

ILLINOIS CONSERVATION FOUNDATION  
(A Component Unit of the State of Illinois)

FINANCIAL AUDIT AND COMPLIANCE EXAMINATION  
(In Accordance with the Single Audit Act and OMB Circular A-133)

For The Year Ended June 30, 2009

Performed as Special Assistant Auditors  
for the Auditor General, State of Illinois

Kyle E. McGinnis  
Certified Public Accountant  
200 East Pine  
Springfield, Illinois 62704

ILLINOIS CONSERVATION FOUNDATION  
(A Component Unit of the State of Illinois)

FINANCIAL AUDIT AND COMPLIANCE EXAMINATION

(In Accordance with the Single Audit Act and OMB Circular A-133)

For The Year Ended June 30, 2009

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and OMB Circular A-133)

For The Year Ended June 30, 2009

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**FOUNDATION OFFICIALS**

**ILLINOIS CONSERVATION FOUNDATION**

Board of Directors:

**Miller, Marc** – Appointment designated by statute - Chairman

**Ducey, Barbara** – Appointed by Senator Jones - Secretary

**Russell, Robert Dr.** – Appointed by Senator Philip - Treasurer

**Cullerton, Bill Jr.** – Appointed by Representative Madigan

**Keck, Fred** - Appointed by Senator Philip

**Kidd, John Jr.** - Appointed by Senator Jones

**Newton, Larry** - Appointed by Representative Cross

**Lyons, Arthur** - Appointed by Representative Daniels

**Presbrey, Kim** - Appointed by Governor Blagojevich

**Rodeen, Gerald** - Appointed by Governor Blagojevich

**Wren, Richard T. Jr.** - Appointed by Governor Blagojevich

**Combs, Doug** – Appointed by Representative Madigan

**Kern, Mark** – Appointed by Governor Blagojevich

Each director shall hold office until a successor has been appointed.

Committees were as follows:

Executive Committee

Miller, Marc – Chairman of the Board  
Ducey, Barbara  
Russell, Robert Dr.  
Wren, Richard T. Jr.

Development Committee

Miller, Marc – Chairman of the Board  
Combs, Doug  
Kidd, John Jr.  
Lyons, Arthur  
Rodeen, Gerald  
Planned Giving Sub-Committee

Finance & Endowment Committee

Russell, Robert Dr. – Chairman  
Lyons, Arthur

Special Events Committee

Presbrey, Kim – Chairman  
Combs, Doug  
Keck, Fred  
Kidd, John Jr.  
Cullerton, Bill Jr.  
Allen, Ron

Strategic Planning Committee

Miller, Marc – Chairman of the Board  
Ducey, Barbara  
Kidd, John Jr.  
Lyons, Arthur  
Newton, Larry  
Presbrey, Kim  
Rodeen, Gerald  
Russell, Robert

Liaisons to Natural Resources Advisory Board

Wren, Richard T. Jr.

Address:

The Foundation operates in office space maintained by the Illinois Department of Natural Resources as follows:

Operating Office

Illinois Conservation Foundation  
1 Natural Resources Way  
Springfield, IL 62702-1271

Foundation Executive Director (presently vacant):

Legan, Gregory (July 1, 2008 – June 11, 2009)

Chief Fiscal Officer:

Bandy, John

MANAGEMENT ASSERTION LETTER

Kyle E. McGinnis, CPA  
200 East Pine  
Springfield, Illinois 62704

December 15, 2009

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Foundation. We are responsible for and we have established and maintained an effective system of, internal controls over compliance requirements. We have performed an evaluation of the Agency's compliance with the following assertions during the one-year period ended June 30, 2009. Based on this evaluation, we assert that during the year ended June 30, 2009, the Foundation has materially complied with the assertions below.

- A. The Foundation has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Foundation has obligated, expended, received and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The Foundation has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the agency are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the agency on behalf of the State or held in trust by the agency have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours truly,

ILLINOIS CONSERVATION FOUNDATION

  
John Bandy, Chief Financial Officer

  
Marc Miller, Chairman of the Board

*For a brief moment in time, the earth is ours - not to waste or own, but to share with creatures, great and small.*

*The role of the Illinois Conservation Foundation and its partners is to preserve and enhance our precious natural resources by supporting and fostering ecological, educational, and recreational programs for the benefit of all people now and for generations to come.*

# COMPLIANCE REPORT

## SUMMARY

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

### ACCOUNTANTS' REPORT

The Independent Accountants' Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes does not contain scope limitations, disclaimers, or other significant non-standard language.

### SUMMARY OF FINDINGS

<u>Number of</u>	<u>This Report</u>	<u>Prior Report</u>
Findings	5	2
Repeated findings	2	1
Prior recommendations implemented or not repeated	0	1

Details of findings are presented in a separately tabbed report section.

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
No matters were reported.			
FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)			
No matters were reported.			
FINDINGS (STATE COMPLIANCE)			
09-1	17	Bank balances in excess of the FDIC insurance limit were not protected by collateral pledged by the bank	Significant Deficiency and Noncompliance
09-2	18	Noncompliance with Accountability for the Investment of Public Funds Act	Significant Deficiency and Noncompliance
09-3	20	Disbursement Processing weakness	Significant Deficiency and Noncompliance



SCHEDULE OF FINDINGS AND QUESTIONED COSTS CONTINUED

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE) CONTINUED			
09-4	21	Personnel policies not followed	Significant Deficiency and Noncompliance
09-5	22	Segregation of duties	Significant Deficiency and Noncompliance

PRIOR FINDINGS NOT REPEATED (STATE COMPLIANCE)

None

EXIT CONFERENCE

In a letter dated December 15, 2009 the officials of the Illinois Conservation Foundation determined that a formal exit conference would not be necessary. Responses to the recommendations were provided by John Bandy, Chief Fiscal Officer, in a correspondence dated November 24, 2009.

**KYLE E. McGINNIS**

Certified Public Accountant

MEMBER OF:

**AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
ILLINOIS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS**

**200 EAST PINE \* SPRINGFIELD, ILLINOIS 62704  
TELEPHONE: (217) 753-3377 FAX: (217) 753-8922**

INDEPENDENT ACCOUNTANTS' REPORT ON STATE COMPLIANCE,  
ON INTERNAL CONTROL OVER COMPLIANCE, AND ON  
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

Honorable William G. Holland  
Auditor General  
State of Illinois

Board of Directors  
Illinois Conservation Foundation  
Springfield, Illinois

**Compliance**

As Special Assistant Auditors for the Auditor General, we have examined the Illinois Conservation Foundation's (A Component Unit of the State of Illinois) (Foundation) compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the year ended June 30, 2009. The management of the Foundation is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Foundation's compliance based on our examination.

- A. The Foundation has obligated, expended, received, and used funds in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Foundation has obligated, expended, received, and used funds in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The Foundation has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. Revenues and receipts collected by the Foundation are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the Foundation or held in trust by the Foundation have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act; and accordingly, included examining, on a test basis, evidence about the Foundation's compliance with those requirements listed in the first paragraph of this report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Foundation's compliance with specified requirements.

In our opinion, the Foundation complied, in all material respects, with the requirements listed in the first paragraph of this report during the year ended June 30, 2009. However, the results of our procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings and questioned costs as findings 09-1 through 09-5.

### **Internal Control**

The management of the Foundation is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the Foundation's internal control over compliance with the requirements listed in the first paragraph of this report as a basis for designing our examination procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over compliance.

A deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with the requirements listed in the first paragraph of this report on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, we identified certain deficiencies in internal control over compliance described in finding 09-1 through 09-5 in the accompanying schedule of finding and questioned costs that we consider to be significant deficiencies in internal control over compliance. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

As required by the Audit Guide, immaterial findings excluded from this report have been reported in a separate letter to your office.

The Foundation's responses to the findings identified in our examination are described in the accompanying schedule of findings and questioned costs. We did not examine the Foundation's responses and, accordingly, we express no opinion on them.

