

Cosley Foundation, Inc.
Audit Report
For the Year Ended December 31, 2012

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Cosley Foundation, Inc.
Wheaton, Illinois

We have audited the accompanying financial statements of the **Cosley Foundation, Inc.**, which comprise the statement of financial position as of December 31, 2012 and 2011, 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 **Cosley Foundation, Inc.** as of December 31, 2012 and 2011, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Selden Fox, Ltd.

May 22, 2013

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

Assets	<u>2012</u>	<u>2011</u>
Cash and cash equivalents	\$ 333,273	\$ 820,485
Accounts receivable	1,657	5,131
Other receivables	21,744	-
Inventory	12,445	10,879
Construction in progress	15,261	114,021
Total assets	\$ 384,380	\$ 950,516
Liabilities and Net Assets		
Accounts payable	\$ 15,983	\$ 91,598
Deferred revenue	95	80
Total liabilities	16,078	91,678
Net assets:		
Unrestricted	245,622	317,964
Temporarily restricted	122,680	540,874
Total net assets	368,302	858,838
Total liabilities and net assets	\$ 384,380	\$ 950,516

See accompanying notes.

Cosley Foundation, Inc.
Statement of Activities
For the Year Ended December 31, 2012

	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
Revenue and support:			
Fund-raising events:			
Festival of Lights/Christmas sales	\$ 177,745	\$ 177,745	\$ -
Cosley Classic	64,991	64,991	-
Fall Fest/pumpkin sales	26,111	26,111	-
Run for the Animals	97,323	97,323	-
Gift shop and concession sales	138,964	138,964	-
Western/Grazing Festival	15,590	15,590	-
Paws for Breakfast	2,374	2,374	-
Walk for Awareness	5,083	-	5,083
	<u>528,181</u>	<u>523,098</u>	<u>5,083</u>
Total fund-raising events	528,181	523,098	5,083
Interest earned	1,221	-	1,221
Contributions	33,765	33,515	250
Memberships	12,135	12,135	-
Other revenue	22,048	22,048	-
Net assets released from restrictions	-	424,748	(424,748)
	<u>597,350</u>	<u>1,015,544</u>	<u>(418,194)</u>
Total revenue and support	597,350	1,015,544	(418,194)
Expenses:			
Fund-raising events:			
Festival of Lights/Christmas sales	81,722	81,722	-
Cosley Classic	29,736	29,736	-
Fall Fest/pumpkin sales	13,885	13,885	-
Run for the Animals	36,839	36,839	-
Cost of goods sold	53,221	53,221	-
Western/Grazing Festival	11,717	11,717	-
Paws for Breakfast	179	179	-
Walk for Awareness	4,382	4,382	-
Day at the Races	300	300	-
	<u>231,981</u>	<u>231,981</u>	<u>-</u>
Total fund-raising events	231,981	231,981	-

(cont'd)

Cosley Foundation, Inc.
Statement of Activities (cont'd)
For the Year Ended December 31, 2012

	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
Expenses (cont'd):			
Management and general:			
Administrative	\$ 86,868	\$ 86,868	\$ -
Bank service charges	275	275	-
Credit card service fees	4,434	4,434	-
Contribution to Wheaton Park District	<u>764,328</u>	<u>764,328</u>	<u>-</u>
Total management and general	<u>855,905</u>	<u>855,905</u>	<u>-</u>
Total expenses	<u>1,087,886</u>	<u>1,087,886</u>	<u>-</u>
Change in net assets	(490,536)	(72,342)	(418,194)
Net assets, beginning of the year	<u>858,838</u>	<u>317,964</u>	<u>540,874</u>
Net assets, end of the year	<u>\$ 368,302</u>	<u>\$ 245,622</u>	<u>\$ 122,680</u>

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>
Revenue and support:			
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 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	-
	<u>481,854</u>	<u>475,103</u>	<u>6,751</u>
Total fund-raising events	481,854	475,103	6,751
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)
	<u>528,600</u>	<u>526,229</u>	<u>2,371</u>
Total revenue and support	528,600	526,229	2,371
Expenses:			
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	-
	<u>220,735</u>	<u>220,735</u>	<u>-</u>
Total fund-raising events	220,735	220,735	-

(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	-
Total management and general	<u>252,626</u>	<u>252,626</u>	<u>-</u>
Total expenses	<u>473,361</u>	<u>473,361</u>	<u>-</u>
Change in net assets	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 Cash Flows
For the Year Ended December 31,

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Change in net assets	\$ (490,536)	\$ 55,239
Adjustments to reconcile change in net assets to net cash from operating activities:		
Contribution of property	99,264	-
Changes in:		
Accounts receivable	(18,270)	(4,396)
Inventory	(1,566)	3,674
Accounts payable	(75,615)	10,224
Deferred revenue	15	80
Net cash from operating activities	<u>(486,708)</u>	<u>64,821</u>
Cash flows used in investing activities - payments on construction in progress	<u>(504)</u>	<u>(101,845)</u>
Net decrease in cash and cash equivalents	(487,212)	(37,024)
Cash and cash equivalents, beginning of the year	<u>820,485</u>	<u>857,509</u>
Cash and cash equivalents, end of the year	<u>\$ 333,273</u>	<u>\$ 820,485</u>

See accompanying notes.

