

FRIENDS OF THE PARKS
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
SEPTEMBER 30, 2007 and 2006
and INDEPENDENT AUDITORS' REPORT

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MANAGEMENT'S DESCRIPTION OF PROGRAMS

PROGRAM DESCRIPTIONS

VOLUNTEERS IN PARKS PROGRAM (VIP)

Special Environmental Events - Friends of the Parks hosted the 18th annual Earth Day Citywide Parks & Preserves Clean-Up on Saturday, April 21, 2007, from 9:00 a.m. to noon. Nearly 4,000 volunteers from all Chicago neighborhoods cleaned and beautified more than 90 parks and 40 Cook County Forest Preserves. In addition, another recent activity was the National Public Lands Day Clean-Up Day on September 30, 2006 in which 900 volunteers worked to restore natural areas in the greater Chicago/Cook County region.

Community Service Work Days - Friends of the Parks organized park cleaning and greening projects, as well as fibar (soft surface mulch) distribution at more than 38 parks through our Community Service Work Days. These efforts provided an estimated \$128,000 in worker hours from FOTP to the city and county.

Adopt-A-Park/Adopt-A-Preserve - FOTP also maintained our Adopt-A-Park program. 89 new or renewed parks or preserves were adopted as part of Friends of the Parks "Adopt-A-Park Program," for a total of 96 parks adopted.

Stewardship Education - FOTP has collaborated with the Chicago Public Schools to serve as a sponsor for their Service Learning program. We have also partnered with the Chicago Public Schools to sponsor "Nature Along the Lake" an innovative outdoor education program for grammar school students using Lake Michigan and Lincoln Park as a classroom. We have also expanded our Environmental Education program for high school students by participating in the CYCLE Program, and the After School Matters Earth Team Program.

NEIGHBORHOOD PARKS

CITIZEN ADVOCACY IN PARKS PROGRAM:

Build-a-Park Program - Friends of the Parks worked to increase the amount of parkland in several community areas in 2007, as part of our Build-a-Park Program. Those community areas included Little Village and Logan Square. We also worked to secure funds for DuSable Park at Lake Michigan. We also engaged in our Last 4 Miles charrette for Chicago's South Side, to ultimately expand Chicago's lakefront parks system.

Community Outreach and Advocacy - Friends of the Parks strengthened community involvement in neighborhood parks and playgrounds through educating and networking with park advisory councils. Our Park Advisory Council Handbook has been distributed to over 100 advisory councils and dozens of community groups throughout the city, and is currently undergoing a revision.

MANAGEMENT'S DESCRIPTION OF PROGRAMS - (continued)

FOTP provides educational and technical assistance to park advisory councils by scheduling, organizing, and hosting education forums and symposia, as well as through our participation in local community meetings. Our support helps to strengthen their role as effective agents for positive change in their communities.

Playground Safety - Our Playground Safety Inspection Program continued in 2007, so that by the end of the summer, all 517 Chicago Park District playgrounds had been inspected. We followed a standard report format developed with the cooperation and assistance of the Chicago Park District and Injury Free Coalition of Children's Memorial Hospital. A report was provided to the Chicago Park District in December of 2006, and we are continuing to work with the Park District to implement many of our recommendations, while we continue to monitor their correction efforts and determine if they are targeting those parks with the most dangerous conditions.

Seed Grants - In the spring of 2007, Friends of the Parks awarded Seed Grants totaling nearly \$15,000 to 20 organizations.

PUBLIC TRUST RESEARCH AND POLICY INITIATIVE

The Public Trust and Policy Initiative focused on protecting parks in Chicago by reviewing the major policy issues and changes proposed that impact parks and forest preserves.

DuSable Park - In 2007, we met with State Senators Emil Jones, Jr. and Kwame Raoul, Congressman Danny Davis, US Senator Barack Obama, Alderman Burt Natarus, and State Representative Elga Jefferies to seek future funding for the park construction. So far, we succeeded in securing \$6 million for the park. Most recently, we reviewed the latest proposals to construct the Calatrava-designed Chicago Spire across Lake Shore Drive from DuSable Park to minimize its potential impact on the park. The developer, Shelbourne Development Corporation, Ltd. proposed constructing ramps leading on to Lake Shore Drive that would impinge upon park space. They also redesigned the park with berms that would have significantly altered the proposed park space. Friends of the Parks worked with Shelbourne Group to change their design proposals, and most of the revisions they have offered have been solved to our satisfaction. They also pledged \$9 million towards the completion of DuSable Park.

