

# Capital Accounting & Audit, LLC

*Certified Public Accountants*

*2800 Montvale Drive  
Springfield, IL 62704  
217-528-8475*

January 31, 2025

To the Board of Directors  
Friends of Nachusa Grasslands

We have audited the financial statements of Friends of Nachusa Grasslands for the year ended June 30, 2023, and have issued our report thereon dated January 31, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 6, 2024. Professional standards also require that we communicate to you the following information related to our audit.

## Significant Audit Findings

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Friends of Nachusa Grasslands are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during June 30, 2024. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are in integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The financial statement disclosures are neutral, consistent, and clear.

### *Difficulties Encountered in Performing the Audit*

We encountered no difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated January 31, 2025.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of Board of Directors and management of Friends of Nachusa Grasslands and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Capital Accounting & Audit*

Certified Public Accountants  
Springfield, Illinois

**FRIENDS OF  
NACHUSA GRASSLANDS**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
JUNE 30, 2024 AND 2023**

Friends of Nachusa Grasslands

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# Capital Accounting & Audit, LLC

*Certified Public Accountants*

*2800 Montvale Drive  
Springfield, IL 62704  
217-528-8475*

## Independent Auditor's Report

To the Board of Directors  
Friends of Nachusa Grasslands  
Franklin Grove, Illinois

### **Opinion**

We have audited the accompanying financial statements of Friends of Nachusa Grasslands (a nonprofit organization), which comprise the statements of financial position – modified cash basis as of June 30, 2024 and 2023, and the related statements of activities – modified cash basis and functional expenses – modified cash basis for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position – modified cash basis of Friends of Nachusa Grasslands as of June 30, 2024 and 2023, and the changes in net assets and its cash flows – modified cash basis for the years then ended in accordance with the modified cash basis of accounting as described in Note 1.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Friends of Nachusa Grasslands and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The

risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Friends of Nachusa Grasslands' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Friends of Nachusa Grasslands' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Capital accounting & Audit*

Certified Public Accountants  
Springfield, Illinois

January 31, 2025

Friends of Nachusa Grasslands  
**STATEMENTS OF FINANCIAL POSITION**  
**MODIFIED CASH BASIS**  
June 30, 2024 and 2023

Statement 1

<u>Assets</u>	<u>2024</u>	<u>2023</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents .....	\$ 444,289	\$ 153,123
<b>OTHER ASSETS</b>		
Investments .....	420,069	122,636
Beneficial interest in assets held by Community Foundation of Northern Illinois .....	3,665,382	3,249,162
Beneficial interest in assets held by The Nature Conservancy .....	844,349	804,413
Protected Land .....	<u>77,034</u>	<u>77,034</u>
Total Investments .....	5,006,834	4,253,245
<b>TOTAL ASSETS</b> .....	<b><u>\$5,451,123</u></b>	<b><u>\$4,406,368</u></b>
<b><u>Liabilities and Net Assets</u></b>		
<b>LIABILITIES</b> .....	\$ -	\$ -
<b>NET ASSETS</b>		
Without donor restrictions:		
Undesignated .....	941,392	352,793
Board designated-endowment at The Nature Conservancy .....	<u>360,539</u>	<u>297,810</u>
Total net assets without donor restrictions .....	1,301,931	650,603
With donor restrictions .....	<u>4,149,192</u>	<u>3,755,765</u>
Total Net Assets .....	5,451,123	4,406,368
<b>TOTAL LIABILITIES AND NET ASSETS</b> .....	<b><u>\$5,451,123</u></b>	<b><u>\$4,406,368</u></b>

The accompanying notes are an integral part of these financial statements.

