

STATE OF ILLINOIS

**SOUTHERN ILLINOIS UNIVERSITY
EDWARDSVILLE FOUNDATION**

COMPLIANCE EXAMINATION

For the two years ended June 30, 2007

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

STATE OF ILLINOIS
SOUTHERN ILLINOIS UNIVERSITY EDWARDSVILLE FOUNDATION
COMPLIANCE EXAMINATION
For the two years ended June 30, 2007

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The Agency's financial statement report for the year ended June 30, 2007, which includes the report of independent auditors, management discussion and analysis, basic financial statements, and the independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of basic financial statements performed in accordance with *Government Auditing Standards* has been issued separately.

STATE OF ILLINOIS
SOUTHERN ILLINOIS UNIVERSITY EDWARDSVILLE FOUNDATION
COMPLIANCE EXAMINATION
For the two years ended June 30, 2007

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STATE OF ILLINOIS
SOUTHERN ILLINOIS UNIVERSITY EDWARDSVILLE FOUNDATION
AGENCY OFFICIALS
June 30, 2007

The Foundation's Board of Directors:

Mr. Thomas M. Allen
Mr. John C. Anderson
Mr. Gordon Broom
Mr. Allen Cassens
Mrs. Sandra Hardy Chinn
Mr. John W. North
Mr. John J. Conrad
Mrs. Judy A. Dailey
Mr. Mark J. Deschaine
Mr. Robert L. Plummer
Dr. Glenn Poshard
Mr. Byron Farrell
Mr. James C. Fowler
Mr. John A. Fruit
Dr. William T. Going
Dr. Kathy J. Gugger
Mr. Alfred C. Hagemann
Mrs. Rita A. Hardy
Dr. Edward E. Hightower
Mr. Merle T. Inman
Mrs. Teddi Inman
Mrs. Maxine A. Johnson
Mr. Rick Jones
Mrs. Mary Kane
Mr. Keith J. Kehrer
Mr. Dale V. Keller
Mr. Ralph F. Korte

Mr. Larry R. Lexow
Mr. Robert E. Mc Clellan, Jr.
Mrs. Mara Meyers
Mrs. Karyn L. Molnar
Mr. Robert J. Murdick
Mr. L. Thomas Lakin
Mr. David M. Oates
Mr. John E. Oeltjen
Mr. Lendell A. Phelps, Jr.
Mr. Ted Eilerman
Dr. Brent D. Wohlford
Mr. James R. Rankin
Mr. Clinton H. Rogier
Dr. Gilbert L. Rutman
Mrs. Betty Lou Schmidt
Mr. John Schmidt
Mr. Gerard Schuetzenhofer
Mr. Mark S. Shashek
Ms. Ellen Sherberg
Mr. Bill Simon
Mr. Dennis M. Terry
Mr. Charles Tosovsky
Dr. Vaughn Vandegrift
Mr. Robert A. Wetzel
Mr. Gary Giamartino
Mrs. S. Lavernn Wilson

New members during Fiscal 2007:

Mr. Gary Giamartino

Retiring members during Fiscal 2007:

Mr. Pat Williams

STATE OF ILLINOIS
SOUTHERN ILLINOIS UNIVERSITY EDWARDSVILLE FOUNDATION
AGENCY OFFICIALS (Continued)
June 30, 2007

Southern Illinois University personnel who provide significant administrative support to the Foundation include:

Chief Executive Office	Mr. Gary Giamartino
Director of Financial Affairs	Mr. Rich Hampton
Assistant Director of Giving and Research	Ms. Gayla Bruning
Assistant Director of Financial Affairs	Ms. Emma Christensen
Accounting Associate	Ms. Joan Cummings

Foundation offices are located at:

Southern Illinois University Edwardsville
B. Barnard Birger Hall
#30 Circle Drive
Edwardsville, IL 62026

SOUTHERN ILLINOIS UNIVERSITY
EDWARDSVILLE
F O U N D A T I O N

January 11, 2008

Crowe Chizek and Company LLC
70 W. Madison St. Suite 700
Chicago, IL 60602

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Southern Illinois University Edwardsville Foundation (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 the Foundation's compliance with the following assertions during the two-year period ended June 30, 2007. Based on this evaluation, we assert that during the years ended June 30, 2007 and June 30, 2006, the Foundation has materially complied with the assertions below.

