

**ILLINOIS JOINING FORCES FOUNDATION**

**COMPLIANCE EXAMINATION**

For the Year Ended June 30, 2020

**ILLINOIS JOINING FORCES FOUNDATION  
COMPLIANCE EXAMINATION  
For the Year Ended June 30, 2020**

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**ILLINOIS JOINING FORCES FOUNDATION  
COMPLIANCE EXAMINATION  
For the Year Ended June 30, 2020**

**FOUNDATION OFFICIALS**

Interim Executive Director (10/01/21 – Present)	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 – 10/31/2020)	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 MEMBERS<sup>1</sup>**

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 Appointee (02/01/20 – Present)	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
Department of Military Affairs Designee	Brigadier General Richard Neely

**ILLINOIS JOINING FORCES FOUNDATION  
COMPLIANCE EXAMINATION  
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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

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<sup>1</sup> 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 2020-003)



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

**MANAGEMENT ASSERTION LETTER**

Honorable Frank J. Mautino  
Auditor General  
Iles Park Plaza  
740 East Ash Street  
Springfield, IL 62703

2/24/2022

Auditor General Mautino:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Illinois Joining Forces Foundation (Foundation). We are responsible for and we are working to establish and maintain an effective system of internal controls over compliance requirements. We have performed an evaluation of the Foundation's compliance with the following specified requirements for the year ended June 30, 2020. Based on this evaluation, we found that increased internal controls are needed to materially comply.

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

In addition, we are aware of the following noncompliance matter(s) which occurred during the period subsequent to June 30, 2020, which requires disclosure by management under the

attestation standards established by the American Institute of Certified Public Accountants (AT-C § 205.48). Management believes a number of the issues identified and described in the Schedule of Findings for the year ended June 30, 2020, persisted during Fiscal Year 2021 and Fiscal Year 2022 and that additional sampling by the accountants may have yielded additional exceptions and problems similar to those disclosed and reported in the Schedule of Findings.

Yours truly,

Illinois Joining Forces Foundation

**SIGNED ORIGINAL ON FILE**

Brenda Osuch, Interim Executive Director

**ILLINOIS JOINING FORCES FOUNDATION  
COMPLIANCE EXAMINATION  
For the Year Ended June 30, 2020**

**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 contains an adverse opinion on compliance and identifies material weaknesses in internal control over compliance.

**SUMMARY OF FINDINGS**

<u>Number of</u>	<u>Current Report</u>	<u>Prior Report</u>
Findings	5	7
Repeated Findings	5	6
Prior Recommendations Implemented or Not Repeated	2	0

**SCHEDULE OF FINDINGS**

<u>Item No.</u>	<u>Page</u>	<u>Last/First Report</u>	<u>Description</u>	<u>Finding Type</u>
<b>FINDINGS (GOVERNMENT AUDITING STANDARDS)</b>				
2020-001	15	2019/2018	Failure to Present Adequate Financial Statements and Notes	Material Weakness
2020-002	23	2019/2016	Inadequate Internal Control Structure	Material Weakness and Noncompliance
2020-003	26	2019/2019	Inadequate Controls over Board Membership	Material Weakness and Noncompliance
2020-004	29	2019/2016	Lack of Documentation to Substantiate Compliance with Grant Agreements	Significant Deficiency

**SCHEDULE OF FINDINGS**

<u>Item No.</u>	<u>Page</u>	<u>Last/First Report</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)				
2020-005	31	2019/2018	Mandate Noncompliance	Material Weakness and Material Noncompliance

In addition, the following findings which are reported as current findings relating to *Government Auditing Standards* also meet the reporting requirements for State Compliance.

2020-001	15	2019/2018	Failure to Present Adequate Financial Statements and Notes	Material Weakness and Material Noncompliance
2020-002	23	2019/2016	Inadequate Internal Control Structure	Material Weakness and Material Noncompliance
2020-003	26	2019/2019	Inadequate Controls over Board Membership	Material Weakness and Material Noncompliance
2020-004	29	2019/2016	Lack of Documentation to Substantiate Compliance with Grant Agreements	Significant Deficiency and Noncompliance

PRIOR FINDINGS NOT REPEATED

A	33	2019/2016	Inadequate Financial Reporting and Controls	Material Weakness and Noncompliance
B	33	2019/2018	Procedural Deficiencies	Significant Deficiency and Noncompliance

## **EXIT CONFERENCE**

The findings and recommendations appearing in this report were discussed with Foundation personnel at an exit conference on February 8, 2022.

