

State of Illinois
Southern Illinois University Edwardsville 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
Southern Illinois University Edwardsville Foundation

COMPLIANCE EXAMINATION

For the two years ended June 30, 2005

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State of Illinois
Southern Illinois University Edwardsville Foundation

COMPLIANCE EXAMINATION

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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
Southern Illinois University Edwardsville Foundation

FOUNDATION OFFICIALS

June 30, 2005

The Foundation Board of Directors, continuing members:

Mr. Tom Allen	Mr. Ralph Korte
Mr. John C. Anderson	Mr. L. Thomas Lakin
Mr. Gordon Broom	Ms. Mara Meyers
Mr. Allen Cassens	Ms. Karyn Molnar
Mr. John Conrad	Mr. Robert Murdick
Ms. Judy Dailey	Mr. John North
Mr. Mark J. Deschaine	Mr. David Oates
Mr. Terrance Egger	Mr. John E. Oeltjen
Mr. Ted Eilerman	Mr. Lendell Phelps, Jr.
Mr. Byron Farrell	Mr. Robert Plummer
Mr. James C. Fowler	Mr. James Rankin, Sr.
Mr. John Fruit	Mr. Clinton Rogier
Dr. William Going	Dr. Gilbert Rutman
Dr. Kathy Gugger	Ms. Betty Lou Schmidt
Mr. Alfred Hagemann	Mr. John Schmidt
Ms. Rita Hardy	Mr. Gerard Schuetzenhofer
Ms. Sandra Hardy-Chinn	Ms. Ellen Sherberg
Mr. John Hunter	Mr. Dennis Terry
Ms. Mary Lou Inman	Mr. Charles Tosovsky
Mr. Merle T. Inman	Dr. James Walker, President of SIU
Ms. Maxine Johnson	Mr. Robert Wetzel
Mr. Rick Jones	Mr. G. Patrick Williams, Vice Chancellor
Ms. Mary Kane	Ms. S. Lavernn Wilson
Mr. Keith Kehrer	Dr. Brent Wohlford
Mr. Dale Keller	
Dr. Edward Hightower, Board of Trustees, designated representative	

New members during Fiscal 2005:

Ms. Elzora Douglas
Mr. Robert E. McClellan Jr.
Mr. Mark S. Shashek
Mr. Bill Simon
Dr. Vaughn Vandegrift,
Chancellor

Retiring members during Fiscal 2005:

Mr. C. Kenneth Anderson, deceased
Mr. Edward Pinnell
Dr. David Werner, Emeritus Chancellor

State of Illinois
Southern Illinois University Edwardsville Foundation

FOUNDATION OFFICIALS - CONTINUED

June 30, 2005

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

Chief Executive Officer	Mr. G. Patrick Williams
Director of Financial Affairs	Mr. Rich Hampton
Assistant Director of Giving and Research	Ms. Gayla Bruning
Assistant Director of Financial Affairs	Ms. Emma Christensen
Accounting Associate	Ms. Joan Cummings

Foundation offices are located at:

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

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

September 26, 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 Foundation (Foundation). We are responsible for and we have established and maintained an effective system of, internal controls over compliance requirements. We have performed an evaluation of the Foundation's compliance with the following assertions during the two-year period ended June 30, 2005. Based on this evaluation, we assert that during the years ended June 30, 2004 and June 30, 2005, the Foundation has materially complied with the assertions below.

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

Yours very truly,

Southern Illinois University Edwardsville Foundation



G. Patrick Williams, CEO
SIUE Foundation



Rich Hampton, Director of Financial Affairs
SIUE Foundation

State of Illinois
Southern Illinois University Edwardsville Foundation

COMPLIANCE REPORT SUMMARY

For the two years ended June 30, 2005

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

AUDITORS' REPORTS

The Independent Accountants' Report on State Compliance, on Internal Control Over Compliance and on Supplementary Information for State Compliance Purposes does not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF FINDINGS

<u>Number of</u>	<u>This Report</u>	<u>Prior Report</u>
Findings	0	1
Repeated findings	0	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>
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PRIOR FINDINGS NOT REPEATED (STATE COMPLIANCE)

05-01	13	Reporting Compliance Requirements
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EXIT CONFERENCE

The Foundation waived an exit conference, due to no findings being reported.

Independent Accountants' Report on State Compliance,
on Internal Control over Compliance, and on
Supplementary Information for State Compliance Purposes

Honorable William G. Holland
Auditor General, State of Illinois

Compliance

As Special Assistant Auditors for the Auditor General, we have examined the Southern Illinois University Edwardsville Foundation's (Foundation) compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the years ended June 30, 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 public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Foundation has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The Foundation has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. The State revenues and receipts collected by the Foundation are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the Foundation on behalf of the State or held in trust by the Foundation have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

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. However, 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 26, 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 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 Foundation's basic financial statements for the years ended June 30, 2004 and 2003. In our reports dated September 27, 2004 and September 19, 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.

