

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, 2008

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, 2008

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(A Component Unit of the State of Illinois)

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

For The Year Ended June 30, 2008

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FOUNDATION OFFICIALS

ILLINOIS CONSERVATION FOUNDATION

Board of Directors:

Flood, Sam – Appointment designated by statute - Chairman

Ducey, Barbara – Appointed by Senator Jones - Secretary

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

Swope, Larry – 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

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

Development Committee

Flood, Sam – 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
Swope, Larry

Special Events Committee

Presbrey, Kim – Chairman
Combs, Doug
Keck, Fred
Kidd, John Jr.
Swope, Larry
Allen, Ron

Strategic Planning Committee

Ducey, Barbara
Kidd, John Jr.
Lyons, Arthur
Newton, Larry
Presbrey, Kim
Rodeen, Gerald
Russell, Robert
Legan, Gregory

Liaisons to Natural Resources Advisory Board

Wren, Richard T. Jr.
Keck, Fred

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:

Legan, Gregory

Chief Fiscal Officer:

Bandy, John

MANAGEMENT ASSERTION LETTER

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

February 17, 2009

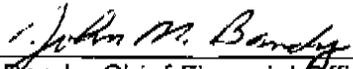
Ladies and Gentlemen:

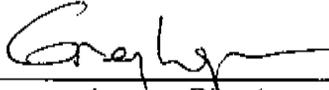
We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Foundation. We are responsible for and we have established and maintained an effective system of, internal controls 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, 2008. Based on this evaluation, we assert that during the year ended June 30, 2008, 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


Gregory Legan, Director

*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.*

One Natural Resources Way, Springfield, IL 62702 • Contact Greg Legan at 217.785.2003 • Fax 217.785.8405

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	2	2
Repeated findings	1	1
Prior recommendations implemented or not repeated	1	5

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 (STATE COMPLIANCE)			
08-1	16	Bank balances in excess of the FDIC insurance limit were not protected by collateral pledged by the bank.	Significant Deficiency
08-2	17	Noncompliance with Accountability for the Investment of Public Funds Act.	Significant Deficiency
PRIOR FINDINGS NOT REPEATED (STATE COMPLIANCE)			
A	19	Disbursement processing weakness	

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Foundation personnel at an exit conference on January 15, 2009. Attending were as follows:

- Gregory Legan, Foundation Executive Director;
- John Bandy, Foundation Chief Fiscal Officer,
- Jane Clark, Office of the Auditor General Audit Manager;
- Kyle E. McGinnis, Kyle E. McGinnis, CPA Principal; and
- Shelley A. Bussen, Kyle E. McGinnis, CPA Audit Manager

Responses to the recommendations were provided by John Bandy in a letter dated January 15, 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

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**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, 2008. 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 agency 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, 2008. 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 08-1 and 08-2.

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 in order to determine 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control 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 noncompliance with the requirements listed in the first paragraph of this report on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to comply with the requirements listed in the first paragraph of this report such that there is more than a remote likelihood that noncompliance with a requirement that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as findings 08-1 and 08-2 to be significant deficiencies.

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 requirement listed in the first paragraph of this report will not be prevented or detected by the entity's internal control. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

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

The Foundation's response 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 response and, accordingly, we express no opinion on it.

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, 2008, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated February 17, 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 2008 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, 2008, 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, 2007. In our report dated January 24, 2008, 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 2007 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, 2007 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
February 17, 2009

KYLE E. McGINNIS

Certified Public Accountant

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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, 2008, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated February 17, 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 opinions on the financial statements, but 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

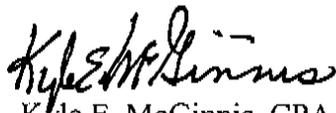
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting 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 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 February 17, 2009.

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
February 17, 2009

KYLE E. McGINNIS

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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, 2008. The Foundation's major federal program is 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 its major federal program 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 program for the year ended June 30, 2008.

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, 2008, and have issued our report thereon dated February 17, 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
February 17, 2009

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008

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 program:

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

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

**08-1. Finding Bank Balances In Excess Of The FDIC Insurance Limit Were Not Protected
By Collateral Pledged By The Bank**

During our testing of cash balances, we noted the Foundation did not take timely action during fiscal year 2008 to collateralize (protect) bank balances in excess of the FDIC insurance limit of \$100,000.

