



**WASHINGTON,  
PITTMAN &  
MCKEEVER, LLC**

**CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS  
401 North Michigan Avenue, Suite 1200, Chicago, Illinois 60611  
(312) 786-0330**

**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, 2019 AND 2018**

**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, 2019 and 2018**

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**AGENCY OFFICIALS**

Executive Director of Development - Illinois Mathematics and Science Academy (3/1/2018 to Current)	Ms. Tami Armstrong
Executive Director of Development - Illinois Mathematics and Science Academy (through 3/1/2018)	Ms. Barbara Graham

**BOARD OF DIRECTORS**

Mr. Kevin Brookins	Mr. Jacob Plummer
Mr. Michael C. Fountain (2/18/2018 to current)	President
Dr. Ross Hemphill	Executive Chair
Secretary	Mr. Glenn Rippie
Governance Chair	Vice President
Mr. Troy Henikoff	Treasurer
Mr. Sam Yagan	Chair of Finance
Mr. Taylor L. Smith (12/7/2018 to current)	Mr. Richard R. Tung

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



630.907.5040 . 1500 SULLIVAN ROAD, AURORA, IL 60506-1000 . IMSA.EDU/GIVING  
December 5, 2019

Washington, Pittman & McKeever, LLC  
Certified Public Accountants  
401 North Michigan Ave., Suite 1200  
Chicago, IL 60611

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 IMSA Fund for Advancement of Education (IMSA Fund). 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’s compliance with the following specified requirements during the two year period ended June 30, 2019. Based on this evaluation, we assert that during the years ended June 30, 2019, and June 30, 2018, the IMSA Fund has materially complied with the specified requirements listed below.

- A. The IMSA Fund 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 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 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 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 on behalf of the State or held in trust by the IMSA Fund 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

**SIGNED ORIGINAL ON FILE**

Tami Armstrong, Executive Director

**SIGNED ORIGINAL ON FILE**

Scott Kreiter, Senior Development Manager

**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, 2019 and 2018**

**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>Report</u>
Findings	0	0
Repeated Findings	0	0
Prior Recommendations Implemented or Not Repeated	0	0

**EXIT CONFERENCE**

The IMSA Fund for Advancement of Education waived an exit conference in a correspondence from Tami Armstrong, Executive Director of Development, dated November 22, 2019.



**CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS**  
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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 compliance by the IMSA Fund for Advancement of Education (a component unit of the State of Illinois) with the specified 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, 2019. The management of the IMSA Fund for Advancement of Education is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the IMSA Fund for Advancement of Education's compliance with the specified requirements based on our examination.

The specified requirements are:

- 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*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the IMSA Fund for Advancement of Education complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the IMSA Fund for Advancement of Education complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance with the specified requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide 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 with the specified requirements during the two years ended June 30, 2019, in all material respects.

The purpose of this report is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

### **Internal Control over Compliance**

Management of the IMSA Fund for Advancement of Education is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control).

In planning and performing our examination, we considered the IMSA Fund for Advancement of Education's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the IMSA Fund for Advancement of Education's compliance with the specified requirements and to test and report on the IMSA Fund for Advancement of Education's internal control in accordance with the *Audit Guide*, 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, noncompliance with the specified requirements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that material noncompliance with the specified requirements 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 paragraphs above 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 examination, 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.

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

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing based on the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

WASHINGTON, PITTMAN & McKEEVER, LLC

**Chicago, Illinois**  
**December 5, 2019**



**CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS**  
401 North Michigan Avenue, Suite 1200, Chicago, Illinois 60611  
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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

**Report on the Financial Statements**

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, 2019, 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 December 5, 2019.

**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*.

**Internal Control Over Financial Reporting**

Management of the IMSA Fund for Advancement of Education is responsible for establishing and maintaining effective internal control over financial reporting (internal control).

In planning and performing our audit of the financial statements, we considered the IMSA Fund for Advancement of Education's 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 paragraphs above 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.