### **Supplementary Information for State Compliance Purposes**

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Foundation as of and for the year ended June 30, 2009, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated December 15, 2009. The accompanying supplementary information, as listed in the table of contents as Supplementary Information for State Compliance Purposes, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Foundation. The 2009 Supplementary Information for State Compliance Purposes, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2009, taken as a whole.

We have also previously audited in accordance with auditing standards generally accepted in the United States, the Foundation's basic financial statements for the year ended June 30, 2008. In our report dated February 17, 2009, we expressed unqualified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. In our opinion the 2008 supplementary information for State Compliance Purposes, except for the portion marked "unaudited" is fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2008 taken as a whole.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, Foundation management, the Foundation's Board of Directors and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Kyle E. McGinnis, CPA  
Springfield, Illinois  
December 15, 2009

**KYLE E. MCGINNIS**

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT  
AUDITING STANDARDS***

Honorable William G. Holland  
Auditor General  
State of Illinois

Board of Directors  
Illinois Conservation Foundation  
Springfield, Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Illinois Conservation Foundation (A Component Unit of the State of Illinois) (Foundation) as of and for the year ended June 30, 2009, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated December 15, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Foundation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements and not for the purpose of expressing an opinion on the effectiveness of the Foundations internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain matters which we have reported to management of the Foundation in a separate letter dated December 15, 2009.

The Foundation's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Foundation's responses and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, Foundation Management, the Foundation's Board of Directors and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Kyle E. McGinnis, CPA  
Springfield, Illinois  
December 15, 2009

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable William G. Holland  
Auditor General  
State of Illinois

Board of Directors  
Illinois Conservation Foundation  
Springfield, Illinois

Compliance

We have audited the compliance of the Illinois Conservation Foundation (A Component Unit of the State of Illinois) (Foundation) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2009. The Foundation's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Foundation's management. Our responsibility is to express an opinion on the Foundation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Foundation's compliance with those requirements.

In our opinion, the Foundation complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the Foundation is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the

Foundation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when a design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

#### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Foundation as of and for the year ended June 30, 2009, and have issued our report thereon dated December 15, 2009. Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Foundation's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, Foundation Management, the Foundation's Board of Directors and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Kyle E. McGinnis, CPA  
Springfield, Illinois  
December 15, 2009



ILLINOIS CONSERVATION FOUNDATION  
(A Component Unit of the State of Illinois)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

SUMMARY OF AUDITORS' RESULTS

*Financial Statements*

Type of auditors' report issued: unqualified

Internal control over financial reporting:

- Material weaknesses identified?                     yes                     no
- Significant deficiencies identified  
that are not considered to be  
material weaknesses?                     yes                     none reported
- Noncompliance material to financial  
statements noted?                     yes                     no

*Federal Awards*

Internal control over major programs:

- Material weaknesses identified?                     yes                     no
- Significant deficiencies identified  
that are not considered to be  
material weaknesses?                     yes                     none reported

Type of auditors' report issued on compliance for major  
programs: unqualified

Any audit findings disclosed that are  
required to be reported in accordance  
with section 510(a) of Circular A-133?                     yes                     no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
15.608	Fish and Wildlife Enhancement
15.675	Cooperative Forestry Assistance

Dollar threshold used to distinguish between  
type A and type B programs:                    \$300,000

Auditee qualified as low-risk auditee?                     yes                     no

**ILLINOIS CONSERVATION FOUNDATION**  
**(A Component Unit of the State of Illinois)**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**CURRENT FINDINGS - STATE COMPLIANCE**

**09-1. Finding      Bank Balances In Excess Of The FDIC Insurance Limit Were Not Protected  
By Collateral Pledged By The Bank**

The Illinois Conservation Foundation (Foundation) did not take timely action during fiscal year 2009 to collateralize (protect) bank balances in excess of the FDIC insurance limit. During our testing of the bank accounts, we noted one account exceeded the insurance limit on 27 different days for as much as \$56,555.

Bank balances in excess of FDIC insurance limit should be protected by either requesting the bank pledge securities as collateral in a sufficient amount so as to cover the amounts in excess of the FDIC insurance limit or the amount in excess of the FDIC insurance limit should be transferred to another institution or insured account.

The State Officers and Employees Money Disposition Act (30 ILCS 230/2c) requires State agencies to obtain appropriate collateral whenever funds deposited exceed the federal deposit insurance limit. The Foundation is considered a component unit of the State of Illinois and should be following the State Officers and Employees Money Disposition Act. In addition, good business practices and internal controls dictate assets be protected from possible losses.

Foundation personnel indicated the situation arose due to a lack of sufficient supervision of the bank account balances.

Failure to ensure bank balances are properly protected subjects Foundation funds to a risk of loss in the event of failure of the bank in which the Foundation funds are deposited.  
(Finding Code No. 09-1, 08-1, 07-2).

**Recommendation**

We recommend the Foundation request the bank pledge securities as collateral in a sufficient amount so as to cover the amounts in excess of the FDIC insurance limit.

**Foundation Response**

The Foundation does not believe the frequency of occurrence and amounts represents a significant risk. The Foundation will continue to monitor the situation and if it continues to be a problem, agrees to request that the banks pledge securities as collateral in a sufficient amount so as to cover the amounts in excess of the FDIC insurance limit which has been increased to \$250,000.

**ILLINOIS CONSERVATION FOUNDATION**  
**(A Component Unit of the State of Illinois)**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**CURRENT FINDINGS - STATE COMPLIANCE**

**09-2 Finding Noncompliance With Accountability For The Investment Of Public Funds Act (Act)**

The Illinois Conservation Foundation (Foundation) did not present information on the Internet concerning their investment of public funds as required by the Act. The Foundation had the following investment balances that would be classified as public funds by the Act at June 30, 2009:

Debt Securities	\$ 942,373
Equity Securities	1,325,906
Mutual Funds	<u>157,731</u>
TOTAL	<u>\$2,426,010</u>

The Accountability for the Investment of Public Funds Act (30 ILCS 237) states that each State agency shall make available on the Internet, and update at least monthly by the 15th of the month, sufficient information concerning the investment of any public funds held by that State agency to identify the following:

- a. The amount of funds held by that agency on the last day of the proceeding month or the average daily balance for the preceding month;
- b. The total monthly investment income and the yield for all funds invested by the agency;
- c. The asset allocation of the investments made by the agency; and
- d. A complete listing of all approved depository institutions, commercial paper issuers, and broker-dealers approved to do business with the agency.

The Act defines State agency to mean those entities included in the definition of "State agencies" in the Illinois State Auditing Act. Per the Illinois State Auditing Act the definition of a State Agency includes, "corporate outgrowths of the State government which are created by or pursuant to statute." Per our interpretation of the Illinois State Auditing Act and how the Foundation was created, it is our determination the Foundation meets the definition of a State Agency as noted in the Illinois State Auditing Act. The Act goes on to define "public funds" as current operating funds, special funds, interest and sinking funds, and funds of any kind or character belonging to or in the custody of any State agency, which covers the Foundation's investments.

Foundation personnel stated they did not believe the Act applied to the Foundation.

Failure to post the required information concerning the investment of public funds results in the Foundation's noncompliance with a statutory requirement. In addition, failure to present the required information prevents the public from having access to how the Foundation has invested its funds. (Finding Code No. 09-2, 08-2)

**ILLINOIS CONSERVATION FOUNDATION**  
**(A Component Unit of the State of Illinois)**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**CURRENT FINDINGS - STATE COMPLIANCE**

**09-2 Finding Noncompliance With Accountability For The Investment Of Public Funds Act (Act) - Continued**

**Recommendation**

We recommend the Foundation comply with the requirements of the Act and ensure the information concerning the investment of public funds is updated monthly by the 15th of each month.

**Foundation Response**

The Foundation respectfully disagrees. The Foundation is already exempt from the Investment of Public Funds Act and will seek legislation to clarify exemption to the Accountability of the Investment of Public Funds Act.

