

ILLINOIS ARTS COUNCIL FOUNDATION  
(A Component Unit of the State of Illinois)

FINANCIAL AUDIT AND COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2009

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

**ROBERT J. RIPP & ASSOCIATES**  
Frankfort, Illinois

STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL FOUNDATION  
(A Component Unit of the State of Illinois)  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2009

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STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL FOUNDATION  
(A Component Unit of the State of Illinois)  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2009

AGENCY OFFICIALS

ILLINOIS ARTS COUNCIL FOUNDATION

Executive Director

Mr. Terry Scrogum

Chief Fiscal Officer

Ms. Yazoo Hall

Agency Offices are located at:

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

National City Bank Building  
One North Old State Capitol Plaza  
Suite 345  
Springfield, IL 62701-1323

# Illinois Arts Council Foundation

Robert J. Ripp & Associates  
20646 Abbey Woods Ct. N. – Ste. 103  
Frankfort, IL 60423

January 5, 2010

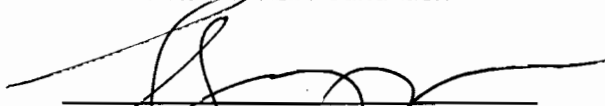
Ladies and Gentlemen:

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 Agency. 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 Agency's compliance with the following assertions during the two-year period ended June 30, 2009. Based on this evaluation, we assert that during the years ended June 30, 2008 and June 30, 2009, the Agency has materially complied with the assertions below.

- A. The agency 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 agency 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 agency 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 agency 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 agency on behalf of the State or held in trust by the agency have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours very truly,

Illinois Arts Council Foundation

  
\_\_\_\_\_  
Terry A. Scrogum, Executive Director

  
\_\_\_\_\_  
Yazoo Hall, Chief Fiscal Officer

2

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

312/814-6750

STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL FOUNDATION  
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FINANCIAL AUDIT AND COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2009

COMPLIANCE REPORT

SUMMARY

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

ACCOUNTANTS' REPORTS

The Independent Accountants' 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>This Report</u>	<u>Prior Report</u>
Findings	0	0
Repeated Findings	0	0
Prior Recommendations implemented or not repeated	0	0

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
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FINDINGS (GOVERNMENT AUDITING STANDARDS)

No matters were reported.

FINDINGS (STATE COMPLIANCE)

No matters were reported.

PRIOR FINDINGS NOT REPEATED

No matters were previously reported.

STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL FOUNDATION  
(A Component Unit of the State of Illinois)  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2009

EXIT CONFERENCE

Agency management waived having an exit conference per correspondence dated December 15, 2009.

**ROBERT J. RIPP & ASSOCIATES**

Certified Public Accountant & Business Consultants

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

Honorable William G. Holland  
Auditor General  
State of Illinois

Illinois Arts Council Foundation  
Board of Directors  
Chicago, Illinois

**Compliance**

As Special Assistant Auditors for the Auditor General, we have examined the State of Illinois, Illinois Arts Council Foundation's compliance with the 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 years ended June 30, 2009 and 2008. The management of the State of Illinois, Illinois Arts Council Foundation is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, Illinois Arts Council Foundation's compliance based on our examination.

- A. The State of Illinois, Illinois Arts Council 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 State of Illinois, Illinois Arts Council 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 State of Illinois, Illinois Arts Council 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 State of Illinois, Illinois Arts Council 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 State of Illinois, Illinois Arts Council Foundation on behalf of the State or held in trust by the State of Illinois, Illinois arts Council Foundation have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

We conducted our examination 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 as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the State of Illinois, Illinois Arts Council Foundation's compliance with those requirements listed in the first paragraph of this report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the State of Illinois, Illinois Arts Council Foundation's compliance with specified requirements.

In our opinion, The State of Illinois, Illinois Arts Council Foundation complied, in all material respects, with the requirements listed in the first paragraph of this report during the year ended June 30, 2009. There were no immaterial findings that have been excluded from this report.

