

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY FOUNDATION
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
CHICAGO STATE UNIVERSITY FOUNDATION
COMPLIANCE EXAMINATION**

FOR THE TWO YEARS ENDED JUNE 30, 2005

TABLE OF CONTENTS

	<u>Page No.</u>
Table of Contents	1
Agency Officials	2
Management Assertion Letter	3
Compliance Report	
Summary	4
Accountants' Reports	
Independent Accountants' Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes	6
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	9
Schedule of Findings and Recommendations	
Current Findings – State	11
Prior Findings Not Repeated	12
Financial Statements (Have been issued under separate cover)	
Supplementary Information for State Compliance Purposes	
Summary	13
Fiscal Schedules and Analysis	
Comparative Schedule of Cash and Cash Equivalents	14
Analysis of Significant Account Balances	15
Analysis of Significant Variations in Revenues and Expenses	16
Summary of Funds Provided by the Foundation to Support the University	17
Analysis of Operations	
Foundation Functions and Planning Program	18
Average Number of Employees (Unaudited)	19
Emergency Purchases	19
Illinois First Projects	19

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY FOUNDATION
FOR THE TWO YEARS ENDED JUNE 30, 2005**

FOUNDATION OFFICIALS

Executive Director (April 18, 2005 to present)	Mr. Marquis Miller
Executive Director (July 1, 2003 to December 31, 2004)	Mr. Katey Assem
Controller	Mr. Johnnie Barker

Foundation offices are located at:
9501 South Martin Luther King Drive
Cook Administrative Building
Room 322
Chicago, Illinois 60628

CHICAGO STATE UNIVERSITY

Elnora D. Daniel, President

Marquis Miller, Executive Director

Chicago State University Foundation
9501 S. King Drive / ADM 322
Chicago, Illinois 60628-1598
TEL 773.995.3839 • FAX 773.995.3604

October 20, 2005

Nykiel, Carlin & Co., Ltd.
Certified Public Accountants
200 E. Court St., Suite 608
Kankakee, IL 60901

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Chicago 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 the Chicago 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, the Chicago State University Foundation has materially complied with the assertions below.

- A. Chicago 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. Chicago 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. Chicago 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 Chicago 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 Chicago State University Foundation on behalf of the State 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.

Yours very truly,

Chicago State University Foundation



Marquis Miller, Executive Director



Johnnie Barker, Controller



Nancy K. Hall-Walker, General Counsel

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY FOUNDATION**

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

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
		<u>FINDINGS (STATE COMPLIANCE)</u>
05-1	11	Uncollateralized Deposit Accounts

PRIOR FINDINGS NOT REPEATED (STATE COMPLIANCE)

There were no prior findings.

STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY FOUNDATION

COMPLIANCE REPORT

SUMMARY

EXIT CONFERENCE

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

Representing Chicago State University Foundation
Executive Director
Controller

Mr. Marquis Miller
Mr. Johnnie Barker

Representing Nykiel, Carlin & Co., Ltd.
Principal

Mr. Paul A. Pelletier, CPA

Representing the Office of the Auditor General
Audit Manager

Mr. Thomas L. Kizziah, CPA

Responses to the recommendations were provided by Mr. Marquis Miller in a letter dated December 1, 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 Chicago 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 Chicago State University Foundation is responsible for compliance with these requirements. Our responsibility is to express an opinion on Chicago State University Foundation's compliance based on our examination.

- A. Chicago 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. Chicago 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. Chicago 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 Chicago 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 Chicago State University Foundation on behalf of the State or held in trust by Chicago 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 Chicago 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 Chicago State University Foundation's compliance with specified requirements.

In our opinion, Chicago 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 Chicago 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 Chicago 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 Chicago State University Foundation, a component unit of Chicago 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 20, 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 Chicago State 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 Chicago State 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 on the basic financial statements. 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. The fiscal year 2003 comparative information has been derived from Chicago 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 October 30, 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 agency management, 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 20, 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 Chicago State University Foundation a component unit of Chicago 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 20, 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 Chicago 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. We also noted certain immaterial instances of internal control deficiencies, which we have reported to management of the Chicago State University Foundation in a separate letter dated October 20, 2005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Chicago 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 that we have reported to management of the Chicago State University Foundation in a separate letter dated October 20, 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 Agency management 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 20, 2005

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY FOUNDATION
FINDINGS AND RECOMMENDATIONS
CURRENT FINDINGS - STATE**

FOR THE TWO YEARS ENDED JUNE 30, 2005

05-1 FINDING: UNCOLLATERALIZED DEPOSIT ACCOUNTS

The Chicago State University Foundation (Foundation) maintained deposits in excess of the Federal Deposit Insurance Corporation (FDIC) coverage and pledged collateral.

The Foundation's deposits (bank balances) at financial institutions totaled \$1,394,317 and \$3,051,511 at June 30, 2005 and 2004, respectively. The FDIC plus pledged collateral coverage for these accounts totaled \$1,305,538 and \$1,601,355, at June 30, 2005 and 2004, respectively, which left uninsured deposits of \$88,779 and \$1,450,156.

