

*Lincoln Parks and Recreation Foundation  
Lincoln, Nebraska*

*December 31, 2015 and 2014*

*Financial Statements  
and  
Report of Independent Certified Public Accountants*

Lincoln Parks and Recreation Foundation

Years ended December 31, 2015 and 2014

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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The Board of Directors  
Lincoln Parks and Recreation Foundation  
Lincoln, Nebraska

We have audited the accompanying financial statements of the Lincoln Parks and Recreation Foundation, which comprise the statement of financial position – modified cash basis as of December 31, 2015, and the related statement of activities – 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 A; this includes determining that the modified cash basis of accounting is an acceptable basis for the 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 Lincoln Parks and Recreation Foundation as of December 31, 2015 and its support, revenue, and expenses for the year then ended in accordance with the modified cash basis of accounting as described in Note A.

**Basis of Accounting**

We draw attention to Note A 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 this matter.

**Other Matter**

The financial statements of Lincoln Parks and Recreation Foundation for the year ended December 31, 2014, were audited by another auditor who expressed an unmodified opinion on those statements on August 6, 2015.

*HBE Becker Meyer Love LLP*

June 8, 2016

**HBE**  
**HBE**  
Becker Meyer Love LLP  
Certified Public Accountants & Consultants

Lincoln Parks and Recreation Foundation

STATEMENTS OF FINANCIAL POSITION - MODIFIED CASH BASIS

December 31,

ASSETS

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and cash equivalents (note A)	\$ 1,862,881	\$ 1,504,463
Certificates of deposit	3,039,128	3,372,839
Cash equivalents restricted for endowment		
Appropriated for distribution	369,000	217,871
Other endowment	223,960	891,493
Investments (notes A, D, and E)	<u>5,643,246</u>	<u>5,181,698</u>
 Total assets	 <u>\$ 11,138,215</u>	 <u>11,168,364</u>

LIABILITIES AND NET ASSETS

<b>LIABILITIES</b>		
Payroll taxes payable	<u>\$ 2,760</u>	<u>\$ 1,979</u>
 <b>NET ASSETS (note A)</b>		
Unrestricted	28,517	142,267
Temporarily restricted (note B and F)	5,048,504	5,249,171
Permanently restricted (note C and F)	<u>6,058,434</u>	<u>5,774,947</u>
 Total net assets	 <u>11,135,455</u>	 <u>11,166,385</u>
 Total liabilities and net assets	 <u>\$ 11,138,215</u>	 <u>\$ 11,168,364</u>

See accompanying notes to financial statements.

Lincoln Parks and Recreation Foundation

STATEMENTS OF ACTIVITIES - MODIFIED CASH BASIS

Years ended December 31,

	2015				2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUE AND SUPPORT</b>								
Contributions	\$ 32,034	\$ 1,908,444	\$ 104,000	\$ 2,044,478	\$ 41,655	\$ 4,777,514	\$ 5,120	\$ 4,824,289
Transfer of endowment funds from City of Lincoln (note G)	-	-	-	-	-	-	998,366	998,366
Golf outing, net of direct costs	2,104	-	-	2,104	9,503	-	-	9,503
Sale of pickle cards	44,067	-	-	44,067	37,446	-	-	37,446
Pickle card direct costs	(21,145)	-	-	(21,145)	(18,096)	-	-	(18,096)
Other sales, net of direct costs	22,095	-	-	22,095	(933)	-	-	(933)
Program fees	6,438	-	-	6,438	8,628	-	-	8,628
Interest income	5,862	-	-	5,862	38,524	-	-	38,524
Net investment income (loss) (note D)	-	(207,764)	-	(207,764)	-	72,806	-	72,806
<b>Total revenue</b>	<b>91,455</b>	<b>1,700,680</b>	<b>104,000</b>	<b>1,896,135</b>	<b>116,727</b>	<b>4,850,320</b>	<b>1,003,486</b>	<b>5,970,533</b>
<b>RECLASSIFICATIONS</b>								
Net assets released from restrictions	1,914,442	(1,914,442)	-	-	621,876	(621,876)	-	-
Funds reclassified	(142,582)	142,582	-	-	(1,915)	1,915	-	-
Transfer of net assets to endowment	(50,000)	(129,487)	179,487	-	-	(2,665,886)	2,665,886	-
<b>Total reclassifications</b>	<b>1,721,860</b>	<b>(1,901,347)</b>	<b>179,487</b>	<b>-</b>	<b>619,961</b>	<b>(3,285,847)</b>	<b>2,665,886</b>	<b>-</b>
<b>EXPENSES</b>								
Program	1,757,788	-	-	1,757,788	390,515	-	-	390,515
Management and general	105,450	-	-	105,450	58,732	-	-	58,732
Fundraising	63,827	-	-	63,827	248,839	-	-	248,839
<b>Total expenses</b>	<b>1,927,065</b>	<b>-</b>	<b>-</b>	<b>1,927,065</b>	<b>698,086</b>	<b>-</b>	<b>-</b>	<b>698,086</b>
<b>Increase (decrease) in net assets</b>	<b>(113,750)</b>	<b>(200,667)</b>	<b>283,487</b>	<b>(30,930)</b>	<b>38,602</b>	<b>1,564,473</b>	<b>3,669,372</b>	<b>5,272,447</b>
Net assets at beginning of year	142,267	5,249,171	5,774,947	11,166,385	103,665	3,684,698	2,105,575	5,893,938
Net assets at end of year	\$ 28,517	\$ 5,048,504	\$ 6,058,434	\$ 11,135,455	\$ 142,267	\$ 5,249,171	\$ 5,774,947	\$ 11,166,385

