

**COSLEY FOUNDATION, INC.**

AUDIT REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2011

**Selden Fox, LTD.**  
CERTIFIED PUBLIC ACCOUNTANTS

**Cosley Foundation, Inc.**  
**Audit Report**  
**For the Year Ended December 31, 2011**

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# Selden Fox, LTD.

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Cosley Foundation, Inc.  
Wheaton, Illinois

We have audited the accompanying statement of financial position of the **Cosley Foundation, Inc.** at December 31, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Cosley Foundation, Inc. at December 31, 2011 and 2010, and the results of its operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

*Selden Fox, Ltd.*

May 23, 2012

**Cosley Foundation, Inc.**  
**Statement of Financial Position**  
**December 31,**

<b>Assets</b>	<b>2011</b>	<b>2010</b>
Cash and cash equivalents	\$ 820,485	\$ 857,509
Accounts receivable	5,131	735
Inventory	10,879	14,553
Construction in progress	114,021	12,176
<b>Total assets</b>	<b>\$ 950,516</b>	<b>\$ 884,973</b>
<b>Liabilities and Net Assets</b>		
Accounts payable	\$ 91,598	\$ 81,374
Deferred revenue	80	-
<b>Total liabilities</b>	<b>91,678</b>	<b>81,374</b>
Net assets:		
Unrestricted	317,964	265,096
Temporarily restricted	540,874	538,503
<b>Total net assets</b>	<b>858,838</b>	<b>803,599</b>
<b>Total liabilities and net assets</b>	<b>\$ 950,516</b>	<b>\$ 884,973</b>

See accompanying notes.

**Cosley Foundation, Inc.**  
**Statement of Activities**  
**For the Year Ended December 31, 2011**

	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
<b>Revenue and support:</b>			
Fund-raising events:			
Festival of Lights/Christmas sales	\$ 165,245	\$ 165,245	\$ -
Cosley Classic	50,667	50,667	-
Fall Fest/pumpkin sales	30,071	30,071	-
Run for the Animals	95,429	95,429	-
Gift shop and concession sales	122,018	122,018	-
Western/Grazing Festival	6,450	6,450	-
Paws for Breakfast	2,146	2,146	-
Walk for Awareness	6,751	-	6,751
Day at the Races	3,077	3,077	-
<b>Total fund-raising events</b>	<b>481,854</b>	<b>475,103</b>	<b>6,751</b>
Interest earned	661	-	661
Contributions	34,491	34,491	-
Memberships	11,290	11,290	-
Other revenue	304	304	-
Net assets released from restrictions	-	5,041	(5,041)
<b>Total revenue and support</b>	<b>528,600</b>	<b>526,229</b>	<b>2,371</b>
<b>Expenses:</b>			
Fund-raising events:			
Festival of Lights/Christmas sales	78,546	78,546	-
Cosley Classic	30,722	30,722	-
Fall Fest/pumpkin sales	15,477	15,477	-
Run for the Animals	34,817	34,817	-
Cost of goods sold	50,173	50,173	-
Western/Grazing Festival	5,380	5,380	-
Paws for Breakfast	138	138	-
Walk for Awareness	5,015	5,015	-
Day at the Races	467	467	-
<b>Total fund-raising events</b>	<b>220,735</b>	<b>220,735</b>	<b>-</b>

(cont'd)

**Cosley Foundation, Inc.**  
**Statement of Activities (cont'd)**  
**For the Year Ended December 31, 2011**

	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
Expenses (cont'd):			
Management and general:			
Administrative	\$ 107,217	\$ 107,217	\$ -
Bank service charges	1,251	1,251	-
Credit card service fees	4,158	4,158	-
Contribution to Wheaton Park District	140,000	140,000	-
<b>Total management and general</b>	<u>252,626</u>	<u>252,626</u>	<u>-</u>
<b>Total expenses</b>	<u>473,361</u>	<u>473,361</u>	<u>-</u>
<b>Change in net assets</b>	55,239	52,868	2,371
Net assets, beginning of the year	<u>803,599</u>	<u>265,096</u>	<u>538,503</u>
Net assets, end of the year	<u>\$ 858,838</u>	<u>\$ 317,964</u>	<u>\$ 540,874</u>

See accompanying notes.