### **Internal Control**

The management of the State of Illinois, Illinois Arts Council Foundation is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the State of Illinois, Illinois Arts Council Foundation's internal control over compliance with the requirements listed in the first paragraph of this report as a basis for designing our examination procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the State of Illinois, Illinois Arts Council Foundation's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Illinois Arts Council Foundation's internal control over compliance.

A *deficiency* in an entity's internal control over compliance 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 requirements listed in the first paragraph of this report on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance with the requirements listed in the first paragraph of this report was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

### **Supplementary Information for State Compliance Purposes**

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities and the major fund of the Foundation as of and for the years ended June 30, 2009 and 2008, which collectively comprise the State of Illinois, Illinois Arts



Council Foundation's basic financial statements, and have issued our report thereon dated January 5, 2010. The accompanying supplementary information, as listed in the table of contents as Supplementary Information for State Compliance Purposes, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the State of Illinois, Illinois Arts Council Foundation. The 2009 and 2008 Supplementary Information for State Compliance Purposes, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2009, and 2008, taken as a whole.

Other auditors previously audited, in accordance with auditing standards generally accepted in the United States, the State of Illinois, Illinois Arts Council Foundation's basic financial statements for the years ended June 30, 2007 and June 30, 2006. In their report dated December 10, 2007, they expressed an unqualified opinion on the financial statements. In their opinion, the 2007 Supplementary Information for State Compliance Purposes, except for the portion marked "unaudited", was fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2007, taken as a whole.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, agency management and the Board of Directors and is not intended to be and should not be used by anyone other than these specified parties.

*Robert J. Ripp & Associates*

January 5, 2010

## **ROBERT J. RIPP & ASSOCIATES**

Certified Public Accountant & Business Consultants

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### **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 William G. Holland  
Auditor General  
State of Illinois

Illinois Arts Council Foundation  
Board of Directors  
Chicago, Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities and major fund of the Illinois Arts Council Foundation, a component unit of the State of Illinois, as of and for the years ended June 30, 2009 and June 30, 2008, which collectively comprise the State of Illinois, Illinois Arts Council Foundation's basic financial statements and have issued our report thereon dated January 5, 2010. We conducted our audit in accordance with 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.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the State of Illinois, Illinois Arts Council Foundation's internal control over financial reporting as a basis for designing our auditing procedures 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 State of Illinois, Illinois Arts Council Foundation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Illinois Arts Council Foundation's internal control over financial reporting.

*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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the State of Illinois, Illinois Arts Council Foundation's financial statements are free of 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 determination of financial statement amounts. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, agency management and the Board of Directors, and is not intended to be and should not be used by anyone other than these specified parties.

*Robert J. Ripp & Associates*

January 5, 2010

STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL FOUNDATION  
(A Component Unit of the State of Illinois)  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2009

FINDINGS – Government Auditing Standards & State Compliance

There were no current findings noted during the Financial Audit and Compliance Examination for the Two Years Ended June 30, 2009.

STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL FOUNDATION  
(A Component Unit of the State of Illinois)  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2009

PRIOR FINDINGS NOT REPEATED

There were no prior findings not repeated during the Financial Audit and Compliance Examination for the two years ended June 30, 2009.

STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL FOUNDATION  
(A Component Unit of the State of Illinois)  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2009

FINANCIAL STATEMENT REPORT

SUMMARY

The audit of the accompanying financial statements of the State of Illinois, Illinois Arts Council Foundation was performed by Robert J. Ripp & Associates.

Based on their audit, the auditors expressed an unqualified opinion on the agency's financial statements.