Kerber, Eck & Brauchel LLP

Springfield, Illinois
September 26, 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 Southern Illinois University Edwardsville Foundation (Foundation), as of and for the year ended June 30, 2005, and have issued our report thereon dated September 26, 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 26, 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. However, we noted certain other matters which we have reported to management of the Foundation in a separate letter dated September 26, 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.

Kerlin Eck : Braeschel LLP

Springfield, Illinois
September 26, 2005

State of Illinois
Southern Illinois University Edwardsville Foundation

PRIOR FINDINGS NOT REPEATED
(STATE COMPLIANCE)

For the two years ended June 30, 2005

05-01 Reporting Compliance Requirements

Finding: During the prior period, the Foundation reissued its revenue bonds but failed to report to the Comptroller's office as required by the SAMS manual. (Finding Code No. 03-01).

Corrective Action: Per verbal confirmation with the Comptroller's Office on September 10, 2003, the Foundation had reported the reissuance of its revenue bonds. Furthermore, the Foundation has alerted the bond holder and attorney of the reissuance and made indications in its bond documentation to insure future compliance with SAMS requirements.

State of Illinois
Southern Illinois University Edwardsville Foundation

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 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

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

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

State of Illinois
Southern Illinois University Edwardsville Foundation

COMPARATIVE SCHEDULE OF CASH

June 30

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Cash			
Bank of Edwardsville	\$ 53,486	\$ 15,766	\$ 7,314
Cash and cash equivalents held in investment accounts			
Cash	95,479	2,536	2,115
Insured money market accounts	512,695	790,847	862,667
Uninsured money market accounts	<u>739,964</u>	<u>131,029</u>	<u>248,396</u>
	<u>1,348,138</u>	<u>924,412</u>	<u>1,113,178</u>
	<u>\$ 1,401,624</u>	<u>\$ 940,178</u>	<u>\$ 1,120,492</u>

State of Illinois
Southern Illinois University Edwardsville Foundation

COMPARATIVE SCHEDULE OF CASH RECEIPTS

For the years ended June 30

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Contributions	\$ 2,550,680	\$ 1,166,554	\$ 860,570
Pledge payments	297,318	275,525	287,649
Other than contributions	583,256	478,996	550,203
Related organizations	440,000	40,000	285,000
Proceeds from sale of stock	85,468	63,578	107,886
Proceeds from sale of asset held for resale	-	-	350,986
Transfer from SIUE	-	-	285,150
Interest and dividend income	2,586	539	2,465
	<u>\$ 3,959,308</u>	<u>\$ 2,025,192</u>	<u>\$ 2,729,909</u>

State of Illinois
Southern Illinois University Edwardsville Foundation

COMPARATIVE SCHEDULE OF INVESTMENTS

June 30

<u>Shares/Units</u>	<u>Description</u>	<u>2005</u>	<u>2004</u>
U.S. Government			
150000	FHLB 02-15-05	\$ -	\$ 154,718
150000	FHLB 03-22-06	151,734	157,140
100000	FHLB 09-30-09	-	98,327
55000	FHLB 08-19-04	-	55,452
65000	FHLMC 08-10-09	72,094	72,545
250000	FHLMC 01-21-09	249,705	246,361
100000	FHLMC 10-29-08	-	99,495
150000	FHLB Step 10-28-09	149,625	-
300000	FNMA 09-30-09	99,625	295,098
100000	FHLMC 12-15-08	99,610	99,230
100000	FHLMC Step 06-29-07	-	99,990
8475.18	FNMA Pool 10-01-13	8,708	12,383
75000	FNMA Step 06-08-09	-	75,369
100000	FHLB Step 09-23-08	99,281	-
100000	FHLB Step 9-28-07	99,906	-
100000	FNMA Step 06-30-09	-	100,000
300000	FNMA Step 9-30-09	296,625	-
150000	FHLB Step 10-20-09	149,204	-
150000	FHLB Step 2-09-10	150,000	-
100000	FHLB Step 2-25-10	99,969	-
300000	U.S. Treasury Notes 11-15-04	-	304,781
120000	U.S. Treasury Notes 02-15-07	125,006	129,694
150000	U.S. Treasury Notes 05-15-07	158,028	164,297
120000	U.S. Treasury Notes 02-15-08	125,555	128,587
150000	U.S. Treasury Notes 05-15-09	159,849	161,625
300000	U.S. Treasury Notes 08-15-09	325,956	329,859
120000	U.S. Treasury Notes 02-15-10	111,598	112,750
125000	U.S. Treasury Notes 08-15-11	133,266	-
150000	United States Treas Nts 5-15-15	152,192	-
100000	Federal Home LN MTG Corp 7-24-08	99,775	-
100000	Federal Natl Mtg Assn Mtn 12-21-07	99,469	-
75000	Federal Home LN BKS 10-26-07	75,047	-
140000	Federal Natl Mtg Assn Mtn 10-05-10	140,043	-
200000	Federal Home Ln Bks 10-28-10	200,876	-
200000	Federal National Mtg Assn 11/04/10	200,250	-
500000	Federal Farm CR BKS 04-15-05	-	508,515
		<hr/>	<hr/>
	U.S. Government Subtotal	3,832,996	3,406,216

