

ILLINOIS JOINING FORCES FOUNDATION

COMPLIANCE EXAMINATION

For the Year Ended June 30, 2021

**ILLINOIS JOINING FORCES FOUNDATION
COMPLIANCE EXAMINATION
For the Year Ended June 30, 2021**

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The Illinois Joining Forces Foundation’s <i>Financial Audit</i> for the year ended June 30, 2021, has been issued under a separate cover.	

**ILLINOIS JOINING FORCES FOUNDATION
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FOUNDATION OFFICIALS

Executive Director (11/22 – Present)	Brenda Osuch
Interim Executive Director (10/01/21 – 10/31/22)	Brenda Osuch
Interim Executive Director (08/31/21 – 09/30/21)	Bridget Altenburg
Executive Director (07/01/19 – 08/30/21)	Dr. Stephen Curda

BOARD OFFICERS

Chair of the Board (10/01/19 – Present)	Ms. Erica Borggren
Board Co-Chair (07/01/19 – 09/30/19)	Mr. Steve Goodwin
Board Co-Chair (07/01/19 – 09/30/19)	Mr. Kevin Smith
Vice Chair of the Board (10/01/19 – Present)	Mr. John DeBlasio
Secretary (12/23/20 – Present)	Mr. Matt Schachman
Secretary (11/01/20 – 12/23/20)	VACANT
Secretary (06/01/20 – 10/31/20)	Mr. Greg Tanacea
Secretary (10/01/19 – 05/31/20)	Mr. Dennis Smith
Secretary (07/01/19 – 09/30/19)	Mr. Paul McConville
Treasurer (10/01/19 – Present)	Rep. Stephanie Kifowit
Treasurer (07/01/19 – 09/30/19)	Mr. John DeBlasio

GOVERNING BOARD MEMBERS¹

Governor Appointee (02/01/20 – Present)	Ms. Erica Borggren
Governor Appointee (07/01/19 – 01/31/20)	Colonel (Retired) David Leckrone
President of the Senate Appointee (08/28/20 – Present)	Senator Cristina Castro
President of the Senate Appointee (07/01/19 – 8/27/20)	Senator Michael Hastings
Minority Leader of the Senate (10/22 – Present)	Senator Craig Wilcox
Minority Leader of the Senate Appointee (02/01/20 – 01/31/22)	Colonel (Retired) David Leckrone
Minority Leader of the Senate Appointee (07/01/19 – 01/31/20)	Senator Dale Righter
Speaker of the House Appointee	Rep. Stephanie Kifowit
Acting Director, Department of Veterans' Affairs (04/01/21 – Present)	Mr. Terry Prince
Interim Director, Department of Veterans' Affairs (01/01/19 – 03/31/21)	Major General Peter Nezamis
Director, Department of Veterans' Affairs (07/01/19 – 12/31/20)	Rep. Linda ChapaLaVia
Minority Leader of the House Appointee	Mr. John De Blasio

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Department of Military Affairs Designee	Brigadier General Richard Neely
Department of Military Affairs Designee Rep	Command Sergeant Major Dena Bellowe
Board Member (10/01/19 – 9/30/20)	Mr. Richard Hayes
Board Member (07/01/19 – 10/01/19)	Mr. Jim Hobbins
Board Member (10/01/19 – 01/31/20)	Mr. David Piatek
Board Member (07/01/19 – 09/30/19)	Ms. Roseann Darabaris
Task Force Leader, Material Needs	Brigadier General Patricia Wallace
Task Force Leader, Careers	Mr. Matt Schachman
Task Force Leader, Veterans Programs (01/19/22 – Present)	Ms. Megan Everett
Task Force Leader, Veterans Programs (01/01/22 – 01/18/22)	VACANT
Task Force Leader, Veterans Programs (10/01/19 – 12/31/21)	Mr. Don Cooke
Task Force Leader, Veterans Programs (07/01/19 – 09/30/19)	Ms. Modie Lavin
Task Force Leader, Housing and Homeless (01/19/22 – Present)	Mr. Nick Gross
Task Force Leader, Housing and Homeless (08/29/21 – 01/18/22)	VACANT
Task Force Leader, Housing and Homeless (01/01/20 – 08/28/21)	Mr. John Edelman
Task Force Leader, Housing and Homeless (10/01/19 – 12/30/19)	VACANT
Task Force Leader, Housing and Homeless (07/01/19 – 09/30/19)	Mr. David Piatek
Task Force Leader, Health and Wellness	Mr. John Schwan
Task Force Leader, Women Veterans	Ms. Erica Borggren
Task Force Leader, Families and Survivors	VACANT

FOUNDATION OFFICE

The Foundation’s primary administrative office is located at:

211 South Clark Street, Suite 1161
Chicago, Illinois 60604

¹ The individuals identified as “Board Members” did serve as voting members of the Board; however, those positions were not provided for in the Department of Veterans’ Affairs Act (20 ILCS 2805/37(d)). (See Finding 2021-003)



ILLINOIS JOINING FORCES
*Supporting Service Members, Veterans
and their Families*
MANAGEMENT ASSERTION LETTER

July 14, 2023

Honorable Frank J. Mautino
Auditor General
State of Illinois
740 East Ash Street
Springfield, Illinois 62703-3154

Auditor General Mautino:

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 Joining Forces Foundation (Foundation). We are responsible for and we are working to establish and maintain an effective system of internal controls over compliance requirements. We have performed an evaluation of the Foundation's compliance with the following specified requirements during the one-year period ended June 30, 2021. Based on this evaluation, we found that increased internal controls are needed to comply materially.

