

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY**

Financial Audit
For the Year Ended June 30, 2011
Performed as Special Assistant Auditors
for the Auditor General, State of Illinois



**State of Illinois
Northern Illinois University
Financial Audit
For the Year Ended June 30, 2011**

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State of Illinois Northern Illinois University

Agency Officials

John G. Peters	President
Raymond W. Alden III	Executive Vice President and Provost
Eddie R. Williams	Executive Vice President, Business and Finance, and Chief of Operations
Anne C. Kaplan	Vice President, Administration
Michael P. Malone	Vice President, University Advancement
Kathryn Buettner	Vice President, University Relations
Jerry D. Blakemore	Vice President and General Counsel
Danielle Schultz	Director of Internal Audit

Financial Staff

Robert C. Albanese	Associate Vice President, Finance and Facilities
Keith Jackson	Controller

NIU Office is located at:

300 Altgeld Hall
DeKalb, Illinois 60115

State of Illinois Northern Illinois University

Financial Statement Report

Summary

The audit of the accompanying financial statements of the Northern Illinois University (University) was performed by McGladrey & Pullen, LLP.

Based on their audit, the auditors expressed an unqualified opinion on the University's basic financial statements.



Independent Auditors' Report

Honorable William G. Holland
Auditor General
State of Illinois

and

Anthony A. Iosco, Honorable Chair of the
Legislation, Audit, and External Affairs Committee

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the business-type activities of Northern Illinois University (University) and its aggregate discretely presented component units, collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2011, which collectively comprise the University's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the University's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year partial comparative information has been derived from the University's June 30, 2010 financial statements. The financial statements of the University as of June 30, 2010 were audited by other auditors whose report dated December 6, 2010 expressed an unqualified opinion on those statements. We did not audit the financial statements of the aggregate discretely presented component units (the "University Related Organizations"), as described in Note 1 of the financial statements as of and for the year ended June 30, 2011. Those financial statements were audited by other auditors whose reports thereon have been provided to us, and our opinion on the financial statements, insofar as it relates to the amounts included for the University Related Organizations, is based on the reports of the other auditors.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of Northern Illinois University, as of June 30, 2011, and the respective changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report under separate cover dated February 17, 2012 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 5 through 14 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

McGladrey & Pullen, LLP

Schaumburg, Illinois
February 17, 2012

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

INTRODUCTION

The following management's discussion and analysis (MD&A) provides an overview of the financial position and activities of Northern Illinois University (the University) for the year ended June 30, 2011 with comparative information for the year ended June 30, 2010. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

The University is a comprehensive public institution of higher learning with more than 25,000 students and approximately 1,250 faculty members, which contributes to the region, state, and nation through its instructional, basic and applied research, and public service programs. The University is located in DeKalb, Illinois, with regional centers in Hoffman Estates, Naperville, and Rockford, and the Lorado Taft Field Campus in Oregon, Illinois. The University offers more than 50 undergraduate and over 70 graduate degree programs, including 12 Ph.D. and 6 Ed.D. programs and the Juris Doctorate. These programs are administered in 40 departments and schools in the Colleges of Business, Education, Engineering and Engineering Technology, Health and Human Sciences, Law, Liberal Arts and Sciences, and Visual and Performing Arts. The University also offers more than 50 certificates of graduate study, 4 interdisciplinary concentrations, a limited number of undergraduate certificates, and more than 60 study abroad programs worldwide.

The University's interdisciplinary research and public service centers include the Center for Biochemical and Biophysical Studies, the Center for Burma Studies, the Regional Development Institute, the Plant Molecular Biology Center, and the Center for Southeast Asian Studies, which has been accorded status as an undergraduate National Resource Center by the U.S. Department of Education, one of seven in the United States. The University Libraries house the Digitization Project, which includes the Abraham Lincoln Digitization Project and a number of other digital projects which place the events of history, both in the United States and internationally, in cultural and social context. The Northern Illinois University Press, one of three at Illinois public universities, publishes on a variety of topics in the humanities, arts, and sciences; books on Russian studies, railroad history, and the history of Chicago and the Midwest are areas of special focus.

The University is accredited by the Higher Learning Commission and is a member of the North Central Association. It is also accredited by the National Council for Accreditation of Teacher Education to offer teacher preparation programs, which are approved by the Illinois State Board of Education. The College of Business is accredited by the Association to Advance Collegiate Schools of Business (AACSB - International), the College of Engineering and Engineering Technology is accredited by the Engineering Accreditation Commission of the Accreditation Board for Engineering and Technology (ABET), and the College of Law is accredited by the American Bar Association (ABA). All degree programs eligible for accreditation are accredited by their respective professional accrediting bodies. The University is included in the Doctoral/Research Universities - Extensive category of the Carnegie Foundation for the Advancement of Teaching, and is a member of the National Association of State Universities and Land-Grant Colleges and the Universities Research Association.

FINANCIAL HIGHLIGHTS

The University's financial position remained strong at June 30, 2011 in spite of state reductions in general revenue appropriations and increased costs of health care. Changes in net assets represent the operating activity of the University, which results from revenues, expenses, gains and losses, and are summarized for the years ended June 30, 2011 and 2010 as follows:

(in thousands)

	2011	2010
Total revenues	\$ 540,854	\$ 534,540
Total expenses	525,077	502,114
Increase in net assets	\$ 15,777	\$ 32,426

USING THE FINANCIAL STATEMENTS

The University's financial report includes three financial statements: The Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets and the Statement of Cash Flows. These financial statements are prepared in accordance with Government Accounting Standards Board (GASB) principles, which establish standards for external financial reporting for public colleges and universities and require that financial statements be presented on a consolidated basis to focus on the University as a whole. The financial statements include the University and its discretely presented component units. Information regarding the component units is summarized in Note 22 to the basic financial statements. This MD&A focuses on the University excluding the discretely presented component units. MD&A for the component units is included in their separately issued financial statements.

STATEMENT OF NET ASSETS

The Statement of Net Assets presents the financial position of the University at the end of the fiscal year and includes all assets and liabilities of the University. The difference between total assets and total liabilities—net assets—is one indicator of the current financial condition of the University, while the change in net assets is an indicator of whether the overall financial condition has improved or worsened during the year. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost less an allowance for depreciation.

A summary of the University's assets, liabilities and net assets at June 30, 2011 and 2010 is as follows:

(in thousands)

	2011	2010
Current assets	\$ 136,424	\$ 126,075
Noncurrent assets:		
Investments	157,481	35,238
Capital assets, net	327,427	317,403
Other	24,205	13,806
Total assets	645,537	492,522
Current liabilities	77,662	59,248
Noncurrent liabilities	297,810	178,986
Total liabilities	375,472	238,234
Net assets	\$ 270,065	\$ 254,288

A review of the University's Statement of Net Assets at June 30, 2011 shows that the University continues to build upon its strong financial foundation. This financial health reflects the prudent utilization of its financial resources, including careful cost controls, management of its endowment, conservative utilization of debt and adherence to its long range capital plan for the maintenance and replacement of the physical plant.

Current assets consist primarily of cash, short-term investments and interest receivable, which total \$64,000 at June 30, 2011. This amount represents approximately 2.0 months of total expenses (excluding depreciation and fringe benefit expense covered by supplemental state appropriations). Accounts receivable totaled \$24.4 million at June 30, 2011 and Appropriations receivable from the state totaled \$45.3 million.

Current accounts payable and accrued liabilities, which total \$53.7 million at June 30, 2011, consist primarily of trade accounts payable and the current portion of performance contracts payable, bonds payable, leases payable, and notes payable. Current liabilities also include accrued compensated absences and deferred revenue. Total current liabilities are \$77.7 million at June 30, 2011.

CAPITAL AND DEBT ACTIVITIES

One of the critical factors in continuing the quality of the University's academic programs and student life is the development and renewal of its capital assets. The University continues to implement its long-range plan to modernize older classroom and research facilities, balanced with new construction.

Capital additions totaled \$31.5 million in 2011. Capital additions primarily include renovation and new construction of academic, research and student service facilities, as well as significant investments in equipment, including information technology. Current year capital asset additions were funded with capital appropriations, grants from the State of Illinois and federal government, debt proceeds, gifts, and unrestricted net assets which were designated for capital purposes. The University depreciates its capital assets on a straight-line basis, using estimated lives ranging from five to forty years.

Construction in-progress includes assets purchased that have not been placed into service. Major components include assets acquired under performance contracts not yet completed, renovations to existing facilities to meet unfunded State mandates not yet completed, and numerous small projects to any of the over 90 buildings that comprise NIU.

During fiscal year 2007, the University entered an agreement with CHF – DeKalb, L.L.C. to develop, finance, design, construct, equip and operate an approximately 240 bed student housing facility. The Northern View Community opened in the fall of 2007 replacing the existing University Family Apartments. The facility is owned by CHF, but managed by NIU Housing and Dining. The agreement required no capital outlay from the University but Generally Accepted Accounting Principles require the University to report the transaction as a capital lease. The facility and offsetting capital lease were recorded at \$19.4 million. In fiscal year 2011, the University entered into another agreement with CHF, with two separate components. The first was to refinance the existing Northern View capital lease. The second was to build and equip an approximate 1,008 bed student housing facility consisting of two five-story residential buildings and a community center and dining hall. The new student facility will be recorded as an asset and as a capital lease upon its completion, expected at the end of fiscal year 2012.

The University has availed itself of Public Act 90-0486 to supplant funds available for use in capital projects. Public Act 90-0486 allows state universities to negotiate multi-year contracts for the evaluation, design and implementation of facility improvements that will be wholly funded by the energy or operational savings of the project. Additionally, the provider of the services to the University fully guarantees the savings over the life of the contract. The effect is that the University upgrades its facilities

at no cost, and at no risk. Currently the University has twelve separate performance contracts outstanding, totaling \$34.9 million. Performance guarantees are in place for each contract. The projects include upgrading of lighting and heating/air conditioning affecting approximately 70 buildings on campus. The University expects to continue to use performance contracts in the future.

