

January 10, 2024

To the Board of Directors and Management of
Sauk Valley College Foundation
Dixon, Illinois

We have audited the financial statements of Sauk Valley College Foundation (the Foundation), a component unit of Sauk Valley Community College District 506, for the year ended June 30, 2023, and have issued our report thereon dated January 10, 2024. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in the United States

As stated in our engagement letter dated May 5, 2023, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to your representative, William Wescott, in our discussions about planning matters on August 31, 2023, in addition to our engagement letter dated May 5, 2023, accepted by Lori Cortez.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Foundation are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2023.

We noted no transactions entered into by the Foundation during the year for which there is a lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of fair value of investments is based on quoted market prices.
- Management's estimate of collectability of pledges receivable is based on prior history of collections and management's assessment of the pledges.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached Summary of Passed Adjustments summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, we proposed and the Foundation recorded the attached listing of adjusting journal entries.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 10, 2024, a copy of this letter is attached.

Management Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Foundation's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Foundation's auditors for the preceding year. However, these discussions occurred in the normal course of our professional relationship and our responses were not, in our judgment, a condition of our retention.

Other Matters

In planning and performing our audit of the financial statements of Sauk Valley College Foundation (the Foundation) for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing our auditing 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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

* * * * *

The following are comments and suggestions with respect to matters that came to our attention in connection with our audit of the Foundation, as of and for the year ended June 30, 2023. These items are offered as constructive suggestions to be considered as part of the ongoing process of modifying and improving the Foundation's practices and procedures.

Pledge Receivables

Over the past few years, the Foundation has experienced an increase in pledge receivables related to the Impact Program. We recommend the Foundation implement internal control processes to ensure proper recording and documentation of pledge receivable is maintained. The Foundation should implement processes for pledge documentation and timely recording, allowance for doubtful account analysis, and collection schedule of multiyear pledges for accurate calculation of net present value of pledge receivables.

There are discrepancies between the June 30, 2023 Pledge Status Report and the Foundation's trial balance. The Foundation creates a separate reconciliation for manual adjustments in order to tie to two reports. We recommend the Foundation connect with their accounting software company to determine if there is a better way to make changes to the Pledge Status Report.

During the audit wrap up, we were informed of a \$65,000 pledge that was not recorded as a pledge receivable on the June 30, 2023 trial balance. The pledge was subsequently recorded in August 2023 and we were not informed of the pledge until December 2023.

* * * * *

We appreciate the opportunity to be of service to Sauk Valley College Foundation.

This communication is intended solely for the use of the Board of Directors and management of Sauk Valley College Foundation and is not intended to be, and should not be, used by anyone other than these specified parties.



Wipfil LLP
Enclosures

Wipfli LLP
403 East Third Street
Sterling, Illinois 61081

This representation letter is provided in connection with your audit of the financial statements of Sauk Valley College Foundation (the Foundation), a component unit of Sauk Valley Community College District 506, which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief as of the date of this letter, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 5, 2023 including our responsibility for the preparation and fair presentation of the financial statements in accordance with GAAP.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. We have disclosed to you the identity of the Foundation's related parties and all the related party relationships and transactions, including any side agreements, of which we are aware. All related party transactions were made at arm's-length. We have also disclosed any changes in related party transactions, and the business purpose for entering into transactions with related parties versus unrelated parties. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of GAAP.

7. All events subsequent to the date of the financial statements and for which GAAP requires adjustment or disclosure have been adjusted or disclosed.
8. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter. In addition, you have proposed adjusting entries, which we are in agreement with, and are given effect to in the financial statements.
9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with GAAP.
10. Significant estimates and material concentrations have been properly disclosed in accordance with GAAP.
11. Guarantees, whether written or oral, under which the Foundation is contingently liable, have been properly recorded or disclosed in accordance with GAAP.
12. We accept responsibility for and have designated an individual with suitable skill, knowledge, or experience to oversee the following nonattest services:
 - a. Financial statement preparation
 - b. Tax return preparation

Information Provided

13. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the Foundation from who you determined it necessary to obtain audit evidence.
 - d. Minutes of the meeting of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.
14. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
15. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
16. We have no knowledge of any fraud or suspected fraud affecting the Foundation involving:
 - a. Management.
 - b. Employees who have significant roles in internal control.
 - c. Others where the fraud could have a material effect on the financial statements.
17. We have no knowledge of any allegations of fraud or suspected fraud affecting the Foundation's financial statements communicated by employees, former employees, regulators, or others.

18. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with GAAP.
19. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
20. There are no other liabilities and gain or loss contingencies that are required to be accrued or disclosed by accounting standards.
21. There are no unrecorded transactions and/or side agreements or other arrangements (either written or oral).
22. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
23. The Foundation has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged.
24. The Foundation has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
25. Receivables recorded in the financial statements represent valid claims against debtors for services provided or other charges arising on or before the statement of financial position date and have been reduced to their estimated net realizable value.
26. We have reviewed long-lived assets and certain identifiable intangibles to be held and used for impairment whenever events or changes in circumstances have indicated that the carrying amount of assets might not be recoverable and have appropriately recorded the adjustment.
27. The Foundation has identified all accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates, and we believe the estimates are reasonable in the circumstances.
28. There are no estimates that may be subject to a material change in the near term that have not been properly disclosed in the financial statements. We understand that near term means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations existing at the date of the financial statements that make the Foundation vulnerable to the risk of severe impact that have not been properly disclosed in the financial statements.
29. The methods we used in developing accounting estimates are applied consistently, data is accurate and complete, and the assumptions are reasonable.
30. We have fully disclosed to you all terms of contracts with customers that affect the amount and timing of revenue recognized in the financial statements, including delivery terms, rights of return or price adjustments, side adjustments, implicit provisions, unstated business conventions, and all warranty provisions.
31. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a

direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

32. We have complied with all restrictions on resources (including donor restrictions) and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.
33. Sauk Valley College Foundation is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Foundation's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up to date.

To the best of our knowledge and belief, no events, including instances of noncompliance, have occurred subsequent to the statement of financial position date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

Sincerely,

Dr. Lori A. Cortez, Dean of College Advancement
Sauk Valley College Foundation

Nancy Breed, Foundation Assistant
Sauk Valley College Foundation

Sauk Valley College Foundation

AJE

Year End: June 30, 2023

AJE

Date: 7/1/2022 To 6/30/2023

Checked out by	Prepared by MCS 10/24/2023	MCS Reviewed	SM Reviewed by SCM 12/13/2023
Concurring	Reviewed by JF	Reviewed by	

Number	Date	Name	Account No	Reference	Debit	Credit
1	6/30/2023	Sauk Valley Bank-Collateralized MM Repo 2014	01-1112 01	PL. 6. 1	100,000.00	
1	6/30/2023	Contributions	01-4115 01	PL. 6. 1		57,473.00
1	6/30/2023	Transfer In	01-7100 01	PL. 6. 1	57,473.00	
1	6/30/2023	Transfer Out	01-7200 01	PL. 6. 1		100,000.00
1	6/30/2023	Sauk Valley Bank-Collateralized MM Repo 2014	02-1112 02	PL. 6. 1		100,000.00
1	6/30/2023	Transfer In	02-7100 02	PL. 6. 1	100,000.00	
1	6/30/2023	Contributions	03-4115 03	PL. 6. 1	57,473.00	
1	6/30/2023	Transfer Out	03-7200 03	PL. 6. 1		57,473.00
To reverse transfers to rebalance cash between funds and correct the entry to not effect donor restrictions						
2	6/30/2023	Allowance for Doubtful Accounts	03-1221 WF 03	D. 3. 1		6,305.00
2	6/30/2023	Misc Expenses	03-5910 WF 03	D. 3. 1	6,305.00	
To record the foundation's allowance for doubtful accounts. (CLIENT TO POST AS OF 6/30/2023)						
3	6/30/2023	Pledges Receivable	03-1220 03	D. 3. 2	65,000.00	
3	6/30/2023	Contributions	03-4115 03	D. 3. 2		65,000.00
To record a pledge receivable discovered during the audit.						
					386,251.00	386,251.00

Net Income (Loss) 1,456,585.00

Sauk Valley College Foundation

RJE

Year End: June 30, 2023

RJE

Date: 7/1/2022 To 6/30/2023

Checked out by	Prepared by MCS 10/24/2023	MCS Reviewed	SM Reviewed by SCM 12/13/2023
Concurring	Reviewed by JF	Reviewed by	

