

# **Preservation Foundation of the Lake County Forest Preserves**

Financial Report  
June 30, 2015

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## Independent Auditor's Report

RSM US LLP

To the Board of Directors  
Preservation Foundation of the Lake County  
Forest Preserves  
Libertyville, Illinois

### Report on the Financial Statements

We have audited the accompanying financial statements of the Preservation Foundation of the Lake County Forest Preserves (the "Foundation") which comprise the statements of financial position as of June 30, 2015 and 2014, and 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 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 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 the Preservation Foundation of the Lake County Forest Preserves as of June 30, 2015 and 2014, and the changes in 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.

*RSM US LLP*

Schaumburg, Illinois  
November 11, 2015

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Preservation Foundation of the Lake County Forest Preserves

Statements of Financial Position

June 30, 2015 and 2014

	2015	2014
<b>Assets</b>		
Cash and cash equivalents	\$ 327,545	\$ 355,324
Investments	1,346,134	325,132
Land held for resale	456,000	456,000
Interest receivable	1,162	93
Pledges receivable	16,979	32,735
	<hr/>	<hr/>
<b>Total assets</b>	<b>\$ 2,147,820</b>	<b>\$ 1,169,284</b>
	<hr/>	<hr/>
<b>Net Assets</b>		
Unrestricted	214,799	188,520
Temporarily restricted	1,933,021	980,764
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<b>Total net assets</b>	<b>\$ 2,147,820</b>	<b>\$ 1,169,284</b>
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See notes to financial statements.

Preservation Foundation of the Lake County Forest Preserves

Statements of Activities

Years Ended June 30, 2015 and 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Contributions and interest income:						
Contributions	\$ 69,887	\$ 1,118,759	\$ 1,188,646	\$ 144,938	\$ 801,214	\$ 946,152
In-kind contributions	261,752	-	261,752	209,551	-	209,551
Interest income	8,382	-	8,382	327	-	327
Other income	1,050	-	1,050	526	-	526
Net assets released from restrictions	166,502	(166,502)	-	189,337	(189,337)	-
<b>Total</b>	<b>507,573</b>	<b>952,257</b>	<b>1,459,830</b>	<b>544,679</b>	<b>611,877</b>	<b>1,156,556</b>
Expenses:						
Program	234,123	-	234,123	297,519	-	297,519
Management and general	103,407	-	103,407	80,359	-	80,359
Fundraising	143,764	-	143,764	130,745	-	130,745
<b>Total expenses</b>	<b>481,294</b>	<b>-</b>	<b>481,294</b>	<b>508,623</b>	<b>-</b>	<b>508,623</b>
<b>Changes in net assets</b>	<b>26,279</b>	<b>952,257</b>	<b>978,536</b>	<b>36,056</b>	<b>611,877</b>	<b>647,933</b>
Net assets						
Beginning	188,520	980,764	1,169,284	152,464	368,887	521,351
Ending	<b>\$ 214,799</b>	<b>\$ 1,933,021</b>	<b>\$ 2,147,820</b>	<b>\$ 188,520</b>	<b>\$ 980,764</b>	<b>\$ 1,169,284</b>

See notes to financial statements.

**Preservation Foundation of the Lake County Forest Preserves**

**Statements of Cash Flows**  
**Years Ended June 30, 2015 and 2014**

	2015	2014
Cash Flows from Operating Activities		
Changes in net assets	\$ 978,536	\$ 647,933
Adjustment to reconcile changes in net assets to net cash provided by operating activities:		
Land donation	-	(456,000)
(Increase) decrease in assets:		
Interest receivable	(1,069)	(93)
Pledges receivable	15,756	12,285
Decrease in liabilities:		
Accounts payable	-	(1,623)
<b>Net cash provided by operating activities</b>	<b>993,223</b>	<b>202,502</b>
Cash Flows from Investing Activities		
Purchase of investments	(1,021,002)	(325,132)
<b>Net cash used in investing activities</b>	<b>(1,021,002)</b>	<b>(325,132)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(27,779)</b>	<b>(122,630)</b>
Cash and cash equivalents:		
Beginning	355,324	477,954
Ending	<b>\$ 327,545</b>	<b>\$ 355,324</b>

See notes to financial statements.

## Preservation Foundation of the Lake County Forest Preserves

### Notes to Financial Statements

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#### Note 1. Nature of Organization and Significant Accounting Policies

**Nature of organization:** The Preservation Foundation of the Lake County Forest Preserves (the "Foundation") was established on February 20, 2007 as an Illinois not-for-profit corporation to provide financial assistance to benefit the Lake County Forest Preserve District's (the "District") mission. The Foundation raises funds for a variety of purposes, including land acquisition, habitat restoration, development of trails or other amenities, and educational programs. The Foundation is a component unit of the District.

