



**ROCKFORD PARK DISTRICT  
FOUNDATION**

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FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT

For the Years Ended December 31, 2021 and 2020



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**ROCKFORD PARK DISTRICT FOUNDATION**  
**TABLE OF CONTENTS**

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	<u>Page(s)</u>
INDEPENDENT AUDITOR’S REPORT .....	1-2
FINANCIAL STATEMENTS	
Statements of Financial Position.....	3-4
Statements of Activities .....	5-6
Statements of Functional Expense .....	7-8
Statements of Cash Flows .....	9-10
Notes to Financial Statements.....	11-26

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Rockford Park District Foundation

### **Opinion**

We have audited the accompanying financial statements of Rockford Park District Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expense and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rockford Park District Foundation as of December 31, 2021 and 2020, 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.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Rockford Park District Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Rockford Park District Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Rockford Park District Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Rockford Park District Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Sikich LLP*

Brookfield, Wisconsin  
April 19, 2022

## **FINANCIAL STATEMENTS**

**ROCKFORD PARK DISTRICT FOUNDATION**

**STATEMENTS OF FINANCIAL POSITION**

As of December 31, 2021 and 2020

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	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
<b>ASSETS</b>		
Cash and cash equivalents	\$ 290,661	\$ 194,381
Investments, current	115,913	1,755,036
Accounts receivable	288,038	2,222
Pledges receivable, net	767,964	470,369
Note receivable	2,370	817
Accrued interest	-	5,907
Cash, restricted	3,665,500	1,789,235
Other assets:		
Real estate held for future donation	882,522	882,522
Other real estate	40,756	40,756
Property and equipment, net	251,181	261,860
Investment in Route 173 Realty	195,544	192,332
Investments, noncurrent	5,639,643	5,212,687
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b>\$ 12,140,092</b>	<b>\$ 10,808,124</b>

(This statement is continued on the following page.)

**ROCKFORD PARK DISTRICT FOUNDATION**

STATEMENTS OF FINANCIAL POSITION (Continued)

As of December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 664,618	\$ 79,340
Other liabilities	2,504	2,504
Long-term liability	399,400	814,438
Total liabilities	<u>1,066,522</u>	<u>896,282</u>
<b>NET ASSETS</b>		
Without donor restrictions		
Board designated		
Endowments	848,542	701,303
Eternal flame maintenance	7,610	7,610
Land and buildings, net of accumulated depreciation	<u>973,224</u>	<u>983,902</u>
Total board designated	1,829,376	1,692,815
Undesignated	<u>520,950</u>	<u>431,880</u>
Total without donor restrictions	<u>2,350,326</u>	<u>2,124,695</u>
With donor restrictions		
Interest in Route 173 Realty	195,544	192,332
Restricted for purpose	5,325,632	4,392,747
Perpetual in nature	<u>3,202,068</u>	<u>3,202,068</u>
Total with donor restrictions	<u>8,723,244</u>	<u>7,787,147</u>
Total net assets	<u>11,073,570</u>	<u>9,911,842</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 12,140,092</u></u>	<u><u>\$ 10,808,124</u></u>

See accompanying notes to financial statements.

# ROCKFORD PARK DISTRICT FOUNDATION

## STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2021

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>REVENUES, GAINS AND OTHER SUPPORT</b>			
Contributions	\$ 106,670	\$ 2,161,801	\$ 2,268,471
Special events	-	3,055	3,055
Foundation grant contributions	-	190,428	190,428
In-kind donations	-	32,600	32,600
Investment return, net	207,267	480,805	688,072
Rental income	20,797	4,495	25,292
Total revenue, gains, and other support	334,734	2,873,184	3,207,918
Net assets released from restrictions	1,937,087	(1,937,087)	-
Total revenue	2,271,821	936,097	3,207,918
<b>EXPENSES</b>			
Program services			
Community	1,573,309	-	1,573,309
Memorial	35,938	-	35,938
Youth	295,238	-	295,238
Other	81,705	-	81,705
Total program services	1,986,190	-	1,986,190
Fundraising	96,214	-	96,214
General and administrative	221,681	-	221,681
Total expenses	2,304,085	-	2,304,085
Transfer from affiliate - donated services and occupancy from Rockford Park District	257,895	-	257,895
CHANGE IN NET ASSETS	225,631	936,097	1,161,728
NET ASSETS, BEGINNING OF YEAR	2,124,695	7,787,147	9,911,842
NET ASSETS, END OF YEAR	\$ 2,350,326	\$ 8,723,244	\$ 11,073,570

See accompanying notes to financial statements.



