

**STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY**

**FINANCIAL AUDIT
INDIVIDUAL GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED JUNE 30, 2021

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

**STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
FINANCIAL AUDIT
INDIVIDUAL GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

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**STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
FINANCIAL AUDIT
INDIVIDUAL GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

AGENCY OFFICIALS

President (7/1/2021 - present)	Dr. Evan Glazer, Ph.D.
Interim President (5/1/2021 - 6/30/2021)	Dr. Norman "Storm" Robinson, III, Ph.D.
President (7/1/2020 - 4/30/2021)	Dr. José M. Torres, Ph.D.
Chief Operating Officer (12/1/2020 - present)	Vacant
Chief Operating Officer (7/1/2020 - 11/30/2020)	Mr. Lawrence Bergie
Executive Director Business & Financial Operations	Ms. Kimberly Corrao, MBA

BOARD OF TRUSTEES

Chairman	Dr. Erin W. Roche
1 st Vice Chairman	Dr. Paula Olszewski-Kubilius
2 nd Vice Chairman	Ms. Kathleen Clarke
Ex-Officio Member	Dr. Ginger Ostro
Ex-Officio Member	Dr. Carmen Ayala
Ex-Officio Member	Dr. Brian Durham
Ex-Officio Member	Dr. Jeffrey Craig
Trustee (7/1/2020 – 12/31/2021)	Dr. Steven T. Isoye
Trustee (12/31/2021 – present)	Dr. Tina Halliman
Trustee	Dr. Luis Núñez
Trustee	Dr. Marsha R. Rosner
Trustee	Mr. Eric R. Brown
Trustee	Dr. Herbert Steven Sims
Trustee (8/7/2020 - present)	Ms. Tiy Goddard
Trustee (8/7/2020 - present)	Ms. Rebecca O'Mara
Trustee (1/7/2021 - present)	Dr. Roberto Curci
Trustee (2/22/2021 - present)	Dr. Laretta Henderson
Trustee (3/19/2021 - present)	Ms. Alaina Anderson
2 Trustees (7/1/2020 - 8/6/2020)	Vacant
Trustee (7/1/2020 - 1/6/2021)	Vacant
Trustee (7/1/2020 - 2/21/2021)	Vacant
Trustee (7/1/2020 - 3/18/2021)	Vacant

The Academy is located at:
1500 Sullivan Rd.
Aurora, IL 60506-1000

**STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
FINANCIAL AUDIT
INDIVIDUAL GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

FINANCIAL STATEMENT REPORT

SUMMARY

The audit of the accompanying financial statements of the General Fund, the Special Purposes Trust Fund, the IMSA Income Fund, the IMSA Operating Fund, and the IMSA Student Activity Fund of the Illinois Mathematics and Science Academy (Academy) as of and for the year ended June 30, 2021 was performed by Borschnack, Pelletier & Co.

Based on their audit, the auditors expressed unmodified opinions on the Academy's basic financial statements of the General Fund, the Special Purposes Trust Fund, the IMSA Income Fund, the IMSA Operating Fund, and the IMSA Student Activity Fund.

The accompanying financial statements of the Academy as of and for the year ended June 30, 2020 were audited by other auditors whose report dated December 15, 2020 expressed unmodified opinions on those financial statements. Those financial statements have been restated for the adoption of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*.

EXIT CONFERENCE

The Academy waived an exit conference in a correspondence from Kimberly Corrao, Executive Director of Business and Financial Operations, dated February 17, 2022.



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 Frank J. Mautino
Auditor General
State of Illinois

and

Board of Trustees
Illinois Mathematics and Science Academy
Aurora, Illinois

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the General Fund, the Special Purposes Trust Fund, the IMSA Income Fund, the IMSA Operating Fund, and the IMSA Student Activity Fund of the State of Illinois, Illinois Mathematics and Science Academy (Academy), as of and for the year ended June 30, 2021, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant

to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the General Fund, the Special Purposes Trust Fund, the IMSA Income Fund, the IMSA Operating Fund, and the IMSA Student Activity Fund of the Academy, as of June 30, 2021, and the changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 2 to the financial statements, the financial statements present only the General Fund, the Special Purposes Trust Fund, the IMSA Income Fund, the IMSA Operating Fund and the IMSA Student Activity Fund and do not purport to, and do not, present fairly the financial position of either the State of Illinois or the Academy as of June 30, 2021, and the respective changes in its financial position, for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Further, as discussed in Note 2 to the financial statements, in Fiscal Year 2021, the Academy adopted Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. As a result, the IMSA Student Activity Fund has been reported as a special revenue fund instead of a fiduciary fund. The Fiscal Year 2020 financial statements have been restated to retroactively apply this new standard. Our opinion is not modified with respect to this matter.

Prior Period Financial Statements

The financial statements of the Academy as of and for the year ended June 30, 2020, were audited by other auditors whose report thereon dated December 15, 2020, expressed an unmodified opinion on those financial statements. Certain reclassifications were made to those financial statements in order to agree to the current year presentation, as discussed in the preceding paragraph.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the General Fund, the Special Purposes Trust Fund, the IMSA Income Fund, the IMSA Operating Fund and the IMSA Student Activity Fund's financial statements.

The General Fund Combining Schedules of Accounts and Combining Schedules of Revenues, Expenditures, and Changes in Fund Balance are presented for purposes of additional analysis and are not a required part of the financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2022 on our consideration of the Academy's internal control over financial reporting of the General Fund, the Special Purposes Trust Fund, the IMSA Income Fund, the IMSA Operating Fund and the IMSA Student Activity Fund 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 Academy'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 Academy's internal control over financial reporting and compliance.

Restricted Use of this Auditor's Report

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, the Comptroller, the Academy's Board of Trustees, and the Academy's management and is not intended to be and should not be used by anyone other than these specified parties.