### **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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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WASHINGTON, PITTMAN & McKEEVER, LLC

Chicago, Illinois  
December 5, 2019

**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, 2019 and 2018**

**FINANCIAL STATEMENT REPORT**

**SUMMARY**

The audit of the accompanying financial statements of the IMSA Fund for Advancement of Education as of and for the years ended June 30, 2019 and 2018 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 years ended June 30, 2019 and 2018.

**EXIT CONFERENCE**

The IMSA Fund for Advancement of Education waived holding an exit conference in a communication from Tami Armstrong, Executive Director of Development, dated November 22, 2019.



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### **INDEPENDENT AUDITOR'S REPORT**

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

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 years ended June 30, 2019 and 2018, 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 audits. 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.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, of the IMSA Fund for Advancement of Education, as of June 30, 2019 and 2018, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **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 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 Analysis of Operations Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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 December 5, 2019, 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 solely 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 the effectiveness of the IMSA Fund for Advancement of Education's 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.

SIGNED ORIGINAL ON FILE

WASHINGTON, PITTMAN & McKEEVER, LLC

Chicago, Illinois  
December 5, 2019

**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, 2019 and 2018**

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>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 589,121	\$ 631,005
Investments	7,900,920	7,216,681
Accounts Receivable	64,034	39,800
Contribution Advances	163,624	609,404
Prepaid Expenses	-	3,413
Pledges Receivable, Net	<u>83,824</u>	<u>99,799</u>
<b>TOTAL ASSETS</b>	<u>8,801,523</u>	<u>8,600,102</u>
<b>LIABILITIES</b>		
Accounts Payable	<u>\$ 6,124</u>	<u>\$ 12,977</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 6,124</u>	<u>\$ 12,977</u>
<b>NET POSITION</b>		
Unrestricted	\$ 7,283,700	\$ 7,041,541
Restricted, Expendable	886,190	1,410,880
Restricted, Nonexpendable	<u>625,509</u>	<u>134,704</u>
<b>TOTAL NET POSITION</b>	<u>\$ 8,795,399</u>	<u>\$ 8,587,125</u>

**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, 2019 and 2018**

Fiscal year ended June 30, 2019 ended with an increase in net position of \$208,274. This change was influenced by an increase in contributions and reduction in expenses in Fiscal Year 2019.

**Pledges Receivable**

Pledges receivable consist of voluntary non-exchange 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 Illinois Mathematics and Science Academy (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.

**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, 2019 and 2018**

**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,

	<b>2019</b>	<b>2018</b>
<b>OPERATING REVENUES</b>	<u>                    </u>	<u>                    </u>
Contributions	1,148,964	782,728
Operating Agreement with Academy	277,499	374,406
Other Operating Revenues	<u>11,250</u>	<u>149,662</u>
<b>TOTAL OPERATING REVENUES</b>	<u>1,437,713</u>	<u>1,306,796</u>
<b>OPERATING EXPENSES</b>		
Academy Support	1,813,245	2,091,160
Management and General	98,507	86,667
Fundraising	38,490	51,508
Operating Agreement with Academy	<u>277,499</u>	<u>374,406</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>2,227,741</u>	<u>2,603,741</u>
<b>OPERATING (LOSS)</b>	(790,028)	(1,296,945)
<b>NON-OPERATING REVENUES AND EXPENSES</b>	507,497	456,638
<b>CONTRIBUTIONS TO PERMANENT ENDOWMENTS</b>	<u>490,805</u>	<u>993</u>
<b>CHANGE IN NET POSITION</b>	208,274	(839,314)
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>8,587,125</u>	<u>9,426,439</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 8,795,399</u>	<u>\$ 8,587,125</u>

**STATE OF ILLINOIS**  
**IMSA FUND FOR ADVANCEMENT OF EDUCATION**  
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**MANAGEMENT DISCUSSION AND ANALYSIS**  
**For the Years Ended June 30, 2019 and 2018**

**Operating Revenues**

The total Operating Revenues of the Fund increased 10% from Fiscal Year 2018 to 2019. This was primarily the result of an increase in contributions received in Fiscal Year 2019.