# ROCKFORD PARK DISTRICT FOUNDATION

## STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2020

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>REVENUES, GAINS AND OTHER SUPPORT</b>			
Contributions	\$ 63,770	\$ 1,396,491	\$ 1,460,261
Foundation grant contributions	-	210,987	210,987
In-kind donations	-	18,965	18,965
Investment return, net	193,209	436,637	629,846
Rental income	20,797	4,495	25,292
Total revenue, gains, and other support	277,776	2,067,575	2,345,351
Net assets released from restrictions	1,191,815	(1,191,815)	-
Total revenue	1,469,591	875,760	2,345,351
<b>EXPENSES</b>			
Program services			
Community	958,577	-	958,577
Memorial	31,352	-	31,352
Youth	182,920	-	182,920
Other	116,878	-	116,878
Total program services	1,289,727	-	1,289,727
Fundraising	95,455	-	95,455
General and administrative	214,365	-	214,365
Total expenses	1,599,547	-	1,599,547
Transfer from affiliate - donated services and occupancy from Rockford Park District	249,818	-	249,818
CHANGE IN NET ASSETS	119,862	875,760	995,622
NET ASSETS, BEGINNING OF YEAR	2,004,833	6,911,387	8,916,220
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 2,124,695</b>	<b>\$ 7,787,147</b>	<b>\$ 9,911,842</b>

See accompanying notes to financial statements.

**ROCKFORD PARK DISTRICT FOUNDATION**

**STATEMENT OF FUNCTIONAL EXPENSES**

For the Year Ended December 31, 2021

	<b>Program Services</b>					<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
	<b>Community</b>	<b>Memorial</b>	<b>Youth</b>	<b>Other</b>	<b>Total</b>			
Salaries and benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 189,739	\$ 89,809	\$ 279,548
Bad debt expense	-	-	-	10,111	10,111	-	-	10,111
Bank service fees	48	-	129	3,807	3,984	-	-	3,984
Depreciation expense	-	-	-	10,679	10,679	-	-	10,679
Printing	-	-	-	-	-	-	5,078	5,078
Donated goods expense	-	-	-	32,600	32,600	-	-	32,600
Telephone	-	-	-	-	-	1,015	-	1,015
Postage	-	-	-	-	-	-	1,327	1,327
Professional relations	-	-	-	-	-	1,529	-	1,529
Office rental	-	-	-	-	-	13,500	-	13,500
Supplies	-	-	-	-	-	980	-	980
Audit fees	-	-	-	-	-	14,000	-	14,000
Meeting expense	-	-	-	-	-	692	-	692
Project expense & project service	1,571,977	35,938	295,109	6,492	1,909,516	-	-	1,909,516
Legal expense	113	-	-	-	113	226	-	339
Real estate fee	1,171	-	-	-	1,171	-	-	1,171
Utilities	-	-	-	17,945	17,945	-	-	17,945
Miscellaneous expense	-	-	-	71	71	-	-	71
Expenses before cost of sales	\$ 1,573,309	\$ 35,938	\$ 295,238	\$ 81,705	\$ 1,986,190	\$ 221,681	\$ 96,214	2,304,085
<b>COST OF SALES</b>								
Cost of direct benefits to donors								-
<b>TOTAL EXPENSES</b>								<u>\$ 2,304,085</u>

See accompanying notes to financial statements.

