

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

FINANCIAL AUDIT AND COMPLIANCE EXAMINATION

For The Year Ended June 30, 2011

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

For The Year Ended June 30, 2011

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

FINANCIAL AUDIT AND COMPLIANCE EXAMINATION

For The Year Ended June 30, 2011

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FOUNDATION OFFICIALS

ILLINOIS CONSERVATION FOUNDATION

Board of Directors:

Miller, Marc – Appointment designated by statute - Chairman

Ducey, Barbara – Appointed by Senator Jones - Secretary

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

Cullerton, Bill Jr. – Appointed by Representative Madigan

Keck, Fred - Appointed by Senator Philip

Kidd, John Jr. - Appointed by Senator Jones

Newton, Larry - Appointed by Representative Cross

Lyons, Arthur - Appointed by Representative Daniels

Presbrey, Kim - Appointed by Governor Blagojevich

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

Combs, Doug – Appointed by Representative Madigan

Kern, Mark – Appointed by Governor Blagojevich

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

Committees were as follows:

Executive Committee

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

Development Committee

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

Finance & Endowment Committee

Russell, Robert Dr. – Chairman
Lyons, Arthur
Newton, Larry

Special Events Committee

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

Strategic Planning Committee

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

Liaisons to Natural Resources Advisory Board

Wren, Richard T. Jr.

Website Committee

Presbrey, Kim
Kidd, John Jr.

Conservation Scholarship Committee

Ducey, Barbara
Cullerton, Bill Jr.
Kidd, John Jr.
Newton, Larry

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:
Spangler, Mark

Chief Financial Officer:
Bandy, John



Illinois Conservation Foundation



MANAGEMENT ASSERTION LETTER

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

January 11, 2012

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 Foundation's compliance with the following assertions during the one year period ended June 30, 2011. Based on this evaluation, we assert that during the year ended June 30, 2011, 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 Foundation are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the Foundation on behalf of the State 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.

Yours truly,

ILLINOIS CONSERVATION FOUNDATION



 John Bandy, Chief Financial Officer



 Mark Spangler, Executive Director

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>Current Report</u>	<u>Prior Report</u>
Findings	4	5
Repeated findings	4	5
Prior recommendations implemented or not repeated	2	0

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
11-1	14	Financial statements preparation	Material Weakness and Noncompliance
FINDINGS (STATE COMPLIANCE)			
11-2	15	Noncompliance with Accountability for the Investment of Public Funds Act	Significant Deficiency and Noncompliance
11-3	17	Disbursement processing weakness	Significant Deficiency and Noncompliance
11-4	18	Segregation of duties	Significant Deficiency and Noncompliance

In addition, the following finding which is reported as current finding related to Government Auditing Standards also meets the reporting requirements for State Compliance.

11-1	14	Financial statements preparation	Material Weakness and Noncompliance
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SCHEDULE OF FINDINGS CONTINUED

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
PRIOR FINDINGS NOT REPEATED (STATE COMPLIANCE)		
A	19	Bank balances in excess of the FDIC insurance limit were not protected by collateral pledged by the bank
B	19	Personnel policies not followed

EXIT CONFERENCE

In correspondence dated December 21, 2011 the officials of the Illinois Conservation Foundation determined that a formal exit conference would not be necessary. Responses to the recommendations were provided by John Bandy, Chief Financial Officer, in a correspondence dated January 10, 2011.

KYLE E. McGINNIS

Certified Public Accountant

MEMBER OF:

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

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

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

Honorable William G. Holland
Auditor General
State of Illinois

Board of Directors
Illinois Conservation Foundation
Springfield, Illinois

Compliance

As Special Assistant Auditors for the Auditor General, we have examined the Illinois Conservation Foundation's (A Component Unit of the State of Illinois) (Foundation) compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the year ended June 30, 2011. 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 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 in of the State 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 Foundation are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the Foundation or held in trust by the Foundation have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

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

In our opinion, the Foundation complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the year ended June 30, 2011. 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 as findings 11-2 through 11-4.

Internal Control

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, we identified certain deficiencies in internal control over compliance that we considered to be significant deficiencies as described in the accompanying schedule of findings as items 11-2 through 11-4. A significant deficiency in an entity's internal control over compliance is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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, 2011, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated January 11, 2012. 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 2011 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, 2011, 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, 2010. In our report dated January 5, 2011 on basic financial statements, 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 2010 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, 2010 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 and the Foundation's Board of Directors and is not intended to be and should not be used by anyone other than these specified parties.



Kyle E. McGinnis, CPA
Springfield, Illinois

January 11, 2012

KYLE E. McGINNIS

Certified Public Accountant

MEMBER OF:

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INDEPENDENT AUDITORS' 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, 2011, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated January 11, 2012. 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

Management of the Foundation is responsible for establishing and maintaining effective 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 and not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in finding 11-1 in the accompanying schedule of findings to be a material weakness.

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*.

