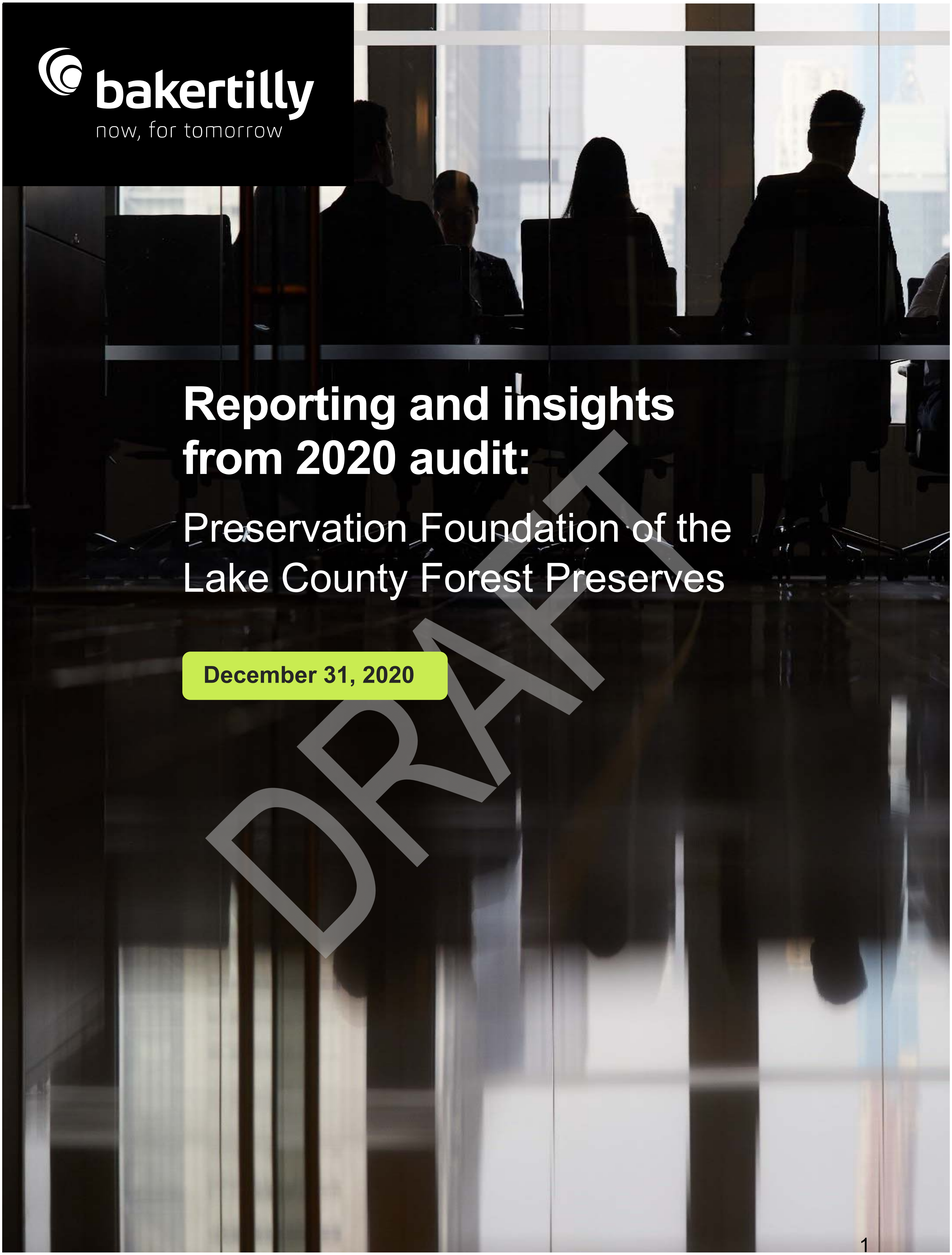

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now, for tomorrow

Reporting and insights from 2020 audit:

Preservation Foundation of the Lake County Forest Preserves

December 31, 2020

Executive summary

DATE XX, 2021

To the Board of Directors
Preservation Foundation of the Lake County Forest Preserves
1899 W. Winchester Road
Libertyville, Illinois 60048

We have completed our audit of the financial statements of the Preservation Foundation of the Lake County Forest Preserves (the Foundation) for the year ended December 31, 2020, and have issued our report thereon dated DATE XX, 2021. This letter presents communications required by our professional standards.

Your audit should provide you with confidence in your financial statements. The audit was performed based on information obtained from meetings with management, data from your systems, knowledge of your Foundation's operating environment and our risk assessment procedures. We strive to provide you clear, concise communication throughout the audit process and of the final results of our audit.

Additionally, we have included information on key risk areas the Preservation Foundation of Lake County Forest Preserves should be aware of in your strategic planning. We are available to discuss these risks as they relate to your Foundation's financial stability and future planning.

If you have questions at any point, please connect with us:

- Jason Coyle, Partner: jason.coyle@bakertilly.com or +1 (630) 645 6205
- Gary Bausch, Senior Manager: gary.bausch@bakertilly.com or +1 (630) 645 6245

Sincerely,

Baker Tilly US, LLP

[Insert PIC signature graphic]

Jason Coyle, CPA

[Insert RM signature graphic]

Gary Bausch, CPA

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THIS COMMUNICATION IS INTENDED SOLELY FOR THE INFORMATION AND USE OF THOSE CHARGED WITH GOVERNANCE, AND, IF APPROPRIATE, MANAGEMENT, AND IS NOT INTENDED TO BE AND SHOULD NOT BE USED BY ANYONE OTHER THAN THESE SPECIFIED PARTIES.