- A. The Foundation has obligated, expended, received, and used funds in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Foundation has obligated, expended, received, and used funds in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The 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. Revenues and receipts collected by the agency are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the agency or held in trust by the agency have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.



Director of Financial Affairs, Rich Hampton



Gary Giamartino, Chief Executive Officer

STATE OF ILLINOIS
 SOUTHERN ILLINOIS UNIVERSITY EDWARDSVILLE FOUNDATION
 COMPLIANCE REPORT SUMMARY
 For the two years ended June 30, 2007

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

AUDITOR'S 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>Compliance</u>	<u>Financial</u>	<u>Prior</u>
Findings	Report	Report	Compliance
Findings	0	2	0
Repeat findings	0	0	0
Prior recommendations implemented or not repeated	0	0	1

Details of *Government Auditing Standards* findings are issues related to significant deficiencies and material weaknesses in internal control over financial reporting. Findings related to *Government Auditing Standards* have been issued separately with the Agency's Financial Statement Audit.

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
<u>Findings (Government Auditing Standards)</u>		
07-1	*	Fraud Prevention and Detection Program
07-2	*	Bank Reconciliations Not Completed Timely

- * The Agency's financial statement report for the year ended June 30, 2007, which includes the independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of basic financial statements performed in accordance with *Government Auditing Standards* has been issued separately.



Crowe Chizek and Company LLC
Member Horwath International

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 the Southern Illinois University Edwardsville Foundation's (Foundation) 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 years ended June 30, 2007 and 2006. The management of the Foundation is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Foundation's compliance based on our examination.

- A. The Foundation has obligated, expended, received, and used funds in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Foundation has obligated, expended, received, and used funds in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The Foundation has complied, in all material respects, with applicable laws and regulations in its financial and fiscal operations.
- D. Revenues and receipts collected by the agency are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the agency or held in trust by the agency have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

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

In our opinion, the Foundation complied, in all material respects, with the aforementioned requirements during the years ended June 30, 2007 and 2006. 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 the Foundation is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations listed in the first paragraph of this report. In planning and performing our examination, we considered the Foundation's internal control over compliance with the requirements listed in the first paragraph of this report 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, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with the requirements listed in the first paragraph of this report on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to comply with the requirements listed in the first paragraph of this report such that there is more than a remote likelihood that noncompliance with a requirement that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a requirement listed in the first paragraph of this report will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance with the requirements listed in the first paragraph of this report was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, 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 the Foundation as of and for the year ended June 30, 2007, and have issued our report thereon dated January 11, 2008. The accompanying supplementary information, as listed in the table of contents as Supplementary Information for State Compliance Purposes, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Foundation. The 2007 Supplementary Information for State Compliance Purposes, except for that portion marked "unaudited" on which we express no opinion, 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, 2007, taken as a whole. We have also previously audited, in accordance with auditing standards generally accepted in the United States of America, the Foundation's basic financial statements for the year ended June 30, 2006. In our report dated September 15, 2006, we expressed an unqualified opinion on the basic financial statements. In our opinion, the 2006 Supplementary Information for State Compliance Purposes, except for the portion marked "unaudited" is fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2006, taken as a whole. The financial statements of the Foundation as of June 30, 2005, were audited by other auditors whose report dated September 26, 2005, expressed an unqualified opinion on those statements.

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


Crowe Chizek and Company LLC

Chicago, Illinois
January 11, 2008

STATE OF ILLINOIS
SOUTHERN ILLINOIS UNIVERSITY EDWARDSVILLE FOUNDATION
FINDINGS AND RECOMMENDATIONS
For the two years ended June 30, 2007

There were no findings in the Compliance Examination for the two years ended June 30, 2007.