Attending were:

### **Illinois Joining Forces Foundation**

Brenda Osuch, Interim Executive Director  
Jim Dolan, Senior Director of Development  
Khalid Qazi, Financial Consultant

### **Office of the Auditor General**

Jennifer Rankin, Audit Manager  
Joseph Parochetti, Audit Supervisor  
Timothy Feltman, Staff Auditor  
Benjamin Toal, Staff Auditor

The responses to the recommendations were provided by Brenda Osuch, Interim Executive Director, in a correspondence dated February 24, 2022.

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OFFICE OF THE AUDITOR GENERAL  
FRANK J. MAUTINO

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

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

and

Board of Directors  
Illinois Joining Forces Foundation

**Compliance**

We have examined compliance by the Illinois Joining Forces Foundation (Foundation) with the specified requirements listed below, as more fully described in the *Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide)* as adopted by the Auditor General, during the year ended June 30, 2020. Management of the Foundation is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Foundation's compliance with the specified requirements based on our examination.

The specified requirements are:

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

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

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

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

Our examination disclosed material noncompliance with the specified requirements during the year ended June 30, 2020. As described in items 2020-001 through 2020-005 in the accompanying Schedule of Findings, the Foundation did not comply with the specified requirements. Items 2020-001 through 2020-003 and 2020-005 are each considered to represent material deviations with the specified requirements. First, as described in the accompanying Schedule of Findings as items 2020-001 through 2020-003 and 2020-005, the Foundation had not complied, in all material respects, with applicable laws and regulations, in its financial and fiscal operations. Further, as described in the accompanying Schedule of Findings as items 2020-001 and 2020-002, the Foundation had not ensured revenues and receipts collected by the Foundation were in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts was fair, accurate, and in accordance with law. Finally, as described in the accompanying Schedule of Findings as items 2020-001 and 2020-002, the Foundation did not ensure money or negotiable securities or similar assets handled by the Foundation or held in trust by the Foundation had been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law. Item 2020-004 individually would have been regarded as significant noncompliance with the specified requirements; however, when aggregated, we determined these items constitute material deviations with the specified requirements.

In our opinion, because of the significance and pervasiveness of the material deviations from the specified requirements described in the preceding paragraph, the Foundation did not comply with the specified requirements during the year ended June 30, 2020, in all material respects.

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

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

### **Internal Control Over Compliance**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings, we did identify certain deficiencies in internal control that we consider to be material weaknesses and a significant deficiency.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the specified requirements on a timely basis. *A material weakness in internal control* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items 2020-001 through 2020-003 and 2020-005 to be material weaknesses.

*A significant deficiency in internal control* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as item 2020-004 to be a significant deficiency.

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

The Foundation's responses to the internal control findings identified in our examination are described in the accompanying Schedule of Findings. The Foundation's responses were not

subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

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

### **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 Analysis of Operations section is presented for purposes of additional analysis. Such information is the responsibility of Foundation management. Because of the significance of the matters described in the accompanying Schedule of Findings as items 2020-001 through 2020-005, it is inappropriate to, and we do not, express an opinion on the supplementary information referred to above.

**SIGNED ORIGINAL ON FILE**

JANE CLARK, CPA  
Director of Financial and Compliance Audits

Springfield, Illinois  
February 24, 2022

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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

**Report on the Financial Statements**

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, which comprise the Statement of Financial Position as of June 30, 2020, and the related Statement of Activities, Statement of Functional Expenses, and Statement of Cash Flows for the year ended June 30, 2020, 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 February 24, 2022.

**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 2020-002 and 2020-003.

## **Internal Control Over Financial Reporting**

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

In planning and performing our audit of the financial statements, we considered the Foundation's internal control to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 have not been identified. However, as described in the accompanying Schedule of Findings, we did identify certain deficiencies in internal control that we consider to be material weaknesses and a significant deficiency.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, 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 2020-001 through 2020-003 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 2020-004 to be a significant deficiency.

## **Foundation's Responses to the Findings**

The Foundation's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. The Foundation's responses were not subjected to the 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  
February 24, 2022

**ILLINOIS JOINING FORCES FOUNDATION**  
**SCHEDULE OF FINDINGS – GOVERNMENT AUDITING STANDARDS**  
**For the Year Ended June 30, 2020**

2020-001.     **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 2020.

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 all of its material related-party transactions for Fiscal Year 2020. The Foundation received and failed to disclose donations totaling \$92,000 from one of its board members during Fiscal Year 2020.

FASB ASC 850-10-20 defines related parties as including 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 850-10-50-1 requires the Foundation to disclose all material related party transactions, other than 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 required information in the notes to the financial statements regarding the restatement of its beginning balance for net assets.