Children's Museum - In 2007 we reviewed plans for the proposed move of the Children's Museum from Navy Pier to two possible sites in Grant Park, one on Randolph St, the other on Monroe. We came out in favor of the Randolph St. location with caveats, and against the Monroe St. proposal. The Children's Museum is looking at the Randolph Street site for their new facility.

Washington Park and the Olympics - The Olympic Committee for Chicago has proposed building a 95,000 seat "temporary" stadium in Washington Park for opening, closing, and track events. Plans call for a 15,000 seat facility to remain after the Olympics have been played. Friends of the Parks has joined other preservationist groups in developing principles for the Olympics in Washington Park. We seek to insure that Washington Park will be restored to its original design.

Last 4 Miles of Lakefront - This new initiative focuses on completing a plan for 4 miles of undeveloped lakefront parks. Working with pro-bono architects, FOTP sponsored a design charrette with community groups. This was followed by 2 dozen community meetings to discuss the preliminary plan. An exhibit and symposium were sponsored. We are now preparing to launch our next phase of the program, offering charrettes on the North Side.

Forest Preserve Project

Stewardship - Friends of the Parks sponsored nine clean-up events at Beaubien and Whistler Woods over the past year as well as a nature walk, environmental education tours and stewardship day where ecological restoration was done. At each of the events, dozens of volunteers attended and filled over 30 trash bags at each deployment.

Advocacy - We are working to preserve 16 acres of forest preserve land from being damaged by the Illinois Tollway Authority. The Tollway Authority has requested 16 acres in a 99-year permanent easement of land from Touhy north to Lake Cook Road for water retention as part of the proposed expansion of the roadway. FOTP opposed this land transfer and to date the Real Estate Committee deferred any consideration of the Tollway's request.

In 2007, the President of the Forest Preserve District issued an executive order lifting a ban that had been in place for 9 years for the restoration of prairies, woodlands and savannahs. President Steele identified the support of groups such as ours as well as best science practices in her decision to issue the executive order. The lifting of the moratorium came after several years of work to allow restoration of lands to resume.

At the November 1, Finance Committee, staff presented testimony against a contract to a private concessionaire management contract. The contract, if approved, would have provided \$1.3 million up-front payment to the private concessionaire, with no guarantee of any revenue to the District. FOTP had completed a study on the concession contract and presented data that convinced the commissioners to vote not. The vote was 2 yeas and 12 nays.

Education

Creative Living in the City - As part of our public education efforts, we have instituted a series of lunch-time lectures. Held at noon on the second Thursday of every other month at the Chicago Cultural Center, in partnership with the Cultural Center and the Chicagoland Bicycle Federation, we sponsored 12 lectures in the last year.

FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Friends of the Parks
Chicago, Illinois

We have audited the accompanying statement of financial position of Friends of the Parks ("FOTP"), (an Illinois not-for-profit corporation), as of September 30, 2007 and 2006 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of FOTP's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friends of the Parks as of September 30, 2007 and 2006 and the changes in its net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Chicago, Illinois
April 25, 2008

FRIENDS OF THE PARKS
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and Cash Equivalents:		
Friends of the Parks	\$ 324,987	\$ 295,836
Custodial Funds	<u>64,305</u>	<u>1,045</u>
Total Cash and Cash Equivalents	<u>389,292</u>	<u>296,881</u>
Property and Equipment:		
Furniture and Equipment	71,975	71,976
Less: Accumulated Depreciation	<u>(69,447)</u>	<u>(67,136)</u>
Net Property and Equipment	<u>2,529</u>	<u>4,840</u>
Security Deposit	<u>3,499</u>	<u>3,499</u>
Total Assets	<u>\$ 395,320</u>	<u>\$ 305,221</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 6,711	\$ 4,387
Custodial Funds	<u>64,305</u>	<u>1,045</u>
Total Liabilities	<u>71,016</u>	<u>5,432</u>
NET ASSETS		
Unrestricted	324,305	299,789
Temporarily Restricted	<u>-</u>	<u>-</u>
	<u>324,305</u>	<u>299,789</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 395,320</u>	<u>\$ 305,221</u>