Friends of Nachusa Grasslands  
**STATEMENT OF ACTIVITIES**  
**MODIFIED CASH BASIS**  
For the Year Ended June 30, 2024

Statement 2

	Without Donor Restrictions		With Donor Restrictions	2024 Total
	Undesignated	Board Designated		
<b>SUPPORT AND REVENUE:</b>				
Contributions .....	\$ 732,090	\$ 700	\$ 130,870	\$ 863,660
Grants.....	55,000	-	-	55,000
Change in beneficial interests.....	-	62,029	307,434	369,463
Program income.....	4,666	-	-	4,666
Other income.....	50,000	-	-	50,000
Net assets released from restrictions.....	<u>44,877</u>	<u>-</u>	<u>( 44,877)</u>	<u>-</u>
 Total Revenue .....	 <u>886,633</u>	 <u>62,729</u>	 <u>393,427</u>	 <u>1,342,789</u>
<b>EXPENSES:</b>				
Program services:				
Program expenses .....	264,967	-	-	264,967
Supporting services:				
Management and general.....	<u>33,067</u>	<u>-</u>	<u>-</u>	<u>33,067</u>
 Total Expenses .....	 <u>298,034</u>	 <u>-</u>	 <u>-</u>	 <u>298,034</u>
 <b>NET CHANGE IN NET ASSETS .....</b>	 <b>588,599</b>	 <b>62,729</b>	 <b>393,427</b>	 <b>1,044,755</b>
 NET ASSETS – BEGINNING OF YEAR.....	 <u>352,793</u>	 <u>297,810</u>	 <u>3,755,765</u>	 <u>4,406,368</u>
 NET ASSETS – END OF YEAR.....	 <u>\$ 941,392</u>	 <u>\$ 360,539</u>	 <u>\$4,149,192</u>	 <u>\$5,451,123</u>

The accompanying notes are an integral part of these financial statements.

Friends of Nachusa Grasslands  
**STATEMENT OF ACTIVITIES, Continued**  
**MODIFIED CASH BASIS**  
For the Year Ended June 30, 2024

Statement 2

	Without Donor Restrictions		With Donor Restrictions	2023 Total
	Undesignated	Board Designated		
<b>SUPPORT AND REVENUE:</b>				
Contributions .....	\$ 73,414	\$ 5,000	\$ 488,841	\$ 567,255
Grants.....	167,940	-	-	167,940
Change in beneficial interests.....	-	62,152	245,181	307,333
Program income.....	5,476	-	-	5,476
Other income.....	50,000	-	-	50,000
Net assets released from restrictions.....	<u>150,239</u>	<u>-</u>	( <u>150,239</u> )	<u>-</u>
 Total Revenue .....	 <u>447,069</u>	 <u>67,152</u>	 <u>583,783</u>	 <u>1,098,004</u>
<b>EXPENSES:</b>				
Program services:				
Program expenses .....	246,661	-	-	246,661
Supporting services:				
Management and general.....	<u>19,935</u>	<u>-</u>	<u>-</u>	<u>19,935</u>
 Total Expenses .....	 <u>266,596</u>	 <u>-</u>	 <u>-</u>	 <u>266,596</u>
 <b>NET CHANGE IN NET ASSETS .....</b>	 <b>180,473</b>	 <b>67,152</b>	 <b>583,783</b>	 <b>831,408</b>
 NET ASSETS – BEGINNING OF YEAR.....	 <u>172,320</u>	 <u>230,658</u>	 <u>3,171,982</u>	 <u>3,574,960</u>
 NET ASSETS – END OF YEAR.....	 <u>\$ 352,793</u>	 <u>\$ 297,810</u>	 <u>\$3,755,765</u>	 <u>\$4,406,368</u>

The accompanying notes are an integral part of these financial statements.