State of Illinois
Southern Illinois University Edwardsville Foundation

COMPARATIVE SCHEDULE OF INVESTMENTS - CONTINUED

June 30

<u>Shares/Units</u>	<u>Description</u>	<u>2005</u>	<u>2004</u>
Corporate Bonds & Notes			
50000	General Electric 02-15-07	\$ -	\$ 51,930
50000	Goldman Sachs Group 01-15-11	55,752	54,792
50000	National Rural Utils Coop Fl 5-15-06	50,898	-
50000	General Elec Cap Corp M/T/N 2-15-07	50,768	-
50000	Lehman Brothers Frn 9-28-07	49,785	-
100000	HSBC Finance Corp CPI FLT RT 2-10-10	97,237	-
50000	Verizon New Jersey Inc 1-17-12	52,856	-
50000	Genworth Finl Inc 6-15-14	53,623	-
50000	Wachovia Corp 8-01-14	52,195	-
50000	National Rural Utility 05-15-06	-	52,592
50000	Wells Fargo Bank 02-01-11	55,150	54,289
		<hr/>	<hr/>
	Corporate Bonds & Notes Subtotal	518,264	213,603
Certificates of Deposit			
99000	Advanta Bank Corp 03-30-06	99,000	99,000
99000	Advanta Bank Corp 09-30-04	-	99,000
99000	American Bank of Baxter 06-27-05	-	99,000
99000	Amerika Samoa Bank (USS) 1-03-07	99,000	-
99000	Bay Financial SB 06-27-05	-	99,000
99000	Bradford National Bank 12-23-04	-	99,000
99000	Capital City Bank & Tr (USS) 9-24-08	99,000	-
27000	Carrollton Bank	-	27,000
99000	Citizens Community Federal 6-30-09	99,000	-
99000	Citizens First Bank 03-06-06	99,000	99,000
99000	Community Bank 03-31-06	99,000	99,000
99000	Community Bank West Georgia 11-14-05	99,000	99,000
99000	Community First Bank 12-26-04	-	99,000
99000	Community National Bank 03-31-07	99,000	99,000
50000	Cooperative Bank 7-26-06	50,000	-
99000	Corn Belt Bank & Trust 03-31-07	99,000	99,000
99000	Corn Belt Bank & Trust 07-02-07	99,000	99,000
99000	Eagle Bank 06-26-06	99,000	99,000
99000	Eurobank & Trust 06-25-06	99,000	99,000
99000	Eurobank 03-30-07	99,000	99,000
99000	First Collinsville Bank 01-07-08	99,000	99,000
99000	First Federal Savings & Loan 6-28-06	99,000	-

State of Illinois
Southern Illinois University Edwardsville Foundation

COMPARATIVE SCHEDULE OF INVESTMENTS - CONTINUED

June 30

<u>Shares/Units</u>	<u>Description</u>	<u>2005</u>	<u>2004</u>
99000	First Financial Bank 03-11-08	\$ 99,000	\$ 99,000
99000	First Midwest Bank 03-31-08	99,000	99,000
100000	First National Bank of Omaha 09-27-05	100,000	100,000
99000	GE Capital Consumer Card 09-21-04	-	99,000
99000	Geauga Savings Bank 1-20-06	99,000	-
75000	Gold Bank 9-14-09	75,000	-
76000	Illinois State Bank 06-30-07	76,000	76,000
99000	Imperial Capital Bank 9-20-07	99,000	-
100000	Mercantile Bank & Trust 06-23-05	-	100,000
50000	New South Federal Savings Bank 07-15-04	-	50,000
99000	New West Bank 10-20-06	99,000	-
99000	Ntl City Bank IN Put 09-11-08	99,000	99,000
99000	Ocwen Federal Bank 02-26-08	99,000	99,000
99000	Ocwen Federal Bank 03-11-08	99,000	99,000
99000	Pinnacle Bank 03-03-05	-	99,000
75000	Premier Bank 09-27-05	75,000	75,000
100000	Providian Bank 03-28-05	-	100,000
50000	Providian Bank 12-17-04	-	50,000
99000	Republic Bank of Chicago 04-01-08	99,000	99,000
50000	Statewide Bank 12-22-06	50,000	-
100000	Texas State Bank 03-20-06	100,000	100,000
99000	The Natl Rep Bank of Chicago 03-31-06	99,000	99,000
99000	Traverse City State Bank 03-09-07	99,000	99,000
99000	Treasury Bank 12-23-04	-	99,000
99000	Wilshire State Bank 03-10-07	99,000	99,000
		<hr/>	<hr/>
	Certificates of Deposit Subtotal	3,199,000	3,450,000
 Common Stocks			
19	3Com Corp Com	69	119
100	3M Company	7,230	9,001
600	Abbott Laboratories	19,604	24,456
1650	Accenture Ltd CL A	-	45,342
500	Affiliated Computer Services	5,110	26,470
500	Affiliated Managers Group	34,165	-
600	ALCOA Inc	-	19,818
200	All State Corp	71,700	9,310
200	Alltell Corp	-	10,124
300	Altria Grp Inc Com	19,398	15,015