SIGNED ORIGINAL ON FILE

Kankakee, Illinois
February 23, 2022

**STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
SHARED GENERAL GOVERNMENTAL FUND
BALANCE SHEETS
AS OF JUNE 30, 2021 AND 2020**

	General Fund	
	2021	2020
ASSETS		
Unexpended appropriations	\$ 2,185,795	\$ 1,858,298
Other receivables, net	279	5,993
Total Assets	2,186,074	1,864,291
LIABILITIES		
Accounts payable and accrued liabilities	2,136,855	1,832,489
Due to other governments - federal	10,565	11,057
Due to other governments - local	22,448	5,013
Due to other Academy funds	6,393	-
Due to other State funds	9,813	15,732
Total Liabilities	2,186,074	1,864,291
FUND BALANCE		
Unassigned	-	-
Total Fund Balances	-	-
Total Liabilities and Fund Balance	\$ 2,186,074	\$ 1,864,291

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

**STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
SHARED GENERAL GOVERNMENTAL FUND
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2021 AND 2020**

	General Fund	
	2021	2020
REVENUES		
Other operating grant revenue	\$ 279	\$ 5,993
Other general revenue	797	97
Total Revenues	1,076	6,090
EXPENDITURES		
Education	17,788,469	18,648,791
Debt service	47,773	47,773
Capital outlays	69,726	201,757
Total Expenditures	17,905,968	18,898,321
OTHER SOURCES (USES) OF FINANCIAL RESOURCES		
Appropriations from State resources	18,943,900	18,943,900
Lapsed appropriations	(1,037,932)	(45,579)
Receipts collected and transmitted to State Treasury	(1,076)	(6,090)
Net Other Sources of Financial Resources	17,904,892	18,892,231
Changes in Fund Balance	-	-
Fund Balance - Beginning of the year	-	-
Fund Balance - End of the year	\$ -	\$ -

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

**STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
INDIVIDUAL NONSHARED GOVERNMENTAL FUNDS
BALANCE SHEETS
AS OF JUNE 30, 2021**

	IMSA Special Purposes Trust Fund - 359	IMSA Income Fund - 768	IMSA Operating Fund - 1223	IMSA Student Activity Fund - 1366
ASSETS				
Cash equity with State Treasurer	\$ 113,686	\$ 3,463,265	\$ -	\$ -
Cash and cash equivalents	-	-	2,168,361	156,757
Restricted cash	-	-	268,539	-
Other receivables, net	-	8,745	5,082	-
Due from other State funds	161,716	-	-	-
Due from other Academy funds	-	-	96,750	-
Total Assets	<u>\$ 275,402</u>	<u>\$ 3,472,010</u>	<u>\$ 2,538,732</u>	<u>\$ 156,757</u>
LIABILITIES				
Accounts payable & accrued liabilities	\$ 184,096	\$ 28,112	\$ 65,100	\$ -
Due to other Governments - federal	45	629	-	-
Due to other Academy funds	75,000	-	-	15,357
Unearned revenue	16,261	79,036	243,508	8,065
Total Liabilities	<u>275,402</u>	<u>107,777</u>	<u>308,608</u>	<u>23,422</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	5,800	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>5,800</u>	<u>-</u>	<u>-</u>
FUND BALANCE				
Nonspendable	-	-	268,539	-
Restricted	-	-	-	133,335
Committed	-	3,358,433	1,961,585	-
Total Fund Balances	<u>-</u>	<u>3,358,433</u>	<u>2,230,124</u>	<u>133,335</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 275,402</u>	<u>\$ 3,472,010</u>	<u>\$ 2,538,732</u>	<u>\$ 156,757</u>

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

**STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
INDIVIDUAL NONSHARED GOVERNMENTAL FUNDS
BALANCE SHEETS
AS OF JUNE 30, 2020**

	IMSA Special Purposes Trust Fund - 359	IMSA Income Fund - 768	IMSA Operating Fund - 1223	IMSA Student Activity Fund - 1366
ASSETS				
Cash equity with State Treasurer	\$ 373,556	\$ 2,720,550	\$ -	\$ -
Cash and cash equivalents	-	-	2,527,454	155,525
Restricted cash	-	-	268,279	-
Other receivables, net	-	3,156	54,748	-
Due from other State funds	30,457	-	-	-
Due from other Academy funds	-	-	1,853	-
Total Assets	<u>\$ 404,013</u>	<u>\$ 2,723,706</u>	<u>\$ 2,852,334</u>	<u>\$ 155,525</u>
LIABILITIES				
Accounts payable & accrued liabilities	\$ 120,875	\$ 59,403	\$ 5,880	\$ -
Due to other governments - federal	194	819	-	-
Due to other Academy funds	1,853	-	-	-
Due to other State funds	14,335	-	-	-
Unearned revenue	266,756	58,906	399,709	6,569
Total Liabilities	<u>404,013</u>	<u>119,128</u>	<u>405,589</u>	<u>6,569</u>
FUND BALANCE				
Nonspendable	-	-	268,279	-
Restricted	-	-	-	148,956
Committed	-	2,604,578	2,178,466	-
Total Fund Balances	<u>-</u>	<u>2,604,578</u>	<u>2,446,745</u>	<u>148,956</u>
Total Liabilities and Fund Balances	<u>\$ 404,013</u>	<u>\$ 2,723,706</u>	<u>\$ 2,852,334</u>	<u>\$ 155,525</u>

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

**STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
INDIVIDUAL NONSHARED GOVERNMENTAL FUNDS
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021**

