

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY
FOUNDATION
COMPLIANCE EXAMINATION**

For the Two Years Ended June 30, 2006

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

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY FOUNDATION**

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**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY FOUNDATION**

AGENCY OFFICIALS

David A. Nelson	Chairman
Robert L. Bovinette	Vice Chairman
Rege S. Eisaman	Treasurer
Mallory M. Simpson	President and Secretary
Jean Jagodzinski, CPA	Controller

NIU Foundation Office is located at:

Altgeld Hall 135
DeKalb, Illinois 60115-2882



NORTHERN ILLINOIS UNIVERSITY FOUNDATION

DEKALB, ILLINOIS 60115-2882 • (815) 753-0279

September 21, 2006

Clifton Gunderson LLP
301 SW Adams, Suite 900
P.O. Box 1835
Peoria, IL 61656-1835

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 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, 2006. Based on this evaluation, we assert that during the years ended June 30, 2006 and June 30, 2005, 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 received 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 on behalf of the State or held in trust by the Foundation have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours very truly,

Northern Illinois University Foundation


Mallory M. Simpson
President


Jean Jagodzinski
Controller

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY FOUNDATION
COMPLIANCE REPORT SUMMARY
For the Two Years Ended June 30, 2006**

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 Reports

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

Summary of Findings

<u>Number of</u>	<u>This Report</u>	<u>Prior Report</u>
Findings	0	0
Repeated Findings	0	0
Prior Recommendations Implemented or Not Repeated	0	2

Details of findings are presented in a separately tabbed report section.

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Prior Finding Code</u>
		FINDINGS	
	8	None	
		PRIOR FINDINGS NOT REPEATED	
	9	None	

Exit Conference

Foundation management waived having an exit conference in an e-mail dated November 2, 2006.

The financial audit report for the year ended June 30, 2006 is issued under a separate cover.

**Independent Accountant's 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 Northern 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, 2006. 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 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 on behalf of the State or held in trust by the Foundation have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Foundation's compliance with specified requirements.

In our opinion, the Foundation complied, in all material respects, with the aforementioned requirements during the two years ended June 30, 2006. The results of our procedures disclosed no instances of noncompliance with those requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General. 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 of laws and regulations. In planning and performing our examination, we considered the Foundation's internal control over compliance with the aforementioned requirements in order to determine our examination procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General.

Our consideration of internal control over compliance with the aforementioned requirements would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws and regulations that would be material in relation to one or more of the aforementioned requirements being examined may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over compliance that we consider to be material weaknesses. 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 basic financial statements of the Foundation as of and for the years ended June 30, 2006 and 2005, and have issued our reports thereon dated September 21, 2006 and September 22, 2005, respectively. 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 2006 and 2005 Supplementary Information for State Compliance Purposes, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audits 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 years ended June 30, 2006 and 2005 taken as a whole. The Foundation's basic financial statements for the year ended June 30, 2004 were audited by another auditor whose report thereon dated September 24, 2004 expressed an unqualified opinion on the basic financial statements. Their report on the 2004 Supplementary Information for State Compliance Purposes, except for the portion marked "unaudited," stated that, in their opinion, such information was fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2004 taken as a whole.

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

Clifton Gunderson LLP

Peoria, Illinois
September 21, 2006

**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance With *Government Auditing Standards***

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the basic financial statements of Northern Illinois University Foundation (Foundation), as of and for the year ended June 30, 2006, and have issued our report thereon dated September 21, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Foundation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of material misstatement, we performed tests of the Foundation's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Clifton Gunderson LLP

Peoria, Illinois
September 21, 2006

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY FOUNDATION
CURRENT FINDINGS
For the Two Years Ended June 30, 2006**

There are no current examination findings.

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY FOUNDATION
PRIOR FINDINGS NOT REPEATED
For the Two Years Ended June 30, 2006**

There were no prior examination findings.