The accompanying notes are an integral part of the financial statements

FRIENDS OF THE PARKS
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
Changes in Unrestricted Net Assets:		
Revenues:		
Foundation Grants	\$ 81,500	\$ 60,500
Corporate Contributions	-	9,500
Bequest	7,500	42,622
Major Individual Donors & Membership	69,073	65,571
Special Events, Net of Expenses		
\$297,473 (2007), \$206,097 (2006)	294,369	230,921
Other	<u>106,958</u>	<u>74,290</u>
Total Unrestricted Revenues and Gains	559,399	483,405
Net Assets Released From Restrictions		
Satisfaction of Program Restrictions	<u>212,850</u>	<u>319,640</u>
Total Unrestricted Revenues, Gains and Other Support	772,249	803,045
Expenses		
Program Services	663,123	651,252
Supporting Services	<u>84,611</u>	<u>46,001</u>
Total Expenses	<u>747,734</u>	<u>697,253</u>
Increase in Unrestricted Net Assets	24,516	105,792
Changes in Temporarily Restricted Net Assets:		
Friends of the Parks:		
Foundation Grants	161,000	226,750
Corporate Contributions	51,850	67,890
Net Assets Released From Restrictions	<u>(212,850)</u>	<u>(319,640)</u>
Increase (Decrease) in Temporarily Restricted Net Assets	<u>-</u>	<u>(25,000)</u>
Increase in Net Assets	24,516	80,792
Net Assets at Beginning of Year	<u>299,789</u>	<u>218,997</u>
Net Assets at End of Year	<u>\$ 324,305</u>	<u>\$ 299,789</u>

The accompanying notes are an integral part of the financial statements

FRIENDS OF THE PARKS
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
Cash from Operating Activities		
Excess of Revenue over Expenses	\$ 24,516	\$ 80,792
Adjustments to Reconcile Net Cash Provided (used) by Operating Activities		
Depreciation	2,310	1,830
Accounts Payable	2,324	(1,948)
Custodial Funds	<u>63,260</u>	<u>(8,955)</u>
Net Cash Provided (Used) by Operating Activities	<u>92,410</u>	<u>71,719</u>
Cash flows from Investing Activities		
Purchase of Fixed Assets	<u>-</u>	<u>(4,316)</u>
Net Cash Provided (Used) by Investing Activities		(4,316)
Net Increase (Decrease) in Cash and Cash Equivalents	92,410	67,403
Cash and Cash Equivalents, Beginning of year	<u>296,882</u>	<u>229,479</u>
Cash and Cash Equivalents, End of year	<u>\$ 389,292</u>	<u>\$ 296,882</u>

The accompanying notes are an integral part of the financial statements

FRIENDS OF THE PARKS
STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED SEPTEMBER 30, 2007
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2006