**Cosley Foundation, Inc.**  
**Statement of Activities**  
**For the Year Ended December 31, 2010**

	Total	Unrestricted	Temporarily Restricted
<b>Revenue and support:</b>			
Fund-raising events:			
Festival of Lights/Christmas sales	\$ 160,121	\$ 160,121	\$ -
Cosley Classic	55,821	55,821	-
Fall Fest/pumpkin sales	27,422	27,422	-
Run for the Animals	75,808	75,808	-
Gift shop sales	134,039	134,039	-
Western/Grazing Festival	5,755	5,755	-
Paws for Breakfast	2,172	2,172	-
Walk for Awareness	4,925	100	4,825
Day at the Races	2,773	2,773	-
<b>Total fund-raising events</b>	<b>468,836</b>	<b>464,011</b>	<b>4,825</b>
Interest earned	1,057	-	1,057
Contributions	18,164	18,164	-
Memberships	10,371	10,371	-
Other revenue	2,906	2,906	-
Net assets released from restrictions	-	3,957	(3,957)
<b>Total revenue and support</b>	<b>501,334</b>	<b>499,409</b>	<b>1,925</b>
<b>Expenses:</b>			
Fund-raising events:			
Festival of Lights/Christmas sales	83,563	83,563	-
Cosley Classic	32,786	32,786	-
Fall Fest/pumpkin sales	15,327	15,327	-
Run for the Animals	32,255	32,255	-
Cost of goods sold	52,584	52,584	-
Western/Grazing Festival	5,808	5,808	-
Paws for Breakfast	285	285	-
Walk for Awareness	3,857	3,857	-
Day at the Races	1,239	1,239	-
<b>Total fund-raising events</b>	<b>227,704</b>	<b>227,704</b>	<b>-</b>

(cont'd)

**Cosley Foundation, Inc.**  
**Statement of Activities (cont'd)**  
**For the Year Ended December 31, 2010**

	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
<b>Expenses (cont'd):</b>			
<b>Management and general:</b>			
Administrative	\$ 107,106	\$ 107,106	\$ -
Bank service charges	1,606	1,606	-
Credit card service fees	5,347	5,347	-
Contribution to Wheaton Park District	593,231	593,231	-
Miscellaneous	4,160	4,160	-
	<u>711,450</u>	<u>711,450</u>	<u>-</u>
<b>Total management and general</b>			
	<u>711,450</u>	<u>711,450</u>	<u>-</u>
<b>Total expenses</b>	<u>939,154</u>	<u>939,154</u>	<u>-</u>
<b>Change in net assets</b>	(437,820)	(439,745)	1,925
Net assets, beginning of the year	<u>1,241,419</u>	<u>704,841</u>	<u>536,578</u>
Net assets, end of the year	<u>\$ 803,599</u>	<u>\$ 265,096</u>	<u>\$ 538,503</u>

See accompanying notes.



**Cosley Foundation, Inc.**  
**Statement of Cash Flows**  
**For the Year Ended December 31,**

	2011	2010
Cash flows from operating activities:		
Change in net assets	\$ 55,239	\$ (437,820)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Contribution of property	-	593,231
Changes in:		
Accounts receivable	(4,396)	(90)
Inventory	3,674	(1,667)
Accounts payable	10,224	(51,352)
Deferred revenue	80	-
<b>Net cash from operating activities</b>	<b>64,821</b>	<b>102,302</b>
Cash flows used in investing activities - payments on construction in progress	<b>(101,845)</b>	<b>(560,464)</b>
<b>Net decrease in cash                     and cash equivalents</b>	<b>(37,024)</b>	<b>(458,162)</b>
Cash and cash equivalents, beginning of the year	<b>857,509</b>	<b>1,315,671</b>
Cash and cash equivalents, end of the year	<b>\$ 820,485</b>	<b>\$ 857,509</b>

See accompanying notes.

