

City Colleges of Chicago FY 2025 Audit Presentation

December 4, 2025





Agenda

Audit Team	3
Scope of Services	4
Overall Audit Strategy	5
Timing of Audit	6
Report to the Board of Trustees	7
Federal Compliance (Single Audit)	9

Audit Team



Kelly Kirkman

Partner

+1 312 634 4407

Kelly.Kirkman@rsmus.com



Ronnie Christopher

Senior Manager

+1 312 634 5929

Ronnie.Christipher@rsmus.com



Meredith Miscinski

Manager

+1 312 634 4565

Meredith.Miscinski@rsmus.com

Audit Team (continued)

Subcontractors:

- MBE: Prado & Renteria (25%)
- WBE: Benford Brown and Associates, LLC (7%)
- Fully integrated into the audit team
- Assist with detailed testing in both financial and compliance audits

Scope of Services

All audit opinions are unmodified or “clean” audit opinions

**** Reports were finalized one week earlier than in the prior year!****

- Report on the audit of the financial statements (ACFR)
- Examination of ICCB Schedule of Enrollment Data
- Report on audits of ICCB grant programs financial statements
- Youth Connections Charter School In Relation to Opinion
- Report on internal control over financial reporting and compliance in accordance with GAS
- Report on the audit of the financial statements of City Colleges of Chicago Foundation
- Single audit (in process)

Overall Audit Strategy

Our independence policies and procedures

Our independence policies and procedures are designed to provide reasonable assurance that our firm and its personnel comply with applicable professional independence standards. Our policies address financial interests, business and family relationships, and non-audit services that may be thought to bear on independence. For example:

- Our partners and professional employees are restricted in their ability to own a direct financial interest or a material indirect financial interest in a client or any affiliate of a client.
- If an immediate family member or close relative of a partner or professional employee is employed by a client in a key position, the incident must be reported and resolved in accordance with firm policy.
- Our policies prohibit us from providing certain non-attest services and require audit clients to accept certain responsibilities in connection with the provision of permitted non-attest services.

The audit planning process

Our audit approach places a strong emphasis on obtaining an understanding of how your entity functions, which enables us to identify key audit components and tailor our procedures to the unique aspects of your entity.

- **Understand the entity.** The development of our audit plan begins by meeting with you [and with management] to obtain an understanding of the Organization's objectives, strategies, risks and performance.
- **Materiality.** We obtain an understanding of the users of the financial statements in order to establish an overall materiality level for audit purposes.
- **Internal control.** As part of obtaining an understanding of your entity and its environment, we obtain an understanding of your system of internal control.
- **Risk assessment.** We use this understanding of your entity, its environment, and its internal control to identify risks of material misstatement and noncompliance, which provides us with a basis for designing and implementing responses to the assessed risks of material misstatement and noncompliance.
- **Discussions among the engagement team.** We conduct formal discussions among engagement team members to consider how and where your financial statements might be susceptible to material misstatement due to fraud or error or to instances of noncompliance.

Timing of the Audit

Planning

- Internal meetings
- Management meetings
- Letter to board

Preliminary Fieldwork (June)

- Risk assessments
- Transaction cycle understanding
- Tests of controls
- Federal program compliance testing

Final Fieldwork (August - October)

- Detail testing of account balances and financial statement results
- Substantive tests of details
- Substantive analytical procedures
- Federal program compliance testing

Approval and Issuance (November)

- Status meetings through out process
- Exit meeting
- Finalize financial statements – November

Report to the Board of Trustees

- Communication to the Board which outlines required audit communications:
 - Overview of planned scope and timing of the audit
 - Communicated to the Board in a letter dated June 12, 2025
 - Identified an additional risk for the implementation of GASB No. 101, *Compensated Absences*
 - Preferability of accounting policies and practices
 - Management selected preferable accounting policies
 - Adoption of, or change in, accounting policies (GASB Statements No. 101 and 102)
 - No significant impact of either statements
 - Significant accounting policies
 - No controversial policies or lack of authoritative guidance
 - No significant or unusual transactions

Report to the Board of Trustees (continued)

–Accounting estimates are an integral part of the preparation of financial statements and are based upon management’s current judgement. You may wish to monitor throughout the year the process used by management to compute and record the following accounting estimates used in City Colleges’ financial statements:

- Student accounts receivable allowance
- Fair value of investments
- Property tax receivable allowance
- Defined benefit pension liability
- Other postemployment benefits obligation
- Workers’ compensation liability
- Depreciation of capital assets
- Leases
- IBNR liability
- Compensated absences

