,730
Knox County Schools Outreach	0	48,000	48,000
Community Youth Outreach	28,000	10,000	38,000
Resource Education Staffing Support	30,000	2,000	32,000
Vehicle Rental for Resource Education Program Staff	12,500	12,500	25,000
Urban Youth Program Support	25,000	0	25,000
Tremont Experience for Gateway Community Schools	0	18,000	18,000
Cultural Demonstrations and Events	7,055	16,551	23,606
Ranger-led Accessibility Programs	3,830	4,239	8,068
Facilities Management			
Trails Forever Staffing and Supplies	597,447	31,784	629,231
Rehabilitation of John Messer Barn	402,650	0	402,650
Forever Places Staffing and Supplies	130,135	166,358	296,493
Trails Forever Youth Crew Support	180,000	0	180,000
Rehabilitation of Kuwohi By-Pass Trail	250	155,550	155,800
Historic Architect	0	83,016	83,016
Historic Preservation Interns	0	77,300	77,300
Emergency Tree Removal	37,500	37,500	75,000
Mountains to Sea Trail Sign	29,200	0	29,200
UTV for Backcountry Operations	10,732	10,732	21,464
North Carolina Descendant Events	0	9,500	9,500
Visitor and Resource Protection			
Boat for Law Enforcement Operations	0	55,950	55,950
Appalachian Trail Ridgerunner Program	27,500	27,500	55,000
Advanced Search and Rescue Training	27,000	27,000	54,000
Emergency Services Support	13,500	13,500	27,000
UTV for Park Ranger Operations	57	23,254	23,311
Preventative Search and Rescue Volunteer Support	5,000	5,000	10,000

FRIENDS OF GREAT SMOKY MOUNTAINS NATIONAL PARK

NOTES TO THE FINANCIAL STATEMENTS

(continued)

December 31, 2025

	Release of Net Assets with Donor Restrictions	Unrestricted Net Assets	Totals
Joe Kolodski Scholarship Fund	\$ 3,750	\$ 3,750	\$ 7,500
Cataloochee Prescribed Fire Support	0	7,233	7,233
Electric Bike Program Support	2,500	2,500	5,000
Cades Cove Volunteer Bicycle Patrol Support	5,000	0	5,000
Volunteer Roadside Assistance Support	3,345	1,655	5,000
Ginseng Marking Protection Program	0	4,400	4,400
Backcountry Search and Rescue Team Support	4,185	0	4,185
Friends of the Smokies Led Projects Park Support during the 2025 Government Shutdown	173,098	0	173,098
Friends-led Park Programs	<u>44,535</u>	<u>0</u>	<u>44,535</u>
	<u>\$ 2,305,120</u>	<u>\$ 1,113,348</u>	<u>\$ 3,418,468</u>

FRIENDS OF GREAT SMOKY MOUNTAINS NATIONAL PARK

NOTES TO THE FINANCIAL STATEMENTS

(continued)

December 31, 2025

NOTE K - ENDOWMENTS

Friends of the Smokies endowment consists of approximately seven funds established for a variety of purposes. Friends of the Smokies holds both board designated and donor restricted endowments. 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. At December 31, 2025, Friends of the Smokies held restricted endowments of \$21,959,269, the income from which is expendable to support the following purposes:

McNeil Endowment	\$ 2,081,082
Gibson Endowment	3,654,359
Forever Places Endowment	6,815,233
Trails Forever Endowment	<u>8,896,832</u>
	21,447,506
Funds held by others for the benefit of Friends of Great Smoky Mountains National Park:	
The Community Foundation of Western North Carolina	91,168
East Tennessee Foundation	<u>278,049</u>
	<u>369,217</u>
	<u>\$ 21,816,723</u>

At December 31, 2025, Friends of the Smokies held board designated endowments of \$1,017,558, the income from which is to be used for Forever Places.

Spending Policy

Friends of the Smokies has a policy of appropriating for distribution each year five percent of the average market value for the previous twelve quarters of each endowment fund. During the year ended December 31, 2025, distributions from endowment funds held by Friends of the Smokies were as follows:

Trails Forever	\$ 358,562
McNeil Education Ranger	52,730
Forever Places	<u>114,500</u>
	<u>\$ 525,792</u>

FRIENDS OF GREAT SMOKY MOUNTAINS NATIONAL PARK

NOTES TO THE FINANCIAL STATEMENTS

(continued)

December 31, 2025

During the year ended December 31, 2025, no distributions were made from funds held by East Tennessee Foundation or The Community Foundation of Western North Carolina.

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. 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, 2025 were as follows:

Balance at December 31, 2024	\$ 319,121
Interest and dividends	6,406
Realized gain	24,570
Unrealized gain	23,825
Endowment fees	<u>(4,705)</u>
Balance at December 31, 2025	<u>\$ 369,217</u>

FRIENDS OF GREAT SMOKY MOUNTAINS NATIONAL PARK

NOTES TO THE FINANCIAL STATEMENTS

(continued)

December 31, 2025

Changes in endowment net assets held by Friends of the Smokies for the year ended December 31, 2025 were as follows:

	<u>With Donor Restrictions</u>	<u>Board Designated</u>	<u>Totals</u>
Endowment net assets at the beginning of the year	\$ 18,364,868	\$ 928,495	\$ 19,293,364
Contributions	1,335,237	0	1,335,237
Investment return:			
Investment income	433,913	21,887	455,799
Investment expense	(52,889)	(2,368)	(55,257)
Net depreciation (realized and unrealized)	1,876,804	84,909	1,961,713
Distributions	<u>(510,427)</u>	<u>(15,365)</u>	<u>(525,792)</u>
Endowment net assets at the end of the year	<u>\$ 21,447,506</u>	<u>\$ 1,017,558</u>	<u>\$ 22,465,064</u>

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

Cash	\$ 831,728
Investments	<u>21,633,336</u>
	<u>\$ 22,465,064</u>

FRIENDS OF GREAT SMOKY MOUNTAINS NATIONAL PARK

NOTES TO THE FINANCIAL STATEMENTS

(continued)

December 31, 2025

NOTE L - RESTATEMENT

Net assets at December 31, 2024 have been restated to correct classification of funds held for operations.

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Totals</u>
Net assets at December 31, 2024, as originally stated	\$ 5,905,156	\$ 24,931,070	\$ 30,836,226
Correction to classification of funds held for operations	<u>895,885</u>	<u>(895,885)</u>	<u>0</u>
Net assets at December 31, 2024, as restated	<u>\$ 6,801,041</u>	<u>\$ 24,035,185</u>	<u>\$ 30,836,226</u>

The restatement had no effect on the previously reported change in net assets for the year ended December 31, 2024.

NOTE M - SUBSEQUENT EVENTS

Friends of the Smokies has evaluated subsequent events through April 24, 2026, 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.