

**State of Illinois
The Alumni Association
of Southern Illinois University Edwardsville**

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
The Alumni Association
of Southern Illinois University Edwardsville

COMPLIANCE EXAMINATION

For the two years ended June 30, 2005

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State of Illinois
The Alumni Association
of Southern Illinois University Edwardsville

COMPLIANCE EXAMINATION

For the two years ended June 30, 2005

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

State of Illinois
The Alumni Association
of Southern Illinois University Edwardsville

ALUMNI ASSOCIATION OFFICIALS

June 30, 2005

The Alumni Association Board of Directors:

Ms. Elzora P. Douglas, President
Mr. Edward T. Pinnell, Immediate Past President
Mr. Larry R. Lexow, President Elect
Ms. Marcia Wickenhauser, Vice President
Mr. Roger Belshe
Ms. Ann Ficken
Mr. Ajay K. Kansal
Mr. Frank A. Nave
Ms. Debra O'Neill
Mr. John Simmons
Mr. Christopher Slusser
Ms. Janet Sprehe
Mr. Michael Stewart

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

Director of Alumni Affairs	Mr. Remy Billups, through July 12, 2005
Assistant Director of Alumni Affairs	Mrs. Anna Pugh-Dunham
Administrative Assistant	Mrs. Melissa Ocepek

Alumni Association offices are located at:

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



September 20, 2005

Kerber, Eck, & Braeckel LLP
1000 Meyers Building
Springfield, Illinois 62701

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grants that could have a material effect on the operations of the Southern Illinois University Edwardsville Alumni Association (Alumni Association). 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 Alumni Association'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 Association has materially complied with the assertions below.

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

Yours very truly,

Southern Illinois University Edwardsville Alumni Association

G.Patrick Williams, CEO
SIUE Foundation

Rich Hampton, Director of Financial Affairs
SIUE Foundation

State of Illinois
The Alumni Association
of Southern Illinois University Edwardsville

COMPLIANCE REPORT SUMMARY

For the two years ended June 30, 2005

The compliance audit testing performed in this audit 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 FINDINGS

<u>Number of</u>	<u>This Report</u>	<u>Prior Report</u>
Findings	2	3
Repeated findings	2	0
Prior recommendations implemented or not repeated	1	0

Details of findings are presented in a separately tabbed section.

SUMMARY OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
FINDINGS (STATE COMPLIANCE)		
05-01	12	Lacking Contract with University
05-02	13	Lacking Policy Regarding Investments
PRIOR FINDINGS NOT REPEATED (STATE COMPLIANCE)		
05-03	15	Scholarship Disbursements Lacking Proper Support

EXIT CONFERENCE

The Alumni Association waived an exit conference. Written responses to the findings were provided by Rich Hampton, Director of Financial Affairs on February 10, 2006.

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 Alumni Association of Southern Illinois University Edwardsville's (Alumni Association) 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 Alumni Association is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Alumni Association's compliance based on our examination.

- A. The Alumni Association 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 Alumni Association 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 Alumni Association 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 Alumni Association 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 Alumni Association on behalf of the State or held in trust by the Alumni Association 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 Alumni Association'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 Alumni Association's compliance with specified requirements.

In our opinion, the Alumni Association 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 as findings 05-01 and 05-02. Also, as required by the Audit Guide, immaterial findings relating to instances of noncompliance have been reported in a separate letter to your office.

Internal Control

The management of the Alumni Association 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 Alumni Association'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 as findings 05-01 and 05-02. Also, 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 Alumni Association as of and for the year ended June 30, 2005, and have issued our report thereon dated September 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 the Alumni Association. 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 Alumni Association's basic financial statements for the years ended June 30, 2004 and 2003. In our reports dated September 20, 2004 and September 12, 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" is fairly stated 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, and agency management, and is not intended to be and should not be used by anyone other than these specified parties.

Kerlin, Eck & Braubel LLP

Springfield, Illinois
September 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 the Alumni Association of Southern Illinois University Edwardsville (Alumni Association), as of and for the year ended June 30, 2005, and have issued our report thereon dated September 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 the Alumni Association'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 Alumni Association in a separate letter dated September 20, 2005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Alumni Association'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*. However, we noted certain matters which are reported as State compliance findings in the schedule of findings. We also noted certain other matters which we have reported to management of the Alumni Association in a separate letter dated September 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.

