THE CONSERVATION FOUNDATION

FINANCIAL STATEMENTS
AS OF JUNE 30, 2021 AND 2020

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, 2021 and 2020, 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 as of June 30, 2021 and 2020, 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 26, 2022

EXHIBIT 1

THE CONSERVATION FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
A S S E T S		
CURRENT ASSETS:		
Cash and cash equivalents	$ 405,836	$ 377,613
Restricted cash	417,122	370,101
Short-term investments	1,010,005	1,102,937
Accounts receivable	119,632	93,755
Accrued interest receivable	9,999	10,880
Promises to give, current	21,035	45,900
Total current assets	1,983,629	2,001,186
PROPERTY AND EQUIPMENT, NET	516,370	543,701
LAND AND BUILDINGS - PERMANENTLY RESTRICTED	800,837	800,837
OTHER ASSETS:		
Promises to give, net of current portion	19,135	63,289
Beneficial interest in assets held by DuPage Foundation	899,644	610,002
Land - preservation properties	3,797,873	3,667,250
Total other assets	4,716,652	4,340,541
Total assets	$ 8,017,488	$ 7,686,265
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Mitigation funds	$ 118,302	$ 104,918
Accounts payable	20,217	28,966
Funds held on behalf of others	298,820	265,183
Accrued liabilities	187,701	154,645
Deferred revenue	12,530	5,000
Total current liabilities	637,570	558,712
NET ASSETS:		
Without donor restrictions - Undesignated	5,169,662	4,987,233
- Board designated	1,169,585	1,118,511
Total net assets without donor restrictions	6,339,247	6,105,744
With donor restrictions	1,040,671	1,021,809
Total net assets	7,379,918	7,127,553
Total liabilities and net assets	$ 8,017,488	$ 7,686,265

The accompanying notes are an integral part of this statement.

THE CONSERVATION FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE:						
Contributions and grants	$ 1,144,003	$ 67,734	$ 1,211,737	$ 1,565,712	$ 47,652	$ 1,613,364
In-kind contributions	65,434	-	65,434	1,043,163	-	1,043,163
Investment income	182,180	15,443	197,623	23,958	222	24,180
Benefit dinner - net of expenses $76,472 and $51,990 for 2021 and 2020, respectively	85,187	-	85,187	85,060	-	85,060
Special events	22,883	-	22,883	53,928	-	53,928
Consulting income	560,610	-	560,610	549,732	-	549,732
Rental income	10,100	-	10,100	9,800	-	9,800
Sales income	59,646	-	59,646	48,105	-	48,105
Green Earth Harvest sales	333,244	-	333,244	464,742	-	464,742
Loss on disposal of fixed asset	(1,212)	-	(1,212)	-	-	-
Grant under CARES Act	-	-	-	306,000	-	306,000
Miscellaneous	8,952	-	8,952	3,085	-	3,085
Total public support and revenue	2,471,027	83,177	2,554,204	4,153,285	47,874	4,201,159
Net assets released from restrictions -	64,315	(64,315)	-	192,488	(192,488)	-
Net public support and revenue	2,535,342	18,862	2,554,204	4,345,773	(144,614)	4,201,159
FUNCTIONAL EXPENSES:						
Program services	1,899,662	-	1,899,662	3,084,214	-	3,084,214
Management and general	159,699	-	159,699	115,108	-	115,108
Fundraising	242,478	-	242,478	321,365	-	321,365
Total functional expenses	2,301,839	-	2,301,839	3,520,687	-	3,520,687
CHANGE IN NET ASSETS	233,503	18,862	252,365	825,086	(144,614)	680,472
NET ASSETS, Beginning of year	6,105,744	1,021,809	7,127,553	5,280,658	1,166,423	6,447,081
NET ASSETS, End of year	$ 6,339,247	$ 1,040,671	$ 7,379,918	$ 6,105,744	$ 1,021,809	$ 7,127,553

The accompanying notes are an integral part of this statement.

THE CONSERVATION FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 252,365	$ 680,472
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	62,048	60,673
Loss on disposal of fixed asset	1,212	-
Donation of land	-	(955,000)
Realized and unrealized (gain) on beneficial interest in assets held by DuPage Foundation	(182,384)	(755)
(Increase) decrease in accounts receivable	(25,877)	13,840
(Increase) decrease in accrued interest receivable	881	(5,994)
(Increase) decrease in promises to give	69,019	(30,403)
Decrease in other assets	-	6,307
Decrease in prepaid expenses	-	123,279
Increase in mitigation funds	13,384	25,000
Increase (decrease) in deferred revenue	7,530	(169,814)
(Decrease) in accounts payable	(8,749)	(40,651)
Increase in funds held on behalf of others	33,637	113,036
Increase in accrued liabilities	33,056	46,625
Total adjustments	3,757	(813,857)
Net cash provided by (used in) operating activities	256,122	(133,385)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(166,552)	(40,596)
Purchases of beneficial interest in assets held by DuPage Foundation	(152,285)	(123,894)
Proceeds from beneficial interest in assets held by DuPage Foundation	45,027	45,048
Net purchases (sales) of short-term investments	92,932	(435)
Net cash (used in) investing activities	(180,878)	(119,877)
NET CHANGE IN CASH AND CASH EQUIVALENTS	75,244	(253,262)
CASH AND CASH EQUIVALENTS, Beginning of year	747,714	1,000,976
CASH AND CASH EQUIVALENTS, End of year	$ 822,958	$ 747,714
Unrestricted cash and cash equivalents at end of year	$ 405,836	$ 377,613
Restricted cash at end of year	417,122	370,101
Total cash and cash equivalents	$ 822,958	$ 747,714

The accompanying notes are an integral part of this statement.