FASB ASC 250-10-50-7 requires the Foundation to disclose that its previously issued financial statements have been restated, along with a description of the nature of the error. Further, FASB ASC 250-10-50-9 requires the Foundation to disclose the effects the restatement has on the balance of net assets at the beginning of the period and on the change in net assets of the immediately preceding period.

- The Foundation did not disclose relevant information about the liquidity or maturity of assets and liabilities, including restrictions (including self-imposed limits) on the use of particular items. Specifically, the Foundation’s loan from the U.S. Small Business Administration’s Paycheck Protection Program (PPP), classified as a current liability, needs additional disclosures, including relevant information about the liability including the maturity date, terms of the loan, and interest rate.

FASB ASC 958-210-50-1 requires the Foundation to disclose in its notes to the financial statements relevant information about the liquidity or maturity of assets

**ILLINOIS JOINING FORCES FOUNDATION**  
**SCHEDULE OF FINDINGS – GOVERNMENT AUDITING STANDARDS**  
**For the Year Ended June 30, 2020**

and liabilities, including restrictions and self-imposed limits on the use of particular items.

- 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 entity's liquidity and that communicates how a not for profit 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 disclose unusual circumstances such as special borrowing arrangements or known liquidity problems and significant limits resulting from contractual agreements with suppliers, creditors, and others (for example, loan covenants). This would be applicable for the "PPP loan" and "Note Payable – SBA" line items presented on the statement of financial position.

FASB ASC 958-210-50-2 requires the Foundation to disclose in the notes to the financial statements unusual circumstances such as special borrowing arrangements or known significant liquidity problems and significant limits resulting from contractual agreements with suppliers, creditors, and others, including the existence of loan covenants.

- The Foundation did not separate all significant categories of receivables presented in the statement of financial position (for example, grants receivable and contributions receivable). Grants and contracts receivable should be separate line items in the statement of financial position; however, we determined the entire balance is for a contribution receivable and that the grants should be removed from the line item description. Further, receivable balances from related parties are to be reported under a separate line item that clearly segregates the receivables from other line items. The receivable balance of \$58,000 is comprised of one receivable due from a board member. In addition, this receivable was not clearly labeled as due from a related party.

FASB ASC 310-10-50-3 requires the Foundation to disclose major categories of loans or trade receivables that are not presented separately in the statement of financial position to be disclosed separately in the notes to the financial statements. 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.

**ILLINOIS JOINING FORCES FOUNDATION**  
**SCHEDULE OF FINDINGS – GOVERNMENT AUDITING STANDARDS**  
**For the Year Ended June 30, 2020**

- The Foundation did not disclose the aged amounts of accounts receivable. Additionally, the Foundation did not disclose its allowance for uncollectible receivables.

FASB ASC 958-310-50-1 requires the Foundation to disclose the amounts of accounts receivable in increments of less than one year, in one to five years, and in more than five years. FASB ASC 958-310-50-1 further requires the Foundation to disclose the amount of allowance for uncollectible receivables.

- The Foundation did not disclose that it did not accrue compensated absences because the amount cannot be reasonably estimated.

FASB ASC 710-10-25-1 requires the Foundation to accrue a liability for employees' compensation for future absences. Further, FASB ASC 710-10-50-1 states if the Foundation does not accrue a liability for employees' absences due to the Foundation not being able to reasonably estimate the amount, that fact shall be disclosed.

- 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 financial statements.

- The Foundation did not disclose the adoption of Accounting Standards Update (ASU) 2018-08, including the nature and reason for the change in accounting principle. ASU 2018-08 updates the accounting for revenue recognition based on conditional or unconditional promises to give, or exchange-like transactions. Even if the Foundation does not have exchange-like transactions or conditional promises to give in Fiscal Year 2020, its accounting policy should include this to reflect this change in revenue recognition. When a change has no material effect in the change period, but it is reasonably certain to have a material effect in later period, this disclosure is required whenever the financial statements of the change period are presented. It is reasonable to believe that in the future the Foundation may receive conditional promises to give.

FASB ASC 250-10-50-1 requires the Foundation to disclose a change in accounting principle during the fiscal period in which the accounting change is made, including the nature and reason for the change in accounting principle.

- The Foundation did not make the appropriate note disclosure regarding the transfer of financial assets with Operation Her Story, where the Foundation acts

**ILLINOIS JOINING FORCES FOUNDATION**  
**SCHEDULE OF FINDINGS – GOVERNMENT AUDITING STANDARDS**  
**For the Year Ended June 30, 2020**

as an intermediary or other recipient entity by accepting cash from donors on behalf of Operation Her Story.