**ROCKFORD PARK DISTRICT FOUNDATION**

**STATEMENT OF FUNCTIONAL EXPENSES**

For the Year Ended December 31, 2020

	<b>Program Services</b>					<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
	<b>Community</b>	<b>Memorial</b>	<b>Youth</b>	<b>Other</b>	<b>Total</b>			
Salaries and benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 184,046	\$ 91,162	\$ 275,208
Bad debt expense	-	-	-	(20,203)	(20,203)	-	-	(20,203)
Bank service fees	142	-	44	3,068	3,254	-	-	3,254
Depreciation expense	-	-	-	10,680	10,680	-	-	10,680
Printing	-	-	-	-	-	-	3,025	3,025
Donated goods expense	-	-	-	18,965	18,965	-	-	18,965
Telephone	-	-	-	-	-	1,064	-	1,064
Postage	-	-	-	-	-	-	1,268	1,268
Professional relations	-	-	-	-	-	1,454	-	1,454
Office rental	-	-	-	-	-	13,500	-	13,500
Supplies	-	-	-	-	-	656	-	656
Audit fees	-	-	-	-	-	13,000	-	13,000
Meeting expense	-	-	-	-	-	495	-	495
Project expense & project service	957,197	31,352	182,876	91,836	1,263,261	-	-	1,263,261
Legal expense	113	-	-	15	128	150	-	278
Real estate fee	1,125	-	-	-	1,125	-	-	1,125
Utilities	-	-	-	12,517	12,517	-	-	12,517
Expenses before cost of sales	<u>\$ 958,577</u>	<u>\$ 31,352</u>	<u>\$ 182,920</u>	<u>\$ 116,878</u>	<u>\$ 1,289,727</u>	<u>\$ 214,365</u>	<u>\$ 95,455</u>	<u>1,599,547</u>
<b>COST OF SALES</b>								
Cost of direct benefits to donors								<u>-</u>
<b>TOTAL EXPENSES</b>								<u><u>\$ 1,599,547</u></u>

See accompanying notes to financial statements.

# ROCKFORD PARK DISTRICT FOUNDATION

## STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,161,728	\$ 995,622
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	10,679	10,680
Realized and unrealized (gain) on investments	(472,616)	(487,574)
Bad debt (recovery) expense	10,111	(20,203)
Increase (decrease) in cash due to changes in:		
Pledges receivable	(307,706)	607,379
Accounts receivable	(285,816)	10,147
Notes receivable	(1,553)	2,777
Accrued interest	5,907	4,399
(Increase) decrease in cash due to changes in:		
Accounts payable	585,278	(431,095)
Other liabilities	-	1,304
Net cash from operating activities	<u>706,012</u>	<u>693,436</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(32,396)	(1,254,181)
Proceeds from sale of investments	1,713,967	1,901,279
Net cash from investing activities	<u>1,681,571</u>	<u>647,098</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term liability	-	58,408
Payments on long-term liability	(415,078)	(249,848)
Net cash from financing activities	<u>(415,078)</u>	<u>(191,440)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	1,972,505	1,149,094
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR	<u>1,983,616</u>	<u>834,522</u>
<b>CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR</b>	<u><u>\$ 3,956,121</u></u>	<u><u>\$ 1,983,616</u></u>

(This statement is continued on the following page.)

**ROCKFORD PARK DISTRICT FOUNDATION**

STATEMENTS OF CASH FLOWS (Continued)

For the Years Ended December 31, 2021 and 2020

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	<u>2021</u>	<u>2020</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash and cash equivalents	\$ 290,661	\$ 194,381
Cash, restricted	3,665,500	1,789,235
	<u>\$ 3,956,161</u>	<u>\$ 1,983,616</u>

See accompanying notes to financial statements.

# ROCKFORD PARK DISTRICT FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2021 and 2020

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### 1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Rockford Park District Foundation (the Foundation) is a nonprofit corporation organized under the laws of the State of Illinois for the purpose of promoting educational, scientific, and charitable activities in the Rockford community area. The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code as other than a private foundation.

The Foundation is operated in conjunction with and primarily for the benefit of the Rockford Park District (the District). The Foundation was established to support the operations and facilities of the District, to solicit and receive gifts, grants and bequests of real and personal property, and to make contributions, grants, gifts, and transfers of property for the benefit of the District or others associated with the District. The Foundation bylaws provide that the number of directors be not less than 10 or more than 40 and that one of the Directors shall be the President of the Rockford Park District Board or any other Park District Commissioner the President appoints. The Foundation is subsidized by the District for general and administrative expenses, which is included in the statement of activities as a transfer from affiliate – in-kind contributions from the Rockford Park District.

#### Accounting and Reporting Basis

Assets, liabilities, revenue, and expenses are recognized on the accrual basis method of accounting. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

#### Net Assets Without Donor Restrictions

Undesignated – Net assets that are not subject to donor-imposed restrictions or Board imposed stipulations.

Designated – Net assets subject to stipulations imposed by the Board of Directors and determined to be unavailable for general use.

#### Net Assets with Donor Restrictions

Net assets subject to donor-imposed restrictions that either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those stipulations.

