

State of Illinois
Western Illinois University Foundation
(A Component Unit of Western Illinois University)
Compliance Examination
For the Two Years Ended June 30, 2005
Performed as Special Assistant Auditors for the Auditor General, State of Illinois

State of Illinois
Western Illinois University Foundation
(A Component Unit of Western Illinois University)
Compliance Examination
For the Two Years Ended June 30, 2005

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State of Illinois
Western Illinois University Foundation
(A Component Unit of Western Illinois University)
Compliance Examination
For the Two Years Ended June 30, 2005

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The information requirements of Chapter 4 of the 2005 *Office of the Auditor General Audit Guide* are set forth in the Financial Reports of Western Illinois University Foundation for the year ended June 30, 2005, and for the year ended June 30, 2004, which are incorporated herein by reference.

State of Illinois
Western Illinois University Foundation
(A Component Unit of Western Illinois University)
Compliance Examination
Agency Officials
For the Two Years Ended June 30, 2005

Executive Officer

Vice President for Advancement and Public Services

Dr. Larry C. Mortier
(Retired effective July 29, 2005)

Dr. Daniel Hendricks
(Effective August 15, 2005)

The Foundation's offices are located at:

Western Illinois University Foundation
1 University Circle
303 Sherman Hall
Macomb, Illinois 61455-1390



**WESTERN
ILLINOIS
UNIVERSITY**

October 21, 2005

Dan L. Hendricks
Executive Officer
WIU Foundation
Vice President
for Advancement
and Public Services

BKD, LLP
Certified Public Accountants
501 N. Broadway, Suite 600
St. Louis, Missouri 63102

Bradley L. Bainter
Director of Planned
and Major Gifts

Ladies and Gentlemen:

Kellie A. Esters
Director of Foundation
and Development Services

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 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 ending June 30, 2005. Based on this evaluation, we assert that during the years ended June 30, 2004 and June 30, 2005, the Foundation has materially complied with the assertions below.

Foundation Officers and
Executive Committee
Members

- A. The 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. The 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. 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. The State revenues and receipts collected by the 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 the Foundation on behalf of the State or held in trust by the Foundation have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Marlin L. France
President

F. Eugene Strode
Vice President

Richard P. Miller
Past President

Ron G. Peterson
Treasurer

Cathy E. Early
Secretary

Arthur D. Chown

Donald W. Dieke

Larry D. Ehmen

Diana T. Irish

Judith W. Kerr

Douglas J. March

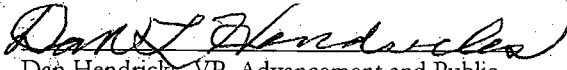
Kathryn E. Martin

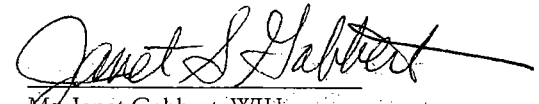
Steven L. Nelson

Jack H. Stites

Yours very truly,

Western Illinois University Foundation


Dan Hendricks, VP, Advancement and Public
Services and Executive Officer, WIU Foundation


Ms. Janet Gabbert, WIU
WIU Foundation Accountant

WIU Foundation

Sherman Hall 303, 1 University Circle, Macomb, IL 61455-1390
Phone 309.298.1861 Fax 309.298.1761 W-Foundation@wiu.edu

Compliance Report

State of Illinois
Western Illinois University Foundation
(A Component Unit of Western Illinois University)
Compliance Examination
Compliance Report Summary
For the Two Years Ended June 30, 2005

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

Auditors' 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 Compliance Findings

Number of	This Audit	Prior Audit
Findings	—	—
Repeated findings	—	—
Prior recommendations implemented or not repeated	—	—

Schedule of Findings and Questioned Costs

Item No.	Page	Description
Findings (<i>Government Auditing Standards</i>)		
None		
Findings (State Compliance)		
None		

Exit Conference

The Foundation waived an exit conference.



**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 State of Illinois, Western Illinois 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 years ended June 30, 2005 and 2004. The management of the State of Illinois, Western Illinois University Foundation is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, Western Illinois University Foundation's compliance based on our examination.

