

WASHINGTON, PITTMAN & McKEEVER, LLC

*CERTIFIED PUBLIC ACCOUNTANTS AND
MANAGEMENT CONSULTANTS*

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**STATE OF ILLINOIS
IMSA FUND FOR ADVANCEMENT OF EDUCATION
(A Component Unit of the State of Illinois)**

**FINANCIAL AUDIT AND
COMPLIANCE EXAMINATION
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

**Performed as Special Assistant Auditors
For the Auditor General, State of Illinois**

STATE OF ILLINOIS
IMSA FUND FOR ADVANCEMENT OF EDUCATION
(A Component Unit of the State of Illinois)
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION
For the Years Ended June 30, 2015 and 2014

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AGENCY OFFICIALS

Vice President of External Engagement - Illinois Mathematics and Science Academy (08/10/2015 to Current)	Mr. Jeffrey Margolis, Ph D.
Executive Director of Development - Illinois Mathematics and Science Academy (through 11/30/2015)	Mr. Paul Milano
Vice President of Policy and Strategy - Illinois Mathematics and Science Academy (through 06/30/2015)	Ms. Catherine C. Veal

BOARD OF DIRECTORS

Mr. Anil Ahuja	Mr. Steve Chen
Mr. Aziz Asphaphani	Mr. Steve Collens
Mr. Bil Becker (to 10/17/2014)	Mr. Troy Henikoff
Ms. Pamela Blackwell	Ms. Mana Ionescu
Vice President	Mr. Tom Kornmeier (to 5/19/2015)
Chair of Governance	Ms. Kim Taylor
Mr. Joe Born (to 2/7/2015)	Mr. Alex Weiner
Dr. Ross Hemphill	Mr. Sam Yagan
President	Mr. Robert Darin (10/7/2014 to Current)
Mr. John Hoesley	Ms. Yuri Brown-Cruzat (5/4/2015 to 9/9/2015)
Dr. Cynthia Manfredi (2/19/2015 to Current)	Mr. Andre Reynolds (to 12/18/2014)
Dr. Stephanie Pace Marshall	Mr. Glenn Rippie
Mr. Paul Milano	Mr. Aalap Shah
Secretary (non-voting)	Ms. Eileen Murphy (to 4/29/2015)
Mr. Michael Suh	Mr. Joseph Nolan (to 9/29/2014)
Chair of Finance	Mr. Jacob Plummer
Treasurer	Mr. Jay Porter

The Fund's office is located at: 1500 Sullivan Road, Suite 200, Aurora, Illinois 60506-1000

February 3, 2016

Washington, Pittman & McKeever, LLC
Certified Public Accountant
819 S. Wabash, Suite 600
Chicago, IL 60605

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the IMSA Fund for Advancement of Education. We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the IMSA Fund for Advancement of Education's compliance with the following assertions during the two-year period ended June 30, 2015. Based on this evaluation, we assert that during the years ended June 30, 2015 and June 30, 2014, the IMSA Fund for Advancement of Education has materially complied with the assertions below.

- A. The IMSA Fund for Advancement of Education has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The IMSA Fund for Advancement of Education has obligated, expended, received and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The IMSA Fund for Advancement of Education has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the IMSA Fund for Advancement of Education are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the IMSA Fund for Advancement of Education on behalf of the State or held in trust by the IMSA Fund for Advancement of Education have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours truly,

IMSA Fund for Advancement of Education



Jeffrey Margolis, Ph.D.
Vice President of External Engagement

STATE OF ILLINOIS
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COMPLIANCE REPORT

SUMMARY

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

ACCOUNTANT'S REPORT

The Independent Accountant's Report on State Compliance and on Internal Control Over Compliance does not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF FINDINGS

<u>Number of</u>	<u>Current</u>	<u>Prior</u>
<u>Findings</u>	<u>Report</u>	<u>Reports</u>
Findings	0	0
Repeated findings	0	0
Repeated recommendation implemented or not repeated	0	1

EXIT CONFERENCE

The IMSA Fund for Advancement of Education waived holding an exit conference in a communication from Sheela Mahalingam, Finance Manager dated January 26, 2016.

WASHINGTON, PITTMAN & McKEEVER, LLC

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**INDEPENDENT ACCOUNTANT'S REPORT ON STATE COMPLIANCE
AND ON INTERNAL CONTROL OVER COMPLIANCE**

Honorable Frank J. Mautino
Auditor General
State of Illinois

And

Board of Directors
IMSA Fund for Advancement of Education
Aurora, Illinois

Compliance

As Special Assistant Auditors for the Auditor General, we have examined the IMSA Fund for Advancement of Education's (a component unit of the State of Illinois) compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the two years ended June 30, 2015. The management of the IMSA Fund for Advancement of Education is responsible for compliance with these requirements. Our responsibility is to express an opinion on the IMSA Fund for Advancement of Education's compliance based on our examination.

- A The IMSA Fund for Advancement of Education has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B The IMSA Fund for Advancement of Education has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C The IMSA Fund for Advancement of Education has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D State revenues and receipts collected by the IMSA Fund for Advancement of Education are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E Money or negotiable securities or similar assets handled by the IMSA Fund for Advancement of Education on behalf of the State or held in trust by the IMSA Fund for Advancement of Education have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the IMSA Fund for Advancement of Education's compliance with those requirements listed in the first paragraph of this report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the IMSA Fund for Advancement of Education's compliance with specified requirements.

In our opinion, the IMSA Fund for Advancement of Education complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two years ended June 30, 2015.