State of Illinois
Southern Illinois University Edwardsville Foundation

COMPARATIVE SCHEDULE OF INVESTMENTS - CONTINUED

June 30

<u>Shares/Units</u>	<u>Description</u>	<u>2005</u>	<u>2004</u>
900	Ambac Financial Group	\$ -	\$ 66,096
1575	Amer Intl Gr Inc Com	37,765	112,266
250	Ameren Corp Com	13,825	10,740
600	American Express	26,615	30,828
1000	Amgen Inc Com	30,230	54,570
700	Anadarko Petroleum	24,645	41,020
200	Anheuser Busch	9,150	10,800
860	Apache Corp	91,732	37,453
300	Apollo Group Inc CL A	19,555	26,487
200	Applied Mtls Inc Com	3,236	3,924
1100	Archer Daniels Midland	-	18,458
100	Auto Data Processing	-	4,188
800	Avon Products Inc	30,280	36,912
200	Baker Hughes Inc Com	20,464	7,530
750	Bank Amer Corp Com	77,537	63,465
75	Bank Amer Corp Com	6,842	6,347
800	Bard C R Inc Com	-	45,320
700	Best Buy Co Inc Com	47,985	-
700	Biomet Inc Com	24,241	-
750	Brinker Intl Inc	-	25,590
1200	Burlington Resources	55,240	43,416
400	Cadence Design Systems Inc	5,464	-
500	Capital One Financial	40,005	34,190
100	Cendant Corp	2,237	2,448
350	Centurytel Inc	-	10,514
600	Cerner Corp	40,782	-
154	Chevrontexaco Corp	17,223	14,493
700	Chiron Corp	-	31,248
300	Cinergy Corp Com	13,446	11,400
3700	Cisco Sys Inc Com	62,964	87,690
1883	Citigroup Inc	93,986	87,560
200	Clear Channel Cmmntn	-	7,390
300	Clorox Co Com	16,716	16,134
900	Coca Cola Co	-	45,432
200	Colgate Palmolive Co	9,982	11,690
600	Conocophillips Com	34,494	-
300	Constellation Brands	-	11,139
700	Countrywide Cr Inds Inc Com	27,027	-

State of Illinois
Southern Illinois University Edwardsville Foundation

COMPARATIVE SCHEDULE OF INVESTMENTS - CONTINUED

June 30

<u>Shares/Units</u>	<u>Description</u>	<u>2005</u>	<u>2004</u>
900	CVS Corporation	\$ -	\$ 37,818
2000	D. R. Horton Inc	75,220	-
1800	Danaher Corp	52,340	93,330
600	Deere & Company	19,647	42,084
2755	Dell Inc	90,758	98,684
400	Dentsply International Inc	21,600	-
200	Disney W Holding Co	5,036	5,098
800	Dollar Genl Corp Com	8,144	15,648
300	Dominion Res Inc VA New	14,678	18,924
650	Dow Chem Co Com	15,586	26,455
200	Eaton Corp	11,980	-
1100	Ebay Inc	36,311	-
200	Ecolab Inc Com	6,472	6,340
1300	EMC Corp Mass	17,823	-
200	Ensco Intl Ince	-	5,820
1200	EOG Resources	45,440	71,652
300	Everest RE Group Ltd	27,900	24,108
900	Exelon Corp Com	35,931	29,961
1200	Exxon Mobil Corp Com	57,470	53,292
900	First Data Corp Com	36,126	40,068
300	FNMA V/S Com	-	21,408
1000	Forest Laboratories	15,540	56,630
242	Freescale Semiconductor Inc CL B	5,126	-
400	Gannett Co Inc	14,226	33,940
200	General Dynamics Corp	21,908	19,860
3600	General Electric Co	105,683	116,640
1100	Genzyme Corp Com Genl Div	66,099	-
300	Goldman Sachs Group Inc	30,606	28,248
350	Guidant Corp	13,460	19,558
700	Harley-Davidson	-	43,358
300	Hartford Finl Svcs Group Inc	22,434	20,622
250	Hewlet Packard Company	5,878	-
1100	Home Depot Inc Com	42,790	-
1300	Hormel Foods Corp	38,129	-
60	Hospira Inc	-	1,656
150	Hunt JB Trans SVCS	5,769	5,787
3100	Intel Corp Com	78,060	85,560
200	Intuit Inc Com	9,022	-

