



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

William G. Holland, Auditor General

**SUMMARY REPORT DIGEST**

**IMSA FUND FOR  
ADVANCEMENT OF EDUCATION**

**FINANCIAL AUDIT  
For the Years Ended: June 30, 2010**

**Release Date: January 27, 2011**

**Summary of Findings:**

<b>Total this audit:</b>	<b>1</b>
<b>Total last audit:</b>	<b>0</b>
<b>Repeated from last audit:</b>	<b>0</b>

**SYNOPSIS**

- The Fund did not have appropriate controls to verify the net assets classifications reported in the financial statements agreed to the Fund's accounting records.

{Expenditures and Activity Measures are summarized on the reverse page.}

**IMSA FUND FOR ADVANCMENT OF EDUCATION**  
**FINANCIAL AUDIT**  
**For The Year Ended June 30, 2010**

<b>STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS</b>	<b>FY 2010</b>	<b>FY 2009</b>
<b>REVENUES</b>		
Operating Revenues:		
Contributions.....	\$ 885,870	\$ 907,479
Operating Agreement with Academy.....	259,441	263,964
Other Operating Revenues.....	20,501	(3,576)
Total Operating Revenues.....	<u>\$ 1,165,812</u>	<u>\$ 1,167,867</u>
<b>EXPENSES</b>		
Operating Expenses:		
Academy Support.....	\$ 1,029,230	\$ 598,390
Management and General.....	90,984	143,402
Fund Raising.....	72,938	99,292
Operating Agreement with Academy.....	259,441	263,964
Total Operating Expenses.....	<u>\$ 1,452,593</u>	<u>\$ 1,105,048</u>
Other Revenues and Expenses.....	331,146	(546,253)
Changes in Net Assets.....	<u>\$ 44,365</u>	<u>\$ (483,434)</u>
<b>STATEMENT OF NET ASSETS</b>	<b>FY 2010</b>	<b>FY 2009</b>
Assets:		
Cash and Cash Equivalents.....	\$ 840,984	\$ 741,709
Investments.....	2,683,087	2,720,884
Accounts Receivable.....	219,511	200,047
Prepaid Expenses.....	3,470	3,603
Pledges Receivable.....	52,262	61,751
Total Assets.....	<u>\$ 3,799,314</u>	<u>\$ 3,727,994</u>
Liabilities:		
Accounts Payable.....	\$ 32,556	\$ 2,846
Deferred Revenue.....	6,375	9,130
Total Liabilities.....	<u>\$ 38,931</u>	<u>\$ 11,976</u>
Net Assets.....	<u>\$ 3,760,383</u>	<u>\$ 3,716,018</u>
<b>FUND AGENT</b>		
During Audit Period: Suzyn Price		
Currently: Suzyn Price		

**FINDINGS, CONCLUSIONS, AND**  
**RECOMMENDATIONS**

**LACK OF CONTROLS OVER NET ASSET  
REPORTING**

The IMSA Fund for Advancement of Education (Fund) did not have appropriate controls to verify the net assets classifications reported in the financial statements agreed to the Fund's accounting records.

**The Fund switched accounting software in fiscal year 2009.**

The Fund has used a consultant each of the last several years to assist management with preparing financial statements in accordance with Generally Accepted Accounting Principles (GAAP). Prior to fiscal year 2009, the Fund maintained its formal accounting records on the cash basis and recorded accrual adjustments outside of its formal accounting records. In fiscal year 2009, the Fund switched accounting software. During the preparation of the 2009 financial statements, certain interfund entries to eliminate those accrual adjustments were overlooked by the consultant because the amounts zeroed out across all funds. Fund management did not verify that the net asset classifications on the financial statements prepared by the consultant agreed with the Fund's detailed accounting records. The initial 2010 financial statements prepared by the consultant and provided to the auditors continued this error. As a result, the June 30, 2009 "restricted net assets, expendable" have been decreased and the "unrestricted net assets" have been increased by \$103,964 to correct this error.

**Net assets for 2009 have been reclassified**

Fund management stated that a new accounting system was implemented in fiscal year 2009. Management and the consultant are still learning and adapting to reporting from this new system.

We recommended Fund management thoroughly review the work of its consultants to ensure the financial statements are properly presented. (Finding 1, pages 26-27)

**The Fund agrees with auditors**

Fund management agreed and stated that the General Ledger of the IMSA Fund is and was always in balance with respect to Net Asset Balances. Due to the small accounting staff working for the IMSA Fund, it was deemed necessary for the Fund to hire outside assistance to help in preparing the year end statements and tax forms. Because of this process, some work papers were completed on spreadsheets outside of the ledger system. Transfers between Net Asset classes that were booked on the ledger were not evident during this process and were overlooked. In total, the Net Assets of the Fund were reported correctly on the year end statements.

Going forward, with set up of a new ledger system behind us, the Fund's accounting staff is ready to decrease its dependence on outside consulting for year end financial statements and next year, plans to produce statements directly from the ledger thus eliminating this risk in the future. Also the staff will be more diligent in verifying correct Net Asset classes as well as total Net Assets on the financial statements.

**AUDITORS' OPINION**

Our auditors stated the June 30, 2010 financial statements of the IMSA Fund for Advancement of Education are fairly presented in all material respects.



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WILLIAM G. HOLLAND, Auditor General

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**AUDITORS ASSIGNED**

Our special assistant auditors for this audit were Borschnack, Pelletier & Co.