



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

THE ILLINOIS LITERACY FOUNDATION

**Financial Audit
 For the Two Years Ended June 30, 2021**

Release Date: April 6, 2022

FINDINGS THIS AUDIT: 1	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	1	1	2019	21-01		
Category 2:	0	0	0				
Category 3:	0	0	0				
TOTAL	0	1	1				
FINDINGS LAST AUDIT: 1							

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 of the Foundation as of and for the two years ended June 30, 2021. The Foundation’s compliance examination covering the two years ended June 30, 2021 will be released under a separate cover.

SYNOPSIS

- **(21-01)** The Illinois Literacy Foundation did not maintain accurate inventory records for the years ended June 30, 2020 and June 30, 2021.

<p>Category 1: Findings that are material weaknesses in internal control and/or a qualification on compliance with State laws and regulations (material noncompliance).</p> <p>Category 2: Findings that are significant deficiencies in internal control and noncompliance with State laws and regulations.</p> <p>Category 3: Findings that have no internal control issues but are in noncompliance with State laws and regulations.</p>

THE ILLINOIS LITERACY FOUNDATION
FINANCIAL AUDIT
For the Two Years Ended June 30, 2021

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	FY 2021	FY 2020
PROGRAM REVENUES		
Operating grants and contributions	\$ 1,004	\$ 2,555
GENERAL REVENUES		
Contributions not restricted to specific programs.....	342	8,332
Interest income.....	1	5
Total Revenues.....	<u>1,347</u>	<u>10,892</u>
EXPENDITURES		
Program expenses.....	1,153	13,946
Total expenditures.....	<u>1,153</u>	<u>13,946</u>
Net change in fund balance.....	194	(3,054)
Fund balance (deficit) July 1.....	14,055	17,109
Fund balance (deficit) June 30.....	<u>\$ 14,249</u>	<u>\$ 14,055</u>
STATEMENT OF NET POSITION	June 30, 2021	June 30, 2020
ASSETS		
Cash and cash equivalents.....	\$ 14,077	\$ 13,442
Inventory.....	172	613
Total assets.....	<u>\$ 14,249</u>	<u>\$ 14,055</u>
FUND BALANCE		
Assigned/Unrestricted.....	14,077	13,442
Nonspendable/Restricted.....	172	613
Total fund balance.....	<u>\$ 14,249</u>	<u>\$ 14,055</u>
AGENCY DIRECTOR		
During Audit Period and Current: Mr. Thomas Benigno		

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

INACCURATE INVENTORY RECORDS

The Illinois Literacy Foundation (Foundation) did not maintain accurate inventory records for the years ended June 30, 2020 and June 30, 2021.

Foundation unable to provide records to support number of books accepted

During our testing of inventory, the Foundation was unable to provide inventory records to support the number of books accepted for Fiscal Year 2020. Foundation management stated no books were accepted in Fiscal Year 2021.

Distribution listings were unable to verify amounts recorded as inventory expense

The Foundation provided a listing of the number of books that were distributed to each school For Fiscal Year 2021. The Foundation could not provide the distribution listing for Fiscal Year 2020. During our testing over the distribution listings provided by the Foundation, we were unable to verify to the amounts that were recorded on the financial statements as inventory expense for Fiscal Year 2020. There was no distribution listing for Fiscal Year ending June 30, 2020; therefore, we were unable to recalculate the total value distributed for Fiscal Year 2020.

Based on the records provided, pricing of inventory was unable to be verified

The Foundation utilized AbeBooks.com to value its inventory at the beginning of Fiscal Year 2018. The Foundation selected a sample of 50 books from each category to determine the average price per type of book. The Foundation carried forward the averages obtained from AbeBooks.com for the remainder of the engagement period. In the prior engagement period, the auditors selected a sample of inventory to test the Foundation's inventory pricing. The Foundation did not preserve documentation of its initial pricing exercise and the auditors noted multiple inventory pricing difference during their testing. It was noted that the cost difference could not be extrapolated over the entire inventory population to determine the material effect on the financial statements. During the current engagement period, the Foundation indicated that there was no change from the prior engagement and the Foundation has no documentation to support the initial pricing of its inventory. Based upon this, Sikich was unable to verify the pricing of the Foundation's inventory (Finding 1, pages 19-20).

We recommended the Foundation strongly emphasize the importance of maintaining accurate inventory records throughout the year. We also recommended training and ongoing education be provided to all employees involved in the inventory process.

Foundation concurs with recommendation

Foundation officials concurred with our recommendation.

AUDITOR'S OPINION

The auditors stated the financial statements of the Foundation as of and for the years ended June 30, 2020, and June 30, 2021, are fairly stated in all material respects.

This financial audit was conducted by Sikich, 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

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