

The Conservation Foundation

Independent Auditor's Report and Financial Statements

June 30, 2016 and 2015

The Conservation Foundation
June 30, 2016 and 2015

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Independent Auditor's Report

Board of Trustees
The Conservation Foundation
Naperville, Illinois

We have audited the accompanying financial statements of The Conservation Foundation, which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Conservation Foundation as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of expenses on page 16 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

BKD, LLP

Oakbrook Terrace, Illinois
February 6, 2017

The Conservation Foundation
Statements of Financial Position
June 30, 2016 and 2015

Assets

| | <u>2016</u> | <u>2015</u> |
|--|---------------------|---------------------|
| Current Assets | | |
| Cash and cash equivalents | \$ 1,436,500 | \$ 1,131,765 |
| Restricted cash | 208,366 | 201,021 |
| Short-term investments | 715,683 | 579,776 |
| Accounts receivable, net of allowance | 66,986 | 71,277 |
| Accrued interest receivable | 5,035 | 4,399 |
| Pledges receivable, net of allowance | 23,028 | 21,192 |
| Grants receivable | 50,000 | - |
| Other assets | 48,548 | 4,045 |
| Prepaid expenses | 29,259 | 21,486 |
| Land - Preservation Properties - held for sale | <u>1,565,000</u> | <u>1,500,000</u> |
| Total current assets | 4,148,405 | 3,534,961 |
| Pledges Receivable - Noncurrent | 98,860 | 74,465 |
| Land - Preservation Properties | 2,087,250 | 2,507,150 |
| Property and Equipment, Net | 540,555 | 564,088 |
| Land and Buildings - Permanently Restricted | <u>800,837</u> | <u>800,837</u> |
| | | |
| Total assets | <u>\$ 7,675,907</u> | <u>\$ 7,481,501</u> |

Liabilities and Net Assets

| | <u>2016</u> | <u>2015</u> |
|----------------------------------|---------------------|---------------------|
| Current Liabilities | | |
| Mitigation funds | \$ 85,619 | \$ 89,804 |
| Accounts payable | 37,764 | 38,137 |
| Funds held on behalf of others | 122,747 | 111,217 |
| Rental security deposit | 1,000 | 1,000 |
| Accrued liabilities | 80,927 | 70,602 |
| Note payable | 700,000 | 950,000 |
| | <u>1,028,057</u> | <u>1,260,760</u> |
| Net Assets | | |
| Unrestricted | | |
| Designated | | |
| Easement defense | 499,999 | 343,297 |
| McDonald Farm buildings | 321,665 | 334,410 |
| Clow Education Center | 203,272 | 209,721 |
| Undesignated | 4,190,126 | 4,434,679 |
| | <u>5,215,062</u> | <u>5,322,107</u> |
| Temporarily restricted | 631,951 | 97,797 |
| Permanently restricted | 800,837 | 800,837 |
| | <u>6,647,850</u> | <u>6,220,741</u> |
| Total net assets | <u>6,647,850</u> | <u>6,220,741</u> |
| Total liabilities and net assets | <u>\$ 7,675,907</u> | <u>\$ 7,481,501</u> |

The Conservation Foundation
Statements of Activities and Changes in Net Assets
Years Ended June 30, 2016 and 2015

