THE CONSERVATION FOUNDATION

FINANCIAL STATEMENTS
AS OF JUNE 30, 2020 AND 2019

TOGETHER WITH AUDITOR'S REPORT

Dugan & Lopatka

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Conservation Foundation:

We have audited the accompanying financial statements of The Conservation Foundation (the Foundation), which comprise the statement of financial position as of June 30, 2020 and 2019, and the related statements of activities, cash flows, and functional expenses 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 of 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 at June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Dugan + Lopatka

DUGAN & LOPATKA

Warrenville, Illinois
January 29, 2021

THE CONSERVATION FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
A S S E T S		
CURRENT ASSETS:		
Cash and cash equivalents	$ 377,613	$ 768,911
Restricted cash	370,101	232,065
Short-term investments	1,102,937	1,102,502
Accounts receivable	93,755	107,595
Accrued interest receivable	10,880	4,886
Promises to give, current	45,900	29,350
Prepaid expenses	-	123,279
Total current assets	2,001,186	2,368,588
PROPERTY AND EQUIPMENT, NET	543,701	563,778
LAND AND BUILDINGS - PERMANENTLY RESTRICTED	800,837	800,837
OTHER ASSETS:		
Promises to give, net of current portion	63,289	49,436
Other assets	-	6,307
Beneficial interest in assets held by DuPage Foundation	610,002	530,401
Land - preservation properties	3,667,250	2,712,250
Total other assets	4,340,541	3,298,394
Total assets	$ 7,686,265	$ 7,031,597
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Mitigation funds	$ 104,918	$ 79,918
Accounts payable	28,966	69,617
Funds held on behalf of others	265,183	152,147
Accrued liabilities	154,645	108,020
Deferred revenue	5,000	174,814
Total current liabilities	558,712	584,516
NET ASSETS:		
Without donor restrictions - Undesignated	4,987,233	4,274,735
- Board designated	1,118,511	1,005,923
Total net assets without donor restrictions	6,105,744	5,280,658
With donor restrictions	1,021,809	1,166,423
Total net assets	7,127,553	6,447,081
Total liabilities and net assets	$ 7,686,265	$ 7,031,597

The accompanying notes are an integral part of this statement.

EXHIBIT 2

THE CONSERVATION FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE:						
Contributions and grants	$ 1,565,712	$ 47,652	$ 1,613,364	$ 1,057,253	$ 48,080	1,105,333
In-kind contributions	1,043,163	-	1,043,163	694,926	-	694,926
Investment income	23,958	222	24,180	41,130	1,998	43,128
Benefit dinner - net of expenses $51,990 and $87,460 for 2020 and 2019, respectively	85,060	-	85,060	99,234	-	99,234
Special events	53,928	-	53,928	75,236	-	75,236
Consulting income	549,732	-	549,732	549,706	-	549,706
Rental income	9,800	-	9,800	10,655	-	10,655
Sales income	48,105	-	48,105	30,744	-	30,744
Green Earth Harvest sales	464,742	-	464,742	236,579	-	236,579
Grant under CARES Act	306,000	-	306,000	-	-	-
Miscellaneous	3,085	-	3,085	15,008	-	15,008
Total public support and revenue	4,153,285	47,874	4,201,159	2,810,471	50,078	2,860,549
Net assets released from restrictions -	192,488	(192,488)	-	164,997	(164,997)	-
Net public support and revenue	4,345,773	(144,614)	4,201,159	2,975,468	(114,919)	2,860,549
FUNCTIONAL EXPENSES:						
Program services	3,084,214	-	3,084,214	2,337,636	-	2,337,636
Management and general	115,108	-	115,108	167,537	-	167,537
Fundraising	321,365	-	321,365	364,601	-	364,601
Total functional expenses	3,520,687	-	3,520,687	2,869,774	-	2,869,774
CHANGE IN NET ASSETS	825,086	(144,614)	680,472	105,694	(114,919)	(9,225)
NET ASSETS, Beginning of year	5,280,658	1,166,423	6,447,081	5,174,964	1,281,342	6,456,306
NET ASSETS, End of year	$ 6,105,744	$ 1,021,809	$ 7,127,553	$ 5,280,658	$ 1,166,423	$ 6,447,081

The accompanying notes are an integral part of this statement.