- A. To the best of our knowledge, other than what has been previously disclosed and reported in the Schedule of Findings, the Foundation has obligated, expended, received, and used funds in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. To the best of our knowledge, other than what has been previously disclosed and reported in the Schedule of Findings, the Foundation has obligated, expended, received, and used funds in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. To the best of our knowledge, other than what has been previously disclosed and reported in the Schedule of Findings, the Foundation has complied, in all material respects, with applicable laws and regulations in its financial and fiscal operations.
- D. To the best of our knowledge, other than what has been previously disclosed and reported in the Schedule of Findings, 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. To the best of our knowledge, other than what has been previously disclosed and reported in the Schedule of Findings, money or negotiable securities or similar assets handled by the Foundation 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.

In addition, we are aware of the following noncompliance matters which occurred during the period subsequent to June 30, 2021, which requires disclosure by management under the attestation standards established by the American Institute of Certified Public Accountants (AT-C § 205.49). Management believes a number of the issues identified and described in the Schedule of Findings for the year ended June 30, 2021, persisted during Fiscal Year 2022 and Fiscal Year 2023 and that additional sampling by the accountants may have yielded additional exceptions and problems similar to those disclosed and reported in the Schedule of Findings.

Yours truly,

Illinois Joining Forces Foundation

SIGNED ORIGINAL ON FILE

Brenda Osuch, Executive Director

**ILLINOIS JOINING FORCES FOUNDATION
COMPLIANCE EXAMINATION
For the Year Ended June 30, 2021**

COMPLIANCE REPORT

SUMMARY

The compliance testing performed during this 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*.

ACCOUNTANT’S REPORT

The Independent Accountant’s Report on State Compliance and on Internal Control Over Compliance does not contain scope limitations or disclaimers, but does contain an adverse opinion on compliance and identifies material weaknesses in internal control over compliance.

SUMMARY OF FINDINGS

Number of	<u>Current Report</u>	<u>Prior Report</u>
Findings	5	5
Repeated Findings	5	5
Prior Recommendations Implemented or Not Repeated	0	2

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings				
2021-001	10	2020/2018	Failure to Present Adequate Financial Statements and Notes	Material Weakness and Material Noncompliance
2021-002	16	2020/2016	Inadequate Internal Control Structure	Material Weakness and Material Noncompliance
2021-003	20	2020/2019	Inadequate Controls over Board Membership	Material Weakness and Material Noncompliance
2021-004	23	2020/2016	Lack of Documentation to Substantiate Compliance with Grant Agreements	Significant Deficiency and Noncompliance

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings				
2021-005	25	2020/2018	Mandate Noncompliance	Material Weakness and Material Noncompliance

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Foundation personnel at an exit conference on July 6, 2023.

Attending were:

Illinois Joining Forces Foundation

Brenda Osuch, Executive Director

Khalid Qazi, Fiscal Agent

Office of the Auditor General

Dennis Gibbons, Senior Audit Manager

Maggie Sabo, Audit Supervisor

The responses to the recommendations were provided by Brenda Osuch, Executive Director, in a correspondence dated July 13, 2023.

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OFFICE OF THE AUDITOR GENERAL
FRANK J. MAUTINO

INDEPENDENT ACCOUNTANT'S REPORT
ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Board of Directors
Illinois Joining Forces Foundation

Report on Compliance

We have examined compliance by the Illinois Joining Forces 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 year ended June 30, 2021. 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 funds 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 funds 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 in its financial and fiscal operations.
- D. 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 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 modified opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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

Our examination disclosed material noncompliance with the specified requirements during the year ended June 30, 2021. As described in items 2021-001 through 2021-005 in the accompanying Schedule of Findings, the Foundation did not comply with the specified requirements. Items 2021-001 through 2021-003 and 2021-005 are each considered to represent material noncompliance with the specified requirements. First, as described in the accompanying Schedule of Findings as items 2021-001 through 2021-003 and 2021-005, the Foundation had not complied, in all material respects, with applicable laws and regulations in its financial and fiscal operations. Further, as described in the accompanying Schedule of Findings as items 2021-001 and 2021-002, the Foundation had not ensured revenues and receipts collected by the Foundation were in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts was fair, accurate, and in accordance with law. Finally, as described in the accompanying Schedule of Findings as items 2021-001 and 2021-002, the Foundation did not ensure money or negotiable securities or similar assets handled by the Foundation or held in trust by the Foundation had been properly and legally administered and the accounting and recordkeeping relating thereto was proper, accurate, and in accordance with law. Item 2021-004 individually would have been regarded as significant noncompliance with the specified requirements; however, when aggregated, we determined these items constitute material noncompliance with the specified requirements.