Bank balances in excess of FDIC insurance limit should be protected by either requesting that 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 \$100,000 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 management indicated the situation arose due to a lack of sufficient supervision of the bank account balances.

Our testing identified that at June 30, 2008 a total of \$7,643 in bank balances were in excess of the FDIC insurance limit. However, during the fiscal year this account exceeded the insurance limit on 51 different days for as much as \$60,588.

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. 08-1, 07-2).

Recommendation

We recommend the Foundation request that 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 represent 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 limits.

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

08-2 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, 2008:

Debt Securities	\$1,021,740
Equity Securities	1,740,692
Mutual Funds	<u>149,682</u>
TOTAL	<u>\$2,912,114</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 management 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. 08-2)

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

08-2 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 for the Investment of Public Funds Act.

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

A. Finding Disbursement processing weakness

During the prior period, 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.

During the current period, the Foundation strengthened their controls over disbursement processing and our sample testing indicated it is obtaining 2 signatures on checks over \$5,000. (Finding Code No. 07-1, 06-6)

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, 2008, 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.

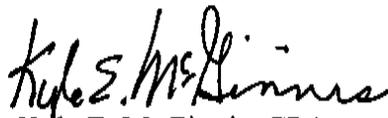
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Foundation as of June 30, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 12 to the financial statements, the Foundations investments declined after June 30, 2008. This decline was attributable to the investment markets experiencing significant volatility and a general decline in value over the months following the Foundations yearend.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 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 23 through 24 and the information on subsequent events found in the Notes to the Basic Financial Statements on page 40 are 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.



Kyle E. McGinnis, CPA
Springfield, Illinois
February 17, 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, 2008. 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 cooperator 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 \$3,882,833 at fiscal year ended June 30, 2008, compared to \$4,727,488 at fiscal year ended June 30, 2007. The Foundation had total revenue of \$1,592,872 and expenditures of \$2,437,527 for the fiscal year ending June 30, 2008 for a decrease in net assets of \$844,655. The Foundation's Natural Resources Endowment Trust Fund was reported at \$1,557,250 as of June 30, 2008.

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>2008</u>	<u>2007</u>	<u>2008/2007 Change</u>
Cash and Cash Equivalents	\$ 1,007,977	\$1,690,029	\$ (682,052)
Accounts Receivable	259,358	190,691	68,667
Accrued Investment Income	14,778	13,806	972
Inventory	3,825	7,409	(3,584)
Prepaid Expenses	7,726	7,644	82
Investments	<u>2,912,114</u>	<u>3,065,456</u>	<u>(153,342)</u>
Total Assets	\$4,205,778	\$4,975,035	\$ (769,257)
Liabilities	<u>322,945</u>	<u>247,547</u>	<u>75,398</u>
Total Net Assets	<u>\$3,882,833</u>	<u>\$4,727,488</u>	<u>\$ (844,655)</u>

The Statement of Activities presents information regarding changes during the fiscal year ended June 30, 2008. 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>2008</u>	<u>2007</u>	<u>2008/2007 Change</u>
Additions:			
Governmental Activities	\$ 1,680,363	\$3,164,253	\$(1,483,890)
General	<u>(87,491)</u>	<u>441,993</u>	<u>(529,484)</u>
Total	<u>\$ 1,592,872</u>	<u>\$3,606,246</u>	<u>\$(2,013,374)</u>
Deduction:			
Governmental Activities	<u>\$ 2,437,527</u>	<u>\$2,341,180</u>	<u>\$ 96,347</u>
Total	<u>\$ 2,437,527</u>	<u>\$2,341,180</u>	<u>\$ 96,347</u>
Change in net assets	<u>\$ (844,655)</u>	<u>\$1,265,066</u>	<u>\$(2,109,721)</u>

Overall, there is a decrease in net assets as reflected on the Statement of Activities of \$844,655 at June 30, 2008, compared to an increase of \$1,265,066 at June 30, 2007.