The University takes seriously its role of financial stewardship and works hard to manage its financial resources effectively, including the prudent use of debt to finance capital projects. In August 2001, the Moody's Investors Service upgraded the University credit rating to A2 and re-affirmed this rating as recently as February 10, 2011. Bonds payable, excluding the amount currently due, totaled \$202.7 million at June 30, 2011. These bonds have been issued to finance construction of new non-academic facilities and improvements.

During fiscal year 2011, the University issued two separate series of bonds in the Auxiliary Facilities System. In December, 2010, the University issued \$126,025,000 of taxable Auxiliary Facilities Systems Revenue Bonds (Series 2010) under the Build America Program. The proceeds will be used to finance various capital additions, improvements and renovations to the Auxiliary Facilities System of the University, capitalized interest, and the costs of issuance. Taxable interest rates range from 7.75% to 8.15%, with the University receiving an amount equivalent to 35% of the interest expense back from the United States Treasury. This interest expense recovery is reported as non-operating revenue. As of June 30, 2011, the balance of unexpended bond proceeds restricted for capital additions is \$109,334,000, and is included in the cash and investments of the University. In January, 2011, the University issued \$67,135,000 of Auxiliary Facilities System Revenue Bonds (Series 2011) to refund the outstanding principal amount of the Series 1999 and the Series 2001 Auxiliary Facilities System Revenue Bonds. Stated interest rates range from 3.0% to 5.50%.

Certificates of participation payable total \$3.8 million at June 30, 2011. They have been used to finance the acquisition of several academic and administrative facilities. Capitalized leases payable totaled \$34.4 million at June 30, 2011, and are considered to be installment purchases.

The following table summarizes the University's bonds payable, leases payable and notes payable outstanding on June 30, 2011 and 2010:

(in thousands)

	<u>2011</u>	<u>2010</u>
Revenue bonds payable	\$ 209,620	\$ 95,795
Leases payable	34,352	35,452
Notes payable	3,755	4,165

NET ASSETS

Net assets represent the residual interest in the University's assets after liabilities are deducted. The University's net assets at June 30, 2011 and 2010 are summarized as follows:

(in thousands)

	<u>2011</u>	<u>2010</u>
Invested in capital assets, net of related debt	\$ 154,167	\$ 156,523
Restricted:		
Expendable	3,185	7,155
Unrestricted	112,713	90,610
Total net assets	<u>\$ 270,065</u>	<u>\$ 254,288</u>

The University's net assets increased \$15.8 million during fiscal year 2011.

Net assets invested in capital assets, net of related debt represent the University's capital assets net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

Restricted expendable net assets are subject to externally imposed restrictions governing their use.

Although unrestricted net assets are not subject to externally imposed stipulations, substantially all of the University's unrestricted net assets have been designated for various academic, research and public service programs and initiatives, as well as capital projects. Additionally, legislative restrictions exist on these funds as outlined in the University Guidelines 1982, as amended in 1997.

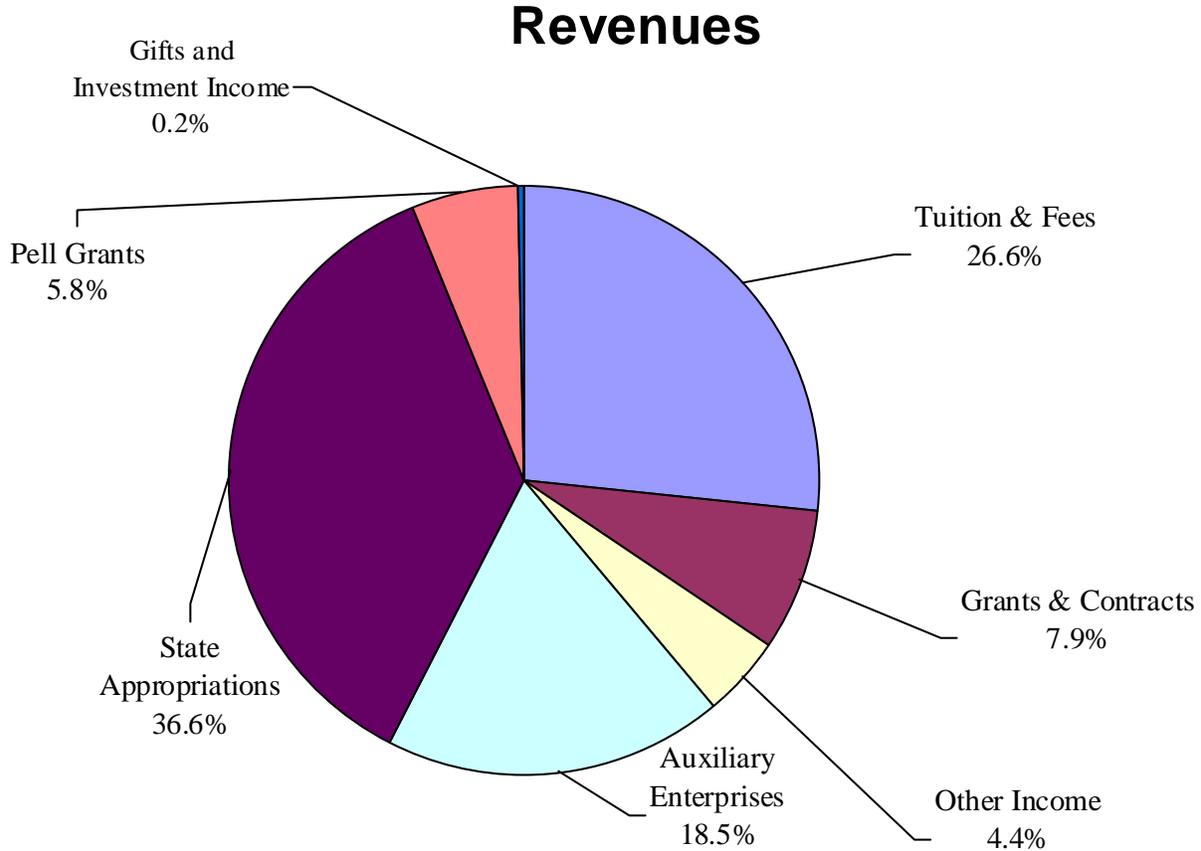
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

The Statement of Revenues, Expenses and Changes in Net Assets presents the University's results of operations. Significant recurring sources of the University's revenues are considered nonoperating, as defined by GASB Statement No. 35. These significant nonoperating sources include state appropriations, Pell grants, gifts, and investment income. A summary of the University's revenues, expenses and changes in net assets for the years ended June 30, 2011 and 2010 is as follows:

(in thousands)

	<u>2011</u>	<u>2010</u>
Operating revenues:		
Student tuition and fees	\$ 186,817	\$ 170,979
Less: scholarship allowances	(42,605)	(32,453)
Net student tuition and fees	<u>144,212</u>	<u>138,526</u>
Sponsored programs	42,489	43,992
Auxiliary enterprises	99,986	98,632
Other	22,688	27,381
	<u>309,375</u>	<u>308,531</u>
Operating expenses	<u>(511,516)</u>	<u>(493,393)</u>
Operating loss	<u>(202,141)</u>	<u>(184,862)</u>
Nonoperating revenues (expenses):		
State appropriations:		
General	100,751	107,456
Supplemental	95,681	88,330
Capital	1,491	3,871
Building America bonds subsidy	1,032	-
Pell Grants	31,399	25,369
Net investment income	1,059	983
Interest expense and other, net	(13,495)	(8,721)
Net nonoperating revenues	<u>217,918</u>	<u>217,288</u>
Increase in net assets	15,777	32,426
Net assets, beginning of year	<u>254,288</u>	<u>221,862</u>
Net assets, end of year	<u>\$ 270,065</u>	<u>\$ 254,288</u>

The following is a graphic illustration of revenues by source (both operating and nonoperating), which are used to fund the University's operating activities for the year ended June 30, 2011. Significant recurring sources of the University's revenues are considered nonoperating, as defined by GASB Statement No. 35.



Dollars in millions

\$ 144.2	Revenue from charges for tuition and fees, net of scholarship allowance of \$42.6.
\$ 100.0	Revenue from the operation of self-supporting activities such as residence halls, student union, stadium, and recreation center; intercollegiate athletics; parking; and university press.
\$ 42.5	Revenue from federal, state, and private grants and contracts covering research, public service, educational services, financial aid.
<u>\$ 22.7</u>	Miscellaneous revenue consists primarily of income from sales and services of educational activities that include conferences and seminars.
<u>\$ 309.4</u>	Total operating
\$ 197.9	Appropriations from State of Illinois general revenues for the current operations of the university and on-behalf payments for fringe benefits including insurance programs and retirement. Also includes appropriations for capital projects.
\$ 31.4	Pell Grants
\$ 1.1	Investment income, and change in fair value of investments.
<u>\$ 1.0</u>	Build America Bond Interest subsidy.
<u>\$ 231.4</u>	Total non-operating
<u>\$ 540.8</u>	Total revenues

Tuition and state appropriations are the primary sources of funding for the University's academic programs. Student tuition and fees, net of allowances for scholarships and fellowships, was \$144.2 million in 2011, an increase of \$5.7 million. The increase is the result of an increase in tuition necessitated by the continued decrease in state appropriations and the requirements imposed upon the University by Truth in Tuition legislation that requires the University to guarantee tuition rates over a four year span. General state appropriations were \$100.8 million in 2011, a decrease of \$6.7 million from 2010, and below the FY 2002 level of \$116.8 million.

Revenues for sponsored programs were \$42.5 million in 2011, a decrease of \$1.5 million from 2010. The University receives revenues for sponsored programs from government and private sources, which normally provide for the recovery of direct and indirect costs.

Net investment income for the years ended June 30, 2011 and 2010 consisted of the following components:

(in thousands)

	<u>2011</u>	<u>2010</u>
Income, net	\$ 1,125	\$ 882
Net change in the fair value of investments	(66)	101
	<u>\$ 1,059</u>	<u>\$ 983</u>

Investment income has remained low as a result of the decrease in market rates available.

