



STATE OF ILLINOIS
**OFFICE OF THE
 AUDITOR GENERAL**

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS JOINING FORCES FOUNDATION

**Financial Audit
 For the Year Ended June 30, 2022**

Release Date: November 16, 2023

FINDINGS THIS AUDIT: 4	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	3	3	2019	22-3		
Category 2:	0	1	1	2018	22-1		
Category 3:	0	0	0	2016	22-2	22-4	
TOTAL	0	4	4				
FINDINGS LAST AUDIT: 4							

INTRODUCTION

The auditors expressed an **adverse opinion** on the Illinois Joining Forces Foundation’s (Foundation) basic financial statements. The Codification of Statements on Auditing Standards (AU-C § 705.09) states auditors “should express an adverse opinion when the auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, individually or in the aggregate, are both material and pervasive to the financial statements.”

This digest covers the Foundation’s financial audit for the year ended June 30, 2022. The Foundation’s compliance examination for the year ended June 30, 2022, will be released under a separate cover.

SYNOPSIS

- **(22-1)** The Foundation did not present adequate financial statements and related note disclosures for Fiscal Year 2022.
- **(22-2)** The 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.

Category 1: Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with State laws and regulations (material noncompliance).

Category 2: Findings that are **significant deficiencies** in internal control and **noncompliance** with State laws and regulations.

Category 3: Findings that have **no internal control issues but are in noncompliance** with State laws and regulations.

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

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 2022.

During testing, some of the more significant issues we noted included 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 Classification (ASC)*:

Related-party transactions not properly disclosed

- The Foundation did not disclose all of its material related-party transactions for Fiscal Year 2022.

Subsequent events not disclosed

- The Foundation did not disclose whether it had any subsequent events.

During testing, some of the more significant issues we noted included 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:

Amounts in note disclosures do not agree to underlying information in general ledger

- The Foundation disclosed in Note 3 (Liquidity and Availability of Resources) and in Note 6 (Net Assets With Donor Restrictions) an amount of \$70,833 as time restricted net assets. This does not agree to underlying information in the general ledger, which indicates an amount of \$41,583 in net assets with time restrictions.

Line of credit documentation not provided

- 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 was accurate.

Inaccurate note disclosure

- 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. (Finding 1, pages 23-28)

This finding has been reported since 2018.

We recommended the Foundation utilize professional tools, such as checklists, to improve the completeness and quality of its financial statements and related note disclosures. Additionally, we recommended the Foundation develop and consistently apply a method for classifying and allocating expenses on its statement of functional expenses.

Foundation accepted recommendations

The Foundation stated it is working to implement more processes and procedures and would look into the use of professional tools to improve the completeness and quality of the financial statements. The Foundation also stated that it has started to implement a method for classifying and allocating expenses. The Foundation also stated that due to the timing of the report, these findings may continue until the year ending June 2024.

INADEQUATE INTERNAL CONTROL STRUCTURE

The 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.

During testing, some of the more significant deficiencies we noted included the following:

No formal policies and procedures over personnel records

- The Foundation did not maintain adequate control or have formal policies in place over personnel records. Specifically, we noted the Foundation did not have a system or process in place to track employee attendance, and employee requests for time off were not formally documented.

Receipt documentation not provided

- For 6 of 9 (67%) receipts tested, totaling \$27,400, 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 those requirements.

Disbursement approval documentation not provided

- For 18 of 37 (49%) disbursements tested, totaling \$44,012, 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.

Inconsistencies between bylaws and internal policies

- The Foundation had 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 expenditure authority to disbursements of up to \$1,000 and requires dual approval for all expenses exceeding \$1,000. (Finding 2, pages 29-32)

This finding has been reported since 2016.

We recommended the Foundation’s management and Board meet and agree on specific internal control objectives, policies, and practices. Additionally, we recommended Board members and management formally develop and update written policies and procedures to facilitate the Foundation’s operations. Finally, we recommended the Foundation strengthen its controls over retention and maintenance of supporting documentation related to the Foundation’s fiscal and financial operations.

Foundation accepted recommendations

The Foundation stated it would develop and consistently apply policies and procedures to ensure stronger internal controls, where needed. The Foundation stated it would review the policies and procedures that govern the Foundation’s operations and apply needed changes to strengthen controls over the retention and maintenance of supporting documentation. The Foundation stated that due to the timing of this report, these findings may remain until the Fiscal Year ending June 2024.

OTHER FINDINGS

The remaining findings pertain to inadequate controls over board membership and a lack of documentation to substantiate compliance with grant agreements. We will review the Foundation’s progress towards the implementation of our recommendations in our next financial audit.

AUDITOR'S OPINION

The auditors stated the financial statements of the Foundation as of and for the year ended June 30, 2022, are not fairly stated in all material respects.

This financial audit was conducted by the Office of the Auditor General's staff.

SIGNED ORIGINAL ON FILE

JANE CLARK
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

FJM:dmg