

COSLEY FOUNDATION, INC.
WHEATON, ILLINOIS

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2017

COSLEY FOUNDATION, INC.

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INDEPENDENT AUDITORS' REPORT



INDEPENDENT AUDITORS' REPORT

March 28, 2018

Board of Directors
Cosley Foundation, Inc.
Wheaton, Illinois

We have audited the accompanying financial statements of the Cosley Foundation, Inc., Illinois, which comprise the Statement of Financial Position as of December 31, 2017 and 2016, and the related Statement 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 opinions on these financial statements based on our audit. We conducted our audit 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 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 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 Foundation'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 Foundation'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 opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Cosley Foundation Inc., Illinois, as of December 31, 2017 and 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cosley Foundation, Inc., Illinois', basic financial statements. The individual fund budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

The individual fund budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.


LAUTERBACH & AMEN, LLP

FINANCIAL STATEMENTS

COSLEY FOUNDATION, INC.

**Statement of Financial Position
December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 804,390	\$ 800,155
Receivables - net of allowance		
Accounts	19,429	31,129
Other	110	42
Inventory	17,744	15,227
Prepays	-	600
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 841,673</u>	<u>\$ 847,153</u>
LIABILITIES		
Accounts payable	<u>\$ 91,800</u>	<u>\$ 269,445</u>
NET ASSETS		
Temporarily restricted	177,096	83,106
Unrestricted	572,777	494,602
TOTAL NET ASSETS	<hr/> <u>749,873</u>	<hr/> <u>577,708</u>
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 841,673</u>	<u>\$ 847,153</u>

The notes to the financial statements are an integral part of this statement.

COSLEY FOUNDATION, INC.

**Statement of Activities
For the Fiscal Year Ended December 31, 2017**

	Totals	Unrestricted	Temporarily Restricted
Revenue and support			
Fund raising events			
Festival of lights/Christmas sales	\$ 197,328	\$ 197,328	\$ -
Cosley Classic	80,366	80,366	-
Fall Fest/pumpkin sales	26,714	26,714	-
Run for the Animals	97,593	97,593	-
Gift shop and concession sales	182,756	182,756	-
Paws for Breakfast	1,361	1,361	-
Total fund raising events	<u>586,118</u>	<u>586,118</u>	<u>-</u>
Special event revenue			
Lincoln Marsh	75	-	75
Memberships	32,782	32,782	-
Contributions	132,869	27,100	105,769
Interest earned	615	533	82
Net assets released from restrictions	-	11,936	(11,936)
Other revenue	370	370	-
TOTAL REVENUE AND SUPPORT	<u>752,829</u>	<u>658,839</u>	<u>93,990</u>
Expenses			
Fund raising events			
Festival of Lights/Christmas sales	95,575	95,575	-
Cosley Classic	41,721	41,721	-
Fall Fest/pumpkin sales	17,601	17,601	-
Run for the Animals	41,548	41,548	-
Cost of goods sold	72,102	72,102	-
Paws for Breakfast	1,031	1,031	-
Total fund raising events	<u>269,578</u>	<u>269,578</u>	<u>-</u>
Program services			
Contribution to Wheaton Park District	126,886	126,886	-
Management and general			
Administrative	175,995	175,995	-
Bank service charges	139	139	-
Credit card service fees	8,066	8,066	-
Total management and general	<u>184,200</u>	<u>184,200</u>	<u>-</u>
TOTAL EXPENSES	<u>580,664</u>	<u>580,664</u>	<u>-</u>
CHANGES IN NET ASSETS	172,165	78,175	93,990
NET ASSETS - BEGINNING	<u>577,708</u>	<u>494,602</u>	<u>83,106</u>
NET ASSETS - ENDING	<u>\$ 749,873</u>	<u>\$ 572,777</u>	<u>\$ 177,096</u>

The notes to the financial statements are an integral part of this statement.

COSLEY FOUNDATION, INC.