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

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 and the Foundation's Board of Directors and is not intended to be and should not be used by anyone other than these specified parties.



Kyle E. McGinnis, CPA
Springfield, Illinois

January 11, 2012

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

SCHEDULE OF FINDINGS
CURRENT FINDINGS – GOVERNMENT AUDITING STANDARDS

11-1. Finding (Financial statement preparation)

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

- 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 were 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).

The Fiscal Control and Internal Auditing (30 ILCS 10/3001) requires all State agencies to establish and maintain a system of internal fiscal and administrative controls, which shall provide assurance that revenues, expenditures, and transfers of assets resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial reports and to maintain accountability over the State's resources.

Foundation management stated the underlying causes for inaccurate financial reporting was attributed to the difficulty involved with accounting for the above transactions and statements.

Failure to implement appropriate internal controls and provide accurate financial information could lead to misstatements of the state-wide and the Foundation's financial statements.
(Finding Code No. 11-1)

Recommendation

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

Foundation Response

The Foundation agrees.

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

SCHEDULE OF FINDINGS
CURRENT FINDINGS - STATE COMPLIANCE

11-2. 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, 2011:

Debt Securities	\$ 728,010
Equity Securities	1,341,157
Commodities	47,249
Mutual Funds	427,666
Real Estate	<u>8,354</u>
TOTAL	<u>\$2,552,436</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 preceeding month or the average daily balance for the preceding month;
- b. The total monthly investment income and the yield for all funds invested by the agency;
- c. The asset allocation of the investments made by the agency; and
- d. A complete listing of all approved depository institutions, commercial paper issuers, and broker-dealers approved to do business with the agency.

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

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

Failure to post the required information concerning the investment of public funds results in the Foundation's noncompliance with a statutory requirement. In addition, failure to present the required information prevents the public from having access to how the Foundation has invested its funds. (Finding Code No. 11-2, 10-2, 09-2, 08-2)

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

SCHEDULE OF FINDINGS
CURRENT FINDINGS - STATE COMPLIANCE

- 11-2. **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 will seek legislation to clarify its exemption from the Investment of Public Funds Act.

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

SCHEDULE OF FINDINGS
CURRENT FINDINGS - STATE COMPLIANCE

11-3. Finding (Disbursement processing weakness)

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

The Foundation processed 32 disbursements each equal to or more than \$5,000. During our examination of these cancelled checks we found three checks (9%), totaling \$36,253, contained only one signature.

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

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

Failure to obtain the two required signatures increases the risk that errors or irregularities could occur and not be detected by the Foundation's internal control process.
(Finding Code No. 11-3, 10-3, 09-3)

Recommendation

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

Foundation Response

The Foundation agrees.

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

SCHEDULE OF FINDINGS
CURRENT FINDINGS - STATE COMPLIANCE

11-4. Finding (Segregation of duties)

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

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

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

Failure to provide proper segregation of duties in an organization jeopardizes the internal control and puts the Foundation at risk. (Finding Code No. 11-4, 10-5, 09-5)

Recommendation

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

Foundation Response

The Foundation agrees.

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

SCHEDULE OF FINDINGS
PRIOR FINDINGS NOT REPEATED - STATE COMPLIANCE

A. Finding (Bank balances in excess of The FDIC insurance limit were not protected by collateral pledged by the bank)

The Illinois Conservation Foundation (Foundation) did not take timely action during fiscal year 2010 to collateralize (protect) bank balances in excess of the FDIC insurance limit. During our testing of the bank accounts, we noted one account exceeded the insurance limit on 11 different days for as much as \$31,555.

During the current fiscal year all bank balances were below the FDIC insurance limit.
(Finding Code No. 10-1, 09-1, 08-1, 07-2).

B. Finding (Personnel policies not followed)

During the prior audit the foundation did not follow their personnel policies.

During the current audit we will not be repeating this finding.
(Finding Code No. 11-4, 10-4, 09-4)

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.

SUMMARY OF FINDINGS

The auditors identified matters involving the Agency's internal control over financial reporting that they considered to be material weaknesses and significant deficiencies. The material weakness is described in the accompanying Schedule listed in the table of contents as finding 11-1, (Financial statement preparation). The significant deficiencies are described in the accompanying Schedule of Findings listed in the table of contents as finding 11-2 (Noncompliance with Accountability for the Investment of Public Funds Act); finding 11-3 (Disbursement processing weakness) and finding 11-4 (Segregation of duties).

KYLE E. McGINNIS

Certified Public Accountant

MEMBER OF:

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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, 2011, 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, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2012 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 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Foundation has not presented budgetary comparison information that 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

January 11, 2012

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, 2011. 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 \$7,510,084 at fiscal year ended June 30, 2011, compared to \$2,959,539 at fiscal year ended June 30, 2010. The Foundation had total revenue of \$2,142,154 and expenditures of \$1,986,737 for the fiscal year ending June 30, 2011 for an increase in net assets of \$155,417. The Foundation's Natural Resources Endowment Trust Fund was reported at \$1,594,525 as of June 30, 2011.

