

**Illinois Grant Accountability and Transparency
Notice of State Award**

12/20/17

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STATE OF ILLINOIS GRANT INFORMATION	
State Award Identification	Name of State Agency (Grantor): Illinois Racing Board Department/Organziation Unit: Charity Fund
State Award ID Number (SAIN)	1627-5543
State Program Description	For over 30 years, the Illinois Racing Board Charity Fund Program has provided more than \$24 million for medical, dental, family, counseling, and other wellness services ("Wellness Services") to persons who reside or work on the backstretch of Illinois' pari-mutuel race tracks. The State of Illinois and Illinois Racing Board ("IRB") is the only racing jurisdiction in the United States that has this type of program. Specifically, section 31.1 of the Illinois Horse Racing Act of 1975 ("Racing Act") requires organization licensees (a/k/a race tracks) collectively to contribute annually to charity the sum of \$750,000 to non-profit organizations that provide Wellness Services to persons who reside or work on the backstretch of Illinois' pari-mutuel race tracks.
Annoucnment Type	Initial
Agency (Grantor) Contact Information	Name: MICKEY EZZO Phone: 312-814-5017 Email: mickey.ezzo@illinois.gov

GRANTEE INFORMATION	
Grantee / Subrecipient Information	Name: Racing Industry Charitable Foundation Address: 3501 S. Laramie, Cicero, IL 60804 Phone: 847-255-4300 Email: ken.kiehn@arlingtonpark.com
Grantee Identification	GATA: 689709 DUNS: 115791626 FEIN: 363073230
Period of Performance	Start Date: 1/1/2018 End Date: 12/31/2018

FUNDING INFORMATION			
FUND	CSFA	CFDA	AMOUNT
0271	579-00-1627	N/A	\$750,000.00
TOTAL			\$750,000.00

(M) Currently used by State of Illinois for "Match" or "Maintenance of Effort" (MOE) requirements on Federal Funding. Funding is subject to Federal Requirements and may not be used by Grantee for other match requirements on other awards.

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TERMS AND CONDITIONS	
Grantee Indirect Cost Rate Information	Rate: Grantee to Provide Base: Per GATA Period:
Research & Development	No
Cost Sharing or Matching Requirements	No
Uniform Term(s)	CODE of FEDERAL REGULATIONS Title 2: Grants and Agreements PART 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200) Grant Accountability and Transparency Act (GATA), 30 ILCS 708/1 Illinois Administrative Code
Grantor-Specific Term(s)	This Agreement is subject to all federal and State laws, rules and regulations, including, but not limited to the following: Illinois Racing Act of 1975 (230 ILCS 5/1, et al.), specifically, Section 31.1, which can be located at: http://www.ilga.gov/legislation/ilcs/ilcs3.asp?ActID=1398&ChapterID=25 ; Joint Committee on Administrative Rules Administrative Code, title 11: Alcohol, Horse Racing, Lottery, and Video Gaming, specifically, Part 208, entitled, Charitable Funds, which can be located at: http://www.ilga.gov/commission/jcar/admincode/011/011parts.html Conflict of Interest and Financial Disclosures Authoritative Sources 18 U.S.C. 208, GATA 30 ILCS 708/35, 708/40 and 708/60, 2 CFR 200, 2 CFR part 180 and 31 U.S.C. 3321, 5 CFR, 5 ILCS 430, and the specific CFR regulations that govern the grant program State Agency staff and Grantees for Federal, Federal Pass-through and State grants must not have any conflicts of interest or apparent conflict of interest which may impair the fairness and impartiality of the grant process. Conflict of Interest – Examples Examples of situations which may be prohibited or represent a potential conflict of interest may include, but are not limited to: (1) Financial interest, including ownership of stocks and bonds, in a firm which submits, or is expected to submit, an application in response to the funding opportunity; (2) Outstanding financial commitments to any applicant or potential applicant; (3) Employment in any capacity, even if otherwise permissible, by any applicant, applicant officers or potential applicant; (4) Employment within the last 12 months by any applicant, applicant officers or potential applicant; (5) Any non-vested pension or reemployment rights, or interest in profit sharing or stock bonus plan, arising out of the previous employment by an applicant or potential applicant; (6) Employment of any member of the immediate family by any applicant or potential applicant; (7) Positions of trust that may include employment, past or present, as an officer, director, trustee, general partner, agent, attorney, consultant, or contractor; (8) A close personal relationship that may include a spouse, dependent child or member of the proposal evaluator's household that may compromise or impair the fairness and impartiality of the proposal evaluator or advisor and grants officer during the proposal evaluation and award selection process, and the management of an award; and (9) Negotiation of outside employment with any applicant or potential applicant. (10) Related-party status between grantees and grant-making agencies, i.e. spouse, dependent child, family member, or member of household with a relationship that may compromise or impair the fairness and impartiality of the grantee and grant-making agency in the selection and award process of a grant. (11) Related-party status of grantee organization senior management and relationship with contracted vendors that may compromise or impair the fairness and impartiality of a grant award. Mandatory Disclosure - Financial assistance

