- a reduced grade (including "F" or zero) for the assignment;
- 3. a reduced grade (including "F") for the entire course;
- referral to Student Judicial Programs.

The use of grades to address questions of academic dishonesty is at the sole discretion of the faculty member. A second violation of this policy will automatically result in formal judicial charges being brought against the student.

IV. Undergraduate and Graduate Procedure,
Step Two: Formal Hearings
A. Constitution of Academic Integrity Committees:
Each academic department and College within the University will establish an Academic Integrity Committee whose sole responsibility is to determine whether there has been a violation of the Academic Integrity Policy, but not to determine any penalty, in accordance with the procedures outlined below.

Faculty members and students should be aware of potential conflicts of interest and excuse themselves from service. If the impartiality of a committee member is questioned, the committee itself must reach a decision as to the continuance of the individual so questioned. If a member is disqualified, another individual from the same constituency will be appointed to serve in his or her place. Department chairpersons and administrators (assistant dean, associate dean, dean, etc.) of any college will not serve on any Academic Integrity Committee.

1. Department Academic Integrity Committee
Each department will establish a standing Academic Integrity Committee comprised of an odd number of members. If the Academic Integrity Committee consists of the minimum of three members, then one member must be a student who was not in the course from which the allegation originates and is not currently a student in any course taught by the faculty member bringing the allegation. (If the case involves an undergraduate student, then the student representative must be an undergraduate student. If the case involves a graduate student, then the student representative must be a graduate student.) If the committee consists of more than three faculty members, then the committee must have two student members that were not in the course from which the allegation originates and are not currently in any course taught by the faculty member bringing the charge. Department chairs will notify each faculty member on the Academic Integrity Committee of the first meeting at the beginning of the semester, before an Academic Integrity Report is filed. At this meeting, the chairperson will be elected by the members of said committee.

2. College Academic Integrity Committee
The College Academic Integrity Committee will consist of five persons: two voting students, selected according to the criteria for Department Committees, and three voting faculty members, appointed by the dean from the chairpersons of Department Academic Integrity Committees (or their designees) within the College but not from the academic department from which the academic integrity case originated. The chair will be appointed by the dean of the College.

3. University Academic Integrity Committee
The Council on Admission, Graduation, and Academic Standards (CAGAS) will serve as the academic integrity committee for undergraduate students at the University level. The Graduate Council will serve as the academic integrity committee for graduate students at the University level.

B. Procedures for All Committees
Within five working days following the receipt of a student's written request to appeal a charge of academic dishonesty, the appropriate academic integrity committee will arrange a hearing. All hearings (department, College, and University) will be held on the Macomb campus for Macomb students and by CODEC for the WIU-Quad Cities Campus, unless the committee decides otherwise. Academic integrity hearings are normally heard during the fall/ spring semesters unless all parties agree to an earlier hearing. At least five working days in advance of any hearing, the chairperson of the committee will notify the student and the faculty member involved of the time and place of the hearing, the specification(s) of the complaint (including any written documentation that was provided by the student or faculty member), and the right of each individual to be accompanied by an advisor, but not legal counsel. Reasonable efforts will be made to accommodate the class schedules of students and faculty members when setting committee meetings and hearings.

One advisor for the student and one for the faculty member may be present when evidence is presented to the committee. Advisers are not allowed to ask questions or present material and cannot serve as witnesses. All committee hearings will be confidential; witnesses will be excluded except for the period of their questioning. All participants will conduct themselves in a professional and collegial manner. Anyone failing to comply with this requirement can be excluded for the remainder of the hearing.

Agreement or disagreement with the charge of academic dishonesty shall be determined by majority vote of those present on a secret ballot. A written report of the proceedings will be prepared by the chairperson of the committee and submitted to the members for their approval. This report should include the basis for the charge, conclusions reached by the committee, and a report of the voting which reflects the majority and minority points of view.

C. Formal Hearing
1. Department Level Hearing
The Department Academic Integrity Committee will consider the facts of the case at a meeting which should be attended by the student (with an advisor of the student's choice, if he or she so desires) and the instructor making the allegation. Either party may submit written materials to support his or her position, and either party may have witnesses testify either in writing or before the committee.

The hearing at the department level will be completed within 20 working days after the submission of the Academic Integrity Incident Report or the student's request to appeal, whichever is later.

Within five working days after the departmental hearing, the chairperson of the committee must inform the faculty member, student, chairperson of the department, and (for record-keeping purposes) either the Council on Admission, Graduation, and Academic Standards (if the case involves an undergraduate student) or the Graduate Council (if the case involves a graduate student) of the decision in writing. If the Academic Integrity Committee finds that no violation has occurred, the faculty member must inform the chairperson of the committee in writing as to whether or not he or she will appeal the decision within five working days.

The chairperson of the committee must then inform the student and the chairperson of the department in writing of the faculty member's decision within five working days. If the faculty member fails to reply within the specified time limit, it will be assumed that he or she has decided not to pursue a charge of academic dishonesty. If either the student or faculty member does not agree with the recommendation of the department's Academic Integrity Committee, the chairperson must inform both parties, in writing, of their right to appeal the decision to the college level. If the faculty member does not respond to the committee, then the student must request in writing that the appeal be forwarded to the College level.

In cases where the faculty member does not become a party in the proceedings and the Departmental Academic Integrity Committee makes a decision in favor of the student, the allegations will be dismissed and the Incomplete (if one is recorded) will be changed to the appropriate grade. The chairperson of the committee will submit a change of grade form and indicate that the change is due to an academic integrity appeal.

2. College Level Hearing
If the result of the decision of the Departmental Academic Integrity Committee is unsatisfactory to either party, that person will have the right to

appeal to the dean of the College in which the department involved is located. The written appeal must be filed with the dean's office within 20 working days after the chairperson of the department committee has notified the student of the faculty member's decision. The chairperson of the department committee will forward the committee's report, and all written material considered by the committee, to the dean's office upon being notified by the dean that there will be an appeal at the College level. This material will also be sent to both the faculty member and student involved with the academic integrity hearing.

