

*DECATUR PARKS FOUNDATION*

*ANNUAL FINANCIAL REPORT*

*For the fiscal year ended April 30, 2015*

**May, Cocagne & King, P.C.**

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Certified Public Accountants & Consultants

**DECATUR PARKS FOUNDATION**

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**April 30, 2015**

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# May, Cocagne & King, P.C.

Certified Public Accountants and Consultants

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Decatur Parks Foundation  
Decatur, Illinois

We have audited the accompanying financial statements of the Decatur Parks Foundation (a nonprofit organization), which comprise the statements of financial position as of April 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 audits 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 Decatur Parks Foundation as of April 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.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Changes in Net Assets - Restricted Funds on page 12 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*May, Coagne & King, P.C.*

Decatur, Illinois  
August 12, 2015

**DECATUR PARKS FOUNDATION**

**STATEMENTS OF FINANCIAL POSITION**

**April 30, 2015 and 2014**

	2015	2014
<b><u>ASSETS</u></b>		
Cash	\$ 519,536	395,364
Investments	61,295	61,040
Interest receivable	173	37
Accounts receivable	250	
Prepaid expense	3,872	
Contribution receivable from split interest agreement	625,000	625,000
Land	271,000	271,000
	<u>1,481,126</u>	<u>1,352,441</u>
TOTAL ASSETS		
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Liabilities:		
Due to Decatur Park District	34,469	1,000
Deferred revenue	17,400	
Accounts payable	2,040	255
	<u>53,909</u>	<u>1,255</u>
Total liabilities		
Net Assets:		
Unrestricted	17,885	7,583
Temporarily restricted	1,409,332	1,343,603
	<u>1,427,217</u>	<u>1,351,186</u>
Total net assets		
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,481,126</u>	<u>1,352,441</u>

See Notes to Financial Statements.

**DECATUR PARKS FOUNDATION**

**STATEMENTS OF ACTIVITIES**

**Years ended April 30, 2015 and 2014**

	2015	2014
Unrestricted revenues, gains and other support:		
Gifts	\$ 35,773	61,712
Oil and gas lease bonus		9,031
Investment income	593	644
Realized and unrealized gains		694
	<u>36,366</u>	<u>72,081</u>
Total revenues and gains	36,366	72,081
Net assets released from restrictions	<u>230,163</u>	<u>1,059,271</u>
Total unrestricted revenues, gains and other support	<u>266,529</u>	<u>1,131,352</u>
Expenses:		
Program services:		
Decatur Park District project and program development	<u>230,163</u>	<u>1,080,658</u>
Management and general:		
Service agreements	3,296	474
Professional fees	7,344	4,145
Property taxes	314	782
Public relations	4,717	2,051
Meetings and dues	2,294	9,697
Miscellaneous	2,762	800
Office supplies, postage	1,920	773
Fundraising:		
Printing, publishing and annual mailing	<u>3,417</u>	<u>4,595</u>
Total expenses	<u>256,227</u>	<u>1,103,975</u>
Increase in unrestricted net assets	<u>10,302</u>	<u>27,377</u>
Temporarily restricted revenues, gains and other support:		
Gifts	283,000	345,838
Investment income	12,892	8,943
Net assets released from restrictions	<u>(230,163)</u>	<u>(1,059,271)</u>
Increase (decrease) in temporarily restricted net assets	<u>65,729</u>	<u>(704,490)</u>
Change in net assets	76,031	(677,113)
Net assets, beginning	<u>1,351,186</u>	<u>2,028,299</u>
Net assets, ending	<u>\$ 1,427,217</u>	<u>1,351,186</u>

See Notes to Financial Statements.

**DECATUR PARKS FOUNDATION**

**STATEMENTS OF CASH FLOWS**

**Years ended April 30, 2015 and 2014**

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 76,031	(677,113)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Net realized and unrealized (gains) and losses on investments and split interest		(9,516)
Land transferred to District		21,387
Donated investment		(49,932)
(Increase) decrease in assets:		
Interest receivable	(136)	62
Accounts receivable	(250)	10,000
Prepaid	(3,872)	68
Split interest agreement		716,431
Increase (decrease) in liabilities:		
Accounts payable	1,785	(2,399)
Deferred revenue	17,400	(7,630)
	<u>90,958</u>	<u>1,358</u>
<b>Net cash flows from operating activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(255)	(246)
Proceeds from sale of investments		256,782
	<u>(255)</u>	<u>256,536</u>
<b>Net cash flows from investing activities</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net advances from (payments to) Decatur Park District	33,469	5,088
	<u>33,469</u>	<u>5,088</u>
<b>Net cash flows from financing activities</b>		
Net increase in cash and cash equivalents	124,172	262,982
Cash and cash equivalents, beginning	395,364	132,382
Cash and cash equivalents, ending	<u>\$ 519,536</u>	<u>395,364</u>

See Notes to Financial Statements.