The Fund's investment income increased during Fiscal Year 2019. The Fund recorded interest and dividends income of \$252,258 and net gains on investments of \$255,238 during Fiscal Year 2019, as compared to interest and dividend income of \$183,972 and net gains on investments of \$272,678 for Fiscal Year 2018.

**Operating Expenses**

**Academy Support**

The Fund recognized \$1,813,245 and \$2,091,160 in Fiscal Years 2019 and 2018, 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. During Fiscal Year 2019, while support was provided, the Academy utilized less funding compared to Fiscal Year 2018.

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 2019 fundraising expenses decreased 25% compared to Fiscal Year 2018. During Fiscal Year 2019, the Fund expended less on consulting costs.

**Management and General**

Management and general expenses increased from \$86,667 in Fiscal Year 2018 to \$98,507 in Fiscal Year 2019.

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**  
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**MANAGEMENT DISCUSSION AND ANALYSIS**  
**For the Years Ended June 30, 2019 and 2018**

**Change in Net Position**

Net Position increased by \$208,274 over the past fiscal year. During Fiscal Year 2019, increases in contributions allowed the Fund to operate at a gain. 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 \$41,884 decrease in cash and cash equivalents during Fiscal Year 2019.

**CONDENSED STATEMENTS OF CASH FLOWS**

For the Years Ended June 30,

	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Supporters and Grantors	\$ 1,140,705	\$ 887,427
Cash Paid to Grantee, Suppliers and Academy Employees	<u>(1,496,652)</u>	<u>(2,122,639)</u>
	<u>(355,947)</u>	<u>(1,235,212)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest and Dividends Received	252,259	183,960
Cash Payment for the Purchase of Investments	(1,751,837)	(2,674,366)
Cash Proceeds from Sale of Investments	<u>1,322,836</u>	<u>3,360,344</u>
	<u>(176,742)</u>	<u>869,938</u>
Cash Received for Permanent Endowments	<u>490,805</u>	<u>993</u>
	<u>490,805</u>	<u>993</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(41,884)	(364,281)
<b>CASH AND CASH EQUIVALENTS,</b>		
<b>BEGINNING OF YEAR</b>	<u>631,005</u>	<u>995,286</u>
<b>END OF YEAR</b>	<u>\$ 589,121</u>	<u>\$ 631,005</u>

**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, 2019 and 2018**

**Economic Outlook**

The Fund continues to invest in the approach of a well-diversified, balanced approach to segmentation of investment holdings. The Fund utilizes the management of an independent consulting firm, to manage fund assets according to policy. Assets are invested in mutual fund vehicles and actually held with an investment company. The portfolio is made up of a balance of U.S. Equities, Non U.S. Equities, Fixed Income, Absolute Return and Cash. Overall, the fiscal year saw global growth moderate somewhat while financial markets experienced volatility but strengthened overall. The future economic outlook at year-end remains stable in the U.S. while growth is more of a concern internationally. Unemployment remains at all-time lows, the economy is slowing yet remains stable. Geopolitical risk are expected to continue to drive volatility in the market and may represent a longer term impediment to growth.

The Fund believes the diversified investment approach moderates the impact of any particular portfolio risk, while equity risk and interest rate risks remain dominant exposures. The approach seeks to balance portfolio growth with stability of returns. Assets are managed according to the time horizon, with long term assets more focused on growth and short term assets more focused on capital preservation.

While the market environment remains steady, but uncertain, the Fund believes its prudent investment strategy and investment policies will continue to result in positive results over the long term.

