

DuPage County Historical Museum Foundation, Inc.
Audit Report
For the Year Ended December 31, 2014

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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, 2014 and 2013, 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, 2014 and 2013, and the changes in its net assets 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.

April 9, 2015

DuPage County Historical Museum Foundation, Inc.
Statement of Financial Position
December 31,

| Assets | <u>2014</u> | <u>2013</u> |
|---|------------------|------------------|
| Cash | \$ 53,688 | \$ 44,096 |
| Accounts receivable | 9,666 | 7,485 |
| Prepaid expenses | 200 | 1,074 |
| Total assets | \$ 63,554 | \$ 52,655 |
| Liabilities and Net Assets | | |
| Accounts payable | \$ 16,233 | \$ 12,366 |
| Other payable | 21,744 | 21,744 |
| Deferred revenue | 1,979 | 395 |
| Total liabilities | 39,956 | 34,505 |
| Net assets: | | |
| Unrestricted | 19,929 | 13,150 |
| Temporarily restricted | 3,669 | 5,000 |
| Total net assets | 23,598 | 18,150 |
| Total liabilities and net assets | \$ 63,554 | \$ 52,655 |

See accompanying notes.

DuPage County Historical Museum Foundation, Inc.
Statement of Activities
For the Year Ended December 31, 2014

| | <u>Total</u> | <u>Unrestricted</u> | <u>Temporarily Restricted</u> |
|---|---------------|---------------------|-----------------------------------|
| Revenue and support: | | | |
| Fund-raising event revenues: | | | |
| Gift shop sales | \$ 100 | \$ 100 | \$ - |
| Casino night | 14,127 | 14,127 | - |
| Antiques night | 5,433 | 5,433 | - |
| Golf outing | 39,756 | 39,756 | - |
| Hope and history event | 34,675 | 34,675 | - |
| Total fund-raising event revenues | 94,091 | 94,091 | - |
| Fund-raising event costs: | | | |
| Music and Lecture series | 163 | 163 | - |
| Casino night | 9,338 | 9,338 | - |
| Antiques night | 1,890 | 1,890 | - |
| Golf outing | 32,369 | 32,369 | - |
| Hope and history event | 28,375 | 28,375 | - |
| Other | 397 | 397 | - |
| Total fund-raising event costs | 72,532 | 72,532 | - |
| Total net fund-raising event revenue | 21,559 | 21,559 | - |
| Contributions | 38,789 | 35,789 | 3,000 |
| Sponsorships | 175 | 175 | - |
| Memberships | 486 | 486 | - |
| Net assets released from restrictions | - | 4,331 | (4,331) |
| Total revenue and support | 61,009 | 62,340 | (1,331) |
| Expenses: | | | |
| Management and general: | | | |
| Administrative | 7,917 | 7,917 | - |
| Bank and credit card fees | 448 | 448 | - |
| Total management and general | 8,365 | 8,365 | - |
| Development: | | | |
| Salary reimbursement | 35,135 | 35,135 | - |
| Contribution to Wheaton Park District | 12,061 | 12,061 | - |
| Total development | 47,196 | 47,196 | - |
| Total expenses | 55,561 | 55,561 | - |
| Change in net assets | 5,448 | 6,779 | (1,331) |
| Net assets, beginning of the year | 18,150 | 13,150 | 5,000 |
| Net assets, end of the year | \$ 23,598 | \$ 19,929 | \$ 3,669 |

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 (deficit) | 29,919 | 27,419 | 2,500 |
| Net assets (deficit), beginning of the year | (11,769) | (14,269) | 2,500 |
| Net assets, end of the year | \$ 18,150 | \$ 13,150 | \$ 5,000 |

See accompanying notes.