	PROGRAM SERVICES									TOTAL		
	Volunteers in Parks	Membership Education/ Tours/Lectures	Parks Ball	L.A.T.E. Ride	Advocacy in Parks	Public Trust Policy Program	Forest Preserve Initiative	Environmental Education Program	Total	Management and General	PROGRAM & SUPPORTING SERVICES	
											2007	2006
Salaries	\$ 61,489	\$ 70,949	\$ 28,380	\$ 33,110	\$ 61,489	\$ 52,029	\$ 56,759	\$ 56,759	\$ 420,965	\$ 52,029	\$ 472,994	\$ 422,754
Payroll Taxes	4,401	5,078	2,031	2,370	4,401	3,724	4,063	4,063	30,132	3,724	33,856	31,233
Benefits	2,540	2,931	1,172	1,368	2,540	2,150	2,345	2,345	17,392	2,150	19,541	24,543
Health Insurance	3,572	4,121	1,648	1,923	3,572	3,022	3,297	3,297	24,452	3,022	27,475	23,877
TOTAL	72,003	83,080	33,232	38,770	72,002	60,925	66,464	66,464	492,941	60,925	553,866	502,408
Professional Fees	94	109	44	51	94	80	87	87	645	80	725	1,183
Instructors / consultants	340	393	157	183	340	288	314	314	2,329	288	2,617	9,121
Special Projects	-	-	-	-	-	-	540	6,358	6,898	4,022	10,919	20,615
Telephone	820	946	379	442	820	694	757	757	5,615	694	6,309	6,147
Conferences	-	-	-	-	-	-	-	-	-	-	-	-
Due and Subscriptions	407	470	188	219	407	344	376	376	2,787	344	3,132	3,391
Printing and Publication	1,779	2,052	821	958	1,779	1,505	1,642	1,642	12,176	1,505	13,681	17,905
Postage	1,134	1,308	523	611	1,134	959	1,047	1,047	7,763	959	8,722	10,689
Insurance	626	723	289	337	626	530	578	578	4,288	530	4,818	5,632
Program Supplies	10,056	3,514	784	914	1,698	1,684	1,567	1,567	21,784	2,412	24,197	19,087
Newsletter	1,178	1,360	544	635	1,178	997	1,088	1,088	8,068	997	9,065	11,181
Travel	3,661	236	-	-	1,167	1,420	383	-	6,867	611	7,479	8,342
Occupancy	6,618	7,636	3,054	3,563	6,618	5,600	6,109	6,109	45,305	5,600	50,905	59,329
Repair & Maintenance	254	293	117	137	254	215	235	235	1,740	215	1,956	1,585
Bank Charges	247	285	114	133	247	209	228	228	1,692	209	1,901	1,912
Other Expenses	5,867	6,770	2,708	3,159	5,867	4,965	5,416	5,416	40,170	4,965	45,134	16,896
Depreciation	300	346	139	162	300	254	277	277	2,055	254	2,309	1,830
TOTAL EXPENSES	\$ 105,385	\$ 109,521	\$ 43,092	\$ 50,274	\$ 94,533	\$ 80,669	\$ 87,107	\$ 92,542	\$ 663,123	\$ 84,611	\$ 747,734	\$ 697,253

The accompanying notes are an integral part of the financial statements.

FRIENDS OF THE PARKS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2007 and 2006

1. Summary of Significant Accounting Policies:

The following summary describes the significant accounting policies followed by Friends of the Parks in the presentation of its financial statements:

Basis of Accounting

Friends of the Parks' ("FOTP") financial statements have been prepared on an accrual basis of accounting in accordance with Financial Accounting Standards Board Statement No. 117 "Financial Statements of Not-for-Profit Organizations" that established standards for external financial statements. It specifies that financial statements include a statement of net assets, a statement of activities, and a statement of cash flows. It also establishes standards of disclosure regarding the segregation of net assets among unrestricted, temporarily restricted and permanently restricted.

FOTP reports gifts of equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

FOTP has no temporarily or permanently restricted net assets as of September 30, 2007.

Cash Equivalents

Highly liquid investments with an original maturity of six months or less are classified as cash equivalents.

Property and Equipment

Property and equipment is stated at cost. Donated property and equipment is stated at fair market value at the date of donation. Depreciation is recorded on a straight-line basis over the estimated useful life of property and equipment, which is five years. Donated property and equipment is considered unrestricted net assets.

Contributions

Contributions have been reported in accordance with Financial Accounting Standards Board Statement No. 116 "Accounting for Contributions Received and Contributions Made". Statement No. 116 establishes standards of financial accounting and reporting for contributions received by not-for-profit organizations.

Donated Services

Donated services, for which an objective basis is available to measure the value of such services, are reported in the financial statements as contributions and expenses and are based upon the cost of such services as estimated by the FOTP's management.

FRIENDS OF THE PARKS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEARS ENDED SEPTEMBER 30, 2007 and 2006

Donated Services - continued

A substantial number of additional volunteers have donated significant amounts of time for program services and fund raising activities. These donated services have not been included in the accompanying financial statements since no objective basis is available to measure the value of such services.

