



THE ILLINOIS LITERACY FOUNDATION

(A Component Unit of the State of Illinois)

COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2019

**Performed as Special Assistant Auditors for the
Auditor General, State of Illinois**

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THE ILLINOIS LITERACY FOUNDATION
(A Component Unit of the State of Illinois)
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2019

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Other Reports Issued Under a Separate Cover:

The Illinois Literacy Foundation’s financial statements for the two years ended June 30, 2019, have been issued under a separate cover. Additionally, in accordance with *Government Auditing Standards*, we have issued the Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance with Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards for the year ended June 30, 2019, on our consideration of the Foundation’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters, under a separate cover. The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of the audit.

THE ILLINOIS LITERACY FOUNDATION
(A Component Unit of the State of Illinois)
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2019

AGENCY OFFICIALS

Ex Officio Director	Honorable Jesse White, Secretary of State
Executive Director	Thomas N. Benigno
President	Michael C. Mroz
Vice President (09/12/17 – Present)	John Rosales
Vice President (prior to 09/12/17)	Vacant
Treasurer	Dr. Roberto R. Castaneda
Secretary	Heather Bookstaver
Fiscal Officer	Greg McCormick
General Counsel	Irene Lyons

Illinois Literacy Foundation office is located at:

100 West Randolph Street
Chicago, IL 60601



The
Illinois
Literacy
Foundation
A 501(c)(3) Organization

The Illinois Literacy Foundation

James R. Thompson Center
P.O. Box 64386
Chicago, Illinois 60664-0386
www.theillinoisliteracyfoundation.org

STATE COMPLIANCE EXAMINATION

MANAGEMENT ASSERTION LETTER

Jesse White
*Secretary of State
State Librarian*

April 23, 2020

Thomas N. Benigno
Executive Director

Sikich LLP
3201 West White Oaks Dr., Suite 102
Springfield, IL 62704

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of The Illinois Literacy Foundation. We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of The Illinois Literacy Foundation's compliance with the following specified requirements during the two-year period ended June 30, 2019. Based on this evaluation, we assert that during the years ended June 30, 2018, and June 30, 2019, The Illinois Literacy Foundation has materially complied with the specified requirements listed below.

- A. The Illinois Literacy Foundation has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Illinois Literacy Foundation has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. Other than what was previously disclosed, the Illinois Literacy Foundation has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.



The **Mission** of The Illinois Literacy Foundation is to partner with the corporate and private sectors to enhance literacy awareness and support literacy programs throughout the State of Illinois. Therefore, in collaboration with corporate and private entities, local businesses and state agencies, the Foundation strives to promote the enjoyment of reading and learning by addressing the literacy needs of the people of Illinois.

- D. State revenues and receipts collected by The Illinois Literacy Foundation are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.

- E. Money or negotiable securities or similar assets handled by The Illinois Literacy Foundation on behalf of the State or held in trust by The Illinois Literacy Foundation have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Yours truly,

The Illinois Literacy Foundation

SIGNED ORIGINAL ON FILE

Thomas N. Benigno, Executive Director

SIGNED ORIGINAL ON FILE

Greg McCormick, Fiscal Officer

SIGNED ORIGINAL ON FILE

Irene Lyons, General Counsel

THE ILLINOIS LITERACY FOUNDATION
 (A Component Unit of the State of Illinois)
 COMPLIANCE EXAMINATION
 For the Two Years Ended June 30, 2019

COMPLIANCE REPORT

SUMMARY

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and the Illinois State Auditing Act.

ACCOUNTANT'S REPORT

The Independent Accountant's Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes does not contain scope limitations or disclaimers but does contain a modified opinion on compliance and identifies a material weakness over internal control over compliance.