State of Illinois
Southern Illinois University Edwardsville Foundation

COMPARATIVE SCHEDULE OF INVESTMENTS - CONTINUED

June 30

<u>Shares/Units</u>	<u>Description</u>	<u>2005</u>	<u>2004</u>
300	ITT Industries Inc	\$ 24,408	\$ 24,900
900	Johnson & Johnson Com	71,500	50,130
800	Johnson Controls Inc	25,349	42,704
100	Kimberly Clark Corp	-	6,588
200	Kohls Corp	-	8,456
600	L-3 Communications	45,948	40,080
350	Lilly Eli & Co	-	24,469
600	Lowes Companies Inc Com	23,288	31,530
2600	Masco Corporation	-	81,068
500	Maxim Integrated Prod Inc	19,110	26,210
700	MBNA Corp Com	18,312	-
200	McDonalds Corp	5,550	5,200
200	McKesson Corp	8,958	-
1100	Medtronic Inc	80,275	53,592
200	Mellon FINL Corp Com	-	5,866
250	Merck & Co Inc	7,700	11,875
800	Merrill Lynch & Co	44,008	43,184
3500	Microsoft Corp	48,438	99,960
900	Morgan Stanley Dean Witter	47,223	47,493
1000	Motorola Inc	71,214	18,250
1350	Mylan Laboratories	-	27,338
200	Nabors Indus Ltd Com	-	9,044
400	Neurocrine Biosciences Inc	-	20,740
2100	Nextel Communications	-	55,986
400	Nike Inc	34,640	-
600	Nucor Corp	-	46,056
1000	Old Republic Intl	25,290	23,720
800	Omnicom Group	-	60,712
800	Oracle Corp Com	10,560	9,544
600	Paccar Inc	40,800	34,794
1	Palmone Inc	30	35
1330	PepsiCo Inc	93,299	71,660
2970	Pfizer Inc	55,712	101,812
400	Pharmaceutical Prod Dev Inc	18,744	-
5	PHH Corp Com New	129	-
1100	Portfolio Recovery Assocs In	46,222	-
400	Praxair Inc Com	37,280	15,964
1000	Procter & Gamble Co	97,588	54,440

State of Illinois
Southern Illinois University Edwardsville Foundation

COMPARATIVE SCHEDULE OF INVESTMENTS - CONTINUED

June 30

<u>Shares/Units</u>	<u>Description</u>	<u>2005</u>	<u>2004</u>
500	Qualcomm Inc	\$ 16,505	\$ 36,490
100	Qwest Communication Intl	371	359
1600	Ross Stores Inc	-	42,816
600	Scotts Company	42,726	38,328
1300	St. Jude Med Inc	56,693	-
1000	Staples Incorporated	28,742	29,410
800	State ST Corp Com	14,474	39,232
800	Sungard Data Sys Inc	28,136	20,800
600	Symantec Corp	31,522	26,268
600	Synopsys Inc	-	17,058
200	Sysco Corp Com	7,238	7,174
400	T Rowe Price Group Inc	25,040	-
700	Target Corp Com	32,646	29,729
3200	Tellabs Inc	-	27,968
575	Time Warner Inc	9,608	10,109
600	Toro Co	23,166	-
900	Trimble Navigation Ltd	35,072	25,011
700	Tyco Intl Ltd New Com	20,440	-
300	Union Pacific Corp	-	17,834
3544	Union Planters Corp Com	-	105,646
100	United Parcel Service Inc	6,916	-
500	United Tech Corp Com	35,945	45,740
1000	UTStarcom Inc	-	30,250
300	Varian Med Sys Inc	11,198	-
1066	Verizon Communications CM	31,648	38,579
425	Viacom Inc	-	15,180
300	Viacom INC CL A	9,666	10,905
100	Wachovia Corp 2nd	4,960	4,450
1700	Wal Mart Co Com	43,380	89,692
1000	Walgreen Co Com	32,192	36,210
100	Wellpoint HLTH Net	13,928	11,200
800	Wells Fargo & Co New	49,264	45,784
500	Wyeth Com	-	18,080
400	Yellow Roadway Corp	20,320	-
300	Zimmer HLDGS Inc	-	26,460
	Common Stock Subtotal	3,727,507	4,199,104