Internal Control

Management of the IMSA Fund for Advancement of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the IMSA Fund for Advancement of Education's internal control over compliance with the requirements listed in the first paragraph of this report to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the IMSA Fund for Advancement of Education's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the IMSA Fund for Advancement of Education's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the requirements listed in the first paragraph of this report on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

As required by the Audit Guide, immaterial findings excluded from this report have been reported in a separate letter to your office.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, agency management, (include those charged with governance such as the governing board if applicable), and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


WASHINGTON, PITTMAN & MCKEEVER, LLC

Chicago, Illinois
February 3, 2016

WASHINGTON, PITTMAN & McKEEVER, LLC

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Frank J. Mautino
Auditor General
State of Illinois

And

Board of Directors
IMSA Fund for Advancement of Education
Aurora, Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the IMSA Fund for Advancement of Education, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise IMSA Fund for Advancement of Education's basic financial statements, and have issued our report thereon dated February 3, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the IMSA Fund for Advancement of Education's internal control over financial reporting (internal control) to determine the audit 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 IMSA Fund for Advancement of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the IMSA Fund for Advancement of Education'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. *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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the IMSA Fund for Advancement of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the IMSA Fund for Advancement of Education's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the IMSA Fund for Advancement of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Washington, Pittman & McKeever, LLC
WASHINGTON, PITTMAN & MCKEEVER, LLC

Chicago, Illinois
February 3, 2016

**STATE OF ILLINOIS
IMSA FUND FOR ADVANCEMENT OF EDUCATION
(A Component Unit of the State of Illinois)
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION
For the Years Ended June 30, 2015 and 2014**

FINANCIAL STATEMENT REPORT

SUMMARY

The audit of the accompanying financial statements of the IMSA Fund for Advancement of Education as of and for the year ended June 30, 2015 was performed by Washington, Pittman & McKeever, LLC.

Based on their audit, the auditors expressed an unmodified opinion on the Fund's basic financial statements for the year ended June 30, 2015.

WASHINGTON, PITTMAN & McKEEVER, LLC

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INDEPENDENT AUDITOR'S REPORT

Honorable Frank J. Mautino
Auditor General
State of

And

Board of Directors
IMSA Fund for Advancement of Education
Aurora, Illinois

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the business-type activities of the IMSA Fund for Advancement of Education, a component unit of the State of Illinois, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the IMSA Fund for Advancement of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, for the IMSA Fund for Advancement of Education, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of IMSA Fund for Advancement of Education as of June 30, 2014, were audited by other auditors whose report dated November 19, 2014, expressed an unmodified opinion on those financial statements.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 12 - 17, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit for the year ended June 30, 2015 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the IMSA Fund for Advancement of Education's basic financial statements. The State Compliance Schedules 1 through 3 and the Analysis of Operations Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information for the year ended June 30, 2015 in State Compliance Schedules 1 through 3 is presented for the purposes of additional analysis and is not a required part of the basic financial statements of the IMSA Fund for Advancement of Education. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The accompanying supplementary information for the year ended June 30, 2015 in State Compliance Schedules 1 through 3 has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the State Compliance Schedules 1 through 3 are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2015.

The accompanying supplementary information for the year ended June 30, 2014 in the State Compliance Schedules 1 through 3 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

The basic financial statements of the IMSA Fund for Advancement of Education as of and for the year ended June 30, 2013 (not presented herein) was audited by other auditors whose report thereon dated November 26, 2013, which contained an unmodified opinion on the respective financial statements of the business-type activities. The accompanying supplementary information for the year ended June 30, 2013 in State Compliance Schedules 1 through 3 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the June 30, 2013 financial statements. The report of the other auditors stated that the accompanying supplementary information for the year ended June 30, 2013 in State Compliance Schedules 1 through 3 has been subjected to the auditing procedures applied in the audit of the June 30, 2013 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In their opinion, the accompanying supplementary information for the year ended June 30, 2013 in State Compliance Schedules 1 through 3 is fairly stated, in all material respects, in relation to the basic financial statements as a whole from which it has been derived.

The accompanying supplementary information in the Analysis of Operations Section has not been subjected to auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2016 on our consideration of the IMSA Fund for Advancement of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the IMSA Fund for Advancement of Education's internal control over financial reporting and compliance.

Washington, Pittman & McKeever, LLC

WASHINGTON, PITTMAN & MCKEEVER, LLC

Chicago, Illinois
February 3, 2016

STATE OF ILLINOIS
IMSA FUND FOR ADVANCEMENT OF EDUCATION
(a Component Unit Of The State Of Illinois)
MANAGEMENT DISCUSSION AND ANALYSIS
For the Years Ended June 30, 2015 and 2014

The purpose of this analysis is to provide an objective and easy to read analysis of the IMSA Fund for Advancement of Education's (Fund) Financial Statements based on currently known facts, decisions, and/or conditions. These financial statements are the responsibility of management and should be read in conjunction with the Notes to the Financial Statements as a complete financial report.

Statement of Net Position

The Statement of Net Position presents the assets, liabilities, and net position of the Fund as of the end of the fiscal year (essentially a fiscal snapshot of the Fund as of that point in time). Readers are able to determine the assets available to continue the Fund's operations as well as determine the amount the Fund owes its vendors.

CONDENSED STATEMENTS OF NET POSITION
For the Years Ended June 30,

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and Cash Equivalents	\$ 2,204,365	\$ 1,227,832
Investments	7,140,992	5,401,466
Accounts Receivable	30,095	38,182
Contribution Advances	192,591	219,379
Other Receivables	11,033	6,689
Prepaid Expenses	12,666	19,058
Pledges Receivable, Net	<u>671,605</u>	<u>621,564</u>
TOTAL ASSETS	<u>10,263,347</u>	<u>7,534,170</u>
LIABILITIES		
Accounts Payable	\$ 2,997	\$ 9,802
Unearned Revenue	<u>1,009,812</u>	<u>517,950</u>
TOTAL LIABILITIES	<u>\$ 1,012,809</u>	<u>\$ 527,752</u>
NET POSITION		
Unrestricted	\$ 6,165,113	\$ 5,623,062
Restricted, Expendable	2,951,714	1,250,866
Restricted, Nonexpendable	133,711	132,490
TOTAL NET POSITION	<u>\$ 9,250,538</u>	<u>\$ 7,006,418</u>

STATE OF ILLINOIS
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MANAGEMENT DISCUSSION AND ANALYSIS
For the Years Ended June 30, 2015 and 2014

Fiscal year ended June 30, 2015 ended with an increase in net position of \$2,244,120. This change was influenced by a significant increase in the net gain on investments and an increase in contributions received in fiscal year 2015.