ILLINOIS CONSERVATION FOUNDATION
(A Component Unit of the State of Illinois)
STATEMENT OF NET ASSETS
JUNE 30, 2008

	GOVERNMENTAL ACTIVITIES
ASSETS:	
Current Assets:	
Cash and cash equivalents	\$ 1,007,977
Accounts receivable	259,358
Accrued investment income	14,778
Inventory	3,825
Prepaid expense	7,726
Total current assets	\$ 1,293,664
Noncurrent Assets:	
Investments	\$ 2,912,114
Total Assets	\$ 4,205,778
LIABILITIES:	
Current Liabilities:	
Accounts payable	\$ 319,813
Accrued expenses	3,132
Total Liabilities	\$ 322,945
NET ASSETS:	
Restricted for:	
Natural Resources and Recreation	\$ 2,229,290
Endowment-Nonexpendable	65,222
Unrestricted	1,588,321
Total Net Assets	\$ 3,882,833

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, 2008

<u>FUNCTIONS/PROGRAMS</u>	<u>PROGRAM REVENUE</u>			<u>NET</u>	
Environment and Business Regulation:	<u>EXPENSES</u>	<u>CHARGES FOR GOODS</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>	<u>(EXPENSE) REVENUE</u>
General Administrative	\$ 329,914	-	\$ 202,496	\$ -	\$ (127,418)
Natural Resources and Recreation	2,107,613	62,558	1,351,357	63,952	(629,746)
Total Governmental Activities	<u>\$ 2,437,527</u>	<u>\$ 62,558</u>	<u>\$ 1,553,853</u>	<u>\$ 63,952</u>	<u>\$ (757,164)</u>
General Revenue:					
Unrestricted Realized Gain					20,503
Unrestricted Investment -Unrealized Loss					(252,982)
Unrestricted investment earnings					144,988
Change in Net Assets					<u>\$ (844,655)</u>
Net assets-Beginning					<u>4,727,488</u>
Net assets-Ending					<u>\$ 3,882,833</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, 2008

	SPECIAL REVENUE FUND	PERMANENT FUND	TOTAL
ASSETS:			
Cash and cash equivalents	\$ 1,006,916	\$ 1,061	\$ 1,007,977
Accounts receivable	259,358	-	259,358
Accrued investment income	14,778	-	14,778
Investments	2,846,892	65,222	2,912,114
Inventory	3,825	-	3,825
Total Assets	\$ 4,131,769	\$ 66,283	\$ 4,198,052
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts payable	\$ 319,813	\$ -	\$ 319,813
Accrued expenses	3,132	-	3,132
Total Liabilities	\$ 322,945	\$ -	\$ 322,945
Fund Balances:			
Reserved for:			
Natural Resources and Recreation	\$ 2,228,229	\$ -	\$ 2,228,229
Endowment-Nonexpendable	-	65,222	65,222
Education	1,580,595	1,061	1,581,656
Unreserved	1,580,595	-	1,580,595
Total Fund Balances	\$ 3,808,824	\$ 66,283	\$ 3,875,107
Total Liabilities and Fund Balances	\$ 4,131,769	\$ 66,283	\$ 4,198,052

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, 2008

Total fund balances - governmental funds	\$ 3,875,107
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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.	7,726
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Net assets of governmental activities	<u>\$ 3,882,833</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, 2008

	SPECIAL REVENUE FUND	PERMANENT FUND	TOTAL
Revenues			
Donations-Restricted	\$ 844,243	\$ -	\$ 844,243
Grants and Receipts from Governments	663,943	-	663,943
Investment Income-Restricted	-	5,669	5,669
Investment Income-Unrestricted	144,988	-	144,988
Investment Income-Unrestricted Unrealized Loss	(252,982)	-	(252,982)
Investment Income-Unrestricted Realized Gain	20,503	-	20,503
Investment Income-Restricted Unrealized Loss	-	(16,732)	(16,732)
Donations-Unrestricted	45,174	-	45,174
Merchandise Sales-Restricted	60,760	-	60,760
Publication Sales-Restricted	1,798	-	1,798
On-behalf payments	75,480	-	75,480
Miscellaneous Income	28	-	28
Total Revenues	<u>\$ 1,603,935</u>	<u>\$ (11,063)</u>	<u>\$ 1,592,872</u>
Expenditures			
Administrative	\$ 254,516	\$ -	\$ 254,516
Natural Resources and Recreation	2,098,816	8,797	2,107,613
On-behalf payments	75,480	-	75,480
Total Expenditures	<u>\$ 2,428,812</u>	<u>\$ 8,797</u>	<u>\$ 2,437,609</u>
Net Change in Fund Balances	\$ (824,877)	\$ (19,860)	\$ (844,737)
Prior Period Adjustment	19,211	(19,211)	-
Fund Balance-Beginning	4,614,490	105,354	4,719,844
Fund Balance-Ending	<u>\$ 3,808,824</u>	<u>\$ 66,283</u>	<u>\$ 3,875,107</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, 2008

Net change in fund balances - total governmental funds	\$ (844,737)
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>82</u>
Change in net assets of governmental activities	<u>\$ (844,655)</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, 2008

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.

