

NOTE:

The IMSA Fund for Advancement of Education's FY09 financial statements should be read in conjunction with the FY10 financial statements. In the FY09 financial statements, the June 30, 2009 net assets have been restated (decreased restricted net assets, expendable and increased unrestricted net assets by \$103,964) to correct errors in the classification of net assets. Because the June 30, 2009 net assets have been restated, the previously issued auditors' report dated December 8, 2009 is not to be relied upon without consideration of the auditors' report dated January 4, 2011 on the restatement of the June 30, 2009 net assets.

**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, 2009 AND 2008**

**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, 2009 and 2008

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STATE OF ILLINOIS
IMSA FUND FOR ADVANCEMENT OF EDUCATION
(A Component Unit of the State of Illinois)
For the Years Ended June 30, 2009 and 2008

AGENCY OFFICIALS

Vice President for Advancement Illinois Mathematics and Science Academy, Secretary, IMSA Fund	Ms. Suzyn M. Price
Director of Operations for Advancement and IMSA Fund (11/12/2007 – Current)	Mr. Thomas Walter
Director of Operations for Advancement and IMSA Fund (7/24/07 – 11/12/2007)	Vacant
Director of Operations for Advancement and IMSA Fund (Resigned 7/24/2007)	Ms. Lois Harris

BOARD OF DIRECTORS

Officers

Chairman (7/1/2009 - Current)	Mr. Gregory K. Jones
President (to 7/1/2009)	Mr. Gregory K. Jones
President (7/1/2009 - Current)	Mr. Herbert B. Knight
Vice President (7/1/2009 - Current)	Ms. Pamela Blackwell
Vice President (to 7/1/2009)	Mr. John Hoesley
Treasurer	Mr. John Hoesley
Secretary	Ms. Suzyn M. Price

Directors

Ms. Maureen E. Sullivan (7/1/2008 to Current)	Ms. Stephanie Pace Marshall
Mr. Vasu Kulkarni (7/1/2009 – Current)	Mr. Michael Sloan
Mr. G. Thomas Castino	Mr. Jarvis Yeh
Mr. Martin J. DiMarzio	Ms. Marlene Young-Peel (to 7/1/2008)
Mr. Herbert B. Knight (to 6/30/2009)	Mr. Ronald Bullock (to 7/1/2008)
Ms. Vanessa C. Gage	Ms. Chelsy A. Hopper
Ms. Jean K. Holley	Mr. Fidel Marquez, Jr.
Ms. Pamela Blackwell (to 6/30/2009)	Mr. Benjamin Chelf (to 7/1/2008)

Agency Offices are located at:

1500 W. Sullivan Road
Aurora, Illinois 60506 –1000

December 8, 2009

IMSA FUND

for advancement of education

Borschnack, Pelletier & Co.
Certified Public Accountants
200 E. Court St., Suite 608
Kankakee, IL 60901



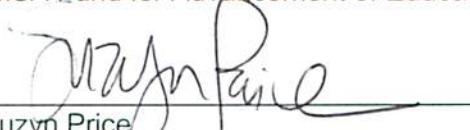
Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the IMSA Fund for Advancement of Education. We are responsible for and we have established and maintained an effective system of, internal controls over compliance requirements. We have performed an evaluation of the IMSA Fund for Advancement of Education's compliance with the following assertions during the two years ended June 30, 2009. Based on this evaluation, we assert that during the years ended June 30, 2009 and June 30, 2008, the IMSA Fund for Advancement of Education has materially complied with the assertions below.

- A. The IMSA Fund for Advancement of Education has obligated, expended, received and used funds 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 funds 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. The 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 or held in trust by the IMSA Fund for Advancement of Education have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours very truly,

IMSA Fund for Advancement of Education


Suzyn Price
Vice President of Advancement


Thomas Walter
Director of Operations



IMSA Fund for Advancement of Education
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STATE OF ILLINOIS
IMSA FUND FOR ADVANCEMENT OF EDUCATION
(A Component Unit of the State of Illinois)
For the Years Ended June 30, 2009 and 2008

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.

ACCOUNTANTS' REPORT

The Independent Accountants' Report on State Compliance, on Internal Control Over Compliance and on Supplementary Information for State Compliance Purposes does not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF FINDINGS

<u>Number of</u>	<u>This</u>	<u>Prior</u>
Findings	0	3
Repeated findings	0	0
Prior recommendations implemented or not repeated	3	0

Details of findings are presented in a separately tabbed report section.

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
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CURRENT FINDINGS

None Reported

PRIOR FINDINGS NOT REPEATED

A	11	Insufficient Controls Over Financial Reporting
B	11	Noncompliance with Investment Policy
C	11	Lack of Conflict of Interest Disclosure Statements

STATE OF ILLINOIS
IMSA FUND FOR ADVANCEMENT OF EDUCATION
(A Component Unit of the State of Illinois)
For the Years Ended June 30, 2009 and 2008

EXIT CONFERENCE

The compliance examination and audit results were discussed with Fund personnel at an exit conference on December 8, 2009. Attending were:

	<u>IMSA Fund for Advancement of Education</u>
Suzyn M. Price	Vice President for Advancement
Thomas Walter	Director of Operations
Jane Overstreet	IMSA Fund Bookkeeper
	<u>Office of the Auditor General</u>
Alison Schertz	Audit Manager
	<u>Borschnack, Pelletier & Co.</u>
Paul Pelletier	Partner
Brian Creek	Manager

**INDEPENDENT ACCOUNTANTS' REPORT ON STATE COMPLIANCE,
ON INTERNAL CONTROL OVER COMPLIANCE, AND ON
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES**

Honorable William G. Holland
Auditor General
State of Illinois

and

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

Compliance

As Special Assistant Auditors for the Auditor General, we have examined the IMSA Fund for Advancement of Education's (a component unit of the State of Illinois) compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the two years ended June 30, 2009. The management of the IMSA Fund for Advancement of Education is responsible for compliance with these requirements. Our responsibility is to express an opinion on the IMSA Fund for Advancement of Education's compliance based on our examination.