Responsibilities

Responsibilities

Our responsibilities

As your independent auditor, our responsibilities include:

- Planning and performing the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high level of assurance.
- Assessing the risks of material misstatement of the financial statements, whether due to fraud or error. Included in that assessment is a consideration of the Foundation's internal control over financial reporting.
- Performing appropriate procedures based upon our risk assessment.
- Evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management.
- Forming and expressing an opinion based on our audit about whether the financial statements prepared by management, with the oversight of the Board of Directors:
    - Are free from material misstatement
    - Present fairly, in all material respects, and in accordance with accounting principles generally accepted in the United States of America

We are also required to communicate significant matters related to our audit that are relevant to the responsibilities of the Board of Directors, including:

- Qualitative aspects of the Preservation Foundation of Lake County Forest Preserves (the Foundation) accounting practice including policies, accounting estimates and financial statement disclosures
- Significant difficulties encountered
- Disagreements with management
- Corrected and uncorrected misstatements
- Internal control matters
- Significant estimates
- Other findings or issues arising from the audit

Management's responsibilities

Management		Auditor
	Prepare and fairly present the financial statements	Our audit does not relieve management or the Board of Directors of their responsibilities
	Establish and maintain effective internal control over financial reporting	An audit includes consideration of internal control over financial reporting, but not an expression of an opinion on those controls
	Provide us with written representations at the conclusion of the audit	Attached is a copy of management's representations.

Audit approach and results

Audit approach and results

Planned scope and timing

Audit focus

Based on our understanding of the Foundation and environment in which you operate, we focused our audit on the following key areas:

- Key transaction cycles
- Areas with significant estimates
- Review, recompute and substantiate financial statement amounts and disclosures
- Review application and disclosures for new accounting standards adopted
- Existence, valuation and proper classification of contributions and pledges receivable
- Fair value measurements and disclosures
- Payroll and other expenses
- Net assets and compliance with donor restrictions (including endowments)

Our areas of audit focus were informed by, among other things, our assessment of materiality. Materiality in the context of our audit was determined based on specific qualitative and quantitative factors combined with our expectations about the Foundation's current year results.

Key areas of focus and significant issues

Significant risks of material misstatement

A significant risk is an identified and assessed risk of material misstatement that, in the auditor's professional judgment, requires special audit consideration. Within our audit, we focused on the following areas below.

Significant risk areas	Testing approach	Conclusion
Management override of controls	Tested manual journal entries recorded by the Foundation	Procedures identified provided sufficient evidence for our audit opinion
Improper revenue recognition due to fraud	Tested contribution revenue and in-kind contributions	Procedures identified provided sufficient evidence for our audit opinion

Internal control matters

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

A material weakness is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by the Board of Directors

Required communications

Qualitative aspect of accounting practices

- Accounting policies: Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we have advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Preservation Foundation of the Lake County Forest Preserves are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing accounting policies was not changed during 2020. We noted no transactions entered into by the Foundation during the year for which accounting policies are controversial or for which there is a lack of authoritative guidance or consensus or diversity in practice.

- Accounting estimates: Accounting estimates, including fair value estimates, are an 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, the degree of subjectivity involved in their development and because of the possibility that future events affecting them may differ significantly from those expected. The following estimates are of most significance to the financial statements:

Estimate	Management's process to determine	Baker Tilly's conclusions regarding reasonableness
Value of land hand for sale	Valuation determined through independent evaluation of the current market value	Estimate appears reasonable
Allocation of expenses	Allocation is based on the basis of occupied space or estimated time and effort	Estimate appears reasonable

- Financial statement disclosures: The disclosures in the financial statements are neutral, consistent and clear.

Significant difficulties encountered during the audit

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

Other audit issues

We encountered no other audit issues that require communication at this time.

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 Foundation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Disagreements with management

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

Uncorrected misstatements and corrected 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. There were no misstatements identified.

Significant unusual transactions

There have been no significant transactions that are outside the normal course of business for the Foundation or that otherwise appear to be unusual due to their timing, size or nature.

Management's consultations with other accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing or accounting matters.

Fraud

We did not identify any known or suspected fraud during our audit.

Going concern

Pursuant to professional standards, we are required to communicate to you, when applicable, certain matters relating to our evaluation of the Foundation's ability to continue as a going concern for a reasonable period of time but no less than 12 months from the date the financial statements are issued or available to be issued, including the effects on the financial statements and the adequacy of the related disclosures, and the effects on the auditor's report. No such matters or conditions have come to our attention during our engagement.

Independence

We are not aware of any relationships between Baker Tilly and the Foundation that, in our professional judgment, may reasonably be thought to bear on our independence.