## **ROBERT J. RIPP & ASSOCIATES**

Certified Public Accountant & Business Consultants

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### INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland  
Auditor General  
State of Illinois

Illinois Arts Council Foundation  
Board of Directors  
Chicago, Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities and major fund of the State of Illinois, Illinois Arts Council Foundation, a component unit of the State of Illinois, as of and for the years ended June 30, 2009 and June 30, 2008, which collectively comprise the Illinois Arts Council Foundation's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State of Illinois, Illinois Arts Council Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major fund of the State of Illinois, Illinois Arts Council Foundation, as of June 30, 2009 and June 30, 2008, and the respective changes in financial position thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 5, 2010 on our consideration of the State of Illinois, Illinois Arts Council Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The State of Illinois, Illinois Arts Council Foundation has not presented a management's discussion and analysis and budgetary comparison information for the Illinois Arts Council Restricted Fund that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the State of Illinois, Illinois Arts Council Foundation's basic financial statements. The financial related schedules and analysis of operations are presented for purposes of additional analysis and are not a required part of the financial statements. The financial related schedules and analysis of operations have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole. The service efforts and accomplishments have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, the Comptroller, agency management and the Board of Directors, and is not intended to be and should not be used by anyone other than these specified parties.

*Robert J. Ripp & Associates*

January 5, 2010



STATE OF ILLINOIS  
 ILLINOIS ARTS COUNCIL FOUNDATION  
 (A Component Unit of the State of Illinois)  
 GOVERNMENTAL FUND BALANCE SHEETS/STATEMENTS OF NET ASSETS  
 TWO YEARS ENDED JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<b>Assets:</b>		
Cash and cash equivalents	<u>\$ 78,597</u>	<u>\$ 78,024</u>
Total Assets	<u><u>\$ 78,597</u></u>	<u><u>\$ 78,024</u></u>
 <b>Fund Balances/Net Assets:</b>		
Unreserved/unrestricted	<u>\$ 78,597</u>	<u>\$ 78,024</u>
Total Net Assets	<u><u>\$ 78,597</u></u>	<u><u>\$ 78,024</u></u>

The accompanying notes are an integral part of these financial statements.

STATE OF ILLINOIS  
 ILLINOIS ARTS COUNCIL FOUNDATION  
 (A Component Unit of the State of Illinois)  
 STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES  
 AND CHANGE IN FUND BALANCE/STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2009

<u>FUNCTIONS/PROGRAMS</u>	<u>Expenditures/ Expenses</u>	<u>Program revenues Operating grants and Contributions</u>	<u>Net (expense) revenue</u>
Arts Promotion	\$ 21,459	\$ 20,775	\$ (684)
General revenues:			
Contributions not restricted to specific programs			45
Interest income			<u>1,212</u>
Total general revenues			<u>1,257</u>
Change in net assets			573
Fund balance/net assets - beginning			<u>78,024</u>
Fund balance/net assets - ending			<u>\$ 78,597</u>

The accompanying notes are an integral part of these financial statements.

STATE OF ILLINOIS  
 ILLINOIS ARTS COUNCIL FOUNDATION  
 (A Component Unit of the State of Illinois)  
 STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES  
 AND CHANGE IN FUND BALANCE/STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2008

<u>FUNCTIONS/PROGRAMS</u>	<u>Expenditures/ Expenses</u>	<u>Program revenues Operating grants and Contributions</u>	<u>Net (expense) revenue</u>
Arts Promotion	\$ 2,524	\$ 350	\$ (2,174)
General revenues:			
Contributions not restricted to specific programs			986
Interest income			<u>1,941</u>
Total general revenues			<u>2,927</u>
Change in net assets			753
Fund balance/net assets - beginning			<u>77,271</u>
Fund balance/net assets - ending			<u>\$ 78,024</u>

The accompanying notes are an integral part of these financial statements.

STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008

**NOTE 1 – ORGANIZATION**

The Illinois Arts Council Foundation (Foundation) was incorporated in Illinois on May 8, 1967 as a not-for-profit corporation. The Foundation was organized to receive contributions from individuals and organizations to further charitable, literary and educational purposes in the way of grants. The Foundation is a locally held nonshared Governmental Fund.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Foundation's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as prescribed by the Governmental Accounting Standards Board (GASB). To facilitate the understanding of data included in the financial statements, summarized below are the more significant accounting policies.