**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, 2019 and 2018**

	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 589,121	\$ 631,005
Investments	7,275,411	7,081,977
Accounts Receivable	64,034	39,800
Contribution Advances	163,624	609,404
Prepaid Expenses	-	3,413
Pledges Receivable, Net	83,824	29,300
Total Current Assets	8,176,014	8,394,899
<b>Non-Current Assets</b>		
Pledges Receivable, Net	-	70,499
Endowment Investments	625,509	134,704
Total Non-Current Assets	625,509	205,203
<b>TOTAL ASSETS</b>	<b>8,801,523</b>	<b>8,600,102</b>
<b>LIABILITIES</b>		
Accounts Payable	6,124	12,977
<b>TOTAL LIABILITIES</b>	<b>6,124</b>	<b>12,977</b>
<b>NET POSITION</b>		
Unrestricted Net Assets	7,283,700	7,041,541
Restricted, Expendable	886,190	1,410,880
Restricted, Non-Expendable	625,509	134,704
<b>TOTAL NET POSITION</b>	<b>\$ 8,795,399</b>	<b>\$ 8,587,125</b>

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, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>Operating Revenues</b>		
Contributions	\$ 1,148,964	\$ 782,728
Operating Agreement with Academy	277,499	374,406
Program Fees	-	15,640
In-Kind Contributions of Goods and Services	<u>11,250</u>	<u>134,022</u>
Total Operating Revenues	<u>1,437,713</u>	<u>1,306,796</u>
<b>Operating Expenses</b>		
Academy Support	1,813,245	2,091,160
Management and General	98,507	86,667
Fundraising	38,490	51,508
Operating Agreement with Academy	<u>277,499</u>	<u>374,406</u>
Total Operating Expenses	<u>2,227,741</u>	<u>2,603,741</u>
Operating (Loss)	<u>(790,028)</u>	<u>(1,296,945)</u>
<b>Non-Operating Revenues (Expenses)</b>		
Interest and Dividend Income	252,259	183,960
Net Gain on Investment	<u>255,238</u>	<u>272,678</u>
Net Non-Operating Revenues	<u>507,497</u>	<u>456,638</u>
(Loss) Before Other Revenues	<u>(282,531)</u>	<u>(840,307)</u>
Contributions to Permanent Endowments	<u>490,805</u>	<u>993</u>
Total Other Revenues	<u>490,805</u>	<u>993</u>
<b>CHANGE IN NET POSITION</b>	208,274	(839,314)
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>8,587,125</u>	<u>9,426,439</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 8,795,399</u>	<u>\$ 8,587,125</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, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Supporters and Grantors	\$ 1,140,705	\$ 887,427
Cash Paid to Grantee, Suppliers and Academy Employees	<u>(1,496,652)</u>	<u>(2,122,639)</u>
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<u>(355,947)</u>	<u>(1,235,212)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest and Dividends Received	252,259	183,960
Cash Payment for the Purchase of Investments	(1,751,837)	(2,674,366)
Cash Proceeds from Sale of Investments	<u>1,322,836</u>	<u>3,360,344</u>
<b>NET CASH (USED) PROVIDED IN INVESTING ACTIVITIES</b>	<u>(176,742)</u>	<u>869,938</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Cash Received for Permanent Endowments	<u>490,805</u>	<u>993</u>
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>490,805</u>	<u>993</u>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	(41,884)	(364,281)
<b>CASH AND CASH EQUIVALENTS-BEGINNING OF YEAR</b>	<u>631,005</u>	<u>995,286</u>
<b>CASH AND CASH EQUIVALENTS-END OF YEAR</b>	<u>\$ 589,121</u>	<u>\$ 631,005</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Operating (Loss)	(790,028)	(1,296,945)
Changes in Certain Assets and Liabilities:		
Accounts Receivable	(24,234)	83,100
Contribution Advances	445,780	(30,758)
Prepaid Expenses	3,413	9,009
Pledges Receivable	15,975	7,984
Accounts Payable	(6,853)	(5,577)
Unearned Revenue	<u>-</u>	<u>(2,025)</u>
Total Adjustments	<u>434,081</u>	<u>61,733</u>
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<u>\$ (355,947)</u>	<u>\$ (1,235,212)</u>
<b>NONCASH INVESTING ACTIVITIES</b>		
Unrealized Gain on Investments	<u>\$ 169,074</u>	<u>\$ 186,051</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, 2019 and 2018**

**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, 2019 and 2018**

**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 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.

Investments are recorded at fair market value as determined by quoted market prices. Investments are pooled for the purposes of allocating realized gains and losses, unrealized gains and losses and ordinary income, net of investment fees, to the unallocated reserve in the restricted fund. Allocation to specific accounts is based on contractual obligations and the Fund's investment policy.