	IMSA Special Purposes Trust Fund - 359	IMSA Income Fund - 768	IMSA Operating Fund - 1223	IMSA Student Activity Fund - 1366
REVENUES				
Federal government	\$ 421,472	\$ -	\$ -	\$ -
Other operating grants	223,314	6,210	-	-
Fees	-	1,135,178	519,108	131,853
Other	-	16,103	-	-
Interest and investment income	-	-	5,373	-
Total Revenues	<u>644,786</u>	<u>1,157,491</u>	<u>524,481</u>	<u>131,853</u>
EXPENDITURES				
Education	644,037	403,636	476,302	147,474
Debt service	-	-	264,800	-
Capital outlays	749	-	-	-
Total Expenditures	<u>644,786</u>	<u>403,636</u>	<u>741,102</u>	<u>147,474</u>
Net Change in Fund Balance	<u>-</u>	<u>753,855</u>	<u>(216,621)</u>	<u>(15,621)</u>
Fund Balance				
July 1, 2020	-	2,604,578	2,446,745	148,956
June 30, 2021	<u>\$ -</u>	<u>\$ 3,358,433</u>	<u>\$ 2,230,124</u>	<u>\$ 133,335</u>

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

**STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
INDIVIDUAL NONSHARED GOVERNMENTAL FUNDS
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020**

	IMSA Special Purposes Trust Fund - 359	IMSA Income Fund - 768	IMSA Operating Fund - 1223	IMSA Student Activity Fund - 1366
REVENUES				
Federal government	\$ 193,638	\$ -	\$ -	\$ -
Other operating grants	399,265	40,180	-	-
Fees	-	1,783,890	617,339	471,025
Other	-	27,219	3,535	-
Interest and investment income	-	-	50,178	-
Total Revenues	<u>592,903</u>	<u>1,851,289</u>	<u>671,052</u>	<u>471,025</u>
EXPENDITURES				
Education	400,876	1,752,791	426,913	480,197
Debt service	-	-	261,700	-
Capital outlays	192,027	-	1,228	-
Total Expenditures	<u>592,903</u>	<u>1,752,791</u>	<u>689,841</u>	<u>480,197</u>
Net Change in Fund Balance	<u>-</u>	<u>98,498</u>	<u>(18,789)</u>	<u>(9,172)</u>
Fund Balance				
July 1, 2019	-	2,506,080	2,465,534	158,128
June 30, 2020	<u>\$ -</u>	<u>\$ 2,604,578</u>	<u>\$ 2,446,745</u>	<u>\$ 148,956</u>

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

**STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
INDIVIDUAL GOVERNMENTAL FUNDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

(1) Organization

The Illinois Mathematics and Science Academy (Academy) is a part of the executive branch of government of the State of Illinois (State) and operates under the authority of and review by the Illinois Board of Higher Education and the Illinois General Assembly. The Academy operates under a budget appropriated from the State's General Fund and the IMSA Income Fund by the General Assembly and a budget approved by the Academy's Board of Trustees (Board of Trustees) for locally generated resources within the IMSA Operating Fund, and restricted funds received from third party grantors which are held in the IMSA Special Purposes Trust Fund and restricted funds received from student supported clubs and organizations held in the IMSA Student Activity Fund.

The Academy was established by the General Assembly to pursue the policy to provide excellence in mathematics and science education in order to nourish an informed citizenry, assure technological skills for the work force, and assist in the preparation of professionals to serve the interests of Illinois in such fields as engineering, research, teaching and computer technology and to enlist the support of the educational, industrial and scientific communities in a cooperative effort to provide excellence in science and mathematics education. This residential program serves the primary role for tenth, eleventh and twelfth grade students that in addition to mathematics and science includes strong general education elements required of creative scientists. In addition, the Academy conducts an aggressive array of programs for elementary, middle school and high school students and teachers of the State that includes curriculum development, training and classroom and research activities.

The Academy is governed by a Board of Trustees that consists of:

- (a) Three voting representatives of Secondary Education, one of whom must be a math or science teacher, appointed by the State Superintendent of Education.
- (b) Two voting representatives of Higher Education, one of whom must be a Dean of Education, appointed by the Executive Director of the Illinois Board of Higher Education.
- (c) Three voting representatives of the scientific community in Illinois, appointed by the Governor.
- (d) Three voting representatives of the Illinois private industrial sector, appointed by the Governor.
- (e) Two voting representatives of the general public at large, appointed by the Governor.

In addition, the Board of Trustees has four ex officio nonvoting members: the State Superintendent of Education, the Executive Director of the Illinois Community College Board, the Executive Director of the State Board of Higher Education, and the Superintendent of the Schools in the school district in which the Academy is located (West Aurora School District 129).

The Board of Trustees is empowered to establish employment regulations, budgets, and contractual relationships and conduct all aspects of the Academy's business operations. The

**STATE OF ILLINOIS
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INDIVIDUAL GOVERNMENTAL FUNDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

(1) Organization (continued)

Board of Trustees is also responsible for establishing criteria for eligibility of enrollment, curriculum and other educational and co-curriculum activities offered, and criteria for the award of certificates of completion and diplomas.

(2) Summary of Significant Accounting Policies

The financial statements of the IMSA Special Purposes Trust Fund, the IMSA Income Fund, the IMSA Operating Fund, and the IMSA Student Activity Fund (collectively, "individual nonshared funds") and the General 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 user understanding of the General Fund's financial statements, significant accounting policies are summarized below.

(a) 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.

The financial statements only present the General Fund activity attributable to the transactions of the Academy and the individual nonshared governmental funds of the Academy and do not purport to, and do not, present fairly the financial position of the Academy on a government-wide basis or the State as of June 30, 2021 and 2020, nor changes in the Academy's or State's financial position for the years ended in conformity with GAAP.

The General Fund and the individual nonshared governmental funds are not legally separate from the State; therefore, the financial information of the General Fund and the individual nonshared governmental funds are included in the financial statements of the State. The State's Annual Comprehensive Financial Report may be obtained by writing to the State Comptroller's Office, Division of Financial Reporting, 325 West Adams Street, Springfield, Illinois, 62704-1871, or accessing its website at www.illinoiscomptroller.gov.

(b) Basis of Presentation

In government, the basic reporting entity is a fund. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, inflows, outflows, and equities, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. A balance sheet and statement of revenues, expenditures, and changes in fund balance have been presented for the General Fund activity attributable to the transactions of the Academy. In addition, a balance sheet and statement of revenues, expenditures, and changes in fund balance have been presented for each of the individual nonshared governmental funds administered by the Academy.