A hearing will be held within 10 working days after receiving the appeal using the same procedures provided for at the department level. The College committee will also include in its deliberations the written report of the Departmental Academic Integrity Committee and any other written materials forwarded to the dean from the chairperson of that committee.

Within five working days after the College hearing, the chairperson of the committee must inform the faculty member, student, chairperson of the department, and (for record-keeping purposes) either the Council on Admission, Graduation, and Academic Standards (when the case involves an undergraduate student) or the Graduate Council (when the case involves a graduate student) of the decision in writing.

If the appeal is upheld, within five working days the faculty member must inform the chairperson of the committee in writing as to whether or not he or she will abide by the decision. The chairperson of the college committee must then inform the student and the chairperson of the department in writing of the faculty member's decision within five working days.

If the faculty member fails to reply within the specified time limit, it will be assumed that he or she has decided not to pursue a charge of academic dishonesty. If either the student or faculty member does not agree with the recommendation of the College Academic Integrity Committee, the chairperson of the committee must inform both parties, in writing, of their right to appeal the decision to the University level. If the faculty member does not respond to the committee, then the student must request in writing that the appeal be forwarded to the University level.

In cases where the faculty member does not become a party in the proceedings and the College Academic Integrity Committee makes a decision in favor of the student, the allegations will be dismissed and an appropriate grade will be assigned. The chairperson of the committee will submit a change of grade form and indicate that the change is due to an academic integrity appeal.

3. University Level Hearing
a. Undergraduate Student
If the decision of the College Academic Integrity Committee is unsatisfactory to either the undergraduate student or the faculty member, that person will have the right to appeal to the Council on Admission, Graduation, and Academic Standards (CAGAS). The written appeal must be filed with the chairperson of the council within 10 working days after the chairperson of the College Academic Integrity Committee has notified the student of the faculty member's decision to pursue a charge of academic dishonesty. The chairperson of the College Academic Integrity Committee will forward all reports and written materials that had been forwarded to the College Academic Integrity Committee to the chairperson of the council upon being notified that there will be an appeal.

The chairperson of the council shall review the case and shall then appoint a subcommittee of the council to review the case and bring a recommendation to the council. The subcommittee may request additional information and/ or hear from both parties involved. The council shall decide whether or not to approve the appeal. No member of CAGAS from the department in which the appeal originated may participate in the deliberations or vote on the case.

The chairperson of CAGAS will then inform the student, faculty member, chair of the department, and dean of the College in writing of the decision in the case. If CAGAS finds no violation has occurred, the charge of academic dishonesty will be dismissed. The student may then either remain in the course without penalty, or withdraw from the course regardless of any published deadlines. If CAGAS finds that a violation has occurred, then the faculty member will assign the appropriate grade.

b. Graduate Student
If the decision of the College Academic Integrity Committee is unsatisfactory to either the graduate student or the faculty member, that person will have the right to appeal to the Graduate Council. The written appeal must be filed with the chairperson of the Graduate Council within 10 working days after the chairperson of the College Academic Integrity Committee has notified the student of the faculty member's decision to pursue a charge of academic dishonesty. The chairperson of the College Academic Integrity Committee will forward all reports and written materials received by the College Academic Integrity Committee to the chairperson of the Graduate Council upon being notified that there will be an appeal.

The chairperson of the Graduate Council shall review the case and shall then appoint a subcommittee of the council to review the case and bring a recommendation to the Graduate Council. The subcommittee may request additional information and/or hear from both parties involved. The council shall decide whether or not to approve the student's appeal. No member of the Graduate Council from the department in which the appeal originated may participate in the deliberations or vote on the case.

The chairperson of the Graduate Council will then inform the student, faculty member, chair of the department, and dean of the College in writing of the decision in the case. If the Graduate Council finds no violation has occurred, the charge of academic dishonesty will be dismissed. If the Graduate Council finds a violation has occurred, then the faculty member will assign the appropriate grade.

V. Records
Individual records of academic dishonesty shall be kept by the registrar's office for all students and an additional file will be maintained by the graduate office for graduate students. The only persons having immediate access to these records shall be the president, the academic vice president, and the chairperson of CAGAS (for undergraduate students) and the chairperson of the Graduate Council (for graduate students). Any other person(s) wishing to view these files must have the permission of the chairperson of CAGAS (for undergraduate students) or the chairperson of the Graduate Council (for graduate students).

The purpose of this record keeping is to ensure that students who violate the University's Student Academic Integrity Policy a second time are dealt with appropriately. A second purpose is to deter students from repeating offenses.

VI. Interpretations and Exceptions
Any questions concerning the interpretation or execution of the Academic Integrity Policy will be resolved by the Council on Admission, Graduation, and Academic Standards for undergraduate students and the Graduate Council for graduate students. CAGAS will be informed of all decisions regarding undergraduate student academic integrity hearings. The Graduate Council will be informed of all decisions regarding graduate student academic integrity hearings.

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Approved By: President's Staff

Statement on Sexual Assault

It is the policy of Western Illinois University that the sexual assault of one member of the academic community by another will not be tolerated. This policy applies to all members of the campus community: students, staff and faculty.

The term sexual assault as used by Western Illinois University in this policy encompasses the legal definitions of sexual assault contained in Illinois State Law. It includes but is not limited to: acts of rape (stranger and acquaintance) and other forms of coerced sexual activity, including unwanted touching, fondling or other forms of sexual conduct.

A person who has been a victim of sexual assault should report the crime to the Office of Public Safety or the local police. The University provides support services for persons who have been victims of sexual assault. Staff will serve in an advocacy role and help refer individuals for appropriate medical, police, judicial and counseling assistance. Those who report a sexual assault will be advised of the importance of preserving evidence which may be necessary to provide proof for prosecution. Upon request, assistance will be provided in changing academic schedules and living arrangements, when reasonably available.