FASB ASC 860-10-50-6 requires the Foundation to disclose the Foundation's risk exposure related to transferred financial assets and any restrictions on the assets.

- 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 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 properly evaluate its subsequent events. The Foundation evaluated its subsequent events as of February 22, 2020, prior to the financial statements being issued or available to be issued.

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. 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 its principal services performed or its main sources of revenue that fund 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 principal services performed and the revenue sources for the Foundation's services. Further, FASB ASC 275-10-55-3 provides guidance indicating this note disclosure

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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.

- The Foundation did not disclose concentrations of risk and the general nature of the risk associated with each concentration, including concentrations with two particular donors or revenue from particular fundraising events.

FASB ASC 275-10-50-16 and 275-10-50-18 requires the Foundation to disclose concentration risks for the volume of business transacted with a particular customer, grantor, or contributor and concentrations in revenue from particular products, services, or fund-raising events. Specifically the disclosure should include the potential for the severe impact that can result from total or partial loss of the business relationship and volume or price changes, respectively.

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 \$58,000 as “With Donor Restricted” on the “Cash and cash equivalents” line and \$58,000 as “Without Donor Restricted” on the “Grant and contract receivable” line. We noted the \$58,000 in cash and cash equivalents should be recorded as without donor restrictions and the \$58,000 in receivables should be with donor restrictions. Due to this error, these accounts are improperly classified.
  - On the statement of functional expenses, the balance of \$744 reported as “office supplies and expenses” was improperly classified when compared to underlying information in the general ledger which indicates the expense was not related to office supplies or office expenses.
  - The Foundation’s Note 1 (Operations and Summary of 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.

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- The Foundation’s Note 3 (Liquidity and Availability) and Note 5 (With Donor Restricted Net Assets) are both dated December 31, 2020; however, these disclosures should agree to the reported financial statements dated June 30, 2020. The disclosures themselves agree to the financial statements; hence, the date is not accurate.
- The Foundation disclosed in Note 6 (Line of Credit) a net borrowing on its line of credit to be (\$5); however, the Foundation paid the line of credit in full, closing the line of credit prior to June 30, 2020. Hence, the Foundation no longer has this line of credit and the disclosure should be omitted. In addition, the Foundation disclosed an interest rate of 5% in the Note 6; however, we noted the terms of the line of credit agreement indicated a variable rate of interest. The variable rate ranged from 5.5% to 7.25% during the examination period and was 5.5% as of June 30, 2020.
- The Foundation did not properly present the following line items in the statement of cash flows:
  - “Grant receivable” should state “increase in grant receivable” to clearly indicate the effect on the statement of cash flows.
  - “Increase in accounts payable and accrued expenses” should state “decrease in accounts payable and accrued expenses” to clearly indicate the effect on the statement of cash flows.
- The Foundation did not present a mathematically accurate statement of activities or statement of functional expenses where the balances foot and cross foot properly:
  - On the statement of activities, the “fundraising” line, “total” column omitted \$12,000 in fundraising expenses. While the total is missing from the total column, it was included by the Foundation in the subtotal “total supporting services.”
  - On the statement of functional expenses, the “telecommunications” line, “total program services” column omitted \$2,395 in telecommunication expenses. While the total is missing from the total column, it was included by the Foundation in the subtotal “total expenses before depreciation.”
- The Foundation’s financial statements and note disclosures were presented with errors in spelling, punctuation, grammar, capitalization, and overall appearance.

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- The Foundation did not present all concentrations of risk in Note 7 (Concentrations of Risk). Due to this omission, Note 7 is incomplete. In addition, Note 7 is inaccurate due to the concentration of risk percentages not agreeing to the auditor recalculation based on the underlying accounting records. We noted two contributors who, together, contributed 78% of the Foundation’s revenue. The Foundation also stated in Note 7 that it receives contributions from agencies of the State of Illinois; however, this statement does not agree to supporting documentation, and should be omitted from the disclosure unless such transactions between the Foundation and the State of Illinois occur.
  
- The Foundation recorded the Small Business Administration loan as \$154,000; however, the loan appears to be for \$150,000. While the Foundation did receive \$154,000 total from the U.S. Small Business Administration, \$4,000 of that total amount was received two months prior to the \$150,000 loan and was not included in the terms of the \$150,000 loan agreement. The Foundation was unable to provide support for the \$4,000 receipt from the U.S. Small Business Administration; hence, we are unable to determine the correct classification of the \$4,000 on the statement of financial position. Due to this error, the schedule of future monthly payments to the Small Business Administration does not agree to the loan agreement which states the first payment is due twelve months from the date of the note. We noted the current and noncurrent portions of the “note payable – SBA” reported on the statement of financial position is inaccurate. The Foundation reported a current liability of \$7,692 instead of \$641 plus the portion of the \$4,000 receipt that was a current liability, if any. The noncurrent portion would change in relation to the current portion change.

