

ILLINOIS JOINING FORCES FOUNDATION

FINANCIAL AUDIT

For the Year Ended June 30, 2021

ILLINOIS JOINING FORCES FOUNDATION
FINANCIAL AUDIT
For the Year Ended June 30, 2021

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**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 FOUNDATION
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FINANCIAL STATEMENT REPORT

SUMMARY

The audit of the accompanying financial statements of the Illinois Joining Forces Foundation (Foundation) was performed by the Office of the Auditor General.

Based on their audit, the auditors expressed an adverse opinion on the Foundation’s basic financial statements.

SUMMARY OF FINDINGS

Number of	<u>Current Report</u>	<u>Prior Report</u>
Findings	4	4
Repeated Findings	4	4
Prior Recommendations Implemented or Not Repeated	0	1

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	23	2020/2018	Failure to Present Adequate Financial Statements and Notes	Material Weakness
2021-002	29	2020/2016	Inadequate Internal Control Structure	Material Weakness and Noncompliance
2021-003	33	2020/2019	Inadequate Controls over Board Membership	Material Weakness and Noncompliance
2021-004	36	2020/2016	Lack of Documentation to Substantiate Compliance with Grant Agreements	Significant Deficiency

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 AUDITOR'S REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Board of Directors
Illinois Joining Forces Foundation

Report on the Audit of the Financial Statements

Adverse Opinion

We have audited the financial statements of the Illinois Joining Forces Foundation (Foundation), which comprise the Statement of Financial Position as of June 30, 2021, and the related Statement of Activities, Statement of Cash Flows, and Statement of Functional Expenses for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the accompanying financial statements do not present fairly the financial position of the Foundation as of June 30, 2021, or the respective changes in financial position, cash flows, and functional expenses for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Adverse Opinion

As described in Finding 2021-001, the Foundation did not present adequate financial statements and related note disclosures in accordance with accounting principles generally accepted in the United States of America. Under accounting principles generally accepted in the United States of America, the Foundation should ensure all required disclosures are made, properly evaluate its subsequent events, and ensure the financial statements and related note disclosures are accurate and supported. Some of the notable missing disclosures include the following: material related-party transactions, information on management of its liquid resources available to meet cash needs within one year, a description of its major classes of programs, subsequent events, principal services performed, and methodology for classifying

expenses between major categories. The amount by which these departures affect the financial statements of the Foundation is not reasonably determinable due to a lack of supporting documentation and overall inadequate financial reporting by the Foundation.

In addition, as described in Findings 2021-002 through 2021-004, the inability to provide certain requested documentation and failure to adhere to the Foundation's bylaws and internal control structure limited our ability to conclude the Foundation's Fiscal Year 2021 financial statements were fairly stated, in all material respects, which was the objective of our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation, and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse audit opinion.

Emphasis of Matter

As discussed in Note 13 to the financial statements of the Foundation, in Fiscal Year 2021, the Foundation's beginning net assets balance was restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgement and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures

include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for purpose of expressing an opinion on the effectiveness of the Foundation’s internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation’s ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 14, 2023, 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, and grant agreements and other matters. The purpose of that 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* in considering the Foundation’s internal control over financial reporting and compliance.

SIGNED ORIGINAL ON FILE

JANE CLARK, CPA
Director of Financial and Compliance Audits

Springfield, Illinois
July 14, 2023

ILLINOIS JOINING FORCES FOUNDATION
STATEMENT OF FINANCIAL POSITION
June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	TOTAL
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 131,987	\$ 250,000	\$ 381,987
Grants and Contribution receivable	258,583	-	258,583
Grants and Contribution receivable	1,601		1,601
Total current assets	392,171	250,000	642,171
Noncurrent assets:			
Equipment, at cost			
less accumulated depreciation of \$7,067	155	-	155
Total noncurrent assets	155	-	155
Total assets	\$ 392,326	\$ 250,000	\$ 642,326
LIABILITIES AND NET ASSETS:			
Current liabilities:			
Accounts payable and accrued expenses	\$ 129,388	\$ -	\$ 129,388
Note Payable - current	7,692	-	7,692
Loan payable	67,500	-	67,500
Total current liabilities	204,580	-	204,580
Long-term liabilities			
Note payable - non-current	142,308	-	142,308
Total liabilities	346,888	-	346,888
Net assets:			
Without donor restrictions	45,438	-	45,438
With donor restrictions	-	250,000	250,000
Total net assets	45,438	250,000	295,438
Total liabilities and net assets	\$ 392,326	\$ 250,000	\$ 642,326