SUMMARY OF FINDINGS

<u>Number of</u>	<u>Current</u>	<u>Prior</u>
<u>Findings</u>	<u>Report</u>	<u>Report</u>
Findings	1	1
Repeated findings	0	0
Prior recommendations implemented or not repeated	1	0

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last Reported</u>	<u>Description</u>	<u>Finding Type</u>
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FINDINGS (*GOVERNMENT AUDITING STANDARDS*)

2019-001	12	NEW	Inaccurate Inventory Records	Material Weakness and Material Noncompliance
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FINDINGS (*STATE COMPLIANCE*)

In addition, the finding reported above relating to *Government Auditing Standards* also met the reporting requirements. for State Compliance.

2019-001	12	NEW	Inaccurate Inventory Records	Material Weakness and Material Noncompliance
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PRIOR FINDINGS NOT REPEATED

A	15	2017	Failure to Identify Financial Statement Reporting Errors	
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THE ILLINOIS LITERACY FOUNDATION
(A Component Unit of the State of Illinois)
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2019

EXIT CONFERENCE

The Foundation waived an exit conference in correspondence from Greg McCormick, Fiscal Officer, on April 22, 2020. The responses to the recommendations were provided by Greg McCormick, Fiscal Officer, in correspondence dated April 23, 2020.

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INDEPENDENT ACCOUNTANT'S REPORT
ON STATE COMPLIANCE, ON INTERNAL CONTROL OVER COMPLIANCE, AND
ON SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Board of Directors
The Illinois Literacy Foundation

Compliance

As Special Assistant Auditors for the Auditor General, we have examined compliance by The Illinois Literacy Foundation (Foundation) with the specified requirements listed below, as more fully described in the *Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide)* as adopted by the Auditor General, during the two years ended June 30, 2019. Management of the Foundation is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Foundation's compliance with the specified requirements based on our examination.

The specified requirements are:

- A. The Foundation has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Foundation has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The Foundation has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations. As described in the accompanying Schedule of Findings as item 2019-001, the Foundation had not complied in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the Foundation are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.

- E. Money or negotiable securities or similar assets handled by the Foundation on behalf of the State or held in trust by the Foundation have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Illinois State Auditing Act (Act), and the *Audit Guide*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the Foundation complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Foundation complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance with the specified requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Foundation's compliance with the specified requirements.

Our examination disclosed material noncompliance with the following specified requirement applicable to the Foundation during the two years ended June 30, 2019. As described in the accompanying Schedule of Findings as item 2019-001, the Foundation had not complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

In our opinion, except for the material deviation from the specified requirements described in the preceding paragraph, the Foundation complied with the specified requirements during the two years ended June 30, 2019, in all material respects.

The Foundation's response to the compliance finding identified in our examination is described in the accompanying Schedule of Findings. The Foundation's response was not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the response.

The purpose of this report is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Internal Control Over Compliance

Management of the Foundation is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control).

In planning and performing our examination, we considered the Foundation's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Foundation's compliance with the specified requirements and to test and report on the Foundation's internal control in accordance with the *Audit Guide*, 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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the specified requirements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. 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 those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings as item 2019-001 that we consider to be a material weakness.

There were no immaterial findings that have been excluded from this report.

The Foundation's response to the internal control finding identified in our examination is described in the accompanying Schedule of Findings. The Foundation's response was not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the response.

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing based on the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Supplementary Information for State Compliance Purposes

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities and the major fund of the Foundation as of and for the years ended June 30, 2019 and 2018, and have issued our report thereon dated April 23, 2020, which contained a qualified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Foundation's basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to April 23, 2020. The accompanying supplementary information for the year ended June 30, 2019 and 2018, in Schedule 1 is presented for the purposes of additional analysis and is not a required part of the basic financial statements of the Foundation. Such information is the responsibility of Foundation management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The accompanying supplementary information for the year ended June 30, 2019 and 2018, in Schedule 1 has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information for the year ended June 30, 2019 and 2018, in Schedule 1 is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2019 and 2018.

