

State of Illinois  
Southern Illinois University Foundation  
(at Carbondale)

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  
Southern Illinois University Foundation  
(at Carbondale)

COMPLIANCE EXAMINATION

For the two years ended June 30, 2005

TABLE OF CONTENTS

	Page
AGENCY OFFICIALS	4
MANAGEMENT ASSERTION LETTER	5
COMPLIANCE REPORT	
SUMMARY	6
AUDITORS' REPORTS	
INDEPENDENT ACCOUNTANTS' REPORT ON STATE COMPLIANCE, ON INTERNAL CONTROL OVER COMPLIANCE, AND ON SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES	7
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>	10
FINDINGS AND RECOMMENDATIONS	
CURRENT FINDINGS - STATE	NONE
PRIOR FINDINGS NOT REPEATED	NONE

State of Illinois  
Southern Illinois University Foundation  
(at Carbondale)

COMPLIANCE EXAMINATION

For the two years ended June 30, 2005

TABLE OF CONTENTS - CONTINUED

	Page
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES	
SUMMARY	12
FISCAL SCHEDULES AND ANALYSIS	
COMPARATIVE SCHEDULE OF CASH AND CASH EQUIVALENTS	13
COMPARATIVE SCHEDULE OF CASH RECEIPTS	14
COMPARATIVE SCHEDULE OF INVESTMENTS	15
SCHEDULE OF CHANGES IN PROPERTY AND EQUIPMENT	16
ANALYSIS OF SIGNIFICANT VARIATIONS IN REVENUES AND EXPENSES	17
ANALYSIS OF SIGNIFICANT VARIATIONS IN STATEMENT OF NET ASSETS ACCOUNTS	18
ANALYSIS OF ACCOUNTS RECEIVABLE	19
ANALYSIS OF OPERATIONS	
FOUNDATION FUNCTIONS AND PLANNING PROGRAM	20
LOCAL FUNDS	21
AVERAGE NUMBER OF EMPLOYEES (UNAUDITED)	21
SERVICE EFFORTS AND ACCOMPLISHMENTS (UNAUDITED)	21
SUMMARY OF FUNDS PROVIDED BY THE FOUNDATION TO SOUTHERN ILLINOIS UNIVERSITY AT CARBONDALE	22

**Note:** Financial Statements and Independent Auditors' Reports for the years ended June 30, 2005 and 2004, have been issued under separate covers.

State of Illinois  
Southern Illinois University Foundation  
(at Carbondale)

AGENCY OFFICIALS

June 30, 2005

Mr. Rickey McCurry	Vice Chancellor for Institutional Advancement & Chief Executive Officer - SIU Foundation
Mr. Jeff Lorber	Associate Vice Chancellor Director of Development, effective Fiscal Year 2005
Mr. Bryan Vagner	Managing Director
Ms. Elizabeth Banycky	Director of Institutional Advancement/Treasurer

Agency offices are located at:

SIU Foundation  
1235 Douglas Drive  
Mailcode 6805  
Carbondale, IL 62901-6805



# SOUTHERN ILLINOIS UNIVERSITY FOUNDATION

Colyer Hall, Mailcode 6805  
Carbondale, Illinois 62901  
Telephone: 618/453-4900 Facsimile: 618/453-2262

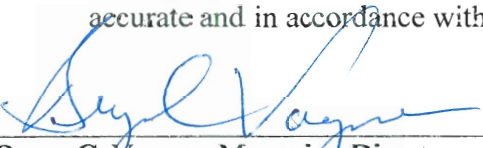
September 21, 2005

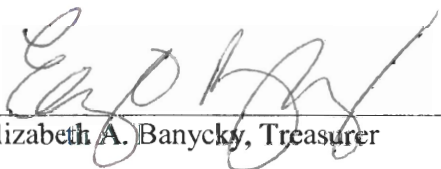
Kerber, Eck & Braeckel, LLP  
Certified Public Accountants  
1000 Myers Building  
Springfield, IL 62701-1268

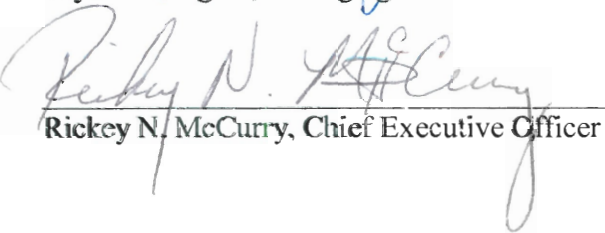
Dear Sir or Madam:

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 SIU 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 SIU 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, 2004 and June 30, 2005, the SIU Foundation has materially complied with the assertions below.

