

**STATE OF ILLINOIS
UNIVERSITY PARK, SOUTHERN
ILLINOIS UNIVERSITY
EDWARDSVILLE, INC.**

COMPLIANCE EXAMINATION

For the two years ended June 30, 2007

Performed as Special Assistant Auditors for the
Auditor General, State of Illinois

STATE OF ILLINOIS
UNIVERSITY PARK, SOUTHERN ILLINOIS UNIVERSITY
EDWARDSVILLE, INC.

COMPLIANCE EXAMINATION
For the two years ended June 30, 2007

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FINANCIAL STATEMENT REPORT	
The Agency's financial statement report for the year ended June 30, 2007, which includes the report of independent auditors, management discussion and analysis, basic financial statements, and the independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of basic financial statements performed in accordance with <i>Government Auditing Standards</i> has been issued separately.	

STATE OF ILLINOIS
UNIVERSITY PARK, SOUTHERN ILLINOIS UNIVERSITY
EDWARDSVILLE, INC.

COMPLIANCE EXAMINATION
For the two years ended June 30, 2007

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STATE OF ILLINOIS
UNIVERSITY PARK, SOUTHERN ILLINOIS UNIVERSITY
EDWARDSVILLE, INC.

AGENCY OFFICIALS
June 30, 2007

The University Park Board of Directors:

Mr. William K. Anderson
Mr. Steve McRae
Ms. Sally G. Metz
Ms. Ronda Sauget
Mr. Bart Solon
Dr. Vaughn Vandegrift
Mr. Robert Wetzel
Mr. Ronald D. Winney
Mr. Bart Solon
Dr. John Haller, representative of Dr. Glenn Poshard

Members added during the year:

Dr. Paul W. Ferguson
Mr. Bruce Holland
Dr. Glenn Poshard

Members retired during the year:

Dr. M. Robert Carver
Mrs. Sharon Hahs
Mr. Robert E. McClellan Jr.
Dr. James Walker

Southern Illinois University personnel who provide significant administrative support to the University Park include.

Executive Director	Mr. James Pennekamp
Operations Manager	Ms. Janet Haroian
Administrative Secretary	Ms. Cheryl Madson

University Park offices are located at:

University Park
Southern Illinois University at Edwardsville, Inc.
One North Research Drive
Edwardsville, Illinois 62025-3604



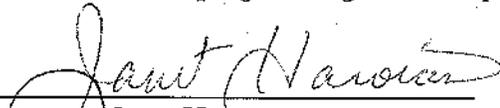
January 23, 2008

Crowe Chizek and Company LLC
70 W. Madison St. Suite 700
Chicago, IL 60602

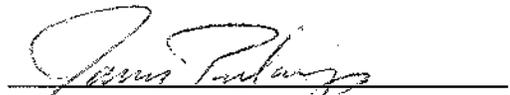
Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the University Park, Southern Illinois University Edwardsville, Inc. (University Park). 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 University Park's compliance with the following assertions during the two-year period ended June 30, 2007. Based on this evaluation, we assert that during the years ended June 30, 2007 and June 30, 2006, the University Park has materially complied with the assertions below.

- A. The University Park has obligated, expended, received, and used funds in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The University Park has obligated, expended, received, and used funds in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The University Park has complied, in all material respects, with applicable laws and regulations in its financial and fiscal operations.
- D. Revenues and receipts collected by the University Park 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 University Park or held in trust by the agency have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.



Janet Haroian,
Operations Manager



James Pennekamp,
Special Assistant to the Chancellor for
Regional Economic Development and
Executive Director

COMPLIANCE REPORT

Compliance Testing

A compliance examination test, on a sample basis, whether an agency is conforming to laws, rules, regulations, grant agreements, and other standards governing its conduct. A compliance report covers the agency's operations for the previous one or two fiscal years, depending upon how often the examination is performed.

The compliance report is comprised of the following:

A Summary section providing a brief overview of the compliance examination.

Auditors' Reports

- An Auditors' Reports section containing statements by the auditors on the scope and results of their testing, as required by applicable professional standards. Depending upon the nature of the agency's operations, several reports may be issued.