Reported complaints of sexual assault will be investigated, and information obtained in this process will be kept as confidential as possible. Whether or not a victim chooses to initiate criminal charges, he/she retains the right to file a complaint through the student judicial system or employee grievance process. Should the alleged misconduct of a student be subject to review through formal hearing procedures, both the accused and accuser will be afforded the opportunity to present relevant information; be accompanied by a support person; and be apprised of the results of the disciplinary review. In the event the accused is found in violation, the entire range of sanctions outlined in the Code of Student Conduct may be considered including, but not limited to, disciplinary probation, suspension, or expulsion from the University. Should the alleged sexual assault involve an employee, sanctions will be determined under applicable employment contracts and agreements.

In an effort to educate the campus community about sexual assault, acquaintance rape, and other sex offenses, campus-sponsored prevention programs are offered on an on-going basis throughout the year. Information about above procedures, services and programs can be obtained from the following offices: Student Judicial Programs, the Office of Public Safety and Student Development and Orientation.

Sexual harassment may be a form of sexual assault. Information on what constitutes sexual harassment, the support and resources that are available when instances occur, and information on how to file a complaint may be obtained from the Affirmative Action Office.

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Approved By: President

Anti-Harassment Policy

I. Policy Statement

Western Illinois University strives to provide an educational and working environment that is free from harassment for faculty, staff, and students. We are committed to providing an environment that values diversity and emphasizes the dignity and worth of every individual, an environment in which every individual is treated with respect. Harassment in any form is contrary to these goals and fundamentally at odds with the core values of Western Illinois University. Harassment is unacceptable and will not be tolerated. Incidents of harassment will be met with appropriate disciplinary action, up to and including separation or dismissal from the University. Any action taken as a result of a violation of this policy will be in accordance with the relevant collective bargaining agreements or University policies.

This policy is designed to do the following:

- reaffirm the University's commitment to providing a positive, humane environment for study and work free from harassment or intimidation;
- inform victims of harassment of their options and rights;
- inform all members of the University community about the procedures available for addressing, investigating, and resolving harassment complaints, including sexual harassment complaints;
- protect the rights and confidentiality of all parties to harassment complaints to the extent possible; and
- prevent retaliation against persons alleging sexual and other unlawful harassment or against persons cooperating in an investigation.

II. Prohibited Conduct

A. Harassment

It is the policy of Western Illinois University that all faculty, staff, and students work and study in an environment that is free from harassment based on sex, race, color, sexual orientation, gender identity and gender expression, religion, age, marital status, national origin, disability, or veteran status.

The University defines harassment as verbal or physical conduct that denigrates or shows hostility toward an individual because of his/her sex, race, color, sexual orientation, gender identity and gender expression, religion, age, marital status, national origin, disability, or veteran status, and that:

- has the purpose or effect of creating an intimidating, hostile, or offensive environment;
- has the purpose or effect of unreasonably interfering with an individual's work, study, or participation in University activities; or
- otherwise adversely affects an individual's opportunities.

Harassing conduct includes:

- epithets; slurs; negative stereotyping; or threatening, intimidating, or hostile acts that relate to sex, race, color, sexual orientation, gender identity and gender expression, religion, age, marital status, national origin, disability, or veteran status;
- written or graphic material that denigrates or shows hostility or aversion toward an individual or group because of sex, race, color, sexual orientation, gender identity and gender expression, religion, age, marital status, national origin, disability, or veteran status and that is displayed on walls, bulletin boards, or other public locations.

B. Sexual Harassment

The University will not tolerate sexual harassment of any member of the campus community and will investigate all allegations of sexual harassment. Where sexual harassment is found, steps will be taken to end it immediately. In those instances where it is determined that an individual has sexually harassed another, that individual will be subject to appropriate discipline in accordance with relevant collective bargaining agreements and University policies. The level of discipline will depend on the severity of the harassment. If the investigation reveals a pattern of harassing behavior, or the conduct is aggravated, probation or termination may be appropriate.

Pursuant to Title VII of the Civil Rights Act of 1964 and Title IX of the Educational Amendments of 1972,

"sexual harassment" is defined as:

Unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature, when:

1. submission to such conduct is made either implicitly or explicitly a term of an individual's employment or status in a course, program, or activity;
2. submission or rejection of such conduct by an individual is used as the basis for employment or education decisions affecting such individual; or
3. such conduct has the purpose or effect of interfering with the individual's work or educational performance; or of creating an intimidating, hostile, or offensive working and/or learning environment; or of interfering with one's ability to participate in or benefit from an educational program or activity.

Examples of Sexual Harassment

Examples of behavior and conduct that constitute sexual harassment may include, but are not limited to, the following:

- physical assault;
- direct or implied threats that submission to sexual advances will be a condition of employment, work status, compensation, promotion, grades, or letters of recommendation;
- sexual advances, physical or implied, or direct propositions of a sexual nature. This activity may include inappropriate/unnecessary touching or rubbing against another, sexually suggestive or degrading jokes or comments, remarks of a sexual nature about one's clothing and/or body, preferential treatment in exchange for sexual activity, and the inappropriate display of sexually explicit pictures, text, printed materials, or objects that do not serve an academic purpose;
- a pattern of conduct, which can be subtle in nature, that has sexual overtones and is intended to create, or has the effect of creating, discomfort and/or humiliation of another; or
- remarks speculating about a person's sexual activities or sexual history, or remarks about one's own sexual activities or sexual history, that do not serve a medical or academic purpose.

Consensual Relationships

It is in the interest of the University to provide clear direction and educational opportunities to the University community regarding the professional risks associated with consensual romantic and/or sexual relationships where a definite power differential exists between the parties. These relationships are of concern for two primary reasons:

1. Conflict of Interest.
   Conflicts of interest may arise in connection with consensual romantic and/or sexual relationships between faculty or other instructional staff and students, or between supervisors and subordinates. University policy and more general ethical principles preclude individuals from evaluating the work or academic performance of others with whom they have intimate familial relationships, or from making hiring, salary, or similar financial decisions concerning such persons. The same principles apply to consensual romantic and/or sexual relationships, and require, at a minimum, that appropriate arrangements be made for objective decision-making with regard to the student, subordinate, or prospective employee.
2. Abuse of Power Differential.
   Although conflict of interest issues can be resolved, in a consensual romantic and/or sexual relationship involving power differential, the potential for serious consequences remains. Individuals entering into such relationships must recognize that:
   A. reasons for entering such a relationship may be a function of the power differential;
   B. even in a seemingly consensual relationship where power differentials exists, there are limited after-the-fact defenses against charges of sexual harassment; and,
   C. the individual with the power in the relationship will bear the burden of accountability.
   D. such a relationship, whether in a class or work situation, may affect the educational or employment environment for others by creating an appearance of improper, unprofessional, or discriminatory conduct.