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>2011</u>	<u>2010</u>	<u>2011/2010 Change</u>
Cash and Cash Equivalents	\$ 554,692	\$ 426,471	\$ 128,221
Accounts Receivable	11,687	21,227	(9,540)
Accrued Investment Income	11,418	12,474	(1,056)
Prepaid Expenses	4,884	6,980	(2,096)
Investments	2,552,437	2,529,600	22,837
Capital Assets	<u>4,397,224</u>		<u>4,397,224</u>
Total Assets	\$7,532,342	\$2,996,752	\$ 4,535,590
Liabilities	<u>22,258</u>	<u>37,213</u>	<u>14,955</u>
Total Net Assets	<u>\$7,510,084</u>	<u>\$2,959,539</u>	<u>\$ 4,550,545</u>

The Statement of Activities presents information regarding changes during the fiscal year ended June 30, 2011. 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>2011</u>	<u>2010</u>	<u>2011/2010 Change</u>
Additions:			
Governmental Activities	\$ 6,181,077	\$ 1,910,674	\$ 4,270,403
General	<u>419,757</u>	<u>268,361</u>	<u>151,396</u>
Total	<u>\$ 6,600,834</u>	<u>\$ 2,179,035</u>	<u>\$ 4,421,799</u>
Deduction:			
Governmental Activities	<u>\$ 2,050,289</u>	<u>\$ 1,965,019</u>	<u>\$ 85,270</u>
Total	<u>\$ 2,050,289</u>	<u>\$ 1,965,019</u>	<u>\$ 85,270</u>
Change in net assets	<u>\$ 4,550,545</u>	<u>\$ 214,016</u>	<u>\$ 4,336,529</u>

Overall, there is an increase in net assets as reflected on the Statement of Activities of \$4,550,545 at June 30, 2011, compared to an increase of \$214,016 at June 30, 2010.

ILLINOIS CONSERVATION FOUNDATION
(A Component Unit of the State of Illinois)
STATEMENT OF NET ASSETS
JUNE 30, 2011

	GOVERNMENTAL ACTIVITIES
ASSETS:	
Current Assets:	
Cash and cash equivalents	\$ 554,692
Accounts receivable	11,687
Accrued investment income	11,418
Prepaid expense	4,884
Total current assets	\$ 582,681
Noncurrent Assets:	
Investments	\$ 2,552,437
Capital assets, net	4,397,224
Total Assets	\$ 7,532,342
LIABILITIES:	
Current Liabilities:	
Accounts payable	\$ 17,984
Accrued expenses	4,274
Total Liabilities	\$ 22,258
NET ASSETS:	
Restricted for:	
Natural Resources and Recreation	\$ 1,067,636
Endowment-Nonexpendable	111,400
Unrestricted	1,933,824
Investment in Capital Assets, net of related debt	4,397,224
Total Net Assets	\$ 7,510,084

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, 2011

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUE</u>			<u>NET (EXPENSE) REVENUE</u>
		<u>CHARGES FOR GOODS</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>	
Environment and Business					
Regulation:					
General Administrative	\$ 503,300	\$ -	\$ 426,511	\$ -	\$ (76,789)
Natural Resources and Recreation	1,546,989	47,342	5,629,737	77,487	4,207,577
Total Governmental Activities	<u>\$ 2,050,289</u>	<u>\$ 47,342</u>	<u>\$ 6,056,248</u>	<u>\$ 77,487</u>	<u>\$ 4,130,788</u>
General Revenue:					
Unrestricted Realized Gain					9,999
Unrestricted Investment -Unrealized Gain					324,022
Unrestricted investment earnings					<u>85,736</u>
Change in Net Assets					\$ 4,550,545
Net assets-Beginning					<u>2,959,539</u>
Net assets-Ending					<u><u>\$ 7,510,084</u></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, 2011

	SPECIAL REVENUE FUND	PERMANENT FUND	TOTAL
ASSETS:			
Cash and cash equivalents	\$ 538,584	\$ 16,108	\$ 554,692
Accounts receivable	11,687	-	11,687
Accrued investment income	11,418	-	11,418
Investments	2,441,037	111,400	2,552,437
Total Assets	\$ 3,002,726	\$ 127,508	\$ 3,130,234
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts payable	\$ 17,984	\$ -	\$ 17,984
Accrued expenses	4,274	-	4,274
Total Liabilities	\$ 22,258	\$ -	\$ 22,258
Fund Balances:			
Reserved for:			
Natural Resources and Recreation	\$ 1,051,528	\$ -	\$ 1,051,528
Endowment-Nonexpendable	-	111,400	111,400
Education	-	16,108	16,108
Unreserved	1,928,940	-	1,928,940
Total Fund Balances	\$ 2,980,468	\$ 127,508	\$ 3,107,976
Total Liabilities and Fund Balances	\$ 3,002,726	\$ 127,508	\$ 3,130,234