STATE OF ILLINOIS
SOUTHERN ILLINOIS UNIVERSITY EDWARDSVILLE FOUNDATION
PRIOR FINDINGS NOT REPEATED
For the two years ended June 30, 2007

There were no prior period findings in the Compliance Examination for the two years ended June 30, 2005.

STATE OF ILLINOIS
SOUTHERN ILLINOIS UNIVERSITY EDWARDSVILLE FOUNDATION
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES SUMMARY
For the two years ended June 30, 2007

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

- Fiscal Schedules and Analysis
 - Comparative Schedule of Cash and Cash Equivalents
 - Comparative Schedule of Cash Receipts
 - Comparative Schedule of Investments
 - Schedule of Changes in Property and Equipment
 - Analysis of Significant Variations in Revenues and Expenses
 - Analysis of Significant Statement of Net Assets Accounts
 - Analysis of Accounts Receivable

- Analysis of Operations
 - Agency Functions and Planning Program
 - Additional Required Information
 - Summary of Foundation Payments to the University

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, except for that portion marked "unaudited," on which they express no opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

STATE OF ILLINOIS
 SOUTHERN ILLINOIS UNIVERSITY EDWARDSVILLE FOUNDATION
 COMPARATIVE SCHEDULE OF CASH AND CASH EQUIVALENTS
 June 30, 2007, 2006, and 2005

	Carrying Value		
	<u>2007</u>	<u>2006</u>	<u>2005</u>
Cash			
Bank of Edwardsville	\$ -	\$ -	\$ 53,486
Cash and cash equivalents held in investment accounts			
Cash	-	-	95,479
Insured money market accounts	-	-	512,695
Uninsured money market accounts	<u>3,648,218</u>	<u>1,674,448</u>	<u>739,964</u>
	<u>3,648,218</u>	<u>1,674,448</u>	<u>1,348,138</u>
Total Cash and Cash Equivalents	<u>\$ 3,648,218</u>	<u>\$ 1,674,448</u>	<u>\$ 1,401,624</u>

STATE OF ILLINOIS
SOUTHERN ILLINOIS UNIVERSITY EDWARDSVILLE FOUNDATION
COMPARATIVE SCHEDULE OF CASH RECEIPTS
For the years ended June 30, 2007, 2006, and 2005

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Contributions	\$ 1,925,343	\$ 3,204,504	\$ 2,550,680
Pledge payments	314,307	856,765	297,318
Other than contributions	540,254	551,253	583,256
Related organizations	2,694	190,000	440,000
Proceeds from sale of stock	147,013	98,168	85,468
Proceeds from sale of assets held for resale	575,899	20,000	-
Transfer from SIUE	-	-	-
Interest and dividend income	<u>6,082</u>	<u>6,756</u>	<u>2,586</u>
 Total Cash Receipts	 <u>\$ 3,511,592</u>	 <u>\$ 4,927,446</u>	 <u>\$ 3,959,308</u>

STATE OF ILLINOIS
SOUTHERN ILLINOIS UNIVERSITY EDWARDSVILLE FOUNDATION
COMPARATIVE SCHEDULE OF INVESTMENTS
June 30, 2007, 2006, and 2005

	Fair Value		
	<u>2007</u>	<u>2006</u>	<u>2005</u>
Cash & Money Markets	\$ 3,648,218	\$ 1,674,448	\$ 1,349,538
U.S. Government	4,843,582	4,908,869	3,832,996
Corporate Bonds & Notes	491,926	492,213	518,264
Certificates of Deposit	4,698,000	3,534,000	3,199,000
Mutual Funds	4,515,519	3,660,253	3,250,551
Common Stock - Domestic	6,192,909	4,318,773	3,727,507
Common Stock - Foreign	-	-	156,315
Other	108	148	-
Total Investments	<u>\$ 24,390,262</u>	<u>\$ 18,588,704</u>	<u>\$ 16,034,171</u>