See accompanying notes to financial statements.

Lincoln Parks and Recreation Foundation

NOTES TO FINANCIAL STATEMENTS

Lincoln Parks and Recreation Foundation (the Foundation) is a not-for-profit corporation established under the laws of the State of Nebraska. The Foundation's mission is to inspire and nurture a philanthropic legacy for parks and recreation in Lincoln, Nebraska. Its primary program is to provide funding for improving Lincoln's parks and recreation system and programs. The Foundation's primary sources of revenue are private grants and contributions from various foundations and the general public.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Method of Accounting.** The accompanying financial statements of the Foundation have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Foundation recognizes contributions when received as opposed to when pledged. Expenses are recognized when paid rather than when incurred. Payroll taxes are recognized when the related payroll is paid.

**Net Asset Classification.** The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**Unrestricted net assets.** Net assets that are not subject to outside restrictions.

**Temporarily restricted net assets.** Net assets on which grantors or donors have placed restrictions regarding the use of the funds or the time period in which the funds can be used. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities – modified cash basis as “net assets released from restrictions.”

**Permanently restricted net assets.** Net assets whose funds must be held indefinitely.

**Endowment Investment and Spending Policies.** The endowment investment policy adopted by the Foundation's board of directors is designed to seek long-term returns consistent with prudent levels of risk. The target annualized rate of return is the Consumer Price Index inflation rate plus a spending rate, to be established annually by the board of directors. The spending rate for 2015 and 2014 was 4% for all endowments. The policy establishes target investment allocations and restrictions on investment options which are designed to achieve safety and diversification in the overall investment portfolio.

The amount allocated to spendable earnings is based on the spending rate determined annually and applied to a four-year rolling average market value of the endowment fund. Spending allocations are calculated quarterly. Investment earnings that have not been appropriated under the spending formula are considered to be temporarily restricted in accordance with current accounting standards for funds managed in accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Prior to 2010, unappropriated investment earnings were considered to be permanently restricted due to a contractual agreement with the Lincoln Community Foundation (LCF).

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Endowment Investment and Spending Policies – Continued.** Management considers the non-spendable portion of the endowment funds that were transferred from LCF in 2009 to be permanently restricted. Management has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment or transferred from LCF in 2009, (b) the original value of subsequent gifts to the permanent endowment, and (c) additions to the permanent endowment made in accordance with the applicable gift instrument. Surplus assets transferred each year from temporarily restricted net assets to the endowment are treated as permanently restricted net assets since such funds are either subject to explicit donor restrictions at the time of the transfer or are implicitly restricted based on the understanding that certain excess funds raised by various constituent groups will be maintained for endowment.

**Cash and Cash Equivalents.** For purposes of the statements of financial position – modified cash basis, the Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Investments.** Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of activities – modified cash basis. Unrealized gains and losses are included in investment income for the period on the statements of activities – modified cash basis. Donated securities are recorded as contributions equal to the fair value of the securities at the date of the gift.