The Foundation's basic financial statements as of and for the year ended June 30, 2017 (not presented herein), were audited by other auditors whose report thereon dated December 27, 2017, expressed unmodified opinions on the respective financial statements of the governmental activities and the major fund. The report of the other auditors dated December 27, 2017, stated that the accompanying supplementary information for the year ended June 30, 2017, in Schedule 1 was subjected to the auditing procedures applied in the audits of the June 30, 2017 and 2016, basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or to those basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In their opinion, the accompanying supplementary information for the year ended June 30, 2017, in Schedule 1 was fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2017.

The accompanying supplementary information in the Analysis of Operations Section is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

SIGNED ORIGINAL ON FILE

Springfield, Illinois
April 23, 2020

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INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Board of Directors
The Illinois Literacy Foundation

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and major fund of the Illinois Literacy Foundation (Foundation), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, and we have issued our report thereon dated April 23, 2020.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings as item 2019-001.

Internal Control Over Financial Reporting

Management of the Foundation is responsible for establishing and maintaining effective internal control over financial reporting (internal control).

In planning and performing our audit of the financial statements, we considered the Foundation's internal control to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a 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. 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 those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings as item 2019-001 that we consider to be a material weakness.

Foundation's Response to the Finding

The Foundation's response to the finding identified in our audit is described in the accompanying Schedule of Findings. The Foundation's response was not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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Springfield, Illinois
April 23, 2020

THE ILLINOIS LITERACY FOUNDATION
 (A Component Unit of the State of Illinois)
 FINANCIAL AUDIT
 For the Two Years Ended June 30, 2019

SCHEDULE OF FINDINGS

CURRENT FINDINGS – Government Auditing Standards

2019-001. FINDING (Inaccurate inventory records)

The Illinois Literacy Foundation (Foundation) did not maintain accurate inventory records for the years ended June 30, 2018 and June 30, 2019.

Inventory Quantities

During our testing of inventory, the Foundation was unable to provide inventory records to support the number of books accepted for each fiscal year and the Foundation did not have any inventory listings as of June 30, 2018 or June 30, 2019.

The Foundation did provide a listing of the number of books that were distributed to each school for each fiscal year. During our testing over the distribution listings provided by the Foundation, we were unable to verify the amounts that were recorded on the financial statements as inventory expense for both fiscal years 2018 and 2019. During our testing, we noted the following exceptions to the distribution listing:

- The distribution listing for fiscal year ending June 30, 2018 did not identify the books by type; therefore, we were unable to recalculate the total value distributed in fiscal year 2018.
- The following differences were noted between the fiscal year 2019 distribution records and the fiscal year 2019 final inventory summary:

Book Type	Distributed per Distribution Records	Distributed per Final Inventory Summary	Difference Quantity	Difference Dollar Amount
Picture Books	3,662	3,629	33	\$72.60
Chapter Books	4,670	5,384	(714)	(1,199.52)
Easy Read Books	332	324	8	15.04
Total	8,664	9,337	(673)	(1,111.88)

THE ILLINOIS LITERACY FOUNDATION
(A Component Unit of the State of Illinois)
FINANCIAL AUDIT
For the Two Years Ended June 30, 2019

2019-001. FINDING (Inaccurate inventory records) – Continued

Inventory Pricing

The Foundation utilized a website which provides an online marketplace for books to value its inventory at the beginning of fiscal year 2018. The Foundation selected a sample of 50 books from each category to determine the average price per type of book. The Foundation carried forward the averages obtained from the website for the remainder of the engagement period. In our inventory pricing testing, we sampled 20 books to verify the Foundation was using the lowest price listed on the website to calculate the average inventory cost that was used to price inventory. Testing of this process was the only manner the auditors could test the Foundation's inventory pricing. Of the books tested, we noted 14 of the 20 (70%) books had a difference in cost per the website than listed by the Foundation in their sample pricing. The cost difference totaled \$1.32 for the 14 books noted with differences. Due to the inaccurate inventory records, this cost difference cannot be extrapolated over the entire inventory population to determine the material effect on the financial statements. The Foundation did not preserve documentation of its initial pricing exercise.