Kulow, Eck & Branstetter LLP

Springfield, Illinois
September 20, 2005

State of Illinois
The Alumni Association
of Southern Illinois University Edwardsville

FINDINGS, RECOMMENDATIONS AND ASSOCIATION RESPONSES
(STATE COMPLIANCE)

For the two years ended June 30, 2005

05-01 Lacking Contract with University

Finding: The Alumni Association needs a written contract for its services to the University.

The Alumni Association does not have a written contract directly with Southern Illinois University Edwardsville (SIUE) that describes their relationship and services to be performed and the associated cost of the services (professional and support staff salaries and benefits) the Alumni Association is provided.

The Legislative Audit Commission University Guidelines 1982, as amended in 1997, require written contracts between the University and each university related organization.

Alumni personnel continue to believe that the Alumni Association is covered in the contract between the University and the Foundation. However, during our review of the contract, we determined the only parties to the contract were the University and the Foundation, and not the Alumni Association. The Alumni Association having its own contract will provide a better understanding of the relationship between the Alumni Association and SIUE.

SIUE provided the Alumni Association with salaries and benefits totaling \$ 172,598 and \$ 173,546, in 2005 and 2004, respectively. (Finding Code Nos. 05-01, 03-01).

Recommendation: We recommend the Alumni Association and the University reduce their relationship to a written agreement that outlines the services to be provided.

Alumni Association Response: The Alumni Association has been in the process of contracting with the University for some time. The contract was finalized and subsequently signed with an effective date of November 21, 2005.

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The Alumni Association
of Southern Illinois University Edwardsville

FINDINGS, RECOMMENDATIONS AND ASSOCIATION RESPONSES - CONTINUED
(STATE COMPLIANCE)

For the two years ended June 30, 2005

05-02 Lacking Policy Regarding Investments

Finding: The Board of Directors of the Alumni Association has not approved an investment policy for use by Association management.

The Alumni Association does not have a finalized investment policy indicating the procedures, goals, and limits to be used during the investment decision-making process.

Following is a summary of the types of investments held at June 30, 2005 and 2004 and investment earnings for the year ended June 30, 2005.

	<u>June 30</u>		<u>Year ended June 30, 2005</u>		
	<u>2005</u>	<u>2004</u>	<u>Earnings</u>	<u>Change in Fair Market Value</u>	<u>Average return on investment</u>
Money market accounts	\$ 32,305	\$ 27,264	\$ 404	\$ -	1.36%
Common stock	43,643	42,120	1,324	1,523	6.64%
Mutual funds-equities	107,303	96,876	3,497	6,931	10.21%
Fixed income securities	<u>50,395</u>	<u>52,162</u>	<u>3,312</u>	<u>(1,767)</u>	3.01%
	<u>\$ 233,646</u>	<u>\$ 218,422</u>	<u>\$ 8,537</u>	<u>\$ 6,687</u>	6.74%

It is prudent business practice to have a policy outlining investment procedures. Such a policy would assist personnel in making investment decisions and help reduce the Association's investment risks.

Alumni Association personnel stated that this deficiency is due to the fact that the Board of Directors has not yet approved the draft investment policy.

It should be noted that the draft policy outlines maximum and minimum percentages that the Association could hold in any one category of investments. At June 30, 2005, fixed income securities represented approximately 22% of total investments, but the draft policy would require a minimum of 30% in fixed income securities. Likewise, money market accounts represented approximately 14% of total investments, but the maximum per the draft policy is 10%.

An investment policy is essential for the Alumni Association because its investments at June 30, 2005 and 2004 represented approximately 74% and 82%, respectively, of its total assets. (Finding Code Nos. 05-02, 03-02).

State of Illinois
The Alumni Association
of Southern Illinois University Edwardsville

FINDINGS, RECOMMENDATIONS AND ASSOCIATION RESPONSES - CONTINUED
(STATE COMPLIANCE)

For the two years ended June 30, 2005

05-02 Lacking Policy Regarding Investments - Continued

Recommendation: We recommend the Alumni Association implement an investment policy.

