

DuPage County Historical Museum Foundation, Inc.
Audit Report
For the Year Ended December 31, 2013

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
DuPage County Historical Museum Foundation, Inc.
Wheaton, Illinois

We have audited the accompanying financial statements of **DuPage County Historical Museum Foundation, Inc.**, which comprise the statement of financial position as of December 31, 2013 and 2012, 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 **DuPage County Historical Museum Foundation, Inc.** as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

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.

June 17, 2014

DuPage County Historical Museum Foundation, Inc.
Statement of Financial Position
For the Year Ended December 31,

	<u>2013</u>	<u>2012</u>
Assets		
Cash	\$ 44,096	\$ 7,874
Accounts receivable	7,485	5,917
Prepaid expenses	1,074	716
Total assets	\$ 52,655	\$ 14,507
Liabilities and Net Assets		
Accounts payable	\$ 12,366	\$ 4,135
Other payable	21,744	21,744
Deferred revenue	395	397
Total liabilities	34,505	26,276
Net assets (deficit):		
Unrestricted	13,150	(14,269)
Temporarily restricted	5,000	2,500
Total net assets (deficit)	18,150	(11,769)
Total liabilities and net assets (deficit)	\$ 52,655	\$ 14,507

See accompanying notes.

DuPage County Historical Museum Foundation, Inc.
Statement of Activities
For the Year Ended December 31, 2013

	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
Revenue and support:			
Fund-raising event revenues:			
Gift shop sales	\$ 4,310	\$ 4,310	\$ -
Music and lecture series	1,108	1,108	-
Casino night	13,178	13,178	-
Antiques night	6,529	6,529	-
Golf outing	44,706	44,706	-
Total fund-raising event revenues	69,831	69,831	-
Fund-raising event costs:			
Cost of goods sold	2,914	2,914	-
Music and Lecture series	1,971	1,971	-
Casino night	4,204	4,204	-
Antiques night	1,624	1,624	-
Golf outing	26,549	26,549	-
Total fund-raising event costs	37,262	37,262	-
Total net fund-raising event revenue	32,569	32,569	-
Contributions	38,159	38,159	-
Sponsorships	12,000	7,000	5,000
Memberships	712	712	-
Other revenue	83	83	-
Net assets released from restrictions	-	2,500	(2,500)
Total revenue and support	83,523	81,023	2,500
Expenses:			
Management and general:			
Administrative	21,241	21,241	-
Bank and credit card fees	733	733	-
Total management and general	21,974	21,974	-
Development:			
Salary reimbursement	29,130	29,130	-
Contribution to Wheaton Park District	2,500	2,500	-
Total development	31,630	31,630	-
Total expenses	53,604	53,604	-
Change in net assets	29,919	27,419	2,500
Net assets, beginning of the year	(11,769)	(14,269)	2,500
Net assets (deficit), end of the year	\$ 18,150	\$ 13,150	\$ 5,000

See accompanying notes.

DuPage County Historical Museum 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 event revenues:			
Music and lecture series	\$ 2,316	\$ 2,316	\$ -
Casino night	12,637	12,637	-
Antiques night	6,405	6,405	-
Total fund-raising event revenues	21,358	21,358	-
Fund-raising event costs:			
Music and Lecture series	2,848	2,848	-
Casino night	4,014	4,014	-
Antiques night	1,302	1,302	-
Total fund-raising event costs	8,164	8,164	-
Total net fund-raising event revenue	13,194	13,194	-
Contributions	4,867	4,867	-
Sponsorships	2,500	-	2,500
Memberships	866	866	-
Other revenue	222	222	-
Total revenue and support	21,649	19,149	2,500
Expenses:			
Management and general:			
Administrative	11,689	11,689	-
Bank and credit card fees	206	206	-
Memberships	46	46	-
Total management and general	11,941	11,941	-
Development:			
Salary reimbursement	19,923	19,923	-
Consulting expense	21,744	21,744	-
Miscellaneous	1,550	1,550	-
Total development	43,217	43,217	-
Total expenses	55,158	55,158	-
Change in net assets	(33,509)	(36,009)	2,500
Net assets, beginning of the year	21,740	21,740	-
Net assets (deficit), end of the year	\$ (11,769)	\$ (14,269)	\$ 2,500

See accompanying notes.

DuPage County Historical Museum Foundation, Inc.
Statement of Cash Flows
For the Year Ended December 31,

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Change in net assets	\$ 29,919	\$ (33,509)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Changes in:		
Accounts receivable	(1,568)	(2,346)
Prepaid expenses	(358)	(716)
Accounts payable	8,231	24,803
Deferred revenue	(2)	(446)
	<u>36,222</u>	<u>(12,214)</u>
Net cash from operating activities and net change in cash	36,222	(12,214)
Cash, beginning of the year	<u>7,874</u>	<u>20,088</u>
Cash, end of the year	<u>\$ 44,096</u>	<u>\$ 7,874</u>

See accompanying notes.