STATE OF ILLINOIS
SOUTHERN ILLINOIS UNIVERSITY EDWARDSVILLE FOUNDATION
SCHEDULE OF CHANGES IN PROPERTY AND EQUIPMENT
For the years ended June 30, 2007 and 2006

	<u>Building</u>	<u>Equipment</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Balance July 1, 2005	\$ 2,478,121	\$ 96,830	\$ (399,259)	\$ 2,175,692
Additions	-	-	(62,681)	(62,681)
Disposals	-	(5,241)	5,241	-
Balance June 30, 2006	2,478,121	91,589	(456,699)	2,113,011
Additions	-	-	(62,447)	(62,447)
Disposals	-	-	-	-
Balance June 30, 2007	<u>\$ 2,478,121</u>	<u>\$ 91,589</u>	<u>\$ (519,146)</u>	<u>\$ 2,050,564</u>

STATE OF ILLINOIS
SOUTHERN ILLINOIS UNIVERSITY EDWARDSVILLE FOUNDATION
ANALYSIS OF SIGNIFICANT VARIATIONS IN REVENUE AND EXPENSES
For the years ended June 30, 2007, 2006, and 2005

	2007	Increase (Decrease)	2006	Increase (Decrease)	2005
Operating revenues					
Payments from related parties	\$ 194,770	\$ (2,812)	\$ 197,582	\$ 7,582	\$ 190,000
Budget allocation from SIUE	381,588	24,341	357,247	(45,416)	402,663
Events, sales, and other operating revenues	494,002	(27,616)	521,618	(80,235)	601,853
Operating expenses					
General and operating expenses	415,655	100,957	314,698	(5,896)	320,594
Budget expended at SIUE	381,588	24,341	357,247	(45,416)	402,663
Expenditures for the benefit of SIUE	1,600,393	484,561 a	1,115,832	(659,828) b	1,775,660
Expenditures for the benefit of the Alumni Association	78,399	70,048	8,351	(27,230)	35,581
Gifts to SIUE	945,893	(134,545)	1,080,438	(13,531)	1,093,969
Depreciation	62,447	(234)	62,681	299	62,382
Nonoperating revenues (expenses)					
Contributions	3,154,425	(2,206,397) c	5,360,822	1,368,645 c	3,992,177
Net investment income	2,101,746	1,341,033 d	760,713	60,421	700,292
Increase (decrease) in allowance for uncollectibles	(372)	16,390	(16,762)	(3,559)	(13,203)
Increase (decrease) in present value-interest in trusts	130,825	(125,989)	256,814	289,242 e	(32,428)
Bond interest expense	(75,281)	-	(75,281)	-	(75,281)
Grants to other organizations	(500)	4,100	(4,600)	3,750	(8,350)
Payments to annuitants	(48,986)	-	(48,986)	-	(48,986)
Net Gain (Loss) on sale of assets held for resale	343,913	343,913 f	-	-	-
Other nonoperating revenues (expenses)	1,987	7,531	(5,544)	(5,222)	(322)

Unaudited:

All increases/ decrease greater than \$150,000 were determined to be significant:

- a The increase for 2007 was due to several factors including the Gardens at SIUE activity, increase in the Construction program, the Masters of Marketing Research program (anniversary celebration) and SDM Clinic Enhancements.
- b The decrease in 2006 was due to the construction of baseball facilities in 2005 that did not occur in 2006.
- c In 2006, the Foundation received a one time \$2.1 million contribution.
- d Total investment increased for the Foundation by 5.8 million from 2006. Therefore, investment income increased incrementally.
- e The increase is due to an increase in treasury rates and in the fair market of trust investments.
- f This amount relates to the sale of the Tosovsky building.