| | <u>2016</u> | <u>2015</u> |
|--|----------------------------|----------------------------|
| Unrestricted Net Assets | | |
| Unrestricted revenues and gains | | |
| Contributions and grants | \$ 1,356,380 | \$ 1,879,510 |
| Investment income | 6,715 | 6,558 |
| Benefit dinner - net of expenses of \$74,514 and \$62,704 for 2016 and 2015, respectively | 89,806 | 107,043 |
| Special events | 37,427 | 63,376 |
| Consulting income | 273,940 | 269,219 |
| Rental income | 92,820 | 84,538 |
| Sales income | 21,599 | 11,499 |
| Miscellaneous | 8,420 | 4,279 |
| | <u>1,887,107</u> | <u>2,426,022</u> |
| Net assets released from restrictions | <u>88,699</u> | <u>92,443</u> |
| | <u>1,975,806</u> | <u>2,518,465</u> |
| Expenses | | |
| Programs services | 1,375,923 | 1,212,912 |
| Management | 71,494 | 68,692 |
| Other fundraising | 280,534 | 266,190 |
| | <u>1,727,951</u> | <u>1,547,794</u> |
| Increase in Unrestricted Net Assets Before Other Changes | 247,855 | 970,671 |
| Other Changes in Unrestricted Net Assets | | |
| Loss on value of property held for sale | <u>(354,900)</u> | <u>-</u> |
| Increase (Decrease) in Unrestricted Net Assets | <u>(107,045)</u> | <u>970,671</u> |
| Temporarily Restricted Net Assets | | |
| Contributions and grants | 622,853 | 132,733 |
| Net assets released from restrictions | <u>(88,699)</u> | <u>(92,443)</u> |
| Increase in temporarily restricted net assets | <u>534,154</u> | <u>40,290</u> |
| Change in Net Assets | 427,109 | 1,010,961 |
| Net Assets, Beginning of Year | <u>6,220,741</u> | <u>5,209,780</u> |
| Net Assets, End of Year | <u><u>\$ 6,647,850</u></u> | <u><u>\$ 6,220,741</u></u> |

The Conservation Foundation
Statements of Cash Flows
Years Ended June 30, 2016 and 2015

| | <u>2016</u> | <u>2015</u> |
|--|----------------------------|----------------------------|
| Operating Activities | | |
| Change in net assets | \$ 427,109 | \$ 1,010,961 |
| Items not requiring cash | | |
| Depreciation | 53,492 | 51,245 |
| Loss on value of property held for sale | 354,900 | - |
| Changes in | | |
| Accounts receivable | 4,291 | (34,904) |
| Accrued interest receivable | (636) | (2,113) |
| Pledges receivable | (26,231) | (62,591) |
| Grants receivable | (50,000) | - |
| Other assets | (44,503) | (2,283) |
| Prepaid expenses | (7,773) | (7,551) |
| Mitigation funds | (4,185) | (10,827) |
| Accounts payable | (373) | (49,869) |
| Funds held on behalf of others | 11,530 | (37,863) |
| Accrued liabilities | 10,325 | (32,555) |
| | <u>727,946</u> | <u>821,650</u> |
| Net cash provided by operating activities | <u>727,946</u> | <u>821,650</u> |
| Investing Activities | | |
| Purchase of property and equipment | (29,959) | (41,404) |
| Purchase of short-term investments | (744,455) | (762,728) |
| Proceeds from maturity/sale of short-term investments | 608,548 | 800,515 |
| | <u>(165,866)</u> | <u>(3,617)</u> |
| Net cash used in investing activities | <u>(165,866)</u> | <u>(3,617)</u> |
| Financing Activities | | |
| Note payable repayments | (250,000) | (400,000) |
| | <u>(250,000)</u> | <u>(400,000)</u> |
| Net Increase in Cash and Cash Equivalents | 312,080 | 418,033 |
| Cash and Cash Equivalents, Beginning of Year | <u>1,332,786</u> | <u>914,753</u> |
| Cash and Cash Equivalents, End of Year | <u><u>\$ 1,644,866</u></u> | <u><u>\$ 1,332,786</u></u> |
| Reconciliation to Statement of Financial Position | | |
| Cash and cash equivalents | \$ 1,436,500 | \$ 1,131,765 |
| Restricted cash | 208,366 | 201,021 |
| | <u><u>\$ 1,644,866</u></u> | <u><u>\$ 1,332,786</u></u> |

The Conservation Foundation

Notes to Financial Statements

June 30, 2016 and 2015

Note 1: Nature of Operations

The mission of The Conservation Foundation (Foundation) is to preserve and restore natural areas and open space, protect rivers and watersheds and promote stewardship of our environment. The Foundation's primary sources of revenue are donations, consulting and grants.

Note 2: Summary of Significant Accounting Policies

The following is a summary of the more significant accounting policies of the Foundation.

