



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS ARTS COUNCIL FOUNDATION

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

Release Date: May 3, 2018

FINDINGS THIS AUDIT: 2				AGING SCHEDULE OF REPEATED FINDINGS			
	<u>New</u>	<u>Repeat</u>	<u>Total</u>	<u>Repeated Since</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>
Category 1:	2	0	2	No Repeat Findings			
Category 2:	0	0	0				
Category 3:	0	0	0				
TOTAL	2	0	2				
FINDINGS LAST AUDIT: 0							

INTRODUCTION

The Illinois Arts Council Foundation (Foundation) was incorporated in 1967 as a not-for-profit corporation. The primary function of the Foundation is to distribute contributions received in the form of grants to increase the awareness of the Illinois Arts Council's programs and services through publications, public forums, promotional activities and events.

SYNOPSIS

- **(17-01)** The Foundation had a small savings account balance which incurred unnecessary charges.
- **(17-02)** The Foundation did not hold their annual meeting or elect a Board of Directors as required by the Foundation's By-Laws.

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE	FY 2017	FY 2016
REVENUES		
Investment earnings.....	\$ 60	\$ 60
Miscellaneous contributions.....	15	2,295
Total Revenues.....	<u>75</u>	<u>2,355</u>
EXPENDITURES		
Materials and services.....	90	569
Total Expenditures.....	<u>90</u>	<u>569</u>
Excess of Revenues over/(under) Expenditures.....	<u>\$ (15)</u>	<u>\$ 1,786</u>

SELECTED ACCOUNT BALANCES	FY 2017	FY 2016
Cash and Investments.....	<u>\$ 86,310</u>	<u>\$ 86,325</u>
Fund Balance / Net Position.....	<u>\$ 86,310</u>	<u>\$ 86,325</u>

EXECUTIVE DIRECTOR
During Examination Period: Ms. Tatiana Gant (through 7/31/17)
Currently: Mr. Joshua Davis, Acting (effective 8/1/17)

FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS

**BANK CHARGES FOR SMALL INACTIVE ACCOUNT
BALANCES**

The Foundation had a small savings account balance which incurred unnecessary charges.

Unnecessary charges incurred

The Foundation maintained a savings account at a local bank with a balance of \$2,389 at June 30, 2017. The Foundation was charged \$10 per month through October 2016 and \$5 per month from November 2016 through June 2017. The Foundation was charged \$80 and \$120 for fiscal years 2017 and 2016, respectively.

Minimum balance not maintained

The auditors inquired with the Foundation as to the reason for the charges; however, the Foundation was unable to respond. Upon contacting the local bank, it was determined the Foundation had not met the minimum balance requirement. The local bank stated they could refund the Foundation one year of charges; totaling \$60.

Accounts receivable not reported

As a result of the refunding of the bank fees, the Foundation had an accounts receivable of \$50 at June 30, 2017, which had not been recorded. In addition, the Foundation had not completed or submitted the Quarterly Accounts Receivable Reports to the Illinois Office of the Comptroller for fiscal years 2017 and 2016. (Finding 1, pages 10-11)

We recommended the Foundation review all charges to ensure they understand the purpose of the charge and ensure accounts receivable are properly recorded. Additionally, we recommended the Foundation implement controls to ensure accounts receivable quarterly reports are completed and submitted to the Office of the Comptroller.

Foundation agreed with auditors

The Foundation agreed with the finding and stated they will review all charges to ensure the purpose of the charge and ensure accounts receivable are properly recorded.

NON-COMPLIANCE WITH FOUNDATION BY-LAWS

Annual meeting not held

The Foundation did not hold their annual meeting or elect a Board of Directors as required by the Foundation's By-Laws.

Board of Directors not elected

During fiscal year 2016, the Foundation did not hold the annual meeting and did not hold an election of Directors during the October 2016 annual meeting.

Report of operations not submitted

Additionally, the President of the Board is to “submit a report of the operations of the corporation for the preceding year to the voting members at their annual meeting.” However, the financial report for the year ended June 30, 2015, was not presented to the Board until October 2016. (Finding 2, page 12)

We recommended the Foundation hold the annual meeting and elect the Board of Directors as required by the By-Laws. In addition, we recommended the President of the Board submit the report of operations at the annual meeting.

Foundation agreed with auditors

The Foundation agreed with the finding and stated it will hold its annual meeting and elect the Board of Directors. Additionally, the President of the Board will submit the report of operations at the annual meeting.

AUDITOR’S OPINION

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

ACCOUNTANT’S OPINION

The accountants conducted a compliance examination of the Illinois Arts Council Foundation for the two years ended June 30, 2017, as required by the Illinois State Auditing Act. The accountants qualified their report on State compliance for Findings 2017-001 and 2017-002. Except for the noncompliance described in these findings, the accountants stated the Illinois Arts Council Foundation complied, in all material respects, with the requirements described in the report.

This financial audit and compliance examination was conducted by Winkel, Parker & Foster, CPA PC.

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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