**Cosley Foundation, Inc.**  
**Notes to the Financial Statements**

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**1. Summary of Significant Accounting Policies**

**Foundation Purpose** – The Cosley Foundation, Inc., incorporated under the Not-for-profit Corporation Act of the State of Illinois, is engaged in fund-raising activities solely to benefit the Cosley Zoo. The Cosley Zoo is a historical zoo, farm, museum, nature center and outdoor educational facility, owned and operated by the Wheaton Park District. The activities of the Zoo include the maintaining of a historic railroad station, barn, aviaries, other buildings and grounds, feeding and veterinary care of animals, and sponsoring of educational programs. The aim of the Foundation is to provide the Zoo with a stable, ascertainable funding base.

**Basis of Accounting** – The Foundation utilizes the accrual method of accounting, which recognizes revenues when earned and expenses when incurred. These financial statements have been prepared to focus on the Foundation as a whole. Balances and transactions are presented according to the existence or absence of donor imposed restrictions. This is accomplished by classifying fund balances and transactions into three classes of net assets: permanently restricted, temporarily restricted, and unrestricted.

**Permanently Restricted Net Assets** – Net assets subject to donor imposed stipulations that they be maintained permanently by the Foundation.

**Temporarily Restricted Net Assets** – Net assets subject to donor imposed stipulations that may be met by actions of the Foundation, or by the passage of time.

**Unrestricted Net Assets** – Net assets not subject to donor imposed stipulations. Revenues are reported in unrestricted net assets, unless use of the related assets is limited by donor imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets are reported as increases or decreases in unrestricted net assets, unless their use is restricted by explicit donor stipulation, or by law. Expiration of temporary restrictions on net assets (i.e., the donor imposed stipulated purpose has been fulfilled, or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

**Pervasiveness of Estimates** – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, and reported amounts of revenues and expenses during the accounting period.

**Cash and Cash Equivalents** – Cash equivalents include money market accounts and certificates of deposit with original maturities of three months or less.

**Cosley Foundation, Inc.**  
**Notes to the Financial Statements (cont'd)**

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**1. Summary of Significant Accounting Policies (cont'd)**

**Inventory** – Inventory held at the gift shop is recorded at the lower of cost or market under the first in first out (FIFO) method.

**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. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports the support as unrestricted.

Gifts of property and equipment are reported as unrestricted support, unless explicit donor stipulations specify how the donated asset must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets, are reported as restricted support. Absent explicit donor stipulations about how these long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

**2. Net Assets**

**Permanently Restricted Net Assets** – The Foundation currently has no permanently restricted net assets.

**Temporarily Restricted Net Assets** – Temporarily restricted net assets available at December 31, 2011 were \$129,636 for Lincoln Marsh Renovation and Development (\$127,687 at December 31, 2010), and \$411,238 for the Wildlife Exhibit Phase III construction (\$410,816 at December 31, 2010). Temporarily restricted net assets released from restriction in 2011 included a portion of the proceeds from the Walk for Awareness event totaling \$5,015 that were released from restriction to offset expenses incurred related to the event in the current year.

**3. Income Taxes**

The Foundation is incorporated as a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code, and is exempt from income taxes, except to the extent of any unrelated business income. There was no unrelated business income for the periods ended December 31, 2011 and 2010. Accordingly, no provision for income tax is included in the financial statements.

The Foundation's U.S. federal and Illinois tax returns for the calendar year 2010, 2009, and the nine months ended December 31, 2008 remain subject to examination.

**Cosley Foundation, Inc.**  
**Notes to the Financial Statements (cont'd)**

**4. Contributed Services**

The Foundation recognized contribution revenue and related expenses for certain services received at the fair value of those services. For the years ended December 31, those services included the following:

	2011	2010
Accounting services	\$ 2,983	\$ 2,685
Use of golf course	10,340	10,940
Equipment, supplies and other services for fund-raising events	262	2,080
	\$ 13,585	\$ 15,705

In addition, volunteers donated a significant number of hours, estimated at a value of approximately \$11,100 and \$6,360 for the years ended December 31, 2011 and 2010, respectively, in the Foundation's fund-raising efforts, which is not reflected in the accompanying financial statements.