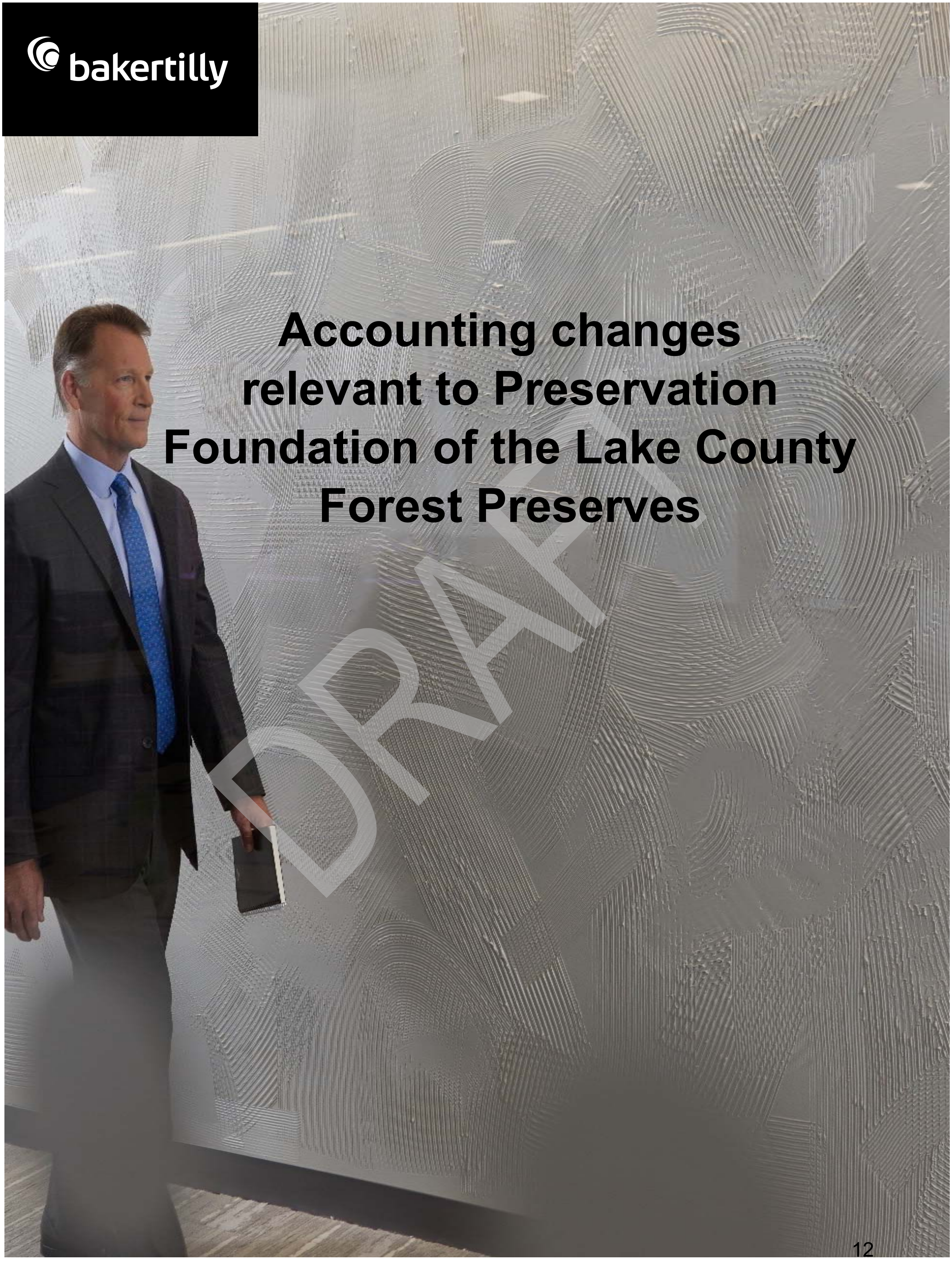
Related parties

We did not have any significant issues arise during the audit in connection with the Foundation's related parties.

Nonattest services

The following nonattest services were provided by Baker Tilly:

- Preparation of the financial statements
- Proposal of journal entries, if any
- Preparation of the tax returns



Accounting changes relevant to Preservation Foundation of the Lake County Forest Preserves

Accounting changes relevant to Preservation Foundation of the Lake County Forest Preserves

Accounting standards updates

ASU	Description	Impacts you
2016-02	Leases (Topic 842)	
2016-13	Financial Instruments – Credit Losses (Topic 326: Measurement of Credit Losses on Financial Instruments	
2017-04	Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment	
2017-08	Receivables – Nonrefundable Fees and Other Costs (Subtopic 310-20), Premium Amortization on Purchased Callable Debt Securities	
2017-12	Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities	
2018-01	Leases (Topic 842): Land Easement Practical Expedient for Transition to Topic 842	
2018-10	Codification Improvements to Topic 842, Leases	
2018-11	Leases (Topic 842): Targeted Improvements	
2018-13	Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement	
2018-14	Compensation – Retirement Benefits – Defined Benefit Plans – General (Subtopic 715-20): Disclosure Framework – Changes to the Disclosure Requirements for Defined Benefit Plans	
2018-15	Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract (a consensus of the FASB Emerging Issues Task Force)	