The non-Federal entity or applicant for a Federal award must disclose in writing, in a timely manner, to the Federal awarding agency or pass-through entity all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award. Failure to make required disclosures can result in any of the remedies described in 2 CFR 200.338 (see also 2 CFR part 180 and 31 U.S.C. 3321). A non-Federal entity or applicant for a the Department award must disclose, in a timely manner, in writing to the Department awarding agency or pass-through entity, and to the Department's Office of Inspector General, all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award.

The following shall be added after the last sentence of sub-section 5.1 of this Agreement: Grantee agrees to use the Grant Funds provided under this Agreement in the manner and for the purposes set forth herein and in Grantee's Application. The Grantee shall not change, modify, revise, alter, amend, or delete any part of the services it has agreed to provide in the Application without prior written consent from Grantor.

In addition to ARTICLE 13 of this Agreement, Grantee shall:

Establish and maintain a formal modified accrual accounting system in accordance with generally accepted accounting principles of the American Institute of Certified Public Accountants ("AICPA") including the level of documentation, classification of entries and audit trails sufficient to meet the requirements of 11 Ill. Adm. Code Part 208. All fiscal records must be maintained by the Grantee for five (5) years after termination or expiration of this Agreement.

The following shall be added as sub-paragraph 16.1(b)(v) of this Agreement:
16.1(b)(v) The Grantee permanently ceases its operations to provide medical, dental and family counseling and similar services for persons who reside or work on the backstretch of Illinois racetracks during calendar year 2018, for any reason, including but not limited to, fire or other casualty, bankruptcy, dissolution.

The following Articles shall be added to this Agreement:

**ARTICLE XXVII
ADDITIONAL CERTIFICATIONS**

Business Entity Registration. Grantee certifies that it is not required to register as a business entity with the State Board of Elections pursuant to the Procurement Code (30 ILCS 500/20-160 and 30 ILCS 500/50-37). Further, Grantee acknowledges that all contracts between State agencies and a business entity that do not comply with this Paragraph shall be voidable under Section 50-60 of the Procurement Code (30 ILCS 500/50-60).

**ARTICLE XXVIII
ADDITIONAL TERMS**

28.1 Renewal. This Agreement may be renewed for additional periods by mutual consent of the Parties, expressed in writing and signed by the Parties. Grantee acknowledges that this Agreement does not create any expectation of renewal.

28.2 Multiple Locations. In the event that Grantee has more than one location, Grantee shall include in EXHIBIT D either (1) the address, phone number and hours of operation of each location, or (2) the address, phone number and hours of operation of Grantee's primary location.

28.3 Changes in Key Grant Personnel. When it is specifically required as a condition of an Award, the replacement of the Program director or a key person or a substantial reduction in the level of their effort, e.g., their unanticipated absence for more than three (3) months, or a twenty-five percent (25%) reduction in the time devoted to the Award purposes, requires Prior Approval from Grantor. When it is specifically required as a condition of an Award, Prior Approval will be required for the replacement or the substantial reduction in the level of effort of other personnel whose work is deemed by Grantor to be critical to the Award's successful completion. All requests for approval of changes in key Grant personnel shall be signed by Grantee's authorized representative and submitted to the appropriate Grantor program personnel. Evidence of the qualifications for replacement personnel (such as a résumé) shall be included. 2 CFR 200.308.