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 financial statements and related note disclosures were not corrected to fix the errors noted throughout this finding. Further, the Foundation was first cited for presenting inadequate financial statements and related note disclosures during the financial audit for the two years ended June 30, 2018. In the years since the finding was first noted, the Foundation has not been successful in correcting this finding.

During the previous examination, Foundation management indicated a lack of communication between Foundation management and the independent fiscal agent and staff led to the inadequate financial statement presentation and related note disclosure inadequacies. During the current examination, Foundation management

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indicated the inadequate financial statement presentation and related note disclosure inadequacies were due to lack of management review 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. 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 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**

We agree with the findings. Illinois Joining Forces agrees with the recommendations of the audit team to correct these findings moving forward. Please note that the reflection of changes resulting from these audit findings will not be fully reflected until Fiscal Year 2023 as Illinois Joining Forces has completed the Fiscal Year 2021 and is more than 50% through Fiscal Year 2022 audit years.

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2020-002.     **FINDING** (Inadequate Internal Control Structure)

The personnel of 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 and payroll to minimize the risk of payroll errors through miscommunication and/or lack of documentation, as described below:
  - The Foundation did not compute employee payroll deductions correctly for the following disbursements selected for detail testing. For 23 of 23 (100%) payroll transactions tested, totaling \$269,612, the amount withheld for State and Federal Taxes were not accurately computed for 4 of 7 employees (57%) tested. The Foundation over withheld an absolute total of \$5,392.
  - The Foundation does not have a system or process in place to track employee attendance.
  - Payroll is automatically processed in full on a bi-weekly basis. The Foundation does not have adequate review and communication procedures to ensure any necessary payroll changes would be caught and adjusted timely.
  - Employee requests for time off are not formally documented.
- For 1 of 30 (3%) disbursements tested, totaling \$555, the Foundation was unable to provide support to show approval for the disbursement.
- The Foundation was unable to provide 4 signed contractual agreements requested, pertaining to 4 of 30 (13%) disbursements tested totaling \$11,893.
- 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 expenditure authority to disbursements of up to \$1,000 and requires dual approval for all expenses exceeding \$1,000. Per discussion with the chair of the Board, the Executive Director was later given the ability to approve expenditures of up to \$5,000; however, written documentation of this change to the Financial Controls Policy was not provided to the auditors, and we could

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not positively determine when this change had taken effect. As a result, we were unable to determine whether transactions were properly approved.

- Bank reconciliations were performed by the Foundation’s independent fiscal agent. The reconciliations were not signed or dated by a reviewer of the reconciliation. As a result, we were unable to determine the timeliness of the Foundation's review of the reconciliation, if a proper segregation of duties was maintained over the bank reconciliation process, and whether fiscal agent staff as well as Foundation personnel were involved in the process. Despite the involvement of the independent fiscal agent, we maintain Foundation personnel and/or Board members should be actively engaged in the ongoing review of all financial records, including bank reconciliations.

The Foundation’s Financial Controls Policy requires the treasurer be involved in the Foundation’s bank reconciliation process and regularly monitor its bank account and financial records.

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.

The Foundation was first cited for maintaining an inadequate control structure during the financial audit for the year ended June 30, 2016. In the years since the finding was first noted, the Foundation has not been successful in correcting this finding.

During the previous and current engagements, Foundation personnel indicated a lack of communication inhibited efforts to monitor and document fiscal and daily operations and implement new and updated policies. In addition, supporting documentation deficiencies resulted from the misplacing of or failure to retain documents by staff.

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. 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. We recommend Board members and management formally develop and update written policies and procedures to facilitate the Foundation’s operations. Board members and

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management should perform and document ongoing reviews of financial records and activities, including contracts and bank reconciliations, to ensure objectives, policies, and practices are being adhered to closely.

**FOUNDATION RESPONSE**

We agree with the finding and recommendations for correction. Please note that reflection of changes resulting from these audit findings will not be fully reflected until Fiscal Year 2023 as Illinois Joining Forces has completed the Fiscal Year 2021 and is more than 50% through the Fiscal Year 2022 audit years.

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2020-003.     **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 if the member was serving on an expired term.
- Two Board members were serving on expired terms. The Board members had served 1,177 and 1,394 days beyond each individual’s term expiration as of June 30, 2020.