Net assets which require, by donor-imposed restriction, that the corpus be invested in perpetuity. In the absence of donor specifications, earnings on such funds are recognized as restricted for time until formally appropriated by the Foundation's board.

**ROCKFORD PARK DISTRICT FOUNDATION**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Accounting and Reporting Basis (Continued)

The Foundation has presented its assets and liabilities on the statements of financial position in an unclassified manner but in the order of liquidity.

Estimates

The preparation of financial statements in conformity 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, including functional allocations during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents includes demand deposits and highly liquid investments in various checking and money market accounts that are readily convertible to known amounts of cash. The Foundation's depository accounts from time-to-time may exceed FDIC insured limits. The Foundation did not have deposits in excess of federally insured limits at December 31, 2021 and 2020. Management has not experienced any losses and does not believe there is any significant market risk associated with such balances.

Restricted Cash

The Foundation has restricted cash related to donor restricted contributions and endowment gifts which were not yet invested at December 31, 2021 and 2020. Restricted cash was \$3,665,500 and \$1,789,235 as of December 31, 2021 and 2020, respectively.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. The Foundation includes any receivable balances that are deemed to be uncollectible in the allowance for doubtful accounts. After all attempts to collect have failed, the receivable is written off against the allowance. Based on management's evaluation as of December 31, 2021 and 2020, no allowance is deemed necessary. However, actual write-offs may occur.

**1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Revenue Recognition

*Contributions*

When the Foundation receives contributions of cash, securities, other assets, services or space; an unconditional promise to give is received. Conditional promises to give – that is, those with a measurable or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Contributions received and unconditional promises to give are measured at their fair values and are reported in net assets without donor restrictions unless the use of the related assets is limited by the donor-imposed restrictions. The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

The Foundation reports gifts of goods and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets 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 support with donor restrictions. Absent explicit donor stipulations about how long those 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.

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues with donor restrictions and a reclassification to net assets without donor restrictions is made to reflect the expiration of such restrictions.

Pledges Receivable

Pledges receivable that are expected to be collected within one year are recorded at net realizable value. Pledges receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using the risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. An estimate made for uncollectible pledges is based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for uncollectible pledges by regularly evaluating individual receivables and considering a donor's financial condition and current economic conditions. Pledges receivable are written off when deemed uncollectible. Recoveries of pledges receivable previously written off are recorded when received. Interest on outstanding receivables is not charged.



**ROCKFORD PARK DISTRICT FOUNDATION**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value on the statement of financial position. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the statement of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor. The Foundation has a 50% equity investment in a limited liability company (LLC). Based on donor's restrictions, the Foundation's proportionate income or loss allocated from the LLC, if any, is included in changes in net assets with donor restrictions. Investment return on the statement of activities is reported net of external and direct internal investment expense.

Fair Value Measurements

Generally accepted accounting principles (GAAP) establishes a framework for measuring fair value. That framework uses a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. GAAP requires the Foundation to maximize the use of observable inputs when measuring fair value. The hierarchy describes three levels of inputs, which are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Significant unobservable inputs.

In many cases, a valuation technique used to measure fair value includes inputs from more than one level of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. The categorization of an investment within the hierarchy reflects the relative ability to observe the fair value measure and does not necessarily correspond to the perceived risk of that investment.

If an investment that is measured using net asset value (NAV) has a readily determinable fair value (that is, it can be traded at the measurement date at its published NAV), it is included in Level 1 of the hierarchy. Otherwise, investments measured using NAVs are not included in Level 1, 2, or 3, but are separately reported.

Following is a description of the valuation techniques used for assets measured at fair value on a recurring basis. There have been no changes to the techniques used during the years ended December 31, 2021 and 2020.

**ROCKFORD PARK DISTRICT FOUNDATION**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fair Value Measurements (Continued)

*Equity securities and common stock:* Valued at the closing quoted price in an active market.

*Fixed income corporate bonds:* The investment grade corporate bonds held by the Foundation generally do not trade in active markets on the measurement date. Therefore, corporate debt securities are valued using inputs including yields currently available on comparable securities of issuers with similar credit ratings, recent market price quotations (where observable), bond spreads, and fundamental data relating to the issuer.

*Fixed income municipal bonds:* Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing the value on yields currently available on comparable securities of issuers with similar credit ratings when quoted prices are not available for identical or similar bonds.

