The Conservation Foundation

Independent Auditor’s Report and Financial Statements

June 30, 2017 and 2016

BKD LLP
CPAs & Advisors

The Conservation Foundation
June 30, 2017 and 2016

Contents

BKD LLP
CPAs & Advisors

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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, 2017 and 2016, 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, 2017 and 2016, 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.

Emphasis of Matter

As discussed in Note 17 to the financial statements, the 2016 financial statements have been restated to correct the presentation of the short-term investments. Our opinion is not modified with respect to this matter.

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 18 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 26, 2018

The Conservation Foundation

Statements of Financial Position

June 30, 2017 and 2016

Assets

	2017	2016 (Restated)
Current Assets		
Cash and cash equivalents	$ 1,617,918	$ 1,274,099
Restricted cash	176,759	208,366
Short-term investments	883,952	878,084
Accounts receivable, net of allowance	93,606	66,986
Accrued interest receivable	6,352	5,035
Pledges receivable, net of allowance	44,790	39,220
Grants receivable	-	50,000
Other assets	1,666	48,548
Prepaid expenses	-	29,259
Land - Preservation Properties - held for sale	30,000	1,565,000
Total current assets	2,855,043	4,164,597
Pledges Receivable - Noncurrent	54,045	82,668
Land - Preservation Properties	2,557,250	2,087,250
Beneficial Interest in Assets Held by DuPage Community Foundation	459,766	-
Property and Equipment, Net	573,917	540,555
Land and Buildings - Permanently Restricted	800,837	800,837
Total assets	$ 7,300,858	$ 7,675,907

See Notes to Financial Statements

Liabilities and Net Assets

	2017	2016 (Restated)
Current Liabilities		
Mitigation funds	$ 79,948	$ 85,619
Accounts payable	39,545	37,764
Funds held on behalf of others	96,811	122,747
Rental security deposit	1,000	1,000
Accrued liabilities	117,414	80,927
Note payable	-	700,000
Total current liabilities	334,718	1,028,057
Net Assets		
Unrestricted		
Designated		
Easement defense	450,000	499,999
McDonald Farm buildings	367,356	321,665
Clow Education Center	196,824	203,272
Undesignated	4,573,602	4,190,126
Total unrestricted	5,587,782	5,215,062
Temporarily restricted	577,521	631,951
Permanently restricted	800,837	800,837
Total net assets	6,966,140	6,647,850
Total liabilities and net assets	$ 7,300,858	$ 7,675,907

The Conservation Foundation

Statements of Activities and Changes in Net Assets

Years Ended June 30, 2017 and 2016

	2017	2016
Unrestricted Net Assets		
Unrestricted revenues and gains		
Contributions and grants	$ 1,641,711	$ 1,356,380
Investment income	19,575	6,715
Benefit dinner - net of expenses of $86,062 and $74,514 for 2017 and 2016, respectively	101,068	89,806
Special events	60,414	37,427
Consulting income	379,472	273,940
Rental income	57,100	92,820
Sales income	13,394	21,599
Miscellaneous	2,736	8,420
Total unrestricted revenues and gains	2,275,470	1,887,107
Net assets released from restrictions	115,348	88,699
Total unrestricted net assets	2,390,818	1,975,806
Expenses		
Programs services	1,680,882	1,375,923
Management	51,919	71,494
Other fundraising	285,297	280,534
Total expenses	2,018,098	1,727,951
Increase in Unrestricted Net Assets Before Other Changes	372,720	247,855
Other Changes in Unrestricted Net Assets		
Loss on value of property held for sale	-	(354,900)
Increase (Decrease) in Unrestricted Net Assets	372,720	(107,045)
Temporarily Restricted Net Assets		
Contributions and grants	60,918	622,853
Net assets released from restrictions	(115,348)	(88,699)
Increase (decrease) in temporarily restricted net assets	(54,430)	534,154
Change in Net Assets	318,290	427,109
Net Assets, Beginning of Year	6,647,850	6,220,741
Net Assets, End of Year	$ 6,966,140	$ 6,647,850

The Conservation Foundation

Statements of Cash Flows

Years Ended June 30, 2017 and 2016

	2017	2016 (Restated)
Operating Activities		
Change in net assets	$ 318,290	$ 427,109
Adjustments for noncash items		
Depreciation	54,267	53,492
Donation of land	(470,000)	-
Loss on value of property held for sale	-	354,900
Changes in		
Accounts receivable	(26,620)	4,291
Accrued interest receivable	(1,317)	(636)
Pledges receivable	23,053	(26,231)
Grants receivable	50,000	(50,000)
Other assets	46,882	(44,503)
Prepaid expenses	29,259	(7,773)
Mitigation funds	(5,671)	(4,185)
Accounts payable	1,781	(373)
Funds held on behalf of others	(25,936)	11,530
Accrued liabilities	36,487	10,325
Net cash provided by operating activities	30,475	727,946
Investing Activities		
Proceeds from sale of land - held for sale	1,535,000	-
Purchase of property and equipment	(87,629)	(29,959)
Purchase - beneficial interest in assets held by DuPage Community Foundation	(450,000)	-
Purchase of short-term investments	(394,162)	(906,856)
Proceeds from maturity/sale of short-term investments	378,528	608,548
Net cash provided by (used in) investing activities	981,737	(328,267)
Financing Activities		
Note payable repayments	(700,000)	(250,000)
Net Increase in Cash and Cash Equivalents	312,212	149,679
Cash and Cash Equivalents, Beginning of Year	1,482,465	1,332,786
Cash and Cash Equivalents, End of Year	$ 1,794,677	$ 1,482,465
Reconciliation to Statement of Financial Position		
Cash and cash equivalents	$ 1,617,918	$ 1,274,099
Restricted cash	176,759	208,366
	$ 1,794,677	$ 1,482,465