Friends of Nachusa Grasslands  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**MODIFIED CASH BASIS**  
For the Years Ended June 30, 2024 and 2023

Statement 3

	2024			2023		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Science Grants and Symposium .....	\$ 109,795	\$ -	\$ 109,795	\$ 85,273	\$ -	\$ 85,273
Stewardship .....	41,358	-	41,358	98,476	-	98,476
Nachusa Operations via TNC .....	96,174	-	96,174	42,268	-	42,268
TNC Management Fee.....	-	-	-	-	4,839	4,839
Professional Expenses .....	-	7,520	7,520	-	7,123	7,123
Other Expenses .....	-	18,968	18,968	-	3,312	3,312
Development Expenses.....	13,390	-	13,390	16,641	-	16,641
Grants to Other Organizations .....	4,250	-	4,250	4,000	-	4,000
Insurance.....	-	3,051	3,051	-	2,452	2,452
Bank Fees and Other Fees .....	-	3,528	3,528	-	2,209	2,209
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b><u>\$264,967</u></b>	<b><u>\$ 33,067</u></b>	<b><u>\$298,034</u></b>	<b><u>\$246,661</u></b>	<b><u>\$ 15,908</u></b>	<b><u>\$258,282</u></b>

The accompanying notes are an integral part of these financial statements.

Friends of Nachusa Grasslands  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended June 30, 2024 and 2023

**NOTE 1 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of the Operations**

Friends of Nachusa Grasslands (the "Organization") is a 501(c)(3) not for profit organization founded in 2008 by volunteers dedicated to providing for the long-term care and management of Nachusa Grasslands. The Nature Conservancy (TNC), a nonprofit conservation organization, owns and operates Nachusa Grasslands. The mission of the Friends of Nachusa Grasslands is to build endowments that will help defray the cost of natural areas management, staff and operating expenses; conduct and encourage stewardship; support land protection, and education and scientific activity at the preserve. These endowed funds will support the conservation and preservation of native plants, animals, and natural communities by providing for long-term stewardship at Nachusa Grasslands.

**Basis of Accounting**

The financial statements of the Organization are prepared on the modified basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States (GAAP). This basis of presentation differs from GAAP in that certain revenues are recognized when received rather than earned and certain expenses are recognized when paid rather than when the obligation is incurred. Specifically, the variances from GAAP include omission of receivables, accounts payable, and accruals. Such variances are presumed to be material. However, similar to financial statements prepared in accordance with GAAP, these financial statements reflect the fair market value of the beneficial interest in assets, which is a modification from cash basis. The accompanying financial statements are not intended to present the financial position and results of operations in conformity with accounting principles generally accepted in the United States.

**Net Assets**

Net assets and revenue, expense, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets of the organization and changes there in are classified and reported as follows:

Net assets without donor restrictions: net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, a board designated quasi-endowment.

Net assets with donor restrictions: net assets subject to donor or certain grantor imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time, long-lived assets placed in service, or other events specified by the donor. Other explicit donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released with a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Use of Estimates**

The preparation of financial statements 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. The most sensitive estimates are those related to the valuation of investments in assets held in trust at CFNIL and TNC.

Friends of Nachusa Grasslands  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended June 30, 2024 and 2023

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Property and Equipment**

Property and equipment are recorded at acquisition cost or fair market value at the date of the gift or donated assets. Equipment, furniture and fixtures, land improvements, improvements and buildings are depreciated on the straight line method over its estimated useful life. Equipment, furniture and fixtures not exceeding \$2,500 in value are charged to expense in the year of purchase and not recorded as an asset. Maintenance and repairs are charged to expense and not recorded as an asset. Major renewals and betterments which extend the useful lives of assets are capitalized. At year end, the Organization owned no property and equipment.

**Contributions**

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. When a 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 statements of activities as net assets released from restrictions.

Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization.

**Expense Allocation**

The costs of providing the various programs and activities have been summarized on a functional basis in the schedule of functional expenses. The expenses could be directly attributed to the program or supporting functions.

**Investments**

The Organization carries beneficial interest in assets held by The Nature Conservancy and the Community Foundation of Northern Illinois with readily determinable fair values in the statement of financial position. Quoted market prices in active markets are used as the basis of measurement. Net investment income (loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains losses, less external and direct internal investment expenses.