Capital appropriations received from the State in 2011 totaling \$1.5 million, a decrease of \$2.4 million from 2010, funded projects across the University.

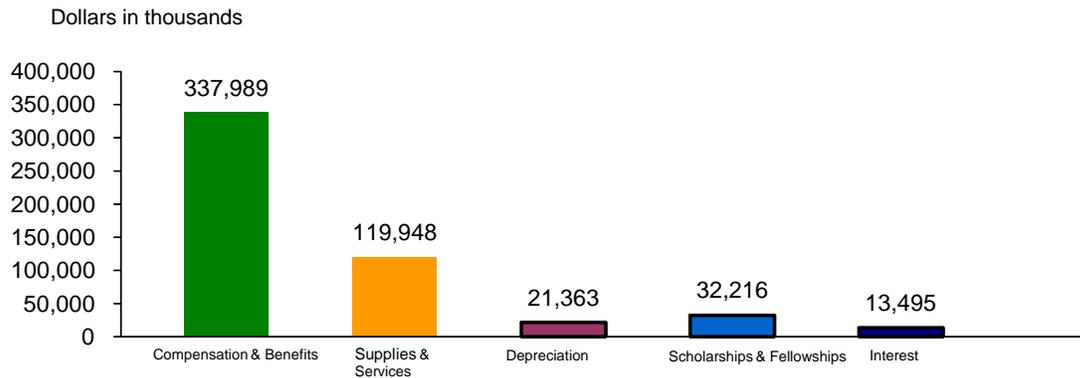
A summary of the University's expenses for the years ended June 30, 2011 and 2010 is:

(in thousands)

	<u>2011</u>	<u>2010</u>
Operating:		
Compensation and benefits	\$ 337,989	\$ 327,748
Supplies and services	119,948	115,400
Depreciation	21,363	21,466
Scholarships and fellowships	32,216	28,779
	<u>511,516</u>	<u>493,393</u>
Nonoperating:		
Interest and other	13,495	8,721
Total expenses	<u>\$ 525,011</u>	<u>\$ 502,114</u>

Included in the operating expenses are on-behalf payments made by the State of Illinois for employees of the University for contributions made into the State Universities Retirement System and Central Management Services Group Insurance. These contributions are recorded as staff benefits and are included in the compensation and benefits total in the above summary.

The following is a graphic illustration of total expenses for fiscal year 2011 by object:



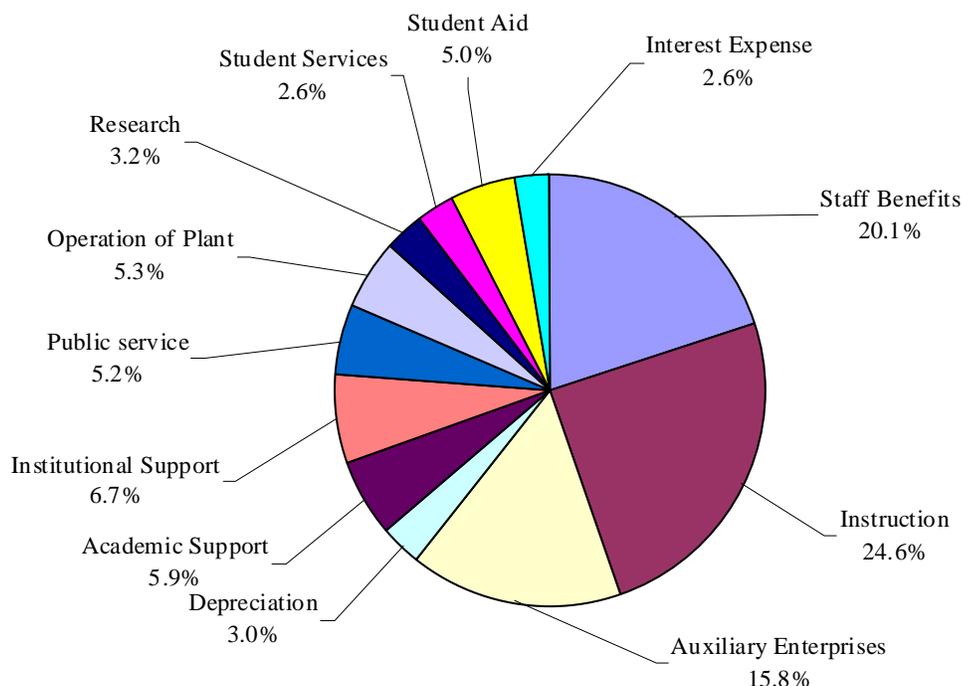
In addition to their natural (object) classification, it is also informative to review operating expenses by function. A summary of the University's expenses by functional classification for the years ended June 30, 2011 and 2010 is as follows:

(in thousands)

	2011	2010
Operating:		
Instruction	\$ 129,155	\$ 130,029
Research	16,735	21,519
Public service	27,135	22,081
Academic support	31,163	30,568
Student services	13,751	13,211
Auxiliary enterprises	83,023	78,768
Operations and maintenance of plant	27,836	26,739
Depreciation	15,974	16,265
Institutional support	35,179	38,892
Staff benefits	105,487	91,308
Student aid	26,078	24,013
Total operating expenses	<u>511,516</u>	<u>493,393</u>
Nonoperating:		
Interest expense	13,495	8,721
Total expenses	<u>\$ 525,011</u>	<u>\$ 502,114</u>

The following graphic illustrations present total expenses for fiscal year 2011 by function:

Expenses By Function



STATEMENT OF CASH FLOWS

The statement of cash flows provides additional information about the University's financial results, by reporting the major sources and uses of cash. A summary of the statement of cash flows for the years ended June 30, 2011 and 2010 is as follows:

(in thousands)

	2011	2010
Cash received from operations	\$ 322,157	\$ 315,015
Cash expended for operations	(388,701)	(380,435)
Net cash used in operating activities	(66,544)	(65,420)
Net cash (used in) provided by investing activities	(142,907)	12,350
Net cash provided by (used in) capital and related financing activities	76,548	(28,833)
Net cash provided by noncapital financing activities	114,738	109,455
Net (decrease) increase in cash and cash equivalents	(18,165)	27,552
Cash and cash equivalents, beginning of year	60,220	32,668
Cash and cash equivalents, end of year	\$ 42,055	\$ 60,220

The University's cash and cash equivalents decreased \$18.2 million. The University's significant sources of cash provided by noncapital financing activities, as defined by GASB Statement No. 35, include state appropriations, Pell grants, and private gifts used to fund operating activities, for which cash received totaled \$114.7 million in fiscal 2011.

THE UNIVERSITY'S ECONOMIC OUTLOOK

State appropriations represent operating support provided by the Governor and General Assembly for University programs. The State also appropriates funds to Central Management Services (CMS) and the State Universities Retirement System to pay the cost of health insurance and retirement for University employees. Due to State budget constraints, in fiscal years 2003 through 2011, the State required the University to supplement the funds appropriated to CMS. The net result of these payments and other reductions to the State budget is an overall reduction in direct State support compared to fiscal year 2002. Fiscal year 2012 budgeted state support is below the fiscal year 2011 level.

To mitigate the impact of the decrease in state support, the University raised tuition rates 6.8% for new students covered by Truth-in-Tuition. Enrollment projections continue to be strong.

The University's institutional funds include revenues from sponsored projects to fund indirect administrative and facilities costs. The University anticipates that this revenue will increase slightly from fiscal year 2011 to fiscal year 2012 based on sponsored projects awarded.

Private gifts are an important source of funding for university operations, capital acquisition and construction, and a significant factor in expanding our academic units. With State support representing a diminishing percentage of the University's budget, private gifts are an important supplement to the University budget. With the help of the Northern Illinois University Foundation, the University continues to see growth in private support.

The University is continuing to pursue supplemental sources of revenue to continue its outstanding academic reputation. The University will be challenged but the Board of Trustees and management have committed to continuing the University's strong financial position and to uphold our mission of instruction, research, and public service.

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY
STATEMENT OF NET ASSETS
June 30, 2011 (in thousands)
(with Comparative Totals for 2010)**

	University		Component Units	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
ASSETS				
Current assets				
Cash and cash equivalents	\$ 33,527	\$ 60,220	\$ 1,903	\$ 4,710
Restricted cash and cash equivalents	-	-	81	-
Investments and marketable securities	29,755	1,443	-	-
Restricted investments and marketable securities	-	6,690	-	-
Accrued interest receivable	324	225	-	-
Accounts receivable - net	24,371	26,527	1,174	2,922
Appropriations receivable from state	45,307	27,894	-	-
Inventories	3,109	3,044	-	-
Other assets	31	32	59	72
Total current assets	<u>136,424</u>	<u>126,075</u>	<u>3,217</u>	<u>7,704</u>
Noncurrent assets				
Restricted cash and cash equivalents	8,528	-	-	-
Investments and marketable securities	56,675	35,238	68,403	55,609
Restricted investments and marketable securities	100,806	-	-	-
Student loans receivable - net	9,018	9,539	-	-
Due from component units	2,857	2,551	-	-
Unamortized debt discount	3,802	1,716	121	145
Other	-	-	1,507	1,863
Capital assets, net of accumulated depreciation	327,427	317,403	20,519	20,946
Total noncurrent assets	<u>509,113</u>	<u>366,447</u>	<u>90,550</u>	<u>78,563</u>
TOTAL ASSETS	<u>645,537</u>	<u>492,522</u>	<u>93,767</u>	<u>86,267</u>
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	53,737	45,289	2,156	9,444
Accrued compensated absences	3,014	2,176	-	-
Student's deposits	323	-	-	-
Deferred tuition and fees	7,944	8,050	-	1,500
Deferred revenue and grants	11,272	2,551	-	-
Agency	1,372	1,182	-	-
Total current liabilities	<u>77,662</u>	<u>59,248</u>	<u>2,156</u>	<u>10,944</u>
Noncurrent liabilities				
Accounts payable and accrued liabilities	-	-	144	180
Due to NIU	-	-	2,857	2,551
Performance contracts payable	32,237	23,801	-	-
Accrued compensated absences	17,928	20,155	-	-
Government loan fund advances	8,289	8,427	-	-
Revenue bonds payable	202,690	89,495	3,257	4,115
Leases payable	33,346	33,353	-	-
Notes payable	3,320	3,755	-	-
Total noncurrent liabilities	<u>297,810</u>	<u>178,986</u>	<u>6,258</u>	<u>6,846</u>
TOTAL LIABILITIES	<u>375,472</u>	<u>238,234</u>	<u>8,414</u>	<u>17,790</u>
NET ASSETS				
Invested in capital assets, net of related debt	154,167	156,523	16,382	8,979
Restricted:				
Nonexpendable	-	-	43,206	33,743
Expendable	3,185	7,155	16,696	20,377
Unrestricted	112,713	90,610	9,069	5,378
TOTAL NET ASSETS	<u>\$ 270,065</u>	<u>\$ 254,288</u>	<u>\$ 85,353</u>	<u>\$ 68,477</u>

See accompanying notes to the basic financial statements.

STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the year ended June 30, 2011 (in thousands)
(with Comparative Totals for 2010)

	University		Component Units	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
REVENUES				
Operating revenues				
Tuition and fees, net	\$ 144,212	\$ 138,526	\$ -	\$ -
Federal and state grants and other contracts	40,114	41,514	6,008	1,570
Private gifts, grants, and contracts	2,375	2,478	5,879	5,968
Sales and service of educational activities	18,757	21,452	-	-
Other sources	3,931	5,929	12,067	7,465
Auxiliary enterprises	99,986	98,632	-	-
Total operating revenues	<u>309,375</u>	<u>308,531</u>	<u>23,954</u>	<u>15,003</u>
EXPENSES				
Operating expenses				
Instruction	129,155	130,029	1,942	2,247
Research	16,735	21,519	8	21
Public service	27,135	22,081	1,127	970
Academic support	31,163	30,568	140	201
Student services	13,751	13,211	1,161	1,214
Operation and maintenance of plant	27,836	26,739	773	774
Depreciation	15,974	16,265	-	-
Institutional support	35,179	38,892	4,023	3,594
Staff benefits	105,487	91,308	-	-
Student aid	26,078	24,013	1,141	1,009
Auxiliary enterprises	83,023	78,768	-	-
Total operating expenses	<u>511,516</u>	<u>493,393</u>	<u>10,315</u>	<u>10,030</u>
Net operating income (loss)	<u>(202,141)</u>	<u>(184,862)</u>	<u>13,639</u>	<u>4,973</u>
NONOPERATING REVENUES (EXPENSES)				
State appropriations - general	100,751	107,456	-	-
State appropriations - on-behalf payments	95,681	88,330	-	-
Build America Bonds Subsidy	1,032	-	-	-
Investment income	1,125	882	405	287
Expendable gifts and other	-	-	275	260
Pell Grants	31,399	25,369	-	-
Impairment of capital assets	-	-	(36)	(5,307)
Net increase (decrease) in fair value of investments	(66)	101	-	-
Interest expense	(13,495)	(8,721)	(152)	(193)
Contract settlement	-	-	(75)	-
Net nonoperating revenues	<u>216,427</u>	<u>213,417</u>	<u>417</u>	<u>(4,953)</u>
Income (loss) before other revenues, expenses, gains, or losses	14,286	28,555	14,056	20
Capital appropriations	1,491	3,871	-	-
Gifts to permanent endowments	-	-	2,820	2,680
INCREASE IN NET ASSETS	15,777	32,426	16,876	2,700
NET ASSETS, BEGINNING OF YEAR	254,288	221,862	68,477	65,777
NET ASSETS, END OF YEAR	<u>\$ 270,065</u>	<u>\$ 254,288</u>	<u>\$ 85,353</u>	<u>\$ 68,477</u>

See accompanying notes to the basic financial statements.

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY
STATEMENT OF CASH FLOWS
For the year ended June 30, 2011 (in thousands)
(with Comparative Totals for 2010)**

	University		Component Units	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
Cash flows from operating activities				
Student tuition and fees	\$ 143,954	\$ 138,296	\$ -	\$ -
Federal and state grants and other contracts	48,836	42,453	-	-
Private gifts, grants, and contracts	2,375	2,478	7,707	6,536
Sales and service of educational activities	20,806	26,347	-	-
Auxiliary enterprises	100,568	98,347	-	-
Payment to suppliers	(111,852)	(109,604)	(4,869)	(3,136)
Payment to employees	(243,517)	(240,867)	-	-
Payments for scholarships	(32,216)	(28,779)	(6,131)	(5,902)
Loans to students and employees	(1,116)	(1,185)	-	-
Collection of loans to students and employees	1,498	1,372	-	-
Other receipts, net	4,120	5,722	7,652	5,277
Net cash (used in) provided by operating activities	<u>(66,544)</u>	<u>(65,420)</u>	<u>4,359</u>	<u>2,775</u>
Cash flows from noncapital financing activities				
State appropriations	83,339	84,086	-	-
Pell Grants	31,399	25,369	-	-
Private gifts	-	-	2,877	2,719
Principal payments on non-capital debt	-	-	-	(589)
Interest payments on non-capital debt	-	-	-	(11)
Other	-	-	218	(73)
Net cash provided by noncapital financing activities	<u>114,738</u>	<u>109,455</u>	<u>3,095</u>	<u>2,046</u>
Cash flows from capital and related financing activities				
Proceeds from issuance of debt	223,745	6,074	-	-
State appropriations	840	674	-	-
Purchase of capital assets	(31,458)	(18,683)	(26)	(20)
Principal payments on capital debt	(103,135)	(9,823)	(7,856)	(3,815)
Interest payments on capital debt	(14,476)	(7,075)	(367)	(443)
Build America Bond Subsidy	1,032	-	-	-
Payments for construction of building for NIU	-	-	-	(135)
Net cash provided by (used in) capital and related financing activities	<u>76,548</u>	<u>(28,833)</u>	<u>(8,249)</u>	<u>(4,413)</u>
Cash flows from investing activities				
Interest income on investments, net	867	1,088	(128)	(41)
Proceeds from sales and maturities of investments	275,559	217,830	14,904	47,379
Purchase of investments	(419,333)	(206,568)	(16,707)	(49,288)
Net cash (used in) provided by investing activities	<u>(142,907)</u>	<u>12,350</u>	<u>(1,931)</u>	<u>(1,950)</u>
Net increase (decrease) in cash and cash equivalents	(18,165)	27,552	(2,726)	(1,542)
Cash and cash equivalents, beginning of the year	<u>60,220</u>	<u>32,668</u>	<u>4,710</u>	<u>6,252</u>
Cash and cash equivalents, end of the year	<u>\$ 42,055</u>	<u>\$ 60,220</u>	<u>\$ 1,984</u>	<u>\$ 4,710</u>

See accompanying notes to the basic financial statements.

STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY
STATEMENT OF CASH FLOWS, CONTINUED
For the year ended June 30, 2011 (in thousands)
(with Comparative Totals for 2010)

	University		Component Units	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (202,141)	\$ (184,862)	\$ 13,639	\$ 4,973
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense - non-Auxiliary enterprises	15,974	16,265	562	451
Depreciation expense - Auxiliary enterprises	5,389	5,201	-	-
(Gain) loss on disposal of capital assets	71	76	-	-
On behalf payments for fringe benefits	95,681	88,330	-	-
State expenses for non-capitalized CDB projects	651	3,734	-	-
NIU gift income and life insurance expenses	-	-	(62)	(327)
Investment income	-	-	(10,124)	(5,621)
Interest expense	-	-	201	269
Gift in kind of equipment capitalized	-	-	(144)	-
Changes in assets and liabilities				
Accounts receivable	2,156	4,965	2,103	2,050
Inventories	(65)	351	-	-
Prepaid expenses	-	-	12	(17)
Student loans receivable	521	349	-	-
Investments and other assets	(306)	18	-	(348)
Accounts payable and accrued liabilities	7,924	1,571	(120)	(313)
Accrued compensated absences	(1,389)	(1,403)	-	-
Students' deposits	323	-	-	-
Deferred revenue and grants	8,615	353	(1,708)	1,658
Government loan fund advances	(138)	(161)	-	-
Agency	190	(207)	-	-
Net cash provided by (used in) operating activities	\$ (66,544)	\$ (65,420)	\$ 4,359	\$ 2,775
Noncash investing, capital, noncapital and financing activities				
On-behalf payments for fringe benefits	\$ 95,681	\$ 88,330	\$ -	\$ -
Unpaid state appropriation revenue	45,307	27,894	-	-
Accretion	1,105	1,337	-	-
Cost of capital assets not being depreciated included in accounts payable	1,193	1,247	-	-
Unrealized gain (loss)	(66)	101	-	-
Transfer of gifts from Foundation	-	1,168	-	(1,168)
State expenses for non-capitalized CDB projects	651	3,734	-	-
Reversal of cost of capital assets not being depreciated included in accounts payable	-	-	-	3,850
Impairment of capital assets	-	-	36	5,307
Total noncash activities	\$ 143,871	\$ 123,811	\$ 36	\$ 7,989

See accompanying notes to the basic financial statements.

State of Illinois

Northern Illinois University

Notes to the Basic Financial Statements

1. Summary of Significant Accounting Policies

The significant accounting policies followed by Northern Illinois University (the University or NIU) are presented below to assist the reader in evaluating the financial statements and accompanying notes.

The University is a component unit of the State of Illinois for financial reporting purposes. These financial statements include all funds and departments over which the University exercises oversight responsibility. Oversight responsibility is defined as including the following considerations: selection of governing authority, ability to significantly influence operations, accountability for fiscal matters, the scope of public services and/or special financing relationship. The financial balances and activities included in these financial statements are included in the State's comprehensive annual financial report.