Prudent business practices would require the Foundation to request collateral for deposits, whenever funds deposited with a bank or savings and loan association exceed the amount of FDIC coverage. The FDIC coverage limit is currently \$100,000.

Foundation management stated that the Foundation received an unexpected deposit of \$2.2 million at the end of June 2004. The general account financial institution's security collateral balance was exceeded. The Foundation did not have a security collateral agreement with a financial institution for which deposits exceeded \$100,000.

Failure to obtain collateral for deposits in excess of the FDIC limit, puts State funds at risk in the event that the financial institution should incur financial difficulties. (Finding Code No. 05-1)

RECOMMENDATION

We recommend the Foundation obtain sufficient collateral to secure its deposit accounts.

FOUNDATION RESPONSE

The Board will authorize a new depository account at another financial institution at the next quarterly Board meeting. The Board will also revise its depository account policy and forms at the next quarterly Board meeting.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY FOUNDATION
FINDINGS AND RECOMMENDATIONS
PRIOR FINDINGS NOT REPEATED**

FOR THE TWO YEARS ENDED JUNE 30, 2005

There were no prior findings.

**STATE OF ILLINOIS
CHICAGO 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:

Supplementary Information for State Compliance Purposes

Summary

Fiscal Schedules and Analysis

Comparative Schedule of Cash and Cash Equivalents

Analysis of Significant Account Balances

Analysis of Significant Variations in Revenues and Expenses

Summary of Funds Provided by the Foundation to Support the University

Analysis of Operations

Foundation Functions and Planning Program

Average Number of Employees (Unaudited)

Emergency Purchases

Illinois First Projects

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 statements taken as a whole.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY FOUNDATION
FISCAL SCHEDULES AND ANALYSIS**

FOR THE TWO YEARS ENDED JUNE 30, 2005

COMPARATIVE SCHEDULE OF CASH AND CASH EQUIVALENTS

The Foundation had deposits of cash and cash equivalents with the following financial institutions as of June 30,

	<u>2005</u>	<u>2004</u>
Seaway National Bank	\$ 695,041	\$ 2,230,587
Highland Community Bank	18,707	18,245
Paine Webber	45,035	92,676
Pullman Bank	<u>92,554</u>	<u>91,810</u>
TOTAL	<u><u>\$ 851,337</u></u>	<u><u>\$ 2,433,318</u></u>

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY FOUNDATION
FISCAL SCHEDULES AND ANALYSIS**

FOR THE TWO YEARS ENDED JUNE 30, 2005

ANALYSIS OF SIGNIFICANT ACCOUNT BALANCES

Presented below are summarized Statements of Net Assets for the Foundation.

<u>Assets</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Cash and Cash Equivalents	\$ 851,337	\$ 2,433,318	\$ 360,171
Investments	2,187,781	1,616,354	1,687,144
Other Assets	64,262	1,018	3,826
Total Assets	<u>3,103,380</u>	<u>4,050,690</u>	<u>2,051,141</u>
<u>Liabilities</u>			
Accounts Payable and Other Liabilities	145,377	1,667,999	53,909
Due to CSU	137,396	205,961	181,177
Deferred Revenue	-	5,000	-
Total Liabilities	<u>282,773</u>	<u>1,878,960</u>	<u>235,086</u>
<u>Net Assets</u>			
	<u>\$ 2,820,607</u>	<u>\$ 2,171,730</u>	<u>\$ 1,816,055</u>

Cash and Cash Equivalents – increased significantly for 2004 because \$2,200,000 was received for the Chicagoland Regional College Program (CRCP) in late June and had not been fully disbursed by June 30. The 2005 decrease is attributed primarily to timing of disbursements of the CRCP grant funds.

Other Assets – the 2005 increase is attributed primarily to payments due from a joint venture program partner to reimburse expenditures related to the CRCP.

Investments – the 2005 increase is attributed primarily to a \$400,000 contribution received from ComEd for the Cordell Reed endowment scholarship fund and the fair market value adjustments for trust investments.

Accounts Payable and Other Liabilities – increased significantly for 2004 because \$2,200,000 was received for the (CRCP) in late June and had not been fully disbursed by June 30. The 2005 decrease is attributed primarily to timing of disbursements of the CRCP grant funds.

Due to Chicago State University – the decrease for 2005 is primarily due to a \$100,000 write-off of liabilities deemed to have been fulfilled.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY FOUNDATION
FISCAL SCHEDULES AND ANALYSIS**

FOR THE TWO YEARS ENDED JUNE 30, 2005

ANALYSIS OF SIGNIFICANT VARIATIONS IN REVENUES AND EXPENSES

Presented below are summarized Statements of Revenues, Expenses and Changes in Net Assets for the Foundation.