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

ILLINOIS JOINING FORCES FOUNDATION
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	TOTAL
REVENUE:			
Contributions and Grants	\$ 343,510	\$ 500,000	\$ 843,510
Fundraising	20,893	-	20,893
Less: Direct Expenses	(14,361)	-	(14,361)
Interest Income	106	-	106
Net assets released from restrictions	308,000	(308,000)	-
Total revenue	658,148	192,000	850,148
EXPENSES BEFORE DEPRECIATION			
Program services:			
Statewide resource navigation services	\$ 392,335	\$ -	\$ 392,335
Total program services	392,335	-	392,335
Supporting services:			
Management and general	55,561	-	55,561
Fundraising	1,000	-	1,000
Total supporting services	56,561	-	56,561
Total expenses	448,896	-	448,896
Change in unrestricted net assets	209,252	192,000	401,252
Net assets, beginning of year	(160,814)	58,000	(102,814)
Prior period adjustment	(3,000)	-	(3,000)
Net assets, beginning of year as restated	(163,814)	58,000	(105,814)
Net assets, end of year	\$ 45,438	\$ 250,000	\$ 295,438

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

ILLINOIS JOINING FORCES FOUNDATION
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 401,252
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	793
Prior period adjustments	(3,000)
Change in operating assets:	
Increase in grant & contribution receivable	(200,583)
Decrease in accounts payable and accrued expenses	(29,229)

Net cash provided by (used in) operating activities	169,233
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CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of equipment	-
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Net cash provided by (used in) investing activities	-
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CASH FLOWS FROM FINANCING ACTIVITIES:

Payments on line of credit	-
Cash proceeds from Note payable	(4,000)
Funds Held for Others	(60,979)
Paycheck Protection Program loan proceeds	(350)

Net cash provided by (used in) financing activities	(65,329)
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Net (Decrease) Increase in cash and cash equivalents	103,904
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CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	278,083
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CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 381,987
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SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION

Cash paid for interest	\$ 235
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The accompanying notes are an integral part of the financial statements.

ILLINOIS JOINING FORCES FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2021

	Program Services		Supporting Services			TOTAL
	Statewide Resource Navigation Services	Sub-Total	Management and General	Fundraising	Sub-Total	
Salaries and wages	\$ 309,202	\$ 309,202	\$ 21,197	-	\$ 21,197	\$ 330,399
Payroll taxes and benefits	23,654	23,654	1,621	-	1,621	25,275
	332,856	332,856	22,818	-	22,818	355,674
Office supplies and expense	20,000	20,000	-	-	-	20,000
Telecommunications	548	548	-	-	-	548
Consultants	36,000	36,000	-	1,000	1,000	37,000
Occupancy	235	235	-	-	-	235
Insurance	-	-	87	-	87	87
Professional fees	-	-	28,067	-	28,067	28,067
Dues and subscriptions	-	-	274	-	274	274
Marketing and promotion	-	-	-	-	-	-
Client supportive services	-	-	-	-	-	-
Printing and copying	-	-	1,287	-	1,287	1,287
Postage and delivery	-	-	292	-	292	292
Bank charges	-	-	1,943	-	1,943	1,943
Travel and Meals	196	196	-	-	-	196
Website development	2,500	2,500	-	-	-	2,500
Total expenses before depreciation	392,335	392,335	54,768	1,000	55,768	448,103
Depreciation	-	-	793	-	793	793
TOTAL FUNCTIONAL EXPENSES	\$ 392,335	\$ 392,335	\$ 55,561	\$ 1,000	\$ 56,561	\$ 448,896

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

ILLINOIS JOINING FORCES FOUNDATION
FINANCIAL AUDIT
For the Year Ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS

Note 1 – Nature of Activities and Significant Accounting Policies

A. Nature of Activities

The Illinois Joining Forces Foundation (Foundation) is a Statewide, public-private network of military and veteran-serving organizations. It was incorporated in 2012. It collaborates in-person and online to help service members, veterans, and their families identify and marshal resources and services available to them throughout the State.

B. Significant Accounting Policies

The Foundation prepares its financial statements in accordance with the generally accepted accounting principles in the United States of America (U.S. GAAP) for not-for-profit entities promulgated by the Financial Accounting Standards Board. The significant accounting and reporting policies used by the Foundation are described subsequently to enhance the usefulness and understandability of the financial statements.