Breach of Professional Obligation

A sexual relationship that does not constitute sexual harassment may lead to a breach of professional obligations. A breach of professional obligations, such as basing a decision that affects the evaluation, employment conditions, instruction, and/or academic status of another individual on illegitimate criteria, may result in discipline or sanctioning in accordance with the relevant collective bargaining agreements or University policies.

C. Other Violations of the Anti-Harassment Policy

Other violations of this policy include retaliation against a person who has made a report or filed a complaint alleging harassment, or participated as a witness in a harassment investigation; or disregarding, failing to investigate adequately, or delaying investigation of allegations of harassment, when responsibility for reporting and/or investigating harassment charges comprises part of one's supervisory duties.

To make deliberate false accusations of harassment violates this policy. In such instances, the complainant will be subject to disciplinary action. However, failure to prove a claim of harassment does not constitute proof of a false and/or malicious accusation.

Non-University visitors, guests, patrons, independent contractors, or clients who violate this policy will be subject to action in accordance with contractual agreements.

III. Academic Freedom

Academic freedom is essential to teaching and learning, and freedom of expression is central to the fundamental principles of a university education. Nothing in this policy shall be construed to penalize a member of the Western Illinois University community for expressing an opinion, theory, or idea in the process of responsible teaching and learning.

IV. Supervisory Relationships

No individual who is in a position of authority over another, either in the employment or educational context, has the authority to harass others by virtue of his or her supervisory role. The University does not, in any way, expressly or by implication, condone the harassment of a student or employee by a supervisor.

V. Prohibition against Retaliation

It is a violation of this policy for students or employees who in good faith report what they believe to be harassment, or who cooperates in any investigation, to be subjected to retaliation. Any student or employee who believes he/she has been the victim of retaliation for reporting harassment or cooperating in an investigation should immediately contact the Office of Equal Opportunity & Access.

VI. Student-to-Student Complaints

Where there is not an employee/supervisor relationship, harassment involving students will be treated as a disciplinary matter and should be reported to the Office of Student Judicial Affairs. In cases where an employee/supervisor relationship exists between two students, the Affirmative Action Officer will work cooperatively with the Office of Student Judicial Affairs in the investigation of harassment allegations.

VII. Responding to Reports of Harassment

A. Reporting Responsibilities

Employees should contact the Office of Equal Opportunity & Access to report any harassment they experience, witness, or which is reported to them. No student or employee should assume an official of Western Illinois University knows about a situation or incident. Students and employees should report all incidents of harassment immediately.

B. Responsible Administrators

Affirmative Action Officer. The Affirmative Action Officer is the individual designated by the President to be primarily responsible for providing education and training about the University's Anti-Harassment Policy to the University community, and for investigating reports and complaints of harassment in accordance with this procedure. The Affirmative Action Officer is authorized to designate other appropriately-trained individuals to conduct training, investigate harassment complaints, and prepare reports as deemed appropriate.

Vice Presidents. The Vice Presidents are the individuals designated to review investigative reports and to determine the appropriate action for the University to take based upon the findings. The Vice President charged with responsibility will be the Vice President who has supervisory authority over the respondent(s) of the harassment complaint or report. If the respondent in a harassment complaint or report is the Affirmative Action Officer or a Vice President, the responsible administrator will be the President. If the Respondent in a harassment complaint or report is the President, the responsible administrator will be the Board of Trustees.

Deans, Directors, Chairs/Supervisory Personnel. All supervisory personnel are responsible for ensuring compliance with the University's Anti-Harassment Policy and these procedures.

C. Investigation and Resolution

All reports of harassment will be promptly investigated and appropriate action will be taken as expeditiously as possible. Investigations will be conducted in accordance with the University's Discrimination Complaint Procedures. Complaints of harassment should be reported as soon as possible after the incident(s) in order to be most effectively investigated. The University will make reasonable efforts to protect the rights of both the complainant and the respondent. The University will respect the privacy of the complainant, the individual(s) against whom the complaint is filed, and the witnesses in a manner consistent with the University's legal obligations to investigate, to take appropriate action, and to comply with any discovery or disclosure obligations required by law. The University encourages any person who feels he or she has been harassed to report the incident to the appropriate supervisor or the Affirmative Action Officer. Any student, faculty member, or employee who knows of, receives information about, or receives a complaint of harassment should report the information or complaint to the Affirmative Action Officer. Administrators and supervisors must report incidents of harassment that are reported to them to the Affirmative Action Officer in a timely manner.

Allegations of harassment will be investigated in accordance with the University's Discrimination Complaint Procedures. During this process, the Affirmative Action Officer will keep the supervisor/administrator informed of the status of the complaint and will seek input from the appropriate personnel when recommending corrective action. These procedures do not replace the right of complainants to pursue other options or remedies available under the law.

Administrative action may be recommended in cases where a finding of policy violation is determined. This action will be taken in accordance with relevant collective bargaining agreements and University policies and may include disciplinary action up to and including termination.

- If the Affirmative Action Officer's investigation concludes there is evidence that the behavior stated in the complaint occurred, he/she may also elect one or more of the following remedies:
- hold a discussion with the alleged offender informing him or her of the policy and indicating that the behavior must stop;
- suggest counseling and/or educational training;
- conduct training for the unit, division, or department calling attention to the consequences of engaging in such behavior;
- request a letter of apology to the complainant;
- facilitate meetings between the parties;
- separate the parties, if appropriate; or,
- compose a letter of agreement confirming that the respondent has been informed of the policy, identifying and accepting the Affirmative Action Officer's resolution of the complaint, and stating that retaliation is prohibited.

D. Privacy/Confidentiality

During the investigation, all individuals involved in the process will keep the information gathered during the investigation private to the extent permitted by state and federal law. The Affirmative Action Officer shall exercise due care in sharing identifiable information about students, staff, or faculty.

