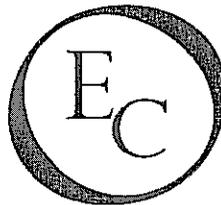


**STATE OF ILLINOIS  
WESTERN ILLINOIS UNIVERSITY FOUNDATION**

**COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2007**

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



**E.C. ORTIZ & CO., LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**State of Illinois  
Western Illinois University Foundation  
Compliance Examination  
For the Two Years Ended June 30, 2007**

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 Financial Statement Report	
The Foundation's financial statement report for the year ended June 30, 2007, which includes the report of independent auditors, management's discussion and analysis, basic financial statements, and the independent auditors' 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.	
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**State of Illinois  
Western Illinois University Foundation**

**Foundation Officials**

President  
Vice President  
Secretary  
Treasurer  
Executive Officer and Vice President for  
Advancement and Public Services

Mr. Arlington N. Seymour  
Ms. Cathy Early  
Ms. Judith W. Kerr  
Mr. Ron Peterson

Dr. Daniel Hendricks

Executive Committee:

Mr. Arthur D. Chown  
Mr. Donald W. Dieke  
Mr. Larry D. Ehmen  
Ms. Diana Irish  
Mr. James Lodico  
Mr. Douglas J. March  
Mr. Richard P. Miller  
Mr. Jack Stites  
Mr. F. Eugene Strode

The Foundation's Office is located at:

1 University Circle  
303 Sherman Hall  
Macomb, Illinois 61455-1390



**WESTERN  
ILLINOIS  
UNIVERSITY**

February 6, 2008

**Dan L. Hendricks**  
Executive Officer  
WIU Foundation  
Vice President  
for Advancement  
and Public Services

**Brad Bainter**  
**Julie Murphy**  
**Janice Owens**  
**Marilyn Pruitt**  
**Ulysses Tucker, Jr.**  
Staff Directors

Foundation Officers and  
Executive Committee  
Members

**Arlington N. Seymour**  
President

**Cathy E. Early**  
Vice President

**Marlin L. France**  
Past President

**Ron G. Peterson**  
Treasurer

**Judith W. Kerr**  
Secretary

**Arthur D. Chown**

**Donald W. Dieke**

**Larry D. Ehm**

**Diana T. Irish**

**James S. Lodico**

**Douglas J. March**

**Richard P. Miller**

**Jack H. Stites**

**F. Eugene Strode**

**E.C. Ortiz & Co., LLP**  
Certified Public Accountants  
333 S. Des Plaines Street, Suite 2-N  
Chicago, Illinois 60661

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 Western Illinois University Foundation (Foundation). We are responsible for and we have established and maintained an effective system of, internal controls over compliance requirements. We have performed an evaluation of the Foundation's compliance with the following assertions during the two-year period ended June 30, 2007. Based on this evaluation, we assert that during the years ended June 30, 2006 and June 30, 2007, the Foundation has materially complied with the assertions below.

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

Yours very truly,

Western Illinois University Foundation

**Dr. Daniel Hendricks**  
Vice President for Advancement and Public Services  
and Executive Officer, WIU Foundation

**Janet Gabbert**  
WIU Foundation Accountant

**State of Illinois  
Western Illinois University Foundation**

**Compliance Report**

**Summary**

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

**Auditors' Report**

The Independent Auditors' 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**

Number of	Compliance Report	Financial Report	Prior Compliance Report
Findings	-	2	-
Repeated findings	-	-	-
Prior recommendations implemented or not repeated	-	-	-

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 Foundation's Financial Statement Audit.

**Schedule of Findings**

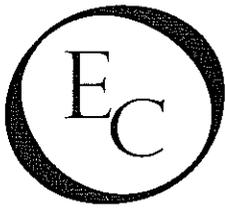
Item No.	Page	Description
<i>FINDINGS (GOVERNMENT AUDITING STANDARDS)</i>		
07-1	25	Failure to Apply Appropriate Accounting Principles
07-2	27	Lack of Fraud Prevention and Detection Program
 <i>FINDING (STATE COMPLIANCE)</i>		
None		

## Schedule of Findings (Continued)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
		PRIOR FINDING NOT REPEATED (GOVERNMENT AUDITING STANDARDS)
		None
		PRIOR FINDING NOT REPEATED (STATE COMPLIANCE)
		None