- A. The IMSA Fund for Advancement of Education has obligated, expended, received and used funds 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 funds 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. The 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 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.

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

In our opinion, the IMSA Fund for Advancement of Education complied, in all material respects, with the requirements listed in the first paragraph of this report during the years ended June 30, 2009 and 2008.

Internal Control

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

A *deficiency* in an entity's internal control over compliance 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 requirements listed in the first paragraph of this report on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance with the requirements listed in the first paragraph of this report was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Supplementary Information for State Compliance Purposes

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the business-type activities of the IMSA Fund for Advancement of Education (a component unit of the State of Illinois), as of and for the year ended June 30, 2009 which comprise the IMSA Fund for Advancement of Education's basic financial statements, and have issued our report thereon dated December 8, 2009. The accompanying supplementary information, as listed in the table of contents as Supplementary Information for State Compliance Purposes, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the IMSA Fund for Advancement of Education. The 2009 Supplementary Information for State Compliance Purposes has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2009 taken as a whole. The 2008 and 2007 comparative information has been derived from the IMSA Fund for Advancement of Education's basic financial statements for the years ended June 30, 2008 and 2007, which were audited by other auditors who expressed unqualified opinions on the basic financial statements in their report dated June 2, 2009.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, management and the Board of Directors of the IMSA Fund for Advancement of Education and is not intended to be and should not be used by anyone other than these specified parties.

Borschmann, Pellitteri & Co.

December 8, 2009

**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 William G. Holland
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 the financial statements of the business-type activities of the IMSA Fund for Advancement of Education (a component unit of the State of Illinois), as of and for the year ended June 30, 2009 which comprise the IMSA Fund for Advancement of Education's basic financial statements, and have issued our report thereon dated December 8, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the IMSA Fund for Advancement of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the IMSA Fund for Advancement of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the IMSA Fund for Advancement of Education's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the IMSA Fund for Advancement of Education's financial statements are free of 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*.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, management and the Board of Directors of IMSA Fund for Advancement of Education and is not intended to be and should not be used by anyone other than these specified parties.

Borschmann, Pelletier & Co

December 8, 2009

STATE OF ILLINOIS
IMSA FUND FOR ADVANCEMENT OF EDUCATION
(A Component Unit of the State of Illinois)
CURRENT FINDINGS
For the Years Ended June 30, 2009 and 2008

There were no current findings reported.

STATE OF ILLINOIS
IMSA FUND FOR ADVANCEMENT OF EDUCATION
(A Component Unit of the State of Illinois)
PRIOR FINDINGS NOT REPEATED
For the Years Ended June 30, 2009 and 2008

Prior Findings Not Repeated - (Government Auditing Standards)

A - FINDING: INSUFFICIENT CONTROLS OVER FINANCIAL REPORTING

During the prior audit the IMSA Fund for Advancement of Education (Fund) did not have sufficient controls over the financial reporting process. (Finding Code No. 08-1)

Status: Not repeated.

During the current audit, the Fund implemented certain control procedures and hired a consultant to address financial records and related adjustments.

Prior Findings Not Repeated – (State Compliance)

B - FINDING: NONCOMPLIANCE WITH INVESTMENT POLICY

During the prior examination IMSA Fund for Advancement of Education did not maintain investments within the allocation parameters stipulated in its investment policy. (Finding Code No. 07-1)

Status: Not repeated.

During the current examination, our sample testing did not disclose any instances where the Fund failed to maintain investments within the allocation parameters stipulated in its investment policy.

C - FINDING: LACK OF CONFLICT OF INTEREST DISCLOSURE STATEMENTS

During the prior examination IMSA Fund for Advancement of Education did not properly maintain disclosure statements regarding potential conflicts of interest on file for its Board of Directors. (Finding Code No. 07-2)

Status: Not repeated.

During the current examination, all Board members completed conflict of interest disclosure statements and copies of these forms were maintained by Fund management.

STATE OF ILLINOIS
IMSA FUND FOR ADVANCEMENT OF EDUCATION
(A Component Unit of the State of Illinois)
For the Years Ended June 30, 2009 and 2008

FINANCIAL STATEMENT REPORT

SUMMARY

The audit of the accompanying financial statements of the IMSA Fund for Advancement of Education as of and for the year ended June 30, 2009 was performed by Borschnack, Pelletier & Co.

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

The basic financial statements of the IMSA Fund for Advancement of Education as of and for the year ended June 30, 2008, were audited by other auditors who expressed an unqualified opinion on the basic financial statements in their report dated June 2, 2009.

INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland
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 the accompanying financial statements of the business-type activities of the IMSA Fund for Advancement of Education (a component unit of the State of Illinois), as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the IMSA Fund for Advancement of Education's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements as of and for the year ended June 30, 2008, before they were restated for the matter discussed in Note K, were audited by other auditors who expressed an unqualified opinion on the basic financial statements in their report dated June 2, 2009.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the IMSA Fund for Advancement of Education, as of June 30, 2009 and the changes in net assets and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 8, 2009 on our consideration of the IMSA Fund for Advancement of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The *Management's Discussion and Analysis* on pages 15 through 20 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Borschneck, Pelletier & Co.

December 8, 2009

STATE OF ILLINOIS
 IMSA FUND FOR ADVANCEMENT OF EDUCATION
 (A Component Unit of the State of Illinois)
MANAGEMENT'S DISCUSSION AND ANALYSIS

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 footnotes as a complete financial report.

Statement of Net Assets

The Statement of Net Assets presents the assets, liabilities, and net assets 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 ASSETS
 As of June 30,

	2009	2008
ASSETS		
Cash and Cash Equivalents	\$ 741,709	\$ 640,442
Investments	2,720,884	3,272,712
Accounts Receivable	70,079	91,503
Contribution Advances	129,968	46,654
Prepaid Expenses	3,603	5,423
Pledges Receivable	61,751	186,118
TOTAL ASSETS	\$ 3,727,994	\$ 4,242,852
LIABILITIES		
Accounts Payable	\$ 2,846	\$ 6,786
Due to IMSA	-	36,614
Deferred Revenue	9,130	-
TOTAL LIABILITIES	11,976	43,400
NET ASSETS		
Unrestricted Net Assets	2,080,329	2,650,252
Restricted Net Assets, Expendable	1,604,689	1,518,200
Restricted Net Assets, Nonexpendable	31,000	31,000
TOTAL NET ASSETS	3,716,018	4,199,452
TOTAL LIABILITIES AND NET ASSETS	\$ 3,727,994	\$ 4,242,852

STATE OF ILLINOIS
IMSA FUND FOR ADVANCEMENT OF EDUCATION
(A Component Unit of the State of Illinois)
MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal year ended June 30, 2009 ended with a decrease in net assets of \$483,434. This change was caused by significant reductions in the investment portfolio. Contribution Advances to the Academy increased, while Accounts and Pledges Receivable decreased. Liabilities recorded in 2009 were minimal.

Fiscal year ended June 30, 2008 ended with an increase in net assets of \$396,282. This increase includes the results of the annual giving campaign and levels of Academy support consistent with recent years.

Pledges Receivable

Pledges receivable are voluntary nonexchange transactions. Revenue was recognized by the Fund in the year when all of the eligibility requirements were met in accordance with Governmental Accounting Standards Board Statement No. 33. Decreases in pledges receivable are attributed to collections exceeding new and remaining pledges that extended beyond the fiscal year end.

Net Assets

Net assets are divided into three major categories. Unrestricted net assets include 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 assets include amounts that are subject to donor-imposed stipulations. These stipulations limit the use of the resources for specific purposes. Restricted nonexpendable net assets are 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'S DISCUSSION AND ANALYSIS

Statement of Revenues, Expenses, and Changes in Net Assets

The purpose of the Statement of Revenues, Expenses, and Changes in Net Assets 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, interest and dividend 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 ASSETS**
 For the Years Ended June 30,

	2009	2008
OPERATING REVENUES		
Contributions	\$ 907,479	\$ 942,839
Operating Agreement with Academy	263,964	271,924
Other Operating Revenues	(3,576)	42,789
TOTAL OPERATING REVENUES	1,167,867	1,257,552
OPERATING EXPENSES		
Academy Support	598,390	561,977
Management and General	143,402	101,563
Fundraising	99,292	47,122
Operating Agreement with Academy	263,964	271,924
TOTAL OPERATING EXPENSES	1,105,048	982,586
NON-OPERATING REVENUES AND EXPENSES	(546,253)	121,316
CHANGE IN NET ASSETS	(483,434)	396,282
NET ASSETS – BEGINNING OF YEAR	4,199,452	3,803,170
NET ASSETS – END OF YEAR	\$ 3,716,018	\$ 4,199,452

Contributions

The total Operating Revenue Contributions received by the Fund decreased 3.8% from fiscal years 2008 to 2009. This decrease was a result of the decrease in non-cash gifts of equipment and supplies donated to the Fund during fiscal year 2009.

STATE OF ILLINOIS
IMSA FUND FOR ADVANCEMENT OF EDUCATION
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MANAGEMENT'S DISCUSSION AND ANALYSIS

Non-Operating Revenues and Expenses

The Fund's investments sustained significant losses during the economic recession. The Fund recorded realized losses of \$448,088 and unrealized losses on investments of \$189,364 during fiscal year 2009. Interest and dividend income decreased 21% from fiscal year 2008 to fiscal year 2009. Interest and dividend income in fiscal year 2008 was similar to previous years, and the Fund recognized a relatively small unrealized loss.

Expenses

Management and general expenses and fundraising expenses combined, increased from \$148,685 in fiscal year 2008 to \$242,694 in fiscal year 2009. This is the result of increased expenses related to fundraising and relationship building with alumni and friends.

The Fund recognized \$598,390 and \$561,977 in fiscal years 2009 and 2008, respectively, in direct support to the Academy.

