



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

William G. Holland, Auditor General

**SUMMARY REPORT DIGEST**

**ILLINOIS CONSERVATION FOUNDATION**

Financial Audit and Compliance Examination  
 For the Year Ended June 30, 2015

Release Date: Decemer 17, 2015

FINDINGS THIS AUDIT: 2	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	1	1	2011	15-1		
Category 2:	1	0	1				
Category 3:	0	0	0				
<b>TOTAL</b>	<b>1</b>	<b>1</b>	<b>2</b>				
<b>FINDINGS LAST AUDIT: 5</b>							

**SYNOPSIS**

- (15-1) The Foundation's financial reporting process is lacking sufficient internal controls.
- (15-2) The Foundation's donation letters did not include language that the Foundation is not subject to the provisions of the Public Funds Investment Act.

**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.

{Financial information is summarized on next page.}

**ILLINOIS CONSERVATION FOUNDATION**  
**FINANCIAL AUDIT AND COMPLIANCE EXAMINATION**  
For the Year Ended June 30, 2015

<b>STATEMENT OF ACTIVITIES (Governmental Activities)</b>	<b>FY 2015</b>	<b>FY 2014</b>
<b>Program Revenue:</b>		
Charges for Goods.....	\$ 60,029	\$ 29,249
Operating Grants and Contributions - General Administrative.....	459,894	150,808
Operating Grants and Contributions - Natural Resources & Recreation.....	547,691	747,591
Total Program Revenue.....	<u>1,067,614</u>	<u>927,648</u>
<b>Expenses:</b>		
General Administrative.....	453,921	330,458
Natural Resources and Recreation.....	774,150	827,867
Total Expenditures.....	<u>1,228,071</u>	<u>1,158,325</u>
Net (Expense) Revenue.....	(160,457)	(230,677)
<b>General Revenue:</b>		
Restricted Investment Earnings.....	80,060	14,302
Restricted Investment - Unrealized Gain/(Loss).....	-	12,500
Unrestricted Realized Gain/(Loss).....	(7,062)	282,994
Unrestricted Investment - Unrealized Gain/(Loss).....	(13,901)	11,471
Unrestricted Investment Earnings.....	-	60,521
Change in Net Position.....	<u>(101,360)</u>	<u>151,111</u>
Net Position, Beginning of Year.....	7,759,279	7,608,168
Net Position, End of Year.....	<u>\$ 7,657,919</u>	<u>\$ 7,759,279</u>
<b>STATEMENT OF NET POSITION (Governmental Activities)</b>		
<b>Assets:</b>		
Cash and Cash Equivalents.....	\$ 394,743	\$ 422,289
Accounts Receivable.....	65,820	27,944
Accrued Investment Income.....	-	10,828
Prepaid Expenses.....	26,931	27,354
Investments.....	2,630,023	2,789,487
Capital Assets, Net.....	4,594,472	4,550,432
Total Assets.....	<u>7,711,989</u>	<u>7,828,334</u>
<b>Liabilities:</b>		
Accounts Payable.....	44,277	65,090
Accrued Expenses.....	9,793	3,965
Total Liabilities.....	<u>54,070</u>	<u>69,055</u>
<b>Net Position:</b>		
Natural Resources and Recreation - Restricted.....	1,132,285	1,297,500
Endowment/Nonexpendable - Restricted.....	70,219	70,219
Education - Restricted.....	75,638	81,382
Unrestricted.....	1,785,305	1,759,746
Investment in Capital Assets.....	4,594,472	4,550,432
Total Net Position.....	<u>\$ 7,657,919</u>	<u>\$ 7,759,279</u>
<b>FOUNDATION CHIEF EXECUTIVES</b>		
During Audit Period: Eric Schmidt, Executive Director		
Marc Miller, Chairman (through 1/19/15)		
Wayne Rosenthal, Chairman (1/20/15 to current)		
Currently: Eric Schmidt, Executive Director & Wayne Rosenthal, Chairman		

**FINDINGS, CONCLUSIONS, AND  
RECOMMENDATIONS**

**NEED TO IMPROVE FINANCIAL REPORTING  
PROCESS**

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).

**\$12,342 adjustment to correct the realized gain and unrealized gain balances**

- The Foundation recorded unrealized gains as realized gains in error. A net audit adjustment of \$12,342 was recorded to correct the balances in the realized gain and unrealized gain accounts. (Finding 1, pages 11-12) **This finding was first reported in 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.*)

**FAILURE TO PROPERLY NOTIFY DONORS**

The Foundation did not comply with provisions of the Illinois Conservation Foundation Act (Act).

**Donors not notified that Foundation is not subject to Public Funds Investment Act**

During testing of donation thank-you letters, we noted 25 of 25 (100%) donation letters did not include required language notifying the donors that the Foundation is not subject to the provisions of the Public Funds Investment Act. (Finding 2, page 13)

We recommended the Foundation comply with the requirements of the Act and ensure all donors providing gifts, grants, or bequests to the Foundation receive written notice that the Foundation is not subject to the provisions of the Public Funds Investment Act.

**Management agrees with auditors**

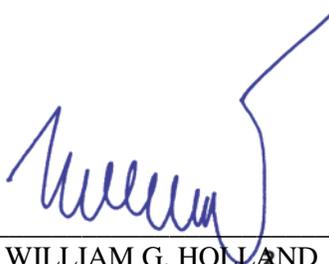
Foundation management accepted our recommendation.

### **AUDITOR'S OPINION**

The auditors stated the financial statements of the Illinois Conservation Foundation as of and for the year ended June 30, 2015, 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, 2015, as required by the Illinois State Auditing Act. The auditors stated the Foundation complied, in all material respects, with the requirements described in the report.

A handwritten signature in blue ink, appearing to read "William G. Holland", is written above a horizontal line.

WILLIAM G. HOLLAND  
Auditor General

WGH:APA

### **SPECIAL ASSISTANT AUDITORS**

Kemper CPA Group, LLP was our special assistant auditor for this engagement.

### **DIGEST FOOTNOTES**

#### **#1 – NEED TO IMPROVE FINANCIAL REPORTING PROCESS**

2014: The Foundation agrees.