2018-16	Derivatives and Hedging (Topic 815): Inclusion of the Secured Overnight Financing Rate (SOFR) Overnight Index Swap (OIS) Rate as a Benchmark Interest Rate for Hedge Accounting Purposes	
2018-19	Codification Improvements to Topic 326, Financial Instruments – Credit Losses	
2018-20	Leases (Topic 842): Narrow-Scope Improvements for Lessors	
2019-01	Leases (Topic 842): Codification Improvements	
2019-03	Not-for-Profit Entities (Topic 958): Updating the Definition of Collections	
2019-04	Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments	
2019-05	Financial Instruments—Credit Losses (Topic 326): Targeted Transition Relief	
2019-06	Intangibles—Goodwill and Other (Topic 350), Business Combinations (Topic 805), and Not-for-Profit Entities (Topic 958): Extending the Private Company Accounting Alternatives on Goodwill and Certain Identifiable Intangible Assets to Not-for-Profit Entities	
2019-10	Financial Instruments – Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates	
2019-11	Codification Improvements to Topic 326, Financial Instruments - Credit Losses	
2019-12	Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes	
2020-01	Investments—Equity Securities (Topic 321), Investments—Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815)—Clarifying the Interactions between Topic 321, Topic 323, and Topic 815 (a consensus of the FASB Emerging Issues Task Force)	
2020-03	Codification Improvements to Financial Instruments	
2020-04	Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting	
2020-05	Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities	
2020-07	Not-for-Profit Entities (Topic 958): Presentation and Disclosures for Not-for-Profit Entities for Contributed Nonfinancial Assets	✓

Tax update

Tax update

IRS revenue proclamations and other tax updates

Update	Description	Impacts you
Wayfair	Thresholds of $100,000 in sales or 200 transactions can establish nexus with a state, even with no physical presence in the state. Physical presence still matters; you can create nexus even if *Wayfair* thresholds aren't met. Out-of-state vendors may now need to charge sales tax, unless the organization has a valid sales tax exemption certificate.	
Federal repeal of section 512(a)(7) – the "parking tax"	Retroactive repeal eliminates the requirement to count parking spots and report costs allocable to these spots as UBI on Form 990-T. Amended returns must be filed to obtain UBIT refunds. Not all states have adopted the repeal.	
Section 512(a)(6) – Form 990-T separate entity reporting	No longer can organizations consolidate UBI activities. Loss activities cannot offset income activities.	
Section 4960 – excise tax on compensation	Section 4960 imposes a 21% excise tax on employers for remuneration in two specific situations: amounts in excess of $1 million paid to a covered employee, and any separation or parachute payments made to a highly compensated employee.	

Trending challenges and opportunities for organizations

Trending challenges and opportunities for organizations

Management and boards must keep the future in mind as they evaluate strategies to achieve future growth. Keeping a balance between risk and sustainability is key, and organizations need to think beyond their immediate needs to their long term goals. Economic uncertainty, coupled with key risk areas and fast paced technology change, make strategic planning complex. Begin the discussion with your management team to find your path to your future.

Not-for-profit coronavirus recovery and growth resources

Many not-for-profit (NFP) organizations are focusing on the strategic restart and ramp up of their operations. With great uncertainty about what recovery will look like–or how long it will take–it is essential for your organization to understand the scenarios you may face and plan your path back to growth.

Baker Tilly has a deep understanding of the issues not-for-profit organizations face and can provide reliable solutions to your organization and those you serve. We will continue to provide your organization with up-to-date information as these important issues evolve:

- The Coronavirus Aid, Relief, and Economic Security (CARES) Act
- Paycheck Protection Program (PPP) funding
- Economic Aid Act
- Tax updates

View our NFP page or NFP coronavirus resource center for timely, actionable insights.

Financial resilience

Challenge

As the effects of the crisis continue, and potentially deepen for many, financial executives will need to continue to stress test the financial resilience of their organizations and establish strategies for improvement beyond the financial assistance provided by governments and short-term measures put in place.

Recommendation

Learn more about financial resilience approaches such as cash flow modeling and optimization, receivables management strategies, tax planning and turnaround services

Employee health, safety and retention

Challenge

Many employers have had to restructure their workforces in light of the pandemic and mandatory stay-at-home orders. What happens when the orders are lifted, business resumes and employees return to work?

Many factors will need to be considered as organizations focus on workforce planning.

Recommendation

Learn more about workforce planning, employment law considerations, training/re-skilling and outsourcing arrangements that can support your overall workforce strategy through recovery.

Harnessing data and analytics for strategic insight and decision-making

Challenge

In crisis and recovery, organizations are investing in advanced analytic solutions to help them not only make better decisions faster and more consistently, but also to improve operational efficiency and performance. Of all the business analytics available, advanced analytic solutions should be at the top of your priority list given the impact it can have on your business.

Recommendation

Learn more about [data & analytics strategy and roadmaps, MDM and data process re-engineering, AI strategy, data visualization]and other digital and analytic capabilities.

Business model rationalization and growth strategy

Challenge

The COVID-19 crisis has had a profound impact on how we do business and get work done. While these changes have been forced upon us and may be temporary, many organizations will begin to evaluate permanent changes to their business models.

How different will your organization look after the eventual passing of the crisis? How will it need to look in order to begin recovery? Strategic and tactical choices will need to be considered.

Recommendation

Learn more about [scenario modeling and planning, strategy refinement, market assessments and other approaches] to support your path forward.

