# Mill Creek MetroParks Foundation

Financial Statements
December 31, 2023

Cohen & Co

cohencpa.com

MILL CREEK METROPARKS FOUNDATION

DECEMBER 31, 2023

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT ........................................ 2 - 3

STATEMENT OF FINANCIAL POSITION
December 31, 2023 ........................................ 4

STATEMENT OF ACTIVITIES
Year ended December 31, 2023 ........................................ 5

STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2023 ........................................ 6

STATEMENT OF CASH FLOWS
Year ended December 31, 2023 ........................................ 7

NOTES TO THE FINANCIAL STATEMENTS........................................ 8 - 16

Independent Auditor's Report

Board of Directors and Management
Mill Creek Metroparks Foundation

***Opinion***

We have audited the accompanying financial statements of Mill Creek Metroparks Foundation (the Foundation), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year 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 Mill Creek Metroparks Foundation as of December 31, 2023, and the results of its activities and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audit 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 the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Mill Creek Metroparks 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 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 Mill Creek Metroparks 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 Mill Creek Metroparks 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.

Cohen & Company Ltd.

Akron, Ohio
September 11, 2024

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2023

ASSETS

| | | |
|---|---|---|
| CURRENT ASSETS | | |
| Cash and cash equivalents | $ | 357,443 |
| Restricted cash | | 178,929 |
| Investments | | 4,819,366 |
| | $ | 5,355,738 |

NET ASSETS

| | | |
|---|---|---|
| NET ASSETS - NOTE 4 | | |
| Undesignated | $ | 364,791 |
| Board designated | | 867,043 |
| With donor restrictions | | 4,123,904 |
| | | 5,355,738 |
| | $ | 5,355,738 |

*The accompanying notes are an integral part of these financial statements.*

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2023

| | Without Donor Restrictions | With Donor Restrictions | TOTAL |
|---|---|---|---|
| REVENUE | | | |
| Public support | $ 180,188 | $ 467,958 | $ 648,146 |
| Net investment gain | 138,811 | 360,008 | 498,819 |
| | 318,999 | 827,966 | 1,146,965 |
| Net assets released from restrictions | 613,923 | (613,923) | |
| TOTAL REVENUE | 932,922 | 214,043 | 1,146,965 |
| EXPENSES | | | |
| Program services | 681,886 | | 681,886 |
| Supporting services: | | | |
| Management and general | 33,263 | | 33,263 |
| TOTAL EXPENSES | 715,149 | | 715,149 |
| CHANGES IN NET ASSETS | 217,773 | 214,043 | 431,816 |
| NET ASSETS | | | |
| Beginning of year | 1,068,481 | 3,855,441 | 4,923,922 |
| Reclassification of net assets | (54,420) | 54,420 | |
| End of year | $ 1,231,834 | $ 4,123,904 | $ 5,355,738 |

*The accompanying notes are an integral part of these financial statements.*

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2023

| | Program Services | Supporting Services: Management and General | Total |
|---|---|---|---|
| Grants for charitable and educational purposes - Note 7 | $ 681,886 | | $ 681,886 |
| Professional services | | $ 32,771 | 32,771 |
| Insurance | | 492 | 492 |
| | $ 681,886 | $ 33,263 | $ 715,149 |

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2023

| | |
|---|---|
| CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES | |
| Changes in net assets | $ 431,816 |
| Adjustments to reconcile changes in net assets to net cash provided by operating activities: | |
| Net realized and unrealized gains on investments | (352,404) |
| Net cash flow provided from operations | 79,412 |
| | |
| CASH FLOW USED IN INVESTING ACTIVITIES | |
| Purchase of marketable securities | (3,558,815) |
| Proceeds from sales of marketable securities | 3,316,988 |
| | (241,827) |
| | |
| DECREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH | (162,415) |
| | |
| CASH AND CASH EQUIVALENTS AND RESTRICTED CASH - BEGINNING OF YEAR | 698,787 |
| | |
| CASH AND CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR | $ 536,372 |

*The accompanying notes are an integral part of these financial statements.*

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Foundation

The Mill Creek Park Foundation dba Mill Creek Metroparks Foundation (the Foundation) was created in 1980. The purpose of the Foundation is to maintain and improve Mill Creek MetroParks to the highest level of excellence through fund development essential for its maintenance and growth for future generations, including but not limited to making capital improvements within the Mill Creek MetroParks District.