Pledges Receivable

Pledges receivable consist of voluntary nonexchange transactions. Revenue is recognized by the Fund in the year when all of the eligibility requirements are met in accordance with Governmental Accounting Standards Board Statement No. 33.

Contribution Advances

Contribution Advances represent grants that may be spent over consecutive fiscal years. The Fund and the Academy identify those awards that may be carried over into another fiscal year. In order to account for those particular awards the Fund records them as contribution advances. Grants that have an award date ending on June 30th (the last day of the fiscal year) and remain unspent are returned to the Fund by the Academy. Grant refunds are then placed back into the respective account to be used at a later date.

Net Position

Net position is divided into three major categories. Unrestricted net position includes amounts not subject to donor-imposed stipulations and include all of the activities of the Fund, except for those amounts that are restricted by external donors. Restricted, expendable net position includes amounts that are subject to donor-imposed stipulations. These stipulations limit the use of the resources for specific purposes. Restricted, nonexpendable net position is to be held and invested in perpetuity with earnings thereof to be used for purposes as determined by donors making the contribution.

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MANAGEMENT DISCUSSION AND ANALYSIS
For the Years Ended June 30, 2015 and 2014

Statement of Revenues, Expenses, and Changes in Net Position

The purpose of the Statement of Revenues, Expenses, and Changes in Net Position is to present the revenues recognized by the Fund, both operating and non-operating, and expenses incurred by the Fund. Revenues primarily consist of contributions to the Fund, investment income, and support from the Academy. Expenses consist of amounts incurred to support and carry out the mission of the Fund.

**CONDENSED STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION**

For the Years Ended June 30,

	2015	2014
OPERATING REVENUES		
Contributions	3,235,442	1,400,969
Operating Agreement with Academy	303,141	284,692
Other Operating Revenues	36,070	21,142
TOTAL OPERATING REVENUES	3,574,653	1,706,803
OPERATING EXPENSES		
Academy Support	1,272,120	1,124,317
Management and General	62,484	74,599
Fundraising	69,892	77,018
Operating Agreement with Academy	303,141	284,692
TOTAL OPERATING EXPENSES	1,707,637	1,560,626
OPERATING INCOME	1,867,016	146,177
NON-OPERATING REVENUES AND EXPENSES	375,883	799,847
CONTRIBUTIONS TO PERMANENT ENDOWMENTS	1,221	-
CHANGE IN NET POSITION	2,244,120	946,024
NET POSITION - BEGINNING OF YEAR	7,006,418	6,060,394
NET POSITION - END OF YEAR	\$ 9,250,538	\$ 7,006,418

STATE OF ILLINOIS
IMSA FUND FOR ADVANCEMENT OF EDUCATION
(a Component Unit Of The State Of Illinois)
MANAGEMENT DISCUSSION AND ANALYSIS
For the Years Ended June 30, 2015 and 2014

Operating Revenue

The total Operating Revenue of the Fund increased 109% from fiscal years 2014 to 2015. This was primarily the result of an increase in the amount of contributions received in fiscal year 2015.

The Fund's investment income decreased during fiscal year 2015. The Fund recorded interest and dividends income of \$59,457 and net gains on investments of \$316,426 during fiscal year 2015, as compared to interest and dividend income of \$65,192 and net gains on investments of \$734,655 for fiscal year 2014.

Operating Expenses

Academy Support

The Fund recognized \$1,272,120 and \$1,124,317 in fiscal years 2015 and 2014, respectively, in direct support to the Academy. The Fund made an effort to maximize giving as the Academy faced declines in funding from other sources.

Academy Support is program services for those activities that the reporting organization was created to conduct and which, along with any activities commenced subsequently, form the basis of the organization's current tax exemption status. They may be self-funded or funded out of contributions, accumulated income, investment income, or any other source. Fundraising expenses are not reported as program-related expenses even though one of the functions of the organization is to solicit contributions for the benefit of another organization.

Fundraising

Fundraising expenses include expenses incurred in soliciting contributions, gifts, grants, etc. The following activities are reported as fundraising expenses:

- A. Publicizing and conducting fund raising campaigns
- B. Soliciting bequests and grants
- C. Preparing and distributing fundraising manuals

The fiscal year 2015 Fundraising expenses decreased 9% compared to fiscal year 2014. During fiscal year 2015, the Fund discontinued any capital campaign.

Management and General

Management and general expenses decreased from \$74,599 in fiscal year 2014 to \$62,484 in fiscal year 2015.

Management and General Expenses include the salaries and expense allocations of staff and expenses incurred directly by the Fund's operations except those provided by the Academy pursuant to the operating agreement. These include meetings of the Board of Directors; committee and staff meetings (unless held in connection with specific program services or fundraising activities); general legal services, general liability insurance, office management, auditing, personnel, and preparation, publication, and distribution of an annual report; and investment expenses.

STATE OF ILLINOIS
IMSA FUND FOR ADVANCEMENT OF EDUCATION
(a Component Unit Of The State Of Illinois)
MANAGEMENT DISCUSSION AND ANALYSIS
For the Years Ended June 30, 2015 and 2014

Change in Net Position

Net Position increased by \$2,244,120 over the past fiscal year. During fiscal year 2015, increases in contributions and improved budgetary management allowed the Fund to continue to operate at a net gain after fiscal year 2014's net gain of \$946,024. The fund will continue to use existing fund balances to support Academy projects.

Statement of Cash Flows

The Fund uses the Statement of Cash Flows to identify cash provided by or used in operating, investing and financing activities. The Fund had a \$976,533 increase in cash and cash equivalents during fiscal year 2015.