The Fund categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The three-tier hierarchy of inputs is summarized as follows:

*Level 1* – inputs are quoted prices in active markets for identical assets that are accessible at the date of measurement.

*Level 2* – inputs other than quoted prices that are observable for an asset, either directly or indirectly.

*Level 3* – unobservable inputs for an asset.

**STATE OF ILLINOIS**  
**IMSA FUND FOR ADVANCEMENT OF EDUCATION**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019 and 2018**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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. 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*.

**8. 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".

**STATE OF ILLINOIS**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019 and 2018**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**9. 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.

**10. Reclassifications**

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

**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:

	<u>2019</u>	<u>2018</u>
Carrying Amount of Deposits	\$ 38,976	\$ 84,495
Carrying Amount of Investments	7,900,920	7,216,681
Money Market Funds	549,945	546,310
Petty Cash	<u>200</u>	<u>200</u>
Total	<u>\$ 8,490,041</u>	<u>\$ 7,847,686</u>
	<u>2019</u>	<u>2018</u>
Cash and Cash Equivalents	\$ 589,121	\$ 631,005
Investments	7,275,411	7,081,977
Endowment Investments	<u>625,509</u>	<u>134,704</u>
Total	<u>\$ 8,490,041</u>	<u>\$ 7,847,686</u>

**STATE OF ILLINOIS**  
**IMSA FUND FOR ADVANCEMENT OF EDUCATION**  
**(a Component Unit Of The State Of Illinois)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019 and 2018**

**NOTE C – DEPOSITS AND INVESTMENTS (CONTINUED)**

**1. Deposits**

Deposits with financial institutions had a carrying amount of \$38,976 and \$84,495 and bank balances of \$87,340 and \$90,968 at June 30, 2019 and 2018, respectively. These amounts represent cash in banks.

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, 2019 and 2018, deposits were fully insured by the Federal Deposit Insurance Corporation (FDIC) or pledged collateral. Money market funds 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.

Investments at June 30, 2019 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>
Mutual Funds-Bonds	\$1,926,482	\$ -	\$ 42,554	\$ 966,861	\$ 607,319	\$ 309,748
Equity Funds	<u>5,974,438</u>	<u>5,974,438</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$7,900,920</u>	<u>\$5,974,438</u>	<u>\$ 42,554</u>	<u>\$ 966,861</u>	<u>\$ 607,319</u>	<u>\$ 309,748</u>

**STATE OF ILLINOIS**  
**IMSA FUND FOR ADVANCEMENT OF EDUCATION**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019 and 2018**

**NOTE C – DEPOSITS AND INVESTMENTS (CONTINUED)**

**2. Investments (Continued)**

Investments at June 30, 2018 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>
Mutual Funds-Bonds	\$1,785,139	\$ -	\$ 80,138	\$ 883,513	\$ 591,932	\$ 229,556
Equity Funds	<u>5,431,542</u>	<u>5,431,542</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$7,216,681</u>	<u>\$5,431,542</u>	<u>\$ 80,138</u>	<u>\$ 883,513</u>	<u>\$ 591,932</u>	<u>\$ 229,556</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 \$549,945 and \$546,310 at June 30, 2019 and 2018, respectively.

The valuation by levels at June 30, 2019 is as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money Market Funds	\$ 549,945	\$ -	\$ -
Mutual Funds	1,926,482	-	-
Equity Funds	<u>5,974,438</u>	<u>-</u>	<u>-</u>
	<u>\$ 8,450,865</u>	<u>\$ -</u>	<u>\$ -</u>

The valuation by levels at June 30, 2018 is as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money Market Funds	\$ 546,310	\$ -	\$ -
Mutual Funds	1,785,138	-	-
Equity Funds	<u>5,431,542</u>	<u>-</u>	<u>-</u>
	<u>\$ 7,762,990</u>	<u>\$ -</u>	<u>\$ -</u>

