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

FINANCIAL AUDIT
FOR THE YEAR ENDED JUNE 30, 2026

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

IMSA FUND FOR ADVANCEMENT OF EDUCATION
(A Component Unit of the State of Illinois)
FINANCIAL AUDIT
For the Year Ended June 30, 2026

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IMSA FUND FOR ADVANCEMENT OF EDUCATION
(A Component Unit of the State of Illinois)
FINANCIAL AUDIT
For the Year Ended June 30, 2026

AGENCY OFFICIALS

Chief Public Affairs and Development Officer - Illinois Mathematics and Science Academy	Ms. Tami Armstrong
Executive Director of Development	Ms. Dana Camacho (10/1/25 to current)

BOARD OF DIRECTORS

President/Executive Chair	Ms. Kimberly Simon
Secretary/Governance Chair	Mr. Dan Mueth
Treasurer/Chair of Finance	Mr. Matt Maddox
Member	Mr. Hector Correa
Member	Mr. Richard R. Tung
Member	Mr. Sam Yagan
Member	Ms. Sharon Zeng
Member	Mr. Dale Player (10/21/25 to current)

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

IMSA FUND FOR ADVANCEMENT OF EDUCATION
(A Component Unit of the State of Illinois)
FINANCIAL AUDIT
For the Year Ended June 30, 2026

FINANCIAL STATEMENT REPORT

SUMMARY

The audit of the accompanying financial statements of the IMSA Fund for Advancement of Education (Fund) as of and for the year ended June 30, 2026 was performed by Borschnack, Pelletier & Co.

Based on their audit, the auditors expressed an unmodified opinion on the Fund's basic financial statements.

EXIT CONFERENCE

The IMSA Fund for Advancement of Education waived holding an exit conference in a communication from Scott Kreiter, Development Manager, dated September 29, 2026.

Borschnack Pelletier & Co.
Certified Public Accountants & Consultants

200 East Court Street • Suite 608 • Kankakee, IL 60901
815.933.1771 • fax: 815.933.1163

INDEPENDENT AUDITOR'S REPORT

Honorable Christopher B. Meister
Auditor General
State of Illinois

and

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

Report on the Audit of the Financial Statements

Opinion

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 (Fund), a component unit of the State of Illinois, as of and for the year ended June 30, 2026, and the related notes to the financial statements which collectively comprise the Fund's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Fund as of June 30, 2026, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund, and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgement and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit 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 Fund's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Fund's 2025 financial statements, and our report dated December 8, 2025, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2025, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 6 - 8 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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

Management is responsible for the other information included in the annual report. The other information comprises the agency officials page but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or if the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2026, on our consideration of the Fund'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 Fund'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 Fund's internal control over financial reporting and compliance.

SIGNED ORIGINAL ON FILE

Kankakee, IL
October 15, 2026

Overview of the Financial Statements

The financial statements of the IMSA Fund for Advancement of Education (Fund) are prepared in accordance with the guidance found in the statements issued by the Governmental Accounting Standards Board (GASB). These statements focus on the financial condition, the results of operations and the cash flows of the Fund.

As prescribed by GASB, the report includes three financial statements: the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. The accompanying notes to the financial statements provide more detailed information regarding the items presented on the face of the financial statements. An explanation of the financial statement presentation follows.

The Statement of Net Position reflects the assets and liabilities of the Fund using the accrual basis of accounting and presents the financial position of the Fund at a specified point in time. The difference between total assets and total liabilities, known as net position, is one indicator of the current financial condition of the Fund. The increase or decrease in net position that occurs over time indicates the improvement or erosion of the Fund's financial condition.

The Statement of Revenues, Expenses, and Changes in Net Position presents the revenues earned and expenses incurred during the fiscal year. Revenues and expenses are reported as either operating or non-operating. Under this reporting model, contributions and the operating agreement with the Academy (in-kind support) are reported as operating revenue, and contributions to permanent endowments and investment income, including gains on investments, are considered non-operating revenue.

Additionally, payments for Academy support, management and general expenses, fundraising expenses, and the operating agreement with the Academy (in-kind expense) are treated as operating expenses.

The Statement of Cash Flows presents information related to cash inflows and outflows summarized by operating, investing, and noncapital financing activities.

