

December 4, 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, 2024, and have issued our report thereon dated December 3, 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 April 3, 2024, 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, timing, and with respect to significant risks identified by us, all of which were previously communicated to your representative, William Wescott, in our letter dated July 17, 2024, in addition to our engagement letter dated April 3, 2024, 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 2024.

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 December 3, 2024, a copy of which accompanies this letter.

#### *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. 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.

### Internal Control Matters

In planning and performing our audit of the financial statements of Sauk Valley College Foundation (the "Foundation") for the year ended June 30, 2024, 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, and therefore significant deficiencies and material weaknesses may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies

*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.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. None of the identified significant deficiencies are considered to be material weaknesses. We consider the following deficiencies in internal control to be significant deficiencies:

#### Pledge Receivables

During the audit, we noticed that the Foundation's pledge receivable balance on their pledge receivable software did not match the Foundation's balance in their financial system as of June 30, 2024. Without an accurate recording of their pledge receivables, the information provided to management is inaccurate. Also, the probability that misstatements or material errors will occur and go undetected generally increases. We recommend that the Foundation have a second person review the reconciliation to verify that the pledge receivable software balance and the Foundation's financial system match each other.

\* \* \* \* \*

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, 2024. 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.

#### Bank Collateral

During the audit, we noticed that the foundation didn't have enough collateral at Sauk Valley Bank as of 6/30/2024. We recommend that the college maintain enough collateral to cover all their cash at Sauk Valley Bank.

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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.

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

Sincerely,

*Wipfil LLP*

Wipfil LLP  
Enclosures