28.4 Grant Funds Recovery. The provisions of 89 Ill. Adm. Code 511 shall apply to any funds awarded that are subject to the Illinois Grant Funds Recovery Act.

ARTICLE XXIX
MONITORING AND INFORMATION

29.1 Monitoring of Conduct. In addition to Article XII of PART ONE, Grantor shall monitor Grantee's conduct under this Agreement which may include, but shall not be limited to, reviewing records of performance in accordance with administrative rules, license status review, fiscal and audit review, Agreement compliance and compliance with the affirmative action requirements of this Agreement. Grantor shall have the authority to conduct announced and unannounced monitoring visits and Grantee shall cooperate with Grantor in connection with all such monitoring visits. Failure of Grantee to cooperate with Grantor in connection with announced and unannounced monitoring visits is grounds for Grantor's termination of this Agreement.

29.2 Requests for Information. Grantor may request, and Grantee shall supply, upon request, necessary information and documentation regarding transactions constituting contractual (whether a written contract exists or not) or other relationships, paid for with funds received hereunder. Documentation may include, but is not limited to, information regarding Grantee's contractual agreements, identity of employees, shareholders and directors of Grantee and any party providing services which will or may be paid for with funds received hereunder, including, but not limited to, management and consulting services rendered to Grantee.

29.3 Rights of Review. This ARTICLE XXIX does not give Grantor the right to review a license that is not directly related to the Award being audited nor does it allow Grantor to unilaterally revoke a license without complying with all due process rights to which Grantee is entitled under Federal, State or local law or applicable rules promulgated by Grantor.

29.4 Grant Fund Control Requirements.

(a) The Grantee shall have an annual audit performed at the close of its fiscal year. This audit is to be performed in accordance with generally accepted auditing standards by an independent certified public accountant licensed by the State of Illinois. The resulting audit report is to be prepared in accordance with the AICPA.

(b) A copy of the Grantee's complete and attested audited financial statements for the preceding calendar year shall be included in the Grantee's Application on or before the statutory deadline set forth in Section 31.1 of the Racing Act.

(c) The Grantee shall also be subject to audit by Grantor personnel to determine whether the funds awarded by Grantor are being used in accordance with the proposed budget contained in the Grantee's Application. Further, the Grantee is required to permit the Board, the Illinois Office of the Inspector General, the Auditor General of the State of Illinois, or the Illinois Attorney General to inspect and audit any books, records or papers related to the program, project, or use for which the Grant Funds were provided.

(d) The Grantee shall file quarterly reports with Grantor, describing the progress of the program, project, or use and the expenditure of the grant funds related thereto, which are due to Grantor within fifteen (15) business days of completion of the respective reporting period.

ARTICLE XXX
WORK PRODUCT

30.1 Assignment of Work Product. "Work Product" means all the tangible materials, regardless of format, delivered by Grantee to Grantor under this Agreement. Grantee assigns to Grantor all right, title and interest in and to Work Product. However, nothing in this Agreement shall be interpreted to grant Grantor any right, title or interest in Grantee's intellectual property that has been or will later be developed outside this Agreement.

30.2 License to Grantor. To the extent Grantee-owned works are incorporated into Work Product, Grantee grants to Grantor a perpetual, non-exclusive, paid-up, world-wide license in the use, reproduction, publication and distribution of such Grantee-owned works when included within the Work Product. Grantee shall not copyright Work Product without Grantor's prior written consent.

30.3 License to Grantee; Objections. Grantor grants to Grantee a perpetual, non-exclusive, paid-up license to publish academic and scholarly articles based upon the services rendered under this Agreement. All materials to be published shall first be submitted to Grantor at

least forty-five (45) calendar days prior to publication or other disclosure. Upon written objection from Grantor, Grantee shall excise any confidential information, as that term is defined in applicable State and Federal statutes, federal regulations and Grantor administrative rules, from materials before publication. Grantor may also object to the publication on grounds other than confidentiality. As to the latter objections, Grantor and Grantee will attempt to resolve Grantor's concerns within the forty-five (45) day review period, or as otherwise agreed between the Parties. Grantor waives any objections not made to Grantee in writing before expiration of the review period.