The Northern Illinois University Foundation (the Foundation), the Northern Illinois University Alumni Association (the Association), and the Northern Illinois Research Foundation (the Research Foundation) are Illinois nonprofit corporations. The Foundation was established to promote and serve the interests and welfare of the University. The Association was established to build relationships between alumni and the University. The Research Foundation was established to benefit and support the teaching, research and service missions of the University. The Foundation, the Association, and the Research Foundation are "University Related Organizations," as defined under the University guidelines adopted by the State of Illinois Legislative Audit Commission in 1982, as amended in 1997, and are component units of the University for financial reporting purposes. These component units are discretely presented in a separate column to emphasize that they are Illinois nonprofit organizations legally separate from the University.

Complete financial statements for the Foundation and the Association may be obtained by writing to the NIU Foundation Controller, Altgeld Hall 138, Northern Illinois University, DeKalb, Illinois 60115. Financial Statements for the Research Foundation may be obtained by writing to the Northern Illinois Research Foundation President, 2700 International Drive, Suite 100, West Chicago, Illinois 60185.

The University first applies restricted net assets when an expense or outlay is incurred for purposes for which both restricted and unrestricted net assets are available.

The University uses the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

State of Illinois

Northern Illinois University

Notes to the Basic Financial Statements, continued

The Statement of Revenues, Expenses and Changes in Net Assets classifies the University's fiscal year activity as operating and nonoperating. Operating revenues generally result from exchange transactions such as payments received for providing goods and services, including tuition and fees, net of scholarships and fellowships, certain grants and contracts, sales and services of educational activities, and auxiliary enterprise revenues.

Student tuition and fees, presented net of scholarships and fellowships of \$42,605,000 for fiscal year 2011, are applied to student accounts, while stipends and other payments made directly to students are reported as scholarship and fellowship expense. Net tuition and fees, except for Summer Session, are recognized as revenues as they are assessed. The portion of Summer Session tuition and fees applicable to the following fiscal year is deferred.

Grant and contract revenues, which are received or receivable from external sources, are recognized as revenues to the extent of related expenses or satisfaction of eligibility requirements on the accrual basis. Advances are classified as deferred revenue.

Certain revenue sources that the University relies on to provide funding for operations including State appropriations, gifts, and investment income are defined by GASB Statement No. 35 as nonoperating. In addition, transactions related to capital and financing activities are components of nonoperating revenues.

Appropriations made from the State of Illinois General Revenue and Education Assistance Funds for the benefit of the University are recognized as nonoperating revenues when eligibility requirements are satisfied.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, the University and its component units reported a contribution of \$95,681,000 made by the State of Illinois in fiscal year 2011 to the State Universities Retirement System (SURS) and Central Management Services Group Insurance (CMS) on behalf of the University's and its component units' employees. The State contribution is reported as revenue from State appropriations with an equal and offsetting amount reported as staff benefit expenditures. The on-behalf payments to SURS and CMS were \$39,096,000 and \$56,585,000 for fiscal year 2011, respectively.

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the University follows all applicable GASB pronouncements. In addition, the University applies all applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The University has elected not to apply FASB pronouncements issued after November 30, 1989.

The basic financial statements include prior year comparative information, which has been derived from the University's 2010 financial statements. Such information does not include all of the information required to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the University's financial statements for the year ended June 30, 2010.

State of Illinois

Northern Illinois University

Notes to the Basic Financial Statements, continued

Certain items in the June 30, 2010 financial statements have been reclassified to correspond to the June 30, 2011 presentation.

The auxiliary enterprises are primarily composed of student housing, the student union, intercollegiate athletics, recreational facilities, and parking operations.

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amount of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The University accounts for its investments and marketable securities at fair value.

Inventories are carried at the lower of cost (determined by the first-in and first-out or average cost method depending on the nature of the inventory item) or market.

Amortization of unamortized debt discount is calculated on a straight-line basis over the term of the related debt. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method, which approximates the interest method.

Capital assets are recorded at cost when purchased or fair value at the date of donation. The University follows the State of Illinois policy for capitalization with thresholds as follows: Infrastructure - \$250,000; Land - \$100,000; Land improvements - \$25,000; Site improvements - \$25,000; Buildings - \$100,000; Building improvements - \$25,000; Equipment - \$5,000; and Works of art, historical treasures - \$5,000. Depreciation is calculated on a straight-line basis over the estimated useful lives (five to forty years) of the respective assets.

The assets associated with long-term leases, which are considered to be installment purchases, have been capitalized.

It is the policy of the University to accrue vacation pay as earned. As of June 30, 2011, the accrued liability for this benefit was \$13,339,000, and is included in accrued compensated absences.

As a result of Illinois Public Act 83-976, the University is required to compensate certain employees, generally civil service and administrative professionals, for sick leave benefits earned after January 1, 1984. Sick leave earned by these employees after this date will accumulate without limit and are payable upon termination of employment for one-half of the unused amount. As of January 1, 1998 per 30 ILCS 105/14a, sick leave benefits earned after that date are no longer compensable upon termination of employment. All prior earned benefits will still be paid. As of June 30, 2011, the accrued liability of this benefit was \$7,603,000, and is included in accrued compensated absences. The accrued compensated absences liability will be funded through future State of Illinois General Revenue Fund appropriations as the terminating employees leave the University.

State of Illinois

Northern Illinois University

Notes to the Basic Financial Statements, continued

2. Cash and Cash Equivalents

The University considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. Cash equivalents consist principally of certificates of deposit and U.S. government securities.

As of June 30, 2011, cash deposits of \$46,466,000 held by the University were insured or collateralized with securities held by the University or its custodian in the name of the University.

3. Investments

Policy - Investments and the investment process are governed by 30 ILCS 235, Public Funds Investment Act. The Board of Trustees maintains a formal Statement of Investment Policy, which addresses the governing provisions of the state law, as well as specifying additional guidelines for the investment process. The allowable investments per University policy mirror those specified in State statute. In general terms, these investments include instruments issued by the U.S. Government, federal agencies, high grade commercial paper, bank deposits, investment pools created under the State Treasurer's Act, and selected money market mutual funds. The University prohibits foreign investments.

It is the policy of the University to manage the University's cash and investments for the use and benefit of the University in a manner that will:

- A. Preserve and maintain the real purchasing power of the principal.
- B. Assure an optimal flow of cash to meet university obligations.
- C. Produce a yield which, when compared to the current marketplace, would be described as acceptable by conservative investment managers.

while maintaining consistency with applicable State Statutes, and/or bond indentures.

Custodial credit risk - Custodial credit risk is the risk that when, in the event a financial institution or counterparty fails, the University would not be able to recover value of deposits, investments or collateral securities that are in the possession of an outside party. 100% of the University's investments are held in the University's name and are not subject to creditors of the custodial institution.

Concentration of credit risk - Concentration risk is the risk of loss attributed to the magnitude of an entity's investment in a single issue, other than the U.S. Government. The University has no exposure to concentration of credit risk.

Foreign currency risk - Currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The University does not have any investments with currency risk exposure.

State of Illinois
Northern Illinois University
Notes to the Basic Financial Statements, continued

Credit risk - Credit risk is the risk that an issuer or other counterparty to a debt investment will not fulfill its obligations. The University's policy is to invest in high grade investments. The University's investments are summarized by current credit ratings below (\$000s):

Quality rating	Money Market	Commercial Paper	U.S. Agency	Total
AAA	\$ -	\$ -	\$124,353	\$ 124,353
AAAm	62,883	-	-	62,883
Total	<u>\$ 62,883</u>	<u>\$ -</u>	<u>\$ 124,353</u>	<u>\$ 187,236</u>

Interest rate risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The following table shows the University's investments categorized by maturity:

Segmented Time Distribution	Money Market	Commercial Paper	U.S. Agency	Total
0 – 1 year	\$ 62,883	\$ -	\$ 9,032	\$ 71,915
1 – 3 years	-	-	89,723	89,723
3 – 5 years	-	-	25,598	25,598
Total	<u>\$ 62,883</u>	<u>\$ -</u>	<u>\$ 124,353</u>	<u>\$ 187,236</u>

Component Units (\$000's)

Quality rating	Mutual Funds	Stock	Limited Partnerships	Other	Total
AA	\$ 4,585	\$ -	\$ -	\$ -	\$ 4,585
A+	5,312	-	-	-	5,312
A	3,411	-	-	-	3,411
BBB	5,439	-	-	-	5,439
Not rated	43,375	941	5,237	103	49,656
Total	<u>\$ 62,122</u>	<u>\$ 941</u>	<u>\$ 5,237</u>	<u>\$ 103</u>	<u>\$ 68,403</u>

Weighted Average Duration	Mutual Funds
1.9 years	\$ 3,410
2.8 years	1,180
4.0 years	14
4.4 years	5,312
5.6 years	4,259
6.0 years	4,572
Total	<u>\$ 18,747</u>

State of Illinois
Northern Illinois University
Notes to the Basic Financial Statements, continued

The Component Units' permissible investment categories include equities, fixed income securities, cash equivalents, venture capital/private equity, equity real estate and hedge funds. In fulfilling its responsibilities, the Component Units contracted with an independent investment advisory firm as well as 35 investment management firms to execute the strategy it has established.

4. Receivables

Accounts Receivable is reported net of an allowance for uncollectible accounts of \$10,293,000 at June 30, 2011. The composition of accounts receivable at June 30, 2011 is summarized as follows (\$000's):

	<u>University</u>	<u>Component Units</u>
Student accounts	\$ 23,342	\$ -
Customer accounts	1,820	-
Grants receivable	9,501	-
Others	1	1,231
Gross receivables	<u>34,664</u>	<u>1,231</u>
Less: allowance for uncollectible accounts	<u>(10,293)</u>	<u>(57)</u>
Net accounts receivable	<u>\$ 24,371</u>	<u>\$ 1,174</u>

Student loans made through the Federal Perkins Loan Program comprise substantially all of student loans receivable at June 30, 2011 totaling \$9,018,000 and are reported net of an allowance for uncollectible accounts of \$71,000.