**ILLINOIS CONSERVATION FOUNDATION**  
**(A Component Unit of the State of Illinois)**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**CURRENT FINDINGS - STATE COMPLIANCE**

**09-3. Finding Disbursement processing weakness**

The Illinois Conservation Foundation (Foundation) did not follow its procedures and policies regarding disbursement processing. During our testing of cash disbursements, we discovered the Foundation was not properly obtaining two signatures on all checks written for more than \$5,000.

In fiscal year 2009 the Foundation processed 37 disbursements each equal to or more than \$5,000. During our examination of these cancelled checks we found three checks (8%), totaling \$20,026, contained only one signature.

Foundation procedures adopted in October 1995 and updated March 11, 2005 require two signatures for checks of \$5,000 and over unless such payment is made from funds received from a specific grant agreement and the disbursement furthers the specific purpose of the grant.

Foundation personnel stated the exceptions were due to time constraints and the inability to get two signatures in a timely fashion.

Failure to obtain the two required signatures increases the risk that errors or irregularities could occur and not be detected by the Foundation's internal control process. (Finding Code No. 09-3)

**Recommendation**

We recommend the Foundation strengthen controls over disbursement processing by following its policies and procedures to ensure checks over \$5,000 are properly signed by two authorized signers.

**Foundation Response**

The Foundation agrees.

**ILLINOIS CONSERVATION FOUNDATION**  
**(A Component Unit of the State of Illinois)**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**CURRENT FINDINGS - STATE COMPLIANCE**

**09-4. FINDING      Personnel Policies Not Followed**

The Illinois Conservation Foundation (Foundation) has one employee, the Executive Director. In our testing of personnel related expenditures we noted the Foundation did not comply with its personnel policy which required the Executive Director to submit time sheets documenting the time spent each day on official state business to the nearest quarter hour.

The State Officials and Employees Ethics Act (Act) (5 ILCS 430/5-5(c)) requires the Foundation to adopt policies requiring State employees to periodically submit time sheets documenting the time spent each day on official State business to the nearest quarter hour. On October 19, 2006 the Foundation adopted a personnel policy to require the Executive Director to submit additional time sheets documenting time spent each day on official Foundation business to the nearest quarter hour.

Foundation personnel indicated they were not aware the Executive Director had discontinued the practice of preparing timesheets in accordance with the Act and its personnel policies.

Failure for the Executive Director to prepare timesheets is noncompliance with the Act and Foundation personnel policies. (Finding Code No. 09-4)

**Recommendation**

We recommend the Foundation ensure its employees prepare timesheets in compliance with the Act and Foundation personnel policies.

**Foundation Response**

The Foundation agrees.

**ILLINOIS CONSERVATION FOUNDATION**  
**(A Component Unit of the State of Illinois)**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**CURRENT FINDINGS - STATE COMPLIANCE**

**09-5. FINDING      Segregation of Duties**

The Illinois Conservation Foundation (Foundation) has one employee, the Executive Director, and two Contractual employees, the Chief Financial Officer and the Contract Federal Grant Director. Because of the small size of the Foundation staff all of the accounting functions are performed by one employee which creates a segregation of duties issue.

Good internal control would dictate financial responsibilities be divided among the accounting and administrative staff to provide a system of checks and balances. In addition, the Fiscal Control and Internal Auditing Act requires agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls, to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation.

Foundation personnel stated the small size of the staff makes proper segregation of duties difficult.

Failure to provide proper segregation of duties in an organization jeopardizes the internal control and puts the Foundation at risk. (Finding Code No. 09-5)

**Recommendation**

We recommend the Board of Directors remain involved in the financial affairs of the Foundation to provide oversight and independent review functions.

**Foundation Response**

The Foundation respectfully disagrees. The Foundation believes that compensating controls have been put in place to minimize risk.

**Auditor Comment**

The Foundation considers the external audit to be a control compensating for its lack of proper segregation of duties. We disagree. As independent, external post-auditors, it is not our function to manage the agency or assist management in the operation or review of agency functions.

**ILLINOIS CONSERVATION FOUNDATION**  
**(A Component Unit of the State of Illinois)**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**PRIOR FINDINGS NOT REPEATED - STATE COMPLIANCE**

None



## FINANCIAL STATEMENT REPORT

### SUMMARY

The audit of the accompanying basic financial statements of the Illinois Conservation Foundation (A Component Unit of the State of Illinois) (Foundation) was performed by Kyle E. McGinnis, CPA.

Based on their audit, the auditors expressed an unqualified opinion on the Foundation's basic financial statements.

**KYLE E. McGINNIS**

Certified Public Accountant

**MEMBER OF:**

**AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS**

**ILLINOIS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS**

**200 EAST PINE \* SPRINGFIELD, ILLINOIS 62704**

**TELEPHONE: (217) 753-3377 FAX: (217) 753-8922**

INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland  
Auditor General  
State of Illinois

Board of Directors  
Illinois Conservation Foundation  
Springfield, Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Illinois Conservation Foundation (A Component Unit of the State of Illinois) (Foundation) as of and for the year ended June 30, 2009, which collectively comprise the Foundation's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express opinions 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 audit provides a reasonable basis for our opinions.


In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Foundation as of June 30, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2009 on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 27 through 28 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Foundation has not presented budgetary comparison information that the accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

A handwritten signature in black ink, reading "Kyle E. McGinnis". The signature is written in a cursive style with a large initial "K" and "M".

Kyle E. McGinnis, CPA  
Springfield, Illinois  
December 15, 2009

**Illinois Conservation Foundation**  
**(A Component Unit of the State of Illinois)**  
**Management's Discussion and Analysis (MD&A)**

**Introduction**

The following Management's Discussion and Analysis (MD&A) provides an introduction and overview of the Illinois Conservation Foundation's (Foundation) financial activities for the fiscal year ended June 30, 2009. The Foundation is a not-for-profit corporation created to provide additional funding for the Illinois Department of Natural Resources' (IDNR) conservation programs that either are not receiving adequate funding or else cannot be implemented because State funding is not available. The specific purposes of the corporation are to solicit and generate private funding and donations that assist in enhancing and preserving Illinois' natural habitats, historic sites, river and stream corridors, state parks, forests and fish and wildlife areas. The Foundation also accepts grants for acquisition, construction and development of IDNR properties, and supports recreational programs of the IDNR.

The Foundation has agreed to become the federal assistance cooperater in an ongoing urban and community forestry program in the Chicago metropolitan region. The project, known as the "Chicago Wilderness Project Coalition", is designed to educate the public to preserve, restore and care for the biodiversity of this unique region. Implementation of this project is being accomplished through the use of project partners who are first approved by the Chicago Wilderness Steering Committee. Partners are area organizations, such as the Nature Conservancy and the Field Museum, who are best equipped to carry out this project. Grants and contracts are awarded by the Foundation to approved partners to accomplish specific parts of the project's overall goals.

**Financial Highlights**

The net assets of the Foundation totaled \$2,745,523 at fiscal year ended June 30, 2009, compared to \$3,882,833 at fiscal year ended June 30, 2008. The Foundation had total revenue of \$1,762,839 and expenditures of \$2,900,149 for the fiscal year ending June 30, 2009 for a decrease in net assets of \$1,137,310. The Foundation's Natural Resources Endowment Trust Fund was reported at \$1,229,288 as of June 30, 2009.

**Overview of the Financial Statements**

The Foundation's financial statements are prepared on an accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board and are comprised of the Statement of Net Assets, the Statement of Activities and notes to the financial statements.

The Statement of Net Assets presents information on the Foundation's assets and liabilities and the resulting net assets. This statement also reflects the Foundation's investments, at fair value, along with the restricted and unrestricted net assets.