- A. Whether the Foundation has obligated, expended, received and used funds in accordance with the purpose for which such funds have been authorized by law.
- B. Whether the Foundation has obligated, expended, received and used funds in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such 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. The revenues and receipts collected by the Foundation are in accordance with applicable laws and regulations and the accounting and record keeping 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 have been properly and legally administered, and the accounting and record keeping relating thereto is proper, accurate and in accordance with law.

  
Bryan C. Wagner, Managing Director

  
Elizabeth A. Banycky, Treasurer

  
Rickey N. McCurry, Chief Executive Officer

State of Illinois  
Southern Illinois University Foundation  
(at Carbondale)

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 nonstandard language.

SUMMARY OF FINDINGS

<u>Number of</u>	<u>This Report</u>	<u>Prior Report</u>
Findings	0	0
Repeated findings	0	0
Prior recommendations implemented or not repeated	0	0

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 Southern Illinois University Foundation (at Carbondale) (“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 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 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. The 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. Money or negotiable securities or similar assets handled by the Foundation 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.

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 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, 2005 and 2004. 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. In planning and performing our examination, we considered the 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, 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, 2005, and have issued our report thereon dated September 2, 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 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 stated fairly, 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 of America, the Foundation's basic financial statements for the years ended June 30, 2004 and 2003. In our reports dated August 31, 2004 and August 29, 2003, we expressed unqualified opinions on the basic financial statements. In our opinion, the 2004 and 2003 Supplementary Information for State Compliance Purposes, except for the portion marked "unaudited" on which we express no opinion, is stated fairly, in all material respects, in relation to the basic financial statements for the years ended June 30, 2004 and 2003, 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, the Foundation Board of Directors and management, and is not intended to be and should not be used by anyone other than these specified parties.

*Kerlin Eck: Brasel LLP*

Springfield, Illinois  
September 21, 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 Southern Illinois University Foundation (at Carbondale) (“Foundation”), as of and for the year ended June 30, 2005, and have issued our report thereon dated September 2, 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 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 immaterial instances of internal control deficiencies, which we have reported to management of the Foundation in a separate letter dated September 2, 2005.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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, the Foundation Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties.

*Karlson, Eck & Branstetter LLP*

Springfield, Illinois  
September 2, 2005

State of Illinois  
Southern Illinois University Foundation  
(at Carbondale)

SUPPLEMENTARY 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 this 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 Variations in Statement of Net Assets Accounts
  - Analysis of Accounts Receivable
  
- Analysis of Operations:
  - Foundation Functions and Planning Program
  - Local Funds
  - Average Number of Employees (Unaudited)
  - Service Efforts and Accomplishments (Unaudited)
  - Summary of Funds Provided by the Foundation to SIU at Carbondale

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

State of Illinois  
 Southern Illinois University Foundation  
 (at Carbondale)

COMPARATIVE SCHEDULE OF CASH AND CASH EQUIVALENTS

	June 30		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>Cash and cash equivalents</b>			
<b>by net assets class</b>			
Unrestricted	\$ 236,922	\$ 158,125	\$ 350,986
Restricted	<u>8,505</u>	<u>48,542</u>	<u>48,570</u>
	<u>\$ 245,427</u>	<u>\$ 206,667</u>	<u>\$ 399,556</u>
<b>Cash and cash equivalents</b>			
<b>by depository</b>			
Illinois National Bank	\$ 8,936	\$ 7,844	\$ -
Bank of Carbondale	205,953	169,806	316,407
HUD	30,307	26,843	18,040
Old National Bank of Carbondale	231	2,174	1,964
JP Morgan Chase, formerly Bank One	<u>-</u>	<u>-</u>	<u>63,145</u>
	<u>\$ 245,427</u>	<u>\$ 206,667</u>	<u>\$ 399,556</u>