Information technology and cybersecurity

Challenge

While return-to-work scenarios are being developed, it is likely that remote workforces will remain a reality for many organizations in the short- to mid-term. Though many organizations have been able to adapt on a short-term basis, some will not be prepared for long-term operation on a remote and virtual basis. Organizations should increase monitoring of invasive cyber events, given the likely increase in hackers sending out fake emails, website links and ransomware attacks – and also consider:

- Adequacy of IT controls and security
- Performance of remote infrastructure supporting operations
- Improvements to remote applications for communication, collaboration and workflow
- Alternatives for data entry, work and information flow

Recommendation

Learn more about information technology and cybersecurity, including System & Organization Controls reporting.

Corporate renewal and turnaround

Challenge

The worldwide pandemic, COVID-19, brought a halt to a period of sustained growth. Along with figuring out how to keep employees and customers safe, otherwise successful organizations now face a broad set of challenges from revenue declines and liquidity challenges to forecasting and financial reporting issues.

The pandemic isn't the only trigger that can lead an organization into distress. Organizations could also be facing distress due to labor shortages, strikes, natural disasters, seasonal fluctuations, market saturation, incorrect financial forecasting, high development expenses, obsolete portfolios, insufficient investments, or deficient quality or management control.

Recommendation

Learn more about establishing a clear plan with quick action to meet the above challenges – and renew and turn around the organization.

Appendix A: Management representation letter

April 28, 2021

Baker Tilly US, LLP
1301 W. 22nd Street, Suite 400
Oak Brook, Illinois 60523

This representation letter is provided in connection with your audits of the financial statements of Preservation Foundation of the Lake County Forest Preserves (the "Foundation"), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of April 28, 2021:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 18, 2021, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.

2. We acknowledge our responsibility for 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.

3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

5. There are no estimates that may be subject to a material change in the near term that have not been properly disclosed in the financial statements. We understand that near term means the period within one year of the date of the financial statements.

6. We have no knowledge of concentrations existing at the date of the financial statements that make the Foundation vulnerable to the risk of severe impact that have not been properly disclosed in the financial statements. We understand that concentrations include individual or group concentrations of customers, suppliers, lenders, products, services, sources of labor or materials, licenses or other rights, or operating areas or markets. We further understand that severe impact means a significantly disruptive effect on the normal functioning of the Foundation.

7. Related party relationships and transactions, if any, have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

8. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed. Adjustments or disclosures have been made for all events, including instances of noncompliance subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.

9. The effects of all known actual or possible litigation, claims, and assessments, if any, have been accounted for and disclosed in accordance with U.S. GAAP.

10. Significant estimates and material concentrations have been properly disclosed in accordance with the U.S. GAAP.

11. We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or net asset balances.

12. We believe that the carrying amounts of all material assets will be recoverable.

13. Guarantees, whether written or oral, under which the Foundation is contingently liable, if any, have been properly recorded or disclosed in accordance with U.S. GAAP.

14. We have no relationships with variable interest entities.

15. Receivables recorded in the financial statements represent valid claims against debtors for sales or other charges arising on or before the statement of financial position date and have been reduced to their estimated net realizable value.

16. As part of your audit, you assisted with the preparation of the financial statements. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements.

17. We have not completed the process of evaluating the effect that will result from adopting the guidance in Financial Accounting Standards Board (FASB) Accounting Standards Update 2020-07, as discussed in the notes to the financial statements. The Foundation is therefore unable to disclose the effect that adopting the guidance in FASB Accounting Standards Update 2020-07 will have on its financial position and the results of operations when such guidance is adopted.

Information Provided

18. We have provided you with:

    a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters;

    b. Additional information that you have requested from us for the purpose of the audit;

    c. Unrestricted access to persons within the Foundation from whom you determined it necessary to obtain audit evidence.

    d. Minutes of the meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.

19. All material transactions have been recorded in the accounting records and are reflected in the financial statements.

20. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

21. We have no knowledge of any fraud or suspected fraud that affects the Foundation and involves:

    a. Management;

    b. Employees who have significant roles in internal control;

    c. Others where the fraud could have a material effect on the financial statements.

22. We have no knowledge of any allegations of fraud or suspected fraud affecting the Foundation's financial statements communicated by employees, former employees, grantors, regulators, or others.

23. We have no knowledge of any instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.

24. We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation, claims, or assessments.

25. We have disclosed to you the identity of the Foundation's related parties and all the related party relationships and transactions of which we are aware.

26. The Foundation has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral, other than as disclosed in the notes to the financial statements.

27. The Foundation is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities, if any, of which we are aware that would jeopardize the Foundation's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.

28. We are responsible for compliance with laws, regulations, and provisions of contracts and grant agreements applicable to us.

29. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

30. We are not aware of any uncertain tax positions that would be required to be disclosed under current authoritative guidance surrounding accounting for uncertainty in income taxes.

31. We have forwarded a copy of these representations to Baker Tilly US, LLP's primary contact in the governance structure.

32. We have made all management decisions and performed all management functions in relation to the non-attest services provided by Baker Tilly US, LLP, as listed below. We have designated Rebekah Snyder, an employee with suitable skill, knowledge, and/or experience to oversee the services received. Furthermore, we have established and maintained internal controls, including monitoring activities related to the non-attest services provided by Baker Tilly US, LLP, and we have evaluated and accept responsibility for the adequacy and results of the non-attest services received.