Findings and Recommendations

- A Findings & Recommendations section containing sequentially numbered findings in which the auditors note any instances of non-conformity by the agency with applicable laws, rules, regulations, grant agreements, and other standards governing its conduct that were found by the auditors in the course of their review. All findings are discussed with the agency officials during the post audit process.

Each finding generally contains: a description of the condition found; a recommendation by the auditors for corrective action; a response by the agency either accepting or rejecting the auditors' finding; and a description of the agency's plan for addressing the problem.

STATE OF ILLINOIS
UNIVERSITY PARK, SOUTHERN ILLINOIS UNIVERSITY
EDWARDSVILLE, INC.

COMPLIANCE REPORT SUMMARY
For the two years ended June 30, 2007

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

AUDITOR'S REPORT

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>Compliance</u>	<u>Financial</u>	<u>Prior</u>
	<u>Report</u>	<u>Report</u>	<u>Compliance</u>
			<u>Report</u>
Findings	0	2	0
Repeat findings	0	0	0
Prior recommendations implemented or not repeated	0	0	0

Details of *Government Auditing Standards* findings are issues related to significant deficiencies and material weaknesses in internal control over financial reporting. Findings related to *Government Auditing Standards* have been issued separately with the Agency's Financial Statement Audit.

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
<u>Findings (Government Auditing Standards)</u>		
07-1	*	Fraud Prevention and Detection Program
07-2	*	Inadequate Segregation of Duties

- * The Agency's financial statement report for the year ended June 30, 2007, which includes the independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of basic financial statements performed in accordance with *Government Auditing Standards* has been issued separately.



Crowe Chizek and Company LLC
Member Horwath International

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 University Park, Southern Illinois University Edwardsville, Inc.'s (University Park) 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, 2007 and 2006. The management of the University Park is responsible for compliance with these requirements. Our responsibility is to express an opinion on the University Park's compliance based on our examination.

- A. The University Park has obligated, expended, received, and used funds in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The University Park has obligated, expended, received, and used funds in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The University Park has complied, in all material respects, with applicable laws and regulations in its financial and fiscal operations.
- D. Revenues and receipts collected by the University Park 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 University Park or held in trust by the agency have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

We conducted our examination 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 University Park'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 University Park's compliance with specified requirements.

In our opinion, the University Park complied, in all material respects, with the aforementioned requirements during the years ended June 30, 2007 and 2006. 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 University Park is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations listed in the first paragraph of this report. In planning and performing our examination, we considered the University Park's internal control over compliance with the requirements listed in the first paragraph of this report 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, but not for the purpose of expressing an opinion on the effectiveness of the University Park's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University Park's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with the requirements listed in the first paragraph of this report on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to comply with the requirements listed in the first paragraph of this report such that there is more than a remote likelihood that noncompliance with a requirement that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a requirement listed in the first paragraph of this report will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance with the requirements listed in the first paragraph of this report was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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 University Park as of and for the year ended June 30, 2007, and have issued our report thereon dated January 23, 2008. 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 University Park. The 2007 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, 2007, taken as a whole. We have also previously audited, in accordance with auditing standards generally accepted in the United States, the University Park's basic financial statements for the year ended June 30, 2006. In our report dated September 15, 2006, we expressed an unqualified opinion on the basic financial statements. In our opinion, the 2006 Supplementary Information for State Compliance Purposes, except for the portion marked "unaudited" is fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2006, taken as a whole. The financial statements of the University Park as of June 30, 2005, were audited by other auditors whose report dated September 26, 2005, expressed an unqualified opinion on those statements.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, the University Park's Board of Directors and University Park management and is not intended to be and should not be used by anyone other than these specified parties.


Crowe Chizek and Company LLC

Chicago, Illinois
January 23, 2008

STATE OF ILLINOIS
UNIVERSITY PARK, SOUTHERN ILLINOIS UNIVERSITY
EDWARDSVILLE, INC.

FINDINGS AND RECOMMENDATIONS
For the two years ended June 30, 2007

There were no findings in the Compliance Examination for the two years ended June 30, 2007.

STATE OF ILLINOIS
UNIVERSITY PARK, SOUTHERN ILLINOIS UNIVERSITY
EDWARDSVILLE, INC.