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The Foundation presents its statements in accordance with Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*, which requires the Foundation to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions.

Net Asset Classifications

The Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction. Accordingly, all financial transactions have been recorded and reported to the following classes:

*Without Donor Restrictions*

Without donor restricted net assets consist of all resources of the Foundation which have no donor imposed restrictions. Without donor restricted net assets may include funds which have been designated by the Board of Directors for a specific purpose.

*With Donor Restrictions*

With donor restricted net assets consist of cash and other assets received with donor stipulations that limit the use of the donated assets. If and when a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, with donor restriction net assets are reclassified to without donor restriction net assets and reported in the statement of activities as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as without donor restrictions.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents and Restricted Cash

Cash and cash equivalents include cash in banks and highly liquid investments with a maturity of three months or less at the time of purchase. The Foundation maintains cash and cash equivalents at various financial institutions which may exceed federally insured amounts at various times.

Restricted cash results from contributions whose use by the Foundation is limited by donor-imposed stipulations that either expire over time or can be fulfilled by actions of the Foundation pursuant to the stipulation.

A reconciliation of cash and cash equivalents and restricted cash to the statement of cash flows for the year ended December 31, 2023, is as follows:

| | |
|---|---|
| Cash and cash equivalents | $ 357,443 |
| Restricted cash | 178,929 |
| | $ 536,372 |

Revenue from Contributions

The Foundation recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received.

A portion of the Foundation's revenue is derived from a contribution, which is conditioned upon the donor's receipt of naming rights. Amounts received are recognized as revenue when the Foundation has met the requirements of the contribution agreement. Amounts received prior to meeting such condition are reported as refundable advances in the statement of financial position. The Organization received conditional grants of $145,000 that were not recognized as of December 31, 2023, because conditions have not yet been met.

Endowment contributions and related investments are restricted by the donor and recorded in net assets with donor restrictions. Investment earnings are recorded in net assets with donor restrictions and are released from restrictions when those amounts are appropriated for expenditure by the Foundation.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grant-Making Activity (Promises to Give)

The Foundation records unconditional grants as expenses in the year they are approved. Grants payable over multiple years are discounted and reported at net present value. Conditional grants are recognized as grant expenses in the period in which the recipient substantially meets the conditions.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Investments

Investments at December 31, 2023, are carried at fair value and consist of marketable equity and debt securities. Investments in securities with readily determinable fair values are reported at quoted market values. Realized and unrealized gains or losses are reflected in the accompanying statement of activities.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified to conform with the presentation of the current-year financial statements. During 2023, approximately $54,000 of net assets without donor restrictions was reclassified to net assets with donor restrictions.

Concentrations of Credit and Market Risk

Financial instruments that potentially expose the Foundation to concentrations of credit risk and market risk consist primarily of cash and investments. Cash is maintained at quality financial institutions and periodically exceeds federally insured limits. The Foundation has not experienced any losses on its cash balances. The Foundation’s investments do not represent significant concentrations of market risk in as much as the Foundation's investment portfolio is diversified among issuers, industries, and geographic regions.

Functional Allocation of Expenses

The statements of activities and functional expenses report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses are allocated directly by supporting function. During the year ended December 31, 2023, there were no expenses requiring allocation.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Foundation is an Ohio non-profit corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Foundation recognizes and discloses uncertain tax positions in accordance with GAAP. As of December 31, 2023, and for the year then ended, the Foundation did not have a liability for unrecognized tax benefits.

Subsequent Events

Management has evaluated subsequent events through September 11, 2024, the date the financial statements were available to be issued.

2. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Foundation's financial assets are considered unavailable when illiquid, or not convertible to cash within one year, endowments, and board designated endowments. The Board-designated endowments may be drawn upon at the discretion of the governing board, however, this is not the intention. The Foundation structures its financial assets to be available as its expenses, liabilities, and other obligations become due.