**Statement of Activities
For the Fiscal Year Ended December 31, 2016**

	Totals	Unrestricted	Temporarily Restricted
Revenue and support			
Fund raising events			
Festival of lights/Christmas sales	\$ 194,332	\$ 194,332	\$ -
Cosley Classic	74,751	74,751	-
Fall Fest/pumpkin sales	24,882	24,882	-
Run for the Animals	93,841	93,841	-
Gift shop and concession sales	181,430	181,430	-
Paws for Breakfast	6,082	6,082	-
Total fund raising events	<u>575,318</u>	<u>575,318</u>	<u>-</u>
Special event revenue			
Lincoln Marsh	-	(352)	352
Memberships	26,486	26,486	-
Contributions	38,664	38,664	-
Interest earned	668	585	83
Net assets released from restrictions	-	12,008	(12,008)
Other revenue	829	829	-
TOTAL REVENUE AND SUPPORT	<u>641,965</u>	<u>653,538</u>	<u>(11,573)</u>
Expenses			
Fund raising events			
Festival of Lights/Christmas sales	95,034	95,034	-
Cosley Classic	38,188	38,188	-
Fall Fest/pumpkin sales	15,664	15,664	-
Run for the Animals	44,078	44,078	-
Cost of goods sold	67,534	67,534	-
Paws for Breakfast	2,838	2,838	-
Total fund raising events	<u>263,336</u>	<u>263,336</u>	<u>-</u>
Program services			
Contribution to Wheaton Park District	318,750	318,750	-
Management and general			
Administrative	163,889	163,889	-
Bank service charges	63	63	-
Credit card service fees	7,082	7,082	-
Total management and general	<u>171,034</u>	<u>171,034</u>	<u>-</u>
TOTAL EXPENSES	<u>753,120</u>	<u>753,120</u>	<u>-</u>
CHANGES IN NET ASSETS	<u>(111,155)</u>	<u>(99,582)</u>	<u>(11,573)</u>
NET ASSETS - BEGINNING	<u>688,863</u>	<u>594,184</u>	<u>94,679</u>
NET ASSETS - ENDING	<u>\$ 577,708</u>	<u>\$ 494,602</u>	<u>\$ 83,106</u>

The notes to the financial statements are an integral part of this statement.

COSLEY FOUNDATION, INC.

**Statement of Cash Flows
For the Fiscal Years Ended December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
CASH FROM OPERATING ACTIVITIES		
Change in net assets	\$ 172,165	\$ (111,155)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Accounts receivable	11,632	(3,901)
Inventory	(2,517)	(3,910)
Prepays	600	(550)
Accounts payable	(177,645)	252,327
NET CHANGE IN CASH AND CASH EQUIVALENTS	4,235	132,811
CASH AND CASH EQUIVALENTS - BEGINNING	800,155	667,344
CASH AND CASH EQUIVALENTS - ENDING	\$ 804,390	\$ 800,155

The notes to the financial statements are an integral part of this statement.

COSLEY FOUNDATION, INC.

Notes to the Financial Statements December 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Foundation Purpose

The Cosley Foundation, Inc. (Foundation), 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 (Zoo). The 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 financial statements are prepared using the accrual basis of accounting in which revenue is recognized when earned and expenses are recognized when incurred.

Net Assets

The Foundation's 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.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America 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 the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

COSLEY FOUNDATION, INC.

**Notes to the Financial Statements
December 31, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Cash and Cash Equivalents

For the purpose of the Statement of Financial Position, cash and cash equivalents are considered to be cash on hand, demand deposits, and cash with fiscal agent. For the purpose of the Statement of Cash Flows, cash and cash equivalents are considered to be cash on hand, demand deposits, cash with fiscal agent, and all highly liquid investments with an original maturity of three months or less.

Receivables

In the Statement of Financial Position, receivables are stated at the amount billed. The Foundation does not charge late fees on amounts past due. An allowance for uncollectible accounts has not been established since management believes all accounts are substantially collectible. Management's periodic evaluation of the collectability of receivables is based on past experience, known and inherent risks in the receivables, adverse situations that may affect the obligee's ability to repay, and current economic conditions. Receivables deemed uncollectible are charged to expense.

Prepays/Inventories

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both the government-wide and fund financial statements. Prepays/inventories are valued at cost, which approximates market, using 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.

COSLEY FOUNDATION, INC.

**Notes to the Financial Statements
December 31, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Income Taxes

The Foundation is exempt from income tax under IRC section 501(c)(3), and similarly, is exempt from State of Illinois taxes under the Illinois Tax Act Section 205(a), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Foundation has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Foundation has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. There was no unrelated business income for the year ended December 31, 2017.

The Foundation's Forms 990, *Return of Organization Exempt from Income Tax*, are subject to examination by the IRS, generally, for three years after they were filed. Annual filings with the State of Illinois are, similarly, subject to examination.

NOTE 2 – DETAIL NOTES ON ALL FUNDS

Cash and Cash Equivalents

At December 31, 2017, cash and cash equivalents included \$804,390 held in commercial banks of which the entire balance was insured by the Federal Deposit Insurance Corporation.

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, 2017 and December 31, 2016 consist of the following:

	<u>2017</u>	<u>2016</u>
Lincoln Marsh renovation and development	\$ 71,342	\$ 83,106
Capital Campaign	105,754	-
	<u>\$ 177,096</u>	<u>\$ 83,106</u>

COSLEY FOUNDATION, INC.