## Overview of the Financial Statements Continued

### Condensed Comparative Summary of Net Assets as of June 30

	<u>2009</u>	<u>2008</u>	<u>2009/2008 Change</u>
Cash and Cash Equivalents	\$ 385,930	\$1,007,977	\$ (622,047)
Accounts Receivable	62,907	259,358	(196,451)
Accrued Investment Income	13,385	14,778	(1,393)
Inventory		3,825	(3,825)
Prepaid Expenses	7,005	7,726	(721)
Investments	<u>2,426,010</u>	<u>2,912,114</u>	<u>(486,104)</u>
Total Assets	<u>\$2,895,237</u>	<u>\$4,205,778</u>	<u>\$ (1,310,541)</u>
Liabilities	<u>149,714</u>	<u>322,945</u>	<u>(173,231)</u>
Total Net Assets	<u>\$2,745,523</u>	<u>\$3,882,833</u>	<u>\$ (1,137,310)</u>

The Statement of Activities presents information regarding changes during the fiscal year ended June 30, 2009. The statement reflects additions which include the sources of revenue. Also reflected in the statement are deductions which include program and operating expenses of the Foundation.

### Condensed Comparative Statement of Activities for the Year Ending June 30

	<u>2009</u>	<u>2008</u>	<u>2009/2008 Change</u>
Additions:			
Governmental Activities	\$ 2,218,756	\$1,680,363	\$ 538,393
General	<u>(455,917)</u>	<u>(87,491)</u>	<u>(368,426)</u>
Total	<u>\$ 1,762,839</u>	<u>\$1,592,872</u>	<u>\$ 169,967</u>
Deduction:			
Governmental Activities	\$ 2,900,149	\$2,437,527	\$ 462,622
Total	<u>\$ 2,900,149</u>	<u>\$2,437,527</u>	<u>\$ 462,622</u>
Change in net assets	<u>\$(1,137,310)</u>	<u>\$ (844,655)</u>	<u>\$ (292,655)</u>

Overall, there is a decrease in net assets as reflected on the Statement of Activities of \$1,137,310 at June 30, 2009, compared to a decrease of \$844,655 at June 30, 2008.

ILLINOIS CONSERVATION FOUNDATION  
(A Component Unit of the State of Illinois)  
STATEMENT OF NET ASSETS  
JUNE 30, 2009

	GOVERNMENTAL ACTIVITIES
ASSETS:	
Current Assets:	
Cash and cash equivalents	\$ 385,930
Accounts receivable	62,907
Accrued investment income	13,385
Prepaid expense	7,005
Total current assets	\$ 469,227
Noncurrent Assets:	
Investments	\$ 2,426,010
Total Assets	\$ 2,895,237
LIABILITIES:	
Current Liabilities:	
Accounts payable	\$ 136,071
Accrued expenses	1,143
Deferred revenue	12,500
Total Liabilities	\$ 149,714
NET ASSETS:	
Restricted for:	
Natural Resources and Recreation	\$ 1,608,761
Endowment-Nonexpendable	46,234
Unrestricted	1,090,528
Total Net Assets	\$ 2,745,523

The accompanying notes are an integral part of these statements.

ILLINOIS CONSERVATION FOUNDATION  
(A Component Unit of the State of Illinois)  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUE</u>			<u>NET (EXPENSE) REVENUE</u>
		<u>CHARGES FOR GOODS</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>	
<b>Environment and Business</b>					
<b>Regulation:</b>					
General Administrative	\$ 316,701	\$ -	\$ 274,825	\$ -	\$ 41,876
Natural Resources and Recreation	2,583,448	36,938	1,077,324	829,669	639,517
<b>Total Governmental Activities</b>	<u>\$ 2,900,149</u>	<u>\$ 36,938</u>	<u>\$ 1,352,149</u>	<u>\$ 829,669</u>	<u>\$ 681,393</u>
<b>General Revenue:</b>					
Unrestricted Realized Loss					(337,790)
Unrestricted Investment -Unrealized Loss					(217,205)
Unrestricted investment earnings					<u>99,078</u>
<b>Change in Net Assets</b>					<u>\$ (1,137,310)</u>
<b>Net assets-Beginning</b>					<u>3,882,833</u>
<b>Net assets-Ending</b>					<u>\$ 2,745,523</u>

The accompanying notes are an integral part of these statements.

ILLINOIS CONSERVATION FOUNDATION  
(A Component Unit of the State of Illinois)  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009

	SPECIAL REVENUE FUND	PERMANENT FUND	TOTAL
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 385,380	\$ 550	\$ 385,930
Accounts receivable	62,907	-	62,907
Accrued investment income	13,385	-	13,385
Investments	2,379,776	46,234	2,426,010
Total Assets	\$ 2,841,448	\$ 46,784	\$ 2,888,232
<b>LIABILITIES AND FUND BALANCES:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 136,071	\$ -	\$ 136,071
Accrued expenses	1,143		1,143
Deferred revenue	12,500		12,500
Total Liabilities	\$ 149,714	\$ -	\$ 149,714
<b>Fund Balances:</b>			
<b>Reserved for:</b>			
Natural Resources and Recreation	\$ 1,608,211	\$ -	\$ 1,608,211
Endowment-Nonexpendable	-	46,234	46,234
Education		550	550
Unreserved	1,083,523	-	1,083,523
Total Fund Balances	\$ 2,691,734	\$ 46,784	\$ 2,738,518
Total Liabilities and Fund Balances	\$ 2,841,448	\$ 46,784	\$ 2,888,232

The accompanying notes are an integral part of these statements.



ILLINOIS CONSERVATION FOUNDATION  
(A Component Unit of the State of Illinois)  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2009

Total fund balances - governmental funds	\$ 2,738,518
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Amounts reported for governmental activities in the statement of net assets are different because:

Prepaid assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	7,005
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Net assets of governmental activities	<u>\$ 2,745,523</u>
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The accompanying notes are an integral part of these statements.

ILLINOIS CONSERVATION FOUNDATION  
(A Component Unit of the State of Illinois)  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009

	SPECIAL REVENUE FUND	PERMANENT FUND	TOTAL
<b>Revenues</b>			
Donations-Restricted	\$ 1,349,382	\$ 5,394	\$ 1,354,776
Grants and Receipts from Governments	647,207	-	647,207
Investment Income-Restricted	-	3,523	3,523
Investment Income-Unrestricted	99,078	-	99,078
Investment Income-Unrestricted Unrealized Loss	(217,205)	-	(217,205)
Investment Income-Unrestricted Realized Loss	(337,790)	-	(337,790)
Investment Income-Restricted Unrealized Loss	-	(18,989)	(18,989)
Donations-Unrestricted	108,739	-	108,739
Merchandise Sales-Restricted	36,553	-	36,553
Publication Sales-Restricted	385	-	385
On-behalf payments	86,417	-	86,417
Miscellaneous Income	145	-	145
<b>Total Revenues</b>	<u>\$ 1,772,911</u>	<u>\$ (10,072)</u>	<u>\$ 1,762,839</u>
<b>Expenditures</b>			
Administrative	\$ 229,563	\$ -	\$ 229,563
Natural Resources and Recreation	2,574,021	9,427	2,583,448
On-behalf payments	86,417	-	86,417
<b>Total Expenditures</b>	<u>\$ 2,890,001</u>	<u>\$ 9,427</u>	<u>\$ 2,899,428</u>
<b>Net Change in Fund Balances</b>	\$ (1,117,090)	\$ (19,499)	\$ (1,136,589)
<b>Fund Balance-Beginning</b>	3,808,824	66,283	3,875,107
<b>Fund Balance-Ending</b>	<u>\$ 2,691,734</u>	<u>\$ 46,784</u>	<u>\$ 2,738,518</u>

The accompanying notes are an integral part of these statements.

ILLINOIS CONSERVATION FOUNDATION  
(A Component Unit of the State of Illinois)

RECONCILIATION OF THE CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009

Net change in fund balances - total governmental funds	\$ (1,136,589)
Amounts reported for governmental activities in the statement of activities are different because:	
Changes in Prepaid expense:	
Prepaid expense uses current financial resources and is recorded as an expense in the governmental funds.	<u>(721)</u>
Change in net assets of governmental activities	<u>\$ (1,137,310)</u>

The accompanying notes are an integral part of these statements.