E. University Action

The appropriate Vice President and other supervisory personnel will take the recommended remedial action based on the results of the investigation and will follow up as appropriate to ensure that the remedial action is effective. Complainants are encouraged to report any recurrences of conduct found to violate the University's Anti-Harassment Policy. The responsible administrator will notify the complainant and respondent, in writing, of the results of this process. Written notice to parties relating to discipline, resolutions, and/or final dispositions are deemed to be official correspondence from the University.

F. Right to Appeal

The complainant and the respondent shall have the right to appeal the decision to the President or his/her designee pursuant to this policy. To file an appeal to the President, as provided by this procedure, a written appeal must be made within ten (10) working days after receipt of written notification regarding the decision made about the complaint. The President or his/her designee may receive additional information if he/she believes such information would aid in the consideration of the appeal. A decision will be made within a reasonable time and the Affirmative Action Officer, the responsible administrator, the complainant, and the respondent will be notified of the decision.

VIII. Education, Policy Dissemination, and Record Retention

A. Education and Training

The University will provide education and training programs to promote awareness and prevention of harassment. Education and training programs also include informational materials about the University's Anti-Harassment Policy as well as training for responsible personnel in conducting investigations and management and implementation of the complaint procedure.

B. Dissemination

This policy will be disseminated annually to employees and students through orientation programs, the Campus Connection and the Student Handbook. The policy and related procedural information is also available on the University's website.

C. Record Retention

During an investigation of a complaint, and upon the completion of an investigation, the custodian of the files shall be the Affirmative Action Officer. Future access to any file shall be provided in keeping with the Illinois Open Records Act and the Family Educational Rights and Privacy Act.

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Approved By: President

Policy on Military Service

Military Service:

1. Students who, during the course of an academic term, are called into active military service, including National Guard and Reserve, and are not in attendance at the end of the term, will be considered to be a case of extreme hardship. These students will receive course and refund credits as follows:
    1. **Withdrawal:** At any point in the term, a student called to active duty may withdraw from school by filing a withdrawal form in the Office of the Registrar. The student will receive a full credit of tuition/fees. The Office of the Registrar will process the withdrawal and arrange for appropriate adjustments to the account.
    2. **Selective Drops:** A student may drop one or more courses and elect to complete remaining course work according to option C. or D. below. A full credit of tuition/fees for dropped courses will be honored.
    3. **Incompletes:** Students who have successfully completed the majority of work for a course can be awarded a grade of 'I' at the discretion of their instructor. Students may be granted extensions on the incompletes because they may be away an extended period of time.
    4. **Final Grades:** A final grade option becomes available if the following requirements are met: 1) the instructor determines that a sufficient amount of the course has been completed, and 2) sufficient information about a student's performance in the course has been obtained. Students must consult with their instructor to determine whether these two requirements have been met in order for a final grade to be awarded.
2. Percentage of attendance during the term will be based on the calendar period which includes the first day of classes through the last day of final exams.
3. The University will follow the U.S. Department of Education guidelines regarding federal return of funds. Students who are activated into military service will be accommodated by the Financial Aid Office regarding satisfactory progress standards within an academic year. Western Illinois University talent tuition waivers will remain on the student's account, as awarded, up to the amount of the university charges. Campus-based academic scholarships that have been disbursed will remain credited to the student's account.
4. Any student receiving a 100 percent credit of tuition and fees for all courses will receive a full credit of the Student Health Insurance fee. Coverage for the entire semester in which the student receives the credit will be removed.

    Any student originally assessed the Student Health Insurance fee who chooses to remain enrolled in a minimum of nine semester hours of on-campus courses will remain insured for the entire semester. The student will not receive a credit of the Student Health Insurance fee.

    Any student originally assessed the Student Health Insurance fee who chooses to remain enrolled in less than nine semester hours of on-campus courses will receive a credit of the entire fee. Exceptions will be made in the event that a claim has been filed for the semester in which the student is withdrawing.
5. The University Union Bookstore will issue refunds for all books returned prior to the student's departure depending upon the physical condition of the books.
6. Students who are activated into military service during the term will have the opportunity to appeal any academic or financial action taken by the University. Appeals may be filed before being called to active duty, or if this is not possible, within six months after the conclusion of active duty.
7. University Housing and Dining Services will refund 100% of room charges, a daily rate proration on the overhead charge, and actual unused points when a student is activated during the term and totally withdraws from Western Illinois University. If the activated student keeps any of his/her classes for credit, then University Housing and Dining Services will refund based on a daily proration of room and overhead charges and actual unused points.
8. All efforts will be made to accommodate the educational and financial guarantees for students returning from active duty.
9. Students who are members of the National Guard or the Military Reserves will be allowed a reasonable time to make up work lost while at two weeks of required annual active duty or for excused absences of not longer than two weeks after the term has started.

The intention of this policy is to permit students to select whichever options fit their particular circumstances.

A copy of active duty papers must be filed in the Office of the Registrar within 30 days of the last date of attendance.

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File code: ADM.WORKVIOL.POL
Approval Date: 06/15/98
Approved By: President's Staff

Policy on Workplace Violence

The safety and security of Western Illinois University faculty, staff, students, and visitors are very important. Threats, threatening behavior, acts of violence, or any related conduct which disrupts another's work performance or the University's ability to carry out its mission will not be tolerated.

Any person who makes threats, exhibits threatening behavior, or engages in violent acts on University-owned or leased property may be removed from the premises pending the outcome of an investigation. Threats, threatening behavior, or other acts of violence executed off University-owned or leased property but directed at University employees or members of the public while conducting official University business, are a violation of this policy. Off-site threats include but are not limited to threats made via telephone, fax, electronic or conventional mail, or any other communication medium.

Violations of this policy may lead to disciplinary action that may include dismissal, arrest, or prosecution. In addition, if the source of such inappropriate behavior is a member of the public, the response may also include barring the person(s) from University-owned or leased premises, termination of business relationships with that individual, and/or prosecution of the person(s) involved.