### Exit Conference

The findings and recommendations appearing in the Financial Audit report were discussed with Foundation personnel at an exit conference on January 23, 2008. Representing the Office of the Auditor General was Karen Appelbaum, Audit Manager. Representing Western Illinois University Foundation were Dr. Daniel Hendricks, Executive Officer and Vice President for Advancement and Public Services, Janet Gabbert, Accountant and Andi Farr, Accountant. Representing E.C. Ortiz & Co., LLP were Stella Marie B. Santos, Partner and Leilani N. Rodrigo, Partner. Responses to the recommendations were provided by Dr. Daniel Hendricks and Janet Gabbert in a letter dated January 11, 2008.



**INDEPENDENT AUDITORS' 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

and

The Board of Directors  
Western Illinois University Foundation

**Compliance**

As Special Assistant Auditors for the Auditor General, we have examined Western Illinois University Foundation's (Foundation) compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the two years ended June 30, 2007. The management of the Foundation is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Foundation's compliance based on our examination.

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

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 Foundation's compliance with those requirements listed in the first paragraph of this report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Foundation's compliance with specified requirements.

In our opinion, the Foundation complied, in all material respects, with the aforementioned requirements during the two years ended June 30, 2007. There were no immaterial findings relating to instances of noncompliance that have been excluded from this report.

### **Internal Control**

The management of the Foundation is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the Foundation's internal control over compliance with the aforementioned requirements in order to determine our examination procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Foundation'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 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.

There were no immaterial findings relating to internal control deficiencies that have been excluded from this report.

### **Supplementary Information for State Compliance Purposes**

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the business-type activities of Western Illinois University Foundation (Foundation), a component unit of Western Illinois University and the State of Illinois, as of and for the year ended June 30, 2007, which comprise the Foundation's basic financial statements, and have issued our report thereon dated February 6, 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 Foundation. 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. The prior year partial comparative information has been derived from the Foundation's 2006 financial statements, which were audited by other independent auditors whose report dated November 2, 2006, 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 Board of Directors and the Foundation's management, and is not intended to be and should not be used by anyone other than these specified parties.

*E. C. Ortiz & Co. LLP*

Chicago, Illinois  
February 6, 2008

**State of Illinois  
Western Illinois University Foundation  
Schedule of Findings**

**Current Findings - State Compliance**

There were no State compliance findings noted for the two years ended June 30, 2007.

**State of Illinois  
Western Illinois University Foundation  
Schedule of Findings**

**Prior Findings Not Repeated - State Compliance**

There were no findings reported in the Foundation's compliance report for the two years ended June 30, 2005.

**State of Illinois  
Western Illinois University Foundation  
Supplementary Information for State Compliance Purposes  
For the Two Years Ended June 30, 2007**

**Summary**

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

▪ Fiscal Schedules and Analysis:

Schedule of Changes in Capital Assets  
Schedule of Cash and Temporary Cash Investments at Fair Value  
Schedule of Investments at Fair Value  
Analysis of Significant Variations in Account Balances  
Analysis of Significant Variations in Operating and Nonoperating  
Revenues/Expenses  
Analysis of Pledges Receivable

▪ Analysis of Operations:

Foundation Functions and Planning Program  
Service Efforts and Accomplishments (Unaudited)  
Listing of State of Illinois Funds  
Average Number of Employees (Unaudited)

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

**STATE OF ILLINOIS  
WESTERN ILLINOIS UNIVERSITY FOUNDATION  
SCHEDULE OF CHANGES IN CAPITAL ASSETS  
FOR THE TWO YEARS ENDED JUNE 30, 2007**