ILLINOIS CONSERVATION FOUNDATION  
(A Component Unit of the State of Illinois)

NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Illinois Conservation Foundation (Foundation) was authorized to be created by Public Act 88-591 for the purpose of promoting, supporting, assisting, sustaining, and encouraging the charitable, educational, scientific, and recreational programs, projects, and policies of the Illinois Department of Natural Resources. The Foundation's activities are managed by a board of directors, whose members are appointed by the Governor of the State of Illinois and by the leadership of the Illinois General Assembly.

B. Financial Reporting Entity

The financial statements of the Foundation have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as prescribed by the Governmental Accounting Standards Board (GASB).

As defined by GAAP, the financial reporting entity consists of a primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as:

- 1) Appointment of a voting majority of the component unit's board and either (a) the primary government's ability to impose its will, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
- 2) Fiscal dependency on the primary government.

Based upon the required criteria, the Foundation has no component units. However, the Foundation is a component unit of the State of Illinois. Therefore, the financial statements of the Foundation are included in the financial statements of the State of Illinois. The State of Illinois' Comprehensive Annual Financial Report may be obtained by writing to the State Comptroller's Office, Division of Financial Reporting, 325 West Adams Street, Springfield, Illinois 62704-1871.

C. Basis of Presentation

The financial activities of the Foundation, which consist only of governmental activities, are reported as a component unit in the State of Illinois' Comprehensive Annual Report. For its reporting purposes, the Foundation has separate fund and government-wide financial statements and reconciles individual line items of fund financial data to government-wide data. A brief description of the Foundation's government-wide and fund financial statements is as follows:

ILLINOIS CONSERVATION FOUNDATION  
(A Component Unit of the State of Illinois)

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

**Government-wide Statements:** The government-wide statement of net assets and statement of activities report the overall financial activity of the Foundation. The financial activities of the Foundation consist only of governmental activities, which are primarily supported by donations and grants.

The statement of activities demonstrates the degree to which the direct expenses of a given function (i.e. general government) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

**Fund Financial Statements:** The fund financial statements provide information about the Foundation's funds. Separate statements for each fund category are presented. The emphasis on fund financial statements is on a major governmental fund, each displayed in a separate column.

The Foundation administers the following major governmental funds:

**Special Revenue** – This is the Foundation's primary operating fund. It accounts for all financial resources of the Foundation, except those required to be accounted for in another fund. The services which are administered by the Foundation and accounted for in the special revenue fund include, among others, promoting, supporting, assisting, sustaining and encouraging the charitable, educational, scientific and recreational programs, projects and policies of the Illinois Department of Natural Resources. Certain resources obtained from federal grants and used to support Foundation activities are accounted for in the Special Revenue Fund consistent with applicable legal requirements.

**Permanent** – This fund accounts for resources held to provide funds for schools and other youth organizations to engage in conservation projects that are both useful to the environment and educational to those involved.

D. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the Foundation gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. On an accrual basis, revenue from grants, entitlements, and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

ILLINOIS CONSERVATION FOUNDATION  
(A Component Unit of the State of Illinois)

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Foundation considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when the liability is incurred, as under accrual accounting.

Significant revenue sources which are susceptible to accrual include merchandise sales and investment income. All other revenue sources including grants and donations are considered to be measurable and available only when cash is received.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

E. Cash and Cash Equivalents

Cash and cash equivalents are defined as short-term highly liquid investment (including restricted assets) readily convertible to cash with an original maturity of three months or less. Cash and cash equivalents includes cash in banks and money market accounts held outside the State Treasury.

F. Inventories

Inventories, consisting of general fund raising merchandise items, are stated at cost and are recorded as expenditures when consumed rather than when purchased.

G. Investments

Investments are stated at fair value. The Foundation holds investments in marketable equity securities and debt securities.

H. Capital Assets

Purchased capital assets are not capitalized within the fund. Instead, capital asset purchases are reflected as program expenditures. All capital assets purchased are considered to be property of the State of Illinois, Department of Natural Resources.

I. Fund Balances

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are legally restricted by outside parties for use for specific purpose.

J. Net Assets

In the government-wide financial statements, equity is displayed in two components as follows:

ILLINOIS CONSERVATION FOUNDATION  
(A Component Unit of the State of Illinois)

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Restricted – This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the Foundation’s policy to use restricted resources first, then unrestricted resources when they are needed.

Unrestricted – This consists of net assets that do not meet the definition of “restricted.”

K. 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2: DEPOSITS AND INVESTMENTS

A. Deposits

Cash and Cash Equivalents consist of checking and money market accounts at June 30, 2009.

The Foundation cash and cash equivalents had a bank balance of \$408,465 and a carrying balance of \$385,930 at June 30, 2009. The cash and cash equivalents are either deposited in financial institutions in which the balance is covered by Federal Depository Insurance Coverage, or are invested in a federal obligation money market mutual fund, that is allowed to invest only in U.S. Government Securities.

B. Investments

The Foundation’s Investment Policy notes their objective is to preserve capital, invest only in high quality securities and earn reasonable returns. Approximately 25% of donor funds are required to be invested in order to be available on demand. No single issue shall constitute more than 5% of the total portfolio, with the exception of government obligations. The portfolios are to be constructed across different U.S. asset classes (stocks, bonds and cash).

ILLINOIS CONSERVATION FOUNDATION  
(A Component Unit of the State of Illinois)

NOTES TO THE BASIC FINANCIAL STATEMENTS

Investment Summary Schedule

As of June 30, 2009 the Foundation had the following investments and maturities.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More than 10</u>
U.S. Agency Obligations	\$ 25,573	\$ 15,718	\$ -	\$ 9,855	\$ -
Corporate Debt Securities	866,213	-	463,613	379,361	23,239
International Debt Securities	50,587	50,587	-	-	-
Total Debt Securities	<u>\$ 942,373</u>	<u>\$ 66,305</u>	<u>\$ 463,613</u>	<u>\$ 389,216</u>	<u>\$ 23,239</u>
Certificate of Deposit	70,027				
Corporate Equity Securities	953,740				
International Equity Securities	302,139				
Mutual Funds	157,731				
Money Market Funds	358,083				
Total Investments	<u>\$ 2,784,093</u>				

Interest Rate Risk

The Foundation does not have a formal investment policy that limits investment maturities as a means of managing the exposure to fair value losses arising from increasing interest rates. Interest rate risk can be managed using weighted average maturity (WAM). Weighted average maturity is calculated taking into consideration call dates, prepayment assumptions and other features that affect the actual maturity dates of the securities in the consolidated portfolios. On June 30, 2009 the Foundation's WAM was as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
U.S. Agency Obligations	\$ 25,573	2.67
Corporate Debt Securities	866,213	4.42
International Debt Securities	50,587	.46
Certificate of Deposit	70,027	6.02
Corporate Equity Securities	953,740	0.00
International Equity Securities	302,139	0.00
Mutual Funds	157,731	0.00
Money Market Funds	358,083	0.00
	<u>\$2,784,093</u>	<u>4.29</u>



ILLINOIS CONSERVATION FOUNDATION  
(A Component Unit of the State of Illinois)

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 2: DEPOSITS AND INVESTMENTS - continued

Concentration of Credit Risk and Credit Risk for Investments

The Foundation does not have a formal investment policy that limits investment choices. The Foundation investment policy sets forth no single issue shall constitute more than 5% of the total portfolio, with the exception of government obligations. The following table presents the quality ratings of debt securities held by the Foundation as of June 30, 2009.

<u>Investment Type</u>	<u>Moody's Quality Rating</u>	<u>Fair Value</u>
Corporate Obligations	A1	\$ 158,141
	A2	313,648
	A3	157,270
	AA2	23,239
	Aa2	97,900
	Aa3	76,455
	BAA2	32,185
	NR	<u>7,375</u>
Total Corporate Obligations		<u>\$ 866,213</u>
International Debt Securities	Aa1	\$ 50,587
Total International Debt Securities		<u>\$ 50,587</u>
Agency Obligations	AAA	\$ 25,573
Total Agency Obligations		<u>\$ 25,573</u>
Total Debt Securities		<u>\$ 942,373</u>

NOTE 3: RESERVED FUND BALANCE

Gifts and donations made to the Foundation that are subject to expenditure for a particular named project are considered to be restricted donations. That portion of the fund balance that is the result of restricted donations is reserved for Natural Resources and Recreation purposes.