Employees are responsible for notifying their supervisor of any threats which they have witnessed or received. Employees should also report any behavior they have witnessed which they regard as threatening or violent or might be carried out on University-owned or leased property or in connection with state employment.

Each employee who receives a protective or restraining order which lists University/state owned or leased premises as a protected area is required to provide the Office of Public Safety with a copy of such order.

Workplace violence incidents should be reported to the Office of Public Safety.

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WESTERN ILLINOIS UNIVERSITY
Sherman Hall / 1 University Circle
Macomb, IL 61455 USA
309•298•1414

WESTERN ILLINOIS UNIVERSITY	File Code: PRO.MILITARY.POL
	Page Number: 1 of 2
Active Military Service	Approval Date: 12/12/12
	Approved By: President

Military Service:

A student, or the spouse of a student with a dependent child, who during the course of an academic term, is called into active military service, including National Guard and Reserve, and is not in attendance at the end of the term, will be considered to be a case of extreme hardship.

A copy of active duty papers must be filed in the Office of the Registrar within 30 days of the end of the academic term. The spouse or domestic partner of a student with a dependent child must also provide a marriage certificate or other appropriate documentation, and the dependent's birth certificate within 30 days of the end of the academic term.

1. Students will receive course and refund credits as follows:
   - A. **Withdrawal:** At any point in the term, a student called to active duty may withdraw from school by filing a Military Activation form in the Office of the Registrar. The student will receive an appropriate credit of tuition/fees. The Office of the Registrar will process the withdrawal and arrange for appropriate adjustments to the account. The student's guaranteed tuition plan will be extended to the maximum allowable.
   - B. **Selective Drops:** A student may drop one or more courses and elect to complete remaining course work according to option *C.* or *D.* below. A full credit of tuition/fees for dropped courses will be honored.
   - C. **Incompletes:** Students who have successfully completed the majority of work for a course can be awarded a grade of 'I' at the discretion of their instructor. Students may be granted extensions on the incompletes because they may be away an extended period of time.
   - D. **Final Grades:** A final grade option becomes available if the following requirements are met: 1) the instructor determines that a sufficient amount of the course has been completed, and 2) sufficient information about a student's performance in the course has been obtained. Students must consult with their instructor to determine whether these two requirements have been met in order for a final grade to be awarded.

2. Percentage of attendance during the term will be based on the calendar period which includes the first day of classes through the last day of final exams.

3. The University will follow the U.S. Department of Education guidelines regarding federal return of funds. Students who are activated into military service will be accommodated by the Financial Aid Office regarding satisfactory progress standards within an academic year. Western Illinois University talent tuition waivers will remain on the student's account, as awarded, up to the amount of the University charges. Campus-based academic scholarships that have been disbursed will remain credited to the student's account.

4. Any student receiving a 100 percent credit of tuition and fees for all courses will receive a full credit of the Student Health Insurance fee. Coverage for the entire semester in which the student receives the credit will be removed.

   Any student originally assessed the Student Health Insurance fee who chooses to remain enrolled in a minimum of nine semester hours of on-campus courses will remain insured for the entire semester. The student will not receive a credit of the Student Health Insurance fee.

   Any student originally assessed the Student Health Insurance fee who chooses to remain enrolled in less than nine semester hours of on-campus courses will receive a credit of the entire fee. Exceptions will be made in the event that a claim has been filed for the semester in which the student is withdrawing.

5. The University Union Bookstore will issue refunds for all books returned prior to the student's departure depending upon the physical condition of the books.

6. Students who are activated into military service during the term will have the opportunity to appeal any academic or financial action taken by the University. Appeals may be filed before being called to active duty, or if this is not possible, within six months after the conclusion of active duty.

7. University Housing and Dining Services will refund 100% of room charges, a daily rate proration on the overhead charge, and actual unused points when a student is activated during the term and totally withdraws from Western Illinois University. If the activated student keeps any of his/her classes for credit, then University Housing and Dining Services will refund based on a daily proration of room and overhead charges and actual unused points.

8. All efforts will be made to accommodate the educational and financial guarantees for students returning from active duty.

9. Students who are members of the National Guard or the Military Reserves will be allowed a reasonable time to make up work lost while at two weeks of required annual active duty or for excused absences of not longer than two weeks after the term has started.

DCFS

Illinois Department of Children & Family Services

ACKNOWLEDGEMENT OF MANDATED REPORTER STATUS

I, _____, understand that when I am employed as a
(Employee Name)

Higher Education Employee, I will become a mandated reporter under the
(Type of Employment)
Abused and Neglected Child Reporting Act [325 ILCS 5/4]. This means that I am required to report or cause a report to be made to the child abuse Hotline number (1-800-25A-BUSE) whenever I have reasonable cause to believe that a child known to me in my professional or official capacity may be abused or neglected. I understand that there is no charge when calling the Hotline number and that the Hotline operates 24-hours per day, 7 days per week, 365 days per year.

I further understand that the privileged quality of communication between me and my patient or client is not grounds for failure to report suspected child abuse or neglect, I know that if I willfully fail to report suspected child abuse or neglect, I may be found guilty of a Class A misdemeanor. This does not apply to physicians who will be referred to the Illinois State Medical Disciplinary Board for action.

I also understand that if I am subject to licensing under but not limited to the following acts: the Illinois Nursing Act of 1987, the Medical Practice Act of 1987, the Illinois Dental Practice Act, the School Code, the Acupuncture Practice Act, the Illinois Optometric Practice Act of 1987, the Illinois Physical Therapy Act, the Physician Assistants Practice Act of 1987, the Podiatric Medical Practice Act of 1987, the Clinical Psychologist Licensing Act, the Clinical Social Work and Social Work Practice Act, the Illinois Athletic Trainers Practice Act, the Dietetic and Nutrition Services Practice Act, the Marriage and Family Therapy Act, the Naprapathic Practice Act, the Respiratory Care Practice Act, the Professional Counselor and Clinical Professional Counselor Licensing Act, the Illinois Speech-Language Pathology and Audiology Practice Act, I may be subject to license suspension or revocation if I willfully fail to report suspected child abuse or neglect.