	<u>Total</u>	<u>Land</u>	<u>Building</u>	<u>Equipment</u>
Balance June 30, 2005	\$ 945,287	\$ 909,200	\$ -	\$ 36,087
Additions:				
Purchases	-	-	-	-
Gifts	-	-	-	-
Transfers-in (Intra-agency):	-	-	-	-
Adjustment	-	-	-	-
Total additions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deductions:				
Donations to University	-	-	-	-
Retirement	-	-	-	-
Adjustment	-	-	-	-
Total deductions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Accumulated depreciation	<u>(11,308)</u>	<u>-</u>	<u>-</u>	<u>(11,308)</u>
Balance June 30, 2006	<u>933,979</u>	<u>909,200</u>	<u>-</u>	<u>24,779</u>
Additions:				
Purchases	-	-	-	-
Gifts	-	-	-	-
Transfers-in (Intra-agency):	-	-	-	-
Adjustment	-	-	-	-
Total additions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deductions:				
Donations to University	-	-	-	-
Retirement	-	-	-	-
Adjustment	-	-	-	-
Total deductions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Accumulated depreciation	<u>(11,309)</u>	<u>-</u>	<u>-</u>	<u>(11,309)</u>
Balance June 30, 2007	<u>\$ 922,670</u>	<u>\$ 909,200</u>	<u>\$ -</u>	<u>\$ 13,470</u>

**STATE OF ILLINOIS  
WESTERN ILLINOIS UNIVERSITY FOUNDATION  
SCHEDULES OF CASH AND TEMPORARY CASH INVESTMENTS AT FAIR VALUE  
JUNE 30, 2007 AND 2006**

	<u>2007</u>		<u>2006</u>	
	<u>Interest Rate</u>	<u>All Funds</u>	<u>Interest Rate</u>	<u>All Funds</u>
Cash on hand		\$ 275		\$ 275
Checking Account, Citizens National Bank of Macomb	Variable	68,018	Variable	17,883
Money Market Account, Citizens National Bank of Macomb	Variable	-	Variable	23,784
Money Market Account, Edward Jones	Variable	15,984	Variable	9,933
The Illinois Funds Investment Pool	Variable	545,615	Variable	214,420
Quad Cities Bank & Trust	Variable	<u>74,906</u>	Variable	<u>21,412</u>
 Total cash and temporary cash investments		 <u>\$ 704,798</u>		 <u>\$ 287,707</u>

**STATE OF ILLINOIS  
WESTERN ILLINOIS UNIVERSITY FOUNDATION  
SCHEDULE OF INVESTMENTS AT FAIR VALUE  
JUNE 30, 2007 AND 2006**

	2007	2006
<b>Current investments:</b>		
<b>Common stock:</b>		
Edward Jones Investment Club	\$ 29,448	\$ 27,329
Tatko Biotech, Inc.	-	100,000
Wells Fargo Inc.	2,005	-
Total common stock	31,453	127,329
<b>Fixed income:</b>		
Quad City Bank & Trust	801,940	1,027,619
<b>Other investments:</b>		
Putnam fund for growth & income	49,925	42,639
Total current investments	883,318	1,197,587
<b>Noncurrent investments:</b>		
<b>Fixed income:</b>		
Quad City Bank & Trust	2,380,526	2,047,334
<b>Donor Advised funds:</b>		
Charles Schwab Donor Advised funds	103,442	-
<b>Trusts:</b>		
Citizens National Bank of Macomb	7,515,210	5,210,997
MidAmerica National Bank	6,373,672	6,359,511
Charles Schwab	4,959,827	3,061,914
Commonfund	2,747,655	2,262,813
Wisconsin Capital Management	-	1,053,573
Mondrian Emerging Markets	1,718,701	1,204,084
Robeco-Sage Triton Fund, LLC	1,062,224	934,523
Portfolio Advisors Private Equity Fund III	203,104	79,177
Portfolio Advisors Private Equity Fund IV	105,398	-
Total trusts	24,685,791	20,166,592
Total noncurrent investments	27,169,759	22,213,926
<b>Total investments</b>	\$ 28,053,077	\$ 23,411,513

**State of Illinois  
Western Illinois University Foundation  
Analysis of Significant Variations in Account Balances  
For the Two Years Ended June 30, 2007**

**Fiscal Year 2007**

A comparative schedule of significant variations in account balances (at least \$50,000 and 20% of the previous year) for the fiscal years ended June 30, 2007 and June 30, 2006 are shown below:

ACCOUNTS	FISCAL YEAR ENDED JUNE 30,		INCREASE (DECREASE)	
	2007	2006	AMOUNT	%
Cash and cash equivalents	\$ 704,798	\$ 287,707	\$ 417,091	145%
Investments	883,318	1,197,587	(314,269)	(26%)
Endowment investments	2,723,159	1,658,572	1,064,587	64%
Donor advised funds investments	103,442	—	103,442	100%
Accounts payable and accrued liabilities	17,929	106,815	(88,886)	(83%)
Due to Western Illinois University	77,549	11,808	65,741	557%
Unrestricted net assets	4,710,336	3,443,964	1,266,372	37%

Foundation management provided the following explanations for the significant variations identified above.