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ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
INDIVIDUAL GOVERNMENTAL FUNDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

(2) Summary of Significant Accounting Policies (Continued)

(b) Basis of Presentation (Continued)

Governmental Fund Type:

General Fund:

This is the State's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The General Revenue Fund and the Education Assistance Fund have been collapsed into the General Fund for financial reporting purposes. The services administered by the Academy and accounted for within the General Fund include activities of the Academy's educational residential program for Illinois high school students gifted in science, technology, engineering and mathematics (STEM) and extension program which stimulate STEM excellence in all Illinois schools. This fund is a shared fund (see Note 2d) that is appropriated and held in the State Treasury.

Special Revenue:

These funds account for resources obtained from specific revenue sources that are legally restricted to expenditures for specified purposes. Special revenue funds account for, among other things, federal grant programs, taxes levied with statutorily defined distributions, and other resources restricted as to purpose.

IMSA Special Purposes Trust Fund – This is a restricted purpose fund. Revenues are obtained from private and governmental grants and are restricted for application according to terms and conditions set by the grantors. The services administered by the Academy and accounted for in this fund include activities of the Academy's residential program for Illinois high school students gifted in STEM and extension program which stimulate STEM excellence in all Illinois schools. This is a non-appropriated fund held in the State Treasury.

IMSA Income Fund – This fund is subject to expenditure limitations established by the General Assembly. Resources for the fund are generated by charges paid by recipients of the services offered as part of the Academy's residential program for Illinois high school students gifted in STEM and extension program which stimulate STEM excellence in all Illinois schools. The services administered by the Academy and accounted for in this fund include all activities of the Academy's educational enhancement program. This fund is appropriated and held in the State Treasury.

**STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
INDIVIDUAL GOVERNMENTAL FUNDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

(2) Summary of Significant Accounting Policies (Continued)

(b) Basis of Presentation (Continued)

IMSA Operating Fund – This fund is authorized by the General Assembly to function as the Academy’s local treasury. Resources are generated by charges paid by recipients of the services offered as part of the Academy’s educational enhancement program and limited short-term investment income of working capital balances. The services administered by the Academy and accounted for in this fund include all activities, except the financing of personal service (employment) activities, of the Academy’s residential program for Illinois high school students gifted in STEM and extension program which stimulate STEM excellence in all Illinois schools. This fund is non-appropriated and locally held by the Academy.

IMSA Student Activity Fund – This is a restricted purpose fund. Revenues are obtained from IMSA student clubs and student organizations and are restricted for use to support the activities of IMSA student clubs or student organizations. This fund is non-appropriated and locally held by the Academy.

(c) Measurement Focus and Basis of Accounting

The General Fund and the individual nonshared governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the State considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, principal and interest on general long-term debt, claims and judgments, and compensated absences are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases and installment purchases are reported as other financing sources.

Significant revenue sources which are susceptible to accrual include:

IMSA Special Purposes Trust Fund – Reimbursable State or Federal grants

IMSA Income Fund – Student fees for attending the Academy’s residential program and participant fees for participating in the Academy’s educator programs

IMSA Operating Fund – Student fees for attending the Academy’s residential program

All other revenue sources including library fines and other miscellaneous revenues are considered measurable and available only when cash is received.

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(2) Summary of Significant Accounting Policies (Continued)

(d) Shared Fund Presentations

As explained in Note 2a, this financial statement presentation for the General Fund represents only the portion of the State of Illinois' General Fund activity that can be directly attributed to the operations of the Academy. Financial statements for the totality of the State of Illinois's General Fund operations are presented in the State of Illinois' Annual Comprehensive Financial Report.

In presenting these financial statements, certain unique accounts are used for the presentation of shared funds. The following accounts are used in these financial statements to present the Academy's portion of the shared General Fund:

Unexpended Appropriation – This “asset” account represents lapse period warrants issued after yearend, between July 1st and the end of the Lapse Period (typically August 31st) in accordance with the Statewide Accounting Management System (SAMS) records plus any liabilities relating to obligations re-appropriated to the subsequent fiscal year.

Appropriations from State Resources – This “other financing source” account represents the final legally adopted appropriation according to SAMS records.

Reappropriations from State Resources – This contra revenue account reduces current year appropriations by the amount of the reappropriation to reflect the State's realignment of the budgetary needs to the subsequent year and avoid double counting a portion of the appropriation in more than one fiscal year.

Lapsed Appropriations – Lapsed appropriations equal the legally adopted appropriations, less net warrants issued for the fiscal year (including the lapse period) and re-appropriations to subsequent years according to SAMS records. For the years ended June 30, 2021 and June 30, 2020, lapsed appropriations included the legally adopted appropriations less net warrants issued for the 15 month period from July to September of the following year.

Receipts Collected and Remitted to State Treasury – This “other financing use” account represents all cash receipts received during the fiscal year from SAMS records that were remitted to the State Treasury.

(e) Cash and Cash Equivalents

Cash equity with the State Treasurer consists of deposits held in the State Treasury for the IMSA Special Purposes Trust Fund and the IMSA Income Fund. It also includes cash received and deposited in the Academy's clearing account and in process to the State Treasurer. Cash and cash equivalents include cash held locally in banks for the IMSA Operating Fund and the IMSA Student Activity Fund. Restricted cash includes a deposit account in a local bank held as security for the Academy's capital lease that ends May 1, 2033.

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(2) Summary of Significant Accounting Policies (Continued)

(f) Interfund Transactions

The following types of interfund transactions between funds of the Academy and funds of other State agencies may occur:

Services Provided and Used – Are sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts are reported as interfund receivables and payables in the governmental funds balance sheet.

Reimbursements – Are repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction in expenditures in the reimbursed fund.

Transfers – Are flows of assets (such as cash or goods) between funds without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.

The Academy also has activity with various component units of the State of Illinois for professional services received.