State of Illinois  
Southern Illinois University Foundation  
(at Carbondale)

COMPARATIVE SCHEDULE OF CASH RECEIPTS

For the three years ended June 30, 2005

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Contributions and grants			
Non-capital	\$ 7,044,844	\$ 10,328,291	\$ 11,226,747
Endowment	3,945,260	2,703,350	1,246,642
Agency funds	-	1,597,952	-
Capital assets	922,259	827,768	664,081
Payments from SIU	70,506	126,944	97,410
Royalties	9,949	17,696	6,752
Special event fees	243,166	221,566	217,606
Event memorabilia	22,789	23,226	105,881
Sales	85,178	101,056	-
Capital financing leases	234,131	232,940	218,415
Sales and maturities of investments	4,422,788	2,048,551	1,145,718
Interest and dividends	2,038,476	1,592,713	1,708,564
Other	<u>82,668</u>	<u>165,839</u>	<u>176,568</u>
	<u>\$ 19,122,014</u>	<u>\$ 19,987,892</u>	<u>\$ 16,814,384</u>

State of Illinois  
Southern Illinois University Foundation  
(at Carbondale)

COMPARATIVE SCHEDULE OF INVESTMENTS

June 30

	2005		2004	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Money markets	\$ 3,125,242	\$ 3,125,242	\$ 5,182,093	\$ 5,182,093
U.S. Agency bonds	32,000	31,580	32,000	30,000
Commercial paper	198,090	247,892	185,763	216,921
U.S. Equity commingled	9,835,545	10,750,047	9,369,703	9,610,219
Mutual funds	<u>75,440,454</u>	<u>82,980,385</u>	<u>69,419,218</u>	<u>73,234,946</u>
 Total investments	 <u>\$ 88,631,331</u>	 <u>\$ 97,135,146</u>	 <u>\$ 84,188,777</u>	 <u>\$ 88,274,179</u>

State of Illinois  
Southern Illinois University Foundation  
(at Carbondale)

SCHEDULE OF CHANGES IN PROPERTY AND EQUIPMENT

For the two years ended June 30, 2005

2005

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirement</u>	<u>Ending Balance</u>
<i>Capital assets not being depreciated:</i>				
Construction in progress	\$ 168,414	\$ 1,966,975	\$ -	\$ 2,135,389
<i>Capital assets being depreciated:</i>				
Furniture, fixtures and equipment	434,455	2,148	(14,382)	422,221
Less accumulated depreciation for furniture, fixtures and equipment	<u>(375,207)</u>	<u>(24,594)</u>	<u>13,972</u>	<u>(385,829)</u>
Capital assets being depreciated, net	<u>59,248</u>	<u>(22,446)</u>	<u>(410)</u>	<u>36,392</u>
Capital assets, net	<u>\$ 227,662</u>	<u>\$ 1,944,529</u>	<u>\$ (410)</u>	<u>\$ 2,171,781</u>

2004

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirement</u>	<u>Ending Balance</u>
<i>Capital assets not being depreciated:</i>				
Construction in progress	\$ -	\$ 168,414	\$ -	\$ 168,414
<i>Capital assets being depreciated:</i>				
Furniture, fixtures and equipment	472,785	5,412	(43,742)	434,455
Less accumulated depreciation for furniture, fixtures and equipment	<u>(391,191)</u>	<u>(27,332)</u>	<u>43,316</u>	<u>(375,207)</u>
Capital assets being depreciated, net	<u>81,594</u>	<u>(21,920)</u>	<u>(426)</u>	<u>59,248</u>
Capital assets, net	<u>\$ 81,594</u>	<u>\$ 146,494</u>	<u>\$ (426)</u>	<u>\$ 227,662</u>



**STATE OF ILLINOIS  
SOUTHERN ILLINOIS UNIVERSITY FOUNDATION  
(AT CARBONDALE)  
ANALYSIS OF SIGNIFICANT VARIATIONS IN REVENUES AND EXPENSES  
FOR THE YEARS ENDED JUNE 30**

