

**GOVERNORS STATE UNIVERSITY FOUNDATION**  
***COMPLIANCE EXAMINATION***  
**FOR THE TWO YEARS ENDED JUNE 30, 2005**

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**PERFORMED AS SPECIAL ASSISTANT AUDITORS  
FOR THE AUDITOR GENERAL  
STATE OF ILLINOIS**

**GOVERNORS STATE UNIVERSITY FOUNDATION  
COMPLIANCE EXAMINATION**

**FOR THE TWO YEARS ENDED JUNE 30, 2005**

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**GOVERNORS STATE UNIVERSITY FOUNDATION**

**AGENCY OFFICIALS**

President (07/01/03 until 07/01/04)	Mr. Ronald Bean
President (07/01/04 until present)	Mr. David Barr
Chief Executive Officer (02/01/04 – present)	Dr. James Britt
Chief Executive Officer (07/01/03 –01/31/04)	vacant
Fiscal Officer (07/01/03 until 06/30/04)	Mr. Thomas Stepke
Fiscal Officer (07/01/04 until present)	Ms. Tammy Rust

Agency offices are located at:

Governors State University  
University Park, IL 60466

# GOVERNORS STATE UNIVERSITY FOUNDATION

One University Parkway, University Park, IL 60466-0975

708-534-4105 FAX 708-534-8959

## Board of Directors

### President

David R. Barr  
Attorney-at-Law

### First Vice President

William McCarthy  
Ranger Electric Inc.

### Second Vice President

Patrick J. Ormsby  
Bimba Manufacturing Co.

### Treasurer

Lois Anthonisen  
Anthonisen Financial Corporation

### Secretary

Melody O'Neal  
Flossmoor, Illinois

## Board Members

Carney A. Barr  
Flossmoor, Illinois

James P. Bartley  
Klein, Thorpe & Jenkins, Ltd.

Ronald Bean  
Attorney-at-Law

Sterling M. Burke  
Olympia Fields, Illinois

Frank M. Clark  
ComEd

Charles H. Connolly  
Governors State University

John Frega  
Frega Associates

Randolph Frieser  
Accelerated Rehabilitation Centers

Beverly Goldberg  
Homewood, Illinois

Roy Lacey, D.O., M.P.H.  
Olympia Fields, Illinois

Lewis Manilow  
Chicago, Illinois

William F. McCarthy  
Ranger Electric Inc.

William Nowlin  
GSU/CBPA/Dean

Kathleen Field Orr  
GSU Trustee

Billie J. Paige  
Shea, Paige & Rogal

Donovan Pepper  
Motorola, Inc

Barbara Peterson  
Will County Planning Commission

Patrick E. Rea  
Small Business Administration

Patrick Roe  
Heritage Bank

Gilbert J. Rynberk, Jr.  
First National Bank of Illinois

William L. Sanders  
Flossmoor, Illinois

Ora Simcha-Fagan  
Governors State University

Arthur Stark  
Flossmoor, Illinois

Vivian T. Tarver, J.D., R.N., B.A.  
Clifford Law Offices, P.C.

J. Jeffrey Thrall  
Thrall Enterprises, Inc.

### Ex Officio

Chief Executive Officer  
James M. Britt

GSU President  
Stuart I. Fagan

Faculty Senate President  
Gary Lyon

GSU Alumni President  
Gerald McIlvain

GSU Comptroller  
Tammy Rust

October 25, 2005

Nykiel, Carlin & Co., Ltd.  
Certified Public Accountants  
P.O. Box 429  
Kankakee, IL 60901

Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grants that could have a material effect on the operations of Governors State University Foundation. 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 Governors State University Foundation's compliance with the following assertions during the two-year period ended June 30, 2005. Based on this evaluation, we assert that during the years ended June 30, 2005 and June 30, 2004, Governors State University Foundation has materially complied with the assertions below.