(g) Fund Balances

Fund balances are classified in the following categories:

Nonspendable – This consists of amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The restricted cash held as security for the Academy's capital lease is included in nonspendable fund balances as of June 30, 2021 and 2020.

Restricted – This consists of amounts that are restricted to specific purposes, which is when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The IMSA Student Activity Fund had a restricted fund balance as of June 30, 2021 and 2020.

Committed – This consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Academy's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Academy removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The Academy's highest level of decision-making authority rests with the Illinois State General Assembly and the Governor. The State passes "Public Acts" to commit its fund balances. The IMSA Income Fund and IMSA Operating Fund each had committed fund balances as of June 30, 2021 and 2020.

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(2) Summary of Significant Accounting Policies (Continued)

(g) Fund Balances (Continued)

Assigned – This consists of net amounts that are constrained by the Academy’s intent to be used for specific purposes, but that are neither restricted nor committed. Fund balance assignments can only be removed or changed by action of the General Assembly. There were no assigned fund balances as of June 30, 2021 and 2020.

Unassigned – This consists of residual fund balance (deficit) that has not been designated for specific purposes within the funds. There were no unassigned fund balances as of June 30, 2021 and 2020.

The Academy has a general policy to first use restricted resources for expenditures incurred for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available. When expenditures are incurred for which only unrestricted resources are available, the policy is to use committed resources from the IMSA Special Purpose Trust Fund first, then assigned. Committed resources from the IMSA Income Fund and IMSA Operating Fund are only used after the other resources have been used.

(h) Deferred Inflows of Resources

In addition to liabilities, the Individual Nonshared Governmental Funds Balance Sheets report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of fund balance that was not available to pay current liabilities and so will not be recognized as an inflow of resources (revenue) until that time. The deferred inflows of resources includes other receivables not collected within 60 days of the fiscal year end.

(i) 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.

(j) Newly Adopted GASB Statements

The Academy adopted GASB Statement No. 84, *Fiduciary Activities* which is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment

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(2) Summary of Significant Accounting Policies (Continued)

(j) Newly Adopted GASB Statements (Continued)

benefit arrangements that are fiduciary activities. As a result, the IMSA Student Activity Fund is no longer a fiduciary fund, but rather a special revenue fund.

The Academy adopted GASB Statement No. 90, *Majority Equity Interests*, which is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The provisions of this statement have no material impact on either the General Fund or the individual nonshared governmental funds' financial statements as a result of adopting this statement.

(k) Future Adoption of GASB Statements

Effective for the year ending June 30, 2022, the Academy will adopt GASB Statement No. 87, *Leases*, which is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The Academy has not yet determined the impact on either the General Fund or the individual nonshared governmental funds' financial statements as a result of adopting this statement.

Effective for the year ending June 30, 2022, the Academy will adopt GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. The Academy has not yet determined the impact on either the General Fund or the individual nonshared governmental funds' financial statements as a result of adopting this statement.

Effective for the year ending June 30, 2023, the Academy will adopt GASB Statement No. 91, *Conduit Debt Obligations*, which is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The Academy has not yet determined the impact on either the General Fund or the individual nonshared governmental funds' financial statements as a result of adopting this statement.

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(2) Summary of Significant Accounting Policies (Continued)

(k) Future Adoption of GASB Statements (Continued)

Effective for the year ending June 30, 2022, the Academy will adopt GASB Statement No. 92, *Omnibus 2020*, which is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The Academy has not yet determined the impact on either the General Fund or the individual nonshared governmental funds' financial statements as a result of adopting this statement.

(l) Reclassifications

Certain Fiscal Year 2020 amounts have been reclassified to agree to the Fiscal Year 2021 presentation and to present the IMSA Student Activity Fund as a governmental fund instead of a fiduciary fund as required by the adoption of GASB Statement No. 84.

(3) Deposits

The State Treasurer is the custodian of deposits and investments for funds maintained in the State Treasury. Deposits in the custody of the State Treasurer at June 30, 2021 and 2020, including cash on hand and cash in transit, totaled \$113,686 and \$373,556, respectively for the IMSA Special Purposes Trust Fund and \$3,463,265 and \$2,720,550, respectively, for the IMSA Income Fund. These deposits are pooled and invested with other State funds in accordance with the Deposit of State Moneys Act of the Illinois Compiled Statutes (15 ILCS 520/11). Funds held by the State Treasurer have not been categorized as to credit risk because the Funds do not own individual securities. Details on the nature of these deposits are available within the State's Annual Comprehensive Financial Report.

The Academy independently manages cash and cash equivalents maintained outside the State Treasury. Deposits for the IMSA Operating Fund had a carrying amount of \$2,436,900 and \$2,795,733, respectively, and a bank balance of \$2,432,443 and \$2,815,555, respectively, at June 30, 2021 and 2020. In addition, Deposits for the IMSA Student Activity Fund, had a carrying amount of \$156,757 and \$155,525, respectively, and a bank balance of \$208,245 and \$174,830, respectively, at June 30, 2021 and 2020. Of the total balance, \$250,000 was insured through the Federal Depository Insurance Corporation (FDIC) as of June 30, 2021 and 2020. The remaining \$2,390,688 and \$2,740,385 for 2021 and 2020, respectively, was collateralized with pooled securities held by the financial institution's trust department. These securities are held in the name of the financial institution and not that of the State.

The Academy does not hold any cash or cash equivalents primarily for the purpose of income or profit and has no other investments.

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(4) Other Receivables

The balance of Other Receivables for the General Fund includes amounts owed to the Academy for vendor overpayment, totaling \$279 and \$5,993, respectively, as of June 30, 2021 and 2020.

The balance of Other Receivables for the IMSA Income Fund includes amounts owed to the Academy for statewide educator participant fees, vendor overpayments, royalties and building rental totaling \$8,745 and \$3,156 as of June 30, 2021 and 2020, respectively.