CONDENSED STATEMENTS OF CASH FLOWS

For the Years Ended June 30,

	2015	2014
	<u> </u>	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Supporters and Grantors	\$ 3,714,075	\$ 2,369,852
Cash Paid to Grantee, Suppliers and Academy Employees	<u>(1,370,777)</u>	<u>(1,420,681)</u>
	<u>2,343,298</u>	<u>949,171</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and Dividends Received	48,424	58,503
Cash Payment for the Purchase of Investments	(2,987,464)	(2,958,765)
Cash Proceeds from Sale of Investments	<u>1,571,054</u>	<u>2,404,071</u>
	<u>(1,367,986)</u>	<u>(496,191)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash Received for Permanent Endowments	<u>1,221</u>	<u>-</u>
	<u>1,221</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	976,533	452,980
CASH AND CASH EQUIVALENTS,		
BEGINNING OF YEAR	<u>1,227,832</u>	<u>774,852</u>
END OF YEAR	<u><u>\$ 2,204,365</u></u>	<u><u>\$ 1,227,832</u></u>

STATE OF ILLINOIS
IMSA FUND FOR ADVANCEMENT OF EDUCATION
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MANAGEMENT DISCUSSION AND ANALYSIS
For the Years Ended June 30, 2015 and 2014

Economic Outlook

The Fund continues to invest in various investment securities. During the current fiscal year, the overall economy and financial markets improved, whereas in the prior year the economy remained stable. The future economic outlook at year-end has improved during fiscal year 2015. However, investments were exposed to various risks such as interest rate, market and credit risks.

While the market environment remains steady, but uncertain, the Fund believes its prudent investment strategy and policies will result in improved results in future fiscal years.

STATE OF ILLINOIS
IMSA FUND FOR ADVANCEMENT OF EDUCATION
(a Component Unit Of The State Of Illinois)
STATEMENTS OF NET POSITIONS
As of June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 2,204,365	\$ 1,227,832
Investments	7,007,281	5,268,976
Accounts Receivable	30,095	38,182
Contribution Advances	192,591	219,379
Other Receivables	11,033	6,689
Prepaid Expenses	12,666	19,058
Pledges Receivable, Net	<u>614,478</u>	<u>424,354</u>
Total Current Assets	<u>10,072,509</u>	<u>7,204,470</u>
Non-Current Assets		
Pledges Receivable, Net	57,127	197,210
Endowment Investments	<u>133,711</u>	<u>132,490</u>
Total Non-Current Assets	<u>190,838</u>	<u>329,700</u>
TOTAL ASSETS	<u>10,263,347</u>	<u>7,534,170</u>
LIABILITIES		
Accounts Payable	2,997	9,802
Unearned Revenue	<u>1,009,812</u>	<u>517,950</u>
TOTAL LIABILITIES	<u>1,012,809</u>	<u>527,752</u>
NET POSITION		
Unrestricted Net Assets	6,165,113	5,623,062
Restricted, Expendable	2,951,714	1,250,866
Restricted, Non-Expendable	<u>133,711</u>	<u>132,490</u>
TOTAL NET POSITION	<u>\$ 9,250,538</u>	<u>\$ 7,006,418</u>

The accompanying notes to the financial statements are an integral part of this statement.

STATE OF ILLINOIS
IMSA FUND FOR ADVANCEMENT OF EDUCATION
(a Component Unit Of The State Of Illinois)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating Revenues		
Contributions	\$ 3,235,442	\$ 1,400,969
Operating Agreement with Academy	303,141	284,692
Program Fees	28,725	19,917
In-Kind Contributions of Goods and Services	<u>7,345</u>	<u>1,225</u>
Total Operating Revenues	<u>3,574,653</u>	<u>1,706,803</u>
Operating Expenses		
Academy Support	1,272,120	1,124,317
Management and General	62,484	74,599
Fundraising	69,892	77,018
Operating Agreement with Academy	<u>303,141</u>	<u>284,692</u>
Total Operating Expenses	<u>1,707,637</u>	<u>1,560,626</u>
Operating Income	<u>1,867,016</u>	<u>146,177</u>
Non-Operating Revenues (Expenses)		
Interest and Dividend Income	59,457	65,192
Net Gain on Investment	<u>316,426</u>	<u>734,655</u>
Net Non-Operating Revenues (Expenses)	<u>375,883</u>	<u>799,847</u>
Income Before Other Revenues	<u>2,242,899</u>	<u>946,024</u>
Contributions to Permanent Endowments	<u>1,221</u>	<u>-</u>
Total Other Revenues	<u>1,221</u>	<u>-</u>
CHANGE IN NET POSITION	2,244,120	946,024
NET POSITION - BEGINNING OF YEAR	<u>7,006,418</u>	<u>6,060,394</u>
NET POSITION - END OF YEAR	<u>\$ 9,250,538</u>	<u>\$ 7,006,418</u>

The accompanying notes to the financial statements are an integral part of this statement.

STATE OF ILLINOIS
IMSA FUND FOR ADVANCEMENT OF EDUCATION
(a Component Unit Of The State Of Illinois)
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Supporters and Grantors	\$ 3,714,075	\$ 2,369,852
Cash Paid to Grantee, Suppliers and Academy Employees	<u>(1,370,777)</u>	<u>(1,420,681)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>2,343,298</u>	<u>949,171</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and Dividends Received	48,424	58,503
Cash Payment for the purchase of Investments	(2,987,464)	(2,958,765)
Cash Proceeds from Sale of Investments	<u>1,571,054</u>	<u>2,404,071</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(1,367,986)</u>	<u>(496,191)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash Received for Permanent Endowments	<u>1,221</u>	<u>-</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>1,221</u>	<u>-</u>
INCREASE IN CASH AND CASH EQUIVALENTS	976,533	452,980
CASH AND CASH EQUIVALENTS-BEGINNING OF YEAR	<u>1,227,832</u>	<u>774,852</u>
CASH AND CASH EQUIVALENTS-END OF YEAR	<u>\$ 2,204,365</u>	<u>\$ 1,227,832</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	1,867,016	146,177
Adjustments to Reconcile operating Income to Net Cash Provided by Operating Activities:		
Changes in Certain Assets and Liabilities:		
Accounts Receivable	8,088	65,487
Contribution Advances	26,787	(127,451)
Prepaid Expenses	6,392	(13,177)
Pledges Receivable	(50,041)	374,191
Accounts Payable	(6,806)	(5,344)
Unearned Revenue	<u>491,862</u>	<u>509,288</u>
Total Adjustments	<u>476,282</u>	<u>802,994</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 2,343,298</u>	<u>\$ 949,171</u>
NONCASH INVESTING ACTIVITIES		
Unrealized Gain on Investments	<u>\$ 180,798</u>	<u>\$ 405,279</u>

The accompanying notes to the financial statements are an integral part of this statement.