B.1. Basis of Accounting

The Foundation prepares its financial statements using the accrual basis of accounting.

B.2. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the Foundation's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Foundation's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

B.3 Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these assets are the broad limits resulting from the nature of the Foundation, the environment in which it operates, the purposes specified in its

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For the Year Ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS

corporate documents, its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature; the restrictions will expire when the resources are used in accordance with the donor's restrictions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Foundation must continue to use the resources in accordance with the donor's instructions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment, or less commonly, the contribution of those assets directly, are reported as net assets with donor restrictions until the specified asset is placed in service by the Foundation, unless the donor provides more specific directions about the period of its use.

B.4. Fair Value Measurements

The Foundation reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels are defined as follows:

- Level 1 – Unadjusted, quoted market prices for identical assets or liabilities in active markets as of the measurement date.
- Level 2 – Other observable inputs, either directly or indirectly obtained, including: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in non-active markets; inputs other than quoted prices that are observable for the asset or liability; and, inputs that are derived principally from or corroborated by other observable market data.
- Level 3 – Unobservable inputs that cannot be corroborated by observable market data.

The value of all of the Foundation's assets and liabilities, which are required to be carried at fair value, are valued at quoted prices in active markets for identical assets and liabilities and, therefore, are considered Level 1 assets and liabilities.

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NOTES TO THE FINANCIAL STATEMENTS

B.5. Tax Status

The Foundation is incorporated and is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purposes, unless that income is otherwise excluded by the IRC. The Foundation was not classified as a private foundation during Fiscal Year 2020. Contributions to the Foundation are tax-deductible to the donors under Section 170 of the IRC. During Fiscal Year 2021 the Foundation did not incur any income tax liabilities.

B.6. Cash Equivalents

Cash equivalents are short-term, interest-bearing, highly liquid investments with original maturities of three months or less, unless the investments are held to meet restrictions of a capital or endowment nature.

B.7. Contributions Receivable

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than a year are recorded at fair value at the date of promise. Contributions receivable that are expected to be collected over a period exceeding twelve months are recorded at present value at the date of promise. That present value is computed using a technique applied to the anticipated cash flows of the donor's payment plan. Amortization of the resulting discount is recognized as additional contribution revenue as time elapses. The allowance for uncollectible contributions receivable is management's evaluation of the collectability of individual promises. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

B.8. Land, Buildings, and Equipment

Land, buildings, and equipment are reported in the statement of financial position at cost, if purchased, and at fair value at the date of donation, if donated. All land and buildings are capitalized. Equipment is capitalized if it has a cost of \$500 or more and a useful life when acquired of more than one year. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, as follows:

Computers	3 years
Furniture and fixtures	5 years

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The Foundation incurred \$793 of depreciation expense during Fiscal Year 2021.

Land, buildings, and equipment are reviewed for impairment when a significant change in an asset's use or another indicator of possible impairment is present. No impairment losses were recognized during Fiscal Year 2021.

B.9. Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due and, therefore, are reported as net assets with restrictions until the payment is due, unless the contribution is clearly intended to support activities of the current fiscal year or is received with permanent restrictions. Conditional promises, such as matching grants, are not recognized until they become unconditional; that is, until all conditions on which they depend are substantially met.

B.10. Revenue Recognition

The Foundation recognizes contract revenue from its contracts either on a pro-rata basis over a 12-month period, which represents the service period for certain contracts, or to the extent of expenses. Revenue recognition depends on the contract. Funding agencies may, at their discretion, request reimbursement for expenses, return of funds, or both, as a result of noncompliance by the Foundation with the terms of the grants or contracts.

B.11. In-kind Contributions

The Foundation receives contributions in a form other than cash or investments. Most are donated supplies, which are recorded as contributions at the date of gift and as expenses when the donated items are placed into service or distributed. If the Foundation receives a contribution of land, buildings, or equipment, the contributed asset is recognized as an asset at its estimated fair value at the date of gift, provided that the value of the asset and its estimated useful life meet the Foundation's capitalization policy. Donated use of facilities is reported as a contribution and an expense at the estimated fair value of similar space for rent under similar conditions. If the use of the space is promised unconditionally for a period greater than one year, the contribution is reported as a contribution and an unconditional promise to give at the date of gift, and the expense is reported over the term of use.