The balance of Other Receivables for the IMSA Operating Fund includes amounts owed to the Academy for student fees and summer program registrations, totaling \$5,082 and \$54,748 as of June 30, 2021 and 2020, respectively.

The Academy considers the entirety of these balances to be collectible.

(5) Unearned Revenue

The balance of Unearned Revenue for the IMSA Income Fund includes amounts consisting of statewide educator and student registration fees received in advance of program delivery, totaling \$79,036 and \$58,906 as of June 30, 2021 and 2020, respectively. The balance of Unearned Revenue for the IMSA Special Purposes Trust Fund includes amounts consisting of grant funds received for support of future fiscal year program needs, totaling \$16,261 and \$266,756 as of June 30, 2021 and 2020, respectively. The balance of Unearned Revenue for the IMSA Operating Fund includes amounts consisting of residential program student fees collected for the upcoming 2021-22 school year, totaling \$243,508 and \$399,709 for the school year 2020-21. The balance of Unearned Revenue for the IMSA Student Activity Fund includes amounts consisting of fees received for support of future fiscal year program needs, totaling \$8,065 and \$6,589 as of June 30, 2021 and 2020, respectively.

(6) Interfund Balances and Activity

Balances Due from/to Other Funds

The following presents the General Fund and the individual nonshared governmental funds' interfund balances and activities at June 30, 2021:

The following balances represent amounts due from other funds.

Due To	General Fund	IMSA Special Purposes Trust Fund	IMSA Student Activity Fund	Other State Funds	Description/ Purpose
IMSA Operating Fund	\$ 6,393	\$ 75,000	\$ 15,357	\$ -	Reimbursement of costs
IMSA Special Purposes Trust Fund	-	-	-	161,716	Reimbursement of costs
Other State Funds	9,813	-	-	-	Payment for goods and services
Total:	<u>\$ 16,206</u>	<u>\$ 75,000</u>	<u>\$ 15,357</u>	<u>\$ 161,716</u>	

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(6) Interfund Balances and Activity (Continued)

Balances Due from/to Other Funds (Continued)

The following balances represent amounts due to other funds.

Due From	IMSA Operating Fund	IMSA Special Purposes Trust Fund	Other State Funds	Description/Purpose
General Fund	\$ 6,393	\$ -	\$ 9,813	Reimbursement of costs and payment of services
IMSA Special Purposes Trust Fund	75,000	-	-	Reimbursement of costs
IMSA Student Activity Fund	15,357	-	-	Reimbursement of costs
Other State Funds	-	161,716	-	Reimbursement of costs
Total:	<u>\$ 96,750</u>	<u>\$ 161,716</u>	<u>\$ 9,813</u>	

The following presents the General Fund and the individual nonshared governmental funds' interfund balances and activities at June 30, 2020:

The following balances represent amounts due from other funds.

Due To	General Fund	IMSA Special Purposes Trust Fund	Other State Funds	Description/Purpose
IMSA Operating Fund	\$ -	\$ 1,853	\$ -	Reimbursement of costs
IMSA Special Purposes Trust Fund	-	-	30,457	Reimbursement of costs
Other State Funds	15,732	14,335	-	Payment for goods and services
Total:	<u>\$ 15,732</u>	<u>\$ 16,188</u>	<u>\$ 30,457</u>	

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(6) Interfund Balances and Activity (Continued)

Balances Due from/to Other Funds (Continued)

The following balances represent amounts due to other funds.

Due From	IMSA Operating Fund	IMSA Special Purposes Trust Fund	Other State Funds	Description/Purpose
General Fund	\$ -	\$ -	\$ 15,732	Reimbursement of costs and payment of services
IMSA Special Purposes Trust Fund	1,853	-	14,335	Reimbursement of costs
Other State Funds	-	30,457	-	Reimbursement of costs
Total:	<u>\$ 1,853</u>	<u>\$ 30,457</u>	<u>\$ 30,067</u>	

(7) Defined Benefit Pension Plan

Plan Description – The Academy contributes to the State Universities’ Retirement System of Illinois (SURS or System), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation whereby the State of Illinois (the State) makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941 to provide retirement annuities and other benefits for staff members and employees of the State universities, certain affiliated organizations, and certain other State educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is considered a component unit of the State of Illinois’ financial reporting entity and is included in the State’s Annual Comprehensive Financial Report (ACFR) as a pension trust fund. SURS is governed by Chapter 40, Act 5, Article 15 of the Illinois Compiled Statutes. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the website at www.SURS.org.

Benefits Provided – A traditional benefit plan was established in 1941. Public Act 90-0448 enacted effective January 1, 1998, established an alternative defined benefit program known as the portable benefit package. The traditional and portable plan Tier 1 refers to members that began participation prior to January 1, 2011. Public Act 96-0889 revised the traditional and portable benefit plans for members who began participation on or after January 1, 2011, and who do not have other eligible reciprocal system service. The revised plan is referred to as Tier 2. New employees are allowed six months after their date of hire to make an irrevocable election whether to participate in either the traditional or portable benefit plans. A summary of the benefit provisions as of June 30, 2020 can be found in SURS’s ACFR-Notes to the Financial Statements.

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(7) Defined Benefit Pension Plan (Continued)

Contributions – The State is primarily responsible for funding the System on behalf of individual employers at an actuarially determined amount. Public Act 88-0593 provides a statutory funding plan consisting of two parts: (i) a ramp-up period from 1996 to 2010 and (ii) a period of contributions equal to a level percentage of the payroll of active members of SURS to reach 90% of the total Actuarial Accrued Liability by the end of Fiscal Year 2045. Employer contributions from “trust, federal, and other funds” are provided under Section 15-155(b) of the Illinois Pension Code and require employers to pay contributions which are sufficient to cover the accruing normal costs on behalf of applicable employees. The employer normal cost for fiscal year 2021 and fiscal year 2020 respectively, was 12.7% and 13.02% of employee payroll. The normal cost is equal to the value of current year’s pension benefit and does not include any allocation for the past unfunded liability or interest on the unfunded liability. Plan members are required to contribute 8% of their annual covered salary, except for police officers and fire fighters who contribute 9.5% of their earnings. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly.