	2005	Increase (Decrease)	2004	Increase (Decrease)	2003
<b>REVENUES</b>					
<b>Operating revenues</b>					
Payments from SIU	\$ -	\$ (154,864)	\$ 154,864	\$ 35,465	\$ 119,399
Budget allocation from SIU	3,194,900	18,992	3,175,908	499,185	2,676,723
Other operating revenues	463,746	(27,941)	491,687	12,807	478,880
<b>EXPENSES</b>					
<b>Operating expenses</b>					
General and operating expenses	1,318,383	178,657	1,139,726	12,953	1,126,773
Budget expended at SIU	3,194,900	18,992	3,175,908	499,185	2,676,723
Scholarships and cash grants to SIU	4,591,997	(390,034)	4,982,031	1,167,326 l	3,814,705
Expenditures for the benefit of SIU	3,695,176	(1,139,475) m	4,834,651	526,838 n	4,307,813
Grants to other non-profits	2,539,080	2,539,080 o	-	-	-
Noncash grants to SIU	860,662	254,470	606,192	325,301	280,891
Amortization and depreciation expense	381,720	160,945	220,775	188,509	32,266
Other expenses	10,082	8,331	1,751	(6,296)	8,047
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Contributions	7,907,611	1,911,652 a	5,995,959	(3,831,823) b	9,827,782
Grants from University and Related Organizations	295,693	(5,441,985) c	5,737,678	3,345,076 d	2,392,602
Grants from other government agencies	57,961	(24,652)	82,613	(17,204)	99,817
Investment income	7,314,494	(1,146,820) e	8,461,314	4,974,694 f	3,486,620
Payments received on capital financing leases	234,131	1,191	232,940	14,525	218,415
Reduction in capital financing leases	(152,161)	(4,491)	(147,670)	(4,359)	(143,311)
Interest on capital indebtedness	(19,672)	4,494	(24,166)	4,356	(28,522)
Adjustment of actuarial liability	323,970	(35,324)	359,294	626,537 g	(267,243)
Bad debt expense	(83,664)	(39,400)	(44,264)	(534)	(43,730)
Contributions for capital assets	922,260	(4,891,208) h	5,813,468	5,149,387 i	664,081
Additions to permanent endowments	3,945,260	1,241,910 j	2,703,350	1,456,708 k	1,246,642

All increases/decreases > \$ 500,000 were determined to be significant.

- a The increase of \$ 1,911,652 was due to the increased fundraising efforts and pledge activity for the capital campaign associated with the University.
- b Contributions decreased by \$ 3,831,823 due to a one-time contribution of approximately \$ 4,500,000 in fiscal year 2003.
- c The decrease of \$ 5,441,985 is due to a FY2004 grant transfer of approximately \$ 1,000,000 for the benefit of the Public Policy Institute, \$ 2,000,000 for the establishment of a scholarship fund, and the discontinuance of transfer funds of \$ 2,700,000 from the Physician and Surgeon's Group upon completion of their accounting system.
- d The increase of \$ 3,345,076 inversely correlates with the decrease as noted in FY2005.
- e Investment income experienced a decrease of \$ 1,146,820 due to decrease of investment markets during fiscal year 2005. Investment yields were 9.4% in fiscal year 2005.
- f Investment income experienced a large increase of \$ 4,974,694 due to the improving investment markets during fiscal year 2004. More specifically, the investment markets yielded positive returns of 15.3% for fiscal year 2004 verse 4.2% in fiscal year 2003.
- g Turnaround in actuarial adjustment results from significant improvements in the investment yields during 2004 as compared to 2003.
- h The decrease of \$ 4,891,208 was due to the approximate \$ 5,000,000 patent donation in fiscal year 2004.
- i The increase of \$ 5,149,387 was due to the approximate \$ 5,000,000 patent donation in fiscal year 2004.
- j The increase of \$ 1,241,910 was due to large contributions associated with the capital campaign.
- k Additions to endowments increased by 116.85% in fiscal year 2004, due to several large estate contributions, which increased total additions by \$ 1,456,708.
- l The increase in expense of \$ 1,167,326 was attributable to increase in grants of approximately \$ 380,000 for athletics, \$ 311,000 for broadcasting, and \$ 350,000 for the School of Medicine.
- m The decrease of \$ 1,139,475 is due to the Foundation no longer processing expenditures for the Physician's and Surgeon's Group (university related organization) upon the completion of their accounting system.
- n The increase of \$ 526,838 is due to an additional gift of non-cash gifts that were expended (used up) during the year and the decision of the budget officers to utilize more Foundation funds.
- o The increase of \$ 2,539,080 was due to a transfer of artwork to a local Foundation to benefit a school district.

