Grand Prairie Friends

Urbana, Illinois

Financial Statements

For the Year Ended December 31, 2015

Feller & Kuester CPAs LLP
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Feller & Kuester CPAs LLP

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Grand Prairie Friends
Urbana, Illinois

We have audited the accompanying financial statements of Grand Prairie Friends (the Organization) (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets - modified cash basis as of December 31, 2015, and the related statements of support, revenue, and expenses - modified cash basis and cash flows - modified cash basis 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 the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible 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.

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 assets, liabilities, and net assets of the Organization as of December 31, 2015, and its support, revenue, and expenses and cash flows for the year then ended in accordance to the modified cash basis of accounting as described in Note 1.

Basis of Accounting
We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matter
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses – modified cash basis on pages 13 are 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

Feller & Kuester CPAs LLP

Feller & Kuester CPAs LLP
Champaign, IL

June 24, 2016

Grand Prairie Friends
Statement of Assets, Liabilities, and Net Assets - Modified Cash Basis
December 31, 2015

ASSETS	
Current Assets	
Cash and Cash Equivalents	$ 176,099
Investments	25,979
Total Current Assets	202,078
Land	1,524,365
TOTAL ASSETS	$ 1,726,443
LIABILITIES AND NET ASSETS	
Liabilities	
None	$ -
Net Assets	
Unrestricted Net Assets	70,365
Temporarily Restricted Net Assets	40,630
Permanently Restricted Net Assets	1,615,448
Total Net Assets	1,726,443
TOTAL LIABILITIES AND NET ASSETS	$ 1,726,443

See accompanying notes.

Grand Prairie Friends
Statement of Support, Revenue, and Expenses - Modified Cash Basis
Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue				
Grants	$ -	$ 31,500	$ 1,015,610	$ 1,047,110
Donations	1,005	3,100	46,712	50,817
Plant Sales	13,015	-	-	13,015
Memberships	8,977	-	3,954	12,931
Rattlesnake Master Run	5,620	-	-	5,620
CRP Annual Rental Fee	884	-	-	884
Interest Income	120	36	664	820
Investment Income	327	-	-	327
Net Assets Released from Restrictions	43,679	(43,679)	-	-
Total Support and Revenue	73,627	(9,043)	1,066,940	1,131,524
Expenses				
Program Services	53,331	-	-	53,331
Supporting Services:				
Management and General	6,868	-	-	6,868
Fundraising	6,394	-	-	6,394
Total Expenses	66,593	-	-	66,593
Change in Net Assets	7,034	(9,043)	1,066,940	1,064,931
Net Assets, Beginning of Year	63,331	49,673	548,508	661,512
Net Assets, Ending of Year	$ 70,365	$ 40,630	$ 1,615,448	$ 1,726,443

See accompanying notes.

Grand Prairie Friends
Statement of Cash Flows - Modified Cash Basis
Year Ended December 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	$ 1,064,931
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Net Unrealized (Gains) Losses on Investments	1,071
Net Cash Provided by (Used in) Investment Activities	1,066,002
CASH FLOWS FROM INVESTMENT ACTIVITIES	
Reinvested Dividends and Capital Gains	(1,398)
Payments for Property and Equipment	(1,032,774)
Net Cash Provided by (Used in) Investment Activities	(1,034,172)
CASH FLOWS FROM FINANCING ACTIVITIES	
None	-
Net Cash Provided by (Used in) Financing Activities	-
Net Increase (Decrease) in Cash and Cash Equivalents	31,830
Beginning Cash and Cash Equivalents	144,269
Ending Cash and Cash Equivalents	$ 176,099

See accompanying notes.

Grand Prairie Friends
Notes to the Financial Statements
December 31, 2015

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Grand Prairie Friends (the Organization) is a nonprofit that was incorporated under the laws of the State of Illinois on May 17, 1984. The majority of the Organization's funding is provided by grants, donations, memberships, and special events such as the annual plant sale and rattlesnake master run. The Organization is involved in prairie preservation, prairie reconstruction, and community education in East-Central Illinois.

Prairie Preservation
Since its formation, the Organization has been actively involved in preserving and managing about a dozen natural prairie remnants. Many of these areas are registered Illinois Nature Preserves, giving these natural areas permanent legal protection. For most of these prairies, the Organization provides a volunteer steward who is responsible for managing the site. These stewards lead volunteer workdays, conduct prescribed burns, and control invasive species.