Investments are generally recorded at fair value based upon quoted market prices, when available, or estimates of fair value. Donated assets are recorded at fair value at the date of donation. Or if sold immediately after receipt, at the amount of sales proceeds received (which are considered a fair measure of the value of the date of donation). Those investments for which fair value is not readily determinable are carried at cost or, if donated, at fair value at the date of donation, or if no value can be estimated, at a nominal value. Investment income or loss and unrealized gains or losses are included in the statement of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law.

**Protected Land Investment**

In May 2023, the Organization purchased 6.5 acres in Franklin Grove, Illinois for \$77,034 for purposes of land protection. Prairie restoration of the land is the ultimate goal for the Organization.

Friends of Nachusa Grasslands  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended June 30, 2024 and 2023

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Statement of Cash Flows**

Cash and cash equivalents are short-term, highly liquid instruments that are readily convertible to cash with a maturity of three months or less.

**Income Taxes**

The Organization is a nonprofit organization exempt from taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provisions for income taxes are included in the financial statements. The Organization, however, if it should receive any unrelated business income, would not be exempt from income taxes on such income.

**NOTE 2 – CONCENTRATION OF CREDIT RISK**

The Organization maintains cash balances at financial institutions where the accounts are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. At certain times during the year, cash balances may be in excess of FDIC coverage. The Organization has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash.

**NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date of June 30, 2024 and 2023, comprise the following:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 444,287	\$ 153,123
Investments in Beneficial Interests Held	4,509,731	4,053,575
Other Investments	<u>420,069</u>	<u>122,636</u>
Subtotals financial resources	5,374,089	4,329,334
Less - donor restricted and board designated endowment fund	( <u>4,509,731</u> )	( <u>4,053,575</u> )
Total financial resources available for general expenditures within 12 months	<u>\$ 864,358</u>	<u>\$ 275,759</u>

Endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

Although not expected to be needed for paying for general expenditures, the expendable yet designated portion of the Organization's financial assets could be used to meet cash needs, if necessary.

Friends of Nachusa Grasslands  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended June 30, 2024 and 2023

**NOTE 4 – FAIR VALUE MEASUREMENTS**

Current accounting standards 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 measurements) and the lowest priority to unobservable input (level 3 measurements). The three levels of fair value hierarchy under current accounting standards are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

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; or inputs that are derived principally from or corroborated by observable market data by correlation of other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable market data by correlation of other means.

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.

Following is a description of the valuation methodologies used for asset measured at fair value.

Money Market, Bond and Equity Mutual Funds and U.S. Treasury Notes and Bills: Valued at the net asset value (NAV) of shares held by the Plan at year end.

Beneficial Interest in Perpetual Trust: Valued at the beneficial interest in assets held at the Community Foundation of Northern Illinois (Foundation) and TNC at the fair value of the Organization's share of the investment pool as of the measurement date. The Foundation's investments are composed approximately of 34% domestic equities, 24% foreign stocks, 16% U.S. fixed income, 9% real estate, 9% defensive equity, and 8% alternative investments including cash equivalents and private equity funds. The beneficial interest in assets held at TNC is managed by independent investment managers. To maintain prudent diversification and to manage risk, TNC portfolio is divided among 70 to 75 separate managers. To mitigate concentrations of credit risk, TNC's excess cash invested in high quality institutions, the largest concentrations of which are invested in commercial paper (29%), repurchase agreements (22%), certificates of deposit (21%), U.S. Treasuries (16%) and corporate bond and notes (10%).