The Foundation follows accounting standards established by the Financial Accounting Standards Board ("FASB") to ensure consistent reporting of financial condition, results of activities, and cash flows. References to Generally Accepted Accounting Principles ("GAAP") in these footnotes are to the *FASB Accounting Standards Codification<sup>TM</sup>*, sometimes referred to as the Codification or ASC.

A summary of the Foundation's significant accounting policies follows:

**Basis of presentation:** The financial statements of the Foundation are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for nonprofit organizations. The Foundation has accounted for all of its activities in two funds (unrestricted and temporarily restricted), based on the existence or absence of donor-imposed restrictions.

**Display of net assets by class:** The net assets of the Foundation are reported in one of the following classes: temporarily restricted or unrestricted.

Net assets in the temporarily restricted class are created by donor-imposed restrictions on use. The Foundation reports gifts of cash, grants and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of donated assets. 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.

All other net assets, including Board-designated or appropriated amounts, are legally unrestricted and are reported as part of the unrestricted class. Certain donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted.

**Cash and cash equivalents:** The Foundation considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents. The Foundation maintains its cash in bank deposit accounts which at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts. The Foundation believes it is not exposed to any significant credit risk on cash and cash equivalents.

**Investments:** The Foundation's authorized investments are limited to approved banks and specifically authorized instruments including bonds, notes, bills, other full faith and credit U.S. government securities, and interest-bearing investments (certificates of deposit). At June 30, 2015 and 2014, all investments held at year-end consisted solely of certificates of deposit ("CDs") with maturities greater than three months at the date of purchase and are reported at cost (original deposit amounts) in the statements of financial position. Accrued interest on CDs is reported separately from the investment.

**Land held for resale:** In fiscal year 2014, the Foundation received a donation of land for which it intends to sell. Land held for resale is recorded at the lower of cost or fair value less costs to sell. The Foundation has recorded this land at \$456,000 at June 30, 2015 and 2014, which was determined through independent evaluations of the current market value.

## Preservation Foundation of the Lake County Forest Preserves

### Notes to Financial Statements

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#### Note 1. Nature of Organization and Significant Accounting Policies (Continued)

**Pledges receivable:** Pledges receivable, which includes unconditional promises to give, are reported at net realizable value and discounted to present value if not expected to be collected within one year, and are reported as increases in net assets and receivables if not yet received. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contributions revenue in the statements of activities. There was no discount as of June 30, 2015 and 2014. The allowance for doubtful pledges is based on management's estimate of the collectability of identified receivables. Management believes all pledges receivable are collectible and therefore no need for an allowance for uncollectible pledges as of June 30, 2015 and 2014.

**Contributions:** The Foundation reports gifts of cash and other assets as temporarily or permanently restricted support if they are received with donor stipulations that limit their use. Gifts of cash and other assets that are received without donor stipulations limiting the use of the donated assets are reported as unrestricted support. When a temporary donor restriction expires (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 statements of activities as net assets released from restrictions.

Contributions of items other than cash are recorded at their fair market value on the dates of the donations.

**In-kind contributions:** The Foundation records various types of in-kind support including rent, professional services, and various supplies. Contributions of tangible assets are recognized at fair market value when received. Contributed rent consists of office space provided to the Foundation by the Lake County Forest Preserve District at no charge and is based on a square foot market value calculated by the District. Contributed professional services are recognized if the services received either create or enhance long-lived assets, or require specialized skills, and would need to be purchased if not provided by donation. Such values are reflected in the accompanying financial statements as both revenue and expense. The total amount of in-kind contributions received from the District was \$235,856 and \$197,659 for the years ended June 30, 2015 and 2014, respectively. The total amount of in-kind contributions received from sources other than the District was \$25,896 and \$11,892 for the years ended June 30, 2015 and 2014, respectively.

**Functional allocation of expenses:** The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Income taxes:** The Foundation is exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3).

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Foundation may recognize the tax benefit from an uncertain tax position only if it is more than likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Foundation and various positions related to the potential sources of unrelated business taxable income ("UBIT"). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. At June 30, 2015 and 2014, there were no unrecognized tax benefits identified or recorded as liabilities. The Foundation files Form 990 in the U.S. federal jurisdiction and the State of Illinois. The Foundation is generally no longer subject to examination by the Internal Revenue Service for years before 2012.



## Preservation Foundation of the Lake County Forest Preserves

### Notes to Financial Statements

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#### Note 1. Nature of Organization and Significant Accounting Policies (Continued)

**Estimates:** In preparing financial statements in conformity with GAAP, management makes estimates and assumptions affecting the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Subsequent events:** The Foundation has evaluated subsequent events for potential recognition and/or disclosure through November 11, 2015, the date the financial statements were available to be issued.