Income Taxes

FOTP is exempt from federal income tax under Section 501 c (3) of the Internal Revenue Code.

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 Functional Expenses. Accordingly, certain costs have been allocated based on time and other measures, among the programs and supporting services benefited.

2. Description of Programs

As described in Management's Description of Programs included on pages i-iv, the organization conducts a variety of community, park advocacy and research programs through the services of, its paid staff and volunteers. Some of these programs are conducted in cooperation with community, governmental and other groups with common interests.

3. Concentration of Risks

FOTP maintains its operating cash in a bank and its temporary investments in a money market fund. The balance of the accounts as of September 30, 2007 and 2006, are categorized as follows:

	2007	2006
Amount insured by FDIC	\$ -	\$ -
Amount uninsured - Morgan Stanley	389,292	296,881
	\$ 389,292	\$ 296,881

4. Custodial Funds

Custodial funds are comprised of amounts held for special park purposes to fund the cost of projects Friends of the Parks and partner

Custodial Funds - continued

FRIENDS OF THE PARKS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2007 and 2006

park advisory councils or groups. At September 30, 2007 and 2006 amounts held were as follows:

	2007	2006
After School Matters	\$ 4,305	\$ -
Maplewood Park	10,000	-
Max Pastin Memorial	50,000	-
Playgrounds		530
Summer Earth Team		515
	\$ 64,305	\$ 1,045

After School Matters - Friends of the Parks hires teen apprentices to learn and participate in a hands-on environmental science, stewardship and conservation program at their community park, forest preserve or high school.

Maplewood Park - Friends of the Parks received funding from the Hispanic Housing Development Corporation in support of the Maplewood Park Advisory Council.

Max Pastin Memorial - Friends of the Parks received \$50,000 from the Bolwitz Ridgeway Foundation for a memorial to Max Pastin in Rogers Park.

5. Commitments

Office space and an office copier are leased under operating leases. The office space lease expires on January 31, 2009, and copier lease expires on December 2010. The total rent expense for the years ended September 30, 2007 and 2006 is \$50,905 and \$59,329, respectively.

Minimum future lease payments are as follows:

Fiscal year ended September 30:

2008	\$	56,798
2009		78,193
2010		80,433
2011		82,741
2012		85,109
Thereafter		478,321
Total	\$	861,595

6. Restricted Programs

FRIENDS OF THE PARKS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2007 and 2006

The following net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors during the years ended September 30, 2007 and 2006:

	2007	2006
Purpose restrictions accomplished:		
Volunteers in Parks	\$ 45,600	\$ 46,750
Citizens Advocacy in Parks	83,750	82,750
Public Trust Policy program	53,500	85,000
Forest Preserve Initiative	30,000	97,500
Other		7,640
Total	\$ 212,850	\$ 319,640

7. Retirement Plan

Friends of the Parks provides retirement benefits for eligible employees under a Simplified Employee Pension Plan. Employees are eligible after attaining age twenty-one and providing a minimum of one year of service. Under the plan, FOTP contributes three percent of each employees salary, and employees may make voluntary contributions. Expenses incurred in 2007 and 2006 for the retirement plan were \$12,783. and \$11,359, respectively.

8. Special Events

Gross receipts and related costs of special events consisted of the following:

Special Events - continued

FRIENDS OF THE PARKS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2007 and 2006

2007			
	Gross <u>Receipts</u>	Related <u>Costs</u>	Net <u>Income</u>
LATE Ride	\$ 309,715	\$ 167,009	\$ 142,706
Parks Ball	243,700	107,825	135,875
Special Events	<u>38,427</u>	<u>22,639</u>	<u>15,788</u>
	<u>\$ 591,842</u>	<u>\$ 297,473</u>	<u>\$ 294,369</u>

2006			
	Gross <u>Receipts</u>	Related <u>Costs</u>	Net <u>Income</u>
LATE Ride	\$ 269,654	\$ 131,936	\$ 137,718
Parks Ball	155,229	66,685	88,544
Special Events	<u>12,136</u>	<u>7,477</u>	<u>4,659</u>
	<u>\$ 437,018</u>	<u>\$ 206,097</u>	<u>\$ 230,921</u>