ILLINOIS JOINING FORCES FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS

The Foundation benefits from personal services provided by a substantial number of volunteers. Those volunteers have donated significant amounts of time and services to the Foundation's program operations and in its fundraising campaigns. However, the majority of the contributed services do not meet the criteria for recognition in the financial statements. GAAP allows recognition of contributed services only if (a) the services create or enhance nonfinancial assets, or (b) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills.

B.12. Expense Recognition and Allocation

The cost of providing the Foundation's programs and other activities is summarized on a functional basis in the Statement of Activities and Statement of Functional Expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Salaries and wages and payroll taxes are allocated based on activity reports prepared by key personnel.
- Occupancy, depreciation, amortization, and interest are allocated on a square foot basis dependent on the programs and supporting activities occupying the space.
- Telephone and internet services, insurance, and office supplies and expenses that cannot be directly identified are allocated on the basis of employee headcount for each program and supporting activity.

B.13 Newly Adopted Accounting Pronouncements

Accounting Standards Update (ASU) 2018-08 became effecting during Fiscal Year 2020. This update requires significant changes in the recognition of conditional promises to give as receivables. Under this pronouncement, the receivable shall be recognized only once the conditions, or barriers, have been met. Due to the Foundation receiving unconditional promises to give, the effects of this change will not have an effect on the Foundation's financial statements.

Note 2 – Cash and Cash Equivalents

As of June 30, 2021, cash and cash equivalents consisted of the following:

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NOTES TO THE FINANCIAL STATEMENTS

Checking Account	\$ 380,704
PayPal Account	<u>1,283</u>
Total	<u>\$ 381,987</u>

The Foundation maintains its cash balances in a financial institution located in Bridgeview, Illinois. The balance at the institution is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The uninsured balance as of June 30, 2021 was \$130,704.

Note 3 – Liquidity and Availability of Resources

Financial assets available for general expenditures without donor or other restrictions limiting their use, within one year of June 30, 2021, are as follows:

Financial Assets:	
Cash and cash equivalents	\$ 381,987
Grants and Contribution receivable	258,583
Other receivable	1,601
 Total financial assets	 642,171
Less: Financial assets held to meet donor-imposed restrictions:	
Time restricted net assets (Note 6)	<u>250,000</u>
Amount available for general expenditures within one year	<u>\$ 392,171</u>

Note 4 – Contributions Receivable

As of June 30, 2021, the Foundation’s contributions receivable consisted of the following:

Contributions receivable, due within one year	\$258,583
Contributions receivable, due in one to five years	
Contributions receivable, due in more than five years	
Less: allowance for uncollectible contributions receivable	
Less: unamortized discounts	
Total contributions receivable, net	\$258,583

Contributions receivable are discounted at rates ranging from XX to XX percent.

Note 5 – Fixed Assets

As of June 30, 2021, fixed assets consisted of the following:

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NOTES TO THE FINANCIAL STATEMENTS

Furniture and Equipment	\$ 7,222
Less: Accumulated Depreciation	<u>7,067</u>
Total	<u>\$ 155</u>

Note 6 – Net Assets With Donor Restrictions

At June 30, 2021, net assets with donor restrictions were available for the following purposes or time periods:

Purpose Restrictions, available for spending:	
Statewide Resource Navigation Services	\$ -
Time Restrictions:	
Contributions received, which are unavailable for spending until due	<u>250,000</u>
Total:	<u>\$250,000</u>

Note 7 – Line of Credit

The Foundation has a line of credit of \$60,000 with Bridgeview Bank Group, which is secured by substantially all the assets of the Foundation. Interest is payable monthly at a variable rate and is calculated using a rate of 1.750 percentage points over the Wall Street Journal Prime Rate as the loan's index. However, under no circumstances will the interest rate be less than 5.500% per annum or more than the maximum rate allowed by applicable law. At June 30, 2021, the interest rate was at 7.25% per annum and net borrowing on the line of credit was (\$0).