STATE OF ILLINOIS
IMSA FUND FOR ADVANCEMENT OF EDUCATION
(a Component Unit Of The State Of Illinois)
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE A – ORGANIZATION

The IMSA Fund for Advancement of Education (Fund) is a nonprofit 501(c)(3) corporation established and maintained for the purposes of benefiting, performing the functions of, or carrying out certain charitable, educational, literary and scientific purposes of the Illinois Mathematics and Science Academy (Academy). The Academy was created through an Act of the State of Illinois General Assembly to offer a uniquely challenging education for students talented in the areas of mathematics, science, and technology. The Academy also functions as a laboratory for the development and testing of new techniques of mathematics, science, and humanities teaching for secondary schools throughout Illinois. Providing support to and on behalf of the Academy is the Fund's primary program service. Funding for this program service is derived from contributions from various individuals, corporations, and foundations located primarily within the United States.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as prescribed by the Governmental Accounting Standards Board (GASB). To facilitate the understanding of the data included in the financial statements, the more significant accounting policies are summarized below.

1. Financial Reporting Entity

As defined by GAAP, the financial reporting entity consists of a primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable or their exclusion of would render the financial statements misleading. Financial accountability is defined as:

- 1) Appointment of a voting majority of the component unit's board and either (a) the primary government's ability to impose its will, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
- 2) Fiscal dependency on the primary government.

Based upon the required criteria, the Fund has no component units, but is a component unit of the State of Illinois financial reporting entity. The financial balances and activities included in these basic financial statements could, therefore, also be included in the State's comprehensive annual financial report.

The IMSA Fund for Advancement of Education has been notified by the Illinois Office of the Comptroller that it is not material to the financial statements of the State of Illinois and will not be included in the State of Illinois Comprehensive Annual Financial Report.

STATE OF ILLINOIS
IMSA FUND FOR ADVANCEMENT OF EDUCATION
(a Component Unit Of The State Of Illinois)
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Basis of Accounting

For financial reporting purposes, the Fund is considered a special-purpose government engaged only in business-type activities. Accordingly, the accompanying financial statements of the Fund have been prepared on the accrual basis of accounting using the economic resources measurement focus. Under the accrual basis, revenues are recognized when earned, and expenses are recognized when a liability has been incurred.

3. Basis of Presentation

In accordance with GASB Statement No. 20, the Fund is required to follow all applicable GASB pronouncements. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in the financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Private-sector standards issued after that date are not followed.

4. Cash and Cash Equivalents

Cash and cash equivalents include debt securities and certificates of deposit with a maturity of 90 days or less at the time of acquisition, cash on hand, cash in banks, and money market funds held in an investment account in the name of IMSA Fund for Advancement of Education.

5. Investments

Effective July 1, 2004, the Fund adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. This GASB statement provides disclosure requirements related to deposit and investment risks: credit risk, interest rate risk, and foreign currency risk. Accordingly, these disclosures have been presented in Note C – Deposits and Investments.

6. Accounts Receivable

Accounts receivable primarily consist of grant refunds due from the Academy. All accounts receivable are considered to be fully collectible and therefore an allowance for doubtful accounts is not necessary.

7. Unearned Revenue

Unearned revenue includes revenue received for advanced ticket sales for events that related to a subsequent accounting period and restricted funds received from a donor for which the eligibility requirements have not yet been met.

STATE OF ILLINOIS
IMSA FUND FOR ADVANCEMENT OF EDUCATION
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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Classification of Revenues

The Fund has classified its revenues as either operating or non-operating revenues according to the following criteria:

Operating revenues generally include activities that have the characteristics of exchange transactions or that are part of the Fund's mission to raise funds for the Academy, such as gifts, contributions and other revenues generated in support of the Academy, per contractual agreement with the Academy.

Non-operating revenues include investment income and other revenue sources that are defined as non-operating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*.

9. Net Position

In the financial statements, equity is displayed in two components as follows:

Restricted – this consists of assets plus deferred outflows of resources, less liabilities, less deferred inflows of resources that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the Fund's policy to use restricted resources first, then unrestricted resources when they are needed. These restricted resources are to be used for educational purposes.

Unrestricted – this consists of assets plus deferred outflows of resources, less liabilities, less deferred inflows of resources that do not meet the definition of "restricted".

10. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported financial statement amounts and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

STATE OF ILLINOIS
IMSA FUND FOR ADVANCEMENT OF EDUCATION
(a Component Unit Of The State Of Illinois)
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE C – DEPOSITS AND INVESTMENTS

The Fund independently manages its cash and cash equivalents which are maintained outside the State Treasury. A reconciliation of deposits and investments presented in this disclosure and the financial statement captions shown on the Statement of Net Position is as follows:

	2015	2014
Carrying amount of Deposits	\$ 813,937	\$ 685,050
Carrying amount of Investments	6,616,793	4,958,592
Money market funds	1,914,427	985,456
Petty cash	200	200
Total	\$ 9,345,357	\$ 6,629,298
	2015	2014
Cash and Cash Equivalents	\$ 2,204,365	\$ 1,227,832
Investments	7,008,502	5,268,976
Endowment Investments	132,490	132,490
Total	\$ 9,345,357	\$ 6,629,298

1. Deposits

Deposits with financial institutions had a carrying amount of \$813,937 and \$685,050 and bank balances of \$738,033 and \$646,468 at June 30, 2015 and 2014, respectively. These amounts represent cash in banks and certificates of deposit.