On October 28, 1996, a private donation of 3,500 (5,504 shares adjusted for a 3 for 2 stock split in December, 2002 and reinvesting a special capital gain in fiscal year 2003) shares of Adams Express Stock was made to the Foundation for the purpose of establishing a permanent endowment. The value of the stock as of the date of donation was \$70,219. Earnings, in the form of dividends, from these securities are to be used to provide funds for schools and other youth organizations to engage in conservation projects which are both useful in the environment and educational to those involved. That portion of the fund balance that is the result of the endowment donation is reserved for Endowment-Nonexpendable. That portion of the fund balance that is the result of unspent earnings from endowment investments is reserved for Education.

ILLINOIS CONSERVATION FOUNDATION  
(A Component Unit of the State of Illinois)

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 4: INCOME TAXES

The Foundation is a non-profit corporation exempt from income taxes under Section 501(c)(3) of the United States Revenue Code. As such, donations made to the Foundation are deductible by the donor.

NOTE 5: RELATED PARTY TRANSACTIONS

The Assistant to the Executive Director was paid by the Illinois Department of Natural Resources (Department). The Department also provides office space, equipment and some administrative expenses for the Foundation, which are immaterial and are not reported in the financial statements.

The amount of financial assistance from the Department being included in the Foundation's financial statements for the year ended June 30, 2009 is as follows:

Salaries	\$ 63,287
Benefits	<u>23,130</u>
Total	<u>\$ 86,417</u>

The total of \$86,417 is included in the Statement of Activities as a General Administrative revenue and expense; it is included on the Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds as on-behalf revenues and expense.

NOTE 6: COMMITMENTS

The Foundation has agreed to become the federal assistance cooperater in an ongoing urban and community forestry program in the Chicago metropolitan region. The project, known as the "Chicago Wilderness Project Coalition", is designed to educate the public to preserve, restore and care for the biodiversity of this unique region. Implementation of this project is being accomplished through the use of project partners who are first approved by the Chicago Wilderness Steering Committee. Partners are area organizations, such as the Nature Conservancy and the Field Museum, who are best equipped to carry out this project. Grants and contracts are awarded by the Foundation to approved partners to accomplish specific parts of the project's overall goals.

Over the past eight years the Foundation has been awarded seven grants from the Forest Service of the U.S. Department of Agriculture and eight grants from the Fish and Wildlife Service of the U.S. Department of the Interior to partially fund this project. The amounts awarded on these grants total \$6,539,500. In fiscal year 2009 the Foundation paid a total of \$465,850 to Chicago Wilderness Members. Over the past eight years the Foundation has received \$5,893,413 for the Chicago Wilderness partners. The Foundation has negotiated a 5% - 10% indirect cost rate agreement with the federal funding agencies to cover administrative and other costs of the project. Four of the grants from the U.S. Department of Agriculture and three of the grants from the Department of Interior have been closed.

ILLINOIS CONSERVATION FOUNDATION  
(A Component Unit of the State of Illinois)

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 6: COMMITMENTS - continued

The most recent Department of Agriculture award extends through September 30, 2011 and the latest award from the Department of Interior extends through September 30, 2012.

NOTE 7: NATURAL RESOURCE AND RECREATION EXPENDITURE DETAIL

The Natural Resource and Recreation expenditures are detailed as follows:

Educational Services: Becoming an Outdoor Woman	\$ 23,878
Special Events: Celebrity Quail Hunt	37,459
Chronic Wasting Disease	4,215
DNR Diversity Employee Committee	149
Disabled Outdoor Opportunities Program	4,438
Dynegy Midwest Generation Settlement	100,736
ENTICE	43,845
Federal Grant Expenses	602,740
Education Series: Field Interpretation	742
Chicago Fishing Rodeo	1,302
Governor's Cup Sporting Clays Event	2,218
Friends of World Recreational Shooting Complex	3,272
Hall of Fame Dinner	43,507
John Husar Memorial	150,300
ICF Grants	18,117
Clinton Lake State Recreation Area	5,867
Educational Services: Kids for Conservation	3,098
Legislative Caucus	5,869
Law Enforcement	91,328
Merchandise	3,825
Memorials Other	397
Memorial – Todd Fink	500
NASP Youth	32,090
State Parks	20
Springfield Golf Outing	11,386
Rock Cut State Park	450
Safety Education Program	1,786
Sportsmen Against Hunger	14,255
Shabbona Lake	900
FOIDPhotographs	2,122
Educational Services: Under Illinois Skies	322
Schoolyard Habitat Grant	9,427
Forestry: Tree Planting	129,798
Weatherby Foundation Events	3,964
Whitetails book	7
Wingsshooting Clinic	24,351
Special Events: Youth Programs	47,034

ILLINOIS CONSERVATION FOUNDATION  
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NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 7: NATURAL RESOURCE AND RECREATION EXPENDITURE DETAIL -  
continued

Promotion of IDNR	6,435
Earth Day in the Parks	2,729
Environmental Restoration	4,872
Kankakee River State Park	623
Scholastic Clay Target Program	4,520
Earth Share of Illinois	3,525
World Shooting and Recreational Complex Shooting Events	6,125
WSRC Skeet House Sponsorship	10,265
Blackhawk Statute Restoration at Lowden State Park	7,766
Timberland Disabled Youth Hunt	650
Fish and Wildlife Conference	4,406
Fisheries Programs	2,934
SA Forbes State Park	8,200
Gary Watson Memorial Fundraiser	66
Hamilton County	55,055
Kickapoo State Park	77,884
Land Acquisition Fund	527,719
Mobile Science Unit – Education	35,000
Natural Heritage	1,622
Public Lands Work Group	5,182
Pere Marquette State Park	50
Shooting Sports Grants	1,000
Valmeyer Acquisition	378,837
WSRC Grant from DCEO	12,269
	<u>\$ 2,583,448</u>

NOTE 8: DEFERRED REVENUE

At June 30, 2009, the Foundation had deferred revenue of \$12,500.

NOTE 9: ACCOUNTS RECEIVABLE

At June 30, 2009, the Foundation had accounts receivable of \$62,907. This amount consists of \$23,583 in federal grants, \$36,920 from Macy's Turn Over a New Leaf Program and \$2,404 in miscellaneous receipts. The Foundation considers all the accounts receivable to be fully collectible.

NOTE 10: RISK MANAGEMENT

The Foundation had workers compensation, liability, automobile, and umbrella insurance coverage for the fiscal year, and there were no claims for the past three years.

Illinois Conservation Foundation  
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SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

Supplementary information for state compliance purposes presented in this section of the report includes the following:

Fiscal Schedules and Analysis:

- Schedule of Expenditures of Federal Awards
- Notes to Schedule of Expenditures of Federal Awards
- Comparative Schedule of Receipts, Disbursements and Fund Balance (Cash Basis)
- Analysis of Significant Variations in Expenditures
- Analysis of Significant Variations in Revenues
- Analysis of Significant Balance Sheet Accounts
- Analysis of Accounts Receivable and Accrued Investment Income
- Schedule of Indirect Cost Reimbursements

Analysis of Operations:

- Agency Functions and Planning Program
- Average Number of Employees and Foundation Members
- Comparative Schedule of Administrative Expenditures
- Service Efforts and Accomplishments (Unaudited)
- Schedule of Federal and Nonfederal Expenditures

The accountants' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states that it has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in the accountants' opinion, except for that portion marked "unaudited," on which they express no opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

ILLINOIS CONSERVATION FOUNDATION  
(A Component Unit of the State of Illinois)  
Schedule of Expenditures of  
Federal Awards  
For the Year Ended June 30, 2009