PRIOR FINDINGS NOT REPEATED
For the two years ended June 30, 2007

There were no prior period findings in the Compliance Examination for the two years ended June 30, 2005.

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

Supplementary Information

Supplementary related information may include segments of financial statements, specific financial information such as schedules of state property or schedules of appropriations and expenditures, and information on employees, operations, service efforts and agency accomplishments.

This section of the report may contain:

A Summary section or Table of Contents providing a brief overview.

Supplementary Schedules

- A Supplementary Schedules section containing fiscal schedules and analysis relative to the agency.

Analysis of Operations

- An Analysis of Operations section to assist report users in obtaining an understanding of the nature and scope of the agency's operations and placing financial audit reports and compliance examination findings into their proper context. This section of the report may contain additional data on agency operations, such as:
 - Number of Employees;
 - Cost Statistics; and
 - Financial, Statistical, and Programmatic Data on Service Efforts and Accomplishments

STATE OF ILLINOIS
UNIVERSITY PARK, SOUTHERN ILLINOIS UNIVERSITY
EDWARDSVILLE, INC.

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES SUMMARY
For the two years ended June 30, 2007

Supplementary Information for State Compliance Purposes presented in this section of the report includes the following:

- Fiscal Schedules and Analysis

- Comparative Schedule of Cash and Cash Equivalents
- Comparative Schedule of Cash Receipts
- Schedule of Changes in Property and Equipment
- Analysis of Significant Variations in Revenue and Expenses
- Analysis of Significant Variations in Statement of Net Assets Accounts
- Analysis of Accounts Receivable

- Analysis of Operations

- Agency Functions and Planning Program
- Local Funds
- Employee Statistics
- Service Efforts and Accomplishments
- Summary of University Park 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, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

STATE OF ILLINOIS
UNIVERSITY PARK, SOUTHERN ILLINOIS UNIVERSITY
EDWARDSVILLE, INC.

COMPARATIVE SCHEDULE OF CASH AND CASH EQUIVALENTS
June 30, 2007, 2006, and 2005

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Cash			
Bank of Edwardsville	\$ 74,508	\$ 106,726	\$ 130,882
Clover Leaf Bank	111,173	106,630	80,964
Partners Bank	<u>310,819</u>	<u>442,400</u>	<u>945,757</u>
	<u>\$ 496,500</u>	<u>\$ 655,756</u>	<u>\$ 1,157,603</u>
Cash			
Unrestricted	496,500	445,198	306,774
Restricted	<u>-</u>	<u>210,558</u>	<u>850,829</u>
	<u>\$ 496,500</u>	<u>\$ 655,756</u>	<u>\$ 1,157,603</u>

STATE OF ILLINOIS
UNIVERSITY PARK, SOUTHERN ILLINOIS UNIVERSITY
EDWARDSVILLE, INC.

COMPARATIVE SCHEDULE OF CASH RECEIPTS
For the years ended June 30, 2007, 2006, and 2005

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Payments for ground rents and common area maintenance - nonrelated organizations	\$ 51,160	\$ 45,672	\$ 36,200
Payments from related organizations			
Development of University Park agreement	37,268	37,268	37,268
Management fees	29,628	32,071	31,133
Rent and common area maintenance	-	32,240	39,383
Reimbursement from SIUE for advance to tenant	-	-	-
Reimbursement from SIUE for construction costs in building managed by University Park	-	-	-
Reimbursement of operating deficit	-	-	-
Nonoperating payments from SIUE	-	-	19,836
Grant income	-	638,121	850,829
Interest income	12,563	30,389	11,621
Other revenue	<u>1,261</u>	<u>1,451</u>	<u>503</u>
	<u>\$ 131,880</u>	<u>\$ 817,212</u>	<u>\$ 1,026,773</u>

STATE OF ILLINOIS
UNIVERSITY PARK, SOUTHERN ILLINOIS UNIVERSITY
EDWARDSVILLE, INC.