In our opinion, because of the significance and pervasiveness of the material noncompliance with the specified requirements described in the preceding paragraph, the Foundation did not comply with the specified requirements during the year ended June 30, 2021, in all material respects.

The Foundation's responses to the compliance findings identified in our examination are described in the accompanying Schedule of Findings. The Foundation's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

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.

Report on 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings, we did identify certain deficiencies in internal control that we consider to be material weaknesses and a significant deficiency.

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 in internal control is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items 2021-001 through 2021-003 and 2021-005 to be material weaknesses.

A significant deficiency in internal control 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. We consider the deficiencies described in the accompanying Schedule of Findings as item 2021-004 to be significant deficiencies.

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

The Foundation's responses to the internal control findings identified in our examination are described in the accompanying Schedule of Findings. The Foundation's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

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.

SIGNED ORIGINAL ON FILE

JANE CLARK, CPA
Director of Financial and Compliance Audits

Springfield, Illinois
July 14, 2023

**ILLINOIS JOINING FORCES FOUNDATION
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2021**

2021-001. **FINDING** (Failure to Present Adequate Financial Statements and Notes)

The Illinois Joining Forces Foundation (Foundation) did not present adequate financial statements and related note disclosures for Fiscal Year 2021.

We noted the following instances where the Foundation did not present the financial statements and related note disclosures in accordance with the *Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC)*:

- The Foundation did not disclose its material related-party transactions for Fiscal Year 2021. The following material related-party transactions should be disclosed:

Board Member	Donor Name	Board Member Relationship with Donor	Amount
John DeBlasio	Global Peace Funds	Mr. DeBlasio is founder and executive director of the Global Peace Charitable Trust Foundation.	\$58,000
Megan Everett	McCormick Foundation	Ms. Everett is a director with the McCormick Foundation.	\$255,000
Erica Borggren	Exelon	Ms. Borggren is a vice president with ComEd, whose parent company is Exelon.	\$13,740
Erica Borggren	ComEd	Ms. Borggren is a vice president with ComEd.	\$3,000

FASB ASC 850-10-20 defines related parties as management of the entity and members of their immediate families. FASB ASC 850-10-20 further indicates management normally includes members of the board of directors, the chief executive officer, and chief operating officer. FASB ASC 850-10-50 requires the Foundation to disclose all material related party transactions, other than compensatory arrangements, expense allowances, and other similar items in the ordinary course of business within the notes to the financial statements. The disclosure shall include the nature of the relationship(s) involved, a description of the transactions, the dollar amounts of the transactions, and amounts due to or from a related party and the terms and manner of the settlement, unless otherwise apparent.

- The Foundation did not disclose information that describes how the organization manages its liquid resources available to meet cash needs for general expenditures within one year of the date of the statement of financial position.

FASB ASC 958-210-50-1A requires the Foundation to disclose qualitative information in the notes to the financial statements that is useful in assessing an

ILLINOIS JOINING FORCES FOUNDATION
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2021

entity's liquidity and that communicates how a not for profit entity manages its liquid resources available to meet cash needs for general expenditures within one year of the date of the statement of financial position.

- The Foundation did not separate all significant categories of receivables presented in the statement of financial position (for example, grants and contributions receivable). Grants and contributions receivable should be separate line items in the statement of financial position.

FASB ASC 310-10-50-3 requires the Foundation to disclose in the notes to the financial statements the major categories of loans or trade receivables that are not presented separately in the statement of financial position. Further, FASB ASC 310-10-45-13 requires the Foundation to separately show receivables from related parties and not include related party receivables under a general heading such as contributions receivable.

- The Foundation did not disclose the description of the organization's activities, including a description of each of its major classes of programs (such as Statewide Resource Navigation Services).

FASB ASC 958-205-50-1 requires the Foundation to provide a description of the nature of its activities, including a description of each of its major classes of programs either on the statement of activities or within the notes to the financial statements.

- The Foundation's description of its methodology for classifying expenses between its major categories is not accurate. The notes to the financial statements indicate occupancy, depreciation, amortization, and interest are allocated on a square foot basis dependent on the programs and supporting activities occupying the space. However, on the statement of functional expenses, occupancy expense is allocated to statewide resource navigation services and depreciation expense is allocated to management and general.

FASB ASC 958-220-50-1 requires the Foundation to disclose a qualitative description of its methods used to allocate costs among program and support functions. Further, good business practices require a proper internal control structure to be established, including proper levels of monitoring and reviews, to help ensure the accuracy and reliability of accounting data and information presented in the financial statements and related notes.

- The Foundation did not disclose whether it had any subsequent events. The notes to the financial statements include a footnote for subsequent events, but there is no discussion of subsequent events in this footnote.

ILLINOIS JOINING FORCES FOUNDATION
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2021

FASB ASC 855-10-50-1 requires the Foundation to disclose the date through which subsequent events have been evaluated and whether that date is either the date the financial statements were issued or the date the financial statements were available to be issued.

- The Foundation did not disclose its principal services performed or its main sources of revenue that funds its programs. There is a general description in the nature of activities in Note 1; however, it does not state what its principal services are (i.e. what resources and services are provided). This should align with the Foundation's enabling legislation.