**a. *Financial Reporting Entity***

As defined by GAAP, the financial reporting entity consists of a primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as:

- 1) Appointment of a voting majority of the component unit's board and either (a) the primary government's ability to impose its will, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or,
- 2) Fiscal dependency on the primary government

Based upon the required criteria, the Foundation has no component units. However, the Foundation is a component unit of the State of Illinois. Therefore, the financial statements of the Foundation are included in the financial statements of the State of Illinois. The State of Illinois' Comprehensive Annual Financial Report may be obtained by writing to the State Comptroller's Office, Financial Reporting Department, 325 West Adams Street, Springfield, Illinois 62704-1871.

STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***b. Basis of Presentation***

The financial activities of the Foundation, which consist only of governmental activities, are reported as a component unit in the State of Illinois' Comprehensive Annual Financial Report. For its reporting purposes, the Foundation has combined its presentation of the fund financial statements and the government-wide financial statements. There are no differences between the fund financial data and the government-wide data, and therefore, no reconciliation is presented herein. A brief description of the Foundation's government-wide and fund financial statements is as follows:

**Government-wide Statements:** The government-wide statement of net assets and statement of activities report the overall financial activity of the Foundation. The financial activities of the Foundation consist only of governmental activities, which are primarily supported by donations.

The statement of activities demonstrates the degree to which the direct expenses of a given function (i.e. general government) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

**Fund Financial Statements:** The fund financial statements provide information about the Foundation's General Fund, utilizing the basis of accounting described in Note 2.C. below.

The Foundation administers the following major governmental fund:

**General Fund:** This is the Foundation's primary operating fund. It accounts for all financial resources of the Foundation. The services administered by the Foundation and accounted for in this fund include the promotion of arts among the residents of the State of Illinois.

***c. Measurement Focus and Basis of Accounting***

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the Foundation gives (or receives) value without directly receiving (or giving) equal value in exchange, includes grants and donations. On an accrual basis, revenue from grants, entitlements and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**c. *Measurement Focus and Basis of Accounting (continued)***

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Foundation considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when the liability is incurred, as under accrual accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

**d. *Cash and Cash Equivalents***

Cash and cash equivalents include cash on hand and cash in banks, as well as certificates of deposit held in the bank in the name of Illinois Arts Council Foundation.

**e. *Fund Balances***

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are legally restricted by outside parties for use for specific purpose.

**f. *Net Assets***

In the government-wide financial statements, equity is displayed as follows:

Unrestricted – This consists of net assets that do not meet the definition of “restricted”, which includes any net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

**g. *Use of Estimates***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008

**NOTE 3 – DEPOSITS AND INVESTMENTS**

The State Treasurer is the custodian of the State's cash and cash equivalents for funds maintained in the State Treasury. The Foundation independently manages cash and cash equivalents maintained outside the State Treasury.

Cash on deposit for locally held funds at June 30, 2009 and June 30, 2008 were as follows:

June 30, 2009:

Fund	Carrying Amount	Bank Balance	Description
Chase Bank – Checking	\$ 1,733	\$ 13,164	Insured (FDIC)
Bank of America – Savings	603	603	Insured (FDIC)
Bank of America - Certificates of Deposit	<u>76,261</u>	<u>76,458</u>	Insured (FDIC)
	<u>\$ 78,597</u>	<u>\$ 90,225</u>	

June 30, 2008:

Fund	Carrying Amount	Bank Balance	Description
Chase Bank – Checking	\$ 2,318	\$ 2,419	Insured (FDIC)
Bank of America – Savings	631	631	Insured (FDIC)
Bank of America - Certificates of Deposit	<u>75,075</u>	<u>76,458</u>	Insured (FDIC)
	<u>\$ 78,024</u>	<u>\$ 79,508</u>	

**NOTE 4 – RELATED PARTY TRANSACTIONS**

The Foundation is a separate entity from the Illinois Arts Council (Council). However, the Council has agreed to provide office space, employees and equipment that enable the Foundation to conduct normal business activities.

The Foundation and Council are accounted for separately, and no funds are transferred between the two organizations.

The Foundation and the Council share a common Board of Directors.