Change in Net Asset

Net Assets decreased by \$483,434 over the past fiscal year due to investment losses. The Net Losses on Investments attributed for all of the decrease. Total Operating Revenue of \$1,167,867 and Total Operating Expenses of \$1,105,048 indicates that the Fund would have netted a surplus of \$62,819 prior to the Net Non-Operating Expense of \$546,253.

STATE OF ILLINOIS
 IMSA FUND FOR ADVANCEMENT OF EDUCATION
 (A Component Unit of the State of Illinois)
MANAGEMENT'S DISCUSSION AND ANALYSIS

Statement of Cash Flows

The Fund uses the Statement of Cash Flows to identify cash provided from operations, investing and financing activities. The Fund had a significant increase in cash equivalents during fiscal year 2009, resulting from a recovered improvement in Cash from Investing Activities. Cash from Operating Activities did incur a \$52,706 decrease due to a \$169,124 reduction in Cash Received from Supporters and Grantors offset by a \$116,418 reduction in Cash Paid to Grantee, Suppliers and Employees.

CONDENSED STATEMENTS OF CASH FLOWS

For the Years Ended June 30,

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Supporters and Grantors	\$ 927,996	\$ 1,097,120
Cash Paid to Grantee, Suppliers and Employees	(832,304)	(948,722)
	95,692	148,398
 CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and Dividends Received	91,199	115,087
Cash Payment for the Purchase of Investments	(2,224,632)	(2,404,780)
Cash Proceeds from Sale of Investments	2,139,008	1,972,642
	5,575	(317,051)
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash Received for Permanent Endowments	-	26,000
	-	26,000
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	101,267	(142,653)
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	640,442	783,095
 END OF YEAR	\$ 741,709	\$ 640,442

STATE OF ILLINOIS
IMSA FUND FOR ADVANCEMENT OF EDUCATION
(A Component Unit of the State of Illinois)
MANAGEMENT'S DISCUSSION AND ANALYSIS

Economic Outlook

The Fund invests in various investment securities. During the current fiscal year, there were significant fluctuations in the overall economy and financial market uncertainties that impacted these investments. Losses in the stock market affected nearly every sector and during this time investments securities were exposed to various risks such as interest rate, market and credit risks.

The Fund took steps to maintain a higher cash balance because of the downturn in investments. While market environment remains uncertain the Fund believes a prudent investment strategy will show improved results in the coming fiscal year.

STATE OF ILLINOIS
 IMSA FUND FOR ADVANCEMENT OF EDUCATION
 (A Component Unit of the State of Illinois)
STATEMENTS OF NET ASSETS
 As of June 30,

	<u>2009</u>	<u>2008</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 741,709	\$ 640,442
Investments	2,689,884	3,241,712
Accounts Receivable	70,079	91,503
Contribution Advances	129,968	46,654
Prepaid Expenses	3,603	5,423
Pledges Receivable	61,751	156,118
Total Current Assets	<u>3,696,994</u>	<u>4,181,852</u>
Non-Current Assets		
Endowment Investments	31,000	31,000
Pledges Receivable	-	30,000
Total Non-Current Assets	<u>31,000</u>	<u>61,000</u>
TOTAL ASSETS	<u>\$ 3,727,994</u>	<u>\$ 4,242,852</u>
LIABILITIES		
Accounts Payable	\$ 2,846	\$ 6,786
Due to IMSA	-	36,614
Deferred Revenue	9,130	-
TOTAL LIABILITIES	<u>11,976</u>	<u>43,400</u>
NET ASSETS		
Unrestricted Net Assets	2,080,329	2,650,252
Restricted Net Assets, Expendable	1,604,689	1,518,200
Restricted Net Assets, Nonexpendable	31,000	31,000
TOTAL NET ASSETS	<u>3,716,018</u>	<u>4,199,452</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,727,994</u>	<u>\$ 4,242,852</u>

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

STATE OF ILLINOIS
 IMSA FUND FOR ADVANCEMENT OF EDUCATION
 (A Component Unit of the State of Illinois)
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
 For the Years Ended June 30,

	2009	2008
Operating Revenues		
Contributions	\$ 901,018	\$ 845,946
Operating Agreement with Academy	263,964	271,924
In-Kind Contributions of Goods and Equipment	6,461	96,893
Other Operating Revenues	-	30,076
Program Fees	3,495	12,713
Special Events (Net)	(7,071)	-
Total Revenues	1,167,867	1,257,552
 Operating Expenses		
Academy Support	598,390	561,977
Management and General	143,402	101,563
Fundraising	99,292	47,122
Operating Agreement with Academy	263,964	271,924
Total Expenses	1,105,048	982,586
 Operating Income (Loss)	 62,819	 274,966
 Non-Operating Revenues and Expenses		
Interest and Dividend Income	91,199	115,087
Net Losses on Investments	(637,452)	(19,771)
Net Non-Operating Revenue (Expenses)	(546,253)	95,316
 Income (Loss) Before Other Revenues	 (483,434)	 370,282
 Contributions to Permanent Endowments	 -	 26,000
Total Other Revenues	-	26,000
 CHANGE IN NET ASSETS	 (483,434)	 396,282
 NET ASSETS - BEGINNING OF YEAR	 4,199,452	 3,803,170
 NET ASSETS - END OF YEAR	 \$ 3,716,018	 \$ 4,199,452