**Fair Value Measurements.** Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Foundation utilizes a fair value hierarchy to prioritize the inputs to valuation techniques used to measure fair value. The hierarchy 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 are described as follows:

- |         |   |
|---------|---|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.   |
| Level 2 | Inputs to the valuation methodology include: <ul style="list-style-type: none"><li>• quoted prices for similar assets or liabilities in active markets;</li><li>• quoted prices for identical or similar assets or liabilities in inactive markets;</li><li>• inputs other than quoted prices that are observable for the asset or liability;</li><li>• inputs that are derived principally from or corroborated by observable market data by correlation or other means.</li></ul> 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.   |



Lincoln Parks and Recreation Foundation

NOTES TO FINANCIAL STATEMENTS

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Fair Value Measurements – Continued.** The asset or 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. Transfers between levels shall occur at the actual date of the event or change in circumstances that caused the transfer. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

**In-Kind Donations.** In-kind donations are recorded as contributions at their estimated fair values at the date of donation. Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would have otherwise been purchased by the Foundation.

**Advertising Costs.** The Foundation expenses advertising costs when paid. The accompanying financial statements include advertising expense of \$4,599 and \$10,804 for the years ended December 31, 2015 and 2014, respectively.

**Income Taxes.** Lincoln Parks and Recreation Foundation is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. As such, income earned in the performance of its exempt purpose is not subject to income tax. Any income earned through unrelated business activities is subject to income tax at normal corporate rates. For the years ended December 31, 2015 and 2014, the Foundation had no tax liability on unrelated business activity. The Foundation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

**Use of Estimates.** The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Pickle Card Program.** The Foundation sells pickle cards to a licensed operator at a predetermined price which is net of prize payouts and operator's commissions. State regulations require net profits from the sale of pickle cards to be deposited in a separate bank account. Pickle card funds may only be expended for the costs of continuing the pickle card program or for items that further the Foundation's exempt purpose. As of December 31, 2015 and 2014, segregated pickle card funds consisted of \$68,040 and \$104,465 in cash, respectively. Due to the broad nature of the restrictions on these accounts, all activity and net assets related to pickle cards are included in unrestricted net assets.

Lincoln Parks and Recreation Foundation

NOTES TO FINANCIAL STATEMENTS

**NOTE B - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following projects:

	<u>2015</u>	<u>2014</u>
Veterans	\$ 78,314	\$ 79,880
Lincoln Tennis Association	18,510	18,673
Woods Park Tennis	1,651,377	310,488
Wilderness Park	50,670	40,829
Sherman Field	4,048	2,476
Memorials - current	9,617	71,830
Memorials - care	-	21,317
Sunken Gardens	113,656	101,946
Kontras Park	15,766	17,643
Pioneers Park Nature Center	17,011	12,894
Union Plaza Park	179,369	295,839
Rose and Rotary Strolling Garden	1,541	21,037
Ken Good Public Gardens Internship	25,919	42,731
Jim Ager Golf Marathon	38,254	30,198
Legacy Tree Grove	13,409	16,283
Centennial Mall	2,332,355	3,201,457
Plant Oasis	52,390	31,071
Civic Plaza	113,638	653,210
Haines Branch Prairie	-	29,486
Woodsdale Boulevard	14,837	-
Peterson Park Pickleball	11,782	-
Wohlfarth Corner	19,344	-
Airport Entry Corridor	190,905	170,250
Other projects	95,792	79,633
	<u>\$ 5,048,504</u>	<u>\$ 5,249,171</u>



Lincoln Parks and Recreation Foundation

NOTES TO FINANCIAL STATEMENTS

**NOTE C - PERMANENTLY RESTRICTED NET ASSETS**

Permanently restricted net assets consist of funds invested for permanent endowment. See Note F for additional information on the Foundation's endowment funds.

Permanently restricted net assets consist of assets invested to support the following:

	<u>2015</u>	<u>2014</u>
Operations	\$ 39,963	\$ 39,963
Capital Endowment Fund	96,604	6,604
Kids Endowment	1,456	1,456
Veterans	49,563	49,563
Antelope Park Playground	13,240	13,240
Sunken Gardens	196,831	196,831
Kontras Park	27,468	27,468
Country Club Median	3,720	3,720
Sticks for Kids	2,003	2,003
Rose and Rotary Strolling Garden	60,000	60,000
Ken Good Public Gardens Internship	150,000	150,000
Valentino's Park in Idylwild	65,000	65,000
Bowling Lake Fishing Pier	10,117	10,117
Union Park Plaza	1,484,730	1,484,730
Airport Entry Corridor	982,615	982,615
Park Trees	90,901	90,901
Hazel Abel Park	7,465	7,465
P Street Enhanced Street	550,000	550,000
Airport Entry Corridor #2	100,000	100,000
Sherman Park #2	250,000	250,000
Sherman Field	141,258	141,258
Bill Harris Iron Horse Park	12,500	-
West Haymarket JPA Project Area	81,500	-
Haines Branch Corridor	1,287	-
Union Plaza Programs	292,013	292,013
Centennial Mall	<u>1,348,200</u>	<u>1,250,000</u>
	<u>\$ 6,058,434</u>	<u>\$ 5,774,947</u>