THE CONSERVATION FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 680,472	$ (9,225)
Adjustments to reconcile change in net assets to net cash (used in) operating activities:		
Depreciation	60,673	62,685
Donation of land	(955,000)	(625,000)
Land donated to Forest Preserve District	-	470,000
Realized and unrealized (gain) on beneficial interest in assets held by DuPage Foundation	(755)	(16,290)
Decrease in accounts receivable	13,840	47,716
(Increase) decrease in accrued interest receivable	(5,994)	3,543
(Increase) decrease in promises to give	(30,403)	9,155
Decrease in other assets	6,307	6,814
Decrease (increase) in prepaid expenses	123,279	(30,304)
Increase in mitigation funds	25,000	-
(Decrease) increase in deferred revenue	(169,814)	13,103
(Decrease) increase in accounts payable	(40,651)	36,343
Increase in funds held on behalf of others	113,036	40,839
Increase (decrease) in accrued liabilities	46,625	(47,523)
Total adjustments	(813,857)	(28,919)
Net cash (used in) operating activities	(133,385)	(38,144)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(40,596)	(11,440)
Purchases of beneficial interest in assets held by DuPage Foundation	(123,894)	(34,956)
Proceeds from beneficial interest in assets held by DuPage Foundation	45,048	16,969
Net purchases of short-term investments	(435)	(213,417)
Net cash (used in) investing activities	(119,877)	(242,844)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(253,262)	(280,988)
CASH AND CASH EQUIVALENTS, Beginning of year	1,000,976	1,281,964
CASH AND CASH EQUIVALENTS, End of year	$ 747,714	$ 1,000,976
Unrestricted cash and cash equivalents at end of year	$ 377,613	$ 768,911
Restricted cash at end of year	370,101	232,065
Total cash and cash equivalents	$ 747,714	$ 1,000,976

The accompanying notes are an integral part of this statement.

THE CONSERVATION FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Program Services	Management and General	Fundraising	Total
Salaries and benefits	$ 1,521,669	$ 87,368	$ 213,898	$ 1,822,935
Conferences and travel	30,585	745	4,253	35,583
Professional services	74,398	1,976	16,158	92,532
Insurance	17,523	1,243	947	19,713
Marketing	26,718	330	33,778	60,826
Merchandising	41,781	-	-	41,781
Office supplies	105,719	21,131	27,122	153,972
Program expense	1,172,725	-	-	1,172,725
Trips and events	33,695	1,220	77,022	111,937
Depreciation	59,401	1,095	177	60,673
Total expenses by function	3,084,214	115,108	373,355	3,572,677
Less expenses included with revenues on the statement of activities	-	-	(51,990)	(51,990)
Total expenses included in the expense section	$ 3,084,214	$ 115,108	$ 321,365	$ 3,520,687
Percentage of total functional expenses	87.6%	3.3%	9.1%	100.0%

The accompanying notes are an integral part of this statement.

THE CONSERVATION FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Program Services	Management and General	Fundraising	Total
Salaries and benefits	$ 1,162,828	$ 149,266	$ 223,875	$ 1,535,969
Conferences and travel	45,314	3,301	5,537	54,152
Professional services	87,118	872	19,789	107,779
Insurance	20,087	-	1,997	22,084
Marketing	87,391	11	72,081	159,483
Merchandising	36,266	-	-	36,266
Office supplies	96,945	13,916	13,187	124,048
Program expense	700,914	-	-	700,914
Trips and events	38,945	-	114,909	153,854
Depreciation	61,828	171	686	62,685
Total expenses by function	2,337,636	167,537	452,061	2,957,234
Less expenses included with revenues on the statement of activities	-	-	(87,460)	(87,460)
Total expenses included in the expense section	$ 2,337,636	$ 167,537	$ 364,601	$ 2,869,774
Percentage of total functional expenses	81.5%	5.8%	12.7%	100.0%

The accompanying notes are an integral part of this statement.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The mission of The Conservation Foundation (the Foundation) is to improve the health of our communities by preserving and restoring natural areas and open space, protecting rivers and watersheds, and promoting stewardship of our environment. The Foundation's primary sources of revenue are donations, consulting services, and grants.

The financial statements were available to be issued on January 29, 2021, with subsequent events being evaluated through this date.

The following summarizes the significant accounting policies and practices reflected in the accompanying financial statements.