**State of Illinois
Northern Illinois University
Notes to the Basic Financial Statements, continued**

5. Capital Assets

Capital assets activity for the year ended June 30, 2011 is summarized as follows:

	Balance June 30, 2010	Additions	Retirements	Transfers	Balance June 30, 2011
University					
(\$000's)					
Capital assets not being depreciated:					
Land	\$ 19,281	\$ -	\$ -	\$ -	\$ 19,281
Construction in progress	20,608	26,075	-	(2,675)	44,008
Total capital assets not being depreciated	39,889	26,075	-	(2,675)	63,289
Capital assets being depreciated:					
Land improvements	65,658	-	-	848	66,506
Buildings	460,059	-	(662)	1,827	461,224
Equipment	174,561	5,383	(1,673)	-	178,271
Other assets	3,820	-	-	-	3,820
Total capital assets being depreciated	704,098	5,383	(2,335)	2,675	709,821
Less: accumulated depreciation	(426,584)	(21,363)	2,264	-	(445,683)
Total capital assets being depreciated, net	277,514	(15,980)	(71)	2,675	264,138
Total capital assets, net	\$ 317,403	\$ 10,095	\$ (71)	\$ -	\$ 327,427
Component Units					
(\$000's)					
Capital assets not being depreciated:					
Land	\$ 3,829	\$ -	\$ -	\$ -	\$ 3,829
Collections	329	3	-	-	332
Construction in progress	4,329	-	(36)	-	4,293
Total capital assets not being depreciated	8,487	3	(36)	-	8,454
Capital assets being depreciated:					
Buildings	11,871	-	-	-	11,871
Furniture	1,936	168	-	-	2,104
Total capital assets being depreciated	13,807	168	-	-	13,975
Less: accumulated depreciation	(1,348)	(562)	-	-	(1,910)
Total capital assets being depreciated, net	12,459	(394)	-	-	12,065
Total capital assets, net	\$ 20,946	\$ (391)	\$ (36)	\$ -	\$ 20,519

State of Illinois
Northern Illinois University
Notes to the Basic Financial Statements, continued

6. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities as of June 30, 2011 are as follows (\$000's):

	<u>University</u>	<u>Component Units</u>
Payable to vendors/suppliers	\$ 35,436	\$ 1,081
Accrued payroll	7,301	-
Current portion of noncurrent liabilities:		
Performance contracts payable	2,629	-
Revenue bonds payable	6,930	-
Leases payable	1,006	-
Notes payable	435	1,000
Other liabilities	-	75
Total current accounts payable and accrued liabilities	<u>53,737</u>	<u>2,156</u>
Noncurrent accounts payable and accrued liabilities	<u>-</u>	<u>144</u>
Total accounts payable and accrued liabilities	<u>\$ 53,737</u>	<u>\$ 2,300</u>

7. Performance Contracts Payable

The University has entered into multiple performance contracts, as defined by Public Act 90-0486, passed by the State Legislature in 1997. The Public Act allows State universities to negotiate multi-year contracts for the evaluation, design and implementation of facility improvement measures that will pay for themselves via guaranteed energy and/or operational savings over the life of the contract. The University is guaranteed by the provider that the annual energy and/or operational savings realized as a result of the implementation and servicing of the energy conservation measures will equal or exceed the annual expenditures for the term of the financed installation. Sufficient bonding must be posted by the provider to further protect the long-term interests of the University. The underlying assets in the performance contracts have been capitalized.

State of Illinois
Northern Illinois University
Notes to the Basic Financial Statements, continued

Outstanding balances at June 30, 2011 are as follows (\$000's):

Performance Contract	Beginning Balance	Issued	Retired	Ending Balance	Current Portion
Phase I Lighting	\$ 197	\$ -	\$ 197	\$ -	\$ -
Convocation Center	494	-	242	252	252
Phase II Lighting	590	-	289	301	301
West Plant	1,499	-	479	1,020	500
West Campus Control Valve Retrofit	401	-	94	307	98
Energy Infrastructure Improvements	1,811	-	277	1,534	289
Energy Infrastructure Improvements – Phase 7	3,440	-	216	3,224	225
Energy Infrastructure Improvements – Phase 8	8,005	-	450	7,555	469
Energy Infrastructure Improvements – Phase 9	3,956	-	190	3,766	200
Energy Infrastructure Improvements – Phase 9B	4,650	-	205	4,445	227
Energy Infrastructure Improvements–Phase 10A	1,424	-	27	1,397	68
Energy Infrastructure Improvements–Phase 10B	-	11,065	-	11,065	-
	<u>\$ 26,467</u>	<u>\$ 11,065</u>	<u>\$ 2,666</u>	<u>\$ 34,866</u>	<u>\$ 2,629</u>

Future minimum payments on these performance contracts payable are (\$000's):

Year Ending June 30	Principal	Interest	Total
2012	\$ 2,629	\$ 1,048	\$ 3,677
2013	2,474	1,645	4,119
2014	2,297	1,273	3,570
2015	2,276	1,174	3,450
2016	2,219	1,076	3,295
2017-2021	11,900	3,874	15,774
2022-2026	10,088	1,214	11,302
2027	983	30	1,013
Total	<u>\$ 34,866</u>	<u>\$ 11,334</u>	<u>\$ 46,200</u>

Interest rates range from 4.0% to 5.1%. The guaranteed savings will be recognized as a reduction of expense over the life of the contract as expenditures are made.

State of Illinois
Northern Illinois University
Notes to the Basic Financial Statements, continued

8. Accrued Compensated Absences

Accrued compensated absences includes employee earned but unused vacation and sick leave days and the changes in balance are as follows (\$000):

Balance, beginning of year	\$ 22,331
Additions/(Deductions)	<u>(1,389)</u>
Balance, end of year	20,942
Less current portion	<u>3,014</u>
Balance, end of year, noncurrent portion	<u>\$ 17,928</u>

Amounts reported as current are based upon historical trends.

9. Deferred Revenue and Grants

Deferred revenue and grants represents funds received in advance on grants not yet expended and the changes in balances are as follows (\$000):

Balance, beginning of year	\$ 2,551
Additions/(Deductions)	<u>8,721</u>
Balance, end of year	<u>\$ 11,272</u>

10. Government Loan Fund Advances

Government loan fund advances represents money received from the federal government for student loan programs and the changes in balances are as follows (\$000):

Balance, beginning of year	\$ 8,427
Additions/(Deductions)	<u>(138)</u>
Balance, end of year	<u>\$ 8,289</u>

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Notes to the Basic Financial Statements, continued

11. Revenue Bonds Payable

Revenue bonds outstanding as of June 30, 2011 are as follows (\$000's):

Issue	Beginning Balance	Issued / Accreted	Retired / Defeased	Ending Balance	Current Portion	Future Revenues Pledged	Debt Service to Pledged Revenue (Current Year)
Series 1992 (B)	\$ 19,085	\$ 1,105	\$ 3,730	\$ 16,460	\$ 3,730	\$ 19,370	20%
Series 1999	8,560	-	8,560	-	-	-	-
Series 2001	68,150	-	68,150	-	-	-	-
Series 2010	-	126,025	-	126,025	-	376,123	7%
Series 2011	-	67,135	-	67,135	3,200	106,981	5%
	<u>\$ 95,795</u>	<u>\$ 194,265</u>	<u>\$ 80,440</u>	<u>\$ 209,620</u>	<u>\$ 6,930</u>	<u>\$ 502,474</u>	
Component Unit	\$ 4,863	\$ -	\$ 1,606	\$ 3,257	\$ -		

The Auxiliary Facilities Revenue Bonds, Series 1992 (B), original issue \$14,498,000, matures serially at varying amounts from fiscal years 2005 through 2017, and pays no current interest. The University records the annual increase in the principal amount of these bonds as interest expense and accretion on bonds payable. The interest ranges from 6.15% to 6.55%.

The Auxiliary Facilities Revenue Bonds, Series 1999, original issue \$38,410,000, mature at varying amounts from 2001 through 2029. Interest payments are due semi-annually. On August 30, 2001, the Board established an irrevocable trust with an escrow agent to advance refund \$22,335,000 of original principal of bonds maturing serially from October 1, 2022 through April 1, 2029. The interest rate ranges from 5% to 6%. The bonds were called in fiscal year 2009. The balance of \$8,560,000 was retired in January 2011 with proceeds from the Series 2011 issue.

On August 15, 2001, the Board issued on behalf of the University, the Auxiliary Facilities System (System) Revenue Bonds, Series 2001, original issue \$76,000,000. The bonds mature at varying amounts from 2002 through 2029. Interest payments are due semi-annually. Part of the proceeds of the issue was used to advance refund a portion of the Series 1992 Bonds, the Series 1996 Bonds, the Series 1999 Bonds. The interest rate ranges from 4% to 5%. The balance of \$68,150,000 was retired in January 2011 with proceeds from the Series 2011 issue. All bonds have been retired.

In December, 2010, the University issued \$126,025,000 of taxable Auxiliary Facilities Systems Revenue Bonds (Series 2010) under the Build America Program. The proceeds will be used to finance various capital additions, improvements and renovations to the Auxiliary Facilities System of the University, capitalized interest, and the costs of issuance. Taxable interest rates range from 7.75% to 8.15%, with the University receiving an amount equivalent to 35% of the interest expense back from the United States Treasury. The bonds mature at varying amounts from 2028 through 2041. Interest payments are due semi-annually.