Lincoln Parks and Recreation Foundation

NOTES TO FINANCIAL STATEMENTS

**NOTE D - INVESTMENTS**

Investments consist of the following:

	2015		
	Cost	Market	Unrealized Gain (Loss)
Marketable securities:			
Federal, municipal, and local bonds	\$ 1,263,383	\$ 1,235,325	\$ (28,058)
Corporate bonds	517,710	467,839	(49,871)
Mutual funds/exchange traded funds	<u>3,809,379</u>	<u>3,940,082</u>	<u>130,703</u>
	<u>\$ 5,590,472</u>	<u>\$ 5,643,246</u>	<u>\$ 52,774</u>

	2014		
	Cost	Market	Unrealized Gain (Loss)
Marketable securities:			
Municipal and local bonds	\$ 983,627	\$ 967,767	\$ (15,860)
Corporate bonds	544,014	519,466	(24,548)
Mutual funds/exchange traded funds	<u>3,202,931</u>	<u>3,694,465</u>	<u>491,534</u>
	<u>\$ 4,730,572</u>	<u>\$ 5,181,698</u>	<u>\$ 451,126</u>

Investment income consists of:

	2015	2014
Interest and dividend income	\$ 137,896	\$ 153,927
Realized gains	81,819	50,790
Unrealized losses	(387,845)	(113,964)
Investment management fees	<u>(39,634)</u>	<u>(17,947)</u>
	<u>\$ (207,764)</u>	<u>\$ 72,806</u>

Lincoln Parks and Recreation Foundation

NOTES TO FINANCIAL STATEMENTS

**NOTE E - FAIR MARKET VALUE**

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used during the years ended December 31, 2015 and 2014.

*Mutual fund/exchange traded funds:* Valued at the observable net asset value (NAV) of shares held by the Foundation at year end.

*Federal, municipal and local bonds:* Valued using independent pricing models.

*Corporate bonds:* Valued using independent pricing models.

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 the Foundation 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 a different fair value measurement at the reporting date.

The following table sets forth the balances of assets measured at fair value on a recurring basis as of December 31, 2015 and 2014.

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>December 31, 2015</u>				
Investments:				
Mutual funds/exchange traded funds				
Balanced	\$ 384,016	\$ 384,016	\$ -	-
Emerging markets	103,037	103,037	-	-
Energy	92,091	92,091	-	-
International	325,144	325,144	-	-
Large cap core	504,046	504,046	-	-
Large cap growth	486,780	486,780	-	-
Large cap value	474,156	474,156	-	-
Mid cap core	358,323	358,323	-	-
Natural resources	92,134	92,134	-	-
Real estate	233,115	233,115	-	-
Small cap core	302,965	302,965	-	-
World	584,275	584,275	-	-
Corporate bonds	467,839	467,839	-	-
Federal, municipal, and local bonds	<u>1,235,325</u>	<u>1,235,325</u>	-	-
	<u>\$ 5,643,246</u>	<u>\$ 5,643,246</u>	<u>\$ -</u>	<u>\$ -</u>

Lincoln Parks and Recreation Foundation

NOTES TO FINANCIAL STATEMENTS

**NOTE E - FAIR MARKET VALUE - CONTINUED**

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>December 31, 2014</u>				
Investments:				
Mutual funds/exchange traded funds				
Balanced	\$ 373,344	\$ 373,344	\$ -	\$ -
Emerging markets	113,817	113,817	-	-
Energy	139,891	139,891	-	-
International	314,217	314,217	-	-
Large cap growth	399,004	399,004	-	-
Large cap value	433,412	433,412	-	-
Mid cap core	328,708	328,708	-	-
Natural resources	96,216	96,216	-	-
Real estate	210,537	210,537	-	-
Small cap core	326,937	326,937	-	-
World	958,382	958,382	-	-
Corporate bonds	519,466	519,466	-	-
Federal, municipal, and local bonds	<u>967,767</u>	<u>967,767</u>	<u>-</u>	<u>-</u>
	<u>\$ 5,181,698</u>	<u>\$ 5,181,698</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTE F - ENDOWMENTS**