STATE OF ILLINOIS  
ILLINOIS ARTS COUNCIL FOUNDATION  
(A Component Unit of the State of Illinois)  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION

SUPPLEMENTAL INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

Supplemental Information for State Compliance Purposes presented in this section of the report includes the following:

- Fiscal Schedules and Analysis:

Comparative Schedule of Cash Receipts, disbursements and Fund Balances (Modified Accrual Basis) – Locally Held Funds

- Analysis of Operations

Agency Functions and Planning Program  
Average Number of Employees  
Service Efforts and Accomplishments (Unaudited)

The accountants' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states that it has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in the accountants' opinion, except for the portion marked "unaudited", on which they express no opinion, it is fairly stated that in all material respects in relation to the basic financial statements taken as a whole.



STATE OF ILLINOIS  
 ILLINOIS ARTS COUNCIL FOUNDATION  
 (A Component Unit of the State of Illinois)  
 FINANCIAL RELATED SCHEDULES  
 FOR THE TWO YEARS ENDED JUNE 30, 2009 AND 2008

COMPARATIVE SCHEDULE OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE  
 (MODIFIED ACCRUAL BASIS) – LOCALLY-HELD FUNDS

	<b>2009</b>	<b>2008</b>
Beginning Balance of cash and certificates of deposits	\$ 78,024	\$ 77,271
Total funds received during the fiscal year	22,032	3,277
Total funds disbursed during the fiscal year	21,459	2,524
Ending Balance of cash and certificates of deposit	\$ 78,597	\$ 78,024

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FINANCIAL AUDIT AND COMPLIANCE EXAMINATION  
TWO YEARS ENDED JUNE 30, 2009

**AGENCY FUNCTIONS AND PLANNING PROGRAM**

**Agency Functions**

The Illinois Arts Council Foundation (Foundation) was incorporated in 1967 as a not-for-profit corporation. The Foundation serves the Illinois Arts Council (Council) constituency 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 to increase the awareness of Council's programs and services through publications, public forms, promotional activities and events.

**Agency Planning Program**

The Foundation utilizes the same formal planning program as the Council documented in their Strategic Plan 2007-2012. The Council and Foundation share board members. These board members meet periodically, and actively plan all aspects of the Foundation. The current members are:

- |                                 |                             |
|---------------------------------|-----------------------------|
| Shirley R. Madigan – Chairman   | Lisa M. Dent Bielefeldt     |
| Andy Van Meter – Secretary      | Jennifer Levine             |
| Rhoda A. Pierce – Vice Chairman | Peggy A. Montes             |
| Virginia G. Bobins              | Barry E. Moore, Ph.D.       |
| Honorable Charles E. Box        | Beth Boosalis Davis         |
| Patrice Bugelas-Brandt          | Elaine C. Muchin            |
| William E. Brattain, Ph.D.      | Honorable Sheila M. O'Brien |
| Christina Kemper Gidwitz        | Honorable Sheila Simon      |
| Jodie Shagrin Kavensky          | Valerie King                |

**AVERAGE NUMBER OF EMPLOYEES**

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Average Number of Employees	0	0	0

Note: The administration and staff of all Foundation activity is performed by employees of the Council.

STATE OF ILLINOIS  
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FINANCIAL AUDIT AND COMPLIANCE EXAMINATION  
TWO YEARS ENDED JUNE 30, 2009

SERVICE EFFORTS AND ACCOMPLISHMENTS – (Unaudited)

In fiscal year 2009 the University of California Los Angeles awarded \$15,000 to the Illinois Arts Council Foundation to work in partnership with the Illinois Department of Human Services/Office of Compliance Access and Workplace Safety and Access Living, to convene two forums on careers in the arts for people with disabilities. It was noted that \$1,000 was received in fiscal year 2010. The forums were held in Chicago and Springfield to bring together resources, inspire new partnerships and provide education and artistic experiences for participants with and without disabilities from throughout Illinois.

Both forums included:

- Presentations by organizations and agencies to provide information on available resources and services
- Panels with experts addressing the climate of the arts and disability community
- Professional development workshops
- Roundtable discussions
- Showcases for artists with disabilities
- Keynotes providing insight in the field of arts and disabilities and future development
- Total attendees was 139