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In January, 2011, the University issued \$67,135,000 of Auxiliary Facilities System Revenue Bonds (Series 2011) to refund the outstanding principal amount of the Series 1999 and the Series 2001 Auxiliary Facilities System Revenue Bonds. Stated interest rates range from 3.0% to 5.50%. The bonds mature at varying amounts from 2012 through 2028. Interest payments are due semi-annually. The refunding resulted in a projected present value savings of \$500,000 over the life of the new bonds. The difference between the reacquisition price and net carrying amount of the old debt, loss on refunding was \$1,200,000 and is amortized as a component of interest expense over the life of the new debt.

The bonds are payable from and secured by, subject to the prior pledge to and lien of the Prior Bonds, a pledge of and lien on the net revenues of the System and pledged fees. The Series 1992, Series 2010, and Series 2011 are further secured by non-cancelable policies of municipal bond insurance. A pledge and lien on pledged tuition also secure the Series 2010 and Series 2011 bonds.

Aggregate payments required on the bonds for the next five years and in later years are as follows (\$000's):

Year Ending June 30	Principal	Accretion	Interest	Total
2012	\$ 6,814	\$ 116	\$ 14,296	\$ 21,226
2013	5,953	342	13,403	19,698
2014	3,176	554	13,300	17,030
2015	3,137	753	13,300	17,190
2016	2,962	938	13,295	17,195
2017-2021	21,213	207	64,545	85,965
2022-2026	27,445	-	58,513	85,958
2027-2031	35,465	-	49,898	85,363
2032-2036	45,570	-	34,909	80,479
2037-2041	57,885	-	14,485	72,370
Total	<u>\$ 209,620</u>	<u>\$ 2,910</u>	<u>\$ 289,944</u>	<u>\$ 502,474</u>

Component Units (\$000)

Year Ending June 30	Principal	Accretion	Interest	Total
2012	\$ -	\$ -	\$ 152	\$ 152
2013	706	-	135	841
2014	594	-	105	699
2015	622	-	77	699
2016	652	-	47	699
2017	683	-	16	699
Total	<u>\$ 3,257</u>	<u>\$ -</u>	<u>\$ 532</u>	<u>\$ 3,789</u>

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Notes to the Basic Financial Statements, continued

12. Capitalized Leases

Certain leases, in which the University's governing board is the lessee, are considered to be equivalent to installment purchases for accounting presentation. The assets recorded under these leases have been capitalized at the present value of future lease payments, measured at lease inception date. These assets totaled \$34,985,000, net of accumulated depreciation of \$6,648,000 at June 30, 2011.

Capital leases outstanding principal balances as of June 30, 2011 are as follows (\$000's):

	Beginning Balance	Additions	Payments	Ending Balance	Current Portion
Naperville Project	\$ 14,580	\$ -	\$ 690	\$ 13,890	\$ 720
IASBO Building	694	-	35	659	37
Northern View	18,642	19,070	18,642	19,070	-
Motor Coaches	536	-	99	437	103
Oracle Database	-	450	154	296	146
Net Present Value	<u>\$ 34,452</u>	<u>\$ 19,520</u>	<u>\$ 19,620</u>	<u>\$ 34,352</u>	<u>\$ 1,006</u>

Future minimum lease payments for the above assets under capital leases at June 30, 2011 on originally scheduled minimum payments and estimated interest are (\$000's):

	Year Ending June 30	Principal	Interest	Total
2012		\$ 1,006	\$ 718	\$ 1,724
2013		1,051	675	1,726
2014		1,022	1,900	2,922
2015		1,109	1,851	2,960
2016		1,073	1,800	2,873
2017-2021		6,704	8,095	14,799
2022-2026		7,218	6,154	13,372
2027-2031		2,858	4,840	7,698
2032-2036		3,977	3,721	7,698
2037-2041		5,545	2,153	7,698
2042-2043		2,789	291	3,080
Total		<u>\$ 34,352</u>	<u>\$ 32,198</u>	<u>\$ 66,550</u>

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Notes to the Basic Financial Statements, continued

13. Notes and Certificates of Participation Payable

Certificates of participation and notes payable activity were (\$000's):

Issue	Beginning Balance	Issued	Retired	Ending Balance	Current Portion
Certificates of Participation / Notes Payable:					
Series 1993 - Hoffman Estates Facility	\$ 4,165	\$ -	\$ 410	\$ 3,755	\$ 435
Total	\$ 4,165	\$ -	\$ 410	\$ 3,755	\$ 435
Notes Payable:					
Component Unit	\$ 7,250	\$ -	\$ 6,250	\$ 1,000	\$ 1,000

In August 1993, the University issued \$8,485,000 of certificates of participation to refinance an educational center occupied by Northern Illinois University in Hoffman Estates, Illinois, payable through installments commencing in 1994, for a period of twenty-three years. The interest is 5%.

Future minimum payments on these notes and certificates of participation payable are (\$000's):

Year Ending June 30	Principal	Interest	Total
2012	\$ 435	\$ 191	\$ 626
2013	465	167	632
2014	485	141	626
2015	515	114	629
2016	550	85	635
2017	1,305	35	1,340
Total	\$ 3,755	\$ 733	\$ 4,488

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14. Net Assets

The University's net assets are classified for accounting and reporting purposes into one of three net asset categories according to externally imposed restrictions. The following tables include detail of the net asset balances for the University and the Component Units:

University Net Assets (\$000)

Invested in capital assets, net of related debt	\$ 154,167
Restricted:	
Nonexpendable	-
Expendable	3,185
Unrestricted	112,713
Total	<u>\$ 270,065</u>

Component Units Net Assets (\$000)

Invested in capital assets, net of related debt	\$ 16,382
Restricted:	
Nonexpendable	43,206
Expendable	16,696
Unrestricted	9,069
Total	<u>\$ 85,353</u>

Invested in capital assets, net of related debt represent the University's capital assets net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

Restricted net assets – nonexpendable – represents endowment funds, where the donor has provided a gift for which the principal must remain invested in perpetuity and only the income may be utilized to support the restricted purpose the donor indicated.

Restricted net assets – expendable – represents resources with legal or contractual obligations to spend in accordance with restrictions imposed by external third parties.

Unrestricted net assets are not subject to externally imposed stipulations; however, substantially all of the University's unrestricted net assets have been designated for various academic, research and public service programs and initiatives, as well as capital projects.

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Notes to the Basic Financial Statements, continued

15. Transactions with Component Units

During fiscal year 2011, the University engaged the Foundation, under contract, to provide fundraising services. As provided by the contract agreement, the University paid \$598,000 for fundraising services. Additionally, the University provided services to the Foundation valued at \$561,000. As required by the contract, the Foundation fully repaid the University for the services provided, using funds considered unrestricted. The University engaged the Research Foundation, under contract, to provide services to aid the University in its economic development, public service, research and educational missions. As provided by the contract, the University paid the Research Foundation \$103,000 for these services.

Summary of transactions with Component Units (\$000):

	<u>Alumni</u>	<u>Research</u>	
	<u>Foundation</u>	<u>Association</u>	<u>Foundation</u>
Funds considered unrestricted:			
Totally unrestricted administrative services	\$ 561	\$ -	\$ 103
Support for University programs and departments	3,922	520	-
Administrative and office expense	949	-	-
Provided for library books, equipment and property improvements	150	-	-
Total fund considered unrestricted	<u>5,582</u>	<u>520</u>	<u>103</u>
Funds considered restricted:			
Provided for scholarships and awards	1,074	26	-
Provided for library books, equipment and property improvements	625	-	-
Other restricted fund provided to the University:			
Restricted fund	1,497	-	-
Endowment fund	216	-	-
Total funds considered restricted	<u>3,412</u>	<u>26</u>	<u>-</u>
Total funds provided to the University	<u>\$ 8,994</u>	<u>\$ 546</u>	<u>\$ 103</u>

In August 2006, the University entered into a ten year lease with the Foundation for the rental of space in the Jeffrey and Kimberly Yordon Center in 2007. The building houses state of the art strength and conditioning facilities, academic and tutoring support, coach's offices, locker rooms, and medical treatment and rehabilitation services. The lease calls for the University to be responsible for insurance and maintenance of the building. The University is required to make semiannual payments of \$350,000 through the end of the lease term. The lease amounts are included in the operating lease disclosure.

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16. Operating Leases

The University leases various buildings under operating lease agreements. Total rental expense for the year ended June 30, 2011, under these agreements was \$1,159,000.

Future minimum lease payments are (\$000's):

Year Ending June 30	Amount
2012	\$ 965
2013	956
2014	751
2015	699
2016	699
2017	699
Total	<u>\$ 4,769</u>

17. Retirement Plan

The University contributes to the State Universities Retirement System of Illinois (SURS), a cost-sharing multiple employer defined benefit pension plan with a special funding situation whereby the State of Illinois makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941 to provide retirement annuities and other benefits for staff members and employees of the state universities, certain affiliated organizations and certain other state educational and scientific agencies and for survivors, dependents and other beneficiaries of such employees. SURS is considered a component unit of the State of Illinois' financial reporting entity and is included in the State's financial reports as a pension trust fund. SURS is governed by Section 5/15, Chapter 40, of the Illinois Compiled Statutes. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to SURS, 1901 Fox Drive, Champaign, IL 61820 or by calling 1-800-275-7877.

Participation by eligible employees is mandatory. Employees are ineligible to participate if (1) employed less than one academic term or (2) employed less than full-time and attending classes with an employer; or (3) receiving a retirement annuity from SURS. Of those University employees ineligible to participate, the majority are students at the University.

Plan members are required to contribute 8.0% of their annual covered salary and substantially all employer contributions are made by the State of Illinois on behalf of the individual employers at an actuarially determined rate. The current rate for fiscal year 2012 is 24.21% of annual covered payroll. The employer contributions to SURS for the years ended June 30, 2011, 2010, and 2009 were 21.27%, 18.61%, and 12.88%, respectively, equal to the required contributions for each year. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly.

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SURS also provides a defined contribution plan option. Plan members are required to contribute 8.0% of their annual covered salary, with the State contributing 7.6%. SURS provides retirement, disability, and death benefits.

The employer contributions to SURS for the years ended June 30, 2011, 2010, and 2009 were \$39,096,000, \$35,451,000, and \$23,111,000, respectively, equal to the required contributions for each year.