Financial assets as of December 31, 2023, consist of the following:

| | |
|---|---|
| Cash and cash equivalents | $ 357,443 |
| Restricted cash | 178,929 |
| Investments | 4,819,366 |
| | 5,355,738 |
| Less amounts unavailable for general expenditure within one year: | |
| Restricted cash | 178,929 |
| Net assets with donor restrictions | 4,123,902 |
| | 4,302,831 |
| Financial assets available to meet general expenditures within one year | $ 1,052,907 |

NOTES TO THE FINANCIAL STATEMENTS

3. FAIR VALUE MEASUREMENTS

The various inputs that may be used to determine the fair value of the Foundation's assets and liabilities are summarized in three broad levels:

Level 1 Quoted prices in active markets for identical securities

Level 2 Other significant observable inputs (including quoted prices for similar securities, interest rates, credit risk, etc.)

Level 3 Significant unobservable inputs (including the Foundation's own assumptions used to determine value)

Equity securities and fixed income securities are valued at the closing price reported on the active market on which the individual securities are traded. The fair value of corporate bonds is determined by pricing models maximizing the use of observable inputs for similar securities.

Assets measured at fair value are comprised of the following at December 31, 2023:

| Description | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Assets: | | | | |
| Equity securities | $ 1,824,184 | | | $ 1,824,184 |
| Fixed income securities | 843,230 | | | 843,230 |
| Corporate bonds | | $ 2,151,952 | | 2,151,952 |
| Total assets | $ 2,667,414 | $ 2,151,952 | | $ 4,819,366 |

4. NET ASSETS

Net Assets without Donor Restrictions

The Foundation's governing board has designated, from net assets without donor restrictions, net assets for the following purposes at December 31, 2023:

| | |
|---|---|
| Designated by the Board for endowment | $ 828,857 |
| Land conservancy | 4,728 |
| Agricultural education | 33,458 |
| | $ 867,043 |
| Undesignated | $ 364,791 |
| Total net assets without donor restrictions | $ 1,231,834 |

NOTES TO THE FINANCIAL STATEMENTS

4. NET ASSETS (Continued)

Net Assets with Donor Restrictions

Donor restricted net assets are restricted for the following purposes at December 31, 2023:

| | |
|---|---|
| Agricultural education outreach | $ 416 |
| Maintenance: | |
| Children's Garden | 262,640 |
| Fellows Riverside Gardens | 205 |
| Gazebo at Fellows Riverside Garden | 15,211 |
| Lily Pond | 29 |
| Nature trails | 66,903 |
| Police department | 65 |
| Short term gardens | 16,100 |
| Tennis courts | 13 |
| Vickers Nature Preserve | 81 |
| Memorials | 73,787 |
| Planting of saplings and reforestation efforts | 7,087 |
| Purchasing new books and periodicals for the library | 21 |
| Redevelopment of the Ford Nature Education Center | 1,585,727 |
| Upkeep of the historical furnace | 36,495 |
| Other projects | 54,418 |
| Total net assets restricted for purpose | $ 2,119,198 |

The endowments below are restricted to investment in perpetuity, and subject to spending policies at December 31, 2023:

| | |
|---|---|
| Land purchases | $ 871,305 |
| Maintenance: | |
| Golf course | 462,081 |
| Lanterman's Mill | 254,752 |
| Lily Pond | 2,918 |
| MCP Bikeway | 43,000 |
| Nature trails | 14,172 |
| Rose Garden | 195,261 |
| Vickers Nature Preserve | 11,115 |
| Wick Recreational Area | 22,656 |
| Yellow Creek Park | 247 |
| Redevelopment of the Ford Nature Education Center | 3,302 |
| Shade Garden at Fellows Riverside Gardens | 123,897 |
| Total net assets restricted to investment in perpetuity | $ 2,004,706 |
| | |
| Total net assets with donor restrictions | $ 4,123,904 |