Cash and Cash Equivalents

The Foundation considers all unrestricted highly liquid investments with a maturity of three months or less at the date of acquisition to be cash equivalents.

Restricted Cash

The Foundation has classified funds held for mitigation purposes and funds held on behalf of others as restricted cash.

Investments

Certificates of deposit with original maturities greater than three months and remaining maturities less than one year are classified as short-term investments.

Pledges Receivable

Pledges are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Pledges restricted by the donor are reported as increases in unrestricted net assets in the fiscal year in which the restrictions expire. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Contributed Services

Many individuals volunteer their time and perform a variety of tasks that assist the Foundation. The Foundation received approximately 11,000 and 10,200 volunteer hours in the years ended June 30, 2016 and 2015, respectively. The value of such contributed services is not recorded in the financial statements since the services do not require specialized skills and are not required to be recorded.

Property and Equipment

Purchases of property and equipment are recorded at cost. Donations of property and equipment are recorded at their estimated fair value. Such donations are reported as unrestricted unless the

The Conservation Foundation

Notes to Financial Statements

June 30, 2016 and 2015

donor has restricted the asset to a specific purpose. Absent donor stipulations regarding the length of time of restrictions, the Foundation considers the restrictions to expire when the related assets are put in service as requested by the donor. The Foundation's policy is to capitalize all expenditures for improvements, property and equipment over \$1,500.

Property and equipment are depreciated using the straight-line method over their related estimated useful lives which range from 3 to 40 years.

Land – Preservation Properties

Land preservation properties include donations, purchases, transfers and conservation easements. Purchases of preservation properties are recorded at cost. Donations of property are recorded at their estimated fair value. Such donations are reported as unrestricted unless the donor has restricted the asset to a specific purpose. Absent donor stipulations regarding the length of time of restrictions, the Foundation considers the restrictions to expire when the related assets are put in service as requested by the donor. Though the Foundation often chooses to own land for relatively short time periods, the Foundation may be long-term owners of properties and it intends to hold conservation easements in perpetuity.

Long-lived Asset Impairment

The Foundation evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

Impairment losses of \$354,900 and \$0 were recognized for two Preservation Properties for the years ended June 30, 2016 and 2015, respectively, based on the attachment of the anticipated conservation easements at time of sale for each of the properties. The loss is included in loss on value of property held for sale in the accompanying statements of activities. Fair value was determined based on certain appraisal reports as further discussed in Note 3.

Mitigation Fund

The Foundation holds and administers funds for mitigation purposes on behalf of the U.S. Army Corps of Engineers (ACOE). Such funds are required to be utilized only for specific purposes as directed by ACOE. Accordingly, resources received from ACOE for mitigation purposes are reported as increases in assets and liabilities when received and decreases in assets and liabilities when amounts are expended for specified purposes.

Funds Held on Behalf of Others

The Foundation holds funds on behalf of other organizations under formal Agency Agreements. Those organizations direct the Foundation on the use of said funds. Cash held on their behalf is offset with this corresponding liability.

The Conservation Foundation

Notes to Financial Statements

June 30, 2016 and 2015

Revenue Recognition

Revenue from consulting is recognized as services are performed. Revenue from special events is recognized when the event takes place.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation are classified and reported as follows:

Unrestricted Net Assets

Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets

Net assets subject to donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those stipulations.

Permanently Restricted Net Assets

Net assets subject to donor-imposed stipulations that must be maintained permanently by the Foundation.

Additionally, contributions received with donor-imposed restrictions which are met in the same period are recorded as unrestricted revenues and net assets.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Concentration of Credit Risk

Occasionally, the Foundation maintains cash balances in excess of the maximum insured by the Federal Deposit Insurance Corporation. The Foundation has not experienced losses on these accounts and management believes it is not exposed to significant risks on such accounts.

Income Taxes

The Foundation is a not-for-profit organization that is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. The Foundation has also elected application of Section 501(h) which permits the Foundation to conduct limited lobbying.