Accounting Method -

The accounting records of the Foundation are maintained on the accrual basis which recognizes revenue when earned and expenses as they are incurred.

Basis of Presentation –

The financial statements of the Foundation have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). Under GAAP, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets which are, without donor restrictions and with donor restrictions.

> *Without donor restrictions* - Net assets that are not subject to donor-imposed stipulations and may be expensed for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of management and the board of directors.
>
> *With donor restrictions* - Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met either by actions of the Foundation and/or the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents -

Cash and cash equivalents include all monies in banks and highly liquid investments with original maturities of less than three months.

Restricted Cash -

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Certificates of Deposits -

Certificates of deposit with original maturities greater than three months and remaining maturities less than one year, are classified as short-term investments which are carried at cost which approximates market.

Concentration of Credit Risk -

Occasionally, the Foundation maintains a cash balance in one cash account 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.

Promises to Give -

Promises to give are valued at management's estimate of the amount that will ultimately be collected and represent contributions and grants due to the Foundation from individuals, foundations, and government agencies. Management provides for probable uncollectible amounts through a provision for doubtful accounts. The allowance for doubtful accounts is $6,016 and $4,351 as of June 30, 2020 and 2019, respectively.

Property and Equipment -

Acquisitions of property and equipment in excess of $1,000 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets, ranging from 3-40 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 without donor restrictions unless the donor has restricted the asset to a specific purpose. For 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.

Prepaid Expenses/Deferred Revenue -

Deferred revenue is a liability as of the balance sheet date related to revenue that has not yet been recognized. Prepaid expenses related to the deferred revenue are held as an asset as of the balance sheet date.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Beneficial Interest in Assets Held by the DuPage Foundation -

The Foundation maintains assets with DuPage Foundation (DuPage) under an agency agreement. Under this agreement, the assets are invested at the discretion of DuPage for the benefit of the Foundation. DuPage shall receive, administer, and disburse Fund assets for the Foundation's use at the Foundation's request. The Foundation has the ability to transfer additional assets to DuPage. The Foundation has not granted DuPage variance power, which would give DuPage's Board of Trustees the power to use the Fund for other purposes. Thus, the Foundation retains a beneficial interest in those assets and maintains the transferred assets on the statement of financial position. All dividend, interest income, and realized and unrealized gains and losses on Fund assets bought, sold, and held during the period are credited to the Fund or disbursed as requested by the Foundation. All Fund earnings are classified as investment income (loss) on the statement of activities and changes in net assets in the period earned.

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 the 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.

Revenue Recognition for Contributions and Grants -

The Foundation recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Contributions resulting from split-interest agreements, measured at the time into which the agreements are entered, are based on the difference between the fair value of the assets received or promised and the present value of the obligation to the third-party recipient(s) under the contract. The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the assets, or if they are designated as support for future periods. When a donor restriction expires; that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same period as received are shown as contributions without donor restrictions on the statement of activities.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

In-Kind Contributions –

In addition to receiving cash contributions, the Foundation receives in-kind contributions from various donors. It is the policy of the Foundation to record the estimated fair market value of certain in-kind donations as an expense or an asset depending on the nature of the donation, and similarly increase contribution revenue by a like amount. In-kind contributions that are classified as assets are mainly for land preservation or other long-term fixed assets.

Green Earth Harvest Revenue -

The Foundation recognizes sales income for their Green Earth Harvest Program. The Foundation recognizes revenue as shares and are harvested and picked up by the consumers in the future. The performance obligation is met, and revenue recognized, when the planting of the crops has occurred.

Consulting Revenue -

The Foundation recognizes consulting income from staffing to related parties. The Foundation bills the related parties for reimbursement of all related expenses for the staffing. These services are considered a single performance obligation which is satisfied at a point in time. The performance obligation is met, and revenue recognized, when the services are provided to a client.

Use of Estimates -

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses -

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and related expenses, marketing, professional services, supplies, and other expenses which are allocated on the basis of estimates of time and effort.

New Accounting Pronouncement -

Effective July 1, 2019, the Foundation adopted Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606), and all subsequently issued clarifying ASU's which replaced most existing revenue recognition guidance in generally accepted accounting principles in the United States of America (GAAP). The new guidance requires the Foundation to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the Foundation expects to be entitled in exchange for those goods or services. The new guidance also requires expanded disclosures related to the nature, amount, timing and uncertainty of revenue, and cashflows arising from contracts with customers. The adoption of this new guidance was done using the modified retrospective method. The Foundation applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of July 1, 2019.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

New Accounting Pronouncement – (Continued)

Also, effective July 1, 2019, the Foundation adopted ASU 2018-08, Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This guidance is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions and improve guidance to better distinguish between conditional and unconditional contributions.