The Fund's investments at June 30, 2019 and 2018 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, 2019 and 2018**

**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.

As of June 30, 2019 and 2018 the Fund’s investments in debt securities (other than U.S. Treasuries) were rated as follows:

<b>Standard &amp; Poor’s Rating</b>	<b>2019 Fair Market Value</b>	<b>2018 Fair Market Value</b>
AAA	\$ 93,061	\$ 160,560
Aa	69,335	101,807
A	209,132	277,657
Baa	288,496	251,964
Ba	1,535	9,105
B	341	1,517
Not Rated	4,436	5,564
Total	<u>\$ 666,336</u>	<u>\$ 808,174</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 exposed to limited foreign currency risk at June 30, 2019 and 2018, respectively. The Fund’s investment mitigates risk of foreign currency loss with the balanced approach to sector segmentation.

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

	<b>2019</b>	<b>2018</b>
Net realized gains on disposition of investments	\$ 86,164	\$ 86,628
Net unrealized gains	<u>169,074</u>	<u>186,050</u>
Total net gains on investments	<u>\$ 255,238</u>	<u>\$ 272,678</u>

**STATE OF ILLINOIS**  
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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, 2019 and 2018, pledges receivable were \$83,824 and \$99,799, respectively, and were classified as either short-term or long-term. The pledges are reported net of an allowance for doubtful accounts of \$421 and \$502 as of June 30, 2019 and 2018, 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 2019 and 2018, total program support provided to the Academy by the Fund was \$1,813,245 and \$2,091,160. The total costs incurred by the Academy for the Fund were approximately \$277,499 and \$374,406, respectively.

At June 30, 2019 and 2018, accounts receivable due from the Academy was \$64,034 and \$39,800, respectively.

At June 30, 2019 and 2018, contribution advances of \$163,624 and \$609,404, respectively, represents funds advanced 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 \$53,750 and \$65,700 during the years ended June 30, 2019 and 2018, respectively.

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**NOTE F – 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, 2019 and 2018.

**NOTE G – ENDOWMENTS**

The Fund's Board established a quasi-endowment fund during the year ended June 30, 2008, with the creation of Stephanie Pace Marshall 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 Years 2013 and 2014, the Fund's Board established three board-designated endowments. These endowment's principal objectives are Professional Field Services, McLaren Faculty Excellence Endowment and Total Applied Learning for Entrepreneurs programs. The balance of the quasi- and board-designated endowment fund as of June 30, 2019 and 2018 was \$6,079,531 and \$5,862,888, respectively. The principal of these endowments will not be expended, and is reported on the Statements of Net Position as "Unrestricted Net Position".

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 2019 and 2018, the Fund's Board of Directors authorized a payment of up to 4%, of the average of the preceding three year balance. The amount approved for expenditure as of December 31, 2018 and 2017 was \$192,668 and \$157,782, respectively. During the fiscal years 2019 and 2018, \$192,636 and \$93,304 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 \$1,795,866 and \$1,609,264 as of June 30, 2019 and 2018, 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. Four additional permanent endowments were established during the fiscal year ended June 30, 2019. 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 \$146,249 and \$95,034 as of June 30, 2019 and 2018, 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. 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)**  
**FINANCIAL AUDIT AND COMPLIANCE EXAMINATION**  
**For the Years Ended June 30, 2019 and 2018**

**SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES**  
**SUMMARY**

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

- Analysis of Operations (Unaudited):
  - Agency Functions and Planning Program (Unaudited)
  - Analysis of Significant Variations in Expenses (Unaudited)
  - Analysis of Significant Variations in Revenue (Unaudited)
  - Schedule of Services Provided by the Academy to the Fund (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)**  
**AGENCY FUNCTIONS AND PLANNING PROGRAM**  
**For the Years Ended June 30, 2019 and 2018**

**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 (UNAUDITED)**

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.

Tami Armstrong is the current Executive Director of Development of the IMSA Fund. IMSA Fund Board Director, Jacob Plummer is President of IMSA Fund and Beverly Lee, Administrative Assistant to the Executive Director is the Assistant Secretary of IMSA Fund.