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

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:

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.

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

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.

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.

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

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:

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

Investment Summary Schedule

As of June 30, 2008 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	\$ 125,611	\$ 75,286	\$ 16,014	\$ 34,311	\$
Corporate Debt Securities	845,870	150,034	466,575	204,649	24,612
International Debt Securities	50,259	-	50,259		
Total Debt Securities	<u>\$ 1,021,740</u>	<u>\$ 225,320</u>	<u>\$ 532,848</u>	<u>\$ 238,960</u>	<u>\$ 24,612</u>
Certificate of Deposit	116,665				
Corporate Equity Securities	1,191,745				
International Equity Securities	432,282				
Mutual Funds	149,682				
Money Market Funds	872,443				
Total Investments	<u>\$ 3,784,557</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, 2008 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	\$ 125,611	2.80
Corporate Debt Securities	845,870	3.76
International Debt Securities	50,259	1.46
Certificate of Deposit	116,665	4.37
Corporate Equity Securities	1,191,745	0.00
International Equity Securities	432,282	0.00
Mutual Funds	149,682	0.00
Money Market Funds	872,443	0.00
	<u>\$ 3,784,557</u>	<u>3.62</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, 2008.

<u>Investment Type</u>	<u>Moody's Quality Rating</u>	<u>Fair Value</u>
Corporate Obligations	A1	\$ 295,874
	A2	73,520
	Aa1	74,885
	Aa2	149,575
	Aa3	174,822
	AA3	52,582
	AAA	<u>24,612</u>
Total Corporate Obligations		<u>\$ 845,870</u>
International Debt Securities	Aa1	<u>\$ 50,259</u>
Total International Debt Securities		<u>\$ 50,259</u>
Agency Obligations	Aaa	\$ 75,286
	AAA	<u>50,325</u>
Total Agency Obligations		<u>\$ 125,611</u>
Total Debt Securities		<u>\$1,021,740</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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 3: RESERVED FUND BALANCE CONTINUED

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.

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, 2008 is as follows:

Salaries	\$ 60,768
Benefits	<u>14,712</u>
Total	<u>\$ 75,480</u>

The total of \$75,480 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 6: COMMITMENTS

The Foundation has agreed to become the federal assistance cooperator 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 seven years the Foundation has been awarded six grants from the Forest Service of the U.S. Department of Agriculture and six 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 \$6,269,500. In fiscal year 2008 the Foundation paid a total of \$451,742 to Chicago Wilderness Members. Over the past seven years the Foundation has received \$5,396,786 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. Two of the grants from the U.S. Department of Agriculture and three of the grants from the Department of Interior have been closed.

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:

ADM Consent Decree	\$ 17,090
Creating Habitat: Home for Wildlife Book Sale	21
Educational Services: Becoming an Outdoor Woman	14,824
Clinton Lake Handicapped Shotgun Deer Hunt	90
Special Events: Celebrity Quail Hunt	43,720
Chronic Wasting Disease	10,109
DNR Diversity Employee Committee	46
Disabled Outdoor Opportunities Program	6,727
Dynegy Midwest Generation Settlement	498,177
ENTICE	59,965
Federal Grant Expenses	615,937
Education Series: Field Interpretation	455
Cache River Basin Study	52,000
Chicago Fishing Rodeo	2,232
Governor's Cup Sporting Clays Event	2,678
Friends of World Recrcational Shooting Complex	47,444
Hall of Fame Dinner	37,602

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 7: NATURAL RESOURCE AND RECREATION EXPENDITURE DETAIL -
continued