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY FOUNDATION
SUPPLEMENTARY INFORMATION FOR STATE
COMPLIANCE PURPOSES
For the Two Years Ended June 30, 2006**

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
 - Comparative Schedule of Revenues
 - Analysis of Significant Variations in Expenses
 - Analysis of Significant Variations in Revenues
 - Analysis of Significant Variations in Account Balances
 - Comparative Schedule of Significant Net Asset Accounts -
Cash, Cash Equivalents, and Investments
 - Analysis of Receivables

- Analysis of Operations:
 - Agency Functions and Planning Program
 - Average Number of Employees (Unaudited)
 - Service Efforts and Accomplishments (Unaudited)

- University Guidelines 1982, as Amended:
 - Special Data for Audits of Universities
 - Summary of Foundation Payments to the University

The auditor's 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 auditor's opinion, except for that portion marked "unaudited," on which no opinion is expressed, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY FOUNDATION
SCHEDULE OF CHANGES IN CAPITAL ASSETS
For the Years Ended June 30, 2006 and 2005**

	<u>Land</u>	<u>Building</u>	<u>Collections</u>	<u>Furniture</u>	<u>Accumulated Depreciation</u>	<u>Total</u>	<u>Construction in Progress</u>
BALANCE AS OF JULY 1, 2004	\$ 3,879,350	\$ 146,802	\$ 190,427	\$ 11,241	\$ -	\$ 4,227,820	\$ 474,238
Additions during 2005	-	-	-	63,126	(8,673)	54,453	4,541,099
Disposals during 2005	<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(50,000)</u>	<u>-</u>
BALANCE AS OF JUNE 30, 2005	3,829,350	146,802	190,427	74,367	(8,673)	4,232,273	5,015,337
Additions during 2006	-	-	4,000	34,385	(11,421)	26,964	3,910,952
Disposals during 2006	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,094,024)</u>
BALANCE AS OF JUNE 30, 2006	<u>\$ 3,829,350</u>	<u>\$ 146,802</u>	<u>\$ 194,427</u>	<u>\$ 108,752</u>	<u>\$ (20,094)</u>	<u>\$ 4,259,237</u>	<u>\$ 832,265</u>

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY FOUNDATION
COMPARATIVE SCHEDULE OF REVENUES
For the Years Ended June 30, 2006, 2005, and 2004**

	For the Years Ended June 30,		
	<u>2006</u>	<u>2005</u>	<u>2004</u>
Gifts	\$ 13,919,238	\$ 15,598,414	\$ 13,533,131
Investment income	3,565,157	3,324,967	4,330,233
Royalties	2,146	5,892	27,379
Income from Northern Illinois University service contract	523,074	531,719	511,870
Support from NIU Alumni Association for Barsema Alumni & Visitors Center	-	400,000	100,000
Special events, merchandise sales, and miscellaneous income	<u>393,309</u>	<u>790,779</u>	<u>166,532</u>
TOTAL	<u>\$ 18,402,924</u>	<u>\$ 20,651,771</u>	<u>\$ 18,669,145</u>

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY FOUNDATION
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENSES
For the Two Years Ended June 30, 2006**

Significant variations in expenses are considered to be those varying between years by 20 percent or more.

	<u>For the Years Ended June 30,</u>			
	<u>2006</u>	<u>2005</u>	<u>2004</u>	
NIU Barsema Alumni & Visitors Center land and building transferred to NIU	\$ 5,549,024	\$ 350,000	\$ -	Land valued at \$350,000 was transferred to the University in fiscal year 2005 and the subsequent costs of the building were transferred in 2006.
Foundation operations and administration	1,126,830	869,350	712,250	The Foundation has increased staffing since 2004 in a continuing effort to aid and assist the University in achieving its educational research and service goals.

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY FOUNDATION
ANALYSIS OF SIGNIFICANT VARIATIONS IN REVENUES
For the Two Years Ended June 30, 2006**

Significant variations in revenues are considered to be those varying between years by 20 percent or more.

	<u>For the Years Ended June 30,</u>			
	<u>2006</u>	<u>2005</u>	<u>2004</u>	
Investment income	\$ 3,565,157	\$ 3,324,967	\$ 4,330,233	This includes interest income and gain (loss) on sales of investments. Fluctuations in the investment markets affect the investment portfolios. There were significant market improvements in 2004 and minimal decline in the market results in fiscal years 2005 and 2006.
Royalties	2,146	5,892	27,379	The Athletics Department received \$25,000 in fiscal year 2004 for an affinity telephone service.
Support from NIU Alumni Association for Barsema Alumni & Visitors Center	-	400,000	100,000	The Association contributed to the Barsema Alumni & Visitors Center in both 2005 and 2004.
Other income	393,309	790,779	166,532	In fiscal year 2005, \$300,000 was recorded as an increase in land value based on an appraisal. All other amounts are comprised of numerous sundry transactions, primarily of transactions nonrecurring in nature. They will not have a regular predictable pattern.