State of Illinois
Southern Illinois University Edwardsville Foundation

COMPARATIVE SCHEDULE OF INVESTMENTS - CONTINUED

June 30

<u>Shares/Units</u>	<u>Description</u>	<u>2005</u>	<u>2004</u>
Foreign Equities			
450	Astrazeneca PLC	\$ -	\$ 20,538
1100	Flextronics Intl Ltd ORD	-	17,545
500	Ingersoll-Rand Com	28,540	34,155
1650	Talisman Energy Inc	26,299	35,871
400	Teva Pharmaceutical Inds Ltd ADR	37,368	26,872
200	Weatherford International LTD	11,596	-
3200	ATI Technologies Inc	37,920	-
1000	Vodafone Group Plc New Sponsored ADR	14,592	22,100
	Foreign Equities Subtotal	156,315	157,081
Mutual Funds			
8356.646	American Century Equity Inc	-	66,770
1744.96	Columbia Acorn CL Z	75,681	42,856
8113.868	Fidelity Advisor Div Intl Fund Class A	151,810	-
6139.733	Fidelity Diversified International Fund	176,824	155,151
26572.188	First American Core Bond Class Y	301,063	-
29296.875	First American Inflation Protected Sec Cl Y	301,465	-
13361.668	First American International FD CL Y	-	139,362
2131.553	First American Mid Cap Growth Opp Fd Cl Y	87,905	75,673
7564.297	First American Mid Cap Value Fund Cl Y	179,425	-
6830.257	First American Small Cap Core CL Y	105,118	98,902
28862.264	First Amern Intermediate Term Bond Cl Y	291,798	-
14577.259	First Amern Intermediate Term Bond Fund	-	146,647
4254.124	Harbor International Fund	181,694	27,631
1460.59	Leader Mutual Funds Intermediate	-	18,199
5958.42	Royce Total Return Fund	73,825	40,419
9498.48	T Rowe Price Equity Income Fund	247,910	-
220.673	T Rowe Price Mid Cap Growth Fund	111,727	74,087
4784.806	T Rowe Price Mid Cap Value	110,528	-
4916.421	T Rowe Price Mid Cap Value	113,568	107,817
27560.05	TIAA-CREF Inst Bond Fund	283,317	278,621
1268.11	TIAA-CREF Inst Bond Fund	13,036	15,224
160.52	TIAA-CREF Inst Bond Fund	1,650	1,695
16744.36	TIAA-CREF Inst Growth & Inc	145,676	146,557
5004.92	TIAA-CREF Inst Intl Equity Fd	53,853	56,234
145.13	TIAA-CREF Inst Intl Equity Fd	1,562	1,526
2758.21	TIAA-CREF Inst Real EST SEC	40,684	35,466
136.54	TIAA-CREF Inst Real EST SEC	2,014	848

State of Illinois
Southern Illinois University Edwardsville Foundation

COMPARATIVE SCHEDULE OF INVESTMENTS - CONTINUED

June 30

<u>Shares/Units</u>	<u>Description</u>	<u>2005</u>	<u>2004</u>
56.81	TIAA-CREF Inst Real EST SEC	\$ 838	\$ 2,273
200.33	TIAA-CREF Inst S & P 500 Ind Fd	2,722	3,323
348.27	TIAA-CREF Inst S & P 500 Ind Fd	4,733	4,810
2839.60	TIAA-CREF Inst Sm-Cap Eq Fd	43,190	43,144
103.52	TIAA-CREF Inst Sm-Cap Eq Fd	1,575	1,548
10939.65	TIAA-CREF Short-Term Bond Fund	114,647	117,977
2944.636	Vanguard GNMA Fund	30,713	30,300
		<hr/>	<hr/>
	Mutual Funds Subtotal	3,250,551	1,733,060
Cash & Cash Equivalents			
	Income Cash Endowment	1,766	1,711
	Income Cash Non Endowment	93,713	826
14584.04	TIAA-CREF GS Financial Sq Prime Oblig	14,584	19,185
23.99	TIAA-CREF GS Financial Sq Prime Oblig	24	109,742
109.22	TIAA-CREF GS Financial Sq Prime Oblig	109	108
816.18	TIAA-CREF GS Financial Sq Prime Oblig	816	768
724431.26	TIAA-CREF MM Fund Instl Fd	724,431	-
16436.46	Trust Prime Investor P 1.35	16,436	18,285
100000.00	Trust Prime Investor P 1.35	100,000	113,133
1225.36	Union Planters (WHAM)	-	1,225
613823.52	Vanguard Prime Money Market Inst Princ	-	613,824
396258.56	Federated Prime Cash Obligation Principal	396,259	-
45605.46	Trust Prime Investor P 1.35 Non Endowment	-	45,605
		<hr/>	<hr/>
	Cash & Cash Equivalents Subtotal	1,348,138	924,412
	Miscellaneous	1,400	1,400
		<hr/>	<hr/>
	Total Investments	<u>\$ 16,034,171</u>	<u>\$ 14,084,876</u>