30.4 Unresolved Objections; Disclaimer. If Grantor's objections on grounds other than confidentiality are not resolved within the review period or other such time as agreed by the Parties, then Grantee may publish the materials but shall include therein the following disclaimer: "Although the research or services underlying this article were funded in whole or in part by the [Grantor], the [Grantor] does not endorse or adopt the opinions or conclusions presented in the article." Notwithstanding the above, Grantor shall not have the right to control or censor the contents of Grantee publications.

ARTICLE XXXI
POST-TERMINATION/NON-RENEWAL

31.1 Duties. Upon notice by Grantor to Grantee of the termination of this Agreement or notice that Grantor will not renew, extend or exercise any options to extend the term of this Agreement, or that Grantor will not be contracting with Grantee beyond the term of this Agreement, Grantee shall, upon demand:

- (a) Cooperate with Grantor in assuring the transition of recipients of services hereunder for whom Grantee will no longer be providing the same or similar services or who choose to receive services through another Grantee.
- (b) To the extent permitted by law, provide copies of all records related to recipient services funded by Grantor under this Agreement.
- (c) Grant reasonable access to Grantor to any and all Grantee sites serving recipients hereunder to facilitate interviews of recipients to assure a choice process by which recipients may indicate provider preference.
- (d) Provide detailed accounting of all service recipients' funds held by Grantee, as well as the identity of any recipients for whom Grantee has received a co-payment, but not provide all of its required services or laboratory testing results.

31.2 Survival. The promises and covenants of this Article shall survive the Term of this Agreement for the purposes of the necessary transition of recipients of services hereunder.

Program-Specific Term(s)

SPECIFIC CONDITIONS ASSIGNED TO GRANTEE - FISCAL AND ADMINISTRATIVE

The nature of the additional requirements

GATA Conditions:

02 - Quality of Management System (2 CFR 200.302)

Requires more detailed reporting;

05 - Cost Principles (2 CFR 200.400)

Requires additional prior approvals; Requires more detailed reporting; Requires monthly reporting;

06 - Audit (2 CFR 200.500)

Requires desk review of the status of implementation of corrective actions;

07 - Organizational Governance

(Including but not limited to: Board of Directors, City Council, County Board, Leadership, Legislature, Governor's Office, etc.)

Requires monthly financial and budget to actual variance reporting;

08 - Property Standards (2 CFR 200.310 - 316)

Requires additional prior approvals;

Agency Adjustments / Explanation:

None

The reason why the additional requirements are being imposed

GATA Conditions:

02 - Quality of Management System (2 CFR 200.302)

Medium to high risk increases the likelihood that grant revenues and expenditures will be inaccurate that could result in misreporting, and an abusive environment.

05 - Cost Principles (2 CFR 200.400)

Medium to high risk increases the likelihood unallowable costs or services, audit findings and questioned costs that would be required to be return to the state and federal government.

06 - Audit (2 CFR 200.500)

Medium to high risk will result in repeated audit findings, potential questioned cost and increase of administrative and programmatic specific conditions that will increase the cost or managing the grant program.

07 - Organizational Governance

(Including but not limited to: Board of Directors, City Council, County Board, Leadership, Legislature, Governor's Office, etc.)

Lack of Board oversight eliminates oversight controls of management's activities and increases the likelihood that management could circumvent controls resulting the the increased potential for fraud, waste and abuse.

08 - Property Standards (2 CFR 200.310 - 316)

Medium to high risk increases the likelihood of non-compliance resulting in audit findings, questioned cost and fraud, waste and abuse.

Agency Adjustments / Explanation:

None

The nature of the action needed to remove the additional requirement, if applicable

GATA Conditions:

02 - Quality of Management System (2 CFR 200.302)

Implementation of new or enhanced system, mitigating controls or a combination of both.

05 - Cost Principles (2 CFR 200.400)

Implementation of additional controls for reviewing and approval expenditures.

06 - Audit (2 CFR 200.500)

Completion of corrective action plan implementation.

07 - Organizational Governance

(Including but not limited to: Board of Directors, City Council, County Board, Leadership, Legislature, Governor's Office, etc.)

Implementation of corrective action that would include enhancing the oversight of the Board.

08 - Property Standards (2 CFR 200.310 - 316)

Implementation of corrective action including new or enhanced controls over equipment and property.

