

Great Parks Foundation



Financial Statements

December 31, 2014

PLATTENBURG
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Great Parks Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of the Great Parks Foundation (the Foundation), a component unit of Great Parks of Hamilton County, which comprise the statement of financial position as of December 31, 2014, and the related statements of activities and changes in net assets and cash flows for the year 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 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 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 Foundation as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Cincinnati, Ohio
May 29, 2015

Great Parks Foundation
Statement of Financial Position
December 31, 2014

Assets

Current Assets

Cash	\$ 398,789
Investments	3,669,422
Contributions Receivable	<u>3,683,184</u>

Total Current Assets 7,751,395

Total Assets \$ 7,751,395

Liabilities and Net Assets

Current Liabilities

Grants Payable	\$ 50,000
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Total Current Liabilities 50,000

Net Assets

Unrestricted	7,496,335
Temporarily Restricted	105,060
Permanently Restricted	<u>100,000</u>

Total Net Assets 7,701,395

Total Liabilities and Net Assets \$ 7,751,395

The accompanying notes are an integral part of the financial statements.

Great Parks Foundation
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public Support, Revenues and Reclassifications				
Contributions Received	\$ 7,204,001	\$ 80,714	\$ 100,000	\$ 7,384,715
Fundraising	12,008	-	-	12,008
Other Income Received	5,559	76,384	-	81,943
Investment income, including realized and unrealized gains and losses, net	283,599	217	-	283,816
Net Assets Released from Restriction	288,962	(288,962)	-	-
Total Revenues, Gains & Other Support	<u>\$ 7,794,129</u>	<u>\$ (131,647)</u>	<u>\$ 100,000</u>	<u>\$ 7,762,482</u>
Expenses				
Program Services:				
Support & Education	\$ 378,962	\$ -	\$ -	\$ 378,962
Management & General:				
Fundraising	21,869	-	-	21,869
Other Expenses	34,620	-	-	34,620
Total Expenses	<u>435,451</u>	<u>-</u>	<u>-</u>	<u>435,451</u>
Change in Net Assets	7,358,678	(131,647)	100,000	7,327,031
Net Assets, Beginning of Year	137,657	236,707	-	374,364
Net Assets, End of Year	<u>\$ 7,496,335</u>	<u>\$ 105,060</u>	<u>\$ 100,000</u>	<u>\$ 7,701,395</u>

The accompanying notes are an integral part of the financial statements.

Great Parks Foundation
Statement of Cash Flows
For the Year Ended December 31, 2014

Cash Flows From Operating Activities	
Change in Net Assets	\$ 7,327,031
Adjustments to Reconcile Net Income/(Loss) to Net Cash Provided/(Used) by Operating Activities	
Depreciation	-
Unrealized (Gain)/Loss on Investments	-
(Increase)/Decrease in Accounts Receivable	(3,683,184)
(Increase)/Decrease in Prepaid Assets	-
Increase/(Decrease) in Accounts Payable	-
Increase/(Decrease) in Other Liabilities	-
Increase/(Decrease) in Grants Payable	50,000
Increase/(Decrease) in Agency Endowments Liability	-
Increase/(Decrease) in Scholarships Payable	-
Total Adjustments	<u>(3,633,184)</u>
Net Cash Provided/(Used) by Operating Activities	<u>3,693,847</u>
 Cash Flows From Investing Activities	
Purchases of Investments at Cost	(3,386,262)
Sales of Investments at Cost	(283,160)
Net Cash Provided/(Used) by Investing Activities	<u>(3,669,422)</u>
 Net Increase/(Decrease) in Cash	24,425
 Cash at Beginning of Year	<u>374,364</u>
 Cash at End of Year	<u>\$ 398,789</u>

The accompanying notes are an integral part of the financial statements.

1. Description of the Foundation

Great Parks Foundation's (the Foundation) financial statements have been prepared on an accrual basis of accounting. The Foundation is a not-for-profit organization established in accordance with Section 501 (c) (3) of the Internal Revenue Code. The Foundation operates under a Board of Directors with nine members. The Foundation was formed with the sole purpose of assisting Great Parks of Hamilton County in protecting and enhancing regional park land and providing outstanding outdoor recreation and nature education services.