FASB ASC 275-10-50-2 requires the Foundation to include a description of the major services performed and the revenue sources for the Foundation's services. Further, FASB ASC 275-10-55-3 provides implementation guidance indicating this note disclosure should provide information necessary for users not familiar with the operations of the Foundation to identify and consider the broad risks and uncertainties associated with the businesses and markets in which it operates and competes.

We noted the following instances where the Foundation did not present the financial statements and related note disclosures in accordance with sources such as practices that are widely recognized and prevalent, either generally or in the industry, including good business practices:

- The Foundation's financial statements and related note disclosures have errors such as inaccurate account balances and errors in classifications of accounts:
 - On the statement of financial position, the Foundation classified \$250,000 as "With Donor Restrictions" on the "Cash and cash equivalents" line item and \$258,583 as "Without Donor Restrictions" on the "Grants and contribution receivable" line item. We noted the \$250,000 in cash and cash equivalents should be recorded as without donor restrictions and the \$258,583 in receivables should be with donor restrictions.
 - On the statement of financial position, the balance of \$1,601 reported as "Grants and contribution receivable" was improperly classified when compared to underlying information in the general ledger, which indicates the expense should have been reported under different line items.
 - On the statement of activities, the balance of \$500,000 reported as "Contributions and grants" with donor restrictions did not agree to underlying information in the general ledger, which indicates this amount should have been reported as \$508,583.

ILLINOIS JOINING FORCES FOUNDATION
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2021

- On the statement of cash flows, the amount of (\$350) reported as “Paycheck Protection Program loan proceeds” does not agree to underlying information in the general ledger, which indicates the amount should have been reported as \$67,500.
- On the statement of cash flows, the amount of \$235 reported as “Cash paid for interest” does not agree to underlying information in the general ledger, which reports no amounts for this line item.
- On the statement of functional expenses, the balance of \$20,000 reported as “Office supplies and expense” was improperly classified when compared to underlying information in the general ledger, which indicates the expense should have been reported under a different line item.
- The Foundation’s Note 1 (Nature of Activities and Significant Accounting Policies) regarding its accounting policies for valuing its contributions receivable/unconditional promises to give does not accurately reflect the actual procedures carried out by the Foundation.
- The Foundation disclosed in Note 3 (Liquidity and Availability of Resources) an amount of \$1,601 as “other receivable”. This does not agree to underlying information in the general ledger, which indicates this amount should have been reported as \$1,485 of “other receivable” and \$116 as “prepaid expense”.
- The Foundation disclosed in Note 3 (Liquidity and Availability of Resources) and in Note 6 (Net Assets With Donor Restrictions) an amount of \$250,000 as time restricted net assets. This does not agree to underlying information in the general ledger, which indicates an amount of \$258,583 in net assets with time restrictions.
- The Foundation disclosed in Note 8 (Concentrations of Risk) an amount of \$500,000 in revenues received from the Robert R. McCormick Foundation. This does not agree to underlying information in the general ledger, which indicates that an amount of \$505,000 was received from the Robert R. McCormick Foundation.
- The Foundation disclosed in Note 7 (Line of Credit) a line of credit of \$60,000. However, the Foundation did not provide documentation supporting the amount of the line of credit. As such, we were unable to determine whether the disclosure is accurate.

ILLINOIS JOINING FORCES FOUNDATION
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2021

The Illinois State Auditing Act (Act) (30 ILCS 5/3-12) requires the Foundation to promptly comply with, and aid and assist, the Auditor General in the exercise of his powers and duties under the Act, and to make available to the Auditor General or his designated representatives, without delay, any record or information requested which is related to or within the scope of any audit or investigation under the Act.

- The Foundation disclosed in Note 9 (Note Payable) that its monthly payments for its Small Business Administration loan are due beginning 2.5 years from the date of the note, June 16, 2020. This does not agree with information presented in the loan agreement, which indicates that monthly payments are due beginning 12 months from the date of the note. Additionally, the Foundation disclosed in Note 9 a schedule of future loan payments which was inaccurate and did not agree to information presented in the loan agreement.
- The Foundation’s financial statements and note disclosures were presented with errors in spelling, punctuation, grammar, capitalization, and overall appearance.

Good business practices require a proper internal control structure to be established, including proper levels of monitoring and reviews, to help ensure the accuracy and reliability of accounting data and information presented in the financial statements and related notes.

This finding was first noted during the Foundation’s Fiscal Year 2018 financial audit. In the subsequent years, Foundation management has been unsuccessful in implementing a corrective action plan to remedy this finding.

During the previous examination, Foundation management indicated the inadequate financial statement presentation and related note disclosure inadequacies were due to lack of management review and unfamiliarity with the requirements. During the current examination, Foundation management indicated the inadequate financial statement presentation and related note disclosure inadequacies were due to competing priorities of management, limited staff, and unfamiliarity with the requirements.