STATE OF ILLINOIS  
SOUTHERN ILLINOIS UNIVERSITY FOUNDATION  
(AT CARBONDALE)  
ANALYSIS OF SIGNIFICANT VARIATIONS IN STATEMENT OF NET ASSETS ACCOUNTS  
JUNE 30

	2005	Increase (Decrease)	2004	Increase (Decrease)	2003
<b>ASSETS</b>					
Cash and cash equivalents	\$ 236,922	\$ 78,797	\$ 158,125	\$ (192,861)	\$ 350,986
Short-term investments	23,697,759	(1,524,028) a	25,221,787	1,870,507 b	23,351,280
Accounts receivable	10,643	(67,620)	78,263	33,705	44,558
Pledge receivable, net	526,150	123,020	403,130	30,698	372,432
Accrued investment income	79,686	35,824	43,862	5,189	38,673
Net Investment in financing leases	156,789	4,628	152,161	4,491	147,670
Other assets	24,538	(5,706)	30,244	(29,511)	59,755
Restricted cash and cash equivalents	8,505	(40,037)	48,542	(28)	48,570
Endowment Investments	64,028,616	8,013,871 c	56,014,745	10,959,476 b	45,055,269
Other long-term investments	9,408,771	2,371,124 a	7,037,647	2,243,810 b	4,793,837
Pledge receivable, net	1,132,946	458,722	674,224	(990)	675,214
Irrevocable trust held by other	99,928	-	99,928	-	99,928
Cash value of life insurance	231,506	(1,024)	232,530	54,435	178,095
Investment in real estate	158,000	-	158,000	-	158,000
Net Investment in financing leases	416,125	(156,789)	572,914	(152,161)	725,075
Capital assets, net of accumulated depreciation	2,171,781	1,944,119 d	227,662	146,068	81,594
Other assets	4,676,657	(2,868,837) e	7,545,494	4,789,157 f	2,756,337
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	608,260	87,499	520,761	84,906	435,855
Annuities payable-current portion	452,895	133,995	318,900	366	318,534
Agency funds payable-current portion	13,710	(2,690)	16,400	-	-
Long-term liabilities-current portion	156,789	4,628	152,161	4,491	147,670
Annuities payable	3,269,560	179,510	3,090,050	130,781	2,959,269
Agency funds payable	1,742,855	87,026	1,655,829	1,655,829 g	-
Deposits held for others	344,614	260,356	84,258	16,432	67,826
Other accrued liabilities	8,498	(40,000)	48,498	(27,000)	75,498
Long-term liabilities	416,125	(156,789)	572,914	(152,161)	725,075

All increases/decreases > \$ 500,000 were determined to be significant.

- a Decrease in short-term investments is off-set by an increase in long-term investments.  
b Increase in investments results from investment income, endowment contributions and growth due to excess of funds received over funds paid out.  
c Increase in investments results from investment income and endowment contributions.  
d Increase in capital assets results from construction in progress related to the Trout-Wittman Center for athletes.  
e Decrease in other assets results from transfer of \$ 2.5 million artwork and annual amortization of patents.  
f Increase in other assets results from donation of patents during 2004.  
g Agency funds payable represent endowment funds received from donors by SIU. The Foundation invests these funds on behalf of the University. Agency funds were established in fiscal year 2004 through an addendum to the master contract with SIU.

State of Illinois  
Southern Illinois University Foundation  
(at Carbondale)

ANALYSIS OF ACCOUNTS RECEIVABLE

June 30

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Accounts receivable net			
Pledges	\$ 1,659,096	\$ 1,077,354	\$ 1,047,646
Related Organizations	10,643	78,220	44,558
Other	-	43	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
	<u>\$ 1,669,739</u>	<u>\$ 1,155,617</u>	<u>\$ 1,092,204</u>

All receivables reported above are deemed collectible.