## DECATUR PARKS FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

April 30, 2015 and 2014

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#### Note 1 - Summary of Significant Accounting Policies

**Organization Data:** The Decatur Parks Foundation, located in Decatur, Illinois, was incorporated under the laws of the State of Illinois as a not-for-profit organization. The primary functions of the Foundation are to assist in developing and enhancing park and recreation projects and programs of the Decatur Park District by encouraging gifts of money, property, works of art, and other materials having educational, artistic, or historical value. The Foundation operates exclusively for the benefit of the District. The District provides certain administrative services for the Foundation.

**Basis of Accounting:** These financial statements, which are presented on the accrual basis of accounting, have been prepared to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of net assets and transactions into three classes - permanently restricted, temporarily restricted, or unrestricted as follows:

Permanently restricted net assets - net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donor of these assets permits the Foundation to use all or part of the income earned on related investments for general or specific purposes in support of the Foundation.

Temporarily restricted net assets - net assets subject to donor-imposed stipulations that may or will be met by actions of the Foundation and/or the passage of time.

Unrestricted net assets - net assets which represent resources generated from operations or that are not subject to donor-imposed stipulations.

**Contributions:** All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Donated Materials and Services:** The Foundation receives donated services from unpaid volunteers who assist with work projects, fund-raising and running of the Foundation's activities and events. No amounts have been recognized in the statement of activities since the criteria for recognition have not been satisfied. In order for donated services to be reflected in the accompanying financial statements at their estimated fair values at the date of receipt, they would have to require specialized skills which, if not provided by donations, would have to be purchased by the Foundation.

**Contributions Receivable:** Unconditional promises to give, less an allowance for uncollectible amounts, if applicable, are recognized as revenue when the promise is received. Conditional promises are not recognized until they become unconditional; that is, in the period in which the conditions on which they depend are substantially met. Contributions receivable due in more than one year are discounted to their present value (estimated fair value) using a rate commensurate with the risks involved.



## DECATUR PARKS FOUNDATION

### NOTES TO FINANCIAL STATEMENTS (Continued)

April 30, 2015 and 2014

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#### Note 1 - Summary of Significant Accounting Policies, continued

**Contributions Receivable, continued:** *Contributions receivable from split-interest agreements* represent the estimated value of the Foundation's interest in an irrevocable trust held by third-parties. On an annual basis, the Foundation will revalue the receivable based on third party valuations of the underlying assets consisting primarily of farm real estate.

**Investments:** Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

**Land:** The Foundation owns land that had been received as a gift in prior years, which is recorded at estimated fair value as of the date of the gift. The Foundation has recorded the gift as restricted support.

**Income Taxes:** The Foundation is a non-profit corporation and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

**Cash and Cash Equivalents:** For purposes of the statements of cash flows, the Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Fair Value Measurements:** Generally accepted accounting principles related to fair value measurements (a) define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, and (b) set out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy are described as follows:

- Level 1: Unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access at the measurement date.
- Level 2: Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs that are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability.

An asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

## DECATUR PARKS FOUNDATION

### NOTES TO FINANCIAL STATEMENTS (Continued)

April 30, 2015 and 2014

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#### Note 1 - Summary of Significant Accounting Policies, continued

**Fair Value Measurements, continued:** Valuation techniques used in fair value measurements need to maximize the use of observable inputs and minimize the use of unobservable inputs. A valuation method may produce a fair value measurement that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions could result in different fair value measurements at the reporting date. There have been no changes in the methodologies used during the year ended April 30, 2015.

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

**Reclassifications:** Certain accounts relating to the prior year have been reclassified to conform to the current year presentation with no effect on previously reported net income.

#### Note 2 - Related Party Transactions

**Donated Services and Facilities:** The Decatur Park District provides the Foundation with personnel and facilities to conduct its activities without charge. The value of donated services and facilities is not reflected in the accompanying financial statements since there is no objective basis available by which to measure the value of such services and facilities.

**Project Support:** The Foundation holds various fundraising events throughout the year in order to provide funds for selected Decatur Park District programs or projects. Additionally, contributions are received from donors specifying District programs to receive the funding. The following payments were made by the Foundation to the District for the noted program areas of the District, and are charged to program expenses:

	<u>2015</u>	<u>2014</u>
Park Projects	\$ 107,660	145,688
Zoo Projects	79,397	886,010
	<u>\$ 187,057</u>	<u>1,031,698</u>

Additionally, the Foundation incurred expenses of \$ -0- (2014 - \$ 41,582) for park projects that were reimbursed by the District. As of April 30, 2015, the Foundation owes the District \$ 34,469 (2014 - \$ 1,000), with the District owing the Foundation \$ -0- (2014 - \$ -0-).

**DECATUR PARKS FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**April 30, 2015 and 2014**

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**Note 3 - Cash and Investments**

The Foundation maintains its cash balances in financial institutions located in Decatur, Illinois. The balances are insured by the Federal Deposit Insurance Corporation up to \$ 250,000. At April 30, 2015 and 2014, the Foundation's cash balances were covered by deposit insurance or collateral held by the bank.