Participating employers make contributions toward separately financed specific liabilities under Section 15-139.5(e) of the Illinois Pension Code (relating to contributions payable due to the employment of “affected annuitants” or specific return to work annuitants) and Section 15-155(g) (relating to contributions payable due to earning increases exceeding 6% during the final rate of earnings period), and Section 15-155(j-5) (relating to contributions payable due to earnings exceeding the salary set for the Governor).

(8) Post-employment Benefits

The State provides health, dental, vision, and life insurance benefits for certain retirees and their dependents in a program administered by the Department of Central Management Services. Substantially all State employees become eligible for post-employment benefits if they eventually become annuitants of one of the State sponsored pension plans. Health, dental, and vision benefits include basic benefits for annuitants under the State’s self-insurance plan and insurance contracts currently in force. Annuitants also receive life insurance coverage equal to the annual salary of the last day of employment until age 60, at which time the benefit becomes \$5,000.

The total cost of the State’s portion of health, dental, vision, and life insurance benefits of all members, including post-employment health, dental, vision, and life insurance benefits, is recognized as an expenditure by the State in the State’s ACFR. The State finances the costs on a pay-as-you-go basis. The total costs incurred for health, dental, vision, and life insurance benefits are not separated by department or component unit for annuitants and their dependents nor active employees and their dependents.

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(8) Post-employment Benefits (Continued)

A summary of post-employment benefits provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the financial statements of the Department of Central Management Services. A copy of the financial statements of the Department of Central Management Services can be obtained by writing to the Department of Central Management Services, 715 Stratton Building, 401 South Spring Street, Springfield, IL, 62706-4100.

(9) Commitments under Leases

Governmental fund financial statements use the current financial resources measurement focus and modified accrual basis of accounting. Expenditures and liabilities for installment purchase and capital lease obligations are not recognized until they are due.

In Fiscal Year 2018, the Academy entered into a fifteen-year lease purchase agreement to replace the Facility Central Plant in the main academic building. The interest component of the lease payments is due and payable on May 1 and November 1 of each year at an effective rate of 6.94% and principal payments are due May 1 of each year, commencing May 1, 2019 and terminating May 1, 2033.

At June 30, 2021, the future minimum lease payments are as follows:

Fiscal Year	Amount
2022	\$ 262,300
2023	264,500
2024	261,100
2025	262,400
2026	263,100
Thereafter	1,843,800
Future Minimum Payments	\$ 3,157,200

In Fiscal Year 2018, the Academy also entered into a five-year capital lease for four 14-passenger activity buses with a maturity date of February 2023.

At June 30, 2021, the future minimum lease payments are as follows:

Fiscal Year	Amount
2022	\$ 47,773
2023	31,849
Future Minimum Payments	\$ 79,622

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(9) Commitments under Leases (Continued)

In addition, in Fiscal Year 2018, the Academy entered into a four-year operating lease for passenger vans expiring March 2022. Rental expense for the years ended June 30, 2021 and 2020 was \$35,505 and \$35,505, respectively.

At June 30, 2021, the future minimum lease payments are as follows:

Fiscal Year	Amount
2022	\$ 26,629
Future Minimum Payments	\$ 26,629

(10) Risk Management

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; workers compensation and natural disasters. The State retains the risk of loss (i.e. self-insured) for these risks except for insurance purchased by the Academy for employee theft/fraud, and payment of a portion of unemployment compensation claims.

The Academy's risk management activities for torts; theft of, damage to, and destruction of assets; errors and omissions; workers compensation and natural disasters are financed through appropriations to the Department of Central Management Services and are accounted for in the General Fund of the State. The claims are not considered to be a liability of the Academy; and accordingly, have not been reported in the Academy's General Fund financial statements for the year ended June 30, 2021 and 2020.

The risk management activities for employee theft/fraud are financed through appropriations to the Academy and are reported in the Academy's General Fund. Workers compensation is financed by automatic withdrawals from the IMSA Income Fund. Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. There were no such liabilities at the beginning and ending of the fiscal years.

(11) Commitments and Contingencies

(a) Federal Funding

The Academy receives federal and private grants that are subject to review and audit by federal grantor agencies and private grantors. Certain costs could be questioned as not being an eligible expenditure under the terms of the grants. There were no unresolved questioned costs, at June 30, 2021 and 2020. However, questioned costs could still be identified during audits and reviews to be conducted in the future. Management of the Academy believes there will be no material adjustments to the grants and, accordingly, has not recorded a provision for possible repayment.

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(11) Commitments and Contingencies (Continued)

(b) Litigation

On occasion the Academy is involved in legal proceedings and/or claims that cover a wide range of matters. In the opinion of management, there are no outstanding issues for which the outcomes of these matters are expected to result in a material adverse effect on the financial position or results of operations of the Academy.

(12) Related Party Transactions

The IMSA Fund for Advancement of Education (the IMSA Fund) was established and is maintained as a separate corporate entity for the purpose of benefiting, performing the functions of and carrying out certain charitable, educational, literary and scientific purposes of the Academy. A Board of Trustees separate from that of the Academy governs the IMSA Fund. Effective July 1, 1995, the Academy entered into an agreement with the IMSA Fund that specifies the relationship between the two organizations. This agreement states that the IMSA Fund is a separate corporate entity established for the purpose stated above and is to assist the Academy in achieving and furthering its educational, research and service goals. The IMSA Fund has agreed to provide financial support to the Academy (both directly and indirectly). In exchange, the Academy has agreed to provide office space, equipment, and personnel to enable the IMSA Fund to accomplish its purpose.