    The non-attest services provided by Baker Tilly US, LLP are listed below:

    - Preparation of the financial statements
    - Proposal of journal entries, if any
    - Preparation of the tax returns

____

Nels R. Leutwiler
Board President

____

Rebekah Snyder
Executive Director

DRAFT

Preservation Foundation of the Lake County Forest Preserves

Financial Statements

December 31, 2020 and 2019

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DRAFT

Independent Auditors' Report

To the Board of Directors of
Preservation Foundation of the Lake County Forest Preserves

We have audited the accompanying financial statements of the Preservation Foundation of the Lake County Forest Preserves (the Foundation), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities 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.

Auditors' 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 auditors' 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 Foundation'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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2020 and 2019, 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.

Oak Brook, Illinois
Date XX, 2021

Preservation Foundation of the Lake County Forest Preserves

Statements of Financial Position
December 31, 2020 and 2019

	2020	2019
Assets		
Assets		
Cash and cash equivalents	$ 1,907,149	$ 1,624,573
Investments	569,753	302,272
Land held for resale	456,000	456,000
Pledges receivable, net	615,063	1,255,439
Total assets	$ 3,547,965	3,638,284
Liabilities and Net Assets		
Liabilities		
Grants payable	$ -	$ 1,090
Net Assets		
Without donor restrictions	213,940	182,069
With donor restrictions	3,334,025	3,455,125
Total net assets	3,547,965	3,637,194
Total liabilities and net assets	$ 3,547,965	3,638,284

See notes to financial statements

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	Without Donor Restrictions	With Donor Restrictions	Total 2020	Total 2019
Revenues and Support				
Contributions	$ 134,328	$ 685,432	$ 819,760	$ 1,557,985
In-kind contributions	474,667	-	474,667	456,058
Investment income	3,026	47,619	50,645	21,204
Other income	1,050	-	1,050	1,140
Net assets released from restrictions	854,151	(854,151)	-	-
Total revenue and support	1,467,222	(121,100)	1,346,122	2,036,387
Expenses				
Program	948,922	-	948,922	314,620
Management and general	173,044	-	173,044	205,652
Fundraising	313,385	-	313,385	329,473
Total expenses	1,435,351	-	1,435,351	849,745
Changes in net assets	31,871	(121,100)	(89,229)	1,186,642
Net Assets, Beginning	182,069	3,455,125	3,637,194	2,450,552
Net Assets, Ending	$ 213,940	$ 3,334,025	$ 3,547,965	$ 3,637,194

Preservation Foundation of the Lake County Forest Preserves

Statement of Activities
Year Ended December 31, 2019

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	Without Donor Restrictions	With Donor Restrictions	Total 2019
Revenues and Support			
Contributions	$ 103,998	$ 1,453,987	$ 1,557,985
In-kind contributions	456,058	-	456,058
Investment income	21,204	-	21,204
Other income	1,140	-	1,140
Net assets released from restrictions	261,786	(261,786)	-
Total revenue and support	844,186	1,192,201	2,036,387
Expenses			
Program	314,620	-	314,620
Management and general	205,652	-	205,652
Fundraising	329,473	-	329,473
Total expenses	849,745	-	849,745
Changes in net assets	(5,559)	1,192,201	1,186,642
Net Assets, Beginning	187,628	2,262,924	2,450,552
Net Assets, Ending	$ 182,069	$ 3,455,125	$ 3,637,194

See notes to financial statements

Statements of Cash Flows
Years Ended December 31, 2020 and 2019

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	2020	2019
Cash Flows From Operating Activities		
Change in net assets	$ (89,229)	$ 1,186,642
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Net realized and unrealized gains on investments	(39,472)	(17,710)
Change in assets and liabilities:		
Interest receivable	-	536
Pledges receivable	640,376	(648,725)
Grants payable	(1,090)	(6,542)
Net cash flows from operating activities	510,585	514,201
Cash Flows From Investing Activities		
Proceeds from maturities and sales of investments	55,770	200,451
Purchase of investments	(283,779)	(284,562)
Net cash flows from investing activities	(228,009)	(84,111)
Net change in cash and cash equivalents	282,576	430,090
Cash and Cash Equivalents, Beginning	1,624,573	1,194,483
Cash and Cash Equivalents, Ending	$ 1,907,149	$ 1,624,573

See notes to financial statements

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1. Nature of Activities and Summary of Significant Accounting Policies

Organization and Nature of Activities

The Preservation Foundation of the Lake County Forest Preserves (the Foundation) was established on February 20, 2007 as an Illinois not-for-profit corporation to provide financial assistance to benefit the Lake County Forest Preserve District's (the District) mission. The Foundation raises funds for a variety of purposes, including land acquisition, habitat restoration, development of trails or other amenities and educational programs. The Foundation is a component unit of the District.

The Foundation follows accounting standards established by the Financial Accounting Standards Board (FASB) to ensure consistent reporting of financial condition, results of activities and cash flows. References to Generally Accepted Accounting Principles (GAAP) in these footnotes are to the *FASB Accounting Standards Codification*™, sometimes referred to as the Codification or ASC.

A summary of the Foundation's significant accounting policies follows:

Basis of Accounting

The financial statements of the Foundation are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for nonprofit organizations.

Net Assets

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

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources must be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource restricted has been fulfilled, or both.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. The Foundation maintains its cash in bank deposit accounts which at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts. The Foundation believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investments

In accordance with the standards relating to accounting for certain investments held by not-for-profit organizations, the Foundation records investments at their fair or appraised values, and both realized and unrealized gains and losses are reflected in the statement of activities.