**5. Commitments**

The Wheaton Park District was awarded a \$300,000 grant from the Illinois Department of Natural Resources for a new bobcat exhibit at Cosley Zoo. The grant period is from November 1, 2010 through December 31, 2012. A condition of the grant is that Cosley Foundation will provide matching funds of \$275,000.

Subsequent to year end, the Foundation approved a base bid of \$600,000 for the construction of the new bobcat exhibit.

**6. Subsequent Events**

Subsequent events have been evaluated through May 23, 2012, which is the date the financial statements were available to be issued.

**7. Reclassification**

Certain amounts have been reclassified on the statement of activities for the year ended December 31, 2010 to conform to the current year reporting format. There was no effect on total revenue, expenses or changes in net assets as a result of the reclassification.

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## INDEPENDENT AUDITOR'S STATEMENT OF RESPONSIBILITY FOR SUPPLEMENTARY FINANCIAL INFORMATION

Board of Directors  
Cosley Foundation, Inc.  
Wheaton, Illinois

We have audited the financial statements of the Cosley Foundation, Inc. as of and for the years ended December 31, 2011 and December 31, 2010, and have issued our report thereon dated May 23, 2012 which contained an unqualified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of revenues and expenses – budget and actual 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.

*Selden Fox, Ltd.*

May 23, 2012

**Cosley Foundation, Inc.**  
**Schedule of Revenues and Expenses - Budget and Actual**  
**For the Year Ended December 31, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
<b>Revenue and support:</b>			
<b>Fund-raising events:</b>			
Festival of Lights/Christmas sales	\$ 168,000	\$ 165,245	\$ (2,755)
Cosley Classic	56,000	50,667	(5,333)
Fall Fest/pumpkin sales	29,000	30,071	1,071
Run for the Animals	97,500	95,429	(2,071)
Gift shop sales	140,000	122,018	(17,982)
Western/Grazing Festival	9,000	6,450	(2,550)
Paws for Breakfast	2,100	2,146	46
Walk for Awareness	7,150	6,751	(399)
Day at the Races	2,500	3,077	577
<b>Total fund-raising events</b>	<b>511,250</b>	<b>481,854</b>	<b>(29,396)</b>
Interest earned	1,000	661	(339)
Contributions	6,000	34,491	28,491
Memberships	9,700	11,290	1,590
Other revenue	500	304	(196)
<b>Total revenue and support</b>	<b>528,450</b>	<b>528,600</b>	<b>150</b>
<b>Expenses:</b>			
<b>Fund-raising events:</b>			
Festival of Lights/Christmas sales	79,750	78,546	1,204
Cosley Classic	24,600	30,722	(6,122)
Fall Fest/pumpkin sales	14,500	15,477	(977)
Run for the Animals	56,400	34,817	21,583
Cost of goods sold	53,000	50,173	2,827
Western/Grazing Festival	5,725	5,380	345
Paws for Breakfast	400	138	262
Walk for Awareness	4,075	5,015	(940)
Day at the Races	1,350	467	883
<b>Total fund-raising events</b>	<b>239,800</b>	<b>220,735</b>	<b>19,065</b>

(cont'd)

**Cosley Foundation, Inc.**  
**Schedule of Revenues and Expenses - Budget and Actual (cont'd)**  
**For the Year Ended December 31, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Expenses (cont'd):			
Management and general:			
Administrative	\$ 96,366	\$ 107,217	\$ (10,851)
Bank service charges	4,504	1,251	3,253
Credit card service fees	-	4,158	(4,158)
Contribution to Wheaton Park District	863,000	140,000	723,000
Miscellaneous	293,800	-	293,800
	<u>1,257,670</u>	<u>252,626</u>	<u>1,005,044</u>
<b>Total management and general</b>	<b>1,257,670</b>	<b>252,626</b>	<b>1,005,044</b>
<b>Total expenses</b>	<b>1,497,470</b>	<b>473,361</b>	<b>1,024,109</b>
<b>Change in net assets</b>	<b>\$ (969,020)</b>	<b>\$ 55,239</b>	<b>\$ 1,024,259</b>

See independent auditor's statement of responsibility.