Custodial Credit Risk – Deposits: Custodial credit risk is the risk that in the event of a bank failure deposits may not be returned. At June 30, 2015 and 2014, deposits were fully insured by the Federal Deposit Insurance Corporation (FDIC) or pledged collateral. Certificates of deposit were held in the Fund's investment brokerage accounts.

2. Investments

The primary objective of investment activities shall be to prudently preserve and grow financial assets of the Fund. The Fund's Investment Policy has the following guidelines 1) diversify the portfolio to minimize losses and to maximize appreciation and income; 2) use only investment grade instruments; and 3) stagger maturity dates to minimize yield risk.

STATE OF ILLINOIS
IMSA FUND FOR ADVANCEMENT OF EDUCATION
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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE C – DEPOSITS AND INVESTMENTS (CONTINUED)

2. Investments (Continued)

Investments at June 30, 2015 consisted of the following managed funds:

<u>Investment Types</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>				
		<u>No Maturity Date</u>	<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>10 +</u>
Corporate Equity	\$4,384,590	\$4,384,590	\$ -	\$ -	\$ -	\$ -
U.S. Treasuries	396,996	-	50,102	346,894	-	-
U.S. Agency Obligations	501,691	-	-	476,410	25,281	-
Unit Trusts	147,036	-	-	36,388	107,176	3,472
Municipal Debt Securities	<u>1,186,679</u>	<u>-</u>	<u>-</u>	<u>1,068,353</u>	<u>27,380</u>	<u>90,946</u>
Total	<u>\$6,616,992</u>	<u>\$4,384,590</u>	<u>\$ 50,102</u>	<u>\$1,928,045</u>	<u>\$ 159,837</u>	<u>\$ 94,418</u>

Investments at June 30, 2014 consisted of the following managed funds:

<u>Investment Types</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>				
		<u>No Maturity Date</u>	<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>10 +</u>
Corporate Equity	\$4,000,925	\$4,000,925	\$ -	\$ -	\$ -	\$ -
U.S. Treasuries	305,061	-	-	305,061	-	-
U.S. Agency Obligations	385,361	-	30,304	330,741	24,316	-
Unit Trusts	147,871	-	-	39,117	105,176	3,578
Municipal Debt Securities	<u>119,375</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>119,375</u>
Total	<u>\$4,958,593</u>	<u>\$4,000,925</u>	<u>\$ 30,304</u>	<u>\$ 674,919</u>	<u>\$ 129,492</u>	<u>\$ 122,953</u>

In addition to the above investments, the Fund maintained money market funds (reported as cash equivalents on the statements of net position) in investment accounts that had a carrying amount and fair market value of \$1,914,427 and \$985,455 at June 30, 2015 and 2014, respectively. These funds have maturities of less than 90 days, and had a weighted average years to maturity of approximately 0.14 at June 30, 2015 and 2014. No rating information is available for these funds.

The Fund's investments at June 30, 2015 and 2014 include uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the Fund's name.

STATE OF ILLINOIS
IMSA FUND FOR ADVANCEMENT OF EDUCATION
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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE C – DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk: Credit risk exists when there is a possibility that the issuer or other counterparty to an investment may be unable to fulfill its obligations.

The Fund's investment policy states that it will avoid direct investment in bonds with a credit rating of less than A by Standard & Poor's. As of June 30, 2015 and 2014 the Fund's investments in debt securities (other than U.S. Treasuries) were rated as follows:

<u>Standard & Poor's Rating</u>	<u>2015 Fair Market Value</u>	<u>Standard & Poor's Rating</u>	<u>2014 Fair Market Value</u>
AAA	\$ 38,853	AAA	\$ 39,731
AA+	529,071	AA+	412,889
AA	272,205	AA	52,116
AAf	36,388	AAf	36,254
Af	68,531	Af	68,922
A	231,346	BBB+f	<u>42,695</u>
A+	221,032	Total	<u>\$ 652,607</u>
A-	280,169		
BBB+	115,694		
BBB+f	<u>42,117</u>		
Total	<u>\$ 1,835,406</u>		

Interest Rate Risk: Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's value. The Fund has maintained its funds in highly liquid investments, but has not adopted a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Foreign currency risk: The Fund was not exposed to foreign currency risk at June 30, 2015 and 2014. The Fund's investment policy includes limitation on investment types that reduces the Fund's exposure to foreign currency risk.

The Fund experienced the following types of gains/losses on its investments during fiscal years:

	<u>2015</u>	<u>2014</u>
Net realized gains (losses) on disposition of investments	\$ 135,628	\$ 329,376
Net unrealized gains (losses)	<u>180,798</u>	<u>405,279</u>
Total net gains (losses) on investments	<u>\$ 316,426</u>	<u>\$ 734,655</u>

STATE OF ILLINOIS
IMSA FUND FOR ADVANCEMENT OF EDUCATION
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NOTES TO THE FINANCIAL STATEMENTS
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NOTE D – PLEDGES RECEIVABLE

Outstanding pledges are reflected in the accompanying financial statements for those promises/pledges to give for which all time and other eligibility requirements have been met as provided for in GASB Statement No. 33. At June 30, 2015 and 2014, pledges receivable were \$671,605 and \$621,564, respectively, and were classified as either short-term or long-term. Long-term pledges included discounts of \$- and \$6,997 as of June 30, 2015 and 2014, respectively. The pledges are reported net of an allowance for doubtful accounts of \$3,444 and \$3,159 as of June 30, 2015 and 2014, respectively.

NOTE E – RELATED PARTY TRANSACTIONS

Effective August 29, 1996, the Fund entered into an agreement with the Illinois Mathematics and Science Academy (Academy), which specifies the relationship between the two organizations. This agreement states that the Fund is a separate corporate entity established primarily for the purpose of benefiting, performing the functions of, and carrying out certain charitable, educational, literary and scientific purposes of the Academy, and to assist the Academy in achieving and furthering its educational, research, and service goals. The Fund has agreed to provide financial support to the Academy (both directly and indirectly) and in exchange, the Academy has agreed to provide office space, equipment and personnel to enable the Fund to accomplish its purposes.