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, 2011

Total fund balances - governmental funds	\$ 3,107,976
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.	4,884
Capital assets used in Governmental Activities are not financial resources and therefore, are not reported in the funds.	4,397,224
Net assets of governmental activities	<u>\$ 7,510,084</u>

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, 2011

	SPECIAL REVENUE FUND	PERMANENT FUND	TOTAL
Revenues			
Donations-Restricted	\$ 738,543	\$ 57,752	\$ 796,295
Grants and Receipts from Governments	488,259	-	488,259
Investment Income-Restricted	-	4,875	4,875
Investment Income-Unrestricted	85,736	-	85,736
Investment Income-Unrestricted Unrealized Gain	324,022	-	324,022
Investment Income-Unrestricted Realized Gain	9,999	-	9,999
Investment Income-Restricted Unrealized Gain	-	14,860	14,860
Donations-Unrestricted	153,890	-	153,890
Merchandise Sales-Restricted	47,317	-	47,317
Publication Sales-Restricted	25	-	25
On-behalf payments	216,876	-	216,876
Total Revenues	<u>\$ 2,064,667</u>	<u>\$ 77,487</u>	<u>\$ 2,142,154</u>
Expenditures			
Administrative	\$ 284,328	\$ -	\$ 284,328
Natural Resources and Recreation	1,485,251	282	1,485,533
On-behalf payments	216,876	-	216,876
Total Expenditures	<u>\$ 1,986,455</u>	<u>\$ 282</u>	<u>\$ 1,986,737</u>
Net Change in Fund Balances	\$ 78,212	\$ 77,205	\$ 155,417
Fund Balance-Beginning	<u>2,902,256</u>	<u>50,303</u>	<u>2,952,559</u>
Fund Balance-Ending	<u>\$ 2,980,468</u>	<u>\$ 127,508</u>	<u>\$ 3,107,976</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, 2011

Net change in fund balances - total governmental funds	\$	155,417
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.		(2,096)
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Fair market value of contributed assets		4,458,680
Depreciation expense		(59,062)
Capital assets purchases capitalized		13,386
Contributed assets expensed		(15,780)
		(15,780)
Change in net assets of governmental activities	\$	4,550,545

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, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

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

B. Financial Reporting Entity

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

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

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

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

C. Basis of Presentation

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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

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

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

The Foundation administers the following major governmental funds:

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

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

D. Measurement Focus and Basis of Accounting

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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

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

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

E. Cash and Cash Equivalents

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

F. Inventories

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

G. Investments

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

H. Capital Assets

Capital assets, which consist of land, building and equipment are reported at cost. Contributed assets are reported at estimated fair value at the time received. Capital assets are depreciated/amortized using the straight-line method.

The capitalization threshold for capital assets is \$5,000 and the estimated useful life is 3-40 years.

I. Fund Balances

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

J. Net Assets

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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

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

K. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2: DEPOSITS AND INVESTMENTS

A. Deposits

Cash and Cash Equivalents consist of checking and money market accounts at June 30, 2011.

The Foundation cash and cash equivalents had a bank balance of \$585,992 and a carrying balance of \$554,692 at June 30, 2011. The cash and cash equivalents are either deposited in financial institutions in which the balance is covered by Federal Depository Insurance Coverage, or are invested in a federal obligation money market mutual fund, that is allowed to invest only in U.S. Government Securities.

B. Investments

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

Investment Summary Schedule

As of June 30, 2011 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	\$ 10,188	\$ -	\$ 10,188	\$ -	\$ -
Corporate Debt Securities	717,822	126,378	363,954	203,299	24,191
Total Debt Securities	<u>\$ 728,010</u>	<u>\$ 126,378</u>	<u>\$ 374,142</u>	<u>\$ 203,299</u>	<u>\$ 24,191</u>
Certificate of Deposit	126,331				
Corporate Equity Securities	752,514				
International Equity Securities	462,312				
Mutual Funds	427,667				
Money Market Funds	492,240				
Commodities	47,249				
Real Estate	8,354				
Total Investments	<u>\$ 3,044,677</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, 2011 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	\$ 10,188	3.79
Corporate Debt Securities	717,822	3.58
Certificate of Deposit	126,331	5.89
Corporate Equity Securities	752,514	0.00
International Equity Securities	462,312	0.00
Mutual Funds	427,666	0.00
Money Market Funds	492,240	0.00
Commodities	47,249	0.00
Real Estate	8,354	0.00
	<u>\$3,044,676</u>	<u>3.93</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, 2011.