The Conservation Foundation

Notes to Financial Statements

June 30, 2017 and 2016

Note 1: Nature of Operations

The mission of The Conservation Foundation (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.

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.

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.

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.

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.

Contributed Services

Many individuals volunteer their time and perform a variety of tasks that assist the Foundation. The Foundation received approximately 13,000 and 11,000 volunteer hours in the years ended June 30, 2017 and 2016, 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 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 it fair value.

Impairment losses of $0 and $354,900 were recognized for two Preservation Properties for the years ended June 30, 2017 and 2016, 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.

Beneficial Interest in Assets Held by the DuPage Community Foundation

The Foundation maintains assets with DuPage Community 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 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

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.

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.

Note 3: Land – Preservation Properties

The Foundation owns the following land for preservation purposes:

	2017	2016
LaSalle County - 23 acres (sold in 2017)	$ -	$ 35,000
Plainfield Land Donation	30,000	30,000
Dayton Bluffs (unrestricted)	2,087,250	2,087,250
Butterfield Project (sold in 2017)	-	1,500,000
Grabacki Land Donation	470,000	-
Total	$ 2,587,250	$ 3,652,250

The Butterfield Park District passed a successful referendum in November 2014, which provided funding to purchase the property from the Foundation. The Foundation transferred the property to the Park District in December 2016. The transaction was the sale of the property to the Park District for the same $1,500,000 price the Foundation purchased it for. The Park District reimbursed 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 was adjusted to $30,000 in 2016 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 was adjusted to $35,000 in 2016 to reflect the conservation easement restrictions. This land was sold during 2017 in the amount of $35,000.

The Foundation received a donation of land in Kane County in 2017 which is held at the donated value of $470,000. The Foundation entered into a $0 lease and donation agreement with the Forest Preserve District of Kane County (the District), which grants the District immediate access and management until the property is transferred to the Foundation.

Note 4: Property and Equipment

Unrestricted property and equipment consists of the following:

	2017	2016
Buildings and improvements	$ 1,028,878	$ 950,792
Furniture, fixtures and equipment	114,046	104,503
	1,142,924	1,055,295
Less accumulated depreciation	569,007	514,740
	$ 573,917	$ 540,555

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:

	2017	2016
McDonald Farm - land	$ 268,837	$ 268,837
Dickson-Murst Farm - land and buildings	532,000	532,000
	$ 800,837	$ 800,837

Note 6: Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following:

	2017	2016
Restoration projects	$ 34,680	$ 49,462
Reservation Woods project	34,435	34,435
Education grants	10,199	14,107
Dickson-Murst Farm Partners	19,129	8,023
Mains internship program	32,722	27,924
Fox River Initiative	446,356	498,000
Total temporarily restricted net assets	$ 577,521	$ 631,951

Net Assets Released From Restrictions

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

	2017	2016
Purpose restrictions accomplished		
Restoration project program expenses	$ 41,123	$ 34,293
Strategic land planning project program expenses	-	37,438
Education grants program expenses	3,908	4,448
Dickson-Murst Farm Partners program expenses	7,471	6,444
Mains internship program program expenses	11,202	4,076
Fox River Initiative program expenses	51,644	2,000
Total temporarily restricted net assets	$ 115,348	$ 88,699

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:

	2017	2016
Cash and cash equivalents		
Conservation easement defense funds	$ 450,000	$ 499,999
McDonald Farm buildings	367,356	321,665
Clow Education Center	196,824	203,272
Total designated net assets	$ 1,014,180	$ 1,024,936

Note 8: Conservation Easements

The Foundation holds conservation easements placed on properties acceptable to the Foundation. At June 30, 2017 and 2016, 41 and 39 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.

The Conservation Foundation

Notes to Financial Statements

June 30, 2017 and 2016

Note 9: Short-Term Investments

Short-term investments as of June 30, 2017 and 2016, of $883,952 and $878,084, respectively, are comprised of certificates of deposit.

Interest income from certificates of deposits for the years ended June 30, 2017 and 2016, was $9,809 and $6,715, respectively.

Note 10: Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities.