The Illinois Office of the Comptroller requires State agencies, in certain cases, to prepare GAAP basis financial statements to assist in the annual preparation of the Statewide financial statements and provide adequate audit coverage of those statements, GAAP reporting instructions are specified in the Comptroller's Statewide Accounting Management System (SAMS) Manual, Chapter 27.

In addition, the Fiscal Control and Internal Auditing Act (Act) (30 ILCS 10/3001) requires State agencies to establish and maintain a system of fiscal internal and administrative controls to provide assurance that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources. Good internal control procedures require adequate management oversight and review of accounting policies and procedures as well as on overall review of financial reporting for accuracy and compliance with generally accepted accounting principles.

Foundation management indicated the system was not designed and maintained to allow for the proper documentation of inventory records due to not fully considering all applicable accounting standards.

Failure to maintain accurate inventory records could result in inaccurate financial statements and noncompliance with SAMS and the Fiscal Control and Internal Auditing Act. (Finding Code No. 2019-001)

THE ILLINOIS LITERACY FOUNDATION
(A Component Unit of the State of Illinois)
FINANCIAL AUDIT
For the Two Years Ended June 30, 2019

2019-001. FINDING (Inaccurate inventory records) – Continued

RECOMMENDATION

We recommend the Foundation strongly emphasize the importance of maintaining accurate inventory records throughout the year. Additionally, the Foundation should perform periodic physical inventory counts throughout the year and reconcile those to Foundation records. Finally, training and ongoing education should be provided to all employees involved in the inventory process.

FOUNDATION RESPONSE

The Illinois Literacy Foundation concurs with the finding and the following actions have been taken to address the situation. The relationship with Thriftbooks, described in Footnote 5 of the Notes to Financial Statements, has been suspended. The methodology for valuation of inventory described in this finding will no longer be utilized.

The ongoing inventory that will be necessary to fulfill requirements for the “10 Ton Challenge” is being obtained through a process that will provide itemized title and cost information for each book that will be distributed to public school children.

Staff assigned to this task from the Illinois State Library Department has been provided with ongoing explanation of the new required process for inventory accuracy.

The final inventory for FY20, at June 30, 2020, should reflect these changes. Due to the current COVID-19 situation, the “10 Ton Challenge” initiative has been extended through the end of the 2020-2021 academic year to allow schools to accept shipments of books.

THE ILLINOIS LITERACY FOUNDATION
(A Component Unit of the State of Illinois)
FINANCIAL AUDIT
For the Two Years Ended June 30, 2019

PRIOR FINDINGS NOT REPEATED

A. **FINDING** (Failure to identify financial statement report error)

During the previous examination, The Illinois Literacy Foundation (Foundation) did not identify a required adjustment necessary to ensure the Foundation's audited financial statements were accurately presented in accordance with generally accepted accounting principles.

During the current examination, we noted adjustments were needed to the Foundation's financial statements due to the weaknesses cited in Finding 2019-001. (Finding Code No. 2017-001)

SUPPLEMENTARY INFORMATION

THE ILLINOIS LITERACY FOUNDATION
(A Component Unit of the State of Illinois)

COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES
For the Years Ended June 30, 2019, 2018, and 2017

	<u>2019</u>	<u>2018</u>	<u>2017</u>
REVENUE			
Direct public support	\$ 326	\$ 315	\$ 2,712
Investment income	8	8	10
	<u>334</u>	<u>323</u>	<u>2,722</u>
Total revenue			
EXPENSES			
Contractual	208	597	2,644
Travel	-	-	412
Commodities	3,555	978	3,567
Equipment	-	-	606
	<u>3,763</u>	<u>1,575</u>	<u>7,229</u>
Total expenses			
CHANGE IN NET POSITION	<u>\$ (3,429)</u>	<u>\$ (1,252)</u>	<u>\$ (4,507)</u>

Note:

The above comparison does not include the on-behalf payments made by the State of Illinois Office of the Secretary of State or In-Kind activity.