THE CONSERVATION FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services	Management and General	Fundraising	Total
Salaries and benefits	$ 1,432,121	$ 140,355	$ 168,395	$ 1,740,871
Conferences and travel	16,356	926	1,805	19,087
Professional services	63,056	1,335	10,392	74,783
Insurance	19,934	1,637	2,004	23,575
Marketing	11,173	348	37,336	48,857
Merchandising	44,552	-	-	44,552
Office supplies	103,837	13,923	18,895	136,655
Program expense	144,919	-	-	144,919
Trips and events	2,938	79	79,947	82,964
Depreciation	60,776	1,096	176	62,048
Total expenses by function	1,899,662	159,699	318,950	2,378,311
Less expenses included with revenues on the statement of activities	-	-	(76,472)	(76,472)
Total expenses included in the expense section	$ 1,899,662	$ 159,699	$ 242,478	$ 2,301,839
Percentage of total functional expenses	82.5%	7.0%	10.5%	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, 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.

(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 26, 2022, 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 $2,268 and $6,016 as of June 30, 2021 and 2020, respectively.

Property and Equipment -

Acquisitions of property and equipment in excess of $1,500 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 statement of financial position date related to revenue that has not yet been recognized .

(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.

Sales income –

The Foundation recognizes sales income from rain barrels and native plants. The performance obligation is met and revenue recognized, when the sale 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.

(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.

(2) INCOME TAXES: (Continued)

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 2018. 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:

	2021	2020
Promises to give	$ 45,360	$ 120,325
Less - Allowance for doubtful accounts	(2,268)	(6,016)
Less - Unamortized discounts	(2,922)	(5,120)
Net unconditional promises to give	$ 40,170	$ 109,189
Amounts due in:		
Less than one year	$ 21,035	$ 45,900
One to five years	19,135	63,289
	$ 40,170	$ 109,189

(4) PROPERTY AND EQUIPMENT:

	2021	2020
Buildings and improvements	$ 1,106,218	$ 1,119,940
Furniture, fixtures, and equipment	107,018	176,020
	1,213,236	1,295,960
Less accumulated depreciation	696,866	752,259
Total	$ 516,370	$ 543,701

(5) LAND - PRESERVATION PROPERTIES:

The Foundation owns the following land for preservation purposes:

	2021	2020
Dayton Bluffs	$ 2,087,250	$ 2,087,250
Graves Land	955,000	955,000
Parish Property	63,564	-
Jaross Property	67,059	-
Mitchell Woods	625,000	625,000
Total	$ 3,797,873	$ 3,667,250

(5) LAND - PRESERVATION PROPERTIES: (Continued)

The Foundation purchased two separate vacant lots in Kendall County during 2021 for $63,564 and $67,059, respectively. During 2020, the Foundation received a donation of land in Kendall County which is held at the donated value of $955,000.

(6) SHORT-TERM INVESTMENTS:

Short-term investments as of June 30, 2021 and 2020, of $1,010,005 and $1,102,937, respectively, are comprised of certificates of deposit.

(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.

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:

(7) FAIR VALUE MEASUREMENTS:(Continued)

Description	Assets at Fair Value as of June 30, 2021 Level 1	Level 2	Level 3	Total
Beneficial interest in assets held by DuPage Foundation	$ -	$ -	$ 899,644	$ 899,644

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

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.

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, 2021 and 2020.

	2021	2020
Balance, beginning of year	$ 610,002	$ 530,401
Deposits	148,774	118,224
Distributions	(45,027)	(45,048)
Investment income	185,895	6,425
Balance, end of year	$ 899,644	$ 610,002

(8) INVESTMENT INCOME:

Investment income resulting from short-term investments and assets held by DuPage Foundation for the years ended June 30, 2021 and 2020, consisted of the following:

	2021	2020
Interest and dividends	$ 24,092	$ 29,405
Realized gain	30,227	13,849
Investment expense	(8,853)	(5,980)
Unrealized gain (loss)	152,157	(13,094)
	$ 197,623	$ 24,180

(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. 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 used the monies from the PPP loan to fund payroll and other costs. Accordingly, the Foundation recognized a portion of the loan as a contribution at the end of each payroll period that is funded by the PPP monies.