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

| | <u>2014</u> | <u>2013</u> |
|---|------------------|------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 5,448 | \$ 29,919 |
| Adjustments to reconcile change in net assets to net cash from operating activities: | | |
| Changes in: | | |
| Accounts receivable | (2,181) | (1,568) |
| Prepaid expenses | 874 | (358) |
| Accounts payable | 3,867 | 8,231 |
| Deferred revenue | 1,584 | (2) |
| | <u>9,592</u> | <u>36,222</u> |
| Net cash from operating activities and net change in cash | 9,592 | 36,222 |
| Cash, beginning of the year | <u>44,096</u> | <u>7,874</u> |
| Cash, end of the year | <u>\$ 53,688</u> | <u>\$ 44,096</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)

Accounts Receivable – Accounts receivable 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, because management believes all accounts are substantially collectible. Management's periodic evaluation of the collectability of accounts receivable is based on past experience, known and inherent risks in the accounts, adverse situations that may affect the obligee's ability to repay, and current economic conditions. Accounts deemed uncollectible are charged to expense. Accounts over ninety days past due are not considered significant at December 31, 2014.

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 \$3,669 available at December 31, 2014 for education programs and interactive exhibit stations for the 175th Anniversary Exhibit (\$5,000 of temporarily restricted net assets at December 31, 2013 for education programs and interactive exhibit stations for the 175th Anniversary 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.

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

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, 2014 or 2013. Accordingly, no provision for income tax is included in the financial statements.

The Foundation's Federal and Illinois tax returns for the calendar years 2011, 2012, and 2013 remain subject to examination.

5. DuPage Foundation Account

The DuPage Foundation (DF), formerly the DuPage Community Foundation, 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 DF and not an asset of the Foundation.

Donations made to DF and designated by the DF'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 \$26,666 at December 31, 2014 (\$25,878 at December 31, 2013). The Foundation did not receive any disbursements from the Agency Fund during 2014 or 2013.

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 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 Foundation.

6. Subsequent Events

Subsequent events have been evaluated through April 9, 2015, 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, 2014

| | Budget | Actual | Favorable (Unfavorable) Variance |
|---|--------------------|-----------------|--|
| Revenue and support: | | | |
| Fund-raising events revenue: | | | |
| Gift shop sales | \$ - | \$ 100 | \$ 100 |
| Music and lecture series | 3,500 | - | (3,500) |
| Casino night | 12,965 | 14,127 | 1,162 |
| Antiques night | 5,950 | 5,433 | (517) |
| Golf outing | - | 39,756 | 39,756 |
| Hope and history event | - | 34,675 | 34,675 |
| Other | 500 | - | (500) |
| Total fund-raising event revenue | 22,915 | 94,091 | 71,176 |
| Fund-raising event costs: | | | |
| Music and lecture series | 3,150 | 163 | 2,987 |
| Casino night | 5,055 | 9,338 | (4,283) |
| Antiques night | 2,250 | 1,890 | 360 |
| Golf outing | - | 32,369 | (32,369) |
| Hope and history event | - | 28,375 | (28,375) |
| Other | 500 | 397 | 103 |
| Total fund-raising event costs | 10,955 | 72,532 | (61,577) |
| Total net fund-raising event revenue | 11,960 | 21,559 | 9,599 |
| Contributions | 10,000 | 38,789 | 28,789 |
| Sponsorships | - | 175 | 175 |
| Memberships | 1,000 | 486 | (514) |
| Total revenue and support | 22,960 | 61,009 | 38,049 |
| Expenses: | | | |
| Management and general: | | | |
| Administrative | 7,400 | 7,917 | (517) |
| Bank and credit card fees | 181 | 448 | (267) |
| Memberships | 450 | - | 450 |
| Total management and general | 8,031 | 8,365 | (334) |
| Development: | | | |
| Salary reimbursement | 35,700 | 35,135 | 565 |
| Contribution to Wheaton Park District | - | 12,061 | (12,061) |
| Total development | 35,700 | 47,196 | (11,496) |
| Total expenses | 43,731 | 55,561 | (11,830) |
| Change in net assets | \$ (20,771) | \$ 5,448 | \$ 26,219 |

See independent auditor's report.