Cash and cash equivalents

Increase is attributed to collection of pledges receivables and increase in gift revenues due to contributions of alumni, friends, corporations and other organizations.

Investments

Due to laddering of investment maturities at Quad City Bank and Trust at June 30, 2007, fewer investments were due within fiscal year 2007.

**State of Illinois  
Western Illinois University Foundation  
Analysis of Significant Variations in Account Balances  
For the Two Years Ended June 30, 2007**

**Fiscal Year 2007 (Continued)**

Endowment investments

Investment return from endowment in fiscal year 2007 increased to 16% compared to the fiscal year 2006 return of 9%, along with the corpus of the endowment investments increasing from gifts.

Donor advised funds investments

Increase is due to establishment of donor advised funds in fiscal year 2007.

Accounts payable and accrued liabilities

Decrease is attributed to settlement of liability incurred for a construction project completed in fiscal year 2007.

Due to Western Illinois University

Increase is due to accrual of the reimbursement of employee salaries.

Unrestricted net assets

Increase is attributed to the appreciation in fair market value of investments and a decrease in endowment gift flow.

**State of Illinois  
Western Illinois University Foundation  
Analysis of Significant Variations in Account Balances  
For the Two Years Ended June 30, 2007**

**Fiscal Year 2006**

A comparative schedule of significant variations in account balances (at least \$50,000 and 20% of the previous year) for the fiscal years ended June 30, 2006 and June 30, 2005 are shown below:

ACCOUNTS	FISCAL YEAR ENDED JUNE 30,		INCREASE (DECREASE)	
	2006	2005	AMOUNT	%
Cash and cash equivalents	\$ 287,707	\$ 934,506	\$ (646,799)	(69%)
Other receivables	300,343	487,858	(187,515)	(38%)
Endowment investments	1,658,572	1,362,558	296,014	22%
Other investments	2,047,334	1,633,830	413,504	25%
Accounts payable and accrued liabilities	106,815	53,130	53,685	101%

Foundation management provided the following explanations for the significant variations identified above.

Cash and cash equivalents

During fiscal year 2006 gift revenues decreased and operating expenses increased due to the renovation of the University's baseball stadium which amounted to about \$343,000.

Other receivables

In fiscal year 2006, the distribution of endowment earnings changed from quarterly to semi-annually. The fiscal year 2005 balance includes \$240,751 due from the investment pool for the fourth quarter distribution.

Endowment investments

Investment return from endowment in fiscal year 2006 increased to 9% compared to the fiscal year 2005 return of 3.5%, along with the corpus of the endowment investments increasing from gifts.

**State of Illinois  
Western Illinois University Foundation  
Analysis of Significant Variations in Account Balances  
For the Two Years Ended June 30, 2007**

**Fiscal Year 2006 (Continued)**

Other investments

Due to laddering of investment maturities at Quad City Bank and Trust, long term investments (i.e., investment in government bonds) were increased at June 30, 2006.

Accounts payable and accrued liabilities

Increase is due to the pending completion of the baseball stadium renovation.

**State of Illinois  
Western Illinois University Foundation  
Analysis of Significant Variations in Operating and Nonoperating  
Revenues and Expenses  
For the Two Years Ended June 30, 2007**

**Fiscal Year 2007**

A comparative schedule of significant variations in operating and nonoperating revenues and expenses (at least \$50,000 and 20% of the previous year) for the fiscal years ended June 30, 2007 and June 30, 2006 are shown below:

ACCOUNTS	FISCAL YEAR ENDED JUNE 30,		INCREASE (DECREASE)	
	2007	2006	AMOUNT	%
Operating revenues/expenses:				
Sales and services	\$ 443,696	\$ 302,126	\$ 141,570	47%
Student services	338,678	433,192	(94,514)	(22%)
Operation and maintenance of plant	184,038	435,017	(250,979)	(58%)
Nonoperating revenues/expenses				
Investment income - net of investment expenses	3,585,045	1,497,633	2,087,412	139%

Foundation management provided the following explanations for the significant variations identified above.