- A. Governors State University Foundation has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. Governors State University Foundation has obligated, expended, received and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. Governors State University Foundation has complied, in all

Nykiel, Carlin & Co., Ltd.

October 25, 2005

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material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

- D. The State revenues and receipts collected by Governors State University Foundation 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. The money or negotiable securities or similar assets handled by Governors State University Foundation on behalf of the State or held in trust by Governors State University Foundation have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours very truly,

Governors State University Foundation

  
James Britt, CEO, GSU Foundation

  
Tammy Rust, Director of Financial Services/Controller

**GOVERNORS STATE UNIVERSITY FOUNDATION  
FOR THE TWO YEARS ENDED JUNE 30, 2005**

**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' REPORTS**

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 Report</u>	<u>Prior Reports</u>
Findings	1	2
Repeated findings	1	0
Prior recommendations implemented or not repeated	1	0

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

**SUMMARY OF FINDINGS**

<u>Item No.</u>	<u>Page No.</u>	<u>Description</u>
<u>FINDINGS (STATE COMPLIANCE)</u>		
05-1	12	Inadequate Controls over Cash
<u>PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)</u>		
05-2	13	Generally Accepted Accounting Principles (GAAP) Not Properly Applied

**GOVERNORS STATE UNIVERSITY FOUNDATION  
FOR THE TWO YEARS ENDED JUNE 30, 2005**

**COMPLIANCE REPORT**

**SUMMARY**

**EXIT CONFERENCE**

The findings and recommendation appearing in this report were discussed with Agency personnel at an exit conference on December 2, 2005. Attending were:

Representing Governors State University Foundation

Chief Executive Officer

Fiscal Officer

Associate Vice President for Institutional

Advancement and Alumni Relations

GSU Vice President of Administration and Planning

Dr. James Britt

Ms. Tammy Rust

Ms. Rosemary D. Hulett

Mr. John Tuohy

Representing Nykiel, Carlin & Co., Ltd.

Principal

Manager

Mr. Paul A. Pelletier, CPA

Mr. Robert J. Sikma, CPA

Representing the Office of the Auditor General

Audit Manager

Mr. Thomas L. Kizziah, CPA

Responses to the recommendations were provided by Dr. James Britt in a letter dated December 7, 2005.

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

Compliance

As Special Assistant Auditors for the Auditor General, we have examined Governors State University Foundation's 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, 2005. The management of Governors State University Foundation is responsible for compliance with these requirements. Our responsibility is to express an opinion on Governors State University Foundation's compliance based on our examination.

- A. Governors State University Foundation has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. Governors State University Foundation has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. Governors State University Foundation 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 State revenues and receipts collected by Governors State University Foundation 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 Governors State University Foundation on behalf of the State or held in trust by Governors State University Foundation have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about Governors State University Foundation's compliance with those requirements 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 Governors State University Foundation's compliance with specified requirements.



In our opinion, Governors State University Foundation complied, in all material respects, with the aforementioned requirements during the two years ended June 30, 2005. However, the results of our procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of State findings and questioned costs as finding 05-1. As required by the Audit Guide, immaterial findings relating to instances of noncompliance excluded from this report have been reported in a separate letter to your office.

#### Internal Control

The management of Governors State University Foundation is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations. In planning and performing our examination, we considered Governors State University Foundation's internal control over compliance with the aforementioned requirements in order to determine 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.

Our consideration of internal control over compliance with the aforementioned requirements would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws and regulations that would be material in relation to one or more of the aforementioned requirements being examined may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over compliance that we consider to be material weaknesses. However, the results of our procedures disclosed other matters involving internal control which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of State findings and questioned costs as finding 05-1. As required by the Audit Guide, immaterial findings relating to internal control deficiencies 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 basic financial statements of Governors State University Foundation, a component unit of Governors State University and the State of Illinois, as of and for the year ended June 30, 2005, and have issued our report thereon dated October 25, 2005. 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 Governors State University Foundation. The 2005 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, 2005, taken as a whole. We have also previously audited, in accordance with auditing standards generally accepted in the United States, the Governors State University Foundation's basic financial statements for the year ended June 30, 2004. In our report dated October 15, 2004, we expressed an unqualified opinion on the basic financial statements. In our opinion, the 2004 Supplementary Information for State Compliance Purposes, is fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2004, taken as a whole. The fiscal year 2003 comparative information has been derived from Governors State University Foundation's basic financial statements as of and for the year ended June 30, 2003, which was audited by other auditors who expressed an unqualified opinion on the basic financial statements in their report dated November 3, 2003.