State of Illinois
Southern Illinois University Edwardsville Foundation
SCHEDULE OF CHANGES IN PROPERTY AND EQUIPMENT
For the years ended June 30, 2005 and 2004

	<u>Building</u>	<u>Equipment</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Balance June 30, 2003	\$ 2,478,121	\$ 95,200	\$ 274,522	\$ 2,298,799
Additions	-	-	62,355	(62,355)
Disposals	-	-	-	-
Balance June 30, 2004	2,478,121	95,200	336,877	2,236,444
Additions	-	1,630	62,382	(60,752)
Disposals	-	-	-	-
Balance June 30, 2005	<u>\$ 2,478,121</u>	<u>\$ 96,830</u>	<u>\$ 399,259</u>	<u>\$ 2,175,692</u>

State of Illinois
Southern Illinois University Edwardsville Foundation
ANALYSIS OF SIGNIFICANT VARIATIONS IN REVENUES AND EXPENSES

	For the years ended June 30				
	2005	Increase (Decrease)	2004	Increase (Decrease)	2003
Operating revenues					
Payments from SIUE	\$ 190,000	(100,000)	\$ 290,000	5,000	\$ 285,000
Budget allocation from SIUE	402,663	80,498	322,165	(7,899)	330,064
Events, sales and other operating revenues	601,853	136,545	465,308	(114,767)	580,075
Operating expenses					
General and operating expenses	320,594	(44,475)	365,069	(107,824)	472,893
Budget expended at SIUE	402,663	80,498	322,165	(7,899)	330,064
Expenditures for the benefit of SIUE	1,775,660	432,886 a	1,342,774	166,178 a	1,176,596
Expenditures for the benefit of Alumni Association	35,581	(3,237)	38,818	9,417	29,401
Gifts to SIUE	1,093,969	458,053 b	635,916	(994,733) e	1,630,649
Depreciation	62,382	27	62,355	(656)	63,011
Nonoperating revenues (expenses)					
Contributions	4,242,760	317,714 h	3,925,046	624,900 h	3,300,146
Net investment income	700,292	(284,577) c	984,869	587,436 c	397,433
Increase (decrease) in allowance for uncollectibles	(13,203)	(25,915)	12,712	43,629	(30,917)
Increase (decrease) in present value-interest in trusts	(32,428)	(172,737) d	140,309	495,420 d	(355,111)
Bond interest expense	(75,281)	207	(75,488)	21,745	(97,233)
Grants to other organizations	(8,350)	(3,600)	(4,750)	(4,750)	-
Payments to annuitants	(48,986)	(1,099)	(47,887)	(45,432)	(2,455)
Loss on sale of assets held for resale	-	41,146	(41,146)	307,868 f	(349,014)
Transfers from SIUE	-	-	-	(285,150) g	285,150
Other nonoperating revenues (expenses)	(322)	(708)	386	4,743	(4,357)

Explanation for variances > \$ 150,000

- a The increase from FY04 to FY05 is primarily due to the following: increased costs to value museum collection, \$ 230,000; Wrestling program, which was restarted through private interests, \$ 48,000; Arboretum study, \$ 59,000; increased activity in School of Business, including new newsletter and Dean's 1000 Club, \$ 31,000. The increase from FY03 to FY04 is primarily due to the following: increased costs to value museum collection, \$ 70,000; Arts & Issues program, increased expenses for more popular speakers/entertainers, \$ 20,000; increase in one of the scholarship funds of \$ 15,000.
- b Renovations to baseball and softball fields were transferred to the University.
- c In FY05, the increase in the fair market value of investments recorded was approximately half of the increase in FY04 (\$ 322,000 vs. \$ 667,000). As a result, investment income decreased in comparing FY05 to FY04. The increase from FY03 to FY04 was also due to the large increase in the fair market value of investments in FY04 (\$667,000 in FY04 vs. \$ 53,000 in FY03).
- d Present value-interest in trusts included changes in fair market value of underlying assets which fluctuated, as did investments, as described in c above.
- e In FY03, the Foundation recorded a \$ 1,520,000 gift-in-kind of which \$ 1,500,000 was gifted to SIUE.
- f In FY03, asset held for resale was sold at a loss.
- g In FY03, SIUE transferred a previous gift received to the Foundation for investment.
- h In FY04, the Foundation received a bequest of \$ 512,000. In FY05, an annuity of \$ 615,000 was received, but was offset by a decrease of gifts-in-kind by \$ 325,000.