NOTES TO THE FINANCIAL STATEMENTS

4. NET ASSETS (Continued)

Net Assets Released from Donor Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors for the year ended December 31, 2023:

| | | |
|---|---|---|
| Agricultural education outreach | $ | 30,073 |
| Maintenance: | | |
| Fellows Riverside Gardens | | 14,842 |
| Golf course | | 2,399 |
| Lily Pond | | 2,115 |
| Police department | | 4,676 |
| Song bird box | | 29 |
| Tennis courts | | 945 |
| Vickers Nature Preserve | | 5,000 |
| Wick Recreational Area | | 5,901 |
| Purchasing new books and periodicals for the library | | 1,506 |
| Redevelopment of the Ford Nature Education Center | | 470,347 |
| Total restrictions released | $ | 537,833 |

Net assets from endowments were released from restrictions as follows for the year ended December 31, 2023:

| | | |
|---|---|---|
| Agricultural education outreach | $ | 283 |
| Maintenance: | | |
| Golf course | | 12,025 |
| Lanterman's Mill | | 6,843 |
| Nature trails | | 679 |
| Rose Garden | | 56,260 |
| Total restricted endowments released | $ | 76,090 |
| Total net assets released from restrictions | $ | 613,923 |

5. ENDOWMENT

The Foundation's endowment consists of approximately 15 individual funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

NOTES TO THE FINANCIAL STATEMENTS

5. ENDOWMENT (Continued)

*Net Assets Classifications*

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as with donor restricted net assets (a) original value of gifts donated to the endowment and (b) the original value of subsequent gifts to the 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 with donor restricted net assets is classified as Board designated net assets until those amounts are appropriated for expenditure by the Foundation.

The following schedule summarizes the endowment net asset compositions by type at December 31, 2023:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Donor-restricted endowment funds | | $ 2,004,706 | $ 2,004,706 |
| Board-designated endowment funds | $ 828,857 | | 828,857 |
| | $ 828,857 | $ 2,004,706 | $ 2,833,563 |

The following schedule summarizes the changes in endowment net assets for the year ended December 31, 2023:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Net assets, beginning of year | $ 697,238 | $ 1,682,162 | $ 2,379,400 |
| Investment return: | | | |
| Dividends and interest | 20,953 | 50,616 | 71,569 |
| Net unrealized and realized gain on investments | 93,006 | 207,271 | 300,277 |
| Investment fees | (4,353) | (8,838) | (13,191) |
| Total investment return | 806,844 | 1,931,211 | 2,738,055 |
| Contributions | 41,819 | 149,585 | 191,404 |
| Expenditures | (19,806) | (76,090) | (95,896) |
| Net assets, end of year | $ 828,857 | $ 2,004,706 | $ 2,833,563 |

*Funds with Deficiencies*

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the historic dollar value of such fund. There were no underwater deficiencies for the year ended December 31, 2023.

NOTES TO THE FINANCIAL STATEMENTS

5. ENDOWMENT (Continued)

*Return Objectives*

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted funds. The overall long-term purpose is to invest the funds to obtain the highest possible return of the funds. The ability to achieve these returns will depend upon the ability to accept a moderate amount of risk, recognizing that a reasonable degree of volatility in market values is necessary to achieve long-term capital appreciation. Equities range between 30% and 40% of the total accounts and fixed income between 60% and 70%. Investments are benchmarked against S&P 500, 90-day U.S. Treasury bills, and Barclays Intermediate Government/Corporate Index.

*Strategies Employed for Achieving Objectives*

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). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk restraints.

*Spending Policy*

The Foundation may appropriate, for distribution each year, 4% of its endowment fund's previous twelve quarters average ending market value. In establishing this policy, the Foundation considered the long-term expected return rate of its endowment. Accordingly, the Foundation expects the current spending policy to allow its endowment to grow at the highest rate possible over the long-term. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

6. RISKS AND UNCERTAINTIES

The Foundation has significant interests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position and activities.

7. RELATED PARTY TRANSACTIONS

The Foundation is a Type I supporting organization of the Mill Creek MetroParks. The Foundation provided $681,886 in grants to Mill Creek MetroParks in 2023.