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY FOUNDATION
ANALYSIS OF SIGNIFICANT VARIATIONS IN ACCOUNT BALANCES
For the Two Years Ended June 30, 2006**

Significant variations in account balances are considered to be those varying between years by 20 percent or more.

	For the Years Ended June 30,			
	<u>2006</u>	<u>2005</u>	<u>2004</u>	
Cash and cash equivalents	\$ 4,727,117	\$ 1,889,047	\$ 1,235,634	An investment portfolio amounting to approximately \$2.4 million was in a cash equivalent at June 30, 2006 related to the Academic and Athletic Performance Center Capital Project construction payouts. Investments with a maturity date of 90 days or less are classified as cash equivalents.
Pledges receivable	4,141,380	3,749,114	1,559,847	Pledges for the Barsema Alumni & Visitors Center comprised approximately 80% of the balance in fiscal year 2004. In 2005 and 2006, two capital projects comprise over 90% of the outstanding pledges.
Accounts receivable	2,390	500	100	Travel advances do not have a regular and predictable pattern.
Prepaid expenses	15,000	-	-	Prepaid expenses rarely occur in the Foundation. Certain expenses were required to be paid prior to the date of the event.
Accounts receivable due from NIU	-	-	101,869	Each year, there are various transactions between the Foundation and the University which account for the balance due to/ from NIU.
Construction in progress	832,265	5,015,337	474,238	The Barsema Alumni & Visitors Center construction commenced late in fiscal year 2004 and was 60% complete at the close of fiscal year 2005. The building was completed in 2006. The Academic and Athletic Performance Center construction commenced in fiscal year 2006.
Accounts payable and accrued liabilities	1,063,558	2,357,029	166,387	Costs related to capital projects in process were owed at the close of fiscal years 2005 and 2006.
Accounts payable due to NIU	37,732	310,539	-	In both 2005 and 2006, expense and payroll reimbursements were owed to the University at year end. In 2006, the University owed the Foundation the second half of the services contract payment, which was paid in July 2006, which offset part of the amount the Foundation owed the University.
Notes payable	1,410,319	772,694	-	Notes payable relate to construction costs of the Barsema Alumni & Visitors Center that were financed.

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY FOUNDATION
COMPARATIVE SCHEDULE OF SIGNIFICANT NET ASSET ACCOUNTS -
CASH, CASH EQUIVALENTS, AND INVESTMENTS
As of June 30, 2006, 2005, and 2004**

	2006		2005		2004	
	Cost	Fair Market Value	Cost	Fair Market Value	Cost	Fair Market Value
Castle Bank N.A.	\$ 965,501	\$ 965,501	\$ 1,567,992	\$ 1,567,992	\$ 1,171,322	\$ 1,171,322
Common Fund	8,940,483	11,504,775	7,971,108	9,943,786	8,975,077	10,843,684
Morgan Stanley DW Inc.	-	-	1,370,146	1,368,609	225,345	225,357
National Bank & Trust Company of Sycamore	324,684	331,429	323,349	317,385	336,028	315,272
Pershing	31,759,947	35,137,438	25,712,742	28,962,635	21,850,188	24,293,454
Charles Schwab Institutional	1,671,447	2,229,698	2,153,381	3,035,191	1,926,774	2,369,947
Pointer Offshore LTD	1,500,000	1,778,763	1,500,000	1,639,691	1,200,000	1,208,807
Private Advisors LLC	1,200,000	1,334,398	1,200,000	1,243,715	1,500,000	1,500,000
Northgate Private Equity	407,017	410,362	200,000	200,000	-	-
Miscellaneous	87,624	87,272	100,000	100,000	100,000	100,000
TOTAL	<u>\$ 46,856,703</u>	<u>\$ 53,779,636</u>	<u>\$ 42,098,718</u>	<u>\$ 48,379,004</u>	<u>\$ 37,284,734</u>	<u>\$ 42,027,843</u>

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY FOUNDATION
ANALYSIS OF RECEIVABLES
For the Two Years Ended June 30, 2006**

Receivables for the years ended June 30, 2006 and 2005 consist of the following:

A. Accounts Receivable

Amounts in this caption are usually insignificant and mainly result from loans or travel advances and interest on investments that are earned but not yet received. Accounts receivable were \$2,390 and \$500 at June 30, 2006 and 2005, respectively.