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Land Held for Resale

In fiscal year 2014, the Foundation received a donation of land for which it intends to sell. Land held for resale is recorded at the lower of cost or fair value less costs to sell. The Foundation has recorded this land at $456,000 at December 31, 2020 and 2019, which was determined through independent evaluations of the current market value.

Pledges Receivable

Pledges receivable, which includes unconditional promises to give, are reported at net realizable value and discounted to present value if not expected to be collected within one year. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contributions revenue in the statement of activities. The allowance for uncollectible pledges is based on management's estimate of the collectability of identified receivables. Management believes all pledges receivable are collectible and, therefore, no allowance is necessary as of December 31, 2020 and 2019.

Contributions

The Organization recognizes contributions when cash, securities or other assets or an unconditional promise to give 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.

In-Kind Contributions

The Foundation records various types of in-kind support including rent, professional services and various supplies. Contributions of tangible assets are recognized at fair market value when received. Contributed rent consists of office space provided to the Foundation by the District at no charge and is based on a square foot market value calculated by the District. Contributed professional services are recognized if the services received either create or enhance long-lived assets, or require specialized skills, and would need to be purchased if not provided by donation. Such values are reflected in the statement of activities as both revenue and expense. The total amount of in-kind contributions received from the District was $474,667 and $456,058 for the years ended December 31, 2020 and 2019, respectively. There were no amounts of in-kind contributions received from sources other than the District for the years ended December 31, 2020 and 2019.

Income Taxes

The Foundation has received notification that it qualifies as a tax-exempt organization under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding provisions of State law and, accordingly, is not subject to federal or state income taxes. However, any unrelated business income may be subject to taxation.

The Foundation follows the accounting standards for contingencies in evaluating uncertain tax positions. The guidance prescribes recognition threshold principles for the financial statement recognition of tax positions taken or expected to be taken on a tax return that are not certain to be realized. No liability has been recognized by the Foundation for uncertain tax positions as of December 31, 2020 and 2019. The Foundation's tax returns are subject to review and examination by federal and state authorities.

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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.

Accounting Pronouncement Not Yet Effective

During September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU No. 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The standard will be required to be applied retrospectively for annual periods beginning after June 15, 2021. The Foundation is currently assessing the effect that ASU No. 2020-07 will have on its financial statements.

Subsequent Events

The Foundation has evaluated subsequent events for potential recognition and/or disclosure through DATE XX, 2021, the date the financial statements were approved and available to be issued.

2. Investments and Fair Value

Fair Value Hierarchy

Fair value is defined in the guidance as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the assets or liabilities in an orderly transaction between market participants at the measurement date. Under this guidance, a three-level hierarchy is used for fair value measurements which is based upon the transparency of information, such as pricing source, used in the valuation of an asset or liability as of the measurement date.

Financial instruments measured and reported at fair value are classified and disclosed in one of the following three categories.

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. This includes quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, or market-corroborated inputs.

Level 3 - Inputs are unobservable for the asset or liability. Unobservable inputs reflect the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk) using the best information available in the circumstances, which may include using the reporting entity's own data.

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Valuation Techniques and Inputs

Level 1 - Level 1 assets include investments in stocks and exchange traded funds (EFTs), fixed income securities and mutual funds for which quoted prices are readily available.

There have been no changes in the techniques and inputs used as of December 31, 2020 and 2019.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

While the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following table presents information about the Foundation's assets measured at fair value on a recurring basis as of December 31, 2020 based upon the three-tier hierarchy:

	Total	Level 1	Level 2	Level 3
Stocks & ETFs	$ 485,578	$ 485,578	$ -	$ -
Mutual funds	67,490	67,490	-	-
Subtotal	553,068	$ 553,068	$ -	$ -
Cash and cash equivalents*	16,685			
Total investments	$ 569,753			

The following table presents information about the Foundation's assets measured at fair value on a recurring basis as of December 31, 2019 based upon the three-tier hierarchy:

	Total	Level 1	Level 2	Level 3
Stocks & ETFs	$ 279,447	$ 279,447	$ -	$ -
Fixed income securities	15,024	15,024	-	-
Mutual funds	5,742	5,742	-	-
Subtotal	300,213	$ 300,213	$ -	$ -
Cash and cash equivalents*	2,059			
Total investments	$ 302,272			

* Certain investments that are measured at cost have not been classified in the fair value hierarchy.

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3. Pledges Receivable, Net

Pledges receivable at December 31 consists of the following:

	2020	2019
Gross unconditional promises to give	$ 626,975	$ 1,284,475
Less unamortized discount	(11,912)	(29,036)
Net unconditional promises to give	$ 615,063	$ 1,255,439
Amounts due in:		
Less than one year	$ 207,925	$ 894,475
One to five years	419,050	399,000
	$ 626,975	$ 1,284,475

Amounts that are expected to be collected after one year have been discounted at 1.36 percent and are reflected in the financial statements at their net present value.