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Notes to Financial Statements
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The Foundation recognizes the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. It is no longer subject to federal and state income tax examinations by tax authorities for years before the year ended June 30, 2013.

Receivables

Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense based on its assessment of the current status of individual receivables from grants, contracts and others. Receivables are written off when management determines they are uncollectible.

Note 3: Land – Preservation Properties

The Foundation owns the following land for preservation purposes:

| | 2016 | 2015 |
|---|--------------|--------------|
| LaSalle County - 23 acres (held for sale) | \$ 35,000 | \$ 194,900 |
| Plainfield Land Donation (held for sale) | 30,000 | 225,000 |
| Dayton Bluffs (unrestricted) | 2,087,250 | 2,087,250 |
| Butterfield Project (held for sale) | 1,500,000 | 1,500,000 |
| Total | \$ 3,652,250 | \$ 4,007,150 |

The Butterfield Park District passed a successful referendum in November 2014, which will provide funding to purchase the property from the Foundation. The Foundation expects to transfer the property to the Park District in December 2016. The transaction would be a sale of the property to the Park District for the same \$1,500,000 price the Foundation purchased it for. The Park District will reimburse the Foundation for all staff, legal and closing costs incurred by the Foundation for this transaction.

The Foundation received a donation of 10 acres of land in Will County in 2012. The land was held at the donated value of \$225,000. In 2016, the Foundation approved a plan to sell the land with a conservation easement in place; the appraised value of the land has been adjusted to \$30,000 to reflect the conservation easement restrictions.

The Foundation received a donation of land in LaSalle County in 2001 and 2004 totaling 23 acres. The land was held at the donated value of \$194,900. In 2016, the Foundation approved a plan to sell the land with a conservation easement in place; the appraised value of the land has been adjusted to \$35,000 to reflect the conservation easement restrictions.

The Conservation Foundation
Notes to Financial Statements
June 30, 2016 and 2015

Note 4: Property and Equipment

Unrestricted property and equipment consists of the following:

| | <u>2016</u> | <u>2015</u> |
|-----------------------------------|--------------------------|--------------------------|
| Buildings and improvements | \$ 950,792 | \$ 920,833 |
| Furniture, fixtures and equipment | <u>104,503</u> | <u>104,503</u> |
| | 1,055,295 | 1,025,336 |
| Less accumulated depreciation | <u>514,740</u> | <u>461,248</u> |
| | <u><u>\$ 540,555</u></u> | <u><u>\$ 564,088</u></u> |

Note 5: Permanently Restricted Net Assets

The Foundation's main office is located on the McDonald Farm, which is owned by the Foundation. The McDonald Farm land is subject to a conservation easement.

The Foundation also owns the Dickson-Murst Farm through an agreement with the Village of Montgomery. The agreement states that the Foundation is not permitted to sell or otherwise dispose of the property without the consent of the Village of Montgomery.

Permanently restricted net assets consist of the following:

| | <u>2016</u> | <u>2015</u> |
|---|--------------------------|--------------------------|
| McDonald Farm - land | \$ 268,837 | \$ 268,837 |
| Dickson-Murst Farm - land and buildings | <u>532,000</u> | <u>532,000</u> |
| | <u><u>\$ 800,837</u></u> | <u><u>\$ 800,837</u></u> |

Note 6: Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following:

| | <u>2016</u> | <u>2015</u> |
|---------------------------------|-------------|-------------|
| Restoration projects | \$ 49,462 | \$ 20,047 |
| Strategic land planning project | - | 32,038 |
| Reservation Woods project | 34,435 | 34,435 |

The Conservation Foundation
Notes to Financial Statements
June 30, 2016 and 2015

| | 2016 | 2015 |
|---|-------------|-------------|
| Education grants | \$ 14,107 | \$ 3,870 |
| Dickson-Murst Farm Partners | 8,023 | 7,407 |
| Mains internship program | 27,924 | - |
| Fox River Initiative | 498,000 | - |
| Total temporarily restricted net assets | \$ 631,951 | \$ 97,797 |

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes.