Recurring Measurements

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statement of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2017:

		Fair Value Measurements at Reporting Date Using		
	Fair Value	**Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Beneficial interest in assets held by DuPage Community Foundation	$ 459,766	$ -	$ -	$ 459,766

Foundation assets invested with DuPage Community Foundation are invested at the discretion of DuPage Community Foundation for the benefit of the Foundation. The DuPage Community Foundation invests amounts largely in domestic common stock, domestic and international 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 Community Foundation requires a redemption notice period of two weeks.

Level 3 Reconciliation

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:

Balance at July 1, 2016	$ -
Initial deposit	450,000
Investment income	9,766
Balance at June 30, 2017	$ 459,766

Note 11: Line of Credit

As of June 30, 2017, 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 (4.25% on June 30, 2017). At June 30, 2017 and 2016, there was no balance outstanding on the line of credit.

Note 12: Note Payable

As of June 30, 2017 and 2016, the Foundation had a note payable with Itasca Bank and Trust for $0 and $700,000, respectively. During the current year, the Foundation paid off the loan using proceeds from the sale of land – held for sale.

Note 13: 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	2017	2016
2017	$ -	$ 39,220
2018	44,790	41,890
2019	41,090	38,390
2020	19,630	17,280
2021	6,000	1,300
2022	-	-
	111,510	138,080
Less discounts to net present value	4,067	9,054
Less allowance for doubtful accounts	8,608	7,138
	$ 98,835	$ 121,888

Management calculates an allowance for pledges receivable at approximately 5% of the gross receivable amount. The allowance at June 30, 2017 and 2016, was $8,608 and $7,138, respectively. Receivables are written off when management determines they are uncollectible.

Note 14: Operating Leases

The Foundation has entered into lease agreements with unrelated parties through December 2019. Rental revenue under these agreements was $21,100 and $20,820 for the years ended June 30, 2017 and 2016, respectively.

Future annual rental income under the lease agreements is as follows:

Year Ending June 30	Amount
2018	$ 11,500
2019	11,000
2020	5,500
	$ 28,000

Note 15: Related Party Transactions

The Foundation purchased insurance totaling $5,887 and $3,410, during the years ended June 30, 2017 and 2016, respectively, from Gee-Schussler Insurance, of which a Board member is a principal. The Foundation paid a total of $823 and $5,600 during fiscal years 2017 and 2016, respectively, to Pizzo & Associates, of which a Board member is the owner. The Foundation also holds funds in accounts 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 2.6 full-time equivalent in staffing to the Workgroup and the Workgroup reimburses all related expenses to the Foundation. The total reimbursement was $199,886 and $139,901 for the years ended June 30, 2017 and 2016, 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 $40,977 and $40,447 for the years ended June 30, 2017 and 2016, respectively. In addition to staffing, one member of the Foundation's staff also sits on the Board of the Coalition.

The Foundation holds funds with Itasca Bank and Trust. A current Board member is a Senior Vice President with Itasca Bank.

The Lower DesPlaines Watershed Group (Group) is an independent 501(c)3 organization established in 2017 whose mission is to protect and improve the water quality of the Lower DesPlaines River. The Foundation provides 0.67 full-time equivalent in staffing to the Group and the Group reimburses all related expenses to the Foundation. The total reimbursement was $9,250 for the year ended June 30, 2017.

The Foundation holds funds with Allied First Bank. A current Board member is a Vice President with Allied First Bank.

Note 16: 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 2017 and 2016, 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, 2017 and 2016, was $13,464 and $12,421, respectively.

Note 17: Restatement of Prior Year's Financial Statements

During the 2017 audit, the Foundation determined that the prior year's cash and cash equivalents were overstated by including certain certificates of deposit amounts and has restated its prior year's financial statements to present such amounts as short-term investments. The following financial statement line items as of and for the year ended June 30, 2016, were affected by the correction:

	As Restated	As Previously Reported	Effect of Change
Statement of financial position			
Cash and cash equivalents	$ 1,274,099	$ 1,436,500	$ (162,401)
Short-term investments	878,084	715,683	162,401
Statement of cash flows			
Investing activities			
Purchase of short-term investments	(906,856)	(744,455)	(162,401)
Net cash used in investing activities	(328,267)	(165,866)	(162,401)
Net increase in cash and cash equivalents	149,679	312,080	(162,401)
Cash and cash equivalents, end of year	1,482,465	1,644,866	(162,401)

Note 18: Subsequent Events

Effective January 1, 2018, the Foundation merged with the Green Earth Institute. The Green Earth Institute will continue as a program of the Foundation.

Management has evaluated subsequent events through February 26, 2018, which is the date the financial statements were available to be issued.

Supplementary Information

The Conservation Foundation

Schedules of Expenses

Years Ended June 30, 2017 and 2016

	2017		2016	
	Expense	Percentage of Total	Expense	Percentage of Total
Program services	$ 1,680,882	83.3%	$ 1,375,923	79.7%
Management	51,919	2.6%	71,494	4.1%
Other fundraising	285,297	14.1%	280,534	16.2%
Total expenses	$ 2,018,098	100.0%	$ 1,727,951	100.0%