<u>Investment Type</u>	<u>Moody's Quality Rating</u>	<u>Fair Value</u>
Corporate Obligations	A1	\$ 49,499
	A2	325,490
	A3	77,339
	Aa2	134,349
	Aa3	-
	B1	24,942
	B2	-
	NR	<u>106,203</u>
Total Corporate Obligations		<u>\$ 717,822</u>
Agency Obligations	AAA	<u>\$ 10,188</u>
Total Agency Obligations		<u>\$ 10,188</u>
Total Debt Securities		<u>\$ 728,010</u>

NOTE 3: RESERVED FUND BALANCE

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

On October 28, 1996, a private donation of 3,500 (5,504 shares adjusted for a 3 for 2 stock split in December, 2002 and reinvesting a special capital gain in fiscal year 2003) shares of Adams Express Stock was made to the Foundation for the purpose of establishing a permanent endowment. The value of the stock as of the date of donation was \$70,219. A donation was made in November 2010 to purchase an additional 4,496 shares, to bring the total holdings of Adams Express Stock to 10,000 shares. Earnings, in the form of dividends, from these securities are to be used to provide funds for schools and other youth organizations to engage in conservation projects which are both useful in the environment and educational to those involved. That portion of the fund balance that is the result of the endowment donation is reserved for Endowment-Nonexpendable. That portion of the fund balance that is the result of unspent earnings from endowment investments is reserved for Education.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 4: INCOME TAXES

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

NOTE 5: RELATED PARTY TRANSACTIONS

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

The amount of financial assistance from the Department being included in the Foundation's financial statements for the year ended June 30, 2011 is as follows:

Salaries	\$ 144,543
Benefits	<u>72,333</u>
Total	<u>\$ 216,876</u>

The total of \$216,876 is included in the Statement of Activities as a General Administrative revenue and expense; it is included on the Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds as on-behalf revenues and expense.

NOTE 6: COMMITMENTS

The Foundation has agreed to become the federal assistance 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 ten years the Foundation has been awarded nine grants from the Forest Service of the U.S. Department of Agriculture and ten 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 \$7,319,500. In fiscal year 2011 the Foundation paid a total of \$358,080 to Chicago Wilderness Members. Over the past ten years the Foundation has received \$7,006,053 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. Six of the grants from the U.S. Department of Agriculture and nine of the grants from the Department of Interior have been closed.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 6: COMMITMENTS - continued

The most recent Department of Agriculture award extends through September 30, 2013 and the latest award from the Department of Interior extends through September 30, 2012.

NOTE 7: NATURAL RESOURCE AND RECREATION EXPENDITURE DETAIL

The Natural Resource and Recreation expenditures are detailed as follows:

Educational Services: Becoming an Outdoor Woman	\$ 20,071
Special Events: Celebrity Quail Hunt	42,043
Chronic Wasting Disease	7,582
DNR Diversity Employee Committee	253
Disabled Outdoor Opportunities Program	3,147
Dynegy Midwest Generation Settlement	98,114
ENTICE	62,137
Federal Grant Expenses	460,991
Education Series: Field Interpretation	217
Chicago Fishing Rodeo	1,278
Celebrity Whitetail Hunt	19,033
Memorial- Scott White	1,300
Hall of Fame Dinner	78,911
Creating habitat and Home for Wildlife-Book Sale	24,236
ICF Grants	13,631
Fisheries Program	1,000
Clinton Lake Handicapped Shotgun Deer Hunt	2,103
Legislative Caucus	11,510
Law Enforcement	13,048
Clinton Lake Youth Pheasant Hunt	449
Illinois and Michigan Trail Projects	3,600
Memorial – Todd Fink	500
NASP Youth	19,552
State Parks	265
Land Acquisition Fund	144,000
Rock Cut State Park	2,455
Safety Education Program	5,124
Sportsmen Against Hunger	39,839
Hennepin Canal	2,800
FOID Photographs	2,276
ICF/ DU Reception	4,049
Schoolyard Habitat Grant	282
Forestry: Tree Planting	49,808
Weatherby Foundation Events	6,750
Blackhawk Statue Restoration at Lowden State Park	2,832
Wingshooting Clinic	13,015
Special Events: Youth Programs	24,076

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

Toretenson Property	198,388
Wildlife Resources	1,866
Sportsman Raffle	37,721
Earth Day in the Parks	717
Environmental Restoration	1,749
Moraine View State Park	2,297
National Heritage	4,817
Youth Fishing	23,646
WSRC Skeet House Sponsorship	20,507
Scholarship Fund	10,000
2011 Shot Show	1,411
Springfield Fundraising Dinner	<u>137</u>
	<u>\$ 1,485,533</u>

NOTE 8: ACCOUNTS RECEIVABLE

At June 30, 2011, the Foundation had accounts receivable of \$11,687. This amount consists of \$10,038 in federal grants and \$1,649 in miscellaneous receipts. The Foundation considers all the accounts receivable to be fully collectible.