- A. The State of Illinois, Western Illinois 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. The State of Illinois, Western Illinois 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. The State of Illinois, Western Illinois 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 the State of Illinois, Western Illinois 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 the State of Illinois, Western Illinois University Foundation on behalf of the State or held in trust by the State of Illinois, Western Illinois University Foundation have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Honorable William G. Holland
Auditor General

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 the State of Illinois, Western Illinois 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 the State of Illinois, Western Illinois University Foundation's compliance with specified requirements.

In our opinion, the State of Illinois, Western Illinois University Foundation complied, in all material respects, with the aforementioned requirements during the years ended June 30, 2005 and 2004. The results of our procedures disclosed no 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. There were no immaterial findings relating to instances of noncompliance that have been excluded from this report.

Internal Control

The management of State of Illinois, Western Illinois 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 the State of Illinois, Western Illinois 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. There were no immaterial findings relating to internal control deficiencies that have been excluded from this report.

Honorable William G. Holland
Auditor General

Supplementary Information for State Compliance Purposes

As Special Assistant Auditors for the Auditor General, we have audited the basic financial statements of the State of Illinois, Western Illinois University Foundation as of and for the year ended June 30, 2005 and have issued our report thereon dated October 21, 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 the State of Illinois, Western Illinois University Foundation. The 2005 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, 2005, taken as a whole. We have also previously audited, in accordance with auditing standards generally accepted in the United States, the State of Illinois, Western Illinois University Foundation’s basic financial statements for the year ended June 30, 2004. In our report dated November 12, 2004, we expressed an unqualified opinion. In our opinion, the 2004 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, 2004, taken as a whole.

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

BKD, LLP

October 21, 2005



**Independent Accountants' 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 financial statements of the State of Illinois, Western Illinois University Foundation, as of and for the year ended June 30, 2005 and have issued our report thereon dated October 21, 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 the State of Illinois, Western Illinois 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State of Illinois, Western Illinois 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 or other matters that are required to be reported under *Government Auditing Standards*.

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

BKD, LLP

October 21, 2005

501 N. Broadway, Suite 600 St. Louis, MO 63102-2102 314 231-5544 Fax 314 231-9731

State of Illinois
Western Illinois University Foundation
(A Component Unit of Western Illinois University)
Compliance Examination
Schedule of Findings
For the Two Years Ended June 30, 2005

Current Findings – Government Auditing Standards

No findings were noted for the two years ended June 30, 2005.

Current Findings – State

No findings were noted for the two years ended June 30, 2005.

State of Illinois
Western Illinois University Foundation
(A Component Unit of Western Illinois University)
Compliance Examination
Prior Findings Not Repeated
For the Two Years Ended June 30, 2005

Government Auditing Standards

There were no findings reported in the Foundation compliance report for the two years ended June 30, 2003.

State

There were no findings reported in the Foundation compliance report for the two years ended June 30, 2003.

**Supplementary Information for
State Compliance Purposes**

State of Illinois
Western Illinois University Foundation
(A Component Unit of Western Illinois University)
Compliance Examination
Supplemental Information for State Compliance Purposes
Summary
For the Two Years Ended June 30, 2005

Supplementary information for State compliance purposes presented in this section of the report includes the following:

- **Fiscal Schedules and Analysis**
 - Schedule of Changes in Property and Equipment for the
Two Years Ended June 30, 2005
 - Schedule of Cash and Temporary Cash Investments at Fair Value
 - Schedule of Investments at Fair Value
 - Analysis of Significant Variations in Account Balances
 - Analysis of Significant Variations in Operating and Nonoperating
Revenues/Expenses
 - Analysis of Pledges Receivable as of June 30, 2005 and 2004
- **Analysis of Operations**
 - Foundation Functions and Planning Program
 - Unaudited Service Efforts and Accomplishments
 - Listing of State of Illinois Funds
 - Average Number of Employees

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, it is fairly stated in all material respects in relation to the basic financial statement taken as a whole.