State of Illinois
Southern Illinois University Edwardsville Foundation

ANALYSIS OF SIGNIFICANT VARIATIONS IN STATEMENT OF NET ASSETS ACCOUNTS

June 30

	<u>2005</u>	Increase (Decrease)	<u>2004</u>	Increase (Decrease)	<u>2003</u>
Assets					
Cash and cash equivalents	\$ 53,486	37,720	\$ 15,766	8,452	\$ 7,314
Investments, at market	16,034,171	1,949,295 a	14,084,876	1,688,017 a	12,396,859
Deposits with SIUE	284,382	41,608	242,774	9,245	233,529
Pledge receivables, net of allowance	479,100	84,287	394,813	(90,866)	485,679
Accounts receivable - SIUE	3,795	(247,106) b	250,901	250,901 b	-
Other receivables	24,415	(492,046) c	516,461	495,695 c	20,766
Interest receivable	68,118	8,945	59,173	2,501	56,672
Prepaid expenses	36,038	12,499	23,539	(12,103)	35,642
Loan receivables, net of allowance	46,470	16,679	29,791	2,751	27,040
Capital assets, net of depreciation	2,175,692	(60,752)	2,236,444	(62,355)	2,298,799
Assets held for resale	3,823,328	1,445,413 d	2,377,915	889,526 f	1,488,389
Beneficial interest in trusts	2,255,757	(32,428)	2,288,185	140,309	2,147,876
Liabilities					
Accounts payable - SIUE	163,727	(53,564)	217,291	99,922	117,369
Accounts payable - Other	606,629	544,972 e	61,657	(17,996)	79,653
Accrued interest	34,238	(206)	34,444	12,169	22,275
Annuity payable	48,986	-	48,986	5,549	43,437
Revenue bond payable	1,650,000	-	1,650,000	-	1,650,000
Annuity payable	543,857	4,763	539,094	18,002	521,092

All increases/decreases >\$ 150,000 were determined to be significant.

- a Increase in investments results from investment income, endowment contributions and growth due to excess of funds received over funds paid out.
- b Variance in accounts receivable - SIUE is due to the timing of FY04 contract payment made in FY05.
- c Variance in other receivable is due to the timing of FY04 \$ 500,000 estate bequest received in FY05.
- d Ongoing valuation of FY03 gift-in-kind.
- e Increase in accounts payable result from timing of facility renovations payments.
- f Variance in assets held for resale are a combination of \$ 1,500,000 FY04 gift-in-kind and a FY03 asset held for resale was sold at a loss.

State of Illinois
 Southern Illinois University Edwardsville Foundation
 ANALYSIS OF ACCOUNTS RECEIVABLE

June 30

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Accounts receivable net			
Pledges	\$ 479,100	\$ 394,813	\$ 485,679
Loans	46,470	29,791	27,040
Related Organizations	3,795	250,901	-
Other	24,415	516,461	20,766
	<u> </u>	<u> </u>	<u> </u>
	<u>\$ 553,780</u>	<u>\$ 1,191,966</u>	<u>\$ 533,485</u>

All receivables reported above are deemed collectible.

State of Illinois
Southern Illinois University Edwardsville Foundation

AGENCY FUNCTIONS AND PLANNING PROGRAM

For the two years ended June 30, 2005

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

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

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

Auditors' Assessment

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

State of Illinois
Southern Illinois University Edwardsville Foundation

ADDITIONAL REQUIRED INFORMATION (UNAUDITED)

For the two years ended June 30, 2005

Local Funds

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

Employee Statistics

During each of the years ended 2005 and 2004, the equivalent of twelve full-time employees worked for the Foundation. These employees are officially employed by the University and were assigned to the Foundation. The following is a breakdown of these employees by function:

	<u>2005</u>	<u>2004</u>
Financial affairs	3	3
Fundraising	4	4
Research	2	2
Alumni affairs	<u>3</u>	<u>3</u>
	<u>12</u>	<u>12</u>

Service Efforts and Accomplishments

Funds provided to the University for each of the years ended June 30, 2005 and 2004, are presented on page 32 of this report.

State of Illinois
Southern Illinois University Edwardsville Foundation

SUMMARY OF FOUNDATION PAYMENTS TO THE UNIVERSITY

For the years ended June 30

	<u>2005</u>	<u>2004</u>
Expenses in association with student compensation	\$ 295,035	\$ 196,138
Expenses in association with travel	40,858	50,048
Expenses in association with capital equipment, furnishings, construction costs and other assets	31,860	12,702
Expenses in association with supplies, materials and other commodities	294,144	167,833
Expenses in association with rentals, maintenance professional services, training, education, printing and publications	119,645	154,037
Expenses in association with scholarships and awards	382,656	273,931
Expenses in association with telecommunications	<u>2,180</u>	<u>100</u>
	<u>\$ 1,166,378</u>	<u>\$ 854,789</u>