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,

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Supporters and Grantors	\$ 927,996	\$ 1,097,120
Cash Paid to Grantee, Suppliers and Employees	(832,304)	(948,722)
NET CASH PROVIDED BY OPERATING ACTIVITIES	95,692	148,398
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and Dividends Received	91,199	115,087
Cash Payment for the Purchase of Investments	(2,224,632)	(2,404,780)
Cash Proceeds from Sale of Investments	2,139,008	1,972,642
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	5,575	(317,051)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash Received for Permanent Endowments	-	26,000
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	-	26,000
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	101,267	(142,653)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	640,442	783,095
END OF YEAR	\$ 741,709	\$ 640,442
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 62,819	\$ 274,966
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Changes in Certain Assets and Liabilities:		
Accounts Receivable	21,424	(63,539)
Contribution Advances	(83,314)	(42,610)
Prepaid Expenses	1,820	(1,240)
Pledges Receivable	124,367	(42,969)
Accounts Payable	(3,940)	1,688
Due to IMSA	(36,614)	22,102
Deferred Revenue	9,130	-
Total Adjustments	32,873	(126,568)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 95,692	\$ 148,398

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 FINANCIAL STATEMENTS
June 30, 2009 and 2008

NOTE A – ORGANIZATION

The IMSA Fund for Advancement of Education (IMSA 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 IMSA 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 IMSA 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. 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 IMSA 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 are, therefore, also included in the State's comprehensive annual financial report.

STATE OF ILLINOIS
IMSA FUND FOR ADVANCEMENT OF EDUCATION
(A Component Unit of the State of Illinois)
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Financial Reporting Entity – (Continued)

The IMSA Fund for Advancement of Education, which was determined to be a component unit of the State of Illinois, is combined and discretely presented on the State of Illinois' financial statements. The State of Illinois Comprehensive Annual Financial Report may be obtained by writing to the State Comptroller's Office, Financial Reporting Department, 325 West Adams Street, Springfield, Illinois 62704-1871.

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 government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Private –sector standards issued after that date are not followed.

4. Cash and Cash Equivalents

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

STATE OF ILLINOIS
IMSA FUND FOR ADVANCEMENT OF EDUCATION
(A Component Unit of the State of Illinois)
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Investments

Effective July 1, 2004, the IMSA 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 made in Note C – Deposits and Investments.

6. Accounts Receivable

Accounts receivable consist of grant refunds due from the Illinois Mathematics and Science 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 Assets

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

Restricted – this consists of net assets 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.

Unrestricted – this consists of net assets that do not meet the definition of "restricted".

STATE OF ILLINOIS
 IMSA FUND FOR ADVANCEMENT OF EDUCATION
 (A Component Unit of the State of Illinois)
NOTES TO FINANCIAL STATEMENTS
 June 30, 2009 and 2008

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 amounts of assets and liabilities 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 prior year amounts have been reclassified in order to conform with the current year presentation. The following reclassifications were made to the 2008 financial statements:

- \$122,914 of certificates of deposit with original maturities greater than 90 days were reclassified from “Cash and Cash Equivalents” to “Investments”.
- \$1,000 of “Restricted Net Assets, Nonexpendable” and \$1,000 of “Endowment Investments” were reclassified to “Restricted Net Assets, Expendable” and “Investments”, respectively.
- \$812,922 of “Restricted Net Assets, Expendable” was reclassified to “Unrestricted Net Assets” (See Note K).
- “Investment Income” was reclassified from being an operating revenue to being a non-operating revenue.
- “Cash Received for Permanent Endowments” were reclassified from operating activities to be a noncapital financing activity.
- “Interest and Dividends Received” were reclassified from operating activities to investing activities.

NOTE C – DEPOSITS AND INVESTMENTS

IMSA Fund independently manages its cash and cash equivalents 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 Assets is as follows:

	<u>2009</u>	<u>2008</u>
Carrying amount of Deposits	\$ 658,085	\$ 520,697
Carrying amount of Investments	2,474,573	3,149,797
Money market funds	329,735	242,460
Petty cash	200	200
Total	<u>\$ 3,462,593</u>	<u>\$ 3,913,154</u>

STATE OF ILLINOIS
 IMSA FUND FOR ADVANCEMENT OF EDUCATION
 (A Component Unit of the State of Illinois)
NOTES TO FINANCIAL STATEMENTS
 June 30, 2009 and 2008

NOTE C – DEPOSITS AND INVESTMENTS (Continued)

	<u>2009</u>	<u>2008</u>
Cash and Cash Equivalents	\$ 741,709	\$ 640,442
Investments	2,689,884	3,241,712
Endowment Investments	31,000	31,000
Total	<u>\$ 3,462,593</u>	<u>\$ 3,913,154</u>

1. Deposits

Deposits with financial institutions had carrying amounts of \$658,085 and \$520,697 and bank balances of \$640,467 and \$522,126 at June 30, 2009 and 2008, respectively.