Report to the Board of Trustees (continued)

–Audit adjustments

- Management corrected the following misstatements that were identified as a result of our audit procedures:
 - \$867k – to reclassify Construction in Progress to Buildings & Improvements for an elevator project that was completed in fiscal year 2024
 - \$100k – to correct grant receivable and revenue in fiscal year 2025 for duplicate activity that was recorded in a previous fiscal year
- Note – neither of these adjustments rose to the level of a reportable deficiency for City Colleges

Report to the Board of Trustees (continued)

–Uncorrected misstatements

- We identified the following uncorrected misstatements that management has concluded are not material to the financial statements.
 - \$332k – to correct opening misstatement for prior year Pell adjustment
 - \$763k – to correct both a factual misstatement and projected error for a grant receivable incorrectly reflected as a reimbursement grant at year-end
- Note - neither of these adjustments rose to the level of a reportable deficiency for City Colleges

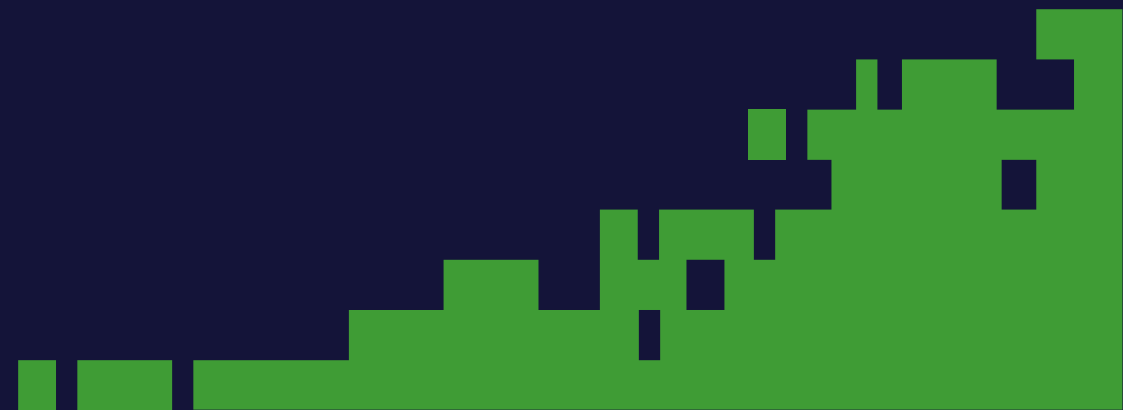
Report to the Board of Trustees (continued)

- No disagreements with management
- No significant issues discussed with management
- No significant difficulties during the audit
- Shared responsibility for independence
- Internal control and compliance matters
 - No financial statement significant deficiencies or material weaknesses
- Written communications with management (representation letters)

Federal Compliance Audit (Single Audit)

- 2025 OMB Compliance Supplement just released on November 25, 2025
- Testing is still in progress, therefore compliance findings (if any) have not been finalized
 - Targeting completion by end of December
- Federal awards total approximately \$101.5 million.
- 2 federal grant programs tested as major:
 - Student Financial Assistance Cluster (\$85.1m)
 - Higher Educational Institutional Aid (\$2.8m)

Questions and Answers





THE POWER OF BEING UNDERSTOOD

ASSURANCE | TAX | CONSULTING

This document contains general information, may be based on authorities that are subject to change, and is not a substitute for professional advice or services. This document does not constitute assurance, tax, consulting, business, financial, investment, legal or other professional advice, and you should consult a qualified professional advisor before taking any action based on the information herein. RSM US LLP, its affiliates and related entities are not responsible for any loss resulting from or relating to reliance on this document by any person. Internal Revenue Service rules require us to inform you that this communication may be deemed a solicitation to provide tax services. This communication is being sent to individuals who have subscribed to receive it or who we believe would have an interest in the topics discussed.

RSM US LLP is a limited liability partnership and the U.S. member firm of RSM International, a global network of independent assurance, tax and consulting firms. The member firms of RSM International collaborate to provide services to global clients, but are separate and distinct legal entities that cannot obligate each other. Each member firm is responsible only for its own acts and omissions, and not those of any other party. Visit rsmus.com/aboutus for more information regarding RSM US LLP and RSM International.

RSM, the RSM logo and *the power of being understood* are registered trademarks of RSM International Association.

© 2024 RSM US LLP. All Rights Reserved.