SCHEDULE OF CHANGES IN PROPERTY AND EQUIPMENT
For the years ended June 30, 2007, and 2006

	<u>Building</u>	<u>Construction in Progress</u>	<u>Land Improvements</u>	<u>Furniture & Equipment</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Balance July 1, 2005	\$ 527,086	\$ 115,982	\$ 4,865	\$ 12,957	\$ 36,357	\$ 624,533
Additions	-	1,379,975	-	-	17,415	1,362,560
Disposals	<u>527,086</u>	<u>-</u>	<u>-</u>	<u>912</u>	<u>44,104</u>	<u>483,894</u>
Balance June 30, 2006	-	1,495,957	4,865	12,045	9,668	1,503,199
Additions	1,602,489	106,532	-	-	10,202	1,698,819
Disposals	<u>-</u>	<u>1,602,489</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,602,489</u>
Balance June 30, 2007	<u>\$1,602,489</u>	<u>\$ -</u>	<u>\$ 4,865</u>	<u>\$ 12,045</u>	<u>\$ 19,870</u>	<u>\$1,599,529</u>

STATE OF ILLINOIS
UNIVERSITY PARK, SOUTHERN ILLINOIS UNIVERSITY
EDWARDSVILLE, INC.

ANALYSIS OF SIGNIFICANT VARIATIONS IN REVENUE AND EXPENSES
For the years ended June 30, 2007, 2006, and 2005

	<u>2007</u>	<u>Increase (Decrease)</u>	<u>2006</u>	<u>Increase (Decrease)</u>	<u>2005</u>
Revenue and other additions					
Payments from SIUE under agreement for development of Universtiy Park facility	\$ 37,268	\$ -	\$ 37,268	\$ -	\$ 37,268
Management fees	29,628	(2,443)	32,071	938	31,133
Budget allocation from SIUE	291,646	9,074	282,572	28,552	f 254,020
Rents and Common Area					
Maintenance	58,148	(24,636)	a 82,784	(1,418)	84,202
Grant revenue	-	-	-	(1,588,950)	g 1,588,950
Interest	12563	(17,826)	b 30,389	18,768	b 11,621
Other revenue	1,261	(190)	1,451	948	503
Expenditures and other deductions					
Budget expended at SIUE	291,646	9,074	282,572	28,552	f 254,020
Travel	2,100	(2,306)	4,406	4,150	256
Contractual services	100,120	29,940	c 70,180	11,555	58,625
Telecommunications	3,787	588	3,199	607	2,592
Commodities	3,637	(6,385)	10,022	5,198	4,824
Depreciation expense	10,202	(7,213)	17,415	(1,417)	18,832
Amortization expense	11,024	(3)	11,027	7	11,020
Interest expense	-	(17,569)	d 17,569	(1,254)	18,823
Grant funds returned	(23,070)	(23,070)	e -	-	-

Explanation for variances greater than \$15,000:

- a In FY2005, the University Park purchased the 110 North Research Drive building. The University paid the University Park for the amount of the mortgage payments as well as amounts for the expenditures on behalf of the building. These amounts were reflected as building rent. There was a partial year in FY2006 because the University Park sold the building in FY2006 to a private business and the income in FY2007 was related ground rent and CAM payments.
- b The grant funds from the State of Illinois, Department of Commerce and Economic Opportunity were held in University Park accounts, on which interest was earned during part of FY2005 and most of FY2006. The University Park could keep the interest earned on the funds as long it was spent on the construction of the building for which the funds were restricted. The University Park returned these funds to the State in FY2007 because they were not spent on the construction of the building.
- c In FY2006 the mowing contract covered the existing buildings in the Park and the common grounds. In FY2007, the mowing contract was expanded to include mowing services for three additional properties, including the Biotechnology Laboratory Incubator building, the Pharmacy Laboratory building and the Technology Management Center. Contractual services were also expanded to include the janitorial and maintenance contracts for the three additional buildings.

STATE OF ILLINOIS
UNIVERSITY PARK, SOUTHERN ILLINOIS UNIVERSITY
EDWARDSVILLE, INC.

ANALYSIS OF SIGNIFICANT VARIATIONS IN REVENUE AND EXPENSES
For the years ended June 30, 2007, 2006, and 2005

- d The University Park had debt outstanding for the 110 building in FY2005. However, this property was sold in May of 2006, and the related debt was extinguished. Therefore, there was nearly a full year of interest expense in FY2006, but there was no related debt in FY2007.
- e This represents the excess of grant revenue over expenses, due to interest earned, that were returned to the State.
- f Salaries and bonus increased 3-5% plus the former Executive Director and new Director's salaries overlapped at the end of FY2006.
- g In FY2005, the University Park received a one time grant through the Illinois Department of Commerce and Economic Opportunity. This is not a continuing grant.