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

2. Investments

The primary objective of investment activities shall be to prudently preserve and grow financial assets of the IMSA Fund. IMSA 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, 2009 consisted of the following managed funds:

<u>Investment Types</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>No</u> <u>Maturity</u> <u>Date</u>	<u>Less</u> <u>Than 1</u>	<u>1-5</u>	<u>6-10</u>
Corporate Debt Securities	\$ 204,751	\$ -	\$ 50,810	\$ 153,941	\$ -
Corporate Equity	1,558,765	1,558,765	-	-	-
U.S. Treasuries	230,554	-	25,584	204,970	-
U.S. Agency Obligations	449,435	-	25,237	390,916	33,282
Municipal Debt Securities	31,068	-	-	31,068	-
Total	<u>\$ 2,474,573</u>	<u>\$ 1,558,765</u>	<u>\$ 101,631</u>	<u>\$ 780,895</u>	<u>\$ 33,282</u>

STATE OF ILLINOIS
 IMSA FUND FOR ADVANCEMENT OF EDUCATION
 (A Component Unit of the State of Illinois)
NOTES TO FINANCIAL STATEMENTS
 June 30, 2009 and 2008

NOTE C – DEPOSITS AND INVESTMENTS (Continued)

2. Investments (Continued)

Investments at June 30, 2008 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>
Corporate Debt Securities	\$ 449,931	\$ -	\$ 106,072	\$ 269,441	\$ 74,418
Corporate Equity	1,940,719	1,940,719	-	-	-
U.S. Treasuries	262,289	-	88,259	173,568	462
U.S. Agency Obligations	496,858	-	4,798	492,060	-
Total	<u>\$ 3,149,797</u>	<u>\$ 1,940,719</u>	<u>\$ 199,129</u>	<u>\$ 935,069</u>	<u>\$ 74,880</u>

In addition to the above investments, the Fund maintained money market funds (reported as cash equivalents on the statements of net assets) in investment accounts that had a carrying amount and fair market value of \$329,735 and \$242,460 at June 30, 2009 and 2008, respectively. These funds have maturities of less than 90 days, and had a weighted average to maturity of approximately 0.197 and 0.167 at June 30, 2009 and 2008, respectively. No rating information is available for these funds.

The Fund's investments at June 30, 2009 and 2008 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. The IMSA Fund currently holds no investments with substantial credit risk.

The Fund's investment policy precludes the Fund from investing in bonds with a credit rating of less than A by Standard & Poor's. As of June 30, 2009, the Fund's investments in corporate debt securities were rated A to A+.

<u>Standard & Poor's Rating</u>	<u>2009 Fair Market Value</u>	<u>Standard & Poor's Rating</u>	<u>2008 Fair Market Value</u>
AA+	\$ 31,068	AAA	\$ 26,537
A+	51,201	AA	75,131
A	153,550	AA-	150,979
Total	<u>\$ 235,819</u>	A+	124,555
		A	72,729
		Total	<u>\$ 449,931</u>

STATE OF ILLINOIS
 IMSA FUND FOR ADVANCEMENT OF EDUCATION
 (A Component Unit of the State of Illinois)
NOTES TO FINANCIAL STATEMENTS
 June 30, 2009 and 2008

NOTE C – DEPOSITS AND INVESTMENTS (Continued)

2. Investments (Continued)

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 IMSA 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 exposure to foreign currency risk (valued in U.S. dollars) is as follows as of June 30, 2009:

<u>Investment</u>	<u>Currency</u>	<u>Rating</u>	<u>Maturity</u>	<u>Fair Value</u>
Quebec Province Canada Notes	Canadian Dollar	A+	7/17/09	<u>\$ 50,055</u>
Total				<u>\$ 50,055</u>

The Fund's investment policy includes limitation on investment types that reduces the Fund's exposure to foreign currency risk.

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

	<u>2009</u>	<u>2008</u>
Net realized losses on disposition of investments	\$ (448,088)	\$ (129,008)
Net unrealized gains (losses)	<u>(189,364)</u>	<u>109,237</u>
Total net gains (losses) on investments	<u>\$ (637,452)</u>	<u>\$ (19,771)</u>

NOTE D – PLEDGES RECEIVABLES

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, 2009 and 2008, pledges receivable were \$61,751 and \$186,118, respectively. At June 30, 2009, all pledges receivable were classified as short-term. Pledges are believed to be fully collectible as of June 30, 2009 and 2008, respectively.

STATE OF ILLINOIS
 IMSA FUND FOR ADVANCEMENT OF EDUCATION
 (A Component Unit of the State of Illinois)
NOTES TO FINANCIAL STATEMENTS
 June 30, 2009 and 2008

NOTE E - SPECIAL EVENTS

Special events are stated net of costs of direct benefits to donors. For the year ended June 30, 2009, the results of the events were as follows:

	<i>Other Events</i>	<i>Silent Auction</i>
Special Event Revenue	\$ 48,440	\$ 7,721
Less: Costs of Direct Benefits to Donors	<u>(45,125)</u>	<u>(18,107)</u>
Special Events Revenue (Net)	3,315	(10,386)
Total		<u><u>\$ (7,071)</u></u>

NOTE F – RELATED PARTY TRANSACTIONS

Effective August 29, 1996, IMSA 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 IMSA 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. IMSA 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 IMSA 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 IMSA Fund. As long as the Academy receives direct or indirect program support from the IMSA Fund, which is greater than the costs the Academy incurs on behalf of IMSA Fund, no reimbursement shall occur. If in any fiscal year those costs are greater than the program support provided to the Academy, IMSA Fund will reimburse the Academy for the excess of the costs over the program support provided. For fiscal year 2009 and 2008, total program support provided to the Academy by IMSA Fund was \$598,390 and \$561,977, respectively. The total costs incurred by the Academy for the IMSA Fund were approximately \$263,964 and \$271,924, respectively.

At June 30, 2009 and 2008, accounts payable due to the Academy were \$0 and \$36,614, respectively. At June 30, 2009 and 2008, accounts receivable due from the Academy were \$70,079 and \$91,503, respectively.