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Operating revenues	\$ 664,191	\$ 609,648	\$ 552,970
Operating expenses	2,112,389	3,587,956	1,502,465
Operating loss	<u>(1,448,198)</u>	<u>(2,978,308)</u>	<u>(949,495)</u>
Non-operating revenues	1,588,441	3,322,373	866,199
Other revenues, expenses, gains & losses	<u>508,634</u>	<u>11,610</u>	<u>4,409</u>
Increase (decrease) in net assets	648,877	355,675	(78,887)
Net assets - beginning of year	<u>2,171,730</u>	<u>1,816,055</u>	<u>1,894,942</u>
Net assets - end of year	<u>\$ 2,820,607</u>	<u>\$ 2,171,730</u>	<u>\$ 1,816,055</u>

Operating revenues – increases in 2004 and 2005 are primarily the result of support provided by CSU to the Foundation in accordance with the terms of the contract.

Operating expenses – increased in 2004 as a result of a 2,200,000 grant awarded to the Foundation by the Department of Commerce and Economic Opportunity (DCEO) for the CRCP. The CRCP grant was reduced to \$750,000 in 2005.

Non-operating revenues - increased in 2004 as a result of a 2,200,000 grant awarded to the Foundation by the DCEO for the CRCP and approximately \$261,000 increase in contributions. The CRCP grant was reduced to \$750,000 in 2005 and contributions declined by approximately \$312,000.

Other revenues, expenses, gains & losses – increased in 2005 due to a \$400,000 contribution received for the Cordell Reed endowment scholarship fund and the write off of liabilities deemed to have been fulfilled with CSU.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY FOUNDATION
FISCAL SCHEDULES AND ANALYSIS**

FOR THE TWO YEARS ENDED JUNE 30, 2005

SUMMARY OF FUNDS PROVIDED BY THE FOUNDATION TO SUPPORT THE UNIVERSITY

The Chicago State University Foundation (the "Foundation") is considered a University-related organization under section VI of the University guidelines. Its contractual relationship to the University is described in "related party transactions", Note 8 of the Foundation's financial statements. During fiscal years 2005 and 2004, the University provided administrative support services valued at \$551,937 and \$485,180, respectively to the Foundation. The contract requires the Foundation to provide the University with fund-raising and other services. These services resulted in the Foundation's unrestricted expenses described below, which qualify as "reimbursements" to the University in the University guidelines computation. Foundation-restricted expenses, which do not qualify as "reimbursements", are also described below.

	<u>2005</u>	<u>2004</u>
Expenses Considered Unrestricted for Purposes of the Guidelines Computation:		
Totally Unrestricted	\$ 246,767	\$ 241,918
Restricted Only as to College or Department	<u>456,261</u>	<u>636,617</u>
Total Funds Considered Unrestricted	<u>703,028</u>	<u>878,535</u>
Expenses Considered Restricted for Purposes of the Guideline Computations:		
Given for Scholarships	<u>865,142</u>	<u>571,706</u>
Total Funds Considered Restricted	<u>865,142</u>	<u>571,706</u>
TOTAL FUNDS PROVIDED BY THE FOUNDATION TO SUPPORT THE UNIVERSITY	<u><u>\$1,568,170</u></u>	<u><u>\$1,450,241</u></u>

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY FOUNDATION
ANALYSIS OF OPERATIONS**

FOR THE TWO YEARS ENDED JUNE 30, 2005

FOUNDATION FUNCTIONS AND PLANNING PROGRAM

Chicago State University Foundation (the "Foundation") was incorporated on December 20, 1968 as an independent, charitable and educational not-for-profit organization. The goal of the Foundation as described in the Financial Development Plan, 1978-1982, approved by the Board of Directors, March 20, 1979 stated:

"To provide broader educational opportunities and better services to the University community"

Additionally, the Foundation describes its existence to accomplish purposes at Chicago State University for which the State appropriated funds are either unavailable or severely limited.

The following priorities or objectives have been established to achieve the Foundation's goals:

1. To enhance the image of the University in the eyes of the business community and the public at large.
2. To provide leadership for the annual fund solicitation in order to achieve a broader base of support within the total community.
3. To continue membership development by obtaining more Board members from the University area who have an interest in the welfare of the institution.

The Foundation prepares and issues policies and procedures that control the conduct of persons entrusted with the accountability of its resources. This set of policies and procedures focuses on the role of individuals authorized to receive and disburse Foundation funds. The Foundation is concerned about the efficient use of funds, therefore, all disbursements must be consistent with the policies of the Foundation.

The Foundation's plan and planning procedures appear to be consistent with the intent and legislation establishing the Foundation as well as the needs of the citizens of Illinois.

The office of the Executive Director is located at Chicago State University, Cook Administration Building, 9501 S. King Drive, Chicago, Illinois 60628. The current Executive Director is Mr. Marquis Miller.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY FOUNDATION
ANALYSIS OF OPERATIONS**

FOR THE TWO YEARS ENDED JUNE 30, 2005

AVERAGE NUMBER OF EMPLOYEES (UNAUDITED)

The Foundation uses seven (7) University Employees to perform Foundation functions on a full and part-time basis. The Foundation reimbursed the University for one of the four employees who devoted 100% of their time to Foundation activities during 2005 and 2004.

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.