Cosley Foundation, Inc.
Notes to the Financial Statements

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)

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 balances at December 31 consist of the following:

	<u>2012</u>	<u>2011</u>
Lincoln Marsh renovation and development	\$ 122,680	\$ 129,636
Wildlife Exhibit Phase III construction	-	411,238
	<u>\$ 122,680</u>	<u>\$ 540,874</u>

The source of net assets released from temporary donor restrictions by incurring expense satisfying the restriction, or by the occurrence of events specified by the donor, was as follows for the years ended December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Bobcat Exhibit	\$ 412,294	\$ -
Walk for Awareness event	4,382	5,041
Lincoln Marsh capital expenses	8,072	-
	<u>\$ 424,748</u>	<u>\$ 5,041</u>

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

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, 2012 and 2011. Accordingly, no provision for income tax is included in the financial statements.

The Foundation's Federal and Illinois tax returns for the calendar years 2009, 2010, and 2011 remain subject to examination.

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:

	<u>2012</u>	<u>2011</u>
Accounting services	\$ 4,000	\$ 2,983
Use of golf course	11,220	10,340
Equipment, supplies and other services for fund-raising events	<u>7,251</u>	<u>262</u>
	<u>\$ 22,471</u>	<u>\$ 13,585</u>

In addition, volunteers donated a significant number of hours, estimated at a value of approximately \$9,990 and \$11,100 for the years ended December 31, 2012 and 2011, respectively, in the Foundation's fund-raising efforts, which is not reflected in the accompanying financial statements.

5. Donation Agreement

On October 24, 2012, the Cosley Foundation entered into a donation agreement with the Wheaton Park District to fund the purchase of certain real property which will be partially used for administrative and operational functions of the Cosley Zoo. The agreement provides a sum of \$800,000 to be paid in 16 annual installments of \$50,000 commencing on July 15, 2013 through and including July 15, 2028. Future installments will be recorded as an expense in the year the contribution is made

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

6. Commitments

The Wheaton Park District was awarded a \$300,000 grant from the Illinois Department of Natural Resources for a new bobcat exhibit at the Cosley Zoo which was completed during 2012. The grant period began November 10, 2010 and extended through December 31, 2012. A condition of the grant stated that the Cosley Foundation provide matching funds of \$275,000. During 2012, the Foundation reimbursed the Wheaton Park District approximately \$524,208 for expenses related to the bobcat exhibit project. The grant funds were received by the Wheaton Park District in April 2013.

7. Subsequent Events

Subsequent events have been evaluated through May 22, 2013, which is the date the financial statements were available to be issued.

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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, 2012 and December 31, 2011, and have issued our report thereon dated May 22, 2013 which contained an unmodified 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 22, 2013

Cosley Foundation, Inc.
Schedule of Revenues and Expenses - Budget and Actual
For the Year Ended December 31, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Revenue and support:			
Fund-raising events:			
Festival of Lights/Christmas sales	\$ 167,500	\$ 177,745	\$ 10,245
Cosley Classic	42,000	64,991	22,991
Fall Fest/pumpkin sales	30,000	26,111	(3,889)
Run for the Animals	99,000	97,323	(1,677)
Gift shop sales	135,000	138,964	3,964
Western/Grazing Festival	6,000	15,590	9,590
Paws for Breakfast	2,700	2,374	(326)
Walk for Awareness	6,500	5,083	(1,417)
Day at the Races	3,000	-	(3,000)
Total fund-raising events	491,700	528,181	36,481
Interest earned	550	1,221	671
Contributions	-	33,765	33,765
Memberships	9,700	12,135	2,435
Other revenue	600	22,048	21,448
Total revenue and support	502,550	597,350	94,800
Expenses:			
Fund-raising events:			
Festival of Lights/Christmas sales	83,500	81,722	1,778
Cosley Classic	23,050	29,736	(6,686)
Fall Fest/pumpkin sales	14,750	13,885	865
Run for the Animals	36,300	36,839	(539)
Cost of goods sold	48,500	53,221	(4,721)
Western/Grazing Festival	4,800	11,717	(6,917)
Paws for Breakfast	400	179	221
Walk for Awareness	4,950	4,382	568
Day at the Races	1,000	300	700
Total fund-raising events	217,250	231,981	(14,731)

(cont'd)

Cosley Foundation, Inc.
Schedule of Revenues and Expenses - Budget and Actual (cont'd)
For the Year Ended December 31, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Expenses (cont'd):			
Management and general:			
Administrative	\$ 152,286	\$ 86,868	\$ 65,418
Bank service charges	975	275	700
Credit card service fees	4,430	4,434	(4)
Contribution to Wheaton Park District	468,000	764,328	(296,328)
Miscellaneous	30,500	-	30,500
	<u>656,191</u>	<u>855,905</u>	<u>(199,714)</u>
Total management and general			
	<u>656,191</u>	<u>855,905</u>	<u>(199,714)</u>
Total expenses	<u>873,441</u>	<u>1,087,886</u>	<u>(214,445)</u>
Change in net assets	<u>\$ (370,891)</u>	<u>\$ (490,536)</u>	<u>\$ (119,645)</u>

See independent auditor's statement of responsibility.