Number	Date	Name	Account No	Reference	Debit	Credit
RJE1	6/30/2023	Sauk Valley Bank-Collateralized MM Repo 2014	01-1112 01	PY REPORT		1,400.00
RJE1	6/30/2023	Fund Balance	01-3000 01	PY REPORT	1,398.00	
RJE1	6/30/2023	Misc Expenses	01-5910 01	PY REPORT	2.00	
RJE1	6/30/2023	Sauk Valley Bank-Collateralized MM Repo 2014	02-1112 02	PY REPORT	1,400.00	
RJE1	6/30/2023	Fund Balance	02-3000 02	PY REPORT		1,400.00
RJE1	6/30/2023	Fund Balance	03-3000 03	PY REPORT		1.00
RJE1	6/30/2023	Investment Income	03-4210 03	PY REPORT	1.00	
To tie out PY fund balances. (CLIENT DO NOT POST).						
RJE2	6/30/2023	In-Kind Contributions	01-4120 01	CLIENT		240,676.00
RJE2	6/30/2023	In-Kind Contributions	01-5520 01	CLIENT	240,676.00	
To record Payroll In-Kind contribution for FY23 from the College. (CLIENT DO NOT POST)						
RJE3	6/30/2023	Commonfund Foundation Endowments	03-1350 03	B. 1		2,241,798.00
RJE3	6/30/2023	Impact Campaign Program	03-1351 03	B. 1	2,241,798.00	
RJE3	6/30/2023	Commonfund Investment Account	04-1350 04	B. 1	2,554.00	
RJE3	6/30/2023	Impact Campaign Program	04-1351 04	B. 1		2,554.00
RJE3	6/30/2023	Unrealized Gain/Loss Temp Restricted	04-4230 04	B. 1	406,996.00	
RJE3	6/30/2023	Unrealized Gain/Loss Unrestricted	04-4240 04	B. 1		406,996.00
Entry to tie out unrealized G/L for the common fund accounts. (CLIENT DO NOT POST).						
RJE4	6/30/2023	Administrative Fees	02-5340 02	PL. 6	1.00	
RJE4	6/30/2023	Transfer In	02-7100 02	PL. 6		1.00
To have the transfers equal each other. (CLIENT DO NOT POST)						
					2,894,826.00	2,894,826.00
Net Income (Loss)			1,456,585.00			

Sauk Valley College Foundation
 Summary of Passed Adjustments
 June 30, 2023

Current - June 30, 2023				Effect of Uncorrected Misstatements: Under (Over) Statement of:					
WP Ref	Description	Type of Misstatement		Assets	Liabilities	Net Assets	Support and Revenue	Expenses	Change in Net Assets
1	D.3.2	Net present value discount on pledge receivables	Likely	\$ (10,642)	\$ -	\$ -	\$ (10,642)	\$ -	\$ (10,642)
Impact of unrecorded differences before income effect of prior year differences (Iron Curtain)				\$ (10,642)	\$ -	\$ -	\$ (10,642)	\$ -	\$ (10,642)
Prior year differences							-	-	-
Impact of unrecorded differences after income effect of prior year differences (Roll Over)							\$ (10,642)	-	(10,642)
Financial statement caption totals				\$ 10,261,506	\$ 87,161	\$ 10,261,506	\$ 2,357,771	\$ 901,186	\$ 1,456,585
Differences as a % of F/S captions - Iron Curtain				(0.10) %	- %	- %	(0.45) %	- %	(0.73) %
Differences as a % of F/S captions - Rollover							(0.45) %	- %	(0.73) %

Other Presentation and Disclosure Matters

Items	Comment

Prior - June 30, 2022			Effect of Uncorrected Misstatements: Under (Over) Statement of:					
WP Ref	Description	Type of Misstatement	Assets	Liabilities	Net Assets	Support and Revenue	Expenses	Change in Net Assets
Total			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Acknowledgments:

Known Misstatements - We acknowledge that you have requested that we correct all known misstatements that you have brought to our attention (including those that no longer appear on the accompanying schedule - if applicable).

Likely Misstatements - We acknowledge that you have requested that we examine the class of transactions, account balance, or disclosure (as applicable) to identify any likely misstatements that exist and make corrections.

Likely Misstatements Involving Estimates - We acknowledge that you have requested us to review the assumptions and methods used in developing our estimate - and as a result we affirm the accounting for the estimates involved as finally recorded.

Conclusion:

Based on our evaluation of the unadjusted audit differences, both individually and in the aggregate, as well as a consideration of qualitative factors and the possibility of undetected misstatements, we are not aware of any material modifications that should be made to the financial statements in order for them to be in conformity with the Organization's financial reporting framework.

_____ Date _____

*Please return with representation letter

Signature: Lori Cortez
Lori Cortez (Jan 10, 2024 13:29 CST)

Email: lori.a.cortez@svcc.edu

Signature: Nancy J Breed
Nancy J Breed (Jan 10, 2024 10:16 CST)

Email: nancy.j.breed@svcc.edu