



STATE OF ILLINOIS  
**OFFICE OF THE  
AUDITOR GENERAL**

William G. Holland, Auditor General

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**SUMMARY REPORT DIGEST**

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**ILLINOIS CONSERVATION FOUNDATION**

**FINANCIAL AUDIT AND COMPLIANCE  
EXAMINATION**

**For the Year Ended: June 30, 2011**

**Release Date: February 9, 2012**

**Summary of Findings:**

<b>Total this audit:</b>	<b>4</b>
<b>Total last audit:</b>	<b>5</b>
<b>Repeated from last audit:</b>	<b>4</b>

**SYNOPSIS**

- The Illinois Conservation Foundation's (Foundation) year-end financial statements contained weaknesses and inaccuracies.
- The Foundation did not present information on the internet concerning their investment of public funds as required by the Accountability for the Investment of Public Funds Act.

{Expenditures and Activity Measures are summarized on the reverse page.}

**ILLINOIS CONSERVATION FOUNDATION**  
**FINANCIAL AUDIT AND COMPLIANCE EXAMINATION**  
**For The Year Ended June 30, 2011**

<b>STATEMENT OF ACTIVITIES (Governmental Activities)</b>	<b>FY 2011</b>	<b>FY 2010</b>
<b>Program Revenue:</b>		
Charges for Goods.....	\$ 47,342	\$ 48,243
Operating Grants and Contributions - General Administrative.....	426,511	307,983
Operating Grants and Contributions - Natural Resources & Recreation.....	5,629,737	1,542,929
Capital Grants and Contributions - Natural Resources & Recreation.....	77,487	11,519
Total Program Revenue.....	<u>\$ 6,181,077</u>	<u>\$ 1,910,674</u>
<b>Expenses:</b>		
General Administrative.....	\$ 503,300	\$ 254,642
Natural Resources and Recreation.....	1,546,989	1,710,377
Total Expenditures.....	<u>\$ 2,050,289</u>	<u>\$ 1,965,019</u>
Net (Expense) Revenue.....	\$ 4,130,788	\$ (54,345)
<b>General Revenue:</b>		
Unrestricted Realized Gain.....	\$ 9,999	\$ 63,491
Unrestricted Investment - Unrealized Gain.....	324,022	122,265
Unrestricted Investment Earnings.....	85,736	82,605
Change in Net Assets.....	<u>\$ 4,550,545</u>	<u>\$ 214,016</u>
Net Assets, Beginning of Year.....	2,959,539	2,745,523
Net Assets, End of Year.....	<u>\$ 7,510,084</u>	<u>\$ 2,959,539</u>
<b>STATEMENT OF NET ASSETS (Governmental Activities)</b>	<b>FY 2011</b>	<b>FY 2010</b>
<b>Assets:</b>		
Cash and Cash Equivalents.....	\$ 554,692	\$ 426,471
Accounts Receivable.....	11,687	21,227
Accrued Investment Income.....	11,418	12,474
Prepaid Expenses.....	4,884	6,980
Investments.....	2,552,437	2,529,600
Capital Assets, Net.....	4,397,224	-
Total Assets.....	<u>\$ 7,532,342</u>	<u>\$ 2,996,752</u>
<b>Liabilities:</b>		
Accounts Payable and Accrued Expenses.....	\$ 17,984	\$ 31,651
Accrued Expenses.....	4,274	5,562
Total Liabilities.....	<u>\$ 22,258</u>	<u>\$ 37,213</u>
<b>Net Assets:</b>		
Natural Resources and Recreation - Restricted.....	\$ 1,067,636	\$ 1,239,246
Endowment/Nonexpendable - Restricted.....	111,400	49,701
Unrestricted.....	1,933,824	1,670,592
Invested in Capital Assets, Net of Related Debt.....	4,397,224	-
Total Net Assets.....	<u>\$ 7,510,084</u>	<u>\$ 2,959,539</u>
<b>FOUNDATION CHIEF EXECUTIVES</b>		
During Audit Period: Mark Spangler	Chairman: Marc Miller	
Currently: Mark Spangler	Chairman: Marc Miller	

**FINDINGS, CONCLUSIONS, AND  
RECOMMENDATIONS**

**FINANCIAL STATEMENT PREPARATION**

The Illinois Conservation Foundations (Foundation) year-end financial statements contained weaknesses and inaccuracies.

**Financial statements contained inaccuracies**

Several errors were identified during the audit of the Foundation's draft financial statements. The Foundation's financial statements were adjusted for the following reporting errors:

**\$4.5 million of donated assets not included in financial statements**

- An audit adjustment identified by management totaling \$4.5 million was made by the auditors to record a donation of land, building and equipment. As a result, revenue and assets was increased \$4.5 million.
- The Foundation allocated the incorrect amount of on-behalf payments paid by the Illinois Department of Natural Resources on their behalf. The Department failed to include the salary and benefit information paid to the Director's assistant.
- The Foundation did not complete the comparative schedule of receipts, disbursements and fund balance (cash basis). (Finding 1, page 14)

We recommended the Foundation implement additional internal control procedures to ensure financial statements are prepared in an accurate manner.

**Management accepted recommendation.**

Foundation management accepted our recommendation.

**NONCOMPLIANCE WITH ACCOUNTABILITY FOR  
THE INVESTMENT OF PUBLIC FUNDS ACT (ACT)**

**Noncompliance with reporting requirement**

The Foundation did not present information on the internet concerning their investments of public funds as required by the Act. The Foundation had various investment balances (debt securities, equity securities, commodities, mutual funds, real estate) totaling \$2,552,436 that would be classified as public funds at June 30, 2011.

The Accountability for the Investment of Public Funds Act (30 ILCS 237) requires each State agency to make available on the internet, and update as least monthly by the 15 of the month, sufficient information concerning the

investment of any public funds held by the State Agency to identify the amount of funds held by the agency on the last day of the preceding month or the average daily balance for the preceding month, the total monthly investment income and the yield for all funds invested, the asset allocation of the investments, and a complete listing of all approved depository institutions, commercial paper issuers, and broker-dealers approved to do business with the agency. (Finding 2, pages 15-16) **This finding was first reported in 2008.**

**Foundation disagreed with our recommendation**

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

Foundation management respectfully disagreed with our recommendation and stated they will seek legislation to clarify its exemption from the Investment of Public Funds Act. (*For the previous Foundation response, see Digest Footnote #1.*)

**OTHER FINDINGS**

The remaining findings pertain to: 1) disbursement processing weaknesses and 2) segregation of duties. We will follow up on these findings during our next audit of the Foundation.

**AUDITORS' OPINION**

The auditors state the financial statements of the Illinois Conservation Foundation for the year ended June 30, 2011 are fairly stated in all material respects.



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WILLIAM G. HOLLAND  
.. Auditor General

WGH:JSC

**AUDITORS ASSIGNED**

Kyle E. McGinnis, CPA was our special assistant auditor.

**DIGEST FOOTNOTES**

**#1 – NONCOMPLIANCE WITH ACCOUNTABILITY FOR  
THE INVESTMENT OF PUBLIC FUNDS ACT (ACT) –  
Previous Foundation Response**

2010: The Foundation respectfully disagrees. The Foundation is already exempt from the Investment of Public Funds Act and will seek legislation to clarify exemption from the subject Act.