STATE OF ILLINOIS
UNIVERSITY PARK, SOUTHERN ILLINOIS UNIVERSITY
EDWARDSVILLE, INC.

ANALYSIS OF SIGNIFICANT VARIATIONS IN STATEMENT OF NET ASSET ACCOUNTS
For the years ended June 30, 2007, 2006, and 2005

	<u>2007</u>	<u>Increase (Decrease)</u>	<u>2006</u>	<u>Increase (Decrease)</u>	<u>2005</u>
Assets					
Cash	\$ 496,500	\$ (159,256) a	\$ 655,756	\$ (501,847) a	\$ 1,157,603
Accounts receivable - SIUE	15,450	(1,981)	17,431	12,025	5,406
Accounts receivable - Other	9,674	(43,902) b	53,576	51,319 b	2,257
Grant receivables	-	-	-	(638,121) c	638,121
Prepaid expenses	533	19	514	(11)	525
Capital assets, net of depreciation	1,599,529	96,330 c	1,503,199	878,666 c	624,533
Liabilities					
Accounts payable - SIUE	76,863	(16,276) e	93,139	(27,009) e	120,148
Accounts payable - other	9,884	(75,819) d	85,703	77,739 d	7,964
Deferred revenue	113,381	(1,623)	115,004	7,224	107,780
Notes payable	-	-	-	(381,339) f	381,339
Deposits	-	-	-	(2,302)	2,302

Explanation for variances greater than \$15,000:

a The decrease in cash is directly related to the construction of the Biotechnology Laboratory Incubator (BLI) in FY2005. The project was mostly expended by the end of FY2006 with some remaining funds expended in FY2007. Therefore, the cash balance has decreased as these funds were expended.

b FY2006 includes a receivable for the escrowed taxes related to the sale of the 110 Building, in the amount of \$51,248. This accrual was not necessary in either FY2005 or FY2007.

c The remainder of the grant for the BLI was received in FY2006, and it was to be used for the construction of the BLI building. In 2006, there was an addition to construction in progress of \$1,379,975, with the remaining \$106,532 being spent on the BLI in FY2007. Additionally, the 110 Building was sold in FY2005 with a cost of \$527,086. Together these transactions were responsible for the variances in grant receivable and capital assets.

d FY2006 accounts payable included \$84,923 payable to Boeker, the contractors for the BLI building. Additionally, the FY2007 account payable includes a \$7,500 invoice payable for legal services.

e This amount represents the excess of income over expenses due to the University, or the excess of expenses over income due to the University Park, on the 200 University Drive building that is owned by the University and managed by the Park. There is a running balance on the account that the University Park is working to pay down. See schedule below for details

Balance 06/30/05	\$(120,148)
Amount remitted to SIU	63,853
FY 06 excess of income over expenditures	<u>(36,843)</u>
Balance 06/30/06	(93,139)
Amount remitted to SIU	47,403
FY07 excess of income over expenditures	<u>(31,127)</u>
Balance 06/30/07	<u>\$ (76,863)</u>

f The University Park had debt outstanding for the 110 building in 2005. However, this property was sold in May of 2006, and the related debt was extinguished.

STATE OF ILLINOIS
UNIVERSITY PARK, SOUTHERN ILLINOIS UNIVERSITY
EDWARDSVILLE, INC.

ANALYSIS OF ACCOUNTS RECEIVABLE
June 30, 2007, 2006, and 2005

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Common area maintenance	\$ 9,674	\$ 53,576	\$ 2,257
SIUE expense reimbursement	<u>15,450</u>	<u>17,431</u>	<u>5,406</u>
	<u>\$ 25,124</u>	<u>\$ 71,007</u>	<u>\$ 7,663</u>

All receivables reported above are deemed collectible.

STATE OF ILLINOIS
UNIVERSITY PARK, SOUTHERN ILLINOIS UNIVERSITY
EDWARDSVILLE, INC.