At June 30, 2009 and 2008, contribution advances of \$129,968 and 46,654, respectively had been paid to the Academy but were deferred to the following year.

STATE OF ILLINOIS
IMSA FUND FOR ADVANCEMENT OF EDUCATION
(A Component Unit of the State of Illinois)
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008

NOTE F – RELATED PARTY TRANSACTIONS (Continued)

Other Related Parties

IMSA Fund recognized contribution revenue from members of the IMSA Fund Board of Trustees and the Academy Board of Trustees and those members' affiliated corporations and foundations in the amount of \$42,021 and \$92,875, during the years ended June 30, 2009 and 2008, respectively.

NOTE G – CONTINGENCIES – GRANTS

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

NOTE H – 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. IMSA 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, 2009 and 2008.

NOTE I – ENDOWMENTS

The Fund's Board established a quasi-endowment fund during the year ended June 30, 2008. This 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. The balance of this fund as of June 30, 2009 and 2008 respectively was \$561,711 and \$812,922. The principal of the endowment will not be expended, and is reported on the Statements of Net Assets as "Unrestricted Net Assets".

Two additional endowment funds were established pursuant to donors' gifts during the year ended June 30, 2007. These endowments require the principal to remain intact and are reported on the Statements of Net Assets as "Restricted Net Assets, Nonexpendable".

STATE OF ILLINOIS
IMSA FUND FOR ADVANCEMENT OF EDUCATION
(A Component Unit of the State of Illinois)
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008

NOTE I – ENDOWMENTS (Continued)

As permitted by state law, a distribution from investment earnings will be made available for purposes designated by the IMSA Fund Board of Directors from the endowment funds. The only authorized disbursements for the years ended June 30, 2009 and 2008 were designated for investment management fees. Any portion of the annual, distributable funds not distributed in any given year will be retained in the Endowment Fund in a pool of funds spendable in future years. Net appreciation of donor restricted endowments was \$0 as of June 30, 2009 and 2008.

All of the 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. The Fund intends to retain accumulated earnings generated by the endowment funds until the principal and accumulated earnings reach \$5,000,000 at calendar year-end. Once the endowment funds attain this goal, an annual spending draw will be calculated for each individual endowment for the following fiscal year.

NOTE J – OPERATING AGREEMENT WITH ACADEMY

The Academy provides personnel and office space to the Fund, and provides for additional costs such as equipment, utilities, and maintenance costs. The Statement of Revenues, Expenses and Changes in Net Assets for the years ended June 30, 2009 and 2008 reflects the estimated value of non-cash compensation of \$263,964 and \$271,924, respectively provided by the Academy for personnel, office space, furnishings, equipment, utilities, and maintenance.

NOTE K – RECLASSIFICATION OF NET ASSETS

During fiscal year 2009, Fund management identified a classification error that occurred in a previous year. It was determined that a fund previously identified as donor restricted was created by the Fund's Board and thusly did not constitute a restriction imposed by outside parties. On its June 30, 2008 Statement of Net Assets, the Foundation reclassified \$812,922 previously reported as "Restricted Net Assets, Expendable" to "Unrestricted Net Assets".

STATE OF ILLINOIS
IMSA FUND FOR ADVANCEMENT OF EDUCATION
(A Component Unit of the State of Illinois)
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES
For the Years Ended June 30, 2009 and 2008

SUMMARY

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

- Fiscal Schedules and Analysis
 - Analysis of Significant Variations in Revenue
 - Analysis of Significant Variations in Expenses

- Analysis of Operations
 - Agency Functions and Planning Program
 - Average Number of Employees
 - Supporting Service Expenses
 - Schedule of Support Provided by the IMSA Fund to the Academy
 - Schedule of Services Provided by the Academy to IMSA Fund

The accountants' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states that the 2009 Supplementary Information for State Compliance Purposes has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in the accountants' opinion, it is fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2009 taken as a whole. The fiscal year 2008 and 2007 comparative information has been derived from IMSA Fund for Advancement of Education's basic financial statements for the years ended June 30, 2008 and 2007, which were audited by other auditors who expressed unqualified opinions on the basic financial statements in their report dated June 2, 2009.

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, 2009 and 2008

Explanations for variances of \$40,000 and 5% have been provided below.

	Year Ending June 30,		
	2009	2008	2007
Contributions	\$ 901,018	\$ 845,946	\$ 1,145,022
Operating Agreement with Academy	263,964	271,924	208,807
In-Kind Contributions of Goods and Equipment	6,461	96,893	3,531
Other Operating Revenues	-	30,076	-
Program Fees	3,495	12,713	9,258
Special Events (Net)	(7,071)	-	-
Contributions to Permanent Endowments	-	26,000	5,000
Interest and Dividend Income	91,199	115,087	115,305
Gain (Loss) on Investments	(637,452)	(19,771)	174,447
Total	<u>\$ 621,614</u>	<u>\$ 1,378,868</u>	<u>\$ 1,661,370</u>

Contributions – The increase from 2008 to 2009 was due to increased fundraising campaign efforts of the development staff. Additional grant contributions for restricted purposes also contributed to the increase in 2009. The decrease from 2007 to 2008 was a result of a decline in the economy.

Operating Agreement with Academy – The increase from 2007 to 2008 was caused a by an increase in the estimated value of non-cash compensation provided by the Academy to the Fund.