Friends of Nachusa Grasslands  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended June 30, 2024 and 2023

**NOTE 4 – FAIR VALUE MEASUREMENTS, Continued**

The following table presents the balances of assets and liabilities measured at fair value on a recurring basis (Level 2) within the fair value hierarchy at June 30, 2024 and 2023:

<u>June 30, 2024</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
US Treasury Notes and Bills	\$ 411,373	411,373	\$ -
CFNIL – Beneficial Interest in Perpetual Trust	3,665,382	-	3,665,382
TNC – Beneficial Interest in Perpetual Trust	<u>844,349</u>	<u>-</u>	<u>844,349</u>
Total	4,921,104	<u>\$ 411,373</u>	<u>\$4,509,731</u>
Money Market	<u>4,696</u>		
Total Investments	<u>\$4,925,800</u>		
<u>June 30, 2023</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
US Treasury Notes and Bills	\$ 118,082	\$ 118,082	\$ -
CFNIL – Beneficial Interest in Perpetual Trust	3,249,162	-	3,249,162
TNC – Beneficial Interest in Perpetual Trust	<u>804,413</u>	<u>-</u>	<u>804,413</u>
Total	4,171,657	<u>\$ 118,082</u>	<u>\$4,053,575</u>
Money Market	<u>4,554</u>		
Total Investments	<u>\$4,176,211</u>		

**NOTE 5 – MAJOR FUNDING SOURCE**

The Organization receives the majority of its revenues from donor contributions, grants, and distributions from two endowments. If these funding sources were to be reduced, they would significantly impact the operations of the Organization.

**NOTE 6 – BENEFICIAL INTEREST IN ASSETS HELD**

In May 2014, the Organization transferred \$100,000 from its investment portfolio to the Community Foundation of Northern Illinois (CFNIL) to establish an endowment fund. Donors and the Organization continue to transfer funds into their endowment fund and it is perpetual in nature. Under the terms of the trust agreement, the Organization receives a quarterly distribution equal to the investment return generated by the assets. The Organization granted variance power to the CFNIL, which allows the CFNIL to modify any condition or donor restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgement of the CFNIL’s Board of Directors, such donor restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The fund is held and invested by the CFNIL for the Organization’s benefit and is reported at fair value in the statements of financial position, with distributions and changes in fair value recognized in the statements of activities. At June 30, 2024 and 2023, the endowment has a fair value of \$2,979,988 and \$2,617,666, respectively, which are reported in the statements of financial position as beneficial interest in assets held by others with distributions and changes in fair value recognized in the statements of activities.

Friends of Nachusa Grasslands  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended June 30, 2024 and 2023

**NOTE 6 – BENEFICIAL INTEREST IN ASSETS HELD, Continued.**

In November 2020, the Organization transferred \$100,000 from its investment portfolio to the Community Foundation of Northern Illinois (CFNIL) to establish a second endowment fund. Donors and the Organization continue to transfer funds into this endowment fund and is perpetual in nature. Under the terms of the trust agreement, the Organization receives a quarterly distribution equal to the invest return generated by the assets. The Organization granted variance power to the CFNIL, which allows the CFNIL to modify any condition or donor restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgement of the CFNIL's Board of Directors, such donor restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The fund is held and invested by the CFNIL for the Organization's benefit and is reported at fair value in the statements of financial position, with distributions and changes in fair value recognized in the statements of activities. At June 30 2024 and 2023, the endowment fund has a fair value of \$685,394 and \$631,496, respectively, which are reported in the statements of financial position as beneficial interest in assets held by others with distributions and changes in fair value recognized in the statements of activities.

The Organization established a quasi-endowment and a donor restricted endowment that is perpetual in nature with The Nature Conservancy (TNC). The amount of endowment income provided each year for operations is established by TNC through its adoption of an annual endowment spending rate and spending rate base. The spending rate for the years ended June 30, 2024 and 2023 were 5.75% and 5.75%, respectively, of the average fair market value for the 60 months of calendar years 2016 through 2020. At June 30, 2024 and 2023, the endowment fund has a fair value of \$838,321 and \$804,413, respectively, which are reported in the statements of financial position as beneficial interest in assets held by others.