Fiscal Schedules and Analysis

State of Illinois
Western Illinois University Foundation
(A Component Unit of Western Illinois University)
Schedule of Changes in Property and Equipment
For the Two Years Ended June 30, 2005

	<u>Total</u>	<u>Land</u>	<u>Building</u>	<u>Equipment</u>
<u>Balance June 30, 2003</u>	\$ 954,140	\$ 909,200	\$ -	\$ 44,940
Additions:				
Purchases:				
Fiscal Year 2004	31,763	-	-	31,763
Gifts:				
Fiscal Year 2004	3,000,000	1,600,000	1,400,000	
Transfers-in:				
Intra-agency	-	-	-	-
Adjustments	-	-	-	-
Total Additions	<u>3,031,763</u>	<u>1,600,000</u>	<u>1,400,000</u>	<u>31,763</u>
Deductions:				
Donations to University	(3,000,000)	(1,600,000)	(1,400,000)	-
Retirement	(31,683)	-	-	(31,683)
Adjustment	-	-	-	-
Total Deductions	<u>(3,031,683)</u>	<u>(1,600,000)</u>	<u>(1,400,000)</u>	<u>(31,683)</u>
Accumulated Depreciation	<u>2,376</u>	<u>-</u>	<u>-</u>	<u>2,376</u>
<u>Balance June 30, 2004</u>	<u>956,596</u>	<u>909,200</u>	<u>-</u>	<u>47,396</u>
Additions:				
Purchases:				
Fiscal Year 2005	-	-	-	-
Gifts:				
Fiscal Year 2005	-	-	-	-
Transfers-in:				
Intra-agency	-	-	-	-
Adjustments	-	-	-	-
Total Additions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deductions:				
Transfers to University	-	-	-	-
Retirement	-	-	-	-
Adjustment	-	-	-	-
Total Deductions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Accumulated Depreciation	<u>(11,309)</u>	<u>-</u>	<u>-</u>	<u>(11,309)</u>
<u>Balance June 30, 2005</u>	<u>\$ 945,287</u>	<u>\$ 909,200</u>	<u>\$ -</u>	<u>\$ 36,087</u>

STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY FOUNDATION
(A Component Unit of Western Illinois University)
SCHEDULE OF CASH AND TEMPORARY CASH INVESTMENTS
JUNE 30, 2005 and 2004

	<u>2005</u>		<u>2004</u>	
	<u>Interest</u> <u>Rate</u>	<u>All Funds</u>	<u>Interest</u> <u>Rate</u>	<u>All Funds</u>
Cash on hand		\$ 275		\$ 275
Checking Account, Citizens National Bank of Macomb	Variable	29,488	Variable	55,414
Money market account, Citizens National Bank of Macomb	Variable	0	Variable	0
Money market account, Citizens National Bank of Macomb	Variable	1,264		
Money market account, Edward Jones	Variable	757	Variable	5,135
The Illinois Funds Investment Pool	Variable	861,378	Variable	322,236
Quad Cities Bank & Trust	Variable	2,599,406	Variable	2,755,306
Total Cash & Temporary Cash Investments		<u>\$ 3,492,568</u>		<u>\$ 3,138,366</u>

STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY FOUNDATION
(A COMPONENT UNIT OF WESTERN ILLINOIS UNIVERSITY)
SCHEDULE OF INVESTMENTS - AT FAIR VALUE
JUNE 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Common Stock:		
Agere Systems, Inc.	\$ -	\$ 15
Altria Group, Inc.	2,932	4,063
Applied Materials, Inc.	658	762
Caseys General Store	981	860
Cisco Systems, Inc.	964	1,145
Citigroup, Inc.	1,878	1,869
Delta Airlines, Inc.	186	331
Enron Corp.	-	2
Federal National Mortgage Assn.	1,451	702
Home Depot	2,294	
International Rectifier Corp.	4,903	4,106
Krispy Kreme Doughnuts, Inc.	350	994
Lucent Technologies	91	114
Monsanto Co. New	1,124	603
Pepsico, Inc.	2,279	-
Pfizer, Inc.	3,993	4,735
Posco	2,188	
St. Paul Companies, Inc.	38	42
Suncor, Inc.	4,649	2,607
Tatko Biotech, Inc.	100,000	100,000
Tyco International LTD New	1,497	1,623
Walgreen Co.	2,219	1,795
	<u>134,675</u>	<u>126,368</u>
Other Investments:		
Putnam Fund for Growth & Income	40,473	38,751
	<u>40,473</u>	<u>38,751</u>
Trusts:		
Citizens National Bank of Macomb	4,731,505	5,546,246
Midamerica National Bank	5,033,643	4,959,289
Charles Schwab	2,620,498	-
Commonfund	1,926,770	1,915,560
Wisconsin Capital Management	1,040,165	3,464,488
Mondrian Emerging Markets	975,982	-
Robeco-Sage Triton Fund, LLC	851,960	-
Portfolio Advisors Private Equity Fund	65,000	-
Total Trusts	<u>17,245,523</u>	<u>15,885,583</u>
Total Investments	<u>\$ 17,420,671</u>	<u>\$ 16,050,702</u>