NOTE 9: 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 10: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 was as follows:

	Balance July 1, 2010	Additions	Deletions	Transfers	Balance June 30, 2011
Governmental activities:					
Land	\$ -	\$ 2,968,000	\$ -	\$ -	\$ 2,968,000
Capital assets being depreciated:					
Building		1,365,000			1,365,000
Equipment		123,286			123,286
Less: accumulated depreciation:					
Building		(38,729)			(38,729)
Equipment		(20,333)			(20,333)
Governmental activities:					
Capital Assets, Net	<u>\$</u>	<u>\$ 4,397,224</u>	<u>-</u>	<u>-</u>	<u>\$ 4,397,224</u>

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

Analysis of Operations:

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

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

ILLINOIS CONSERVATION FOUNDATION
(A Component Unit of the State of Illinois)
Schedule of Expenditures of
Federal Awards
For the Year Ended June 30, 2011

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	30181-6-G050	06/26/06-09/30/11	\$ 420,000	\$ 11,309	\$ 10,522
	15.608	30181-7-G058	08/01/07-09/30/12	390,000	5,923	5,641
	15.608	30181-7-G058 Mod 1	08/01/08-09/30/12	270,000	1,343	2,125
	15.608	30181-7-G058 Mod 2	07/01/09-09/30/12	240,000	127,735	120,505
	15.608	30181-7-G058 Mod 3, 4	07/01/10-09/30/12	290,000	95,542	90,134
					\$ 241,852	\$ 228,927
Non-Major Programs:						
<u>U.S. Department of Agriculture</u>						
Cooperative Forestry Assistance	10.675	07-DG-11420004-247	07/01/07-09/30/11	374,500	\$ 53,770	\$ 51,209
	10.675	07-DG-11420004-247	07/01/07-09/30/11	125,000	36,414	34,353
	10.675	10-DG-11420004-269	08/01/10-09/30/13	125,000	46,206	43,591
					\$ 136,390	\$ 129,153
Direct Programs:						
Forest Land Enhancement Program	10.677	06-DG-11244225-157	05/17/06-09/30/10	74,065	\$ 6,059	\$ 5,508
Fire Crew	10.664	09-DG-11420004-364	08/01/09-09/30/12	50,000	\$ 4,785	\$ 4,514
Midewin National Tallgrass Prairie	10.xxx	10-PA-11091500-002	07/01/10-09/30/11	96,024	\$ 48,398	\$ 45,658
Wood Education and Resource Center (WERC)	15.631	10-DG-11420004-107	06/01/10-05/31/11	65,000	\$ 43,044	\$ 39,500
Fish & Wildlife Service Rain Garden Grant	15.631	30181-9-J205	09/30/09-12/31/11	18,000	\$ 7,731	\$ 7,731
	15.631	30181-A-J303	09/30/10-12/31/12	10,000	-	-
Total Federal Awards and Expenditures				\$ 2,547,589	\$ 488,259	\$ 460,991

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, 2011

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 \$358,080 to various members of the Chicago Wilderness Coalition during the fiscal year ended June 30, 2011.

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 \$27,268 of administrative costs.

Note 5 - Non-Cash Assistance:

The Foundation did not receive any non-cash assistance during the year ended June 30, 2011.

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

Schedule of Changes in Property
For the Years Ended June 30, 2011 and 2010

	<u>Building and Improvements</u>	<u>Equipment</u>	<u>Land</u>	<u>Total</u>
Balance at June 30, 2010	\$ -	\$ -	\$ -	\$ -
Additions	1,365,000	123,286	2,968,000	4,456,286
Retirements and disposals	-	-	-	-
Balance at June 30, 2011	<u>\$ 1,365,000</u>	<u>\$ 123,286</u>	<u>\$ 2,968,000</u>	<u>\$ 4,456,286</u>

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, 2011 and 2010

	2011	2010
Cash and cash equivalents, beginning	\$ 426,471	\$ 385,930
Receipts:		
Donations	952,382	909,998
Grants and Receipts from Other Governments	497,609	897,444
Merchandise Sales	47,317	47,663
Publication Sales	25	630
Investment Income	91,667	85,993
Sale of Investments	1,846,218	1,744,896
Disbursements:		
General Administrative	(289,687)	(160,845)
Programs	(1,497,136)	(1,825,976)
Purchase of investments	(1,520,174)	(1,659,262)
Cash and cash equivalents, ending	\$ 554,692	\$ 426,471

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

Analysis of Significant Variations in Expenditures
For the Years Ended June 30, 2011 and 2010

Program	2011	2010	Increase (Decrease)	%
(1) Land Acquisition	144,000	-	144,000	100.0%
(2) Dynegy Midwest Settlement	98,114	169,782	(71,668)	-42.2%
(3) Midwest Fish & Wildlife Conference	-	110,050	(110,050)	-100.0%
(4) Torstenson Property	198,388	-	198,388	100.0%
(5) Sportsman Against Hunger	39,839	10,039	29,800	296.8%
(6) Forestry-Tree Planting	49,808	150,034	(100,226)	-66.8%
(7) Celebrity Whitetail Hunt	19,033	-	19,033	100.0%
(8) Sportsman Raffle	37,721	14,413	23,308	161.7%
(9) Youth Fishing	23,646	719	22,927	3188.7%
(10) Creating Habitat & Home for Wildlife	24,236	10	24,226	2422.6%
(11) General Administrative Expenses	284,328	163,943	120,385	73.4%
(12) Macy's Promotion	-	38,592	(38,592)	-100.0%
(13) Federal Funds	460,991	827,826	(366,835)	-44.3%

(1) Land acquisition increased \$144,000 or 100% in fiscal year 2011. The Foundation contributed toward a major land acquisitions in fiscal year 2011 and there weren't any land purchases in fiscal year 2010.