| | 2016 | 2015 |
|--|-------------|-------------|
| Purpose restrictions accomplished | | |
| Restoration project program expenses | \$ 34,293 | \$ 69,999 |
| Strategic land planning project program expenses | 37,438 | 1,962 |
| Education grants program expenses | 4,448 | 1,018 |
| Dickson-Murst Farm Partners program expenses | 6,444 | 19,464 |
| Mains internship program program expenses | 4,076 | - |
| Fox River Initiative program expenses | 2,000 | - |
| Total temporarily restricted net assets | \$ 88,699 | \$ 92,443 |

Note 7: Designation of Net Assets

The Foundation's Board of Trustees has designated certain funds to provide for the future monitoring and enforcement of conservation easements. Additionally, the Board has designated as continuing investments the buildings located on the McDonald Farm and the Clow Education Center.

Designated net assets consist of the following:

| | 2016 | 2015 |
|-------------------------------------|--------------|-------------|
| Cash and cash equivalents | | |
| Conservation easement defense funds | \$ 499,999 | \$ 343,297 |
| McDonald Farm buildings | 321,665 | 334,410 |
| Clow Education Center | 203,272 | 209,721 |
| Total designated net assets | \$ 1,024,936 | \$ 887,428 |

The Conservation Foundation
Notes to Financial Statements
June 30, 2016 and 2015

Note 8: Conservation Easements

The Foundation holds conservation easements placed on properties acceptable to the Foundation. At June 30, 2016 and 2015, 39 and 36 such easements were held, respectively. No value has been assigned to these easements in the financial statements because the Foundation does not have ownership rights to the underlying property.

Note 9: Short-term Investments

Short-term investments as of June 30, 2016 and 2015, of \$715,683 and \$579,776, respectively, are comprised of certificates of deposit.

Interest income for the years ended June 30, 2016 and 2015, was \$6,715 and \$6,558, respectively.

Note 10: Line of Credit

As of June 30, 2016, the Foundation maintained a \$200,000 unsecured line of credit with Wheaton Bank & Trust to be used to support working capital needs, at a floating interest rate equal to the prime rate (3.50% on June 30, 2016). At June 30, 2016 and 2015, there was no balance outstanding on the line of credit.

Note 11: Note Payable

As of June 30, 2016 and 2015, the Foundation had a note payable with Itasca Bank and Trust for \$700,000 and \$950,000, respectively. During the current year, the Foundation extended the loan so the entire principal amount is due on June 6, 2017. The Foundation is required to pay monthly interest on the unpaid principal balance using a floating rate equal to 0.25 percentage points over the prime rate (3.50% at June 30, 2016). The Butterfield Project property at Route 53 and Butterfield Road is pledged as collateral for this note. The monthly interest payments are funded by monthly lease income received from the Butterfield Park District.

The Conservation Foundation
Notes to Financial Statements
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Note 12: Pledges Receivable

Pledges receivable are adjusted to present value using a rate of 2% and are receivable in the following periods:

| Year Ending June 30 | 2016 | 2015 |
|--------------------------------------|-------------------|------------------|
| 2016 | \$ - | \$ 29,390 |
| 2017 | 39,220 | 27,405 |
| 2018 | 41,890 | 25,890 |
| 2019 | 38,390 | 22,790 |
| 2020 | 17,280 | 380 |
| 2021 | 1,300 | - |
| | <u>138,080</u> | <u>105,855</u> |
| Less discounts to net present value | 9,054 | 4,905 |
| Less allowance for doubtful accounts | <u>7,138</u> | <u>5,293</u> |
| | <u>\$ 121,888</u> | <u>\$ 95,657</u> |

Beginning in fiscal year 2015, management began calculating an allowance for pledge amounts receivable. This allowance is calculated at approximately 5% of the gross receivable amount. The allowance at June 30, 2016 and 2015, was \$7,138 and \$5,293, respectively. Receivables are written off when management determines they are uncollectible.

Note 13: Operating Leases

The Foundation has entered into lease agreements with unrelated parties through December 2019, December 2016 and December 2018. Rental revenue under these agreements was \$20,820 and \$17,075 for the years ended June 30, 2016 and 2015, respectively.