Failure to prepare complete and accurate financial statements and related note disclosures based on FASB ASC and practices that are widely recognized and prevalent, either generally or in the industry, including good business practices, hinders the usefulness and reliability of the Foundation’s basic financial statements. (Finding Code No. 2021-001, 2020-001, 2019-002, 2018-002)

RECOMMENDATION

We recommend the Foundation utilize professional tools, such as checklists, to improve the completeness and quality of its financial statements and related note

ILLINOIS JOINING FORCES FOUNDATION
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2021

disclosures. Additionally, we recommend the Foundation develop and consistently apply a method for classifying and allocating expenses on its statement of functional expenses.

FOUNDATION RESPONSE

The Foundation follows GAAP accounting. The items noted in finding 2021-001 of this report highlight classification findings, they are not material to the bottom line of the organization. The Foundation will correct these classification findings in future financial statements beginning with Fiscal Year 2023. The Foundation will utilize tools such as checklists to improve the completeness and quality of the financial statements as recommended by the audit team.

AUDITOR'S COMMENT

We maintain the Foundation did not present adequate financial statements and related note disclosures for Fiscal Year 2021, as enumerated within this finding.

ILLINOIS JOINING FORCES FOUNDATION
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2021

2021-002. **FINDING** (Inadequate Internal Control Structure)

The Illinois Joining Forces Foundation (Foundation) did not adhere to the Foundation's bylaws and/or internal policies, which constituted the Foundation's internal control structure. In addition, discrepancies existed between the Foundation's bylaws and internal policies.

We noted the following discrepancies during testing:

- The Foundation did not maintain adequate control or have formal policies in place over personnel records, as described below:
 - The Foundation did not have a system or process in place to track employee attendance.
 - Employee requests for time off were not formally documented.
- For 9 of 9 (100%) non-electronic receipts tested, totaling \$185,444, the Foundation was unable to provide supporting documentation showing dates of receipt. As such, we were unable to determine whether the receipts were deposited timely.
- For 11 of 17 (65%) receipts tested, totaling \$391,675, the Foundation was unable to provide supporting documentation sufficient to enable us to determine whether the receipts were complete, mathematically accurate, and properly approved. As such, we were unable to determine whether the receipts met these requirements.
- For 36 of 36 (100%) disbursements tested, totaling \$275,993, the Foundation was unable to provide supporting documentation showing approval of the disbursements. As such, we were unable to determine whether the disbursements were properly approved in accordance with applicable policies.

The Foundation's Financial Controls Policy limits the Executive Director's expenditure authority to disbursements of up to \$1,000 and requires dual approval for all expenses exceeding \$1,000. The Financial Controls Policy also requires all invoices approved by the Board treasurer also be approved by one other Board officer. The Foundation's bylaws require dual approval from both the Board's treasurer and another Board member for expenses over \$5,000.

- The Foundation has inconsistencies between its bylaws and its internal Financial Controls Policy. The bylaws require dual approval from both the Board's treasurer and another Board member for expenses over \$5,000. However, the Financial Controls Policy limits the Executive Director's

ILLINOIS JOINING FORCES FOUNDATION
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2021

expenditure authority to disbursements of up to \$1,000 and requires dual approval for all expenses exceeding \$1,000.

- For 9 of 9 (100%) payroll disbursements tested, totaling \$127,351, the Foundation was unable to provide supporting documentation sufficient to enable us to re-calculate gross pay and determine whether withholdings were accurately computed. As such, we were unable to determine whether gross pay and withholdings were accurate.
- For 1 of 1 (100%) cancelled checks tested, totaling \$3,500, the Foundation was unable to provide a copy of the cancelled check. As such, we were unable to review the cancelled check for any unusual features.
- For 5 of 36 (14%) disbursements tested, totaling \$13,972, the disbursement amounts did not agree to supporting documentation provided by the Foundation.
- The Foundation's bank account balance as of June 30, 2021, exceeded the amount of federal deposit insurance coverage. However, the Foundation did not obtain a bond or pledged security for the uninsured amount.

The State Officers and Employees Money Disposition Act (30 ILCS 230/2c) states that whenever funds deposited with a bank or savings and loan association exceed the amount of federal deposit insurance coverage, a bond, pledged securities, or other eligible collateral shall be obtained.

- The Foundation failed to sign and return bank confirmations prepared by us for transmission to the Foundation's financial institution. As such, we were unable to confirm the Foundation's bank balance as of June 30, 2021 with the bank.
- The Foundation failed to respond to our requests to conduct interviews regarding the Foundation's processes and procedures for transfers between locally held funds. Due to these conditions, we were unable to conclude whether the Foundation's population records of transfers were sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.36). Despite these limitations, we performed testing on two transfers we identified, and noted the following issues:
 - Two (100%) transfers identified were between the Foundation's bank account and a money market account. However, the Foundation indicated that it began the process of starting a money market account but never completed the process. However, we noted the Foundation's bank statements indicated a \$30,000 transfer out of the bank account and a later transfer of \$30,008 into the bank account. The Foundation's

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general ledger indicates these transfers took place between the Foundation's bank account and a money market account. The Foundation was unable to provide additional responses or supporting documentation to explain the discrepancy, and as such we were unable to determine to what accounts the funds were transferred and whether the transfer was appropriate and consistent with the Foundation's goals.