Both organizations acknowledge that State resources should not be used to provide for fundraising activities, which do not result in a value to the Academy of the same or greater value than what the Academy receives directly from the Fund. As long as the Academy receives direct or indirect program support from the Fund, which is greater than the costs the Academy incurs on behalf of the Fund, no reimbursement shall occur. If in any fiscal year those costs are greater than the program support provided to the Academy, the Fund will reimburse the Academy for the excess of the costs over the program support provided. For fiscal years 2015 and 2014, total program support provided to the Academy by the Fund was \$1,272,120 and \$1,124,317. The total costs incurred by the Academy for the Fund were approximately \$303,141 and \$284,692, respectively.

At June 30, 2015 and 2014, accounts receivable due from the Academy was \$30,095 and \$37,989, respectively.

At June 30, 2015 and 2014, contribution advances of \$192,591 and \$219,379, respectively, had been paid to the Academy but were deferred to the following year.

Other Related Parties

The Fund recognized contribution revenue from members of the Fund's Board of Directors and the Academy's Board of Trustees and those members' affiliated corporations and foundations in the amount of \$45,000 and \$46,077 during the years ended June 30, 2015 and 2014, respectively.

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June 30, 2015 and 2014

NOTE F – CONTINGENCIES – GRANTS

Amounts received or receivable from grantor agencies are subject to audit and adjustments by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the Fund. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Fund expects such amounts, if any, to be immaterial.

During fiscal year 2014, the Fund was awarded a \$1,000,000 grant for the creation of a 6,400 square foot laboratory space to serve students in their pursuit of innovation, entrepreneurship, and talent development programming, utilizing a dedicated space equipped with state-of-the-art technology. The Fund received the first of two \$500,000 installments during fiscal year 2015. The grant agreement requires the Fund to raise \$400,000 of matching funds by December 31, 2016 as a condition to receipt of the second \$500,000 installment, which has now been fulfilled as of May 2015. A secondary contingency requires that the full 6,400 square footage be constructed - this contingency is anticipated to be met by the fall of 2016. If the Fund does not meet the conditions of the grant, the Fund will be required to return all of the first installment that has not been expended for the purpose of the grant. As of June 30, 2015 and 2014, the Fund had \$1,000,000 and \$500,000, respectively, of grant funds on hand that had yet to be expended for the purpose of the grant.

NOTE G – INCOME TAXES

IMSA Fund for Advancement of Education is a non-profit organization, which has been granted a tax-exempt status as a public charity under Section 501(c) (3) of the Internal Revenue Code. The Fund is required to pay Federal and State income taxes only on its net unrelated business income. A provision for income taxes was not required for the years ended June 30, 2015 and 2014.

NOTE H – ENDOWMENTS

The Fund's Board established a quasi-endowment fund during the year ended June 30, 2008, with the creation of Stephanie Pace Marshall (SPM) endowment for Innovation and Entrepreneurship. The endowment's principal objectives are the promotion and development of innovation and excellence in achieving the Academy's legislative mandate and strategic mission and objectives, including non-recurring purposes of the Academy not regularly funded by the State of Illinois. During fiscal year 2013 and 2014, the Fund's Board established three board-designated endowments. These endowment's principal objectives are Professional Field Services (PFS), McLaren Faculty Excellence Endowment and Total Applied Learning for Entrepreneurs (TALENT) programs. The balance of the quasi- and board-designated endowment fund as of June 30, 2015 and 2014 was \$4,254,818 and \$4,040,227, respectively. The principal of these endowments will not be expended, and is reported on the Statements of Net Position as "Unrestricted Net Position".

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NOTE H – ENDOWMENTS (CONTINUED)

As permitted by State law, a distribution from investment earnings will be made available for purposes designated by the Fund's Board of Directors from the endowment funds. During fiscal years 2015 and 2014, the Fund's Board of Directors authorized a payment of up to 4% and 5%, respectively, of the average of the preceding three year balance. The amount approved for expenditure as of December 31, 2014 and 2013 was \$97,347 and \$55,400, respectively. During the fiscal years 2015 and 2014, \$88,854 and \$37,679 of the aforementioned authorized expenditures were made along with investment management fees. Any portion of the annual distributable funds not distributed in any given year will be retained in the Quasi-Endowment Fund in a pool of funds spendable in future years. Net appreciation of Quasi-Endowments was \$1,081,803 and \$938,971 as of June 30, 2015 and 2014, respectively.

Two permanent endowment funds were established pursuant to donors' gifts during the year ended June 30, 2007. Two additional permanent endowment funds were established during the fiscal year ended June 30, 2012. These endowments require the principal to remain intact and are reported on the Statements of Net Position as "Restricted Net Position, Nonexpendable". Net appreciation of donor restricted endowments was \$69,443 and \$57,295 as of June 30, 2015 and 2014, respectively.

All of the endowment and quasi-endowment funds are pooled for investment purposes. Each fund shares proportionally in any recognized or unrecognized capital gains and losses and in any other net earnings generated by those investments. During fiscal year 2014, the IMSA Fund modified its intention to retain accumulated earnings generated by the quasi-endowment fund until the principal and accumulated earnings reach \$5,000,000 at fiscal year-end, unless earlier earnings distributions are otherwise expressly requested by the originator of a specific endowed fund (or the Executive Committee of the Fund as allowed by a donor). No earnings will be distributed until 12 months after an endowed fund reaches \$20,000.

STATE OF ILLINOIS
IMSA FUND FOR ADVANCEMENT OF EDUCATION
(a Component Unit Of The State Of Illinois)
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES
For the Years Ended June 30, 2015 and 2014

SUMMARY

Supplementary Information for State Compliance Purposes presented in this section of the report includes the following:

- Fiscal Schedules and Analysis:
 - Analysis of Significant Variations in Revenue
 - Analysis of Significant Variations in Expenses
 - Schedule of Services Provided by the Academy to the Fund

- Analysis of Operations (Unaudited):
 - Agency Functions and Planning Program (Unaudited)
 - Average Number of Employees (Unaudited)

The independent auditor's report that covers the Supplementary Information for State Compliance Purposes presented in the Other Information Section states that it has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in the auditor's opinion, it is fairly stated, in all material respects, in relation to the basic financial statements as a whole from which it has been derived. The independent auditor's report also states the Analysis of Operations Section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, they do not express an opinion or provide any assurance on it.