#### Note 2. Temporarily Restricted Net Assets

Temporarily restricted net assets represent funds received and committed to various future projects. The balances of such projects are as follows:

	2015	2014
Events in the Plaza	\$ 5,000	\$ 6,500
Lake County Discovery Museum Exhibits	-	454
North Shore Gas Living Wall	16,600	31,554
Green Gifts	6,825	6,250
Grassy Lake Campaign	107,300	99,300
General Natural Resources	913,147	200
Museum	5,000	-
Science First on Lake County	33,000	14,000
Green Youth Farm	18,500	17,000
Green Infrastructure Vision	15,000	-
Greenbelt Public Festivals	2,000	-
Restoration	656,000	656,000
Grassy Lake Restoration	500	500
Fred Fest	9,503	4,552
Oriole Grove	-	6,000
Margo Merrick Fund	10,239	10,004
Middlefork Bridge	125,000	125,000
Ethyl Untermyer	1,250	1,000
General Education	-	50
Mighty Acorn	1,782	2,400
Trail Connection	5,000	-
Restricted-Other	1,375	-
	<u>\$ 1,933,021</u>	<u>\$ 980,764</u>

## Preservation Foundation of the Lake County Forest Preserves

### Notes to Financial Statements

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#### Note 3. Net Assets Released from Donor Restrictions

The following net assets were released from temporary donor restrictions by satisfying the stated restricted purposes during the years ended June 30, 2015 and 2014:

	2015	2014
Events in the Plaza	\$ 8,000	\$ 6,750
Ethyl Untermyer	1,000	-
Gateway Grants	5,000	7,000
Green Gifts	25,200	16,585
North Shore Gas Living Wall	16,600	16,600
Science First	14,500	21,600
Greenbelt	1,000	2,800
Green Youth Farm	30,428	25,750
Ryerson Woods Fall Festival	-	1,000
Fish Camp	100	100
Museum Operating	2,300	2,566
Lake County Discovery Museum Exhibits	6,051	387
Museum Relocation	100	-
Ryerson Woods Operating Support	2,513	1,296
Oriole Grove	6,000	13,200
General Natural Resources	225	2,032
General Operation	1,450	25
Calendar 2014	-	2,000
Margo Merrick Fund	2,105	1,000
Mighty Acord	618	-
Staff Development	1,000	1,000
Stevenson House	1,050	50
Adopt an Acre	100	1,950
Grassy Lake Restoration	500	500
Restricted-Other	466	4,999
Archive Digitizing	8,395	29,313
Fred Fest	15,301	13,148
Trail Connection	10,000	-
Woodland Walk	1,000	-
Archives Support	5,500	17,686
	<u>\$ 166,502</u>	<u>\$ 189,337</u>

**Preservation Foundation of the Lake County Forest Preserves**

**Notes to Financial Statements**

**Note 4. Functional Allocation of Expenses**

Expenses consisted of the following for the years ended June 30, 2015 and 2014:

	2015			
	Program	Management and General	Fundraising	Total
Grants	\$ 192,836	\$ -	\$ -	\$ 192,836
Investment fees	-	-	1,075	1,075
Professional services	15,301	7,830	-	23,131
Other	-	2,500	-	2,500
In-kind contributions of				
Salaries	-	56,047	94,562	150,609
Benefits	-	11,730	15,827	27,557
Commodities	-	2,031	2,031	4,062
Professional services	25,986	23,269	23,269	72,524
Rent	-	-	7,000	7,000
	<u>\$ 234,123</u>	<u>\$ 103,407</u>	<u>\$ 143,764</u>	<u>\$ 481,294</u>
	2014			
	Program	Management and General	Fundraising	Total
Grants	\$ 272,031	\$ -	\$ -	\$ 272,031
Investment fees	-	-	1,180	1,180
Registration fees	-	-	307	307
Professional services	13,596	100	10,073	23,769
Commodities	-	-	1,785	1,785
In-kind contributions of				
Salaries	-	51,662	78,194	129,856
Benefits	-	8,401	13,940	22,341
Commodities	-	2,608	2,608	5,216
Professional services	11,892	17,588	17,588	47,068
Rent	-	-	5,070	5,070
	<u>\$ 297,519</u>	<u>\$ 80,359</u>	<u>\$ 130,745</u>	<u>\$ 508,623</u>

The Foundation and the District are organizations affiliated through common members of their respective Boards. The Foundation provides grants to the District for supporting projects such as the museum exhibits and restoration projects. The total amounts provided to the District during the years ended June 30, 2015 and 2014 were \$151,930 and \$245,923, respectively.