The Illinois State Auditing Act (Act) (30 ILCS 5/3-12) requires the Foundation to promptly comply with, and aid and assist the Auditor General in the exercise of his powers and duties under the Act and the regulations adopted pursuant to the Act. The Act further requires the Foundation to, at the request of the Auditor General, and without delay, make available to the Auditor General or his designated representative any record or information requested, which is related to or within the scope of any audit or investigation under the Act.

Good business practices require a proper internal control structure be established to help safeguard assets, ensure the collection of revenues, prevent improper expenditures, ensure the accuracy and reliability of accounting data, promote operational efficiency, and encourage adherence to legal requirements and prescribed management policies.

This finding was first noted during the Foundation's Fiscal Year 2016 financial audit. In the subsequent years, Foundation management has been unsuccessful in implementing a corrective action plan to remedy this finding.

During the previous engagement, Foundation management indicated a lack of communication inhibited efforts to monitor and document fiscal and daily operations and implement new and updated policies, and that in addition, supporting documentation deficiencies resulted from misplacing of or failure to retain documents by staff. During the current engagement, Foundation management indicated the issues noted were due to competing priorities, limited staff, and failure to maintain documentation.

Failure to adhere to the Foundation's internal control structure, including both the bylaws and internal policy, makes the Foundation vulnerable to numerous risks, including but not limited to, failure to meet objectives, inaccurate financial records, and fraud. (Finding Code No. 2021-002, 2020-002, 2019-003, 2018-003, 2016-002)

RECOMMENDATION

We recommend the Foundation's management and Board meet and agree on specific internal control objectives, policies, and practices. Additionally, we recommend Board members and management formally develop and update written policies and procedures to facilitate the Foundation's operations. Finally, we

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recommend the Foundation strengthen its controls over retention and maintenance of supporting documentation related to the Foundation’s fiscal and financial operations.

FOUNDATION RESPONSE

Some of the findings under 2021-002 are not accurately stated. The Executive Director has the authority to approve expenditures of up to \$5,000 not \$1,000 as stated in this section. The Foundation has documentation of approval for expenditures over \$5,000. The Foundation has documentation of disbursements. The audit team has removed access to specific requests for Fiscal Year 2021 which renders the Foundation incapable of providing the information to support the Foundation’s compliance with these findings. The Foundation has established internal controls and continues to review these. The Foundation’s management will document the internal control policies and practices and present them for review annually to the Board of Directors. Due to the timing of these audit findings, modifications made will not be evidenced until the Foundation’s Fiscal Year 2024. The Foundation developed and implemented an employee handbook in January of 2021, this handbook covers some policies. The Foundation is continuing to develop policies and procedures that support its operations. The Foundation appreciates the recommendations from the audit team and will work to incorporate those recommendations as appropriate.

AUDITOR’S COMMENT

We maintain the Foundation did not adhere to the Foundation’s bylaws and/or internal policies, which constituted the Foundation’s internal control structure, and we maintain the conclusion discrepancies existed between the Foundation’s bylaws and internal policies, as enumerated within the finding. The Foundation did not provide documentation to address the parts of the finding it took issue with in its above response, neither earlier during the engagement when these matters were first brought to its attention nor in the formal finding stage of the engagement. In addition, the Foundation’s claim the audit team removed access to specific requests for Fiscal Year 2021 is inaccurate. The audit team made repeated efforts to communicate its requests to the Foundation throughout the engagement and adopted the use of a secure request sharing software system which was available to both the audit team and the Foundation.

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2021-003. **FINDING** (Inadequate Controls over Board Membership)

The Illinois Joining Forces Foundation (Foundation) failed to maintain adequate controls over its Board of Directors (Board) and did not take certain actions required by its bylaws.

The Foundation did not monitor and document compliance with statutory term limits for its Board members. During testing of statutory Board requirements, we noted the following:

- The Foundation did not document the appointment or start date for one Board member’s term. As a result, we were unable to determine whether this member was serving on an expired term.
- One Board member was serving on an expired term. The Board member had served one day beyond her term expiration as of June 30, 2021.

The Department of Veterans’ Affairs Act (Act) (20 ILCS 2805/37(d)) limits Board members to two-year terms.

The Foundation’s planning and organizational documents were not updated during Fiscal Year 2021. As a result, these documents continued to contain inconsistencies regarding descriptions of the Foundation’s executive committee, working groups, and task forces and did not accurately reflect the Foundation’s current operational model, which focuses on fulfilling its mission using a veteran service community development and outreach initiative. Specifically, we noted the following:

- The Foundation’s currently adopted Board composition is not consistent with the Act. The Foundation adopted a 7-7-7 model: 7 mandated members, 7 task force leaders, and 7 civic members. The Foundation did not ensure its bylaws or the Act were updated to reflect the changes to its Board composition. Upon testing the Foundation’s Board against the Foundation’s adopted model, we noted 4 of 21 (19%) Board positions were vacant as of June 30, 2021. This included 2 task force leaders and 2 civic leaders.