THE ILLINOIS LITERACY FOUNDATION
(A Component Unit of the State of Illinois)
ANALYSIS OF OPERATIONS (unaudited)
For the Two Years Ended June 30, 2019

FUNCTIONS AND PLANNING PROGRAM

Planning Program

The Foundation has adopted a Mission Statement and Vision Statement as follows:

MISSION STATEMENT

The mission of the Illinois Literacy Foundation (Foundation) is to promote literacy awareness and support literacy programs throughout the State of Illinois by partnering with corporate and private sectors.

VISION STATEMENT

All Illinois pre-school children will benefit from early childhood literacy programs and be ready to learn to read in kindergarten.

From the bylaws, adopted December 15, 2015, the Foundation identifies as its purposes:

- to promote literacy among the residents of the State of Illinois by supporting literacy programs and enhancing statewide literacy awareness
- to make grants and gifts in aid and support of the goal; and
- to engage generally in other lawful endeavors consistent with the foregoing purposes

THE ILLINOIS LITERACY FOUNDATION
(A Component Unit of the State of Illinois)
ANALYSIS OF OPERATIONS (unaudited)
For the Two Years Ended June 30, 2019

ANALYSIS OF SIGNIFICANT VARIATIONS IN REVENUE

<u>Fiscal Year 2019</u>	<u>2019</u>	<u>2018</u>	<u>Difference</u>	<u>Percentage Change</u>
No Significant Variance Detected.				
<u>Fiscal Year 2018</u>	<u>2018</u>	<u>2017</u>	<u>Difference</u>	<u>Percentage Change</u>
Direct Public Support	\$ 315	\$ 2,712	\$ (2,397)	-88% 1)
Interest	8	10	(2)	-20% 2)

1) The decrease was due to the grant from the Dollar General Literacy Foundation being received in fiscal year 2017 and not in subsequent fiscal years. Additionally, the decrease was due to the fiscal year 2017 Illinois Literacy Foudation program event (luncheon) that did not reoccur in the subsequent year.

2) The decrease was due to the Foundation having less cash in the bank throughout the fiscal year, thus earning less interest.

THE ILLINOIS LITERACY FOUNDATION
(A Component Unit of the State of Illinois)
ANALYSIS OF OPERATIONS (unaudited)
For the Two Years Ended June 30, 2019

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENSES

<u>Fiscal Year 2019</u>	<u>2019</u>	<u>2018</u>	<u>Difference</u>	<u>Percentage Change</u>
Commodities	\$ 3,555	\$ 978	\$ 2,577	263% 1)
<u>Fiscal Year 2018</u>	<u>2018</u>	<u>2017</u>	<u>Difference</u>	<u>Percentage Change</u>
Contractual	\$ 597	\$ 2,644	\$ (2,047)	-77% 2)
Travel	-	412	(412)	-100% 3)
Commodities	978	3,567	(2,589)	-73% 4)
Equipment	-	606	(606)	-100% 5)

1) The increase was due to the purchase of book titles to supplement those required for the "10 Ton Challenge"/ThriftBook campaign program.

2) The decrease was due to the cost of the Illinois Literacy Foundation program event (luncheon) that did not reoccur in the subsequent year, fiscal year 2018.

3) The decrease is due to the Illinois Literacy Foundation Board of Directors travel expenditures in fiscal year 2017 that did not reoccur in fiscal year 2018.

4) The decrease is due to the purchase of books for the Family Reading Night program and promotional materials for the Illinois Literacy Foundation that did not reoccur in fiscal year 2018.

5) The decrease is due to a one time purchase of a display and table runner that is utilized by the Illinois Literacy Foundation at promotional events.