Alumni Association Response: The Finance Committee of the Alumni Association Board has discussed the need for an investment policy and agrees that the need exists. Due to the vacancy of the Director of Alumni Affairs position, the strategic direction of the Alumni Association is being revisited and modified to best fit the needs of the University. The investment strategy of the Alumni Association will be affected by the outcome of this process and therefore it is on hold at the current time.

The current investment philosophy of the board is a diversified portfolio of equity and fixed income investments that will maximize the growth of the portfolio at an acceptable risk level, while meeting the cash flow needs of the Association. This philosophy will remain in place until the new strategy is developed in conjunction with the Association's overall strategic direction.

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The Alumni Association
of Southern Illinois University Edwardsville

PRIOR FINDINGS NOT REPEATED
(STATE COMPLIANCE)

For the two years ended June 30, 2005

05-03 Scholarship Disbursements Lacking Proper Support

Finding: During the prior period, scholarship disbursement documentation was insufficient to support that the recipient met all qualifying criteria to receive the scholarship. (Finding Code No. 03-03).

Corrective Actions: During the current period, we noted that the Alumni Association now advertises the scholarship being offered via the World Wide Web. They publish an eligibility criteria and a closure date. In addition, it convenes a board of faculty members to evaluate the candidates using published and weighted criteria. The Alumni Association maintains the individual scores of the candidates on file, informs the winners, publishes the results, and directs the transfer of money into the individual winners' accounts. These actions satisfy the requirements. Therefore, the finding is not repeated.

State of Illinois
The Alumni Association
of Southern Illinois University Edwardsville

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 the report includes the following:

- Fiscal Schedules and Analysis

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

- Analysis of Operations

- Agency Functions and Planning Program
- Additional Required Information (Unaudited)
- Summary of Alumni Association Payments to the University

The auditors' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states that it has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in the auditors' opinion, except for that portion marked "unaudited," on which they express no opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

State of Illinois
The Alumni Association
of Southern Illinois University Edwardsville

COMPARATIVE SCHEDULE OF CASH

June 30

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Cash			
Bank of Edwardsville	\$ 65,374	\$ 43,228	\$ 22,802
Petty cash	<u>50</u>	<u>200</u>	<u>200</u>
	<u>\$ 65,424</u>	<u>\$ 43,428</u>	<u>\$ 23,002</u>

State of Illinois
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COMPARATIVE SCHEDULE OF CASH RECEIPTS

For the years ended June 30

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Annual dues	\$ 32,305	\$ 34,170	\$ 31,499
Life dues	27,272	19,830	21,276
Commissions	18,447	15,944	16,423
Contributions	100	35	75
Miscellaneous	289	630	1,277
Activities	<u>8,782</u>	<u>4,493</u>	<u>30,434</u>
	<u>\$ 87,195</u>	<u>\$ 75,102</u>	<u>\$ 100,984</u>

State of Illinois
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COMPARATIVE SCHEDULE OF INVESTMENTS
June 30

<u>No. Shares/Units</u>	<u>Description</u>	<u>2005</u>	<u>2004</u>
Money Market			
32304.61	CMF Money Market Portfolio	\$ 32,305	\$ -
27263.94	CMF Money Market Portfolio	-	27,264
		<hr/>	<hr/>
		32,305	27,264
Stocks			
115	Ameren Corp.	6,360	4,940
190	Bristol Myers Squibb Co.	4,746	4,655
135	Lincoln National Corp.-Ind.	6,334	6,379
181	Standard & Poors Depository	21,571	20,730
200	Conagra Foods, Inc.	4,632	5,416
		<hr/>	<hr/>
		43,643	42,120
Fixed Income			
25000	Ford Motor Credit Co. Notes	25,138	25,940
25000	Ford Motor Credit Co. Global Notes	25,257	26,222
		<hr/>	<hr/>
		50,395	52,162
Mutual Funds			
461.854	Harbor Capital Appreciation Fund	13,283	-
460.1	Harbor Capital Appreciation Fund	-	12,483
238.852	Janus Investment Fund Worldwide Fund	9,585	-
237.026	Janus Investment Fund Worldwide Fund	-	9,059
1052.291	T Rowe Price Equity Income Fund - SBI	27,465	-
1005.979	T Rowe Price Equity Income Fund - SBI	-	25,029
733.418	T Rowe Price Small Capital Stock Fund	23,103	-
702.252	T Rowe Price Small Capital Stock Fund	-	21,060
859.89	Vanguard Windsor Fund Inc.	26,889	-
842.638	Vanguard Windsor Fund Inc.	-	23,627
189.642	Stratton Monthly Dividend Shares Inc.	6,978	-
171.141	Stratton Monthly Dividend Shares Inc.	-	5,618
		<hr/>	<hr/>
		107,303	96,876
		<hr/>	<hr/>
		\$ 233,646	\$ 218,422
		<hr/> <hr/>	<hr/> <hr/>