Federal Grantor/ Program	Federal CFDA Number	Other Identification Number	Award Period	Award Amount	Federal Expenditures	Sub-Grantee Awards
Major Programs:						
Direct Programs:	15.608	30181-4-G046	05/24/04-09/30/09	\$ 600,000	\$ 3,190	\$ 2,900
<u>U.S. Department of the Interior:</u>	15.608	30181-5-G040	07/11/05-09/30/10	400,000	16,743	15,945
Fish and Wildlife Enhancement	15.608	30181-6-G050	06/26/06-09/30/11	420,000	78,399	72,930
	15.608	30181-7-G051	08/01/07-09/30/12	390,000	250,626	238,692
	15.608	30181-7-G051 Mod 1	08/01/07-09/30/12	270,000	18,954	17,231
					<u>\$ 367,912</u>	<u>\$ 347,698</u>
<u>U.S. Department of Agriculture</u>	10.675	03-DG-11244225-207	08/25/03-09/30/08	350,000	12,798	11,634
Cooperative Forestry Assistance	10.675	04-DG-11244225-149	08/02/04-09/30/08	200,000	10,743	9,766
	10.675	05-DG-11244225-361	07/15/05-09/30/09	335,000	10,306	9,815
	10.675	06-DG-11244225-093	04/01/06-09/30/09	50,000	15,979	15,219
	10.675	07-DG-11420004-247	07/01/07-09/30/11	374,500	78,889	71,718
					<u>\$ 128,715</u>	<u>\$ 118,152</u>
Non-Major Programs:						
Direct Programs:	10.677	05-DG-11244225-217	07/21/05-09/30/09	167,305	\$ 25,251	\$ 22,955
Forest Land Enhancement Program	10.677	06-DG-11244225-157	05/17/06-09/30/09	74,065	-	-
					<u>\$ 25,251</u>	<u>\$ 22,955</u>
Fire Crew	10.xxx	06-PA-11091500-004	08/25/01-12/31/10	155,000	\$ 40,386	\$ 36,715
	10.664	08-DG-11420004-078	05/01/08-09/30/10	40,000	40,000	36,364
					<u>\$ 80,386</u>	<u>\$ 73,079</u>
EAB Forest Stewardship (WERC)	10.678	07/DG-11420004-226	07/11/07-09/30/09	100,000	\$ 44,943	\$ 40,857
Total Federal Awards and Expenditures				<u>\$ 3,925,870</u>	<u>\$ 647,207</u>	<u>\$ 602,741</u>

See accompanying notes to the schedule of expenditures of federal awards.

ILLINOIS CONSERVATION FOUNDATION  
(A Component Unit of the State of Illinois)  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2009

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1 - Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Illinois Conservation Foundation and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in presentation of, the basic financial statements.

Note 2 - Amounts Provided to Subrecipients:

The Foundation provided \$465,850 to various members of the Chicago Wilderness Coalition during the fiscal year ended June 30, 2009.

Note 3 - Determination of Type A Programs:

Program 15.608 has been determined to be a Type A program.

Note 4 - Administrative Costs:

Federal expenditures include \$44,466 of administrative costs.

ILLINOIS CONSERVATION FOUNDATION  
(A Component Unit of the State of Illinois)

Comparative Schedule of Receipts, Disbursements and Fund Balance (Cash Basis)  
For the Years Ended June 30, 2009 and 2008

	2009	2008
Cash and cash equivalents, beginning	\$ 1,007,977	\$ 1,690,029
Receipts:		
Donations	1,457,979	867,747
Grants and Receipts from Other Governments	861,745	607,042
Merchandise Sales	36,553	61,338
Publication Sales	335	1,823
Investment Income	103,993	149,686
Miscellaneous Receipts	145	27
Sale of Investments	1,558,813	1,849,242
Disbursements:		
General Administrative Programs	(230,381)	(251,950)
Purchase of investments	(2,764,536)	(2,021,897)
	(1,646,693)	(1,945,110)
Cash and cash equivalents, ending	\$ 385,930	\$ 1,007,977



ILLINOIS CONSERVATION FOUNDATION  
(A Component Unit of the State of Illinois)

Analysis of Significant Variations in Expenditures  
For the Years Ended June 30, 2009 and 2008

Program	2009	2008	Increase (Decrease)
(1) Land Acquisition	\$ 906,556	\$ -	\$ 906,556
(2) Dynegy Midwest Settlement	100,736	498,177	(397,441)
(3) Cache River Basin Study	-	52,000	(52,000)
(4) John Husar Memorial	150,300	5,900	144,400
(5) Hamilton County	55,055	-	55,055
(6) Friends of World Shooting and Recreational Complex	3,272	47,444	(44,172)
(7) World Shooting and Recreational Complex	6,125	145,830	(139,705)

(1) Land acquisition increased \$906,556 in fiscal year 2009 due to the Foundations contribution toward the purchase of 544.48 acres of land in fiscal year 2009.

(2) Dynegy Midwet Expenditures decreased \$397,441 in fiscal year 2009 due to the delayed completion of this project. The project is not expected to be completed until fiscal year 2010.

(3) Cache River Basin Study decreased \$52,000, this was a one-time grant paid in fiscal year 2008.

(4) The John Husar Memorial Fund was redirected at the request of the donors to assist in the purchase of land in Franklin County. This fund will be transferred to the Illinois Department of Natural Resources.

(5) Hamilton County expenditures increased \$55,055, this was a one-time grant paid out in fiscal year 2009.

(6) Friends of the World Shooting and Recreational Complex expenditures decreased \$44,172 because they reduced cooperative activities with the Foundation in fiscal year 2009.

(7) World Shooting and Recreational Complex Events decreased \$139,705 in fiscal year 2009 because the Friends of the World Shooting and Recreational Complex Foundation decreased the events that were sponsored by the Foundation.

ILLINOIS CONSERVATION FOUNDATION  
(A Component Unit of the State of Illinois)

Analysis of Significant Variations in Revenues  
For the Years Ended June 30, 2009 and 2008

Program	2009	2008	Increase (Decrease)
(1) Donations - Restricted	\$ 1,354,776	\$ 844,243	\$ 510,533
(2) Investment Income - Unrestricted	99,078	144,988	(45,910)
(3) Investment Income - Unrestricted Realized Gain (Loss)	(337,790)	20,503	(358,293)
(4) Donations - Unrestricted	108,739	45,174	63,565
(5) Merchandise Sales - Restricted	36,553	60,760	(24,207)

- (1) Donations - Restricted income increased \$510,533 in fiscal year 2009 due to an increase in receipts for land acquisition purposes of \$706,541 offset by a decline of \$183,199 in receipts for World Shooting and Recreational Complex.
- (2) Investment Income - Unrestricted decreased \$45,910 in fiscal year 2009 due to a decline in interest rates.
- (3) Investment Income - Unrestricted Realized Gain (Loss) decreased \$358,293 in fiscal year 2009 due to a decline overall in the financial market.
- (4) Donations - Unrestricted income reflects an increase of \$63,565 due to the Board reclassifying donation for the Point of Sale License System from restricted to not restricted.
- (5) Merchandise sales decreased \$24,207 due to the closing of the gift shop and discontinuing internet sales.

ILLINOIS CONSERVATION FOUNDATION  
(A Component Unit of the State of Illinois)

Analysis of Significant Balance Sheet Accounts  
For the Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>	<u>Increase (Decrease)</u>
(1) Cash and Cash Equivalents	\$ 385,930	\$ 1,007,977	\$ (622,047)
(2) Accounts Receivable	62,907	259,358	(196,451)
(3) Investments	2,426,010	2,912,114	(486,104)
(4) Accounts Payable	136,071	319,813	(183,742)
(5) Reserve for Natural Resources and Recreation	1,608,761	2,229,290	(620,529)

(1) Cash and Cash Equivalents decreased \$622,047 or 62% in fiscal year 2009 as the result of a reduction of cash on hand due to expenditures exceeding revenues for Dynegy, John Husar, land acquisition, law enforcement and tree planting.

(2) Accounts receivable decreased \$196,451 or 76% in fiscal year 2009, due to a decrease in federal sub-grantee expenditures incurred late in the fiscal year and not being reimbursed by June 30, 2008.

(3) The decrease of \$486,104 or 17% in investments is the result of losses from investments in a declining financial market.