Prairie Reconstruction
The Organization has been actively involved in several prairie plantings. The Organization has already helped manage 3 prairie plantings, totaling about 40 acres. In addition, the Organization is planning to plant more prairies with the recent land additions.

Community Education
Each year, the Organization conducts several community education projects. Volunteers lead field trips to our prairie preserves. The Organization also sponsors lectures and workshops on such topics as propagation of prairie plants, landscape gardening with prairie plants, prairie wildlife, and origin of the prairie. The Organization occasionally sponsors workshops to allow members to become certified for conducting prescribed burns. In addition, the Organization has held day-long, hands-on workshops on prairie ecology and plant propagation for local teachers. Participants are given "prairie kits" to use in their classrooms.

Subsequent Events

Subsequent events have been evaluated through June 24, 2016, which is the date the financial statements were available to be issued.

Basis of Reporting

The Organization has chosen to report on the modified cash basis of accounting. Accordingly, revenue is recognized when received, not when earned. Expenses are recognized when paid, not when incurred. Accordingly, the accompanying financial statements are not intended to and do not present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

Use of Estimates in Preparing Financial Statements

The preparation of the financial statements 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 receipts, disbursements, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of the statement of assets, liabilities, and net assets – modified cash basis, the Organization considers cash and highly liquid investments available for current use with original maturity of three months or less to be cash and cash equivalents. Since the penalties of converting certificate of deposits to cash is insignificant, all certificate of deposits have been included with cash and cash equivalents and are stated at cost plus accrued interest.

Property and Equipment

Property and equipment expenditures in excess of $500 are carried at cost. At December 31, 2015, the Organization held $1,524,365 of land and no depreciable property.

Net Assets

Net assets are classified into one of three classes of net assets based on the existence or absence of donor-imposed restrictions. The following is a description of each class:

<u>Unrestricted:</u>
Unrestricted net assets include all net assets which are neither temporarily nor permanently restricted.

<u>Temporarily Restricted:</u>
Temporarily restricted net assets include contributed net assets for which donor-imposed time and/or purpose restrictions that have not been met and the ultimate purpose of the contribution is not permanently restricted. When a restriction expires, temporarily restricted net assets are reclassified from restrictions.

<u>Permanently Restricted:</u>
Permanently restricted net assets include contributed net assets which require, by donor restriction, that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions.

Contributed Goods and Services

The modified cash basis of accounting does not require that contributed goods and services are recognized. Therefore, no contributed goods and services are recorded on the financial statements.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Internal Revenue Service has determined that the Organization is not a private foundation as defined in Section 509(a)(2) of the Code.

The Organization has evaluated its exposure resulting from uncertain income tax position and determined the exposure is not material to the financial statements. In addition, the Organization is not aware of any tax position for which a significant change is reasonably possible within the next 12 months. Therefore, these financial statements do not include a liability for uncertain tax positions. Upon recognition of a liability for an uncertain tax position, the Organization would recognize interest expense and penalties in operating expenses.

The Organization files information tax returns in the U.S. federal jurisdiction and the state of Illinois. The Organization's federal and Illinois information tax returns prior to calendar year 2012 are closed. The Organization does not have any tax returns currently under examination by either the Internal Revenue Service (IRS) or any U.S. state jurisdiction.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of support, revenue, and expenses – modified cash basis and schedule of functional expenses – modified cash basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 2 – CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Organization to credit risk consist principally of cash and cash equivalents at financial institutions. At December 31, 2015, the Organization had a total book and bank balance of $176,099 and $182,029, respectively. These funds were held at three financial institutions. The balances as of December 31, 2015 were insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per financial institution. Therefore, the total bank balance as of December 31, 2015 was fully insured.

NOTE 3 – INVESTMENTS

FASB ASC 820, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarch gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

> Level 1 – Inputs to the valuation methodology are based on unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
>
> Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
>
> Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's and liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2015.

> *Mutual Funds:* Valued at the NAV of shares held by the Organization at year end based on readily determinable fair values, which are published daily and are the basis for current transactions.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements at the reporting date.