2. Summary of Significant Accounting Policies

Contributions

The Foundation reports contributions in accordance with Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*. SFAS No. 116 requires that unconditional promises to give, with payments due in future periods, be recorded as receivables and support in either unrestricted, temporarily restricted, or permanently restricted net assets as appropriate in the period received at their net present value. The accumulated discount of net present value of the pledge is accounted for as contribution income of the related class of net assets. Conditional promises to give are not recorded as support until the condition upon which they depend has been substantially met by the Foundation.

Financial Statement Presentation

SFAS No. 117, *Financial Statements of Not-For-Profit Organizations*, requires that the amounts for each of three classes of net assets: unrestricted, temporarily restricted and permanently restricted, be presented in an aggregated statement of financial position and that the amounts of changes in each of those classes of net assets be presented in a statement of activities. This statement requires that resources be classified into three net asset categories according to donor-imposed restrictions. A description of each of the categories is as follows:

Unrestricted Net Assets

Assets which are free of donor-imposed restrictions; all revenues, expenses, gains and losses that are not changes in temporarily or permanently restricted net assets.

Temporarily Restricted Net Assets

Assets which include gifts and pledges receivable for which donor-imposed restrictions have not been met and for which the ultimate purpose of the proceeds are not permanently restricted.

2. Summary of Significant Accounting Policies (continued)

Permanently Restricted Net Assets

Assets that are subject to restrictions of gift instruments requiring that the principal be invested in perpetuity. The income from these assets is included in the investment income of unrestricted and restricted funds, as appropriate, in the accompanying Statement of Activities.

When a donor restriction expires, that is, when a stipulated time restriction expires or purpose restriction is accomplished, restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Investments

The Foundation reports investments in accordance with SFAS No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Investments in marketable securities with readily determined fair values and all investments in debt securities are reported at their fair values in the Statement of Net Assets. Unrealized gains and losses are included in the change in net assets. Investments of the unrestricted, temporarily restricted, and permanently restricted funds are pooled for making investment transactions and are carried at market value. Interest and dividend income, as well as realized and unrealized gains and losses, are allocated to unrestricted, temporarily restricted, and permanently restricted funds.

Donated Service and Facilities

The Foundation has no employees or property (other than cash and investments). Substantially all clerical and management duties are presently performed by Great Parks of Hamilton County employees, utilizing equipment and facilities of Great Parks of Hamilton County.

For accounting purposes SFAS 116 requires the value of facilities and services be recognized in the Statement of Activities. However, for the year ended December 31, 2014 these amounts are not material and therefore no amounts are recognized in the financial statements.

Contributions Receivable

Contributions received, including unconditional promises to give, are recognized as revenue by net asset class when the donor's commitment is received. Unconditional promises are recognized at the estimated present value of the future cash flows, net of allowances (fair value). Promises designated for future periods or restricted by the

2. Summary of Significant Accounting Policies (continued)

donor for specific purposes are reported as temporarily restricted or permanently restricted support. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports the support as unrestricted. Conditional promises are recorded when donor stipulations are substantially met.

Prepaid Expenses

Certain payments to vendors for fundraising activities reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

Capital Assets

The foundation currently has no capital assets. All expenditures for capital assets in excess of \$1,000 are capitalized. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets.

Deferred Revenue

Deferred revenue results from various fundraising activities. It represents amounts received from sponsors, vendors, and sales of admission tickets in advance. Deferred revenue is recognized as revenue in the period that the fundraising activity actually occurs.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes. Actual results may differ from those estimates.

3. Investments

The various investments in fixed income securities, mutual funds and other investment securities are exposed to various risks, such as interest rate, market fluctuations, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investment securities could occur in the near term and those changes could materially affect the amounts reported in the financial statements.