The Department of Veterans’ Affairs Act (Act) (20 ILCS 2805/37(d)) limits Board members to two-year terms. Further, section 3.04 of the Foundation’s bylaws allow the terms of Board members to be extended until a successor has been elected, but limits Board members from serving more than three consecutive terms.

The Foundation’s planning and organizational documents were not updated during Fiscal Year 2020. 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 (20 ILCS 2805/37(d)) was updated to reflect the changes to its Board composition.
  - Upon testing the Foundation's Board against the Foundation's adopted model, we noted 6 of 21 (29%) Board positions were vacant as of June 30, 2020. This included 1 task force leader and 5 civic leaders.

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. 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

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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 of the 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 operation within the provisions of the General Not for Profit Act of 1986. The General Not for Profit Corporation Act of 1986 (805 ILCS 105/108.10(a)) states the Foundation's Board 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.

During testing of Board meetings, we noted the Foundation failed to retain and provide meeting minute documentation for 1 of 5 (20%) open Board meetings tested, nor did the Foundation post any of the Board's open meeting minutes to its website as required.

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(a)) requires written minutes of all Board meetings to be retained, whether open or closed. Additionally, the Open Meetings Act (5 ILCS 102/2.06(b)) requires the Foundation to post the minutes of its open meeting minutes to its website within 10 days after the approval of the minutes.

During the previous engagement, the Foundation's management indicated these issues were caused by a lack of staff and management turnover. During the current engagement the Foundation's management indicated the issues with regards to the Board Member's appointments, terms, and vacancies were due to competing priorities of the responsible party. Additionally, the Foundation's management indicated they were seeking legislation change with regards to the Board's composition requirements. Finally for the issues regarding meeting minutes, the Foundation's management indicated these issues were caused by employee error.

Failure to adequately account for the Foundation's Board membership (i.e. member appointments, terms, and vacancies), failure to update the bylaws to reflect composition changes, and failure to retain minutes of Board meeting and 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. 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. Also, we recommend the Foundation periodically review and update its planning and organizational documents to properly reflect its

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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. Further, we recommend the Foundation maintain record of all meetings and post meeting minutes to its website in accordance with the Foundation’s bylaws and State law.

**FOUNDATION RESPONSE**

We agree with the findings. Illinois Joining Forces agrees with the recommendations of the audit team to correct these findings moving forward. Please note that the reflection of changes resulting from these audit findings will not be fully reflected until Fiscal Year 2023 as Illinois Joining Forces has completed the Fiscal Year 2021 and is more than 50% through Fiscal Year 2022 audit years.

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2020-004.     **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 one of three (33%) grants selected for testing, totaling \$125,000 in Fiscal Year 2020 receivables, the Foundation was able to provide a signed grant agreement; however, the Foundation was unable to provide further documentation to substantiate compliance with the provision of the grant agreement requiring the Foundation to submit a progress report no later than October 14, 2019.

Good business practices require the Foundation to ensure the terms of all grants, contracts, and binding agreements are complied with.

The Foundation was first cited for lack of documentation to substantiate compliance with grant agreements during the financial audit for the year ended June 30, 2016. In the years since the finding was first noted, the Foundation has made significant improvements to substantiate compliance with grant agreements; however, has not been successful in correcting this finding.

During the previous and current engagement, Foundation personnel indicated the lack of documentation was due to the Foundation being regularly engaged with its donors, providing weekly and monthly updates. Foundation personnel felt this level of communication with donors was adequate and reduced the need for formal compliance 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. 2020-004, 2019-004, 2018-004, 2016-003)

**RECOMMENDATION**

We recommend the Foundation ensure full records are maintained for each grant received, including any progress reports or other information required to be submitted to the grantor. Further, we recommend the Foundation’s management and Board of Directors perform ongoing reviews to ensure all terms and conditions within its grant agreements are complied with by the Foundation.

**FOUNDATION RESPONSE**

We agree with the finding and recommendation for correction moving forward. Please note that reflection of changes resulting from these audit findings will not be fully reflected until Fiscal Year 2023 as Illinois Joining Forces has completed

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the Fiscal Year 2021 and is more than 50% through the Fiscal Year 2022 audit years.

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**SCHEDULE OF FINDINGS – STATE COMPLIANCE**  
**For the Year Ended June 30, 2020**

2020-005. **FINDING** (Mandate Noncompliance)

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

During testing of statutory requirements, we noted the Foundation’s Treasurer did not have a fidelity or surety bond during the examination period.

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

During testing of statutorily required donation letters, we requested the Foundation provide us with a listing of all donation letters sent during the examination period. In response, Foundation management identified 16 letters, 2 of which did not have a related receipt per the Foundation’s records. Further the Foundation’s records show an additional 23 receipts, totaling \$254,410, for which letters should have been sent.