Agency Adjustments / Explanation:

None

The time allowed for completing the actions, if applicable

GATA Conditions:

02 - Quality of Management System (2 CFR 200.302)

One year.

05 - Cost Principles (2 CFR 200.400)

One year from the implementation of additional controls.

06 - Audit (2 CFR 200.500)

When corrective action is complete.

07 - Organizational Governance

(Including but not limited to: Board of Directors, City Council, County Board, Leadership, Legislature, Governor's Office, etc.)

One year from implementation of corrective action.

08 - Property Standards (2 CFR 200.310 - 316)

One year from the implementation of corrective action.

Agency Adjustments / Explanation:

None

The method for requesting reconsideration of the additional requirements imposed**GATA Conditions:****02 - Quality of Management System (2 CFR 200.302)**

One year.

05 - Cost Principles (2 CFR 200.400)

One year from the implementation of additional controls.

06 - Audit (2 CFR 200.500)

When corrective action is complete.

07 - Organizational Governance

(Including but not limited to: Board of Directors, City Council, County Board, Leadership, Legislature, Governor's Office, etc.)

One year from implementation of corrective action.

08 - Property Standards (2 CFR 200.310 - 316)

One year from the implementation of corrective action.

Agency Explanation:

By requesting an audit by the IRB of the conditions grantee requests to be eliminated.

SPECIFIC CONDITIONS ASSIGNED TO GRANTEE - MERIT-BASED REVIEW
<p>The nature of the additional requirements</p> <p>Agency Adjustments / Explanation:</p> <p>Uniform Budget & Narrative - Section A & B errors must be corrected.</p>
<p>The reason why the additional requirements are being imposed</p> <p>Agency Adjustments / Explanation:</p> <p>Applicant did not complete Sections A & B properly. Grant amount is missing from Section A, and line 18 exceeds available grant funds. No expenditures are listed in Section B.</p> <p>Applicant must explain in greater detail the source of travel policies applied in the budget</p>
<p>The nature of the action needed to remove the additional requirement, if applicable</p> <p>Agency Adjustments / Explanation:</p> <p>Must correct Sections A & B of the Uniform Budget & Narrative and provide additional detail regarding its travel policy.</p>
<p>The time allowed for completing the actions, if applicable</p> <p>Agency Adjustments / Explanation:</p> <p>Earlier of December 31, 2017 or Grant Agreement execution.</p>
<p>The method for requesting reconsideration of the additional requirements imposed</p> <p>Agency Explanation:</p> <p>By submitting revised sections A & B of the budget and additional information regarding travel policies and the IRB to review such submission and remove the above listed conditions.</p>

SPECIFIC CONDITIONS ASSIGNED TO GRANTEE - PROGRAMMATIC
<p>The nature of the additional requirements</p> <p>Agency Adjustments / Explanation:</p> <p>2. History of Performance - Ensure timely submission of all required reports and information to the Board and submit and obtain prior Board approval regarding changes in required by GATA and the grant agreement, specifically, Board rules section 208.100 (Use of Funds) for budgetary and scope of service changes.</p>
<p>The reason why the additional requirements are being imposed</p> <p>Agency Adjustments / Explanation:</p> <p>Failure to timely submit reports and information required to be submitted to the Board pursuant to GATA and the 2017 grant agreement. Failure to obtain prior Board approval regarding changes in GATA and grant requirements, specifically, regarding Board rules section 208.100 (Use of Funds) regarding budgetary and scope of service changes for 2017.</p>
<p>The nature of the action needed to remove the additional requirement, if applicable</p> <p>Agency Adjustments / Explanation:</p> <p>This condition cannot be removed.</p>
<p>The time allowed for completing the actions, if applicable</p> <p>Agency Adjustments / Explanation:</p> <p>Must comply with requirements during the term of all grant agreements with the Board.</p>
<p>The method for requesting reconsideration of the additional requirements imposed</p> <p>Agency Explanation:</p> <p>By submitting any written support to substantiate grantee prior written request to the Board to deviate from its approved budget and scope of services, if the Board advises a change was made without such prior written Board approval.</p>

SIGNATURE PAGE

Circle one: Accept NOSA / Reject NOSA

Institution / Organization

Signature

Name of Official

Title (Chief Financial Officer or equivalent)

Date of Execution