I affirm that I have read this statement and have knowledge and understanding of the reporting requirements, which apply to me under the Abused and Neglected Child Reporting Act.

_____
Signature of Applicant/Employee

_____
Date

CANTS 22
Rev. 2/2012

Office of the Director
406 E. Monroe Street • Springfield, Illinois 62701

ACCREDITED • COUNCIL ON ACCREDITATION FOR CHILDREN AND FAMILY SERVICES

_____

WIU ID Number

Employee Type (CHOOSE ONE):

☐ Civil Service

☐ Faculty/A&P

☐ Graduate Assistant

Fold and Return form to:

Office of Equal Opportunity and Access,
Sherman Hall, Room 203

Attachment G
Annual Financial Report

- Western Illinois University *Annual Financial Report Fiscal Year 2011*

Western Illinois University

Annual Financial Report

Fiscal Year 2011

WESTERN
ILLINOIS
UNIVERSITY

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This report is printed by the authority of the State of Illinois. Fifty (50) copies were printed in March 2012 at a cost of $3.05 each by Western Illinois University Document & Publication Services.

Board of Trustees of Western Illinois University

June 30, 2011

Appointed Members

J. Michael Houston, Chair	Springfield
Carolyn J. Ehlert Fuller, Vice Chair	Milan
William L. Epperly, Secretary	Chicago
Donald W. "Bill" Griffin	Macomb
Steven L. Nelson	Rock Island

Student Member

Christopher G. Bronson	Arlington Heights

University Administration

Alvin Goldfarb	President
Jack Thomas	Provost & Academic Vice President
Julie DeWees	Interim Vice President for Administrative Services *(Effective 6/30/11)*
Jacqueline K. Thompson	Vice President for Administrative Services *(Through 6/29/11)*
W. Garry Johnson	Vice President for Student Services

University offices:

Macomb Campus
1 University Circle
Macomb, IL 61455

Quad Cities Campus
3561 60th Street
Moline, IL 61265

WESTERN
ILLINOIS
UNIVERSITY

Dr. Alvin Goldfarb, President
Western Illinois University
1 University Circle
Macomb, IL 61455

Dear Dr. Goldfarb:

I am submitting herewith the annual report of the financial operations of Western Illinois University for the fiscal year ended June 30, 2011. This report consists of a condensed summary of the financial status of this institution.

The financial statements as of June 30, 2011 and for the year then ended have been audited by E.C. Ortiz & Co., LLP, independent auditors, as stated in their report appearing herein. Their audit was conducted under the supervision of the Office of the Auditor General for the State of Illinois.

Respectfully submitted,

Julie DeWees

Julie DeWees
Interim Vice President for Administrative Services

Vice President for Administrative Services
Sherman Hall 200, 1 University Circle, Macomb, IL 61455-1390
Tel 309.298.1800 Fax 309.298.1802

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

Independent Auditors' Report

Honorable William G. Holland
Auditor General
State of Illinois

and

The Board of Trustees
Western Illinois University

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the business-type activities of Western Illinois University (University) and its discretely presented component unit, collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2011, which collectively comprise the University's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the University's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year partial comparative information has been derived from the University's June 30, 2010 financial statements and, in our report dated February 4, 2011, we expressed unqualified opinions on the respective financial statements of the business-type activities and the discretely presented component unit prior to their restatement. We did not audit the financial statements of the discretely presented component unit, as described in Note 1 of the financial statements. Those financial statements were audited by other auditors whose report thereon has been provided to us, and our opinion on the financial statements, insofar as it relates to the amounts included for the discretely presented component unit, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

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

333 SOUTH DES PLAINES STREET, SUITE 2-N CHICAGO, IL 60661 tel: 312.876.1900 fax: 312.876.1911

The fiscal year 2010 summarized comparative information of the component unit has been restated by other auditors as discussed in Note 17, and our opinion, insofar as it relates to the amounts of the restatements, is based solely on the report of the other auditors.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 8, 2012 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The *Management's Discussion and Analysis* on pages 6 through 12 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

C. C. Hoy & Co. LLP

Chicago, Illinois
February 8, 2012

Management's Discussion and Analysis

This section of the Western Illinois University (University) annual financial report presents management's discussion and analysis (MD&A) of the financial performance of the University during the fiscal year ended June 30, 2011. This discussion should be read in conjunction with the accompanying financial statements and footnotes. The discussion and analysis are designed to focus on current activities, resulting change, current known facts, and future outlook. The financial statements, footnotes and this discussion are the responsibility of University management.

This MD&A focuses on the University. The University's component unit, Western Illinois University Foundation (Foundation), issues separate financial statements that may be obtained at the Foundation's administrative office as summarized in Note 1.

Using the Financial Report

The University's annual report includes three financial statements: the Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Net Assets; and the Statement of Cash Flows. The financial statements are prepared in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) which require that financial statements be presented on a consolidated basis to focus on the University as a whole.

The financial statements are prepared under the accrual basis of accounting. Assets and liabilities are categorized as current (due within one year) and noncurrent (due in greater than one year). Current year revenues and expenses are recognized when earned or incurred, regardless of when cash is exchanged. Revenues and expenses are reported as either operating or nonoperating. Significant recurring sources of the University's revenues, including State appropriations, gifts and investment income, are nonoperating as defined by GASB. Scholarship discounts and allowances applied to student accounts are shown as a reduction of tuition and fee revenue and auxiliary enterprise revenue. Stipends and other payments made directly to students are presented as student aid expenses. Depreciation is considered an operating expense and capital assets are reported at cost less accumulated depreciation.

Financial Highlights

Statement of Net Assets

The Statement of Net Assets presents the financial position of the University at the end of the fiscal year and includes all assets and liabilities. The difference between total assets and total liabilities, net assets, is one indicator of the financial condition of the University, while the change in net assets that occurs over time indicates improvement or deterioration in the University's financial condition. Non-financial factors such as enrollment levels and the condition of facilities are relevant when assessing the overall health of the University. Net

assets are divided into three major categories, as follows: invested in capital assets, net of related debt, reflects the University's equity in capital assets; restricted net assets are available for expenditure by the institution, but must be spent for purposes as determined by law, donors and/or external entities that have placed time or purpose restrictions on the use of the assets; and unrestricted net assets are available to the University for any lawful purpose of the institution.