STATE OF ILLINOIS
SOUTHERN ILLINOIS UNIVERSITY EDWARDSVILLE FOUNDATION
ANALYSIS OF SIGNIFICANT STATEMENT OF NET ASSETS ACCOUNTS
June 30, 2007, 2006, and 2005

	2007	Increase (Decrease)		2006	Increase (Decrease)		2005
Assets							
Cash and cash equivalents	\$ 3,648,218	\$ 1,973,770	a	\$ 1,674,448	\$ 1,620,962	b	\$ 53,486
Investments, at market	20,742,044	3,827,788	a	16,914,256	880,085	b	16,034,171
Deposits with SIUE	323,045	(17,213)		340,258	55,876		284,382
Pledge receivables, net of allowance	741,964	96,905		645,059	165,959	c	479,100
Accounts receivable, SIUE	21,401	12,265		9,136	5,341		3,795
Other receivables	637,481	(1,834,469)	d	2,471,950	2,447,535	e	24,415
Interest receivable	111,435	17,879		93,556	25,438		68,118
Prepaid expenses	25,759	11,196		14,563	(21,475)		36,038
Loan receivables, net of allowance	54,174	37,739		16,435	(30,035)		46,470
Capital assets, net of depreciation	2,050,564	(62,447)		2,113,011	(62,681)		2,175,692
Assets held for resale	5,174,469	(179,355)	f	5,353,824	1,530,496	g	3,823,328
Cash Surrender Value of Life Insurance	45,549	8,502		37,047	37,047		-
Beneficial interests in trusts	2,643,396	130,825		2,512,571	256,814	h	2,255,757
Liabilities							
Accounts payable, SIUE	86,235	21,906		64,329	(99,398)		163,727
Accounts payable, other	63,476	(38,380)		101,856	(504,773)	i	606,629
Accrued interest	34,238	-		34,238	-		34,238
Annuity payable	521,185	4,912		516,273	(76,570)		592,843
Revenue bond payable	1,650,000	-		1,650,000	-		1,650,000

Unaudited:

All increases/decrease greater than \$150,000 were determined to be significant:

- a The increase is due to \$2.4 million of endowment contributions received and invested during the year and a \$2.8 million increase in fair value.
- b The increase is due to \$800 thousand of endowment contributions received and invested during the year and a \$1.7 million increase in fair value.
- c The increase is due to the SDM Clinic Enhancement Development Fund started in 2006.
- d The decrease is due to receipt of the Cox Trust in 2007.
- e The increase is due to the Cox Trust promise that occurred in 2006.
- f The decrease is due to the sale of the Tosovsky building.
- g The increase is due to the donation of the Harrington estate.
- h The increase is due to an increase in the fair value plan assets for the trust.
- i The decrease is due to the payment of large payables relating to the construction of the baseball facilities that occurred in 2005.

STATE OF ILLINOIS
SOUTHERN ILLINOIS UNIVERSITY EDWARDSVILLE FOUNDATION
ANALYSIS OF ACCOUNTS RECEIVABLE
June 30, 2007, 2006, and 2005

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Accounts receivable net			
Pledges	\$ 741,964	\$ 645,059	\$ 479,100
Loans	54,174	16,435	46,470
Related organizations	21,401	9,137	3,795
Interest	111,435	93,556	68,118
Other	<u>637,481</u>	<u>2,471,950</u>	<u>24,415</u>
 Total Accounts Receivable	 <u>\$ 1,566,455</u>	 <u>\$ 3,236,137</u>	 <u>\$ 621,898</u>

All receivables reported above are deemed collectible.

STATE OF ILLINOIS
SOUTHERN ILLINOIS UNIVERSITY EDWARDSVILLE FOUNDATION
AGENCY FUNCTIONS AND PLANNING PROGRAM
For the two years ended June 30, 2007

The Southern Illinois University Edwardsville Foundation (Foundation), located in Edwardsville, Illinois, was incorporated in 1976 under the laws of the State of Illinois as a not-for-profit organization. Its primary purpose is to receive private gifts for the benefit of Southern Illinois University Edwardsville (SIUE). The primary function of the Foundation is to assist in developing and increasing the facilities of SIUE for broader educational opportunities for its students, alumni, and citizens of the State of Illinois by encouraging gifts of money, property, works of art, and other materials having educational, artistic, or historical value. These gifts are to be administered with the primary objective of serving purposes other than those for which the State of Illinois ordinarily makes sufficient appropriations.