John Husar Memorial	5,900
ICF Grants	14,509
Clinton Lake State Recreation Area	17,755
Educational Services: Kids for Conservation	1,864
Legislative Caucus	7,307
Law Enforcement	104,896
Lake Michigan Fishing Tournament	7,525
Merchandise	3,584
Hitt's Siding Nature Preserve Wetland	19,259
Memorials Other	299
Innovation Illinois Scholarships	1,000
Memorial – Todd Fink	500
NASP Youth	29,089
National Hunting & Fishing Days	1,080
State Parks	15,747
Springfield Rail Golf Outing	10,153
Rock Cut State Park	980
Safety Education Program	6,232
Sportsmen Against Hunger	46,194
Shabbona Lake	1,400
FOID Photographs	1,597
Educational Services: Under Ill Skies	6,139
Schoolyard Habitat Grant	8,797
Forestry: Tree Planting	116,973
Weatherby Foundation Events	4,343
Whitetails book	11
Wingsshooting Clinic	23,225
Special Events: Youth Programs	67,515
Promotion of IDNR	4,027
Earth Day in the Parks	2,500
Environmental Restoration	6,255
Education Hardwood Forest Foundation	211
Kankakee River State Park	2,208
Scholastic Clay Target Program	8,915
Earth Share of Illinois	1,141
World Shooting and Recreational Complex Shooting Events	145,830
WSRC Skeet House Sponsorship	3,536
	<u>\$2,107,613</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 8: DEFERRED REVENUE

At June 30, 2008, the Foundation had deferred revenue of \$-0-.

NOTE 9: ACCOUNTS RECEIVABLE

At June 30, 2008, the Foundation had accounts receivable of \$259,358. This amount consists of \$238,120 in federal grants, \$4,967 in Affinity Credit Card royalties and \$16,271 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.

NOTE 11: PRIOR PERIOD ADJUSTMENT

During the current fiscal year the Foundation discovered certain disbursements that were erroneously deducted from the Special Revenue Fund instead of the Permanent Fund. The net affect of these disbursements was reported during fiscal year 2008 as a prior year adjustment of \$19,211.

NOTE 12: SUBSEQUENT EVENTS (UNAUDITED)

During 2008, investment markets experienced significant volatility and a general decline in values. As reported in the accompanying financial statements, the value of the Foundations' investment portfolio also declined.

Subsequent to June 30, 2008, and through October 31, 2008, the fair value of the Foundation's long-term investments declined in value from \$2,912,114 to \$2,307,957. Since the values of the Foundation's investments fluctuate with market conditions, the amount of investment gains or losses that will be recognized in future financial statements, if any, cannot be predicted.

Illinois Conservation Foundation
(A Component Unit of the State of Illinois)

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

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, 2008

Federal Grantor/ Program	Federal CFDA Number	Other Identification Number	Award Period	Award Amount	Federal Expenditures	Sub-Grantee Awards
Major Programs:						
Direct Programs:						
<u>U.S. Department of the Interior:</u>						
Fish and Wildlife Enhancement	15.608	30181-4-G046	05/24/04-09/30/09	\$ 600,000	\$ 36,429	\$ 33,093
	15.608	30181-5-G040	07/11/05-09/30/10	400,000	31,032	29,554
	15.608	30181-6-G050	06/26/06-09/30/11	420,000	191,221	177,880
	15.608	30181-7-G051	08/01/07-09/30/12	390,000	88,084	83,890
				<u>\$ 346,766</u>	<u>\$ 324,417</u>	
Non-Major Programs:						
Direct Programs:						
<u>U.S. Department of Agriculture</u>						
Cooperative Forestry Assistance	10.664	03-DG-11244225-181	01/01/03-12/31/07	700,000	\$ 3,068	\$ 2,639
	10.664	03-DG-11244225-207	08/25/03-09/30/08	350,000	-	-
	10.675	04-DG-11244225-119	08/02/04-09/30/08	200,000	26,044	23,676
	10.675	05-DG-11244225-361	07/15/05-09/30/09	335,000	51,751	49,287
	10.675	06-DG-11244225-093	04/01/06-09/30/09	50,000	25,099	23,904
	10.675	07-DG-11420004-247	07/01/07-09/30/11	374,500	30,575	27,796
				<u>\$ 136,537</u>	<u>\$ 127,302</u>	
Forest Land Enhancement Program	10.664	05-DG-11244225-217	07/21/05-09/30/09	167,305	\$ 42,509	\$ 38,645
	10.664	06-DG-11244225-157	05/17/06-09/30/09	74,065	5,500	5,000
				<u>\$ 48,009</u>	<u>\$ 43,645</u>	
Habitat Guidebook	10.xxx	01-CS-11090100-008	09/27/01-09/30/07	45,000	\$ 9,322	\$ 8,475
Fire Crew	10.664	06-DG-11244225-339	08/31/06-09/30/09	46,500	\$ 22,015	\$ 20,014
	10.664	06-PA-11091500-004	08/25/06-12/31/09	115,000	64,139	58,308
	10.664	08-DG-11420004-078	05/01/08-09/30/10	40,000	-	-
				<u>\$ 86,154</u>	<u>\$ 78,322</u>	
EAB Forest Stewardship (WERC)	10.678	07/DG-11420004-226	07/11/07-09/30/09	100,000	\$ 37,155	\$ 33,777
Total Federal Awards and Expenditures				<u>\$ 4,407,370</u>	<u>\$ 663,943</u>	<u>\$ 615,938</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, 2008

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 \$451,742 to various members of the Chicago Wilderness Coalition during the fiscal year ended June 30, 2008.