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

*Nykiel, Carlin & Co., Ltd.*

NYKIEL, CARLIN & CO., LTD.  
Kankakee, Illinois

October 25, 2005

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

As Special Assistant Auditors for the Auditor General, we have audited the basic financial statements of Governors State University Foundation a component unit of Governors State University and the State of Illinois, as of and for the year ended June 30, 2005, and have issued our report thereon dated October 25, 2005. 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 Governors State University Foundation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain deficiencies in the design or operation of internal control over financial reporting which do not meet the criteria for reporting herein and which are reported as State compliance findings in the schedule of findings.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Governors State University Foundation'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 that are required to be reported under *Government Auditing Standards*. However, we noted certain other matters which we have reported to management of the Governors State University Foundation in a separate letter dated October 25, 2005.

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

*Nykiel, Carlin & Co., Ltd.*

NYKIEL, CARLIN & CO., LTD.  
Kankakee, Illinois

October 25, 2005

**GOVERNORS STATE UNIVERSITY FOUNDATION  
FINDINGS AND RECOMMENDATIONS  
CURRENT FINDINGS - STATE  
FOR THE TWO YEARS ENDED JUNE 30, 2005**

**05-1 FINDING: INADEQUATE CONTROLS OVER CASH**

Governors State University Foundation (Foundation) did not have adequate controls over its cash deposits.

During our testing of 50 receipts, we noted that nine (18%) were not deposited timely. The receipts, individually less than \$500, were deposited 11 to 63 days after the date of receipt.

Good internal controls and business management should require any deposits exceeding \$10,000 to be deposited on the same day of receipts and accumulations of \$500 to \$10,000 to be deposited within 48 hours of receipt. Amounts of less than \$500 or less can be held to the next 1<sup>st</sup> or 15<sup>th</sup> of the month before deposit.

According to Foundation management, the receipt of donor gifts involves multiple steps that must be performed in sequence by both the Foundation and the University's Business Office. The University Business Office states that due to very large volumes at certain peak student periods, the recording time required at each step, and University minimum staffing days during the holidays, it is currently not possible to ensure that every individual check is deposited on the 1<sup>st</sup> or 15<sup>th</sup>. Funds are secured at all points in time.

A delay in the deposit of receipts increases the likelihood that receipts could be lost, destroyed or damaged. Additionally, less interest is earned on funds not timely deposited. (Finding Code No. 05-1, 03-1)

**RECOMMENDATION**

We recommend the Foundation develop policies and procedures to ensure that deposits are made timely.

**FOUNDATION RESPONSE**

The Foundation and the University are in the process of reengineering the receipt process.

GOVERNORS STATE UNIVERSITY FOUNDATION  
PRIOR YEAR FINDINGS NOT REPEATED  
FOR THE TWO YEARS ENDED JUNE 30, 2005

PRIOR FINDINGS NOT REPEATED – GOVERNMENT AUDITING STANDARDS

05-2 **FINDING: GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP) NOT PROPERLY APPLIED**

The Governors State University Foundation (Foundation) did not properly interpret and apply Government Accounting Standards Boards (GASB) Statement No. 33 *Accounting and Financial Reporting for Nonexchange Transactions*. (Finding Code 04-1)

Status – Not repeated

We did not note any instances of the Foundation not properly applying Generally Accepted Accounting Principles during the current audit.