Real Estate Held for Future Donation

Real estate held for future donation consists of land and buildings that were donated or purchased with the intent that the property will be held until it can be used by the District. Real estate is recorded at its estimated fair market value at the date of donation or cost at the date of purchase. At the date of donation to the District, the property is recorded as a donation expense.

Property and Equipment

All purchased property is recorded at the lower of cost or fair market value at the time of purchase. Donated property is recorded at the estimated fair market value on the date of donation. Buildings with a cost of \$5,000 or more are depreciated over an estimated useful life of 40 years using the straight-line method. Improvements are depreciated over an estimated useful life of 25-40 years using the straight-line method.

Investment in Route 173 Realty

This investment is reported as a separate component of net assets on the statement of financial position using the equity method of accounting. The investment's proportionate share of net earnings is reported in the statement of activities and changes in net assets.

In-Kind Donated Services and Facilities

The Foundation receives donated services and facility expenses during the year which are recorded in the statement of activities as transfer from affiliate – in-kind contributions from the Rockford Park District at their fair value. The District is the donor of such services and facilities to the Foundation.

**ROCKFORD PARK DISTRICT FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Expenses that can be identified with a specific program or supporting service are charged to the program or supporting service. Costs that cannot be directly charged are allocated based on the services benefited. Expenses that are allocated include salaries and wages, which are allocated based on time and effort.

Future Accounting Pronouncement

In September 2020, the Financial Accounting Standards Board (FASB) issued ASU No. 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to increase the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. The new guidance requires contributed nonfinancial assets be presented as a separate line item in the statements of activities, a disclosure with the disaggregation of the amount of contributed nonfinancial assets by category as well as certain qualitative information. ASU No. 2020-07 is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The Foundation is currently assessing the impact of this new standard.

**2. LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise of the following:

	<b>2021</b>	<b>2020</b>
Cash and cash equivalents and restricted cash	\$ 3,956,161	\$ 1,983,616
Accounts receivable	288,038	2,222
Pledges receivable	767,964	470,369
Note receivable	2,370	817
Accrued interest	-	5,907
Investments	5,951,100	7,160,055
Total financial assets	10,965,633	9,622,986
Less donor imposed restrictions:		
Accounts payable and long term liability	(1,055,305)	(891,481)
Restricted funds	(4,319,627)	(3,704,121)
Endowments	(4,348,823)	(4,028,232)
Net financial assets after donor-imposed restrictions	1,241,878	999,152

**ROCKFORD PARK DISTRICT FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**2. LIQUIDITY AND AVAILABILITY (Continued)**

	<u>2021</u>	<u>2020</u>
Less board designations		
Quasi endowments	\$ (848,542)	\$ (701,303)
Quasi admin endowment spending appropriated	2,036	1,686
Eternal flame maintenance	(7,610)	(7,610)
	<u>                    </u>	<u>                    </u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 387,762</u>	<u>\$ 291,925</u>

The Foundation receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments are used to fund programs, capital projects and maintenance needs. In addition, the Foundation receives support without donor restrictions; such support includes contributions of \$106,670 and \$63,770 in 2021 and 2020, respectively, net lease income of \$17 and \$4,823 in 2021 and 2020, respectively, and investment income (net of fees) without restrictions of \$65,792 and \$64,806 in 2021 and 2020, respectively. The Foundation also has a board designated administrative endowment to help fund general expenditures for the Foundation. The amount appropriated for expenditure from the administrative endowment was \$1,686 and \$1,464 in 2021 and 2020, respectively.

The Rockford Park District pays the Foundation's general and administrative and fundraising costs. The total cost of the general and administrative and fundraising costs was \$317,895 and \$309,820 in 2021 and 2020, respectively. The Foundation reimbursed the Rockford Park District \$60,000 in 2021 and 2020 for general expenditures.

**3. PLEDGES RECEIVABLE**

Pledges receivable consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Contributions to be collected:		
Within one year	\$ 248,400	\$ 217,530
One to five years	508,400	282,243
More than five years	80,000	-
	<u>836,800</u>	<u>499,773</u>

**ROCKFORD PARK DISTRICT FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**3. PLEDGES RECEIVABLE (Continued)**

	<u>2021</u>	<u>2020</u>
Less:		
Allowance for doubtful accounts	\$ 25,104	\$ 14,993
Adjustments to present value for future cash flows from pledges receivable	43,732	14,411
	<u>68,836</u>	<u>29,404</u>
 TOTAL	 <u>\$ 767,964</u>	 <u>\$ 470,369</u>

Pledge receivables have been reduced by 3% for general allowances for bad debts in 2021 and 2020. Pledge receivables which are not to be collected within one year have been discounted at the rate of 3.25%.