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 \$47,982 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, 2008 and 2007

	2008	2007
Cash and cash equivalents, beginning	\$ 1,690,029	\$ 767,500
Receipts:		
Donations	867,747	1,864,035
Grants and Receipts from Other Governments	607,042	1,043,945
Merchandise Sales	61,338	69,523
Publication Sales	1,823	3,244
Investment Income	149,686	127,916
Miscellaneous Receipts	27	-
Sale of Investments	1,849,242	1,958,936
Disbursements:		
General Administrative Programs	(251,950)	(159,046)
Purchase of investments	(2,021,897)	(1,992,555)
	(1,945,110)	(1,993,469)
Cash and cash equivalents, ending	\$ 1,007,977	\$ 1,690,029

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

Analysis of Significant Variations in Expenditures
For the Years Ended June 30, 2008 and 2007

Program	2008	2007	Increase (Decrease)
(1) Federal - Sub-grantee Awards	\$ 615,938	\$ 1,019,734	\$ (403,796)
(2) Land Acquisition	-	94,473	(94,473)
(3) Tree Planting	116,973	205,859	(88,886)
(4) Dyncgy Midwest Settlement	498,177	149,692	348,485
(5) Cache River Basin Study	52,000	-	52,000
(6) Friends of World Shooting and Recreational Complex	47,444	6,920	40,524
(7) General Administrative Expenses	254,516	163,631	90,885
(8) World Shooting and Recreational Complex	145,830	-	145,830

(1) The decrease of \$403,796 or 40% in federal-sub-grantee awards expenditures is directly related to the decreased activity from the Chicago Wilderness Project Coalition. A large portion of these grants are expiring and not being redistributed to the Foundation. The funds are being used for other environmental projects and awarded to different state agencies.

(2) Land acquisition decreased \$94,473 in fiscal year 2008 due to the Foundation not contributing toward any land purchases in fiscal year 2008. The Foundation provided funds to help the Lake County Forest Preserve District purchase 123 acres in fiscal year 2007.

(3) Tree planting expenditures decreased \$88,886 during fiscal year 2008 due to a decrease in demand for tree nursery production funding.

(4) Dyncgy Midwest Expenditures increased \$348,485 during fiscal year 2008 because the execution schedule provided for more work to be completed in fiscal year 2008 than in the prior year.

(5) Cache River Basin study expenditure for \$52,000 was a one-time grant paid out in fiscal year 2008.

(6) Friends of the World Shooting and Recreational Complex represents a full year of activity in fiscal year 2008 and only a few months in fiscal year 2007.

(7) General Administrative Expenses increase of \$90,885 is the result of the Executive Director position being vacant most of fiscal year 2007.

(8) World Shooting and Recreational Complex Events increase in fiscal year 2008 is because fiscal year 2008 is the first year events at the complex 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, 2008 and 2007

Program	2008	2007	Increase (Decrease)
(1) Donations - Restricted	\$ 844,243	\$ 1,865,470	\$ (1,021,227)
(2) Grants & Receipts from Governments	663,943	1,102,569	(438,626)
(3) Investment Income - Unrestricted Unrealized Gain (Loss)	(252,982)	140,608	(393,590)
(4) Investment Income - Unrestricted Realized Gain	20,503	177,407	(156,904)

(1) Donations - Restricted decreased \$1,021,227 in fiscal year 2008 primarily due to a settlement of an environmental lawsuit being received in fiscal year 2007 and not in fiscal year 2008.

(2) Grants & Receipts from Governments decreased \$438,626 in fiscal year 2008 due to a decline in activity of the Chicago Wilderness Project. In fiscal year 2008 there was less money available for distribution from the federal granting agencies, which meant there was less money for the Foundation to distribute.