STATE OF ILLINOIS
 WESTERN ILLINOIS UNIVERSITY FOUNDATION
 (A COMPONENT UNIT OF WESTERN ILLINOIS UNIVERSITY)
 Analysis of Significant Variations in Account Balances
 Fiscal Year 2005 Compared to Fiscal Year 2004

The following are explanations for account balances that changed by at least \$100,000 and 15% of the previous year:

	2005	2004
Other receivables	\$ 487,858	\$ 283,455
The FY2005 figure includes \$240,751 due from the investment pool for the fourth quarter distribution.		
 Net Assets		
Restricted - expendable	\$ 1,889,298	\$ 1,521,382
During FY 2005, \$174,159 in quasi-endowment funds were withdrawn from the endowment to fund one-time capital projects in the amount of \$174,159.		
 Net Assets		
Unrestricted	\$ 3,416,206	\$ 2,872,828
An estate gift earmarked for scholarships in the amount of \$321,617 was received during FY 2005.		

STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY FOUNDATION
(A COMPONENT UNIT OF WESTERN ILLINOIS UNIVERSITY)
Analysis of Significant Variations in Account Balances
Fiscal Year 2005 Compared to Fiscal Year 2004

The following are explanations for account balances that changed by at least \$100,000 and 15% of the previous year

	2004	2003
Restricted cash and cash equivalents	\$ 172,027	\$ 351,041
Restricted pledges were paid during FY2004 that were invested in the endowment pool.		
Endowment investments	\$ 15,885,583	\$ 13,532,209
Appreciation of endowment investments during FY 2004 was \$1,005,455. An endowed scholarship was also established during FY 2004 with a corpus of \$310,134.		
Annuities payable	\$ 215,028	\$ 76,033
Two annuities were established during FY 2004, increasing long-term annuities payable by \$138,995.		
Net Assets		
Resticted-nonexpendable	\$ 14,882,050	\$ 12,685,995
Appreciation of endowment investments during FY 2004 was \$1,005,455. An endowed scholarship was also established during FY 2004 with a corpus of \$310,134.		

STATE OF ILLINOIS
 WESTERN ILLINOIS UNIVERSITY FOUNDATION
 (A COMPONENT UNIT OF WESTERN ILLINOIS UNIVERSITY)
 ANALYSIS OF SIGNIFICANT VARIATIONS
 IN OPERATING AND NONOPERATING REVENUES AND EXPENSES
 FISCAL YEAR 2005 COMPARED TO FISCAL YEAR 2004

The following are explanations for operating and nonoperating revenues and expense accounts that changed by at least \$100,000 and by more than 15% or more of the previous year:

	2005	2004
<u>Significant Variations In Operating Revenues/Expenses</u>		
Research	\$ 87,570	\$ 45,265
The Foundation expended \$39,613 more in FY 2005 than FY 2004 to support faculty research and other scholarly and creative projects.		
Public service	\$ 148,286	\$ 49,503
During FY 2005, the Foundation paid \$79,272 for the final stage of an equipment conversion project to the University's National Public Radio affiliate Tri-states Public Radio. This conversion project included an upgrade to HD radio for the transmitters in Macomb, Illinois and Warsaw, Illinois.		
Depreciation	\$ 11,309	\$ 25,249
During FY 2004, depreciation was realized in the amount of \$15,556 on the building at the Quad Cities Riverfront Campus, which was received through the Foundation and then transferred to the University.		
<u>Significant Variations In Nonoperating Revenues/Expenses</u>		
Investment income - net of investment expense	\$ 966,970	\$ 1,529,281
Investment return from endowment fell from 11.3% in FY 2004 to 3.8% in FY 2005. In order to meet the required distribution rate, the balance of the distribution was from Unrealized Gain/Loss, which is classified as other nonoperating revenues.		
Contribution of capital assets to Western Illinois University	\$ -	\$ (2,984,444)
This variation is due to a large transfer of capital assets to the University that occurred in FY 2004. This transfer included land and buildings at the new Quad Cities Riverfront Campus valued at \$3,000,000 less depreciation of \$15,556.		
Additions to permanent endowments	\$ 1,042,399	\$ 833,580
During FY 2005, contributions to the Foundation's permanent endowment increased by more than \$200,000, including a single gift of \$250,000.		
Capital gifts	\$ -	\$ 3,000,000
During FY 2004, the Foundation received a contribution of land and buildings to develop the WIU Quad Cities Riverfront Campus. This gift was valued at \$3,000,000, which was subsequently transferred to the University.		

STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY FOUNDATION
(A COMPONENT UNIT OF WESTERN ILLINOIS UNIVERSITY)
ANALYSIS OF SIGNIFICANT VARIATIONS
IN OPERATING AND NONOPERATING REVENUES AND EXPENSES
FISCAL YEAR 2004 COMPARED TO FISCAL YEAR 2003

The Following are explanations for operating and nonoperating revenues and expenses accounts that changed by at least \$100,000 and by more than 15% or more of the previous year:

<u>Significant Variations In Operating Revenues/Expenses</u>	2004	2003
Public service	\$ 49,503	\$ 204,618
The WIUM Radio station moved into a facility that required remodeling in FY 2003. Expenditures related to the remodeling		
Student services	\$ 519,150	\$ 654,122
During FY 2003, Athletic facilities were renovated, at a cost of \$105,977.		
Institutional Support	\$ 688,912	\$ 581,009
The increase in FY 2004 was due to three factors. A change in investment management to include consulting, increased expenses by \$43,225. As our alumni base grew more printing and postage was required to communicate with alumni, increasing costs by \$39,100. An advertising agreement to promote the University in the Chicago area was also funded by the Foundation in the amount of \$23,250.		
Operation and maintenance of plant	\$ 222,910	\$ 395,163
Several capital projects were initiated in the athletic area during FY 2003, totaling \$289,622.		
 <u>Significant Variations In Nonoperating Revenues/Expenses</u>		
Investment income - net of investment expense	\$ 1,529,281	\$ 295,730
Investment return from endowment in FY 2004 was 11.2%, compared to an FY 2003 return of 2.2%.		
Contribution of capital assets to WIU	\$ (2,984,444)	\$ -
This variation is due to a large transfer of capital assets to the University that occurred in FY 2004. This transfer included land and buildings at the new Quad Cities Riverfront Campus valued at \$3,000,000 less depreciation of \$15,556.		
Addition to permanent endowment	\$ 833,580	\$ 665,235
An endowed scholarship was established during FY 2004 having a corpus of \$310,134.		
Capital gifts	\$ 3,000,000	\$ 192,400
During FY 2004, the Foundation received a contribution of land and buildings to develop the WIU Quad Cities Riverfront Campus. This gift was valued at \$3,000,000.		

State of Illinois
Western Illinois University Foundation
(A Component Unit of Western Illinois University)
Analysis of Pledges Receivable
June 30, 2005 and June 30, 2004

Pledges Receivable (net) at June 30, were as follows:

	Foundation Pledges Receivable, net of allowance for doubtful accounts	
	2005	2004
Unrestricted	-	\$ 10,601
Restricted	\$ 280,260	323,508
Endowment	-	22,315
Annuity	-	-
Plant	-	-
Total pledges receivable	\$ 280,260	\$ 356,424

Pledges receivable at gross less allowance for uncollectible accounts were as follows:

Pledges receivable - all funds, at gross	\$ 288,928	\$ 367,448
Less: Allowance for uncollectible accounts	(8,668)	(11,024)
Total pledges receivable	\$ 280,260	\$ 356,424

Pledges receivable aging was as follows:

Past-due pledges receivable	\$ 5,334	\$ 46,298
Due in FY2005	-	215,532
Due in FY2006	191,356	50,034
Due in FY2007	40,146	28,980
Due in FY2008	17,525	15,580
Due in FY2009	16,809	-
Due in FY2010	2,249	-
Due in FY2011	2,136	-
Due in FY2012	2,031	-
Due in FY2013	1,366	-
Due in FY2014	1,308	-
Total pledges receivable	\$ 280,260	\$ 356,424