STATE OF ILLINOIS
IMSA FUND FOR ADVANCEMENT OF EDUCATION
(a Component Unit Of The State Of Illinois)
ANALYSIS OF SIGNIFICANT VARIATIONS IN REVENUE
For the Years Ended June 30, 2015 and 2014

SCHEDULE 1

Explanations for variances of \$50,000 and 5% have been provided below.

	Year Ending June 30,		
	2015	2014	2013
Contributions	\$ 3,235,442	\$ 1,400,969	\$ 1,207,972
Operating Agreement with Academy	303,141	284,692	274,739
Program Fees	28,725	19,917	13,740
In-Kind Contributions of Goods and Equipment	7,345	1,225	1,675
Interest and Dividend Income	59,457	65,192	58,011
Gain (Loss) on Investments	316,426	734,655	202,685
Contributions to Permanent Endowments	1,221	-	10,085
Total	\$ 3,951,757	\$ 2,506,650	\$ 1,768,907

Contributions - The increase from 2014 to 2015 was due to receipt of a \$2,000,000 pledge received in 2015. The increase from 2013 to 2014 was due to a one time single contribution of \$150,000.

Gain (Loss) on Investments - The decrease from 2014 to 2015 was due to overall market performance being down in 2015. During 2013 and 2014, the economy was improving resulting in increased gains on investments.

STATE OF ILLINOIS
IMSA FUND FOR ADVANCEMENT OF EDUCATION
(a Component Unit Of The State Of Illinois)
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENSES
For the Years Ended June 30, 2015 and 2014

SCHEDULE 2

Explanations for variances of \$50,000 and 5% have been provided below.

	Year Ending June 30,		
	2015	2014	2013
Operating Expenses			
Academy Support	1,272,120	1,124,317	975,089
Management and General	62,484	74,599	73,958
Fundraising	69,892	77,018	67,836
Operating Agreement with Academy	<u>303,141</u>	<u>284,692</u>	<u>274,739</u>
Total Expenses	<u>\$ 1,707,637</u>	<u>\$ 1,560,626</u>	<u>\$ 1,391,622</u>

Academy Support - The increases in 2014 and 2015 was a result of the Fund making an effort to maximize contributions to the Academy.

STATE OF ILLINOIS
IMSA FUND FOR ADVANCEMENT OF EDUCATION
(a Component Unit Of The State Of Illinois)
SCHEDULE OF SERVICES PROVIDED BY THE ACADEMY TO THE FUND
For the Years Ended June 30, 2015, 2014 and 2013

SCHEDULE 3

SCHEDULE OF SERVICES PROVIDED BY THE ACADEMY TO THE FUND

The Academy engaged the Fund, under contract, to provide fundraising services. As required by the contract, the Fund must provide direct or indirect program support that exceeds the services provided by the Academy in order to have no reimbursement of costs to occur. The following table summarizes services provided by the Academy to the Fund.

	Year Ending June 30,		
	2015	2014	2013
Services provided:			
Personal Service	\$ 246,108	\$ 228,693	\$ 224,336
Rent	28,305	26,220	24,683
Utilities	6,661	6,013	4,931
Equipment/Furniture Rental	7,425	10,366	8,042
Telephone Services	3,522	3,450	3,554
Maintenance Costs	10,088	8,918	7,979
Financial System Costs	<u>1,032</u>	<u>1,032</u>	<u>1,214</u>
Total	<u>\$ 303,141</u>	<u>\$ 284,692</u>	<u>\$ 274,739</u>

Note: The Fund conducts an annual review of accounting allocations for non-cash resources provided by the Academy in order to better identify resources.

**STATE OF ILLINOIS
IMSA FUND FOR ADVANCEMENT OF EDUCATION
(a Component Unit Of The State Of Illinois)
ANALYSIS OF OPERATIONS
For the Years Ended June 30, 2015 and 2014**

AGENCY FUNCTIONS (UNAUDITED)

The IMSA Fund for Advancement of Education (Fund) was incorporated February 6, 1986 as an Illinois not-for-profit corporation. The Fund services as the primary source of private funding for the Illinois Mathematics and Science Academy (Academy).

The primary functions of the Fund are to raise funds from the private sector, oversee the management and distribution of the Fund's assets and to enrich the Academy's education programs. Private sector contributions also provide resources to enhance the Academy's continuing development as an educational laboratory for schools and teachers throughout Illinois.

AGENCY PLANNING PROGRAM

The organization maintains a formal planning program, which is documented in the Fund's Board records. The Board of Directors of the Fund and the relevant Board Committees actively plan fundraising programs in response to the Academy's request for instructional programs and development or enhancement of the Academy's facilities.

Jeffrey Margolis is the current Vice President of External Engagement of the Illinois Mathematics and Science Academy. Paul Milano is the current Secretary of the Fund.

**STATE OF ILLINOIS
 IMSA FUND FOR ADVANCEMENT OF EDUCATION
 (a Component Unit Of The State Of Illinois)
 ANALYSIS OF OPERATIONS
 For the Years Ended June 30, 2015 and 2014**

AVERAGE NUMBER OF EMPLOYEES (UNAUDITED)

	Year Ending June 30,		
	2015	2014	2013
Average number of employees	-0-	-0-	-0-

The administration of all Fund activity is performed by employees of the Illinois Mathematics and Science Academy (Academy). An agreement between the two organizations indicates that the Fund has agreed to provide financial support to the Academy (both directly and indirectly) and in exchange, the Academy has agreed to provide office space, equipment and personnel to enable the Fund to accomplish its purpose in providing financial support to the Academy.