(2) Dynegy Midwest Expenditures decreased \$71,668 or 42.2% during fiscal year 2011. This project was winding down and fewer funds were available for expenditure.

(3) Midwest Fish and Wildlife conference expenditures decreased \$110,050 or 100%. This conference was held in Illinois in fiscal year 2010 and not in fiscal year 2011.

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

Analysis of Significant Variations in Expenditures
For the Years Ended June 30, 2011 and 2010

- (4) Torstenson property expenditures increased \$198,388 or 100% in fiscal year 2011. This was a new project in fiscal year 2011.
- (5) Sportsman Against Hunger expenditures increased \$29,800 or 296.8% in fiscal year 2011. This increase was due to an increase in activity in this project. There was an increase demand for payments to vendors for deer processing, venison is distributed to food pantries throughout the state.
- (6) Forestry Tree Planting expenditures decreased \$100,226 or 66.8% in fiscal year 2011. This decrease was caused by a reduction in resources for the forestry program. The Foundation received a donation, in a prior fiscal year, to place trees. They are nearing the end of this programs resources and are slowly drawing down the funds each year.
- (7) The Celebrity Whitetail Hunt expenditures increased \$19,033 or 100% in fiscal year 2011. This was a new project in fiscal year 2011.
- (8) New Sportsmen Raffle expenditures increased \$23,308 or 161.7% in fiscal year 2011. This event took place late in fiscal year 2010 and the prize money was not disbursed until fiscal year 2011.
- (9) Youth Fishing expenditures increased \$22,927 or 3188.7% in fiscal year 2011. This was a new project in fiscal year 2011.
- (10) Creating Habitat & Home for Wildlife increased \$24,226 or 2422.6% in fiscal year 2011. This was a new project in fiscal year 2011.
- (11) General Administrative Expenses increased \$120,385 or 73.4% in fiscal year 2011. This increase was caused by the Executive Director position being vacant most of fiscal year 2010.
- (12) Macy's Promotion expenditures decreased \$38,592 or 100% in fiscal year 2011. This was a one time promotion and all the proceeds were paid out in fiscal year 2010.
- (13) Federal Funds expenditures decreased \$366,835 or 44.3% in fiscal year 2011. This decrease was the direct result of a reduction in funding of the Chicago Wilderness project during fiscal year 2011. In addition to this project there appears to be less availability of grant proceeds over all. The grants that the Foundation routinely participate in are getting smaller and some are no longer available.

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

Analysis of Significant Variations in Revenues
For the Years Ended June 30, 2011 and 2010

Program	2011	2010	Increase (Decrease)	%
(1) Grants and Receipts from Government	488,259	893,248	(404,989)	-45.3%
(2) Investments Income - Restricted Unrealized Gain (Loss)	14,860	3,468	11,392	328.5%
(3) Investment Income - Unrestricted Unrealized Gain (Loss)	324,022	122,265	201,757	-165.0%
(4) Investment Income - Unrestricted Realized Gain (Loss)	9,999	63,491	(53,492)	-84.3%
(5) Investment Income - Restricted	4,875	2,477	2,398	-96.8%
(6) Donations - Unrestricted	153,890	120,825	33,065	27.4%
(7) On-behalf Payments	216,876	90,674	126,202	139.2%

- (1) Grants and Receipts from Governments decreased \$404,989 or 45.3% in fiscal year 2011. This decrease was caused by a decrease in the activity of the project. There is a decrease in the availability of grant funds, and some projects are no longer available. Furthermore, it is not cost effective for the Foundation to participate in these projects and have not renewed some of the grant programs.
- (2) Investment Income - Restricted Unrealized Gain (Loss) increased \$11,392 or 328.5% in fiscal year 2011. This increase was due to the improvement in the overall financial market.
- (3) Investment Income - Unrestricted Unrealized Gain (Loss) increased \$201,757 or 165.0% in fiscal year 2011. This increase was due to the improvement in the overall financial market.
- (4) Investment Income - Unrestricted Realized Gain (Loss) decreased \$53,492 or 84.3% in fiscal year 2011. This increase was caused by normal fluctuations in the timing of realized gains or losses.
- (5) Investment Income - Restricted increased \$2,398 or 96.8% in fiscal year 2011. This increase was the result of additional restricted investment purchases during the current fiscal year.
- (6) Donations - Unrestricted increased \$33,065 or 27.4% in fiscal year 2011. This increase was caused by an increase in receipts from the Celebrity Whitetail Hunt, Sportsman Raffle and Point of Sale License System Donations.
- (7) On-behalf payments increased \$126,202 or 139.2% in fiscal year 2011. This increase was caused by the establishment of an additional employee assigned to the Foundation.