(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:

	2021	2020
Conservation easement defense funds	$ 500,550	$ 505,000
McDonald Farm buildings	327,906	379,369
Quasi-endowment fund	153,783	39,800
Clow Education Center	187,346	194,342
Total designated net assets	$ 1,169,585	$ 1,118,511

Net assets with donor restrictions are as follows:

	2021	2020
Restoration projects	$ 40,301	$ 43,440
Reservation Woods project	-	30,373
Dickson-Murst Farm Partners	14,591	17,696
Mains internship program	6,236	-
Accumulated investment for DuPage River	16,463	2,220
Fox River Initiative	102,231	102,231
Total time or purpose restricted	179,822	195,960

(10) NET ASSETS: (Continued)

Net assets with donor restrictions are as follows: (Continued)

	2021	2020
Perpetual in nature:		
McDonald Farm – land	$ 268,837	$ 268,837
Dickson-Murst Farm – land and buildings	532,000	532,000
DuPage River Preservation fund	60,012	25,012
Total perpetual in nature	860,849	825,849
Total net assets with donor restrictions	$ 1,040,671	$ 1,021,809

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

(11) ENDOWMENT: (Continued)

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.

As of June 30, 2021 and 2020, the Foundation had the following endowment net asset composition by type of fund:

	2021		
	Without donor restrictions	With donor restrictions	Total
Board-designated endowment funds	$ 153,783	$ -	$ 153,783
Donor-restricted endowment funds:			
Accumulated investment earnings on amounts maintained in perpetuity	-	16,463	16,463
Original donor-restricted gift amount and amounts required to be maintained in perpetuity	-	60,012	60,012
	$ 153,783	$ 76,475	$ 230,258

(11) ENDOWMENT: (Continued)

	2020		
	Without donor restrictions	With donor restrictions	Total
Board-designated endowment funds	$ 39,800	$ -	$ 39,800
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	-	25,012	25,012
	$ 39,800	$ 27,232	$ 67,032

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, 2021 and 2020.

Changes in endowment net assets for the years ended June 30, 2021 and 2020 are as follows:

	2021		
	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	$ 39,800	$ 27,232	$ 67,032
Contributions	-	35,000	35,000
Funds designated by the board	90,000	-	90,000
Investment income	23,983	15,443	39,426
Appropriations	-	(1,200)	(1,200)
Endowment net assets, end of year	$ 153,783	$ 76,475	$ 230,258

	2020		
	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	$ -	$ 27,010	$ 27,010
Contributions	-	-	-
Funds designated by the board	39,800	-	39,800
Investment income	-	255	255
Appropriations	-	(33)	(33)
Endowment net assets, end of year	$ 39,800	$ 27,232	$ 67,032

(12) RENTAL INCOME:

The Foundation has entered into lease agreements with unrelated parties through December 2021. Rental revenue under these agreements was $10,100 and $9,800 for June 30, 2021 and 2020, respectively.

Future rental income under the lease agreements is as follows:

2022	$ 4,800

(13) 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, 2021 and 2020, 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, 2021 and 2020, was $17,138 and $15,608, respectively.

(14) AVAILABILITY AND LIQUIDITY:

	June 30,	
	2021	2020
Financial Assets -		
Cash and cash equivalents	$ 405,836	$ 377,613
Short-term investments	1,010,005	1,102,937
Accounts receivable	119,632	93,755
Interest receivable	9,999	10,880
Promises to give	21,035	45,900
Total financial assets	1,566,507	1,631,085
Internal designations -		
Funds set aside for conservation easement defense	500,550	505,000
Financial assets available to meet cash needs for general expenditures within one year	$ 1,065,957	$ 1,126,085

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

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

(15) EASEMENTS:

The Foundation has 45 easements consisting of 1635 acres as of June 30, 2021. No value has been assigned to these easements in the financial statements because the Foundation does not have ownership rights to the underlying property.

(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 $245,750 and $229,297 for the years ended June 30, 2021, and 2020, 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 $70,382 and $67,160 for the years ended June 30, 2021, and 2020, 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 $112,862 and $103,717 for the years ended June 30, 2021 and 2020, 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 2021, the Foundation purchased 130 acres of land in St. Charles, Illinois (Campton Township) for $2,108,338. The purchase was financed with a note payable to a bank in the amount of $1,897,504, bearing interest at the prime rate plus 0.25%, with monthly interest-only payments until the note is due in September 2024 in one lump sum principal payment.

In October 2021 the Foundation purchased land in Minooka, Illinois for $250,000.

(18) SUBSEQUENT EVENTS: (Continued)

In November 2021, the Foundation purchased 5 acres of land in Plainfield, Illinois for $410,000. The purchase was partially financed with a note payable to a bank in the amount of $205,000, bearing interest at the prime rate plus 0.25%, with monthly interest-only payments until the note is due in November 2024 with one lump sum principal payment.

Additionally in November 2021, the Foundation entered into a related party agreement with Chicago Area Waterways Chloride Workgroup (CAWCW) to provide staffing services through June 30, 2022. The Foundation will provide 1.1 full-time equivalent in staffing to CAWCW and CAWCW will reimburse all related expenses to the Foundation. The estimated total reimbursement for fiscal year 2022 is $76,267.

(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. Management has implemented and followed CDC guidelines and state mandates while continuing normal operations. The Foundation cannot reasonably estimate the continued length or severity of this pandemic, or the extent to which the disruption from this pandemic may impact the Foundation's future operations and financial statements.