Financial Summary

CONDENSED STATEMENTS OF NET POSITION

For the Years Ended June 30,

	2026	2025
TOTAL ASSETS	26,472,433	21,884,714
TOTAL LIABILITIES	13,313	11,491
NET POSITION		
Unrestricted	13,430,259	11,505,333
Restricted, Expendable	10,860,982	8,258,214
Restricted, Nonexpendable	2,167,879	2,109,676
TOTAL NET POSITION	26,459,120	$ 21,873,223

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

For the Years Ended June 30,

	2026	2025
Operating Revenues		
Contributions	$ 2,424,891	$ 1,964,627
Operating Agreement with Academy	577,359	465,334
Total Operating Revenues	3,002,250	2,429,961
Operating Expenses		
Academy Support	541,244	596,611
Management and General	113,301	104,310
Fundraising	42,444	28,815
Operating Agreement with Academy	577,359	465,334
Total Operating Expenses	1,274,348	1,195,070
Operating Income (Loss)	1,727,902	1,234,891
Non-Operating Revenues and Expenses		
Interest and Dividend Income	644,486	535,062
Net Gains on Investments	2,155,306	1,402,433
Contributions to Permanent Endowments	58,203	92,923
Net Non-Operating Revenue (Expenses)	2,857,995	2,030,418
CHANGE IN NET POSITION	4,585,897	3,265,309
NET POSITION - BEGINNING OF YEAR	21,873,223	18,607,914
NET POSITION - END OF YEAR	$ 26,459,120	$ 21,873,223

Detailed Analysis

- Total Assets and Net Position: Statement of Net Position total assets and net position grew slightly more than $4.5 million, representing a 21% increase in ending net position, primarily a result of investment income and contributions.
- Revenues: Primarily consist of donor contributions to the Fund, investment income and support from the Academy. Driven by the capital campaign and portfolio gains, investment revenues grew by over 44%. Non-operating revenues realized an increase of approximately $828 thousand as gains in the investment portfolio were realized.
- Expenses: Consist of amounts incurred to support and carry out the mission of the Fund. Operating expenses increased over the prior year directly related to the operating agreement with Academy as additional staff were assigned to the Fund.
- Support to the Academy declined as a direct result of unspent funding and funds rolled over to the next fiscal year-end totaling over $100 thousand. Management and general and fundraising expenses increased as the capital campaign ramped up donor dinners and meetings.
- Net Position Change: The 21% overall increase in net position is a direct result of capital campaign funds currently being held for future expenditures and investment earnings.
- Through June 30, 2026, the Fund has received over $8 million in contributions and pledges toward the $15 million capital campaign for the construction of new residence halls for the Academy.

Currently Known Facts, Decisions, or Conditions

- Future Cash Outlays & Transfers: The residence hall capital campaign funds currently held by the Fund will be transferred to the State of Illinois Capital Development Board in Fiscal Year 2027.
- Additional campaign dollars are still needed to fulfill the $15 million campaign target to provide enough capital to complete the building project.
- The financial growth observed during the fiscal year reflects deliberate capital fundraising efforts rather than general operational growth. Management maintains that holding these campaign revenues in liquid and invested forms ensures sufficient cash availability prior to transferring to the State of Illinois Capital Development Board in March 2027.

IMSA FUND FOR ADVANCEMENT OF EDUCATION
(A Component Unit of the State of Illinois)
STATEMENT OF NET POSITION
As of June 30, 2026
With Comparative Totals as of June 30, 2025

	2026	2025
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 2,092,792	$ 801,749
Certificates of Deposit	4,556,000	2,592,000
Investments	15,061,701	12,744,614
Accounts Receivable	68,269	19,043
Contribution Advances	49,209	45,316
Accrued Interest Receivable	66,448	30,048
Pledges Receivable, Net	1,783,660	1,790,944
Total Current Assets	23,678,079	18,023,714
Non-Current Assets		
Pledges Receivable, Net	626,475	1,279,324
Certificates of Deposit	-	472,000
Endowment Investments	2,167,879	2,109,676
Total Non-Current Assets	2,794,354	3,861,000
TOTAL ASSETS	26,472,433	21,884,714
LIABILITIES		
Accounts Payable	13,313	11,491
TOTAL LIABILITIES	13,313	11,491
NET POSITION		
Unrestricted	13,430,259	11,505,333
Restricted, Expendable	10,860,982	8,258,214
Restricted, Nonexpendable	2,167,879	2,109,676
TOTAL NET POSITION	$ 26,459,120	$ 21,873,223

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

IMSA FUND FOR ADVANCEMENT OF EDUCATION
(A Component Unit of the State of Illinois)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended June 30, 2026
With Comarative Totals for the Year Ended June 30, 2025

	2026	2025
Operating Revenues		
Contributions	$ 2,424,891	$ 1,964,627
Operating Agreement with Academy	577,359	465,334
Total Operating Revenues	3,002,250	2,429,961
Operating Expenses		
Academy Support	541,244	596,611
Management and General	113,301	104,310
Fundraising	42,444	28,815
Operating Agreement with Academy	577,359	465,334
Total Operating Expenses	1,274,348	1,195,070
Operating Income (Loss)	1,727,902	1,234,891
Non-Operating Revenues and Expenses		
Interest and Dividend Income	644,486	535,062
Net Gains on Investments	2,155,306	1,402,433
Contributions to Permanent Endowments	58,203	92,923
Net Non-Operating Revenue (Expenses)	2,857,995	2,030,418
CHANGE IN NET POSITION	4,585,897	3,265,309
NET POSITION - BEGINNING OF YEAR	21,873,223	18,607,914
NET POSITION - END OF YEAR	$ 26,459,120	$21,873,223