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

Analysis of Significant Balance Sheet Accounts
For the Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>	<u>Increase (Decrease)</u>	<u>%</u>
(1) Accounts Receivable	\$ 11,687	\$ 21,227	\$ (9,540)	-44.9%
(2) Accounts Payable	17,984	31,651	(13,667)	-43.2%
(3) Cash and Cash Equivalents	554,692	426,471	128,221	30.1%

(1) Accounts receivable decreased \$9,540 or 44.9% in fiscal year 2011, this figure is primarily made up of federal funding receivables. The Foundation is reducing their involvement in these programs, due to decreased availability of funds.

(2) Accounts payable decreased \$13,667 or 43.2% in fiscal year 2011, due to a decrease in federal funding.

(3) Cash and cash equivalents increased \$128,221 or 30.1%. The increase was due to a large amount of the investment funds deposited into cash because of the volatility in the market.

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, 2011 and 2010

	2011	2010	Decrease
(1) Accounts Receivable	\$ 11,687	\$ 21,227	\$ (9,540)
(2) Accrued Investment Income	11,418	12,474	(1,056)

(1) Accounts Receivable consists of a) amounts due from the sale of deer and turkey pins prior to June 30, 2011 and funds not remitted until after July 1, 2011 and b) amounts due from the Grantor Agency for federal expenditures incurred in fiscal year 2011 but not reimbursed until July, 2011 and c) amount due from ENTICE Program and d) amount due from Earth Share of Illinois and e) registration fees received before June 30, 2011 but not deposited until July 2011.

a) Under 60 days old-	\$ 290
b) Under 60 days old-	10,038
c) Under 60 days old-	831
d) Under 60 days old-	408
e) Under 60 days old-	120
	\$ 11,687

(2) Accrued investment income consists of interest earned on cash equivalents for the year ending June 30, 2011 but not remitted until July, 2011.

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

Schedule of Indirect Cost Reimbursements
For the Years Ended June 30, 2011 and 2010

The indirect cost reimbursements are based on rates negotiated with the U.S. Department of Interior and the U.S. Department of Agriculture. These indirect cost reimbursements provide funding for allowable program costs that are incurred for a common purpose and are not assignable to specific cost objectives. Indirect cost reimbursements are deposited into the Foundations checking account. Following are reimbursements deposited during fiscal year 2011 and 2010:

Federal Programs/Grants	<u>2011</u>	<u>2010</u>
U.S. Department of Interior		
Fish and Wildlife Enhancement	\$ 12,925	\$ 34,086
U.S. Department of Agriculture		
Cooperative Forestry Assistance	7,237	18,251
Forest Land Enhancement Program	551	5,232
Fire Crew	271	6,216
Wood Education and Resource Center (WERC)	3,544	
Midewin National Tallgrass Prairie	<u>2,740</u>	<u>1,637</u>
Total Indirect Cost Reimbursements	<u>\$ 27,268</u>	<u>\$ 65,422</u>

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

Agency Functions and Planning Program
June 30, 2011

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, 2011

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
2009	1	13
2010	1	13
2011	1	12

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

Comparative Schedule of Administrative Expenditures
For the Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>	<u>Increase (Decrease)</u>
Accounting	\$ 22,209	\$ 21,775	\$ 434
Director's Salary	127,027	32,869	94,158
General Administrative	<u>135,092</u>	<u>109,299</u>	<u>25,793</u>
Total Administrative Expenditures	<u>\$ 284,328</u>	<u>\$ 163,943</u>	<u>\$ 120,385</u>
 TOTAL EXPENDITURES	 <u>\$ 1,986,737</u>	 <u>\$ 1,964,994</u>	
 % of Administrative Expenditures to Total Expenditures	 <u>14.31%</u>	 <u>8.34%</u>	

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

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

- The Foundation administers the Chicago Wilderness Cooperative Forestry Assistance program and works with many natural resources organizations in the northeastern Illinois six county area. The program has been funded over the past 10 years by \$7,319,500 in grants from the U.S. Forest Service and the U.S. Fish and Wildlife Service.
- The Foundation administered distribution of \$98,114 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 \$49,808 to the Illinois Department of Natural Resources for tree nursery production.
- The Foundation funded 2 grants totaling \$10,000 of non-federal money to various entities for educational and environmental programs.
- The Foundation issued 66 Illinois Biodiversity Field Trip grants totaling \$62,137.
- The Foundation provided \$144,000 for acquisition of land by the Illinois Department of Natural Resources.
- In August 2010 the Foundation accepted a donation of 742 acres of exceptional wildlife habitat near Pecatonica in Winnebago County to serve as a youth conservation education center operated by the Foundation.