



STATE OF ILLINOIS
OFFICE OF THE
AUDITOR GENERAL

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS LITERACY FOUNDATION

Financial Audit and Compliance Examination
For the Two Years Ended June 30, 2017

Release Date: January 31, 2018

FINDINGS THIS AUDIT: 1	AGING SCHEDULE OF REPEATED FINDINGS			
	Repeated Since	Category 1	Category 2	Category 3
Category 1:				
Category 2:				
Category 3:				
TOTAL				

Findings	New	Repeat	Total
Category 1:	1	0	1
Category 2:	0	0	0
Category 3:	0	0	0
TOTAL	1	0	1

FINDINGS LAST AUDIT: 0

No Repeat Findings

INTRODUCTION

The Illinois Literacy Foundation (Foundation) was created to promote literacy among the residents of the State of Illinois by supporting literacy programs and enhancing Statewide literacy awareness, to make grants and gifts in aid and support of the goal, and to engage generally in other lawful endeavors consistent with the foregoing purposes.

This digest covers the financial statement audit and compliance examination of the Foundation as of and for the two years ended June 30, 2017.

SYNOPSIS

- (17-1) The Foundation did not identify a required adjustment necessary to ensure the Foundation's audited financial statements were accurately prepared.

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.

{Expenditures and Activity Measures are summarized on next page.}

**ILLINOIS LITERACY FOUNDATION
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2017**

SCHEDULE OF REVENUES AND EXPENSES	2017	2016	2015
REVENUES			
Direct public support.....	\$ 2,712	\$ 70	\$ 306
Interest.....	10	12	23
Total revenues.....	<u>2,722</u>	<u>82</u>	<u>329</u>
EXPENSES			
Contractual.....	2,644	580	818
Travel.....	412	-	269
Commodities.....	3,567	-	-
Program grants.....	606	-	-
Total expenses.....	<u>7,229</u>	<u>580</u>	<u>1,087</u>
CHANGE IN NET POSITION.....	(4,507)	(498)	(758)
Net Position, beginning.....	<u>22,834</u>	<u>23,332</u>	<u>24,090</u>
Net Position, ending.....	<u>\$ 18,327</u>	<u>\$ 22,834</u>	<u>\$ 23,332</u>

EXECUTIVE DIRECTOR
During Examination Period: Mr. Thomas N. Benigno
Currently: Mr. Thomas N. Benigno

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**FAILURE TO IDENTIFY FINANCIAL STATEMENT
REPORTING ERROR**

The Foundation did not identify a required adjustment necessary to ensure the Foundation's audited financial statements were accurately presented in accordance with generally accepted accounting principles (GAAP).

An understatement of contributed service revenue and expense of \$2,181 and \$16,331 was reported for Fiscal Years 2016 and 2017, respectively.

The Foundation's financial statements were adjusted for a reporting error identified during the audit. A correction was made to increase the contributed services revenue and expense on the Statement of Governmental Fund Revenues, Expenditures & Change in Fund Balance/Statement of Activities. The Foundation employs a contractual worker to service the Foundation in all capacities necessary. The salary and benefits of this employee are paid for by the Office of the Secretary of State. Not recording these transactions resulted in an understatement of contributed service revenue and expense of \$2,181 and \$16,331 for Fiscal Years 2016 and 2017, respectively. (Finding 1, pages 11-12).

We recommended the Foundation implement internal control procedures to assess the risk of material misstatements of the Foundation's financial statements and to identify such misstatements during the financial statement preparation process.

Foundation agrees with auditors

Foundation officials accepted the recommendation and stated they have addressed the deficiency described in the finding.

AUDITOR'S OPINION

The auditors stated the financial statements of the Foundation as of and for the years ended June 30, 2016, and June 30, 2017, are fairly stated in all material respects.

ACCOUNTANT'S OPINION

The accountants conducted a compliance examination of the Foundation for the two years ended June 30, 2017, as required by the Illinois State Auditing Act. The accountants stated the Foundation complied, in all material respects, with the requirements described in the report.

This financial audit and compliance examination was conducted by Kerber, Eck & Braeckel LLP.

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:sdw