The investments consist of a certificate of deposit presented in the financial statements at fair value based on quoted prices for similar investments (level 2 measurements). Market risk could occur and is dependent on the future changes in market prices of the various investments held.

As of April 30, 2015 and 2014, investments consist of the following, recorded at market value:

	<u>2015</u>		<u>2014</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Certificate of deposit, interest rate 0.20%, 18 month	<b>\$ 61,295</b>	<b>61,295</b>	61,040	61,040

Investment income from these investments for the years ended April 30, 2015 and 2014 is summarized as follows:

	<u>2015</u>	<u>2014</u>
Interest and dividends	<b>\$ 392</b>	644
Net realized and unrealized gains		694
	<b>\$ 392</b>	<b>1,338</b>

Investment held as the certificate of deposit in the amount of \$ 61,295 (2014 - \$ 61,040) has been set aside by the Board of Directors for maintenance and upkeep of the Nelson Park Rock Garden.

**Note 4 - Split Interest Agreement**

During 2012, a trust was established naming the Foundation as one of the beneficiaries. The Foundation is a 25% beneficiary of the income and remainder interest in an irrevocable testamentary trust, which is held by a local bank as the trustee for management purposes. The trustee makes distributions to the income beneficiaries for five years and then at the end of the term, the remaining assets in the trust fund will be sold and 25% of the total will be transferred to the Foundation.

The Foundation has recorded its beneficial interest in this trust fund at fair value, estimated as the fair value of the assets held. The fair value of the beneficial interest in the trust estimated at \$ 1,359,564 was recognized as contribution receivable from split interest agreement and as a temporarily restricted contribution at the date the trust was established. The Foundation's estimate of fair value is based on fair value information received from the trustees.

## DECATUR PARKS FOUNDATION

### NOTES TO FINANCIAL STATEMENTS (Continued)

April 30, 2015 and 2014

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#### Note 4 - Split Interest Agreement, continued

The trust assets originally consisted of cash and cash equivalents, stocks and bonds, farm land, other real property and personal property. The trust assets are not subject to the control or direction by the Foundation. Gains and losses, which are not distributed by the trust, are reflected as change in value of beneficial interest in the statements of activities. During 2014, the majority of the trust's assets were sold and distributed to the beneficiaries. Trust assets remaining are primarily farm land from which earnings are distributed.

The Foundation received \$ 12,500 from the trust in 2015 (2014 - \$ 716,431).

The change in value related to the beneficial interests in trusts are reported as increases in value of trusts in the statement of activities.

Beneficial interests in trusts:	
Balance, April 30, 2014	\$ 625,000
Change in value in beneficial interests	
Trust earnings	12,500
Distributions received	<u>(12,500)</u>
Balance, April 30, 2015	<u>\$ 625,000</u>

#### Note 5 - Mineral Interest

In 2014, the Foundation received a donation of a beneficial interest in an oil and gas mineral lease on land located in New Mexico. During 2015, the Foundation received \$ -0- (2014 - \$ 9,031) upon ratification of the oil and gas lease.

#### Note 6 - Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following as of April 30, 2015 and 2014, respectively:

	<u>2015</u>	<u>2014</u>
Contributions for specific projects	\$ 359,082	293,353
Contribution of land restricted	271,000	271,000
Split interest agreements	<u>779,250</u>	<u>779,250</u>
Total	<u>\$ 1,409,332</u>	<u>1,343,603</u>

**DECATUR PARKS FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**April 30, 2015 and 2014**

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**Note 7 - Concentrations - Major Concentrations**

For the year ended April 30, 2015, approximately 41.8%, or \$ 133,280, of the Foundation's contribution revenue came from two donors. For the year ended April 30, 2014, approximately 64%, or \$ 264,932, of the Foundation's contribution revenue came from three donors.

**Note 8 - Subsequent Events**

The Foundation has evaluated subsequent events through August 12, 2015, the date the financial statements were available to be issued.

**ACCOMPANYING INFORMATION**

**DECATUR PARKS FOUNDATION**

**SCHEDULE OF CHANGES IN NET ASSETS - RESTRICTED FUNDS**  
**Year ended April 30, 2015**

	Beginning Balance April 30, 2014	Income and Other Additions	Expenses Other Reductions	Ending Balance April 30, 2015
Parks	\$ 389,392	88,903	48,637	<b>429,658</b>
Golf	17,439	16,979	7,829	<b>26,589</b>
Scovill Zoo	72,918	150,758	89,790	<b>133,886</b>
Police		8,280	7,360	<b>920</b>
Recreation	84,604	18,472	64,047	<b>39,029</b>
Scovill Zoo/Dog Park	779,250	12,500	12,500	<b>779,250</b>
	<b>\$ 1,343,603</b>	<b>295,892</b>	<b>230,163</b>	<b>1,409,332</b>