**GOVERNORS STATE UNIVERSITY FOUNDATION  
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES**

**SUMMARY**

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

- **Fiscal Schedules and Analysis**

- Explanations of Significant Variations in Revenues and Expenses
  - Analysis of Significant Account Balances

- **Analysis of Operations**

- Agency Functions and Planning Program
  - Average Number of Employees
  - Emergency Purchases
  - Illinois First Projects
  - Schedule of Services Provided by the University to the Foundation

The auditors' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states that it has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in the auditors' opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**GOVERNORS STATE UNIVERSITY FOUNDATION  
FISCAL SCHEDULES AND ANALYSIS  
FOR THE TWO YEARS ENDED JUNE 30, 2005**

**ANALYSIS OF SIGNIFICANT VARIATIONS IN REVENUES AND EXPENSES**

A comparative analysis of revenues and expenses is provided below:

	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>Operating Revenues:</b>			
Other grants and contracts	\$ 40,000	\$ 2	\$ 10,000
Budget allocation from GSU	75,333	33,712	52,924
Other operating revenues	30,815	3,617	450
	<u>\$ 146,148</u>	<u>\$ 37,331</u>	<u>\$ 63,374</u>
<b>Operating Expenses:</b>			
Scholarships	\$ 60,455	\$ 65,933	\$ 92,252
General	16,628	4,566	1,728
University support	128,450	106,181	149,519
Budget allocation from GSU	75,333	33,712	52,924
Other	14,915	32,245	7,026
	<u>\$ 295,781</u>	<u>\$ 242,637</u>	<u>\$ 303,449</u>
<b>Nonoperating Revenues:</b>			
Contributions	\$ 167,749	\$ 118,938	\$ 163,701
Investment income	24,553	57,572	17,535
	<u>\$ 192,302</u>	<u>\$ 176,510</u>	<u>\$ 181,236</u>
<b>Other Revenues and Expenses:</b>			
Additions to permanent endowments	\$ 26,993	\$ 18,688	\$ 30,723
Refunds from permanent endowments	(1,000)	(1,975)	(37,758)
	<u>\$ 25,993</u>	<u>\$ 16,713</u>	<u>\$ (7,035)</u>

Explanations of significant variations are as follows:

Grant and contract revenues increased as a result of an award received in FY 05.

The budget allocation from GSU declined in FY 04 and increased in FY 05 primarily as a result of the Executive Director position being vacant for most of FY 04.

Scholarship awards were relatively unchanged between FY04 and FY05, although substantially down from FY03. This is due to the vacancy in the leadership of the Foundation in FY04, the decline in the investment market, and the interim period while the Foundation updated investment policies and established spending policies.

General expenses increased from FY03 to FY05 as the new Executive Director arrived, development efforts increased, and staff were hired to expand development opportunities.

A significant portion of University support consists of contributions made to the Foundation on behalf of the Center for Performing Arts (CPA) and subsequently passed through to the University.



**GOVERNORS STATE UNIVERSITY FOUNDATION  
FISCAL SCHEDULES AND ANALYSIS  
FOR THE TWO YEARS ENDED JUNE 30, 2005**

**ANALYSIS OF SIGNIFICANT VARIATIONS IN REVENUES AND EXPENSES (continued)**

Contributions increased in FY 05 as development efforts increased including a payroll deduction plan. Also, during FY 05, the Alumni Association reprioritized its mission and transferred fundraising efforts to the Foundation.

Investment income increased during FY 04 due to market gains on Foundation investments.

Refunds from permanent endowments came about when the Foundation acquiesced to the wishes of original donors.