(4) Accounts payable decreased \$183,742 or 57% in fiscal year 2009 due to a decrease in federal sub-grant billings received late in fiscal year 2008.

(5) Reserve for Natural Resources and Recreation declined \$620,529 or 28% in fiscal year 2009 as a result of expenditures exceeding revenues for Dynegy, John Husar Memorial, land acquisition, law enforcement and tree planting. Additionally, the Board changed the classification of donations received from the point-of-sale license system from reserved to unreserved.

ILLINOIS CONSERVATION FOUNDATION  
(A Component Unit of the State of Illinois)

Analysis of Accounts Receivable and Accrued Investment Income  
For the Years Ended June 30, 2009 and 2008

	2009	2008	Decrease
(1) Accounts Receivable	\$ 62,907	\$ 259,358	\$(196,451)
(2) Accrued Investment Income	13,385	14,778	(1,393)

(1) Accounts Receivable consists of a) amounts due from the Illinois Department of Natural Resources to the Illinois Conservation Foundation from events and activities held prior to June 30, 2009 and funds not remitted until after July 1, 2009 and b) amounts due from the Grantor Agency for federal expenditures incurred in fiscal year 2009 but not reimbursed until July, 2009 and c) amount due from Macy's Turn Over a New Leaf Program and d) amount due from Earth Share of Illinois.

a) Under 60 days old-	\$ 697
b) Under 60 days old-	23,583
c) Under 60 days old-	36,920
d) Under 60 days old-	1,707
	\$ 62,907

(2) Accrued investment income consists of interest earned on cash equivalents for the year ending June 30, 2009 but not remitted until July, 2009.

ILLINOIS CONSERVATION FOUNDATION  
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Schedule of Indirect Cost Reimbursements  
For the Years Ended June 30, 2009 and 2008

The indirect cost reimbursements are based on rates negotiated with the U.S. Department of Interior and the U.S. Department of Agriculture. These indirect cost reimbursements provide funding for allowable program costs that are incurred for a common purpose and are not assignable to specific cost objectives. Indirect cost reimbursements are deposited into the Foundations checking account. Following are reimbursements deposited during fiscal year 2009 and 2008:

Federal Programs/Grants	<u>2009</u>	<u>2008</u>
U.S. Department of Interior		
Fish and Wildlife Enhancement	\$ 20,214	\$ 22,349
U.S. Department of Agriculture		
Cooperative Forestry Assistance	10,563	9,235
Forest Land Enhancement Program	2,296	4,364
Habitat Guide Book		847
Fire Crew	7,307	7,832
EAB Forest Stewardship (WERC)	<u>4,086</u>	<u>3,378</u>
Total Indirect Cost Reimbursements	<u>\$ 44,466</u>	<u>\$ 48,005</u>

ILLINOIS CONSERVATION FOUNDATION  
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Agency Functions and Planning Program  
June 30, 2009

Agency Function

The Illinois Conservation Foundation (Foundation) was authorized to be created by the Illinois Department of Conservation (a predecessor agency of the Illinois Department of Natural Resources) by Public Act 88-591 on August 20, 1994. The role of the Foundation is to provide additional funding for the Illinois Department of Natural Resources' conservation programs that are either not receiving adequate State funding or cannot be implemented because State funding is not available (20 ILCS 880/10).

The Foundation's Board of Directors are appointed as follows:

- 1 appointment designated by Statute
- 2 by the President of the Illinois Senate
- 2 by the Minority Leader of the Illinois Senate
- 2 by the Speaker of the Illinois House of Representatives
- 2 by the Minority Leader of the Illinois House of Representatives
- 4 by the Governor

The Director of the Illinois Department of Natural Resources serves as the Chairman of the Board of Directors.

Planning Program

The Foundation has adopted a Mission Statement. Guidelines have been established as stated in the Illinois Conservation Foundation Act and the Foundation's Operating Procedures Manual.

MISSION STATEMENT

*For a brief moment in time, the earth is ours—not to waste or own—but to share with creatures, great and small.*

*The role of the Illinois Conservation Foundation and its partners is to preserve and enhance our natural resources by supporting and fostering ecological, educational, and recreational programs for the benefit of all people now and for generations to come.*

ILLINOIS CONSERVATION FOUNDATION  
(A Component Unit of the State of Illinois)

Agency Functions and Planning Program  
June 30, 2009

GUIDELINES

The Foundation is a not-for-profit corporation incorporated on March 7, 1995 under the laws of the State of Illinois. Its purposes are charitable and educational.

The Foundation is organized exclusively for charitable and educational purposes within the meaning of Section 501 (c) (3) of the Internal Revenue Code of 1954. As delineated by the Illinois Conservation Foundation Act (20 ILCS 880), the specific purposes of the Foundation are:

- a) to promote, support, assist, sustain and encourage the charitable, educational, scientific, and recreational programs, projects, and policies of the Illinois Department of Natural Resources;
- b) to solicit and accept aid or contributions consistent with the stated intent of the donor and the goals of the Foundation;
- c) to accept grants for the acquisition, construction, improvement, and development of potential Foundation projects; and
- d) to solicit and generate private funding and donations that assist in enhancing and preserving Illinois' natural habitats, historic sites, river and stream corridors, state parks, forests and fish and wildlife areas.

ILLINOIS CONSERVATION FOUNDATION  
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AVERAGE NUMBER OF EMPLOYEES AND FOUNDATION MEMBERS

The following table, prepared from Foundation records, presents the average number of Foundation employees and the average number of Foundation Members, for the fiscal year ended June 30,

Fiscal Year	Employees	Foundation Members
2007	1	12
2008	1	13
2009	1	13



ILLINOIS CONSERVATION FOUNDATION  
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Comparative Schedule of Administrative Expenditures  
For the Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>	Increase (Decrease)
Accounting	\$ 21,888	\$ 23,290	\$ (1,402)
Director's Salary	113,852	116,660	(2,808)
General Administrative	<u>93,823</u>	<u>114,566</u>	<u>(20,743)</u>
Total Administrative Expenditures	<u>\$ 229,563</u>	<u>\$ 254,516</u>	<u>\$ (24,953)</u>
 TOTAL EXPENDITURES	 <u>\$ 2,899,428</u>	 <u>\$ 2,437,609</u>	
 % of Administrative Expenditures to Total Expenditures	 <u>7.92%</u>	 <u>10.44%</u>	

ILLINOIS CONSERVATION FOUNDATION  
(A Component Unit of the State of Illinois)

Analysis of Operations  
Service Efforts and Accomplishments  
(Unaudited Disclosures by Agency Management)

- The Foundation administers the Chicago Wilderness Cooperative Forestry Assistance program and works with many natural resources organizations in the northeastern Illinois six county area. The program is funded by \$6,539,500 in grants from the U.S. Forest Service and the U.S. Fish and Wildlife Service.
- The Foundation administered distribution of \$100,736 for various Illinois Department of Natural Resources projects from Court ordered environmental decrees or settlements.
- The Foundation coordinated the fundraising for the various youth programs, scholarships, and special events.
- The Foundation provided \$129,798 to the Illinois Department of Natural Resources for tree nursery production.
- The Foundation funded 5 grants totaling \$18,750 of non-federal money to various entities for educational and environmental programs.
- The Foundation provided \$91,328 to the Illinois Department of Natural Resources for support of conservation law enforcement efforts.
- The Foundation provided \$906,556 for acquisition of land by the Illinois Department of Natural Resources.
- From the John Husar Memorial Funds the Foundation provided \$150,000 to the Franklin Creek Preservation Committee for land acquisition.

ILLINOIS CONSERVATION FOUNDATION  
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Schedule of Federal and Nonfederal Expenditures  
For the Years Ended June 30, 2009 and 2008

		2009	
		Amount	Percent
Federal		\$ 647,207	22.32%
Nonfederal		2,252,942	77.68%
Total		\$ 2,900,149	100.00%
		2008	
		Amount	Percent
Federal		\$ 663,943	27.24%
Nonfederal		1,773,584	72.76%
Total		\$ 2,437,527	100.00%