Endowment net asset composition by type of fund as of December 31, 2015 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	<u>\$ (140,206)</u>	<u>\$ 317,976</u>	<u>\$ 6,058,434</u>	<u>\$ 6,236,204</u>

Lincoln Parks and Recreation Foundation

NOTES TO FINANCIAL STATEMENTS

**NOTE F - ENDOWMENTS - CONTINUED**

Changes in endowment net assets for the fiscal year ended December 31, 2015 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balance December 31, 2014	\$ 557	\$ 520,557	\$ 5,774,947	6,296,061
Investment loss	-	(207,764)	-	(207,764)
Contributions	-	-	104,000	104,000
Transfers from other funds	-	-	179,487	179,487
Spending appropriation	1,981	(1,981)	-	-
Administrative charges	(162)	(62,035)	-	(62,197)
Spendable funds withdrawn	-	(73,383)	-	(73,383)
Reclassifications	(142,582)	142,582	-	-
Balance December 31, 2015	<u>\$ (140,206)</u>	<u>\$ 317,976</u>	<u>\$ 6,058,434</u>	<u>\$ 6,236,204</u>

Endowment net asset composition by type of fund as of December 31, 2014 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	<u>\$ 557</u>	<u>\$ 520,557</u>	<u>\$ 5,774,947</u>	<u>\$ 6,296,061</u>

Changes in endowment net assets for the fiscal year ended December 31, 2014 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balance December 31, 2013	\$ 15,610	\$ 481,432	\$ 2,105,575	\$ 2,602,617
Investment income	-	72,806	-	72,806
Contributions	-	-	5,120	5,120
Transfer from City of Lincoln	-	-	998,366	998,366
Transfers from other funds	-	-	2,665,886	2,665,886
Spending appropriation	2,064	(2,064)	-	-
Administrative charges	5,917	(28,717)	-	(22,800)
Spendable funds withdrawn	(12,609)	(13,325)	-	(25,934)
Reclassifications	(10,425)	10,425	-	-
Balance December 31, 2014	<u>\$ 557</u>	<u>\$ 520,557</u>	<u>\$ 5,774,947</u>	<u>\$ 6,296,061</u>

From time to time, the fair value of certain endowment funds may be less than the amount that is required to be permanently maintained. The deficiency is classified as unrestricted until it is recovered through future investment earnings. Unrestricted endowment funds included \$153,007 and \$10,425 of such deficiencies as of December 31, 2015 and 2014, respectively.

Lincoln Parks and Recreation Foundation

NOTES TO FINANCIAL STATEMENTS

**NOTE G - RELATED PARTY TRANSACTIONS**

The Foundation is a private fundraising organization for the City of Lincoln Parks and Recreation Department (the Department). The Department is represented on the Foundation's board of directors.

**Leases**

The Foundation occupies office space in a building owned by the Department. The Department agreed to grant the Foundation a long-term lease of the office space in exchange for the Foundation's payment of \$25,000 toward the costs of improvements of the leased facilities. The lease term began October 1, 2011 and ends April 30, 2024.

**Endowment Funds**

The Foundation and the Department entered into an agreement to have the Foundation establish and maintain endowment funds for five Parks and Recreation projects. The funds were previously held by the Department and were transferred to the Foundation during 2014. The total amount transferred was \$998,366.

**NOTE H - COMMITMENTS**

As of December 31, 2015, the Foundation had pledged future contributions from the pickle card program for the following projects:

Greenhouse for Sunken Gardens	\$	5,000
Haines Branch Prairie Corridor		6,000
Peterson Park		2,000
Irvdale/Rudge/Stran		1,500
Near South Parks		1,500
Merrit Place bench		750
		<u>750</u>
	\$	<u>16,750</u>

**NOTE I - CONCENTRATION OF CREDIT RISK**

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist principally of checking accounts and money market accounts at financial institutions. Accounts at each institution are insured by the FDIC up to \$250,000. At December 31, 2015 and 2014, the bank accounts exceeded federally insured limits by \$507,588 and \$231,621, respectively. The Foundation has not experienced any losses on such accounts.

**NOTE J - SUBSEQUENT EVENTS**

Subsequent events have been evaluated through the audit report date, the date that the financial statements were available to be issued.