Due to these conditions, we were unable to conclude whether the Foundation’s population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.35) to test the Foundation’s donation letters.

**Even given the population limitations noted above which hindered the ability of the accountants to conclude whether selected samples were representative of the population as a whole**, we performed testing and noted 5 of 16 (31%) donation letters sent by the Foundation during Fiscal Year 2020 do not agree to the Foundation’s Fiscal Year 2020 financial records.

The Act (20 ILCS 2805/37(h)) requires the Foundation to provide a written notice to any entity providing a gift, grant, donation, or bequest to the Foundation indicating the Foundation is not subject to the provisions of the Public Funds Investment Act. In addition, Internal Revenue Service Publication 1771, *Charitable Contributions: Substantiation and Disclosure Requirements*, notes that donors to a public charity cannot claim a tax deduction for any single contribution in excess of \$250 without obtaining a contemporaneous, written acknowledgement of the contribution from the recipient organization. Further, good business practices suggests that sufficient and properly designed accounting records should be maintained to adequately control fiscal operations and provide reliable data for necessary management reports.

The Foundation was first cited for its mandate noncompliance during the compliance examination for the two years ended June 30, 2018. In the years since

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the finding was first noted, the Foundation has not been successful in correcting this finding.

During the prior engagement, Foundation personnel indicated these issues were due to lack of personnel and significant staff turnover. During the current engagement, Foundation personnel indicated that these issues were due to employee error. Additionally, the Foundation indicated that since being notified of the requirement during the prior audit, it did not have adequate time to research and secure a surety bond prior to the end of the current examination period.

Failure to provide contributors with consistent written notice of their donation could result in donor dissatisfaction when donors discover their donations are not eligible for tax deductions and represents noncompliance with State law. Further, failure by the Foundation's Treasurer to obtain a fidelity or surety bond could result in the Foundation incurring unrecoverable losses and represents noncompliance with State law. (Finding Code No. 2020-005, 2019-006, 2018-005)

**RECOMMENDATION**

We recommend the Foundation implement controls to ensure all gifts, grants, donations, and bequests are tracked and a complete listing is maintained. We also recommend the Foundation perform periodic reconciliations between the listing and accounting records. In addition, we recommend the Foundation obtain a fidelity or surety bond for the Treasurer in accordance with the Act.

**FOUNDATION RESPONSE**

We agree with the finding and recommendation for correction. Please note that reflection of changes resulting from these audit findings will not be fully reflected until Fiscal Year 2023 as Illinois Joining Forces has completed the Fiscal Year 2021 and is more than 50% through the Fiscal Year 2022 audit years.

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**PRIOR FINDINGS NOT REPEATED**  
**For the Year Ended June 30, 2020**

A. **FINDING** (Inadequate Financial Reporting and Controls)

During the prior examination, we noted the Foundation did not maintain adequate documentation and records to facilitate accurate and proper financial reporting. Specifically, we noted the Foundation accounted for revenue on a cash basis instead of the accrual basis, failed to record liabilities and expenses in the proper period, did not maintain supporting documentation for disbursements or receipts, and other financial reporting deficiencies.

During the current examination, our testing indicated the Foundation accounted for revenue on an accrual basis, recorded liabilities and expenses in the proper period, maintained supporting documentation for disbursements and receipts, and corrected the other financial reporting deficiencies. (Finding Code No. 2019-001, 2018-001, 2016-001)

B. **FINDING** (Procedural Deficiencies)

During the previous examination, the Foundation did not take certain actions to ensure planning and organization documents were updated to reflect current operations.

During the current examination, our testing indicated planning and organizational documents were updated to reflect current operations. However, we continued to note concerns with certain functions of the Foundation's Board of Directors. These concerns have been incorporated into Finding 2020-003. (Finding Code No. 2019-007, 2018-006)

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**(UNAUDITED)**

**Functions**

The Illinois Joining Forces Foundation (Foundation) was launched in 2012 through an inter-governmental agreement between the State's Department of Veterans' Affairs and Department of Military Affairs as a Statewide, public-private network of military and veteran-serving organizations working together to improve services for service members, veterans, and their families. The Foundation operates within the provisions of the Department of Veterans' Affairs Act (20 ILCS 2805), the General Not for Profit Corporation Act of 1986 (805 ILCS 105), and any other applicable State and federal laws and regulations.