The following table sets forth by level, within the fair value hierarchy, Organization's assets at fair value as of December 31, 2015:

Assets at Fair Value as of December 31, 2015

	Level 1	Level 2	Level 3	Total
Mutual Funds	$ 25,979	-	-	$ 25,979

Investment income on the statement of activities consists of the following for the year ended December 31, 2015:

Dividends and Capital Gains	$	1,398
Net Unrealized Gains (Losses) on Investments		(1,071)
Total Investment Income	$	327

This investment income, including unrealized gains and losses, are being reported on the statement of activity as investment income.

NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2015 are available for the following purposes:

Provide Infrastructure for Public Access and Education	$	20,000
Stewardship		18,239
Intern Pay and Expenses		2,391
Total	$	40,630

NOTE 5 – PERMANENTLY RESTRICTED NET ASSETS

At December 31, 2015, permanently restricted net assets included $1,524,365 of land and $34,861 of cash and cash equivalents to purchase land. In addition, the Organization held $22,578 and $33,644 in endowment to generate income for general program expenses and stewardship expenses, respectively.

NOTE 6 – ENDOWMENT FUNDS

Permanently restricted net assets at December 31, 2015 included endowment funds established for the purpose of funding the cost of the general program and stewardship. Contributions to the endowment fund are subject to donor restrictions that stipulate the original principal of the gift is to be held and invested by the Organization indefinitely and income from the fund is to be expensed for the general program and stewardship. As required by the modified cash basis of accounting, net assets associated with endowment funds are classified and reported on the existence or absence of donor-imposed restrictions.

The Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) 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 Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and appreciation of investment, (6) other resources of the Organization, and (7) the Organization's investment policies.

The Organization has adopted investment and spending policies for endowment assets that attempt to subject the fund to low investment risk and provide its general program and stewardship with current income. Endowment assets are mainly invested in certificate of deposits with a financial institution. The Organization seeks to build endowment assets through additional contributions. The Organization has a policy of appropriating for distribution each quarter the endowment fund's investment income from the previous quarter that is not permanently restricted, and the Organization generally expends the endowment fund's investment income for the general program and stewardship in the fiscal quarter following receipt. The current spending policy is not expected to allow the Organization's endowment fund to grow as a result of investment returns. This is consistent with the Organization's objectives to provide income for its general program and stewardship, preserve endowment assets without subjecting them to substantial risk, and provide additional real growth through new gifts.

The composition of endowment net assets and the changes in endowment net assets as of December 31, 2015 are as follows:

	General Program	Stewardship	Total
Endowment Net Assets, December 31, 2014	$ 18,434	$ 35,522	$ 53,956
Donations	-	734	734
Memberships	3,954	-	3,954
Interest Income	190	388	578
Endowment Net Assets, December 31, 2015	$ 22,578	$ 36,644	$ 59,222

Grand Prairie Friends
Notes to the Financial Statements
December 31, 2015

NOTE 6 – GRANT REVENUE

The following is a summary of the revenue from grants received during the year ended December 31, 2015:

The Lumpkin Family Foundation	$	852,000
Illinois Clean Energy Community Foundation		191,110
Columbia Sportswear Company		4,000
Total Grant Revenue	$	1,047,110

NOTE 7 - ECONOMIC DEPENDANCY

During the year ended December 31, 2015, approximately 92 percent of the Organization's total support and revenue was from grants from two separate entities. These grants were mainly used to purchase land.

Grand Prairie Friends
Schedule of Functional Expenses - Modified Cash Basis
Year Ended December 31, 2015

		Supporting Services		
	Program Services	Management & General	Fundraising	Totals
Stewardship	$ 33,887	$ -	$ -	$ 33,887
Professional Fees	-	6,548	-	6,548
Intern Pay	5,808	-	-	5,808
Equipment and Tools	3,541	-	-	3,541
Plant Sales	-	-	3,441	3,441
Insurance	3,080	-	-	3,080
Rattlesnake Master Run	-	-	1,615	1,615
Solicitation Expenses	-	-	1,338	1,338
Postage	1,222	-	-	1,222
Meeting & Public Events Expenses	1,187	-	-	1,187
Internship Expenses	923	-	-	923
Dues	845	-	-	845
Vehicles Expenses	844	-	-	844
Property Maintenance Expenses	740	-	-	740
Property Taxes	506	-	-	506
Software Expenses	-	320	-	320
Copying & Printing	306	-	-	306
Business Fees	197	-	-	197
Supplies	106	-	-	106
Miscellaneous	139	-	-	139
	$ 53,331	$ 6,868	$ 6,394	$ 66,593