Note 8 – Concentrations of Risk

A significant portion of the Foundation's funding comes from contributing entities, by way of grants and donations, both at the corporate and individual level. As such, the Foundation's ability to operate is directly related to the dollar amounts contributed. The Foundation relies on a small number of major contributors. During Fiscal Year 2021, \$500,000 (58%) of the Foundation's total reported revenue of \$864,510 came from the following contributing organization:

<u>Revenue Source</u>	<u>Amount</u>	<u>Percent of Total Revenue</u>
Robert R. McCormick Foundation	\$ 500,000	58%

ILLINOIS JOINING FORCES FOUNDATION
FINANCIAL AUDIT
For the Year Ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS

Note 9 – Note Payable

On June 16, 2020, the Foundation borrowed \$150,000 from the U.S. Small Business Administration (SBA), and are secured disaster loans. The loan is to be used solely to alleviate economic injury caused by the COVID-19 pandemic. The Foundation may repay the Note in part or full at any time, without notice or penalty. The annual interest rate is 2.75% with interest accrual starting at the date of the Note, and monthly payments of \$641 are due beginning 2.50 years from the date of the Note, June 16, 2020. The Note is for a 30 year period.

The following is a schedule of future payments:

Year Ending June 30,	Total
2022	\$ -
2023	4,487
2024	7,692
2025	7,692
2026	7,692
2027	7,692
Thereafter	195,505
Total	\$ 230,760

Note 10 - COVID-19 Relief

In March 2020, the Foundation was impacted by the global effects of “COVID-19,” an infectious disease caused by Severe Acute Respiratory Syndrome Coronavirus 2 (SARS CoV-2).

On March 27, 2020, the President of the United States of America signed the Coronavirus Aid, Relief, and Economic Security (the “CARES Act”), which, among other things, outlines the provisions of the Paycheck Protection Program (the “PPP”). The Foundation determined that it met the criteria to be eligible to obtain a loan under the PPP because, among other reasons, in light of COVID-19 outbreak and the uncertainty of economic conditions related thereto, the loan was necessary to support the Foundation's ongoing operations. Under the PPP, the Foundation obtained a U.S. Small Business Administration loan in an amount equal to the average of the Foundation’s monthly payroll costs (as defined under the PPP) for Calendar Year 2019 multiplied by 2.5 (approximately 10 weeks of payroll costs). Section 1106 of the CARES Act contains provisions for the forgiveness of all or a portion of a PPP loan, subject to the satisfaction of certain requirements. The amount eligible for forgiveness is, subject to certain limitations, the sum of the Foundation’s payroll costs, rent, and utilities paid by the Foundation.

ILLINOIS JOINING FORCES FOUNDATION
FINANCIAL AUDIT
For the Year Ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS

Note 11 – Related Party Transactions

During fiscal year 2021, there was no related party contribution.

Note 12 – Compensated Absences

The foundation at present does not have a policy for the payments of compensated absences. As of June 30, 2021, no accruals were recorded in the financial statements.

Note 13 – Restatement of Net Assets

Net assets at the beginning of the year have been adjusted to reclassify prior year expenses and accounts payables to reflect correct balances. The effect of this adjustment decreases the net assets by \$3,000.

Note 14– Subsequent Events

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ILES PARK PLAZA
740 EAST ASH • 62703-3154
PHONE: 217/782-6046
FAX: 217/785-8222 • TTY: 888/261-2887
FRAUD HOTLINE: 1-855-217-1895



CHICAGO OFFICE:
MICHAEL A. BILANDIC BLDG. • SUITE S-900
160 NORTH LASALLE • 60601-3103
PHONE: 312/814-4000
FAX: 312/814-4006
FRAUD HOTLINE: 1-855-217-1895

OFFICE OF THE AUDITOR GENERAL
FRANK J. MAUTINO

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
Illinois Joining Forces Foundation

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 Illinois Joining Forces Foundation (Foundation), which comprise the Statement of Financial Position as of June 30, 2021, and the related Statement of Activities, Statement of Cash Flows, and Statement of Functional Expenses for the year ended June 30, 2021, 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 July 14, 2023.

Report on 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 as a basis for designing 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.

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 were not identified. However, as described in the accompanying Schedule of Findings as items 2021-001

through 2021-004, we identified 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, 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. We consider the deficiencies described in the accompanying Schedule of Findings as items 2021-001 through 2021-003 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as item 2021-004 to be significant deficiencies.

Report on 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 financial statements. 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 items 2021-002 and 2021-003.

Foundation's Responses to the Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Foundation's responses to the findings identified in our audit and described in the accompanying Schedule of Findings. The Foundation's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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.

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 – GOVERNMENT AUDITING STANDARDS
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
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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
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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
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- 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
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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
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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 – GOVERNMENT AUDITING STANDARDS
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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 – GOVERNMENT AUDITING STANDARDS
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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

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

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.

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

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

ILLINOIS JOINING FORCES FOUNDATION
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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.