**NOTE 7 – ENDOWMENT FUNDS AND QUASI-ENDOWMENT FUNDS**

As of June 30, 2024 and 2023, the Board of Directors had designated \$360,539 and \$297,810, respectively, of net assets without donor restrictions as a general endowment fund in TNC to support the mission of the Organization. Since those amounts resulted from an internal designation and are not donor-restricted, they are classified and reported as net assets without donor restrictions.

The Organization's management has interpreted the Illinois Prudent Management of Institutional Funds Act (IL UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (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 fund made in accordance with the direction of the applicable donor gift instrument at the time the accumulations is added to the fund. The remaining portion of the donor-restricted endowment fund is also classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by IL UPMIFA.

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**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended June 30, 2024 and 2023

**NOTE 7 – ENDOWMENT FUNDS AND QUASI-ENDOWMENT FUNDS, Continued**

In accordance with IL UPMIFA, the Organization 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 Organization, and (7) the Organization's investment policies.

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

The primary long-term financial objective for the Organization's endowments is to preserve the real purchasing power of endowment assets and income after accounting for endowment spending and costs of portfolio management. Performance of the overall endowment against this objective is measured over rolling periods of one, three, and five years.

The endowment funds are managed to optimize the long run total rate of return on invested assets, assuming a prudent level of risk. The goal for this rate of return is one that provides funding for the Organization's existing spending policy. Over the short term, the return for each element of the endowment portfolio should match or exceed each of the returns for the broader capital markets in which assets are invested.

The endowment assets are governed by a spending policy that seeks to distribute a specific payout rate of the endowment base to support the Organization's programs. Spending in a given year will reduce the unit value of each endowment element by the payout percentage. In the case of short-term declines in the market value of the endowment pool of funds, the overall spending rate may be calculated below the designated payout percentage in order to maintain the original unit value of certain elements of the true endowment. Growth of the unit values over time should allow for spending of principal, without drawing from the original corpus of a particular gift.

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**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 7 – ENDOWMENT FUNDS AND QUASI-ENDOWMENT FUNDS, Continued**

Composition of endowment net assets for the years ended June 30, 2024 and 2023, were as follow:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
<b><u>June 30, 2024</u></b>			
Donor-restricted endowment funds – CFNIL .....	\$ -	\$3,665,382	\$3,665,382
Donor-restricted endowment funds – TNC .....	<u>360,539</u>	<u>483,810</u>	<u>844,349</u>
Total .....	<u>\$ 360,539</u>	<u>\$4,149,192</u>	<u>\$4,509,731</u>
<b><u>June 30, 2023</u></b>			
Donor-restricted endowment funds – CFNIL .....	\$ -	\$3,249,162	\$3,249,162
Donor-restricted endowment funds – TNC .....	<u>297,810</u>	<u>506,603</u>	<u>804,413</u>
Total .....	<u>\$ 297,810</u>	<u>\$3,755,765</u>	<u>\$4,053,575</u>

Changes in endowment net assets for the years ended June 30, 2024 and 2023, are as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
<b>Balance, June 30, 2022</b> .....	\$ 230,658	\$3,171,982	\$3,402,640
Change in beneficial interests.....	62,152	245,181	307,333
Contributions and grants.....	5,000	488,841	493,841
Appropriations pursuant to spending rate policy .....	<u>-</u>	<u>( 150,239)</u>	<u>( 150,239)</u>
<b>Balance, June 30, 2023</b> .....	297,810	3,755,765	4,053,575
Change in beneficial interests.....	56,001	307,434	363,435
Contributions and grants.....	700	130,870	131,570
Appropriations pursuant to spending rate policy .....	<u>-</u>	<u>( 44,877)</u>	<u>( 42,876)</u>
<b>Balance, June 30, 2024</b> .....	<u>\$ 354,511</u>	<u>\$4,149,192</u>	<u>\$4,505,704</u>

**NOTE 8 – SUBSEQUENT EVENTS**

The Organization’s management has evaluated events and transactions for potential financial statement recognition or disclosure through January 31, 2025, which is the date that the financial statements were available to be issued.