B. Pledges Receivable

Amounts in this caption represent signed donor pledges to donate money over a period of time. Terms of the pledges vary and the amount has increased significantly over recent years due to recent capital projects funded by the Foundation. Details of pledges receivable are as follows:

	<u>2006</u>	<u>2005</u>
Current pledges receivable	\$ 2,095,698	\$ 962,233
Noncurrent pledges receivable	2,379,220	2,863,394
Allowance for potentially uncollectible amounts	<u>(333,538)</u>	<u>(76,513)</u>
Net pledges receivable	<u>\$ 4,141,380</u>	<u>\$ 3,749,114</u>

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY FOUNDATION
AGENCY FUNCTIONS AND PLANNING PROGRAM
For the Year Ended June 30, 2006**

Northern Illinois University Foundation is located at Altgeld Hall on the campus of Northern Illinois University, DeKalb, Illinois. The Chair of the Foundation is David Nelson and the President is Mallory Simpson.

The Northern Illinois University Foundation was incorporated under the laws of the State of Illinois on May 19, 1949, as a not-for-profit corporation. The primary function of the Foundation is that of aiding and assisting the University in achieving its educational research and service goals. This support is provided by the Foundation through activities, including scholarships, loans and grants, purchasing and paying for real estate, and receiving and holding gifts made for the benefit of the University. The Foundation also administers funds for the Northern Illinois University Alumni Association and acts as a trustee for educational, charitable, or other trusts placed under its stewardship.

The Foundation follows a program of activities under a five-year plan. This plan consists of a budget, which describes how funds will be generated and what funds will be expended.

Both the solicitation programs and the activities sponsored by the Foundation are revised annually. Once the programs have been revised and the current year and five-year budget programs have been updated, the annual budget is then submitted to the Board of Directors for their approval.

Based upon the steps performed and the inquiries made, both the establishment and monitoring of goals and activities of the Foundation appear to be adequate.

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY FOUNDATION
AVERAGE NUMBER OF EMPLOYEES
For the Two Years Ended June 30, 2006 and 2005**

(Unaudited)

The weighted average number of full-time equivalent employees working for the Foundation was 6.3 for the years ended June 30, 2006 and 2005. These employees are paid by the University and the Foundation reimburses the University for wages.

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY FOUNDATION
SERVICE EFFORTS AND ACCOMPLISHMENTS
For the Years Ended June 30, 2006, 2005, and 2004**

(Unaudited)

The NIU Foundation was formed to secure and manage private gifts to support NIU in its educational, research, and public service activities.

Output measures the quality and quantity of service provided. Distributions to the University is one output measurement of service provided by the Foundation.

	Distributions to University		
	<u>2006</u>	<u>2005</u>	<u>2004</u>
From Endowment Funds	\$ 726,813	\$ 348,535	\$ 355,551
Expendable gift funds	3,199,858	3,248,489	3,340,910
Fixed assets and other gifts in kind	<u>3,983,678</u>	<u>4,862,527</u>	<u>6,139,923</u>
	<u>\$ 7,910,349</u>	<u>\$ 8,459,551</u>	<u>\$ 9,836,384</u>

Outcome measures the results and progress toward established goals and objectives. Gifts and contributions revenue is one outcome measurement of the results achieved by the Foundation.

	Contributions to the Foundation		
	<u>2006</u>	<u>2005</u>	<u>2004</u>
Unrestricted	\$ 257,289	\$ 231,767	\$ 158,075
Restricted	12,192,222	13,671,954	11,308,169
Loan	-	500	-
Endowment and similar gifts	1,469,727	1,694,193	1,980,424
Fixed assets	<u>-</u>	<u>-</u>	<u>86,463</u>
	<u>\$ 13,919,238</u>	<u>\$ 15,598,414</u>	<u>\$ 13,533,131</u>

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY FOUNDATION
SPECIAL DATA FOR AUDITS OF UNIVERSITIES
For the Two Years Ended June 30, 2006**

The Auditor General requires that certain special data for audits of universities, specified in a memorandum dated July 25, 2000, be presented. The following information, lettered (a) through (u), although not required to be included in University Related Organization (URO) reports, is provided for information.

(a) Violation of University Guidelines 1982, as Amended

We noted no instances of noncompliance with University Guidelines during our audit of the Foundation for the two years ended June 30, 2006.

(b) Sources and Application of Indirect Cost Recoveries

Does not apply to the Foundation.

(c) Calculation Sheet for Indirect Cost Support Carryforward

Does not apply to the Foundation.