The adoption of these new standards did not result in a material impact to the Foundation's financial statements. There was no significant effect on the financial statements related to the adoption of these new standards which would require a cumulative adjustment to net assets at the date of adoption under the modified retrospective method.

Reclassification -

Prior year amounts have been reclassified to be consistent with current year presentation.

(2) INCOME TAXES:

The Foundation has been determined by the Internal Revenue Service to be exempt from federal income tax under Section 501(a) as described 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. Accordingly, no provision for income tax has been established.

The Foundation files income tax returns in the U.S. federal jurisdiction and Illinois. With few exceptions, the Foundation is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for fiscal years before 2017. The Foundation does not expect a material net change in unrecognized tax benefits in the next twelve months.

(3) PROMISES TO GIVE:

Promises to give are adjusted to present value using a rate of 2% and consist of the following:

	2020	2019
Promises to give	$ 120,325	$ 87,025
Less - Allowance for doubtful accounts	6,016	4,351
Less - Unamortized discounts	5,120	3,888
Net unconditional promises to give	$ 109,189	$ 78,786
Amounts due in:		
Less than one year	$ 45,900	$ 29,350
One to five years	63,289	49,436
	$ 109,189	$ 78,786

(4) SHORT-TERM INVESTMENTS:

Short-term investments as of June 30, 2020 and 2019, of $1,102,937 and $1,102,502, respectively, are comprised of certificates of deposit.

(5) PROPERTY AND EQUIPMENT:

	2020	2019
Buildings and improvements	$ 1,119,940	$ 1,082,018
Furniture, fixtures, and equipment	176,020	173,346
	1,295,960	1,255,364
Less accumulated depreciation	752,259	691,586
Total	$ 543,701	$ 563,778

(6) LAND - PRESERVATION PROPERTIES:

The Foundation owns the following land for preservation purposes:

	2020	2019
Dayton Bluffs	$ 2,087,250	$ 2,087,250
Graves Land	955,000	-
Mitchell Property	625,000	625,000
Total	$ 3,667,250	$ 2,712,250

The Foundation received a donation of land in Kendall County during fiscal year 2020 which is held at the donated value of $955,000.

The Foundation received a donation of land in LaSalle County during fiscal year 2019 which is held at the donated value of $625,000.

(7) FAIR VALUE MEASUREMENTS:

The Accounting Standards Codification for Fair Value Measurements established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under this codification are described as follows:

Level 1:

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

(7) FAIR VALUE MEASUREMENTS: (Continued)

Level 2:

Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3:

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value:

	Assets at Fair Value as of June 30, 2020			
Description	Level 1	Level 2	Level 3	Total
Beneficial interest in assets held by DuPage Foundation	$ -	$ -	$ 610,002	$ 610,002

	Assets at Fair Value as of June 30, 2019			
Description	Level 1	Level 2	Level 3	Total
Beneficial interest in assets held by DuPage Foundation	$ -	$ -	$ 530,401	$ 530,401

Foundation assets invested with DuPage are invested at the discretion of DuPage for the benefit of the Foundation. The DuPage invests amounts largely in domestic common stock, domestic and internal mutual funds, emerging market funds, exchange traded funds, fixed income securities, hedge funds, private equity funds, and real estate funds, which are based upon Level 1 inputs or the net asset value of the respective fund as reported by the various fund managers. There are no redemption frequency limitations, but the agency agreement between the Foundation and DuPage requires a redemption notice period of two weeks.

(7) FAIR VALUE MEASUREMENTS: (Continued)

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statement of financial position using significant unobservable (Level 3) inputs for the years ended June 30, 2020 and 2019.