State of Illinois
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of Southern Illinois University Edwardsville

SCHEDULE OF CHANGES IN EQUIPMENT

For the years ended June 30, 2005 and 2004

	<u>Equipment</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Balance June 30, 2003	\$ 3,260	\$ 181	\$ 3,079
Additions	-	1,087	(1,087)
Disposals	<u>-</u>	<u>-</u>	<u>-</u>
Balance June 30, 2004	3,260	1,268	1,992
Additions	-	1,086	(1,086)
Disposals	<u>-</u>	<u>-</u>	<u>-</u>
Balance June 30, 2005	<u>\$ 3,260</u>	<u>\$ 2,354</u>	<u>\$ 906</u>

State of Illinois
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ANALYSIS OF SIGNIFICANT VARIATIONS IN REVENUES AND EXPENSES

For the years ended June 30

	<u>2005</u>	Increase (Decrease)	<u>2004</u>	Increase (Decrease)	<u>2003</u>
Revenues and other additions					
Annual dues	\$ 33,041	\$ 324	\$ 32,717	\$ (7,631)	\$ 40,348
Budget Allocations from SIUE	172,598	(948)	173,546	1,960	171,586
SIUE Foundation Support	21,807	(17,011) a	38,818	9,417	29,401
Interest	8,756	2,163	6,593	1,002	5,591
Life Memberships	3,966	(8,228)	12,194	3,112	9,082
Commissions	21,561	5,617	15,944	(479)	16,423
Contributions	100	65	35	(40)	75
Miscellaneous	71	(428)	499	499	-
Activities	8,949	(5,206)	14,155	(9,383)	23,538
Net increase (decrease) in fair value of investments	6,687	(12,244) c	18,931	21,170 c	(2,239)
Expenditures and other deductions					
Administrative	2,857	771	2,086	(435)	2,521
Budget expended at SIUE	172,598	(948)	173,546	1,960	171,586
Publications	15,455	(25,634) a	41,089	4,196	36,893
Postage	15,526	(3,978)	19,504	3,758	15,746
Activities	19,038	869	18,169	(12,835) b	31,004
Scholarships and awards	12,086	1,800	10,286	51	10,235
Travel	2,103	(2,862)	4,965	2,026	2,939
Audit fees	4,717	(4,283)	9,000	(58)	9,058
Miscellaneous	4,410	(388)	4,798	717	4,081
Depreciation	1,086	(1)	1,087	906	181

Explanations for variances > \$ 10,000

- a Foundation support of the Alumni Association decreased from FY04 to FY05 because the SIUE Alumni newsletter was undergoing revision in FY05 and was not published thus reducing costs in FY05.
- b Decrease in activities is because Alumni sponsored baseball games were cancelled.
- c Increase in fair value of investments from 2003 to 2004 is due to the improvement in the stock market. The stock market also improved from 2004 to 2005 but at a smaller rate causing a smaller gain from 2004 to 2005.