In-Kind Contributions – In 2008 the Fund received large donations of goods and equipment. No significant donations of goods and equipment occurred during 2007 or 2009.

Gain (Loss) on Investments – The downturn in the economy that started in fiscal year 2008 and continued into fiscal year 2009 resulted in significant losses on investments that were held by the 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,

Explanations for variances of \$40,000 and 5% have been provided below.

	Year Ending June 30,		
	2009	2008	2007
Operating Expenses			
Academy Support	\$ 598,390	\$ 561,977	\$ 607,198
Management and General	143,402	101,563	56,423
Fundraising	99,292	47,122	85,402
Operating Agreement with Academy	263,964	271,924	208,807
Total Expenses	<u>\$ 1,105,048</u>	<u>\$ 982,586</u>	<u>\$ 957,830</u>

Academy Support – The decrease in 2008 funding to the Academy was a result of a decrease in contributions received due to a declining economy.

Management and general – The increase from 2008 to 2009 is the result of an increase in the amount of Fund expenditures to support the expanding needs of the Academy. The Fund expended money as it expanded its resources to support the expansion of professional field services and various programs to promote IMSA on a statewide basis. The increase from 2007 to 2008 was the result of increased expenses incurred in the areas of consulting and systems improvement. These expenses were incurred to assist in the conversion and implementation planning of a new accounting system as well as preparation and definition of new reporting requirements.

Fundraising expense – The increased from 2008 to 2009 is the result of increased expenses incurred for enhanced fund raising efforts reaching out to new contributors and friends of IMSA.

Operating Agreement with Academy – The increase from 2007 to 2008 was caused a by an increase in the estimated value of non-cash compensation provided by the Academy to the Fund.

STATE OF ILLINOIS
IMSA FUND FOR ADVANCEMENT OF EDUCATION
(A Component Unit of the State of Illinois)
ANALYSIS OF OPERATIONS
For the Years Ended June 30, 2009 and 2008

AGENCY FUNCTIONS

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

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

AGENCY PLANNING PROGRAM

The organization maintains a formal planning program, which is documented in the Fund Board records. The Board of Directors of the IMSA 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.

Ms. Suzyn M. Price is the Vice President for Advancement of the Illinois Mathematics and Science Academy and Secretary of the IMSA Fund.

The Fund is located at:
1500 W. Sullivan Road
Aurora, IL 60506-1000

STATE OF ILLINOIS
 IMSA FUND FOR ADVANCEMENT OF EDUCATION
 (A Component Unit of the State of Illinois)
ANALYSIS OF OPERATIONS
 For the Years Ended June 30, 2009 and 2008

AVERAGE NUMBER OF EMPLOYEES

	Year Ending June 30,		
	2009	2008	2007
Average number of employees	-0-	-0-	-0-

The administration of all IMSA Fund activity is performed by employees of the Illinois Mathematics and Science Academy (Academy). An agreement between the two organizations indicates that IMSA 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 IMSA Fund to accomplish its purpose in providing financial support to the Academy.

SUPPORTING SERVICE EXPENSES

Supporting service expenses represent those amounts incurred by IMSA Fund to support management and general (operational) activities and fundraising activities.

	Year Ending June 30,		
	2009	2008	2007
Percent of total expenses represented by supporting services	21.96%	15.13%	14.81%
Percentage Calculation:			
Management and General	\$ 143,402	\$ 101,563	\$ 56,423
Fundraising	99,292	47,122	85,402
Total Support	\$ 242,694	\$ 148,685	\$ 141,825
Total Expenses	\$ 1,105,048	\$ 982,586	\$ 957,830

STATE OF ILLINOIS
 IMSA FUND FOR ADVANCEMENT OF EDUCATION
 (A Component Unit of the State of Illinois)
ANALYSIS OF OPERATIONS
 For the Years Ended June 30, 2009 and 2008

SUMMARY OF ACADEMY AND IMSA FUND CONTRACT AGREEMENT

During fiscal years 2009 and 2008, the Academy engaged IMSA Fund, under contract, to provide fundraising services. As required by the contract, IMSA 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.

SCHEDULE OF SUPPORT PROVIDED BY THE IMSA FUND TO THE ACADEMY

	Year Ending June 30,		
	2009	2008	2007
Support provided:			
Cash Given Directly to the Academy	\$ 591,929	\$ 465,084	\$ 603,667
Equipment Donations to the Academy	6,461	96,893	3,531
Total Funds Provided to the Academy	<u>\$ 598,390</u>	<u>\$ 561,977</u>	<u>\$ 607,198</u>

SCHEDULE OF SERVICES PROVIDED BY THE ACADEMY TO THE IMSA FUND

	Year Ending June 30,		
	2009	2008	2007
Services provided:			
Personal Services	\$ 213,040	\$ 215,121	\$ 186,406
Rent	25,052	25,052	12,829
Utilities	1,642	4,008	2,292
Equipment/Furniture Rental	4,126	4,619	2,200
Telephone Services	3,640	3,947	2,615
Maintenance Costs	2,275	5,332	2,465
Financial System Costs	14,189	13,845	-
Total	<u>\$ 263,964</u>	<u>\$ 271,924</u>	<u>\$ 208,807</u>

Note: Beginning with 2007, the IMSA Fund conducts an annual review of accounting allocations for non-cash resources provided by the Academy in order to better identify resources.