The Foundation has entered into a master contract with the Board of Trustees of SIUE, which specifies the relationship between the two organizations in accordance with the Legislative Audit Commission's University Guidelines, 1982, as amended in 1997. The Foundation is to assist SIUE in achieving its education, research, and service goals by developing and administering gifts made to SIUE for scholarships, grants, and other supporting programs. Among the provisions of the master contract is a requirement that the Foundation and SIUE provide services to each other to be reimbursed in actual dollars or its equivalent in services or resources.

It is the intention of the management and the Board of Directors of the Foundation that its continuing long-term goals are those described in its by-laws.

STATE OF ILLINOIS
SOUTHERN ILLINOIS UNIVERSITY EDWARDSVILLE FOUNDATION
ADDITIONAL REQUIRED INFORMATION
For the two years ended June 30, 2007

Local Funds: All funds of the Foundation are locally held funds and are not appropriated.

Employee Statistics (Unaudited): During each of the years ended 2007 and 2006, the equivalent of 12 and 11 full-time employees respectively, worked for the Foundation. These employees are officially employed by the University and were assigned to the Foundation. The following is a breakdown of these employees by function:

	<u>2007</u>	<u>2006</u>
Financial affairs	3	3
Fundraising	4	4
Research	2	2
Alumni affairs	<u>3</u>	<u>2</u>
	<u>12</u>	<u>11</u>

Service Efforts and Accomplishments: Funds provided to the University for each of the years ended June 30, 2007, 2006, and 2005 are presented on page 20 of this report.

Transactions with Related Parties: The Foundation maintains a substantial portion of its cash and investments at a financial institution which has two common Board members with the Foundation, the Bank of Edwardsville Financial Management Group. The board members receive no compensation from the Foundation.

The Bank of Edwardsville Financial Management Group received approximately \$33,000 from investment fees for Fiscal Year 2006 from the Foundation. The gross returns for the Endowment portfolio (including equities) and the Non-Endowment portfolio for the period ended 6/30/06 were 7.7% and 3.1%, respectively. The amount of money invested with this investment firm at 6/30/06 was \$3.8 million in the Endowment portfolio, and \$6.5 million in the Non-Endowment portfolio.

The Bank of Edwardsville Financial Management Group received approximately \$47,000 from investment fees for Fiscal Year 2007 from the Foundation. The gross returns for the Endowment portfolio (including equities) and the Non-Endowment portfolio for the period ended 6/30/07 were 14.1% and 5.6%, respectively. The amount of money invested with this investment firm at 6/30/07 was \$5.1 million in the Endowment portfolio, and \$8.3 million in the Non-Endowment portfolio.

STATE OF ILLINOIS
 SOUTHERN ILLINOIS UNIVERSITY EDWARDSVILLE FOUNDATION
 SUMMARY OF FOUNDATION PAYMENTS TO THE UNIVERSITY
 For the years ended June 30, 2007, 2006, and 2005

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Expenses in association with salaries and wages	\$ 128,335	\$ 290,919	\$ 295,035
Expenses in association with travel	69,192	59,607	40,858
Expenses in association with capital assets	128,330	31,245	31,860
Expenses in association with commodities	276,862	270,017	294,144
Expenses in association with contractual services	175,044	115,243	119,645
Expenses in association with awards & other payments	441,537	427,805	382,656
Expenses in association with telecommunications	<u>221</u>	<u>1,214</u>	<u>2,180</u>
	<u>\$ 1,219,521</u>	<u>\$ 1,196,050</u>	<u>\$ 1,166,378</u>

Note: The Foundation Payments to the University are the expenses paid directly to SIUE. These expenses are part of the overall operating expenses of the Foundation and therefore would be part of the Operating Expense lines on the Statement of Revenue, Expenses and Changes in Net Assets in the Foundation's Financial Statements.