(d) Amount of Tuition Diverted to Auxiliary Enterprise Operations

Does not apply to the Foundation.

(e) List of Accounting Entities and Description of Sources and Purpose of Revenues

Does not apply to the Foundation.

(f) Financial Statements for Each Accounting Entity

Does not apply to the Foundation.

(g) Calculations of Current Excess Funds for Each Accounting Entity

Does not apply to the Foundation.

(h) Support to Auxiliary Enterprise from State Appropriated Funds

Does not apply to the Foundation.

(i) Statement of Receipts and Disbursements for Bond Indentures

Does not apply to the Foundation.

(j) Conformity of Bond Fund Accounting to Terms of Bond Issues

Does not apply to the Foundation.

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY FOUNDATION
SPECIAL DATA FOR AUDITS OF UNIVERSITIES
For the Two Years Ended June 30, 2006**

(k) List of Noninstructional Facilities Reserves

Does not apply to the Foundation.

(l) List of Organizations Recognized as University Related Organizations (UROs)

The Foundation is recognized as a University Related Organization by Northern Illinois University (University).

(m) Amounts Paid by UROs to the University for Services Provided by the University

A summary of Foundation payments to the University is included on page 24 of this report.

(n) Amounts Paid by the University to UROs for Services Provided by the URO

The University paid the Foundation for services pursuant to the annual agreements between the Foundation and the University for the years ended June 30, 2006 and June 30, 2005. See page 24 for details.

(o) Amount of Unreimbursed Subsidies to UROs

For the years ended June 30, 2006 and 2005, there are no unreimbursed subsidies to the Foundation from the University.

(p) Debt Financing of UROs

Note 4 of the Foundation's financial statements describes debt incurred related to the construction of the Barsema Alumni & Visitors Center. Note 5 of the Foundation's financial statements describes debt that will be incurred to finance the construction of the Academic and Athletic Performance Center.

(q) Schedule of Cash and Investments

A comparative schedule of significant net asset accounts - cash, cash equivalents, and investments is presented on page 16 of this report.

(r) Allocation Method on Interest from Pooled Investments

Income from investments in pooled funds has been allocated and credited back to the original sources.

(s) Costs Per Full-Time Equivalent Student

Does not apply to the Foundation.

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY FOUNDATION
SPECIAL DATA FOR AUDITS OF UNIVERSITIES
For the Two Years Ended June 30, 2006**

- (t) Acquisition of Real Estate by University or URO Greater Than \$250,000 and Not Specifically Funded

None.

- (u) Issuance of Certificates of Participation (COPs) or Participation in Lease or Purchase Arrangements Involving COPs

None.

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY FOUNDATION
SUMMARY OF FOUNDATION PAYMENTS TO THE UNIVERSITY
For the Two Years Ended June 30, 2006**

During fiscal years 2006 and 2005, the University engaged the Foundation, under contract, to provide fundraising services. As provided in the contract agreement, the University paid \$523,074 and \$531,719 in 2006 and 2005, respectively, for fundraising services. Additionally, the University provided services to the Foundation valued at \$1,126,830 and \$869,350 in 2006 and 2005, respectively. As required by the contract, the Foundation fully repaid the University for the services provided, using funds considered unrestricted for purpose of the University Guidelines computations.

Presented below is a summary of all funds that the Foundation gave to the University:

	<u>2006</u>	<u>2005</u>
Funds considered unrestricted for purposes of the Guidelines computations:		
Totally unrestricted - administrative services	\$ 1,126,830	\$ 869,350
Restricted only as to campus, college, or department and generally available for ongoing University operations:		
Support for University programs and departments	2,055,956	1,785,400
Administrative and office expense	985,613	1,046,407
Provided for library books, equipment, and property and improvements	<u>7,274,936</u>	<u>351,923</u>
Total funds considered unrestricted	<u>11,443,335</u>	<u>4,053,080</u>
Funds considered restricted for purposes of the Guidelines computations:		
Provided for scholarships and awards	725,752	450,868
Provided for library books, equipment, and property and improvements	2,511,990	5,270,141
Other restricted funds provided to the University:		
Restricted Fund	675,575	819,518
Endowment Fund	<u>286,307</u>	<u>143,712</u>
Total funds considered restricted	<u>4,199,624</u>	<u>6,684,239</u>
Total funds provided to the University by the Foundation	<u>\$ 15,642,959</u>	<u>\$ 10,737,319</u>