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4. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods at December 31, 2020 and 2019, respectively:

	2020	2019
Subject to expenditure for specified purpose:		
Education	$ 203,579	$ 182,067
Natural resources	1,780,688	1,586,389
Facilities	11,500	-
Operations and infrastructure	14,769	11,380
Planning and land preservation	12,352	7,674
Fall Golf Classic	53,516	53,516
Fred Fest	36,930	35,280
Gratitude in the Woods	4,663	4,663
	2,117,997	1,880,969
Subject to the passage of time:		
Pledges receivable	141,075	1,255,439
Endowments:		
Subject to appropriations and expenditure when a specified event occurs:		
Restricted by donors for:		
Education programs	11,219	10,458
Middlefork Savanna	11,516	10,735
Grassy Lake	304,545	281,421
General operations of Lake County Forest Preserve District	17,274	16,103
Habitat Restoration	730,399	-
Total endowments	1,074,953	318,717
	$ 3,334,025	$ 3,455,125

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors totaling $854,151 and $261,786 for the years ended December 31, 2020 and 2019, respectively.

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5. Functional Allocation of Expenses

Expenses consisted of the following for the year ended December 31, 2020:

	Program	Management and General	Fundraising	Total
Grants	$ 948,922	$ -	$ -	$ 948,922
Bank and credit card fees	-	1,017	2,236	3,253
Professional services	-	8,509	-	8,509
In-kind contribution of:				
Salaries	-	110,836	237,729	348,565
Benefits	-	20,135	31,193	51,328
Commodities	-	2,163	2,163	4,326
Professional services	-	30,384	30,384	60,768
Rent	-	-	9,680	9,680
Total	$ 948,922	$ 173,044	$ 313,385	$ 1,435,351

Expenses consisted of the following for the year ended December 31, 2019:

	Program	Management and General	Fundraising	Total
Grants	$ 314,620	$ -	$ -	$ 314,620
Bank and credit card fees	-	734	4,233	4,967
Professional services	-	34,381	39,719	74,100
In-kind contribution of:				
Salaries	-	117,036	214,607	331,643
Benefits	-	22,066	30,019	52,085
Commodities	-	2,247	2,247	4,494
Professional services	-	29,188	29,188	58,376
Rent	-	-	9,460	9,460
Total	$ 314,620	$ 205,652	$ 329,473	$ 849,745

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Rent expense and other occupancy costs are allocated based on occupied space. Costs of categories such as salaries, benefits, commodities and professional services are allocated based on estimates of time and effort.

The Foundation and the District are organizations affiliated through common members of their respective Boards. The Foundation provides grants to the District for supporting projects such as the museum exhibits and restoration projects. The total amounts provided to the District during the years ended December 31, 2020 and 2019 was $898,922 and 314,620, respectively, and included in grants in the above tables..

6. Endowment

The Foundation's endowment (the Endowment) consist of five separate donor restricted endowment funds. The purposes of the endowment funds are 1) to supports education programs each year, 2) to support the Middlefork Savanna, 3) to be used toward the general operations of the Lake County Forest Preserve District, 4) to support Grassy Lake and 5) to be used for habitat restoration.

The Foundation's Board of Directors have interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) enacted in the State of Illinois 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. At December 31, 2020 and 2019, there were no such donor stipulations. As a result of this interpretation, we retain in perpetuity (a) the original value of initial and subsequent gifts amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Donor-restricted amount not retained in perpetuity are subject to appropriations for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, 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 fund
2. The purposes of the Foundation and the donor-restricted endowment fund
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
7. The investment policies of the Foundation

As of December 31, 2020 and 2019, endowment net asset composition by type of fund consisted of the following:

	December 31, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	$ -	$ 1,027,334	$ 1,027,334
Earnings in excess of appropriations		47,619	47,619
	$ -	$ 1,074,953	$ 1,074,953

	December 31, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	$ -	$ 318,717	$ 318,717
	$ -	$ 318,717	$ 318,717

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Changes in endowment net assets for the years ended December 31, 2020 and 2019 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment, net assets December 31, 2019	$ -	$ 318,717	$ 318,717
Contributions	-	158,617	158,617
Investment Income	-	47,619	47,619
Other additions	-	550,000	550,000
Endowment, net assets December 31, 2020	$ -	$ 1,074,953	$ 1,074,953

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment, net assets December 31, 2018	$ -	$ 58,502	$ 58,502
Contributions	-	260,215	260,215
Endowment, net assets December 31, 2019	$ -	$ 318,717	$ 318,717

Investment and Spending Policies

The Foundation has adopted investment and spending policies for the Endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing the Endowment investments. The target minimum rate of return is five percent annually over a five-year market cycle. Actual returns in any given year may vary from this amount. To satisfy this long-term rate-of-return objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

The Foundation adopted a spending policy in February 2019 that allows for annual distributions from the Endowment of up to four percent of the average total market value of the Endowment principal over the previous 12 quarters. There was no appropriations from the endowment for the years ended December 31, 2020 and 2019.

7. Liquidity and Funds Available

The Foundation's financial assets available for general expenditure as of December 31, 2020 and 2019, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2020	2019
Cash and cash equivalents	$ 1,907,149	$ 1,624,573
Investments	569,753	302,272
Pledges receivable, net	615,063	1,255,439
Total financial assets	$ 3,091,965	$ 3,182,284
Less: donor restricted amounts not available within one year	(2,810,400)	(2,964,050)
Total financial assets available for general expenditures within one year	$ 281,565	$ 218,234,

The Foundation has a policy of using cash and investments in marketable securities to meet cash needs for grants and general expenditures as needed.