**4. INVESTMENTS**

The following tables set forth, by level, the Foundation's investments at fair value, except for the certificates of deposit, which are reported at cost, and the Investment in LLC, which is reported on the equity method, at December 31, 2021 and 2020:

	<u>December 31, 2021</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity securities	\$ 3,979,338	\$ -	\$ -	\$ 3,979,338
Fixed income corporate and municipal bonds	-	1,366,896	-	1,366,896
	<u>\$ 3,979,338</u>	<u>\$ 1,366,896</u>	<u>\$ -</u>	<u>5,346,234</u>
Certificates of deposit - at cost				<u>409,322</u>
TOTAL INVESTMENTS				<u>\$ 5,755,556</u>

	<u>December 31, 2020</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity securities	\$ 3,554,758	\$ -	\$ -	\$ 3,554,758
Fixed income corporate and municipal bonds	-	1,581,061	-	1,581,061
	<u>\$ 3,554,758</u>	<u>\$ 1,581,061</u>	<u>\$ -</u>	<u>5,135,819</u>
Certificates of deposit - at cost				<u>1,831,904</u>
TOTAL INVESTMENTS				<u>\$ 6,967,723</u>

**ROCKFORD PARK DISTRICT FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**4. INVESTMENTS (Continued)**

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities will occur in the near-term and that such changes could materially affect the amounts reported in the statement of financial position.

**5. INVESTMENT IN ROUTE 173 REALTY**

On December 14, 2001, the Foundation entered into an operating agreement with Route 173 Realty, a limited liability company. Pursuant to the agreement, the Foundation has a 50% ownership in the LLC. The carrying amount of the investment increases or decreases based on the net earnings or losses of Route 173 Realty and decreases for any distributions. A summary of changes in the investment are as follows for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 192,332	\$ 189,077
Proportionate share of change in equity	3,212	3,255
Balance, end of year	<u>\$ 195,544</u>	<u>\$ 192,332</u>

Route 173 Realty held cash of \$102,449 and \$96,025 as of December 31, 2021 and 2020, respectively, as well as land of \$288,640 as of December 31, 2021 and 2020. Annual rental income for the years ending December 31, 2021 and 2020 was \$8,990. There were no liabilities or distributions from the entity for 2021 or 2020.

**6. PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Land and improvements	\$ 98,000	\$ 98,000
Building	418,344	418,344
	516,344	516,344
Less accumulated depreciation	(265,163)	(254,484)
TOTAL	<u>\$ 251,181</u>	<u>\$ 261,860</u>

Depreciation expense for 2021 and 2020 was \$10,679 and \$10,680, respectively.

**ROCKFORD PARK DISTRICT FOUNDATION**  
NOTES TO FINANCIAL STATEMENTS (Continued)

**7. RELATED PARTY TRANSACTIONS**

The District provides office space, equipment, and support services for the Foundation. The value of such in-kind benefits to the Foundation was \$257,895 and \$249,818 in 2021 and 2020, respectively. The total cost for general and administrative expenses for the Foundation was \$317,895 and \$309,818 in December 31, 2021 and 2020, respectively, which includes donated salaries and benefits of district personnel of \$258,532 and \$254,705 in 2021 and 2020, respectively. The Foundation reimbursed the District \$60,000 for general and administration costs during December 31, 2021 and 2020.

	<u>2021</u>	<u>2020</u>
Total general and administrative expenses of the Foundation	\$ 317,895	\$ 309,818
Less: Reimbursement	(60,000)	(60,000)
<b>TOTAL IN-KIND CONTRIBUTION FROM THE ROCKFORD PARK DISTRICT</b>	<u>\$ 257,895</u>	<u>\$ 249,818</u>

The Foundation incurred the following expenses relating to transactions with the District for the years ended December 31:

	<u>2021</u>	<u>2020</u>
General and administration	\$ 41,841	\$ 41,514
Fundraising	18,159	18,486
Programs and capital improvements:		
Aldeen Golf	373,078	221,337
Alpine Hills Snow Park	10,000	-
Atwood Bike Trails	165,443	-
Atwood Outdoor Education Center	1,086	27,743
City of Gardens	38,579	34,640
Endowment - Jane Lyons Earnings	50,895	54,332
Endowment - Olson Park	14,557	14,217
Field of Honor - Eternal Flame	-	14,975
Disc Golf	9,716	12,592
Help Me Play	42,493	58,930
Junior Ice Hogs	6,000	4,002
Levings Lake Master Plan	85,000	50,000
Lockwood	9,211	12,300
Music in the Park	7,250	4,358
Nicholas Conservatory	650,775	368,119
Other	31,068	52,692
Perryville Peace Plaza	13,272	14,678

**ROCKFORD PARK DISTRICT FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**7. RELATED PARTY TRANSACTIONS (Continued)**

	<u>2021</u>	<u>2020</u>
Playground - Key Mallquist	\$ 125,000	\$ -
Seth B. Atwood Endowment	94,961	59,693
Snow Sculpting	10,500	2,000
Therapeutic Recreational Grant Programs	50,000	50,000
Washington Park Playground	10,243	86,118
Youth Golf	15,945	10,666
TOTAL	<u>\$ 1,875,072</u>	<u>\$ 1,213,392</u>

Included in accounts payable are amounts due to the District. At December 31, 2021 and 2020, this amount totaled \$657,640 and \$76,805, respectively.

See Note 8 for long-term liability due to the District.

**8. LONG-TERM LIABILITY**

	<u>2021</u>	<u>2020</u>
Long-term liability due to the District resulting from the Foundation's contribution to the District related to the District's 2011A General Obligation Alternate Revenue Source Bonds. Payments are due in annual installments of varying amounts through 2021. The liability was paid in full	\$ -	\$ 265,000
Long-term liability due to the District for a specific project supported by a restricted donor pledge receivable to the Foundation. Payments are due in annual installments of varying amounts through 2024. The liability is unsecured.	399,400	549,438
TOTAL	<u>\$ 399,400</u>	<u>\$ 814,438</u>

The scheduled maturities of long-term liabilities at December 31, 2021 are as follows:

<u>Fiscal Year Ending</u> <u>December 31</u>	<u>Amount due</u>
2022	\$ 150,144
2023	149,928
2024	99,328
TOTAL	<u>\$ 399,400</u>



**ROCKFORD PARK DISTRICT FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**9. NET ASSETS**

Net assets with donor restrictions are restricted for the following purposes as of December 31,:

	<u>2021</u>	<u>2020</u>
Restricted for purpose:		
Rockford Park District Programs		
Community	\$ 3,925,611	\$ 3,154,042
Memorials	151,631	179,234
Youth	1,248,390	1,059,471
Total restricted for purpose	5,325,632	4,392,747
Route 173 Realty	195,544	192,332
Perpetual restriction	3,202,068	3,202,068
TOTAL	<u>\$ 8,723,244</u>	<u>\$ 7,787,147</u>

The restrictions on net assets for Community programs at the end of fiscal year December 31, 2021 are related to funds raised for Nicholas Conservatory and Gardens, Aldeen Golf Club, Lockwood Indoor Riding Arena, Riverview Ice House Support, Jane Lyons Girls Golf Endowment, Olson Park, Davis Park, City of Gardens, Rose Garden fund, Canine Corners (Dog Parks), and Perryville Peace Plaza.

The restrictions on net assets for Memorials include contributions raised for the Field of Honor, Celebrate Life Program and Harkins Memorial Fund. The restrictions on net assets for Youth's main projects include Help Me Play, Atwood Outdoor Education Center, Atwood Park, Playgrounds and Youth Golf programs.

**10. RENTAL INCOME**

The Foundation leased land to a third party under an operating lease agreement. Annual rental payments due to the Foundation under this agreement were approximately \$4,500 in December 31, 2021 and 2020.

The Foundation entered into a lease in January 2016, which was amended in March 2016, to lease land and building space to a third party under an operating agreement which expires in August 2022, with an option to extend the lease for one additional five-year term. Under this agreement, rent of approximately \$430 per month was due to the Foundation in 2021, with annual increases based on Consumer Price Index - All Urban Consumers.

The Foundation renewed a lease in January 2015 to lease land and building space to a third party under an operating agreement through January 2022. Under this agreement, rent due to the Foundation is approximately \$1,303 per month.