**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, 2019 and 2018**

**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENSES (UNAUDITED)**

Explanations for variances of \$63,000 and 5% have been provided below.

	Years Ending June 30,		
	2019	2018	2017
Operating Expenses			
Academy Support	1,813,245	2,091,160	2,342,640
Management and General	98,507	86,667	68,614
Fundraising	38,490	51,508	59,379
Operating Agreement with Academy	<u>277,499</u>	<u>374,406</u>	<u>253,004</u>
Total Expenses	<u>\$ 2,227,741</u>	<u>\$ 2,603,741</u>	<u>\$ 2,723,637</u>

Academy Support - The decrease from 2018 to 2019 was due to the budget reduction by the Fund. The decrease from 2017 to 2018 was also due to a budget reduction of the Fund.

Operating Agreement with Academy - The decrease from 2018 to 2019 was due to budget reductions as well as from staff turnovers. The increase from 2017 to 2018 was due to a fully-staffed department at the Fund. In 2017, there were turnover in positions at the Fund.

**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, 2019 and 2018**

**ANALYSIS OF SIGNIFICANT VARIATIONS IN REVENUE (UNAUDITED)**

Explanations for variances of \$63,000 and 5% have been provided below.

	Years Ending June 30,		
	2019	2018	2017
Contributions	\$ 1,148,964	\$ 782,728	\$ 940,365
Operating Agreement with Academy	277,499	374,406	253,004
Program Fees	-	15,640	17,877
In-Kind Contributions of Goods and Equipment	11,250	134,022	430
Interest and Dividend Income	252,259	183,960	179,373
Gain (Loss) on Investments	255,238	272,678	529,988
Contributions to Permanent Endowments	490,805	993	-
<b>Total</b>	<b><u>\$ 2,436,015</u></b>	<b><u>\$ 1,764,427</u></b>	<b><u>\$ 1,921,037</u></b>

Contributions - The increase from 2018 to 2019 was primarily due to auditorium renovation donation appeal in excess of \$300,000 in Fiscal Year 2019. The decrease from 2017 to 2018 was due to the ending of the science wing renovation campaign.

Operating Agreement with Academy - The decrease from 2018 to 2019 was due to budget and staff reductions. The increase from 2017 to 2018 was due to additional employment costs as a result of multiple changes in staff.

In-Kind Contributions of Goods and Equipment - The decrease from 2018 to 2019 was due to the Fund receiving less in-kind donations during the year. In Fiscal Year 2018, IMSA hosted the International Student Science Fair (ISSF). The increase from 2017 to 2018 was due to ISSF 2018, in which the Fund received large amounts of in-kind contributions.

Interest and Dividend Income - The increase from 2018 to 2019 was due to endowment fund growth and higher yielding investments.

Gain (Loss) on Investments - The decrease from 2017 to 2018 was due to market conditions and changes in the economy.

Contributions to Permanent Endowments - The increase from 2018 to 2019 was primarily due to the receipt of a \$456,000 endowment contribution.

**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, 2019 and 2018**

**SCHEDULE OF SERVICES PROVIDED BY THE ACADEMY TO THE FUND (UNAUDITED)**

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.

	Years Ending June 30,		
	2019	2018	2017
Services provided:			
Personal Service	\$ 226,063	\$ 311,061	\$ 192,755
Rent	26,802	33,426	30,945
Maintenance Costs	8,795	10,370	10,596
Utilities	4,959	6,184	6,581
Equipment/Furniture Rental	8,750	11,000	7,950
Telephone Services	890	943	2,899
Financial System Costs	<u>1,240</u>	<u>1,422</u>	<u>1,278</u>
Total	<u>\$ 277,499</u>	<u>\$ 374,406</u>	<u>\$ 253,004</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)  
 AVERAGE NUMBER OF EMPLOYEES  
 For the Years Ended June 30, 2019 and 2018**

**AVERAGE NUMBER OF EMPLOYEES (UNAUDITED)**

	Years Ending June 30,		
	2019	2018	2017
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.