Sales and services

During fiscal year 2007, certain special events were restructured resulting in ticket price increases, with sales more than doubling from \$50,397 to \$110,179.

Student services

Decrease is due to more commodities expenses (approximately \$125,000) incurred in fiscal year 2006 by the University's Athletics Department.

**State of Illinois  
Western Illinois University Foundation  
Analysis of Significant Variations in Operating and Nonoperating  
Revenues and Expenses  
For the Two Years Ended June 30, 2007**

**Fiscal Year 2007 (Continued)**

Operation and maintenance of plant

Decrease is due to the completion of the baseball stadium which was renovated during fiscal year 2006.

Investment income - net of investment expenses

Investment return from endowment in fiscal year 2007 increased to 16% compared to the fiscal year 2006 return of 9%, along with the corpus of the endowment investments increasing from gifts.

**State of Illinois  
Western Illinois University Foundation  
Analysis of Significant Variations in Operating and Nonoperating  
Revenues and Expenses  
For the Two Years Ended June 30, 2007**

**Fiscal Year 2006**

A comparative schedule of significant variations in operating and nonoperating revenues and expenses (at least \$50,000 and 20% of the previous year) for the fiscal years ended June 30, 2006 and June 30, 2005 are shown below:

ACCOUNTS	FISCAL YEAR ENDED JUNE 30,		INCREASE (DECREASE)	
	2006	2005	AMOUNT	%
Operating expenses:				
Instruction	\$ 759,280	\$ 566,525	\$ 192,755	34%
Public service	33,180	148,286	(115,106)	(78%)
Student services	433,192	538,757	(105,565)	(20%)
Operation and maintenance of plant	435,017	229,379	205,638	90%
Nonoperating revenues/expenses				
Investment income - net of investment expenses	1,497,633	966,970	530,663	55%
Additions to permanent endowments	1,343,167	1,042,399	300,768	29%

Foundation management provided the following explanations for the significant variations identified above.

Instruction

Increase is attributed to the increase in instruction expenses of Arts and Sciences, Business Technology and Fine Arts & Communications which amounted to \$43,000, \$58,913, and \$12,200, respectively.

**State of Illinois  
Western Illinois University Foundation  
Analysis of Significant Variations in Operating and Nonoperating  
Revenues and Expenses  
For the Two Years Ended June 30, 2007**

**Fiscal Year 2006 (Continued)**

Public service

Decrease is due to the equipment purchase in fiscal year 2005 which amounted to \$79,272 to upgrade the University's radio station transmitters.

Student services

Decrease is due to lesser expenses incurred by the University's Athletic Department.

Operation and maintenance of plant

During fiscal year 2006, the baseball stadium was renovated at a cost of over \$343,000.

Investment income - net of investment expenses

Investment return from endowment in fiscal year 2006 increased to 9% compared to the fiscal year 2005 return of 3.8%, along with the corpus of the endowment investments increasing from gifts.

Additions to permanent endowments

During fiscal year 2006, an estate gift amounting to \$357,000 was received.

**STATE OF ILLINOIS  
WESTERN ILLINOIS UNIVERSITY FOUNDATION  
ANALYSIS OF PLEDGES RECEIVABLE  
JUNE 30, 2007 AND 2006**

Pledges receivable (net of allowance for doubtful accounts) at June 30, were as follows:

	<u>2007</u>	<u>2006</u>
Unrestricted	\$ 5,373	\$ 9,604
Restricted	162,695	228,314
Endowment	8,638	7,238
Total Pledges receivable	<u>\$ 176,706</u>	<u>\$ 245,156</u>

Pledges receivable at gross less allowance for uncollectible accounts were as follows:

Pledges receivable - all funds, at gross	\$ 182,171	\$ 258,527
Less: allowance for uncollectible accounts	<u>(5,465)</u>	<u>(13,371)</u>
Net pledges receivable	<u>\$ 176,706</u>	<u>\$ 245,156</u>

Pledges receivable aging was as follows:

Due in FY2006	\$ -	\$ 134,329
Due in FY2007	102,327	38,716
Due in FY2008	25,888	25,095
Due in FY2009	21,989	20,988
Due in FY2010	10,640	11,708
Due in FY2011	10,050	9,496
Due in FY2012	2,249	2,136
Due in FY2013	2,136	2,031
Due in FY2014	1,427	657
Total pledges receivable	<u>\$ 176,706</u>	<u>\$ 245,156</u>

**State of Illinois  
Western Illinois University Foundation  
Analysis of Operations  
For the Two Years Ended June 30, 2007**

**Foundation Functions and Planning Program**

The Western Illinois University Foundation, located at 1 University Circle, 303 Sherman Hall, in Macomb, Illinois 61455, was incorporated under the laws of the State of Illinois as a not-for-profit organization. Dr. Daniel Hendricks is the Executive Officer of the Foundation. The primary function of the Foundation is to assist in developing and increasing the facilities of Western Illinois University for broader educational opportunities for its students, alumni, and citizens of the State of Illinois by encouraging gifts of money, property, works of art, and other materials having educational, artistic, or historical value. These gifts are to be administered with the primary objective of serving purposes other than those for which the State of Illinois ordinarily makes sufficient appropriations. The Foundation also acts as trustee for education, charitable, or other trusts placed under its stewardship.

**Description of Planning**

The Executive Officer submits a plan for scholarships and grants to the Board of Directors for their approval. The Board of Directors meets three times per year and the Executive Committee meets nine times per year. Both the Executive Committee and Board of Directors review the Analysis of Development report which shows the pledges, campaign goals, the status of the campaign, and a projection into the future. Once the campaign goals have been reached, the plan is then reviewed and revised.

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**Service Efforts and Accomplishments (Unaudited)**

The Western Illinois University Foundation (the "Foundation") was formed for the purpose of providing fund raising services to Western Illinois University (the "University") in order to attract private gifts. These gifts are used to support the University's instructional, research and public services activities.

The Governmental Accounting Standards Board has defined three categories to measure service efforts and accomplishments.

1. Output measures of the quantity or quality of service provided. Support provided to the University is the output measurement of services provided by the Foundation.

	Support Provided to the University		
	2007	2006	2005
Unrestricted	\$ 1,800,151	\$ 2,158,239	\$ 1,876,913
Restricted	1,770,503	1,764,897	1,828,873
Total	<u>\$ 3,570,654</u>	<u>\$ 3,923,136</u>	<u>\$ 3,705,786</u>

2. Output measures of the results and progress toward established goals and objectives. Gifts and contributions revenue is the outcome measurement of the results achieved by the Foundation. The total has been adjusted for changes in pledges receivable in the amounts of (\$68,447), (\$35,106), and (\$76,164) for 2007, 2006 and 2005, respectively.

	Gifts to the Foundation		
	2007	2006	2005
Unrestricted	\$ 26,733	\$ 110,595	\$ 233,616
Restricted	2,732,285	2,553,897	2,479,132
Endowment	1,329,842	1,343,168	1,033,763
Annuity	50	-	8,636
Plant	25,000	-	2,700
Total	<u>\$ 4,113,910</u>	<u>\$ 4,007,660</u>	<u>\$ 3,757,847</u>

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**Service Efforts and Accomplishments (Unaudited) (Continued)**

3. Efficiency measures that relate resources to outputs. The contribution ratio provides a cost per dollar of contributions in proportion to the University support of the Foundation. The support ratio provides a cost per dollar of support to the University in proportion to the University support provided to the Foundation.

	Efficiency Ratios of the Foundation		
	2007	2006	2005
University support for the Foundation	\$ 865,279	\$ 927,009	\$ 800,442
Contributions	4,113,910	4,007,660	3,757,847
Return ratio	0.210	0.231	0.213
University support of the Foundation	865,279	927,009	800,442
Foundation support for the University	3,570,654	3,923,136	3,705,786
Support ratio	0.242	0.236	0.216

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**Listing of State of Illinois Funds and Average Number of Employees**

**Listing of State of Illinois Funds**

<u>Fund Number</u>	<u>Fund Name</u>	<u>Fund Type</u>
1183	Western Illinois University Foundation	University

**Average Number of Employees (Unaudited)**

The Foundation utilizes the services of two University employees and reimburses the University for their services.