



**STATE OF ILLINOIS
ILLINOIS ARTS COUNCIL FOUNDATION**

**COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2019**

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

**STATE OF ILLINOIS
ILLINOIS ARTS COUNCIL FOUNDATION
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2019**

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**STATE OF ILLINOIS
ILLINOIS ARTS COUNCIL FOUNDATION
COMPLIANCE EXAMINATION
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FOUNDATION OFFICIALS

Executive Director (08/01/17 - Present)	Joshua Davis-Ruperto
Executive Director (07/01/17 - 07/31/17)	Tatiana Gant
Chief Fiscal Officer	Yazoo Hall

GOVERNING BOARD MEMBERS

Chair	Shirley Madigan
Vice Chair/Secretary	Rhoda Pierce
Member	Jill Arena
Member	Beth Boosalis Davis
Member	Richard Daniels
Member	Lisa Dent Flesner
Member	Christina Gidwitz
Member	Henry Godinez
Member	Desiree Grode
Member	Jodie Kavensky
Member	Valerie King
Member	Jennifer Levine
Member	Gary Matts
Member	Peggy Montes
Member	Sheila Marie O'Brien
Member	Cecilia Rodhe
Member	Christine Steelman
Member	Tim Touhy
Member	Donald T. Wiener
Member	Joan Clifford (09/24/19 – Present)
Member	Vacant (07/01/17 – 09/23/19)
Member	Vacant

FOUNDATION OFFICE

The Illinois Arts Council Foundation's primary administrative office is located at:

James R. Thompson Center
100 West Randolph Street
Suite 10-500
Chicago, IL 60601-3298

Illinois Arts Council
Foundation

MANAGEMENT ASSERTION LETTER

December 23, 2019

Adelfia LLC
Certified Public Accountants
400 E. Randolph Street, Suite 700
Chicago, Illinois 60601

Ladies and Gentlemen:

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

- A. The Foundation has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Foundation has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The Foundation has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the Foundation are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the Foundation on behalf of the State or held in trust by the Foundation have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

James R. Thompson Center
100 West Randolph, Suite 10-500
Chicago, Illinois 60601

312/814-6750

Yours truly,

State of Illinois Illinois Arts Council Foundation

SIGNED ORIGINAL ON FILE

Joshua Davis-Ruperto
Executive Director

SIGNED ORIGINAL ON FILE

Shirley Madigan
Chair

SIGNED ORIGINAL ON FILE

Yazoo Hall
Chief Fiscal Officer

**STATE OF ILLINOIS
ILLINOIS ARTS COUNCIL FOUNDATION
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2019**

COMPLIANCE REPORT

SUMMARY

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

ACCOUNTANT’S REPORT

The Independent Accountant’s Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes does not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF FINDINGS

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

SCHEDULE OF FINDINGS

<u>Item</u> <u>No.</u>	<u>Page</u>	<u>Last</u> <u>Reported</u>	<u>Description</u>	<u>Finding Type</u>
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PRIOR FINDINGS NOT REPEATED

A	9	2017	Bank Charges for Small Inactive Account Balance	
B	9	2017	Non-compliance with Foundation By-Laws	

**STATE OF ILLINOIS
ILLINOIS ARTS COUNCIL FOUNDATION
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2019**

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Foundation personnel at an exit conference on December 11, 2019.

Attending were:

Illinois Arts Council Foundation

Joshua Davis-Ruperto, Executive Director
Yazoo Hall, Chief Fiscal Officer
Pamela Thomas, Executive Liaison

Office of the Auditor General

Reddy Bommareddi, Audit Manager (via teleconference)

Adelfia LLC

Stella Santos, Partner (via teleconference)
Maria Balita, Partner
Carl Ong, Audit Supervisor

The responses to the recommendations were provided by Yazoo Hall, Chief Fiscal Officer, in a correspondence dated November 26, 2019.



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

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Governing Board
State of Illinois, Illinois Arts Council Foundation

Compliance

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

The specified requirements are:

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

- D. State revenues and receipts collected by the Foundation are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the Foundation on behalf of the State or held in trust by the Foundation have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

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

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

In our opinion, the Foundation complied with the specified requirements during the two years ended June 30, 2019 in all material respects.

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

Internal Control Over Compliance

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

In planning and performing our examination, we considered the Foundation's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Foundation's compliance with the specified requirements and to test and report on the Foundation's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our examination, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

As required by the *Audit Guide*, an immaterial finding excluded from this report has been reported in a separate letter.