At December 31, 2014, Great Parks Foundation had the following investments:

	Market / Carrying Value	Maturity		
		Less Than One Year	1-2 Years	3-5 Years
ADR / Foreign Equities	\$ 353,457	\$ 353,457	\$ -	\$ -
Common Stock	1,126,498	1,126,498	-	-
Corporate Bonds	830,851	268,566	350,934	211,351
Exchange Traded Funds	54,073	54,073	-	-
Mutual Funds - Equity Securities	467,225	367,225	100,000	-
Mutual Funds - Fixed Income	837,318	747,070	42,003	48,245
Total	\$ 3,669,422	\$ 2,916,889	\$ 492,937	\$ 259,596

The Foundation determines the fair market values of its financial instruments based on the fair value hierarchy established in SFAS No. 157, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the Foundation's own assumptions based on market data and on assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The Standard describes three levels within its hierarchy that may be used to measure fair value:

Level 1 Inputs: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 Inputs: Significant other observable inputs other than Level 1 quoted prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

3. Investments (Continued)

Level 3 Inputs: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The fair value of investments held by the Foundation at December 31, 2014 is summarized as follows:

Investment Type	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs	Significant Unobservable Inputs (Level 3)
ADR / Foreign Equities	\$ 353,457	\$ -	\$ -
Common Stock	1,126,498	-	-
Corporate Bonds	830,851	-	-
Exchange Traded Funds	54,073	-	-
Mutual Funds - Equity Securities	467,225	-	-
Mutual Funds - Fixed Income	837,318	-	-
Total	\$ 3,669,422	\$ -	\$ -

4. Contributions Receivable

Unconditional promises to give are included in the financial statements as contributions receivable and contributions of the appropriate net asset category. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discount rate on those amounts is computed using a risk free interest rate applicable to the years in which the promises are to be received. The amortization of the discount is included in contribution revenue. For the year ended December 31, 2014 there were no unconditional promises that required amortization.

Conditional promises to give are not included as support until conditions of those promises have been met. For the year ended December 31, 2014 there were no conditional promises.

4. Contributions Receivable (continued)

Contributions receivable consisted of the following at December 31, 2014:

Unrestricted	\$ 3,683,184
Temporarily Restricted	-
Permanently Restricted	-
Less: Allowance for Uncollectible	-
Gross Unconditional	<u>\$ 3,683,184</u>

5. Temporarily Restricted Net Assets

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restriction specified by donors.

Adopt-A-Bench	\$ 3,983
Dog Park	136,756
Education Scholarships	3,399
Land Acquisition & Preservation	10,000
Legacy Tree	23,808
Park & Program Support	93,216
Volunteer Management	7,300
Volunteer Stewardship	10,500
Total	<u>\$ 288,962</u>

Temporarily and permanently restricted net assets are those whose use by the Foundation has been limited by donors to a specific time period or purpose. Temporarily restricted net assets are available for providing scholarships, legacy trees, adopt-a-bench, land acquisitions, volunteer management, and stewardship.

The different types of temporarily restricted net assets are classified as follows:

Dog Park	\$ 13,278
Education Scholarships	11,010
Land Acquisition & Preservation	73,255
Legacy Tree	1,100
Mablutz	217
Park & Program Support	900
Volunteer Management	2,000
Volunteer Stewardship	2,690
Total	<u>\$ 104,450</u>

6. Permanently Restricted Net Assets

Endowments:

Mablotz	\$	100,000
Total	<u>\$</u>	<u>100,000</u>

Interpretation of UPMIFA: The Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor- restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- a. The duration and preservation of the fund
- b. The purposes of the organization and the donor-restricted endowment fund
- c. General economic conditions
- d. The possible effect of inflation and deflation
- e. The expected total return from income and the appreciation of investments
- f. Other resources of the organization
- g. The investment policies of the organization

Funds with Deficiencies: From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature that are in excess of related temporarily restricted amounts are reported in unrestricted net assets. The Foundation had no such amounts totaled as of December 31, 2014.

7. Income Taxes

The Foundation is a not-for-profit corporation as described in Section 501 (c) (3) of the Internal Revenue Code, and the organization is exempt from federal and state income taxes.

8. Subsequent Events

The Foundation has evaluated events occurring between the end of its most recent fiscal year and May 29, 2015, the date the financial statements were issued. No material subsequent events were identified for recognition or disclosure.