	2020	2019
Balance, beginning of year	$ 530,401	$ 496,124
Deposits	118,224	28,002
Distributions	(45,048)	(16,968)
Investment income	6,425	23,243
Balance, end of year	$ 610,002	$ 530,401

(8) INVESTMENT INCOME:

Investment income resulting from short-term investments and assets held by DuPage Foundation for the years ended June 30, 2020 and 2019, consisted of the following:

	2020	2019
Interest and dividends	$ 29,405	$ 32,599
Realized gain	13,849	15,405
Investment expense	(5,980)	(5,761)
Unrealized gain (loss)	(13,094)	885
	$ 24,180	$ 43,128

(9) CONDITIONAL GRANT:

As part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, in April 2020, the Foundation obtained a Payroll Protection Program (PPP) loan in the amount of $306,000. The interest rate on this loan is 1%, with the amount to be repaid in equal installments of principal and interest, beginning at the earlier of the date the SBA remits the loan forgiveness amount, or 10 months after the end of the forgivable covered period, with the final payment due in April 2022. As part of the PPP loan agreement, a portion of the loan can be forgiven. The Foundation intends to maximize the forgiven portion of this loan as allowed under the Act. In December 2020, the Foundation's PPP loan was forgiven in full by the Small Business Administration.

The Foundation has determined that the loan represents, in substance, a conditional grant as allowed under ASC 958-605 which recognizes revenue on nonexchange transactions when the barriers to the grants have been met. Per stipulations outlined in the CARES Act, the Foundation is using the monies from the PPP loan to fund payroll and other costs. Accordingly, the Foundation recognizes a portion of the loan as contribution at the end of each payroll period that is funded by the PPP monies.

Funds received under PPP conditional grant	$ 306,000
Payroll expenses funded by PPP conditional grant	306,000
Refundable advance as of June 30, 2020	$ -

(10) NET ASSETS:

The Foundation's Board of Trustees (Board) has designated 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.

Net assets that are board-designated are as follows:

	2020	2019
Conservation easement defense funds	$ 505,000	$ 460,000
McDonald Farm buildings	379,369	362,102
Quasi-endowment fund	39,800	-
Clow Education Center	194,342	183,821
Total designated net assets	$ 1,118,511	$ 1,005,923

Net assets with donor restrictions are as follows:

	2020	2019
Restoration projects	$ 43,440	$ 22,588
Reservation Woods project	30,373	34,435
Education grants	-	2,338
Nature RX	-	3,812
Dickson-Murst Farm Partners	17,696	27,033
Mains internship program	-	14,079
Accumulated investment for DuPage River	2,220	1,998
Fox River Initiative	102,231	234,291
Total time or purpose restricted	195,960	480,505
Perpetual in nature:		
McDonald Farm – land	268,837	268,837
Dickson-Murst Farm – land and buildings	532,000	532,000
DuPage River Preservation fund	25,012	25,012
Total perpetual in nature	825,849	825,849
Total net assets with donor restrictions	$ 1,021,809	$ 1,166,423

The Foundation's main office is located on the McDonald Farm, which is owned by the Foundation. The land of the McDonald Farm 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.

(11) ENDOWMENT:

The Accounting Standards Codification (ASC) provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). The ASC also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds), whether or not the organization is subject to UPMIFA.

The Foundation's endowment consists of two individual funds established for the preservation of DuPage River and a board designated quasi-endowment fund. The preservation of DuPage River consists of donor-restricted funds. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of the Foundation has interpreted the Illinois Prudent Management of Institutional Funds Act (IPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as amounts to retain in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity is appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by IPMIFA. In accordance with IPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

Investment Return Objectives, Risk Parameters and Strategies -

The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income, as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes cash and cash equivalents, equity securities, mutual funds, and fixed income securities that are intended to result in a consistent rate of return that has sufficient liquidity to make an annual distribution, while growing the funds if possible. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

(11) ENDOWMENT: (Continued)

As of June 30, 2020 and 2019, the Foundation had the following endowment net asset composition by type of fund:

	2020		
	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds:			
Accumulated investment earnings on amounts maintained in perpetuity	$ -	$ 2,220	$ 2,220
Original donor-restricted gift amount and amounts required to be maintained in perpetuity	39,800	25,012	64,812
	$ 39,800	$ 27,232	$ 67,032

	2019		
	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds:			
Accumulated investment earnings on amounts maintained in perpetuity	$ -	$ 1,998	$ 1,998
Original donor-restricted gift amount and amounts required to be maintained in perpetuity	-	25,012	25,012
	$ -	$ 27,010	$ 27,010

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no underwater endowments as of June 30, 2020 and 2019.