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

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on the Foundation's compliance with the specified requirements. The accompanying supplementary information for the years ended June 30, 2018 and June 30, 2019, in Schedule 1 and the Analysis of Operations Section are presented for purposes of additional analysis. Such information is the responsibility of Foundation management. We have applied certain limited procedures as prescribed by the *Audit Guide* to the accompanying supplementary information for the years ended June 30, 2018 and June 30, 2019, in Schedule 1. We have not applied procedures to the accompanying supplementary information for the year ended June 30, 2017 in Schedule 1 and in the Analysis of Operations Section. We do not express an opinion, a conclusion, nor provide any assurance on the accompanying supplementary information in Schedule 1 or the Analysis of Operations Section.

SIGNED ORIGINAL ON FILE

Chicago, Illinois
December 23, 2019

STATE OF ILLINOIS
ILLINOIS ARTS COUNCIL FOUNDATION
SCHEDULE OF FINDINGS – PRIOR FINDINGS NOT REPEATED
For the Two Years Ended June 30, 2019

A. **FINDING** (Bank Charges for Small Inactive Account Balance)

During the prior examination, the Foundation had a small savings account balance which incurred unnecessary charges due to not meeting minimum balance requirements.

During the current examination, the results of our testing indicated the Foundation met the minimum balance requirements until the savings account was closed and the remaining balance was transferred to another savings account. (Finding Code No. 2017-001)

B. **FINDING** (Non-compliance with Foundation By-Laws)

During the prior examination, the Foundation did not hold their annual meetings or elect a Board of Directors as required by the Foundation's By-Laws.

During the current examination, the results of our testing indicated the Foundation held annual meetings during Fiscal Years 2018 and 2019. Also, per review of the minutes, we noted the financial reports for the respective prior fiscal years were presented and discussed during these meetings. (Finding Code No. 2017-002)

**STATE OF ILLINOIS
ILLINOIS ARTS COUNCIL FOUNDATION
COMPARATIVE SCHEDULE OF RECEIPTS, DISBURSEMENTS,
AND FUND BALANCE (CASH BASIS) – LOCALLY HELD FUNDS
For Fiscal Years 2019, 2018 and 2017**

	FISCAL YEAR		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance of cash and investments	\$ 86,489	\$ 86,310	\$ 86,325
Total funds received during the fiscal year	802	314	75
Total funds disbursed during the fiscal year	<u>(25)</u>	<u>(135)</u>	<u>(90)</u>
Ending balance of cash and investments	<u>\$ 87,266</u>	<u>\$ 86,489</u>	<u>\$ 86,310</u>

**STATE OF ILLINOIS
ILLINOIS ARTS COUNCIL FOUNDATION
ANALYSIS OF OPERATIONS
For the Two Years Ended June 30, 2019
(Not Examined)**

AGENCY FUNCTIONS AND PLANNING PROGRAM

The Illinois Arts Council Foundation (Foundation) was incorporated on May 8, 1967 as a not-for-profit corporation. The Foundation serves the Illinois Arts Council (Council) by augmenting limited State funds for the purpose of arts awareness.

The primary function of the Foundation is to distribute contributions received in the form of grants and contributions to increase the awareness of Council's programs and services through publications, public forums, promotional activities and events.

PLANNING PROGRAM

The Foundation utilizes the same formal planning program as the Council documented in their *Strategic Plan 2013-2018*. The Council and Foundation share board members. These board members meet periodically, to actively plan all aspects of the Foundation. The current members are:

Shirley Madigan – Chair
Rhoda Pierce – Vice Chair/Secretary
Jill Arena
Joan Clifford
Lisa Dent Flesner
Beth Boosalis Davis
Richard Daniels
Christina Gidwitz
Desiree Grode
Jodie Kavensky

Valerie King
Jennifer Levine
Gary Matts
Peggy Montes
Sheila Marie O'Brien
Cecilia Rodhe
Christina Steelman
Henry Godinez
Tim Touhy
Donald T. Wiener

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ANALYSIS OF OPERATIONS
For the Two Years Ended June 30, 2019
(Not Examined)**

AVERAGE NUMBER OF EMPLOYEES

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Average Number of Employees	-	-	-

Note: All Foundation activity is performed by employees of the Illinois Arts Council.