State of Illinois  
Southern Illinois University Foundation  
(at Carbondale)

ANALYSIS OF OPERATIONS

For the two years ended June 30, 2005

**Foundation Functions and Planning Program**

The Foundation exists for the primary purpose of aiding and assisting Southern Illinois University ("University") in achieving its educational, research, and service goals and responsibilities. Through the services and supplemental support that the Foundation provides, the Foundation promotes the interest and welfare of the University.

The Foundation has written long-term and short-term goals to achieve the above-mentioned functions. The Chief Executive Officer, the executive committee, and the board of directors regularly review the performance and the goals of the Foundation and the ongoing events to gauge the effectiveness and efficiency of operations. These parties communicate all of the suggestions to the Managing Director and Treasurer. Both the establishment and monitoring of goals and activities appear reasonable.

The suggestions are reviewed and often implemented to help ensure the Foundation functions properly.

The address of the Foundation is:

Southern Illinois University Foundation  
1235 Douglas Drive  
Mail Code 6805  
Carbondale, Illinois 62901-6805

State of Illinois  
 Southern Illinois University Foundation  
 (at Carbondale)

ANALYSIS OF OPERATIONS - CONTINUED

For the two years ended June 30, 2005

**Local Funds**

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

**Average Number of Employees (Unaudited)**

During the years ended June 30, 2005 and 2004, an average of 66 and 70 full-time employees, respectively, worked for the Foundation. These employees are officially employed by the University. The following is a breakdown of these employees by location and function:

	<u>2005</u>	<u>2004</u>
Carbondale:		
Financial Services	12	12
Data Entry	10	9
Development	17	19
Research	4	4
Advancement Services	8	7
Administrative	<u>3</u>	<u>2</u>
	<u>54</u>	<u>53</u>
Springfield:		
Accounting	3	4
Development	<u>9</u>	<u>12</u>
	<u>12</u>	<u>16</u>
Chicago:		
Development	<u>-</u>	<u>1</u>
	<u>66</u>	<u>70</u>

**Service Efforts and Accomplishments (Unaudited)**

Funds provided to the University for each of the two years ended June 30, 2005, are detailed on page 22.

State of Illinois  
Southern Illinois University Foundation  
(at Carbondale)

ANALYSIS OF OPERATIONS - CONTINUED

For the two years ended June 30, 2005

**Summary of Funds Provided by the Foundation to SIU at Carbondale**

During the years ended June 30, 2005 and 2004, Southern Illinois University (at Carbondale) (the "University") contracted with the Foundation to provide fund raising and other services. In accordance with the contract agreement, the University provided \$ 3,224,454 and \$ 3,442,112 respectively, in funds and in-kind services and rent to the Foundation. Although not required under the contract, the Foundation provided the University certain funds considered unrestricted for purposes of the University Guidelines' computations. Presented below is a summary of all funds that the Foundation provided to the University during the years ended June 30:

	<u>2005</u>	<u>2004</u>
Funds considered unrestricted for purposes of the Guidelines' computations:		
Unrestricted	\$ 15,105	\$ 28,251
Restricted only as to campus, college or department and generally available for ongoing University operations:		
Provided to particular campus	136,594	85,363
Provided to particular college	1,637,424	1,342,485
Provided to particular department	4,306,102	5,336,071
Provided to athletic association	<u>1,114,873</u>	<u>1,261,905</u>
Total funds considered unrestricted	<u>7,210,098</u>	<u>8,054,075</u>
Funds considered restricted for purposes of the Guidelines' computations including gifts-in-kind:		
Provided for student support	1,201,907	979,905
Provided for certain instructional research or public service programs	619,167	637,459
Provided for physical facilities	66,978	84,857
Provided for other restricted purposes	<u>95,626</u>	<u>83,583</u>
Total funds considered restricted	<u>1,983,678</u>	<u>1,785,804</u>
Total funds provided by the Foundation to the University	<u>\$ 9,193,776</u>	<u>\$ 9,839,879</u>