AGENCY FUNCTIONS AND PLANNING PROGRAM
For the two years ended June 30, 2007

The administrative office of University Park, Southern Illinois University at Edwardsville, Inc. (University Park) is located at One North Research Drive on the campus of Southern Illinois University Edwardsville, in Edwardsville, Illinois (University). The Executive Director of University Park at June 30, 2007, is Mr. James Pennekamp.

University Park, Southern Illinois University at Edwardsville, Inc. was incorporated as an Illinois not-for-profit corporation in 1992 and began operations on January 12, 1994. The primary purpose is to aid and assist Southern Illinois University Edwardsville in managing the University Park facility. It is responsible for the management, operation, leasing, and maintenance of the land, buildings, facilities, and other property located in University Park.

The University transfers to University Park such funds as the parties determine may be necessary to support the activities of University Park. At the end of each year, or at such other time as specified by the University, any excess funds or net income may be required to be transferred to the University.

The University assigns all support staff to University Park. Therefore, University Park has no employees. In addition to the Executive Director, two support employees are assigned to University Park.

The parties agree that University Park is a University Related Organization as defined by the Legislative Audit Commission Guidelines of the Illinois General Assembly. The relationship between the parties is to be conducted according to these guidelines.

The formal written goals to achieve the above mission are included in University Park's Vision and Planning Statement. The Board of Trustees of the University monitors the activities of the organization. It is the intention of the management and the Board of Directors of University Park that its continuing long-term goals are those described in its by-laws.

STATE OF ILLINOIS
UNIVERSITY PARK, SOUTHERN ILLINOIS UNIVERSITY
EDWARDSVILLE, INC.

ADDITIONAL REQUIRED INFORMATION
For the years ended June 30, 2007, 2006, and 2005

Local Funds: All funds of University Park are locally held funds and are not appropriated.

Employee Statistics: During each of the years ended 2007 and 2006, the equivalent of three full-time employees worked for University Park. These employees are officially employed by the University and were assigned to University Park.

Service Efforts and Accomplishments: Funds provided to the University for each of the years ended June 30, 2007, 2006 and 2005, are presented on page 19 of this report.

A major project for University Park was the construction of the 11,000 square foot Biotechnology Laboratory Incubator (BLI) at 420 University Park Drive (UPD). This was made possible by a state grant from the Department of Commerce and Economic Opportunity. This entailed a shell building that could be suitably fit up per specific tenant needs and one "model" laboratory. The SIUE Chemistry Department is the first tenant of the building, occupying four of 12 possible modules with two large student labs. At the close of FY'07 the chemistry labs were under construction for August student occupancy.

Expansion of the School of Pharmacy space also occurred during FY'06 and FY07. Additional office space and classrooms were renovated at 200 UPD for Pharmacy use as well as upgrades to the technology systems at 245 South Research Drive.

Plans are proceeding for a road extension in the park connecting North Research Drive to the SIUE "fan" parking lot and roadway system. The project will also entail installation of shoulders along University Park Drive.

Multiple prospects were introduced to University Park during the two-year period and the largest project to be located in this region announced their plans to move to University Park just after the close of FY'07. Negotiations with the American Red Cross had transpired over the course of a year prior to their announcement. The Red Cross will locate their regional blood processing center and National Testing Laboratory in the Park occupying 15 acres of ground with over 500 jobs. Groundbreaking will occur in spring of FY'08.

STATE OF ILLINOIS
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SUMMARY OF UNIVERSITY PARK PAYMENTS TO THE UNIVERSITY
For the years ended June 30, 2007, 2006 and 2005

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Reimburse the University for building operating profit	\$ 47,403	\$ 63,853	\$ 32,986
Reimburse SIUE for utilities and insurance for buildings managed by the Park but owned or leased by SIUE (not University Park expenses)	60,306	50,806	49,646
Reimburse SIUE for utilities and insurance paid on University Park's behalf	<u>2,510</u>	<u>2,862</u>	<u>731</u>
	<u>\$ 110,219</u>	<u>\$ 117,521</u>	<u>\$ 83,363</u>

Note: The University Park payments to the University are the expenses paid directly to SIUE. These expenses are part of the overall operating expenses of University Park and therefore would be part of the Operating Expense lines on the Statement of Revenue, Expenses and Changes in Net Assets in the University Park's Financial Statements.