The purposes of the Foundation are to promote, support, assist, and sustain Foundation operations through the solicitation and acceptance of grants and private donations and to disburse them for the stated intent of the Foundation or the donor. The solicitation and generation of public and private funding and donations assist in enhancing the Foundation's mission, services, programs, and operations, while allowing the Foundation to engage generally in other lawful endeavors consistent with the foregoing purposes. The Foundation's mission is to bring together public, private, and government stakeholders to collaboratively support service members, veterans and their families regardless of status.

The Foundation has established a Veteran Support Community (VSC) initiative to help achieve its mission. Specifically, the VSC initiative's intent is to identify and develop hubs of support in regions with a significant veteran population. During Fiscal Year 2020, the Foundation continued to work in the community to assist local collaboratives and area resource providers to help establish new VSCs or connect to established collaboratives around the state. Having identified the initial 19 targeted areas, IJF is working to progress these community collaboratives to Developing and then to Active VSCs (see below for descriptions).

*Targeted* is the first stage in the VSC development process. These are areas identified as potential VSCs, which are being scanned for assets and resources. *Developing* is the next stage of establishing a VSC. During this stage the Foundation begins working with community partners and validating sustainability. Once the developing stage is complete, the VSC is established as *Active*. For active VSCs, the Foundation holds regular meetings with community partners and resources are shared amongst the Foundation. Active VSCs also help in making referrals to veterans seeking assistance by referring them to appropriate resources and/or organizations.

The Foundation's Care Coordination Center serves as the central point of contact to assist in the referral process. The Care Coordination Center receives and processes assistance requests from anywhere in the State and directs individuals to VSCs, and through them, to service providers in their local communities. The Care Coordination Center also analyzes trends in support requests to determine which areas are in greatest need. During FY20, the Care Coordination Center served 334 unique clients and 506 unique service episodes, tracking the type of service the veterans were seeking assistance in, along with data on age, race, and gender of those seeking services:

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ANALYSIS OF OPERATIONS  
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(UNAUDITED)

**Care Coordination Center Data  
FY20**

<u>Type of Service</u>		<u>Age</u>	
Benefits	4%	25 and under	4%
Employment	14%	26-34	15%
Financial Assistance*	18%	35-44	15%
Health	4%	45-54	19%
Housing and Shelter	38%	55-64	23%
Legal	11%	65 and over	24%
Other	11%		
* Includes Utilities, Money Mgt, Food Assistance			
<u>Race</u>		<u>Gender</u>	
Black/African American	33%	Male	78%
Asian	1%	Female	20%
Other	6%	Undisclosed	2%
White	55%		
Undisclosed	5%		
<u>Ethnicity</u>			
Hispanic or Latino	7%		
Non-Hispanic or Latino	87%		
Undisclosed	6%		

In late 2018, the Foundation also launched its Women Veteran Ambassador Program to promote women veteran advocacy and bring women veteran issues to the forefront at the community level. The Foundation intends to have an ambassador representing each VSC to triage needs, provide crisis intervention, and facilitate appropriate referrals. As of June 30, 2019, the Foundation had woman ambassadors in three VSCs across the State. Beginning in FY20, IJF focused on the planning for our Salute to Women Veterans series. These series of on-line events include high-ranking, successful female veterans sharing their experience both in the military and transitioning out to civilian life.

**Planning**

The Foundation’s main long-term goals are to provide benefits to service members, veterans, and their families by:

1. Building cross-sector relationships and mutual awareness among military and veteran support organizations through the Foundation’s Veteran Support Communities.

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**(UNAUDITED)**

2. Strengthening our organization and aligning resources with organizations to promote Veteran synergies across the state.
3. Planning, alongside the implementation of the Veteran Support Community, a Women Veteran Program.
4. Creating a repository of resources to support the Women Veterans Program.
5. Serving as a statewide resource to service members, veterans, and their families and coordinating services with providers.
6. Utilizing technology to broaden and strengthen community partnerships.
7. Soliciting and accepting grants, donations, gifts, or bequests, and generating both public and private funding and donations to assist in enhancing the Foundation's mission, services, programs, and operations.

**ILLINOIS JOINING FORCES FOUNDATION  
MEMORANDUMS OF UNDERSTANDING  
For the Year Ended June 30, 2020**

**(UNAUDITED)**

**Operation HerStory**

The Foundation entered into a memorandum of understanding (MOU) with Operation HerStory on January 20, 2020. The MOU was established so that Illinois Joining Forces can act as a Fiscal Sponsor for Operation HerStory to sponsor the Honor Flight Project. The Honor Flight Project was meant to establish, coordinate, and execute one or two commercial airline flight(s) for over 100 women veterans and any of their required medical assistants or their “guardians”, to travel to and from Chicago, Illinois to Washington, District of Columbia, during the year 2021. The MOU states that the agreement will terminate October 7, 2020.