Both organizations acknowledge that State resources should not be used to provide for fundraising activities that do not result in a value to the Academy that is the same or greater than the value of what the Academy receives directly or indirectly from the IMSA Fund. As long as the Academy receives direct or indirect program support from the IMSA Fund that is greater than the fundraising costs the Academy incurs on behalf of the IMSA Fund, no reimbursement shall occur. If in any fiscal year those fundraising costs are greater than the program support provided to the Academy, the IMSA Fund will reimburse the Academy for the excess of fundraising costs over program support provided. For the year ended June 30, 2021 and 2020, total program support provided to the Academy by the IMSA Fund was \$449,950 and \$773,151, respectively, which exceeds the total fundraising costs incurred by the Academy for the IMSA Fund of approximately \$237,637 and \$277,021, respectively. Accordingly, no reimbursement from the IMSA Fund to the Academy was required for Fiscal Year 2021 and 2020.

During Fiscal Year 2019, the Academy established a new not-for-profit corporation named IMSA Global Enterprise. The current board members include current and former Academy board members. The purpose of the entity is to facilitate issuing 3 year visas to international students, qualified to be admitted to the Academy's residential program. There have been no additional activities for the year ended June 30, 2021.

(13) Subsequent Events

The Academy is not aware of any additional facts, decisions, or conditions that might be expected to have a significant effect on the financial position or results of operations during this and future fiscal years.

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	Education Assistance Fund - 007	General Revenue Fund - 001	Total General Fund
ASSETS			
Unexpended appropriations	\$ 2,185,795	\$ -	\$ 2,185,795
Other receivables, net	279	-	279
Total Assets	<u>2,186,074</u>	<u>-</u>	<u>2,186,074</u>
LIABILITIES			
Accounts payable & accrued liabilities	2,136,855	-	2,136,855
Due to other governments - federal	10,565	-	10,565
Due to other governments - local	22,448	-	22,448
Due to other Academy funds	6,393	-	6,393
Due to other State funds	9,813	-	9,813
Total Liabilities	<u>2,186,074</u>	<u>-</u>	<u>2,186,074</u>
FUND BALANCE			
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 2,186,074</u>	<u>\$ -</u>	<u>\$ 2,186,074</u>

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COMBINING SCHEDULE OF ACCOUNTS - GENERAL FUND
AS OF JUNE 30, 2020**

	Education Assistance Fund - 007	General Revenue Fund - 001	Total General Fund
ASSETS			
Unexpended appropriations	\$ 1,858,298	\$ -	\$ 1,858,298
Other receivables, net	5,993	-	5,993
Total Assets	<u>1,864,291</u>	<u>-</u>	<u>1,864,291</u>
LIABILITIES			
Accounts payable & accrued liabilities	1,832,489	-	1,832,489
Due to other governments - federal	11,057	-	11,057
Due to other governments - local	5,013	-	5,013
Due to other State funds	15,732	-	15,732
Total Liabilities	<u>1,864,291</u>	<u>-</u>	<u>1,864,291</u>
FUND BALANCE			
Unassigned	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 1,864,291</u>	<u>\$ -</u>	<u>\$ 1,864,291</u>

**STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Education Assistance Fund - 007	General Revenue Fund - 001	Total General Fund
REVENUES			
Other operating grant revenue	\$ 279	\$ -	\$ 279
Other general revenue	797	-	797
Total Revenues	<u>1,076</u>	<u>-</u>	<u>1,076</u>
EXPENDITURES			
Education	17,788,469	-	17,788,469
Debt service	47,773	-	47,773
Capital outlays	69,726	-	69,726
Total Expenditures	<u>17,905,968</u>	<u>-</u>	<u>17,905,968</u>
OTHER SOURCES (USES) OF FINANCIAL RESOURCES			
Appropriations from State resources	18,943,900	-	18,943,900
Lapsed appropriations	(1,037,932)	-	(1,037,932)
Receipts collected and transmitted to State Treasury	(1,076)	-	(1,076)
Net Other Sources of Financial Resources	<u>17,904,892</u>	<u>-</u>	<u>17,904,892</u>
Changes in Fund Balance	-	-	-
Fund Balance			
July 1, 2020	-	-	-
June 30, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	Education Assistance Fund - 007	General Revenue Fund - 001	Total General Fund
REVENUES			
Other operating grant revenue	\$ 5,993	\$ -	\$ 5,993
Other general revenue	97	-	97
Total Revenues	<u>6,090</u>	<u>-</u>	<u>6,090</u>
EXPENDITURES			
Education	18,648,791	-	18,648,791
Debt service	47,773	-	47,773
Capital outlays	201,757	-	201,757
Total Expenditures	<u>18,898,321</u>	<u>-</u>	<u>18,898,321</u>
OTHER SOURCES (USES) OF FINANCIAL RESOURCES			
Appropriations from State resources	18,943,900	-	18,943,900
Lapsed appropriations	(45,579)	-	(45,579)
Receipts collected and transmitted to State Treasury	(6,090)	-	(6,090)
Net Other Sources of Financial Resources	<u>18,892,231</u>	<u>-</u>	<u>18,892,231</u>
Changes in Fund Balance	-	-	-
Fund Balance			
July 1, 2019	-	-	-
June 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Board of Trustees
Illinois Mathematics and Science Academy
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 General Fund, the Special Purposes Trust Fund, the IMSA Income Fund, the IMSA Operating Fund, and the IMSA Student Activity Fund of the State of Illinois, Illinois Mathematics and Science Academy (Academy), as of and for the year ended June 30, 2021, and the related notes to the financial statements which collectively comprise the basic financial statements, and we have issued our report thereon dated February 23, 2022.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Academy'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*.

Internal Control Over Financial Reporting

Management of the Illinois Mathematics and Science Academy is responsible for establishing and maintaining effective internal control over financial reporting of the General Fund, the Special Purposes Trust Fund, the IMSA Income Fund, the IMSA Operating Fund, and the IMSA Student Activity Fund (internal control).

In planning and performing our audit of the financial statements, we considered the Academy's internal control to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy'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 may exist that have not been identified.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy'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 Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Kankakee, Illinois
February 23, 2022