DuPage County Historical Museum Foundation, Inc.
Notes to the Financial Statements

1. Summary of Significant Accounting Policies

Foundation Purpose – The DuPage County Historical Museum 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 DuPage County Historical Museum. The DuPage County Historical Museum is an educational institution operated as a facility of the Wheaton Park District, owned by the County of DuPage by resolution of the County Board pursuant to state statute. The Museum's principal purposes are to educate the general public through the collection, preservation, interpretation, and exhibition of materials which document the history of DuPage County and its relationship to Illinois and the nation, and to provide local history services for historical organizations and for scholarly endeavors. The Foundation's primary function is to raise funds to support the DuPage County Historical Museum's mission.

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.

DuPage County Historical Museum Foundation, Inc.
Notes to the Financial Statements (cont'd)

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

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 – The Foundation has temporarily restricted net assets of \$5,000 available at December 31, 2013 for education programs and interactive exhibit stations for the 175th Anniversary Exhibit (\$2,500 of temporarily restricted net assets at December 31, 2012 for education programs and interactive exhibit stations for the Folk Art Exhibit).

3. Other Payable

The Foundation entered into a consulting services contract with another Foundation, to share the cost of engaging a consultant to develop a capacity building and strategic plan for future development opportunities. The Foundation owes their share for the professional services incurred under the contract to the second Foundation.

4. 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, 2013 or 2012. Accordingly, no provision for income tax is included in the financial statements.

The Foundation's Federal and Illinois tax returns for the calendar years 2010, 2011, and 2012 remain subject to examination.

DuPage County Historical Museum Foundation, Inc.
Notes to the Financial Statements (cont'd)

5. DuPage Community Foundation Account

The DuPage Community Foundation (DCF) established a designated account, the Agency Fund, on behalf of the DuPage County Historical Museum Foundation (Foundation) in September 2007. The purpose of this account is to strengthen the future of the Foundation and enhance its purpose. The account is considered a designated fund of DCF and not an asset of the Foundation.

Donations made to DCF and designated by the DCF's Board of Directors for future use by the Foundation are deposited into the Agency Fund. The Board of Directors of the Foundation can designate the use of monies in the Agency Fund, and can withdraw funds beginning approximately one year after the Agency Fund's balance meets or exceeds \$25,000. The Agency Fund had a balance of \$25,878 at December 31, 2013 (\$22,760 at December 31, 2012). The Foundation did not receive any disbursements from the Agency Fund during 2013 or 2012.

Upon achieving the required balance of \$25,000, annual disbursements must meet the following requirements:

- Income must support distribution
- Maximum distribution of 5% of the fund balance
- Minimum distribution of \$500

The DuPage Community Foundation maintains an investment pool for all its funds which consists primarily of marketable equity securities, mutual funds, United States government and agency securities, and corporate debt securities. No specific securities are designated for a specific fund. Realized gains/losses, unrealized gains/losses, and dividend and interest income net of fees are divided monthly on a prorated basis across all funds of the DuPage Community Foundation.

6. Subsequent Events

Subsequent events have been evaluated through June 17, 2014, which is the date the financial statements were available to be issued.

DuPage County Historical Museum Foundation, Inc.
Schedule of Revenues and Expenses - Budget and Actual
For the Year Ended December 31, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Revenue and support:			
Fund-raising events revenue:			
Gift shop sales	\$ -	\$ 4,310	\$ 4,310
Music and lecture series	3,500	1,108	(2,392)
Casino night	12,965	13,178	213
Holiday bazaar	500	-	(500)
Antiques night	5,950	6,529	579
Golf outing	-	44,706	44,706
Total fund-raising event revenue	<u>22,915</u>	<u>69,831</u>	<u>46,916</u>
Fund-raising event costs:			
Cost of goods sold	-	2,914	(2,914)
Music and lecture series	3,150	1,971	1,179
Casino night	5,055	4,204	851
Holiday bazaar	500	-	500
Antiques night	2,250	1,624	626
Golf outing	-	26,549	(26,549)
Total fund-raising event costs	<u>10,955</u>	<u>37,262</u>	<u>(26,307)</u>
Total net fund-raising event revenue	<u>11,960</u>	<u>32,569</u>	<u>20,609</u>
Contributions	10,000	38,159	28,159
Sponsorships	-	12,000	12,000
Memberships	1,000	712	(288)
Total revenue and support	<u>22,960</u>	<u>83,523</u>	<u>60,563</u>
Expenses:			
Management and general:			
Administrative	4,900	21,241	(16,341)
Bank and credit card fees	190	733	(543)
Memberships	450	-	450
Total management and general	<u>5,540</u>	<u>21,974</u>	<u>(16,434)</u>
Development:			
Salary reimbursement	35,700	29,130	6,570
Miscellaneous	-	2,500	(2,500)
Total development	<u>35,700</u>	<u>31,630</u>	<u>4,070</u>
Total expenses	<u>41,240</u>	<u>53,604</u>	<u>(12,364)</u>
Change in net assets	<u>\$ (18,280)</u>	<u>\$ 29,919</u>	<u>\$ 48,199</u>

See independent auditor's statement of responsibility.