The Act (20 ILCS 2805/37(d)) requires the Foundation’s Board consist of one member each appointed by the Governor, the President of the Senate, the Minority Leader of the Senate, the Speaker of the House of Representatives, the Minority Leader of the House of Representatives, the Director of Veterans’ Affairs, a senior member of the management of the Department of Military Affairs as designated by the Adjutant General, and all members of the Illinois Joining Forces Executive Committee appointed by the Director of Veterans’ Affairs. Additionally, the Act (20 ILCS 2805/37(e)) requires the Foundation to operate within the provisions of the General Not for Profit Corporation Act of 1986. The General Not for Profit Corporation Act of 1986 (805 ILCS 105/108.10(a)) states the Foundation’s Board

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shall be fixed by the bylaws, which may be increased or decreased by an amendment to the bylaws. The Foundation's bylaws included the same composition requirements as the Act. Further, good business practices require a periodic update of internal planning and organizational documents to promote operational efficiency and encourage adherence to legal requirements and prescribed management policies.

During testing of Board meetings, we noted the Foundation failed to post to its website the minutes for 2 of 4 (50%) open Board meetings held during Fiscal Year 2021.

Section 3.07 of the Foundation's bylaws requires all meetings of the Board to be held in accordance with the Open Meetings Act (5 ILCS 120). The Open Meetings Act (5 ILCS 120/2.06(b)) requires the Foundation to post the minutes of its open meetings to its website within 10 days after the approval of the minutes.

This finding was first noted during the Foundation's Fiscal Year 2019 financial audit. In the subsequent years, Foundation management has been unsuccessful in implementing a corrective action plan to remedy this finding.

During the previous engagement, Foundation management indicated the issues with regards to Board member appointments, terms, and vacancies were due to competing priorities of the responsible parties. Additionally, the Foundation's management indicated it was seeking legislative change with regards to the Board's composition requirements. Finally, Foundation management indicated that issues regarding meeting minutes were caused by employee error. During the current engagement, Foundation management indicated the issues were caused by competing priorities and employee error. Additionally, Foundation management indicated it was continuing to seek legislative change with regards to the Board's composition requirements.

Failure to adequately account for the Board's membership (i.e. member appointments, terms, and vacancies), failure to update the bylaws to reflect composition changes, and failure to post records of open meeting minutes on the Foundation's website represents noncompliance with State law and the Foundation's bylaws, can create confusion and inefficiencies, and hinders the General Assembly's ability to fix the membership of the Board of Directors. (Finding Code No. 2021-003, 2020-003, 2019-005)

RECOMMENDATION

We recommend the Foundation ensure all Board member information, including but not limited to appointments, terms, and periods of vacancies, is consistently monitored and accounted for. Additionally, we recommend the Foundation periodically review and update its planning and organizational documents to

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properly reflect its operations; specifically, by amending its bylaws and continuing to seek legislative change to the Department of Veterans' Affairs Act in order to reflect changes in the Board's structure. Finally, we recommend the Foundation maintain a record of all meetings and post meeting minutes to its website in accordance with the Foundation's bylaws and State law.

FOUNDATION RESPONSE

The Foundation concurs that it would benefit from better tracking of Board Members' appointments. The legislation has been passed that will allow the Foundation to elect Board Members in addition to appointed Board Members. This modification will help the Foundation meet the standard. The legislation will be in effect in January of 2024. In the meantime, the Foundation will monitor and develop a tracking tool to ensure appointments are current.

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2021-004. **FINDING** (Lack of Documentation to Substantiate Compliance with Grant Agreements)

The Illinois Joining Forces Foundation (Foundation) failed to retain documentation and records to substantiate compliance with grant agreements.

During testing, we noted for 16 of 16 (100%) receipts tested, totaling \$539,675, the Foundation was unable to confirm whether the receipts were related to grant agreements. As such, we were unable to determine whether there were any related grant agreements, and if so, whether the Foundation complied with the provisions of the grant agreements.

The Illinois State Auditing Act (30 ILCS 5/3-12) requires the Foundation to promptly comply with, and aid and assist the Auditor General in the exercise of his powers and duties under the Act and the regulations adopted pursuant to the Act. The Act further requires the Foundation to, at the request of the Auditor General, and without delay, make available to the Auditor General or his designated representative any record or information requested, which is related to or within the scope of any audit or investigation under the Act.

Good business practices require the Foundation to ensure the terms of all grants, contracts, and binding agreements are complied with, and require a proper internal control structure be established to ensure the accuracy and reliability of accounting data.

This finding was first noted during the Foundation's Fiscal Year 2016 financial audit. In the subsequent years, Foundation management has been unsuccessful in implementing a corrective action plan to remedy this finding.

During the previous engagement, Foundation management indicated the lack of documentation was due to the Foundation being regularly engaged with its donors, providing weekly and monthly updates, and Foundation management felt this level of communication with donors was adequate and reduced the need for formal compliance documentation. During the current engagement, Foundation management indicated that competing priorities of the Foundation hindered its efforts to provide responses and supporting documentation.

A lack of detailed documents and records to substantiate compliance with grant agreement terms and conditions could lead to the misuse of funds and/or require the repayment of funds to the grantor. (Finding Code No. 2021-004, 2020-004, 2019-004, 2018-004, 2016-003)

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RECOMMENDATION

We recommend the Foundation strengthen its controls over retention and maintenance of supporting documentation related to the Foundation’s fiscal and financial operations and management of grants.