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

IMSA FUND FOR ADVANCEMENT OF EDUCATION
(A Component Unit of the State of Illinois)
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2026
With Comarative Totals for the Year Ended June 30, 2025

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Supporters and Grantors	$ 3,035,798	$ 3,667,553
Cash Paid to Grantee, Suppliers and Academy Employees	(699,060)	(750,705)
Net Cash Provided by Operating Activities	2,336,738	2,916,848
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and Dividends Received	608,086	505,014
Cash Payment for the Purchase of Investments	(10,828,726)	(1,253,590)
Purchases of Certificates of Deposit	(5,072,000)	(6,018,000)
Cash Proceeds from Sale of Investments	10,608,742	712,806
Maturities of Certificates of Deposit	3,580,000	2,954,000
Net Cash Provided by (Used In) Investing Activities	(1,103,898)	(3,099,770)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash Received for Permanent Endowments	58,203	92,923
Net Cash Provided by Noncapital Financing Activities	58,203	92,923
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,291,043	(89,999)
CASH AND CASH EQUIVALENTS-BEGINNING OF YEAR	801,749	891,748
CASH AND CASH EQUIVALENTS-END OF YEAR	$ 2,092,792	$ 801,749
RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Operating Income (Loss)	$ 1,727,902	$ 1,234,891
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Changes in Certain Assets and Liabilities:		
Accounts Receivable	(49,226)	9,983
Contribution Advances	(3,893)	(22,341)
Pledges Receivable	660,133	1,692,943
Accounts Payable	1,822	1,372
Total Adjustments	608,836	1,681,957
Net Cash Provided by Operating Activities	$ 2,336,738	$ 2,916,848
NON CASH INVESTING ACTIVITIES		
Unrealized gain on Investments	$ 76,068	$ 1,327,834

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

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 the State of 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 annual comprehensive 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 Annual Comprehensive Financial Report.

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.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash in banks, and money market funds held in investment accounts in the name of the IMSA Fund for Advancement of Education.

4. 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.

5. 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.

6. 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* and GASB Statement No. 103, *Financial Reporting Model Improvements*.

7. 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.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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".

8. 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.

9. New Accounting Pronouncements

For the year ending June 30, 2026 and thereafter, the Fund implemented GASB statement No. 103 *Financial Reporting Model Improvements* and GASB statement No. 104 *Disclosure of Certain Capital Assets*. As a result, Contributions to Permanent Endowments have been reported as a non-operating revenue. For the year ending June 30, 2027 and thereafter, the Fund will be required to implement GASB No.105 *Subsequent Events.* The Fund has not yet evaluated the effect of this pronouncement on the Fund's financial statements.

10. Prior year information

The basic financial statements include certain prior year comparative information. Such information does not include a full comparative presentation in conformity with accounting principles generally accepted in the United State of America. Accordingly, such information should be read in conjunction with the Fund's financial statements for the year ended June 30, 2025, from which the information was derived.

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:

	2026	2025
Carrying Amount of Deposits	$ 1,325,053	$ 122,365
Carrying Amount of Investments	21,785,580	17,918,290
Money Market Funds	767,739	679,384
Total	$ 23,878,372	$ 18,720,039

	2026	2025
Cash and Cash Equivalents	$ 2,092,792	$ 801,749
Investments	15,061,701	12,744,614
Endowment Investments	2,167,879	2,109,676
Certificates of Deposit	4,556,000	3,064,000
Total	$ 23,878,372	$ 18,720,039

NOTE C – DEPOSITS AND INVESTMENTS (Continued)

1. Deposits

Deposits with financial institutions had a carrying amount of $1,325,053 and $122,365 and bank balances of $1,359,327 and $123,815 at June 30, 2026 and 2025, 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, 2026 and 2025, deposits were fully insured by the Federal Deposit Insurance Corporation (FDIC) or Securities Investor Protection Corporation (SIPC). 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, 2026 consisted of the following managed funds:

		Investment Maturities (in Years)				
Investment Types	**Fair Value**	**No Maturity Date**	**Less Than 1**	**1-5**	**6-10**	**10 +**
Mutual Funds - Bonds	$ 5,021,994	$ -	$ 94,879	$ 1,977,908	$ 2,123,090	$ 826,117
Mutual Funds - Stocks	12,207,586	12,207,586	-	-	-	-
Certificates of Deposit	4,556,000	-	4,556,000	-	-	-
Total	$21,785,580	$12,207,586	$ 4,650,879	$ 1,977,908	$ 2,123,090	$ 826,117