(3) Investment Income - Unrestricted Unrealized Gain (Loss) decreased \$393,590 in fiscal year 2008 due to a decline overall in the financial market.

(4) Investment Income - Unrestricted Realized Gain decreased \$156,904 in fiscal year 2008 due to a decline overall in the financial market.

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

Analysis of Significant Balance Sheet Accounts
For the Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>	<u>Increase (Decrease)</u>
(1) Cash and Cash Equivalents	\$ 1,007,977	\$ 1,690,029	\$ (682,052)
(2) Accounts Receivable	259,358	190,691	68,667
(3) Investments	2,912,114	3,065,456	(153,342)
(4) Accounts Payable	319,813	233,655	86,158
(5) Reserve for Natural Resources and Recreation	2,229,290	2,842,304	(613,014)

(1) Cash and Cash Equivalents decreased \$682,052 or 40% in fiscal year 2008 as the result of a reduction of cash on hand from a settlement of an environmental lawsuit received in fiscal year 2007 and a transfer of \$75,000 to investments.

(2) Accounts receivable increased \$68,667 or 36% in fiscal year 2008, due to an increase in federal sub-grantee expenditures incurred late in the fiscal year and not being reimbursed by June 30 and a new event held late in the fiscal year at the World Shooting and Recreational Complex.

(3) The decrease of \$153,342 or 5% in investments is the result of losses from investments in a declining financial market.

(4) Accounts payable increased \$86,158 or 37% in fiscal year 2008 due to federal sub-grant billings received late in the fiscal year and new event held late in the fiscal year at the World Shooting and Recreational Complex.

(5) Reserve for Natural Resources and Recreation declined \$613,014 or 22% in fiscal year 2008 as a result of reduction of funds expended for the environmental lawsuit and expenditure exceeding revenues for Law Enforcement, tree planning, youth programs, and the Cache River Basin study.

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, 2008 and 2007

	2008	2007	Increase
(1) Accounts Receivable	\$ 259,358	\$ 190,691	\$ 68,667
(2) Accrued Investment Income	14,778	13,806	972

(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, 2008 and funds not remitted until after July 1, 2008 and b) amounts due from the Grantor Agency for federal expenditures incurred in fiscal year 2008 but not reimbursed until July, 2008 and c) amounts due from Affinity Credit Card Royalties.

a) Under 60 days old-	\$ 16,271
b) Under 60 days old-	238,120
c) Under 60 days old-	<u>4,967</u>
	<u>\$ 259,358</u>

(2) Accrued investment income consists of interest earned on cash equivalents for the year ending June 30, 2008 but not remitted until July, 2008.

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

Agency Functions and Planning Program
June 30, 2008

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, 2008

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
(A Component Unit of the State of Illinois)

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
2006	1	11
2007	1	12
2008	1	13

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

Comparative Schedule of Administrative Expenditures
For the Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>	<u>Increase (Decrease)</u>
Accounting	\$ 23,290	\$ 32,079	\$ (8,789)
Director's Salary (a)	116,660	14,075	102,585
General Administrative	<u>114,566</u>	<u>117,477</u>	<u>(2,911)</u>
Total Administrative Expenditures	<u>\$ 254,516</u>	<u>\$ 163,631</u>	<u>\$ 90,885</u>
 TOTAL EXPENDITURES	 <u>\$ 2,437,609</u>	 <u>\$ 2,341,247</u>	
 % of Administrative Expenditures to Total Expenditures	 <u>10.44%</u>	 <u>6.99%</u>	

(a) The Executive Director position was vacant during most of fiscal year 2007.

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 \$6,269,500 in grants from the U.S. Forest Service and the U.S. Fish and Wildlife Service.
- The Foundation administered distribution of \$515,267 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 \$116,973 to the Illinois Department of Natural Resources for tree nursery production.
- The Foundation funded 6 grants totaling \$29,000 of non-federal money to various entities for educational and environmental programs.
- The Foundation provided \$104,896 to the Illinois Department of Natural Resources for support of conservation law enforcement efforts.

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

Schedule of Federal and Nonfederal Expenditures
For the Years Ended June 30, 2008 and 2007

		2008	
		Amount	Percent
Federal		\$ 663,943	27.24%
Nonfederal		1,773,584	72.76%
Total		\$ 2,437,527	100.00%
		2007	
		Amount	Percent
Federal		\$ 1,102,545	47.09%
Nonfederal		1,238,635	52.91%
Total		\$ 2,341,180	100.00%