Future rental income under the lease agreements is as follows:

| Year Ending June 30 | Amount |
|--------------------------------|------------------|
| 2017 | \$ 15,500 |
| 2018 | 11,500 |
| 2019 | 11,000 |
| 2020 | <u>5,500</u> |
| | <u>\$ 43,500</u> |

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Notes to Financial Statements

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Note 14: Related Party Transactions

The Foundation purchased insurance totaling \$3,410 and \$3,385, during the years ended June 30, 2016 and 2015, respectively, from Gee-Schussler Insurance (AmTrust North America in 2014), of which a Board member is a principal. The Foundation paid a total of \$5,600 and \$10,776 during fiscal years 2016 and 2015, respectively, to Pizzo & Associates, of which a Board member is the owner. The Foundation also holds funds in accounts and has a corporate credit card account as well as a line of credit at Wheaton Bank & Trust, of which a Board member is President of the Bank.

The DuPage River Salt Creek Workgroup (Workgroup) is an independent 501(c)3 organization whose mission is to protect and improve the water quality of the DuPage River and the Salt Creek. The Foundation provides a 1.6 full-time equivalent in staffing to the Workgroup and the Workgroup reimburses all related expenses to the Foundation. The total reimbursement was \$139,901 and \$132,580 for the years ended June 30, 2016 and 2015, respectively. In addition to staffing, one member of the Foundation's staff also sits on the Board of the Workgroup.

The Lower DuPage River Watershed Coalition (Coalition) is an independent 501(c)3 organization whose mission is to protect and improve the water quality of the Lower DuPage River. The Foundation provides a 0.5 full-time equivalent in staffing to the Coalition and the Coalition reimburses all related expenses to the Foundation. The total reimbursement was \$40,447 and \$38,599 for the years ended June 30, 2016 and 2015, respectively. In addition to staffing, one member of the Foundation's staff also sits on the Board of the Coalition.

The Foundation has a note payable with Itasca Bank and Trust (see Note 11). A current Board member is a Senior Vice President with Itasca Bank.

Note 15: Defined Contribution Plan

The Foundation sponsors a defined contribution plan (Plan) covering all employees with at least one year of service and who work a minimum of 20 hours per week who agree to make contributions to the Plan. The amount contributed by the Foundation is determined each year. For 2016 and 2015, contributions made were equal to 1.5% of the individual participant's compensation, assuming participants were contributing at least 3% of their annual compensation. Total expense for the years ended June 30, 2016 and 2015, was \$12,421 and \$11,622, respectively.

Note 16: Subsequent Events

The Foundation had a land transaction in partnership with the Butterfield Park District. On June 13, 2014, the Foundation purchased land for \$1,500,000 in a buy-and-hold transaction. On December 27, 2016, the Foundation sold the parcel to the Butterfield Park District for \$1,500,000.

The Foundation received a donation of land valued at \$470,000 on December 27, 2016.

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The Foundation received a donation of land in LaSalle County in 2001 and 2004 totaling 23 acres. The land was held at the donated value of \$194,000. In 2016, the Foundation approved a plan to sell the land with a conservation easement in place; the value of the land was adjusted to the appraised value of \$35,000 to reflect the conservation easement restrictions. In January 2017, a conservation easement was put in place on the land and the parcel was sold for \$35,000.

Management has evaluated subsequent events through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

Supplementary Information

The Conservation Foundation
Schedules of Expenses
Years Ended June 30, 2016 and 2015

| | 2016 | | 2015 | |
|-------------------|--------------|------------------------|--------------|------------------------|
| | Expense | Percentage of Total | Expense | Percentage of Total |
| Program services | \$ 1,375,923 | 79.7% | \$ 1,212,912 | 78.4% |
| Management | 71,494 | 4.1% | 68,692 | 4.4% |
| Other fundraising | 280,534 | 16.2% | 266,190 | 17.2% |
| Total expenses | \$ 1,727,951 | 100.0% | \$ 1,547,794 | 100.0% |