Investments at June 30, 2025 consisted of the following managed funds:

		Investment Maturities (in Years)				
Investment Types	**Fair Value**	**No Maturity Date**	**Less Than 1**	**1-5**	**6-10**	**10 +**
Mutual Funds - Bonds	$ 3,980,187	$ 48,911	$ 76,588	$ 1,600,868	$ 1,690,445	$ 563,375
Mutual Funds - Stocks	10,874,103	10,874,103	-	-	-	-
Certificates of Deposit	3,064,000	-	2,592,000	472,000	-	-
Total	$17,918,290	$10,923,014	$ 2,668,588	$ 2,072,868	$ 1,690,445	$ 563,375

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 $767,739 and $679,384 at June 30, 2026 and 2025, respectively.

NOTE C – DEPOSITS AND INVESTMENTS (Continued)

The valuation by levels at June 30, 2026 is as follows:

	Level 1	Level 2	Level 3
Money Market Funds	$ 767,739	$ -	$ -
Mutual Funds – Bonds	5,021,994	-	-
Mutual Funds – Stocks	12,207,586	-	-
Certificates of Deposit	-	4,556,000	-
	$ 17,997,319	$ 4,556,000	$ -

The valuation by levels at June 30, 2025 is as follows:

	Level 1	Level 2	Level 3
Money Market Funds	$ 679,384	$ -	$ -
Mutual Funds – Bonds	3,980,187	-	-
Mutual Funds – Stocks	10,874,103	-	-
Certificates of Deposit	-	3,064,000	-
	$ 15,533,674	$ 3,064,000	$ -

The Fund's investments at June 30, 2026 and 2025 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.

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, 2026 and 2025, the Fund's investments in debt securities (Mutual Funds – Bonds) were not rated by a nationally recognized statistical rating organization.

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's investment policy does not limit investments in foreign equities or debt securities. The Fund's mutual fund investments expose the Fund to various foreign currency risks. Those risks are reflected in the market value of each mutual fund. The Fund's investment strategy mitigates the 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:

	2026	2025
Net realized gains (losses) on disposition of investments	$ 2,079,238	$ 74,599
Net unrealized gains (losses)	76,068	1,327,834
Total net gains (losses) on investments	$ 2,155,306	$ 1,402,433

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, 2026 and 2025, pledges receivable were $2,410,135 and $3,070,267, respectively, and were classified as either short-term or long-term. The pledges are reported net of discounts of $252,534 and $271,399 and an allowance for doubtful accounts of $0 and $0 as of June 30, 2026 and 2025, respectively. Pledge balances have been discounted using the effective Federal Funds rate in effect on the date of the pledge.

NOTE E – RELATED PARTY TRANSACTIONS

Effective August 29, 1996, the Fund entered into an agreement with the 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 2026 and 2025, total program support provided to the Academy by the Fund was $541,244 and $596,611. The total costs incurred by the Academy for the Fund were approximately $577,359 and $465,334, respectively.

At June 30, 2026 and 2025, accounts receivable due from the Academy were $68,269 and $19,043, respectively.

At June 30, 2026 and 2025, contribution advances of $49,209 and $45,316, 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 $76,577 and $1,127,346 during the years ended June 30, 2026 and 2025, respectively.

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, 2026 and 2025.

NOTE G – ENDOWMENTS

The Fund Board of Directors established a quasi-endowment fund during the year ended June 30, 2008, named the 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 include 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, 2026 and 2025 was $11,063,897 and $9,404,905, respectively. The principal of these endowments will not be expended, and is reported on the Statements of Net Position as "Unrestricted Net Position". 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 available for future expenditure was $6,715,962 and $5,056,970 as of June 30, 2026 and 2025, respectively, and are reported 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 2026 and 2025, 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, 2025 and 2024 was $395,839 and $378,558 respectively. During the fiscal years 2026 and 2025, $248,081 and $231,149 of the aforementioned authorized expenditures were made along with investment management fees.

As of June 30, 2026, the Fund is the holder and custodian of several permanent endowment funds. 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 $1,634,029 and $1,050,135 as of June 30, 2026 and 2025, respectively, and are reported as "Restricted Net Position, Expendable".

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.

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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 Christopher B. Meister
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 (Fund), a component unit of the State of Illinois, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and we have issued our report thereon dated October 15, 2026.

Report on Internal Control Over Financial Reporting

Management of the Fund 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 Fund's internal control as a basis for designing 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 Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund'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 above paragraphs 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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund'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 financial statements. 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 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.

SIGNED ORIGINAL ON FILE

Kankakee, Illinois
October 15, 2026