University employees hired prior to April 1, 1986 are exempt from contributions under the Federal Insurance Contribution Act. Employees hired after March 31, 1986 are required to contribute 1.45% of their gross salary to Medicare. The University is required to match this contribution.

18. Postemployment Benefits

The State Employees Group Insurance Act of 1971 (Act), as amended, authorizes the State to provide health, dental, vision, and life insurance benefits for certain retirees and their dependents in a program administered by the Department of Healthcare and Family Services along with the Department of Central Management Services. Substantially all State and university employees become eligible for these other postemployment benefits (OPEB) if they eventually become annuitants of one of the State sponsored pension plans. The portions of the Act related to OPEB establish a cost-sharing multiple-employer defined OPEB plan with a special funding situation in which the State funds substantially all nonparticipant contributions. The plan does not issue a standalone financial report but is included as a part of the State's financial statements. Health, dental, and vision benefits include basic benefits for annuitants and dependents under the State's self-insurance plan and insurance contracts currently in force. Annuitants may be required to contribute towards health, dental, and vision benefits with the amount based on factors such as date of retirement, years of credited service with the State, whether the annuitant is covered by Medicare, and whether the annuitant has chosen a managed health care plan. Annuitants who retired prior to January 1, 1998, and who are vested in the State Employees' Retirement System do not contribute towards health, dental, and vision benefits. For annuitants who retired on or after January 1, 1998, the annuitant's contribution amount is reduced five percent for each year of credited service with the State allowing those annuitants with twenty or more years of credited service to not have to contribute towards health, dental, and vision benefits. Annuitants also receive life insurance coverage equal to the annual salary of the last day of employment until age 60, at which time the benefit becomes \$5,000.

The State pays the University's portion of employer costs for the benefits provided. The total cost of the State's portion of health, dental, vision, and life insurance benefits of all members, including postemployment health, dental, vision, and life insurance benefits, is recognized as an expenditure by the State in the Illinois Comprehensive Annual Financial Report. The State finances the costs on a pay-as-you-go basis. The total costs incurred for health, dental, vision, and life insurance benefits are not separated by department or component unit for annuitants and their dependents nor active employees and their dependents.

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Notes to the Basic Financial Statements, continued

19. Operating Expenses by Natural Classification

Operating expenses by natural classification for the year ended June 30, 2011 are summarized as follows:

University
(\$000's)

	Compensation and Benefits	Supplies and Services	Scholarships and Fellowships	Depreciation	Total
Instruction	\$ 110,761	\$ 16,251	\$ 2,143	\$ -	\$ 129,155
Research	10,429	6,054	252	-	16,735
Public Service	14,247	12,210	678	-	27,135
Academic					
Support	19,927	10,906	330	-	31,163
Student Services	10,136	3,615	-	-	13,751
O&M	13,900	13,936	-	-	27,836
Depreciation	-	-	-	15,974	15,974
Inst. Support	20,177	14,478	524	-	35,179
Staff Benefits	105,487	-	-	-	105,487
Student Aid	919	513	24,646	-	26,078
Auxiliary	32,006	41,985	3,643	5,389	83,023
Total	\$ 337,989	\$ 119,948	\$ 32,216	\$ 21,363	\$ 511,516

Component Units
(\$000's)

	Compensation and Benefits	Supplies and Services	Scholarships and Fellowships	Depreciation	Total
Instruction	\$ -	\$ 1,731	\$ 211	\$ -	\$ 1,942
Research	-	8	-	-	8
Public Service	-	1,127	-	-	1,127
Academic					
Support	-	140	-	-	140
Student Services	-	1,111	50	-	1,161
O&M	-	211	-	562	773
Inst. Support	552	3,465	6	-	4,023
Staff Benefits	-	-	-	-	-
Student Aid	-	215	926	-	1,141
Total	\$ 552	\$ 8,008	\$ 1,193	\$ 562	\$ 10,315

20. Insurance

The University participates in a statutory cooperative known as the Illinois Public Higher Education Cooperative (IPHEC). Through IPHEC the University has contracted with commercial carriers to provide various excess liability insurance coverages, including educators' legal and other general liability insurance. The University's liability coverages have a general \$350,000 deductible per occurrence, which may be partially funded by a self-insurance fund authorized by the NIU Board of Trustees. Additionally, the University purchases property insurance coverage for replacement value of University real property and contents. Settled claims have not exceeded commercial coverages in any of the three preceding years.

The University is afforded coverage by the State for general liability, automobile liability, worker's compensation and employers' liability, and employee indemnity by a number of State of Illinois Self-

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Insured Plans administered by the Department of Central Management Services. Contract and tort claims are also subject to the Illinois Court of Claims Act, under which proven claims may be satisfied by appropriations by the General Assembly to the Secretary of State.

21. Commitments and Contingencies

At June 30, 2011, the University had commitments on various construction projects and contracts for repairs and renovations of facilities of approximately \$10.5 million.

In March 2011, the University entered into an agreement with an unrelated third party, the CHF DeKalb II, LLC (CHF), a wholly-owned subsidiary of Collegiate Housing Foundation (the Foundation), for the construction of student housing on land leased from the University in June 2010. CHF will own and the University will operate the housing once completed pursuant to a management agreement between the parties. The ground lease is for a period of 40 years, subject to earlier termination. Upon the termination of the lease, title to the buildings will transfer to the University. The agreements between the parties are the equivalent of a capital lease.

In March 2011, CHF entered into a loan agreement with the Illinois Finance Authority (IFA) to refinance the Northern View capital lease established in 2006, and to fund the construction of an approximate 1,008 bed student housing facility consisting of two five-story residential buildings and community center and dining hall. IFA issued revenue bonds with a face value of \$132,225,000 to finance the loan agreement with CHF. The new student facility will be recorded by the University as a capital lease in a future period. As of June 30, 2011, no significant construction has occurred. The expected completion of the facility is the end of fiscal year 2012.

CHF has the responsibility for completing the construction subject to the specifications and approval of the University. The IFA bond indenture indicates the University has no obligation for the CHF debt during the construction phase. In the event CHF is unable to complete the construction, the bond trustee could require the University to complete the project.

The IFA bond indenture indicates the University has the obligation to run the facility once completed. Essentially all of the proceeds from the operations of the facility are paid to CHF. In the event operating proceeds are not sufficient to cover the operating costs and the principal and interest on the debt, the bond trustee could require the University to cover the shortfall.

Grants and Contracts

The University receives monies from federal and state government agencies under grants and contracts for research and other activities. The costs, both direct and indirect, charged to these grants and contracts are subject to audit and disallowance by the granting agency. The University administration believes that any disallowance or adjustment would not have a material effect on the University's financial position.

Legal Action

The University is a defendant in several lawsuits. However, University officials are of the opinion, based on the advice of legal counsel, that any ultimate liability which could result from such litigation would not have a material effect on the University's financial position or its future operations.

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Notes to the Basic Financial Statements, continued

22. University Related Organizations

The entity's financial statements include the activity of the University Related Organizations which represent the discretely presented component units. Below are condensed financial statements by organization. (\$000's)

	<u>Foundation</u>	<u>Alumni Association</u>	<u>Northern IL Research Foundation</u>
Condensed Statement of Net Assets			
ASSETS:			
Current assets	\$ 2,925	\$ 39	\$ 253
Noncurrent assets			
Capital assets, net of accumulated depreciation	16,226	-	4,293
Investments administered by NIU Foundation	68,403	2,219	-
Other noncurrent assets	1,628	-	-
TOTAL ASSETS	<u>\$ 89,182</u>	<u>\$ 2,258</u>	<u>\$ 4,546</u>
LIABILITIES:			
Current liabilities	\$ 563	\$ 106	\$ 1,487
Noncurrent liabilities			
Deposits held for NIU Alumni Association	2,219	-	-
Deposits held for NIU	2,857	-	-
Deferred revenue and grants	-	-	-
Endowments and life income trusts	144	-	-
Bonds and Notes Payable	3,257	-	-
TOTAL LIABILITIES	<u>9,040</u>	<u>106</u>	<u>1,487</u>
NET ASSETS:			
Invested in capital assets	13,089	-	3,293
Restricted			
Nonexpendable	43,081	125	-
Expendable	16,438	252	6
Unrestricted	7,534	1,775	(240)
Total net assets	<u>80,142</u>	<u>2,152</u>	<u>3,059</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 89,182</u>	<u>\$ 2,258</u>	<u>\$ 4,546</u>
Condensed Statement of Revenues, Expenses and Changes in Net Assets			
Operating revenues	\$ 17,789	\$ 54	\$ 6,111
Operating expenses	8,994	546	775
Operating income (loss)	8,795	(492)	5,336
Nonoperating revenue (expenses)	-	680	(263)
Gifts to permanent endowments	2,820	-	-
Increase in net assets	11,615	188	5,073
Net assets, beginning of year	68,528	1,964	(2,015)
Net assets, end of year	<u>\$ 80,143</u>	<u>\$ 2,152</u>	<u>\$ 3,058</u>
Condensed Statement of Cash Flows			
Net cash flows provided by (used in) operating activities	\$ 1,497	\$ (649)	\$ 3,511
Net cash flows provided by noncapital financing activities	2,815	280	-
Net cash flows provided by (used in) capital financing activities	(1,847)	-	(6,402)
Net cash flows provided by (used in) investing activities	(2,122)	190	1
Net increase (decrease) in cash and cash equivalents	343	(179)	(2,890)
Cash and cash equivalents, beginning of year	1,495	213	3,002
Cash and cash equivalents, end of year	<u>\$ 1,838</u>	<u>\$ 34</u>	<u>\$ 112</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 8,795	\$ (492)	\$ 5,336
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Changes in assets and liabilities	(7,298)	(157)	(1,825)
Net cash used in operating activities	<u>\$ 1,497</u>	<u>\$ (649)</u>	<u>\$ 3,511</u>