FOUNDATION RESPONSE

The Foundation has granted award letters and documentation of grant reports if required by the grantor. Due to removal of the audit request, the Foundation is unable to provide the specific information that would resolve this finding. The Foundation has monthly meetings with some grant managers to provide updates on progress associated with the grant. The Foundation agrees with the recommendation of the audit team and will strengthen its controls over retention and maintenance of supporting documentation.

AUDITOR’S COMMENT

We maintain the Foundation failed to retain documentation and records to substantiate compliance with grant agreements. In addition, the Foundation’s claim the audit team removed access to specific requests for Fiscal Year 2021 is inaccurate. The audit team made repeated efforts to communicate its requests to the Foundation throughout the engagement and adopted the use of a secure request sharing software system which was available to both the audit team and the Foundation.

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2021-005. **FINDING** (Mandate Noncompliance)

The Illinois Joining Forces Foundation (Foundation) failed to comply with certain statutory requirements.

During testing of statutory requirements, we noted the following issues:

- The Foundation failed to provide copies of donation letters for 94 of 94 (100%) receipts, totaling \$596,070. As such, we were unable to determine whether the Foundation provided these letters in accordance with the Department of Veterans' Affairs Act or the Foundation's Financial Controls Policy, or whether the amounts described in the letters agree to the Foundation's general ledger.

The Department of Veteran's Affairs Act (20 ILCS 2805/37(h)) requires the Foundation to provide a written notice to any entity providing a gift, grant, donation, or bequest to the Foundation that the Foundation is not subject to the provisions of the Public Funds Investment Act. In addition, the Foundation's Financial Controls Policy requires such written notices to be provided. Finally, the Illinois State Auditing Act (Act) (30 ILCS 5/3-12) requires the Foundation to promptly comply with, and aid and assist, the Auditor General in the exercise of his powers and duties under the Act, and to make available to the Auditor General or his designated representative, without delay, any record or information requested which is related to or within the scope of any audit or investigation under the Act.

- The Foundation failed to provide supporting documentation to substantiate the Foundation's treasurer had obtained a surety bond.

The Department of Veterans' Affairs Act (20 ILCS 2805/37(g)) requires the Foundation's treasurer to obtain a fidelity or surety bond on satisfactory terms and in sufficient amounts to protect the interests of the Foundation, the cost of which shall be reimbursed by the Foundation.

- The Foundation's officers and directors were not indemnified during the entirety of Fiscal Year 2021. We determined the Foundation's insurance policy expired on May 22, 2021, and was not renewed until after the examination period.

The Department of Veterans' Affairs Act (20 ILCS 2805/37(d)) requires the Board of Directors, as members of a public entity, to be represented and indemnified pursuant to the requirements of the State Employee Indemnification Act.

- The Foundation did not timely file its Calendar Year 2020 General Not for Profit Corporation Act Annual Report (report) with the Office of the Secretary of State. The report was filed 27 days late.

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The General Not for Profit Corporation Act of 1986 (805 ILCS 105/114.10) requires the Foundation to submit an annual report to the Office of the Secretary of State within 60 days immediately preceding the first day of the anniversary month of the corporation each year.

This finding was first noted during the Foundation’s compliance examination for the two years ended June 30, 2018. In the subsequent years, Foundation management has been unsuccessful in implementing a corrective action plan to remedy this finding.

During the previous engagement, Foundation management indicated the issues were due to employee error and an inability to secure a surety bond prior to the end of the examination period. During the current engagement, Foundation management indicated the issues noted were caused by employee error and competing priorities of management.

Failure to provide documentation supporting the required donation letters were sent represents noncompliance with the Illinois State Auditing Act and prevents the Foundation from demonstrating compliance with State law. Failure by the Foundation’s treasurer to obtain a fidelity or surety bond could result in the Foundation incurring unrecoverable losses and represents noncompliance with State law. Failure to maintain indemnification for the Board of Directors during the entire examination period could expose the Foundation to legal liability. Failure to timely file reports with the Office of the Secretary of State hinders government oversight and represents noncompliance with the General Not for Profit Corporation Act of 1986. (Finding Code No. 2021-005, 2020-005, 2019-006, 2018-005)

RECOMMENDATION

We recommend the Foundation strengthen its controls over retention and maintenance of documentation supporting its compliance with its statutory responsibilities in accordance with the Department of Veterans’ Affairs Act (Act), and we recommend the Foundation improve its responsiveness to requests for documentation in accordance with the Illinois State Auditing Act. Additionally, we recommend the Foundation obtain a fidelity or surety bond for the Treasurer in accordance with the Act. Additionally, we recommend the Foundation maintain indemnification for the Board of Directors. Finally, we recommend the Foundation timely file required reports with the Office of the Secretary of State.

FOUNDATION RESPONSE

If donations are made online, donors receive a thank you email that provides the donor with records of their donation and the required tax information to support their donation. The Foundation will develop a more effective system of both

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providing letters to donors and maintaining those letters in an easily retrievable manner. The Foundation works to keep documentation up to date and will develop a tracking system/calendar that supports timely submission of necessary paperwork. The Foundation has obtained a surety bond for the treasurer for several years now.