**Notes to the Financial Statements
December 31, 2017**

NOTE 2 – DETAIL NOTES ON ALL FUNDS – Continued

Net Assets – Continued

The source of net assets released from temporary donor restrictions by incurring expenses satisfying the restriction, or by the occurrence of events specified by the donor, was as follows for the years ended December 31, 2017 and December 31, 2016:

	2017	2016
Lincoln March expenses	\$ 11,936	\$ 8
Sponsorship - Run for Animals	-	12,000
	<u>\$ 11,936</u>	<u>\$ 12,008</u>

Contributed Goods/Services

The Foundation recognized contribution revenue and related expenses for certain goods and services received at fair value. For the years ended December 31, 2017 and December 31, 2016, those included the following:

	2017	2016
Use of golf course	\$ 9,620	\$ 9,360
Equipment, supplies, and other services for fundraising events	19,804	21,116
	<u>\$ 29,424</u>	<u>\$ 30,476</u>

In addition, volunteers donated a significant number of hours, estimated at a value of approximately \$7,200 and \$9,612 for the years ended December 31, 2017 and December 31, 2016, respectively, in the Foundation's fundraising efforts, which is not reflected in the accompanying financial statements.

Donation Agreement

On October 24, 2012, the 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 is an intention to give, which 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. The current year installment is included as part of program service expense. Future installments will be recorded as an expense in the year the contribution is made.

COSLEY FOUNDATION, INC.

**Notes to the Financial Statements
December 31, 2017**

NOTE 2 – DETAIL NOTES ON ALL FUNDS – Continued

Donation Agreement – Continued

On September 15, 2016, the Foundation entered into a donation agreement with the Wheaton Park District to fund the costs associated with the contract for the Animal Welcome Center/Quarantine Facility for Cosley Zoo. The agreement is an intention to give, which provides a sum of \$250,000 donated in December 2016 and \$25,000 donated annually beginning December 2017 until the donation balance is reached in December 2026. The current year installment is included as part of program service expense. Future installments will be recorded as an expense in the year the contribution is made.

SUPPLEMENTAL SCHEDULES

COSLEY FOUNDATION, INC.

**Schedule of Revenue and Support - Budget and Actual
For the Fiscal Year Ended December 31, 2017**

	Budget	Actual	Variance Over (Under)
Revenue and support			
Fund raising events			
Festival of lights/Christmas sales	\$ 191,000	\$ 197,328	\$ 6,328
Cosley Classic	73,750	80,366	6,616
Fall Fest/pumpkin sales	25,000	26,714	1,714
Run for the Animals	106,500	97,593	(8,907)
Gift shop and concession sales	170,000	182,756	12,756
Western/Grazing Festival	7,000	-	(7,000)
Paws for Breakfast	2,900	1,361	(1,539)
Total fund raising events	<u>576,150</u>	<u>586,118</u>	<u>9,968</u>
Special event revenue			
Lincoln Marsh	-	75	75
Memberships	<u>25,000</u>	<u>32,782</u>	<u>7,782</u>
Contributions	<u>50,000</u>	<u>132,869</u>	<u>82,869</u>
Interest earned	<u>340</u>	<u>615</u>	<u>275</u>
Other revenue	<u>400</u>	<u>370</u>	<u>(30)</u>
TOTAL REVENUE AND SUPPORT	<u>\$ 651,890</u>	<u>\$ 752,829</u>	<u>\$ 100,939</u>

COSLEY FOUNDATION, INC.

**Schedule of Expenses - Budget and Actual
For the Fiscal Year Ended December 31, 2017**

	Budget	Actual	Variance Over (Under)
Expenses			
Fund raising events			
Festival of Lights/Christmas sales	\$ 88,500	\$ 95,575	\$ 7,075
Cosley Classic	43,970	41,721	(2,249)
Fall Fest/pumpkin sales	15,501	17,601	2,100
Run for the Animals	48,900	41,548	(7,352)
Cost of goods sold	62,500	72,102	9,602
Western/Grazing Festival	5,225	-	(5,225)
Paws for Breakfast	3,070	1,031	(2,039)
Total fund raising events	<u>267,666</u>	<u>269,578</u>	<u>1,912</u>
Program services			
Contribution to Wheaton Park District	<u>150,000</u>	<u>126,886</u>	<u>(23,114)</u>
Management and general			
Administrative	217,332	175,995	(41,337)
Bank service charges	(110)	139	249
Credit card service fees	6,775	8,066	1,291
Total management and general	<u>223,997</u>	<u>184,200</u>	<u>(39,797)</u>
TOTAL EXPENSES	<u>\$ 641,663</u>	<u>\$ 580,664</u>	<u>\$ (60,999)</u>