**ROCKFORD PARK DISTRICT FOUNDATION**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**10. RENTAL INCOME (Continued)**

Future minimum rental income under these leases are:

2022	\$	19,075
2023		15,775
2024		15,932
2025		16,092
2026		16,253
2027		1,356
TOTAL	\$	<u>84,483</u>

**11. RISK MANAGEMENT**

The Foundation is exposed to various risks related to torts: theft of, damage to and destruction of assets; errors and omissions; and injuries to employees. The Foundation is covered under the District's membership in the Park District Risk Management Agency (PDRMA) Property/Casualty Program, a joint risk management pool of park and forest preserve districts, and special recreation associations through which property, general liability, automobile liability, crime, boiler and machinery, public officials, employment practices liability, and workers' compensation coverage is provided in excess of specified limits for the members, acting as a single insurance unit. The Foundation could be required to fund deficits of PDRMA attributable to a membership year during which it was covered by the District.

**12. ENDOWMENT**

The Foundation's endowment consists of both donor-restricted endowment funds and funds designated by the Board to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation's Board has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the historic dollar 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 net assets to be held in perpetuity (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 net assets to be held in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

**ROCKFORD PARK DISTRICT FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**12. ENDOWMENT (Continued)**

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. The endowment assets are invested in accordance with predetermined asset allocation and performance benchmarks. To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

At the beginning of the fourth quarter each year, the Foundation will determine how much of the endowments may be spent. In an effort to smooth the impact of particularly good or bad years, a three point average of the previous ending two year-end values and the current beginning of the fourth quarter value will be calculated. The amount available to be spent will be 4.50% of this three point average for endowments that have not specified how income is to be spent. The Foundation's Board may, by simple majority vote, choose to spend more or less than this amount. The Foundation's Rose Garden Fund has a spending policy that allows for half of the 4 year average realized net earnings to be available for operations.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no amounts underwater as of December 31, 2021 and 2020.

The endowment net asset composition by type of fund as of December 31, 2021 is as follows:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor restricted endowment funds			
Historical gift value	\$ -	\$ 3,202,068	\$ 3,202,068
Investment return	-	1,146,755	1,146,755
Total donor restricted endowment funds	-	4,348,823	4,348,823
Board designated endowment funds	848,542	442,278	1,290,820
<b>TOTAL</b>	<b>\$ 848,542</b>	<b>\$ 4,791,101</b>	<b>\$ 5,639,643</b>

**ROCKFORD PARK DISTRICT FOUNDATION**  
NOTES TO FINANCIAL STATEMENTS (Continued)

**12. ENDOWMENT (Continued)**

The endowment net asset composition by type of fund as of December 31, 2020 is as follows:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor restricted endowment funds			
Historical gift value	\$ -	\$ 3,202,068	\$ 3,202,068
Investment return	-	826,163	826,163
Total donor restricted endowment funds	-	4,028,231	4,028,231
Board designated endowment funds	701,303	483,153	1,184,456
<b>TOTAL</b>	<b>\$ 701,303</b>	<b>\$ 4,511,384</b>	<b>\$ 5,212,687</b>

During the year ended December 31, 2021, the Foundation had the following endowment related activities:

	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total</b>
Endowment net assets, beginning of year	\$ 701,303	\$ 4,511,384	\$ 5,212,687
Investment return, net	141,476	480,805	622,281
Contributions	7,449	-	7,449
Amounts appropriated for expenditure	(1,686)	(201,088)	(202,774)
<b>ENDOWMENT NET ASSETS, END OF YEAR</b>	<b>\$ 848,542</b>	<b>\$ 4,791,101</b>	<b>\$ 5,639,643</b>

**ROCKFORD PARK DISTRICT FOUNDATION**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**12. ENDOWMENT (Continued)**

During the year ended December 31, 2020, the Foundation had the following endowments related activities:

	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total</b>
Endowment net assets, beginning of year	\$ 569,880	\$ 4,238,022	\$ 4,807,902
Investment return, net	128,403	436,637	565,040
Contributions	4,484	-	4,484
Amounts appropriated for expenditure	(1,464)	(163,275)	(164,739)
<b>ENDOWMENT NET ASSETS, END OF YEAR</b>	<b>\$ 701,303</b>	<b>\$ 4,511,384</b>	<b>\$ 5,212,687</b>

**13. SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events through April 19, 2022, which was the date that these financial statements were available for issuance, and determined that there were no significant nonrecognized subsequent events through that date.