



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS CONSERVATION FOUNDATION

Financial Audit and Compliance Examination
 For the Year Ended June 30, 2017

Release Date: February 1, 2018

FINDINGS THIS AUDIT: 1	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	1	1	2011	17-1		
Category 2:	0	0	0				
Category 3:	0	0	0				
TOTAL	0	1	1				
FINDINGS LAST AUDIT: 1							

SYNOPSIS

- (17-1) The Foundation’s financial reporting process lacked sufficient internal controls.

Category 1: Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with State laws and regulations (material noncompliance).
Category 2: Findings that are **significant deficiencies** in internal control and **noncompliance** with State laws and regulations.
Category 3: Findings that have **no internal control issues but are in noncompliance** with State laws and regulations.

{Expenditures and Activity Measures are summarized on next page.}

ILLINOIS CONSERVATION FOUNDATION
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION
For The Year Ended June 30, 2017

STATEMENT OF ACTIVITIES (Governmental Activities)	FY 2017	FY 2016
Program Revenue:		
Charges for Goods.....	\$ 45,509	\$ 41,324
Operating Grants and Contributions - General Administrative.....	324,739	500,690
Operating Grants and Contributions - Natural Resources & Recreation.....	447,040	261,018
Total Program Revenue.....	<u>817,288</u>	<u>803,032</u>
Expenses:		
General Administrative.....	336,867	482,810
Natural Resources and Recreation.....	752,625	1,054,244
Total Expenditures.....	<u>1,089,492</u>	<u>1,537,054</u>
Net (Expense) Revenue.....	(272,204)	(734,022)
General Revenue:		
Restricted Investment Earnings.....	47,376	77,817
Restricted Investment - Unrealized Gain/(Loss).....	-	-
Unrestricted Realized Gain/(Loss).....	36,872	(4,391)
Unrestricted Investment - Unrealized Gain/(Loss).....	80,286	(177,603)
Unrestricted Investment Earnings.....	-	92,255
Change in Net Position.....	<u>(107,670)</u>	<u>(745,944)</u>
Net Position, Beginning of Year.....	6,911,975	7,657,919
Net Position, End of Year.....	<u>\$ 6,804,305</u>	<u>\$ 6,911,975</u>

STATEMENT OF NET POSITION (Governmental Activities)	FY 2017	FY 2016
Assets:		
Cash and Cash Equivalents.....	\$ 404,557	\$ 545,125
Accounts Receivable.....	610	56,100
Other Current Assets.....	11,519	3,839
Investments.....	1,808,878	1,718,410
Capital Assets, Net.....	4,635,360	4,695,486
Total Assets.....	<u>6,860,924</u>	<u>7,018,960</u>
Liabilities:		
Accounts Payable.....	32,791	78,338
Accrued Expenses.....	3,675	4,736
Note Payable.....	12,989	16,747
Compensated Absences.....	7,164	7,164
Total Liabilities.....	<u>56,619</u>	<u>106,985</u>
Net Position:		
Natural Resources and Recreation - Restricted.....	139,244	326,280
Endowment/Nonexpendable - Restricted.....	70,219	70,219
Education - Restricted.....	80,684	63,758
Unrestricted.....	1,878,798	1,756,232
Investment in Capital Assets.....	4,635,360	4,695,486
Total Net Position.....	<u>\$ 6,804,305</u>	<u>\$ 6,911,975</u>

FOUNDATION CHIEF EXECUTIVES

During Audit Period: Eric Schmidt (through 9/2/16), Wayne Rosenthal (Acting 9/3/16-3/27/17), Eric Schenck (effective 3/28/17)
& Wayne Rosenthal, Chairman

Currently: Eric Schenck, Executive Director & Wayne Rosenthal, Chairman

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

FINANCIAL REPORTING PREPARATION

The Illinois Conservation Foundation (Foundation) does not have sufficient internal controls over the financial reporting process.

Reporting errors

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

Adjusting entries not made

- The Foundation failed to make numerous adjusting entries to present the financial statements in accordance with Generally Accepted Accounting Principles (GAAP).
- The Foundation recorded internal transfers of securities as dividend and interest income and investment fees expense in error. The result of this misstatement was an overstatement of both revenues and expenses by \$42,000. An audit adjustment was recorded to correct the balances in the dividend and interest income and investment fees expense accounts.

\$42,000 adjustment to correct the balances in the dividend and interest income and investment fees expense accounts

Foundation subsequently corrected financial statements

- The Foundation failed to identify a capital asset in the amount of \$16,181. The capital asset was omitted from the depreciation schedule provided to auditors resulting in an understatement of both capital assets and current year additions. (Finding 1, pages 11-12) **This finding has been repeated since 2011.**

We recommended the Foundation implement additional internal control procedures to ensure financial statements are prepared in accordance with GAAP.

Management agrees with auditors

Foundation management accepted our recommendation. (*For the previous Foundation response, see Digest Footnote #1.*)

AUDITOR'S OPINION(S)

The auditors stated the financial statements of the Foundation as of and for the year ended June 30, 2017, are fairly stated in all material respects.

ACCOUNTANT'S OPINION

The accountants conducted a compliance examination of the Foundation for the year ended June 30, 2017, as required by the Illinois State Auditing Act. The accountants stated the Foundation complied, in all material respects, with the requirements described in the report.

This financial audit and compliance examination was conducted by Kemper CPA Group, LLP.

SIGNED ORIGINAL ON FILE

JANE CLARK
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

FJM:JMH

DIGEST FOOTNOTES

#1 - FINANCIAL STATEMENT PREPARATION

2016: The Foundation agrees.