**GOVERNORS STATE UNIVERSITY FOUNDATION  
FISCAL SCHEDULES AND ANALYSIS  
FOR THE TWO YEARS ENDED JUNE 30, 2005**

**ANALYSIS OF SIGNIFICANT ACCOUNT BALANCES**

**Schedule of Cash and Cash Equivalents**

The Foundation's cash and cash equivalents consisted of the following as of June 30:

<u>Account type</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>Deposit type:</b>			
Cash	\$ 165,000	\$ 162,083	\$ 176,443
Money market	3,511	134,055	147,980
Illinois funds	93,560	91,691	90,866
	<u>\$ 262,071</u>	<u>\$ 387,829</u>	<u>\$ 415,289</u>
<b>Depositories used:</b>			
Heritage Bank	\$ 165,000	\$ 162,083	\$ 160,753
Morgan Stanley	3,511	134,055	147,980
First Midwest Bank	-	-	15,690
Illinois Funds	93,560	91,691	90,866
	<u>\$ 262,071</u>	<u>\$ 387,829</u>	<u>\$ 415,289</u>

**Schedule of Investments**

The Foundation's investments consisted of the following as of June 30:

<u>Account type</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Certificates of Deposit	\$ 750,506	\$ -	\$ -
Government Securities	-	133,675	147,970
Common Stocks	-	466,130	382,588
	<u>\$ 750,506</u>	<u>\$ 599,805</u>	<u>\$ 530,558</u>

Near the end of fiscal year 2005, the Foundation sold its entire investment portfolio and re-invested the proceeds and approximately \$105,000 from a money market account into certificates of deposit pending the Foundation's re-evaluation of its investment plan.

The Foundation's liabilities consisted of the following as of June 30:

<u>Account type</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Accounts payable	<u>\$ 61,520</u>	<u>\$ 55,276</u>	<u>\$ 4,643</u>

Accounts payable primarily represent amounts due to the University as a function of cash management. The Foundation's accounts are maintained as part of the University's accounting system and are reimbursed on a periodic basis.

**GOVERNORS STATE UNIVERSITY FOUNDATION  
ANALYSIS OF OPERATIONS  
FOR THE TWO YEARS ENDED JUNE 30, 2005**

**AGENCY FUNCTIONS AND PLANNING PROGRAM**

The Foundation was incorporated as a not-for-profit corporation on June of 1969, to aid in development of the University by soliciting, investing and allocating private donations for the benefit of the University. The University is a State university located in University Park, IL 60466.

The Board of Directors of the Foundation is comprised of not less than 11 members nor more than 35. The Foundation's Chief Executive Officer is Dr James Britt. The Chief Executive Officer is given the responsibility of day-to-day operations by the Board and is required to bring to the attention of the Foundation's Board President all significant or unusual transactions.

**Planning**

The Advancement office prepares, and the Board approves, an annual action plan, including goals and strategies which support the above mentioned purpose. Various development activities such as annual giving, major gifts, and planned giving campaigns are incorporated in the action plan.

**Auditors' Assessment of Planning Program**

In our opinion, the Foundation's planning program is adequate to meet its needs.

**GOVERNORS STATE UNIVERSITY FOUNDATION  
ANALYSIS OF OPERATIONS  
FOR THE TWO YEARS ENDED JUNE 30, 2005**

**AVERAGE NUMBER OF EMPLOYEES**

The Foundation had no employees of its own during the audit period. Several University employees have been assigned a portion of their time to spend on Foundation activities.

**EMERGENCY PURCHASES**

The Foundation had no emergency purchases during the audit period.

**ILLINOIS FIRST PROJECTS**

The Foundation had no Illinois First Projects during the audit period.

**SCHEDULE OF SERVICES PROVIDED BY THE UNIVERSITY TO THE FOUNDATION**

	<u>2005</u>	<u>2004</u>
Personal Services	\$ 67,120	\$ 31,901
Contractual	5,091	1,203
Commodities	827	53
Equipment	1,554	483
Other	<u>741</u>	<u>72</u>
	<u>\$ 75,333</u>	<u>\$ 33,712</u>

Governors State University provided the Foundation with accounting and other clerical services at no cost. The value of these services for the year ended June 30, 2005 and 2004 are shown in the schedules above and include all direct payroll expenses.