Analysis of Operations

State of Illinois
Western Illinois University Foundation
(A Component Unit of Western Illinois University)
Compliance Examination
Foundation Functions and Planning Program
For the Two Years Ended June 30, 2005

The Western Illinois University Foundation, located at 1 University Circle, 303 Sherman Hall, in Macomb, Illinois 61455, was incorporated under the laws of the State of Illinois as a not-for-profit organization. Dr. Larry C. Mortier was the Executive Officer of the Foundation until July 29, 2005 and was subsequently replaced by Dr. Daniel Hendricks. The primary function of the Foundation is to assist in developing and increasing the facilities of Western Illinois University 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 also acts as trustee for education, charitable, or other trusts placed under its stewardship.

Description of Planning

The Executive Officer submits a plan for scholarships and grants to the Board of Directors for their approval. At each monthly meeting, the Board of Directors reviews the Analysis for Development report which shows the pledges, campaign goals, the status of the campaign, and a projection into the future. Once the campaign goals have been reached, the plan is then reviewed and revised.

Evaluation of Planning

Our observation of the agency functions and planning programs at Western Illinois University Foundation for the two years ended June 30, 2005, indicates that the Foundation does have a planning system through which the Foundation establishes formal written goals. The system provides for the goals and objectives of the Foundation to be periodically re-evaluated with alternative approaches being considered. The Foundation appears to have established adequate operating programs to meet its defined goals and objectives.

State of Illinois
Western Illinois University Foundation
(A Component Unit of Western Illinois University)
Unaudited Service Efforts and Accomplishments

The Western Illinois University Foundation (the "Foundation") was formed for the purpose of providing fund raising services to Western Illinois University (the "University") in order to attract private gifts. These gifts are used to support the University's instructional, research and public services activities.

The Governmental Accounting Standards Board has defined three categories to measure service efforts and accomplishments.

- 1 Output measures of the quantity or quality of services provided. Support provided to the University is the output measurement of services provided by the Foundation.

	Support Provided to the University		
	2005	2004	2003
Unrestricted	\$1,876,913	\$4,847,721	\$2,232,313
Restricted	1,828,873	1,739,839	1,779,809
	<u>\$3,705,786</u>	<u>\$6,587,560</u>	<u>\$4,012,122</u>

- 2 Output measures of the results and progress toward established goals and objectives. Gifts and contributions revenue is the outcome measurement of the results achieved by the Foundation. The total has been adjusted for changes in pledges receivable in the amounts of (\$76,164), (\$77,887) and (\$453,694) for 2005, 2004 and 2003, respectively.

	Gifts to the Foundation		
	2005	2004	2003
Unrestricted	\$233,616	\$45,697	\$58,434
Restricted	2,479,132	2,458,239	2,201,130
Endowment	1,033,763	759,251	665,227
Annuity	8,636	74,328	-
Plant	2,700	585	192,400
	<u>\$3,757,847</u>	<u>\$3,338,100</u>	<u>\$3,117,191</u>
TOTAL	<u>\$3,757,847</u>	<u>\$3,338,100</u>	<u>\$3,117,191</u>

- 3 Efficiency measures that relate resources used to outputs. The contribution ratio provides a cost per dollar of contributions in proportion to the University support of the Foundation. The support ratio provides a cost per dollar of support to the University in proportion to the University support provided to the Foundation.

	Efficiency Ratios of the Foundation		
	2005	2004	2003
University support for the Foundation	\$800,442	\$680,942	\$627,043
Contributions	3,757,847	3,338,100	3,117,191
Return Ratio	0.213	0.204	0.201
University support for the Foundation	800,442	680,942	627,043
Foundation support for the University	3,705,786	6,587,559	\$4,012,122
Support Ratio	0.216	0.103	0.156

State of Illinois
Western Illinois University Foundation
(A Component Unit of Western Illinois University)
Compliance Examination
Listing of State of Illinois Funds and Average Number of Employees
For the Two Years Ended June 30, 2005

Listing of State of Illinois Funds

<u>Fund Number</u>	<u>Fund Name</u>	<u>Fund Type</u>
1183	Western Illinois University Foundation	University

Average Number of Employees

The Foundation utilizes the services of three University employees and reimburses the University for their services.