Changes in endowment net assets for the years ended June 30, 2020 and 2019 are as follows:

	2020		
	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	$ -	$ 27,010	$ 27,010
Contributions	39,800	-	39,800
Investment income	-	255	255
Net appreciation	-	(33)	(33)
Endowment net assets, end of year	$ 39,800	$ 27,232	$ 67,032

(11) ENDOWMENT: (Continued)

	2019		
	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	$ -	$ -	$ -
Contributions	-	25,012	25,012
Investment income	-	251	251
Net appreciation	-	1,747	1,747
Endowment net assets, end of year	$ -	$ 27,010	$ 27,010

(12) OPERATING LEASE:

The Foundation has entered into lease agreements with unrelated parties through December 2020. Rental revenue under these agreements was $9,800 and $10,655 for June 30, 2020 and 2019, respectively.

Future rental income under the lease agreements is as follows:

2020	$ 4,800

(13) AVAILABILITY AND LIQUIDITY:

	June 30,	
	2020	2019
Financial Assets -		
Cash and cash equivalents	$ 377,613	$ 768,911
Short-term investments	1,102,937	1,102,502
Accounts receivable	93,755	107,595
Interest receivable	10,880	4,886
Promises to give	45,900	29,350
Total financial assets	1,631,085	2,013,244
Internal designations -		
Funds set aside for conservation easement defense	505,000	460,000
Financial assets available to meet cash needs for general expenditures within one year	$ 1,126,085	$ 1,553,244

The Foundation's goal is to generally maintain enough financial assets to meet 6 months of operating expenses (approximately $850,000).

(13) AVAILABILITY AND LIQUIDITY: (Continued)

The Foundation manages its liquidity and reserves adhering to the following principles:

- operating within a prudent range of financial soundness and stability
- incurring unbudgeted costs only when such costs are funded
- maintaining adequate liquid assets to fund near-term operating needs

(14) EASEMENTS:

The Foundation has received 45 easements consisting of 1635 acres as of June 30, 2020. No value has been assigned to these easements in the financial statements because the Foundation does not have ownership rights to the underlying property.

(15) EMPLOYEE RETIREMENT 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 June 30, 2020 and 2019, contributions made were equal to 1.5% of the individual participant's compensation, assuming participants were contributing at least 3% of the annual compensation. Total expense for the years ended June 30, 2020 and 2019, was $15,608 and $15,657, respectively.

(16) RELATED PARTIES:

The DuPage River Salt Creek Workgroup (DRSCW) is an independent 501(c)(4) organization whose mission is to protect and improve the water quality of the DuPage River and the Salt Creek. The Foundation provides 2.6 full-time equivalent in staffing to DRSCW and DRSCW reimburses all related expenses to the Foundation. The total reimbursement was $229,297 and $232,635 for the years ended June 30, 2020 and 2019, 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 (LDRWC) 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 0.9 full-time equivalent in staffing to LDRWC and LDRWC reimburses all related expenses to the Foundation. The total reimbursement was $67,160 and $50,122 for the years ended June 30, 2020, and 2019, respectively. In addition to staffing, one member of the Foundation's staff also sits on the Board of the Coalition.

The Lower Des Plaines Watershed Group (LDWG) is an independent 501(c)(3) organization established in 2017 whose mission is to protect and improve the water quality of the Lower Des Plaines River. The Foundation provides 1.4 full-time equivalent in staffing to LDWG and LDWG reimburses all related expenses to the Foundation. The total reimbursement was $103,717 and $76,029 for the years ended June 30, 2020 and 2019, respectively.

(17) CONCENTRATION:

The Foundation received approximately 19% of its total public support and revenue from one donor, for the specific purpose of purchasing two conservation easements, for the year ended June 30, 2020.

(18) SUBSEQUENT EVENTS:

In September 2020, the Foundation purchased two separate vacant lots in Kendall County for $63,564 and $67,059, respectively.

(19) MANAGEMENT'S RESPONSE TO EFFECTS OF COVID-19 PANDEMIC:

In March 2020 the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. As a part of these mitigation measures, the Foundation had to make changes in how to operate its programs and had to cancel events or move it to virtual. In response to the effects of COVID-19, management is implementing strategies to help mitigate the losses in relation to this pandemic. The Foundation cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption from this pandemic may impact the Foundation's operations and financial statements.