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ANALYSIS OF SIGNIFICANT VARIATIONS IN STATEMENT OF NET ASSETS ACCOUNTS

June 30

	<u>2005</u>	<u>Increase (Decrease)</u>		<u>2004</u>	<u>Increase (Decrease)</u>		<u>2003</u>
Assets							
Cash and cash equivalents	\$ 65,424	\$ 21,996	a	\$ 43,428	\$ 20,426	a	\$ 23,002
Interest receivable	783	-		783	-		783
Other receivables	7,584	7,134		450	450		-
Investments, at fair value	233,646	15,224	b	218,422	25,393	b	193,029
Prepays	8,656	7,707		949	(7,605)		8,554
Capital assets, net of depreciation	906	(1,086)		1,992	(1,087)		3,079
Liabilities							
Accounts payable							
SIUE	5,802	2,123		3,679	(115)		3,794
Other	8,152	(1,378)		9,530	9,530		-
Deposits held in custody	1,079	-		1,079	-		1,079
Deferred revenue	60,230	22,570	c	37,660	(740)		38,400

Explanations for variances > \$ 10,000

- a Cash position improved each year as Alumni Association spent less than it took in and as its interest and dividend revenue was added, not reinvested.
- b In 2005, the overall fair market value increased by \$ 6,700 and earnings were \$ 8,500. There was no other portfolio activity. In 2004, the overall fair market value increased by \$ 19,000 and earnings from investments was \$ 6,500, which was all reinvested. There were no additional funds invested during the year.
- c Alumni Association changed their method of accounting for deferred revenue for life memberships in FY04, resulting in an increased deferral of \$ 16,000. This, plus an increase in dues collected of \$ 8,000, has resulted in a greater deferral in FY05. The change in the method of accounting for life memberships also resulted in an increase in deferred revenue of \$ 7,600 from FY03 to FY04. However, that increase was offset by a decrease in deferred revenue of \$ 9,800 related to an alumni activity planned for FY04 for which funds had been collected at the end of FY03.

State of Illinois
The Alumni Association
of Southern Illinois University Edwardsville

AGENCY FUNCTIONS AND PLANNING PROGRAM

For the two years ended June 30, 2005

The Alumni Association of Southern Illinois University Edwardsville (Alumni Association), located in Edwardsville, Illinois, was incorporated in 1972 under the laws of the State of Illinois as a not-for-profit organization. Its primary purpose is to foster the lifelong relationship of graduates with Southern Illinois University at Edwardsville (SIUE). The Alumni Association promotes this relationship through leadership, advocacy, communication and programs.

The Alumni Association receives benefits from an agreement between the Board of Trustees of SIUE and the Foundation, which specifies the relationship among the three organizations in accordance with Legislative Audit Commission's University Guidelines, 1997. Under the terms of the contract, the Foundation provides coordination of alumni services on behalf of SIUE and provides various services to the Alumni Association without charge. The Alumni Association is to assist SIUE in achieving its education, research, and service goals by maintaining relationships with alumni and SIUE. Among the provisions of the master contract is a requirement that the Alumni Association and SIUE provide services to each other to be reimbursed in actual dollars or its equivalent in services or resources.

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

Auditors' Assessment

The planning program described above appears reasonable for the Alumni Association of Southern Illinois University Edwardsville for the two years ended June 30, 2005.

State of Illinois
The Alumni Association
of Southern Illinois University at Edwardsville

ADDITIONAL REQUIRED INFORMATION (UNAUDITED)

For the two years ended June 30, 2005

Local Funds

All funds of the Alumni Association are locally held funds and are not appropriated.

Employee Statistics

During each of the years ended 2005 and 2004, the equivalent of two full-time and two part-time employees worked for the Alumni Association. These employees are officially employed by the University and were assigned to Alumni Affairs.

Service Efforts and Accomplishments

Funds provided to the University for each of the years ended June 30, 2005 and 2004, are presented on page 25 of this report.

State of Illinois
The Alumni Association
of Southern Illinois University Edwardsville

SUMMARY OF ALUMNI ASSOCIATION PAYMENTS TO THE UNIVERSITY

For the year ended June 30

	<u>2005</u>	<u>2004</u>
Expenses in association with scholarships and awards	\$ 9,568	\$ 8,665
Expenses in association with printing and publications	3,894	1,942
Expenses in association with travel	439	2,707
Expenses in association with postage	9,881	19,536
Expenses in association with merchandise	-	69
Expenses in association with board and meetings	294	429
Expenses in association with administrative activities	1,131	590
Expenses in association with activities sponsored by the Alumni Association	<u>680</u>	<u>-</u>
	<u>\$ 25,887</u>	<u>\$ 33,938</u>