A comparative summary of the condensed Statement of Net Assets for the years ended June 30, 2011 and 2010 is as follows:

Condensed Statement of Net Assets

	2011	2010
Assets		
Current assets	$ 119,213,904	$ 82,118,680
Capital assets, net of accumulated depreciation	173,565,011	153,934,104
Other assets	3,380,587	2,500,082
Total assets	296,159,502	238,552,866
Liabilities		
Current liabilities	34,214,268	31,687,617
Noncurrent liabilities	97,019,660	66,072,420
Total liabilities	131,233,928	97,760,037
Net assets		
Invested in capital assets, net of related debt	122,136,440	106,814,814
Restricted	2,047,052	2,028,285
Unrestricted	40,742,082	31,949,730
Total net assets	$ 164,925,574	$ 140,792,829

The University's financial position continues to remain strong at June 30, 2011 with assets of $296.2 million and liabilities of $131.2 million. Net assets, the difference between total assets and total liabilities, increased by $24.1 million or 17.1% over the previous year.

Total assets increased $57.6 million or 24.1% during fiscal year 2011. The largest components of this change included increases of $11.0 million in cash and cash equivalents and $18.0 million in investments from unspent debt issue proceeds. The University continued to experience delays in reimbursement for state-funded expenditures as the receivable from the State of Illinois increased $7.4 million from the previous year. Capital assets increased $19.6 million. An increase of $0.8 million in accounts receivable, net was primarily due to the increases in receivables from funding agencies for grants and contracts and third parties.

Total liabilities increased $33.5 million or 34.2% during fiscal year 2011. The University issued the Series 2010 Revenue Bonds for $25.5 million in August 2010 and the Series 2011 Certificates of Participation for $11.8 million in March 2011. Total long-term debt increased $32.1 million. Accounts payable increased $2.3 million and the liability for accrued compensated absences decreased $1.7 million.

Statement of Revenues, Expenses and Changes in Net Assets

The Statement of Revenues, Expenses and Changes in Net Assets presents the University's changes in financial position. Revenues and expenses are classified as operating or nonoperating. A public University's dependency on State appropriations and gifts usually results in operating deficits because the GASB reporting standards classify these revenue sources as nonoperating.

A comparative summary of the condensed Statement of Revenues, Expenses and Changes in Net Assets for the years ended June 30, 2011 and 2010 is as follows:

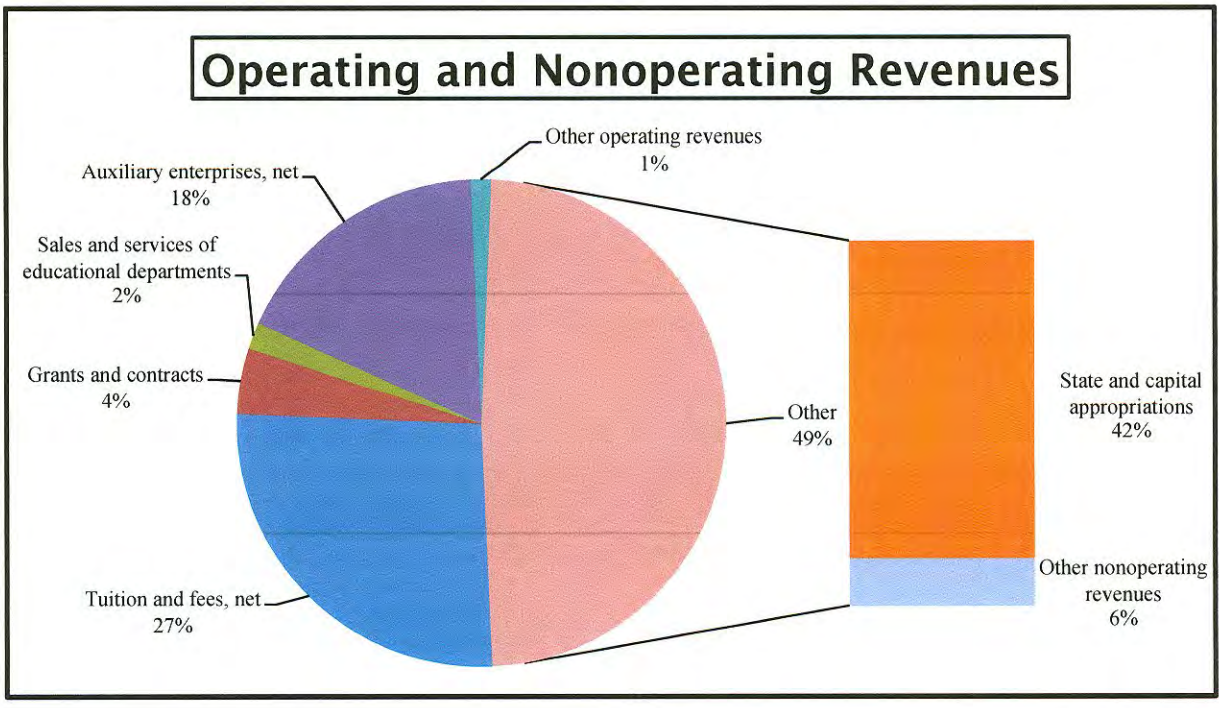
Condensed Statement of Revenues, Expenses and Changes in Net Assets

	2011	2010
Total operating revenues	$148,085,287	$143,738,475
Total operating expenses	(262,048,789)	(258,803,275)
Operating loss	(113,963,502)	(115,064,800)
Nonoperating revenues	128,641,657	125,537,604
Nonoperating expenses	(2,066,799)	(1,780,278)
Income before other revenues, expenses, gains and losses	12,611,356	8,692,526
Capital State appropriations	11,471,389	6,495,559
Capital gifts	50,000	-
Increase in net assets	24,132,745	15,188,085
Net assets, beginning of year	140,792,829	125,604,744
Net assets, end of year	$164,925,574	$140,792,829

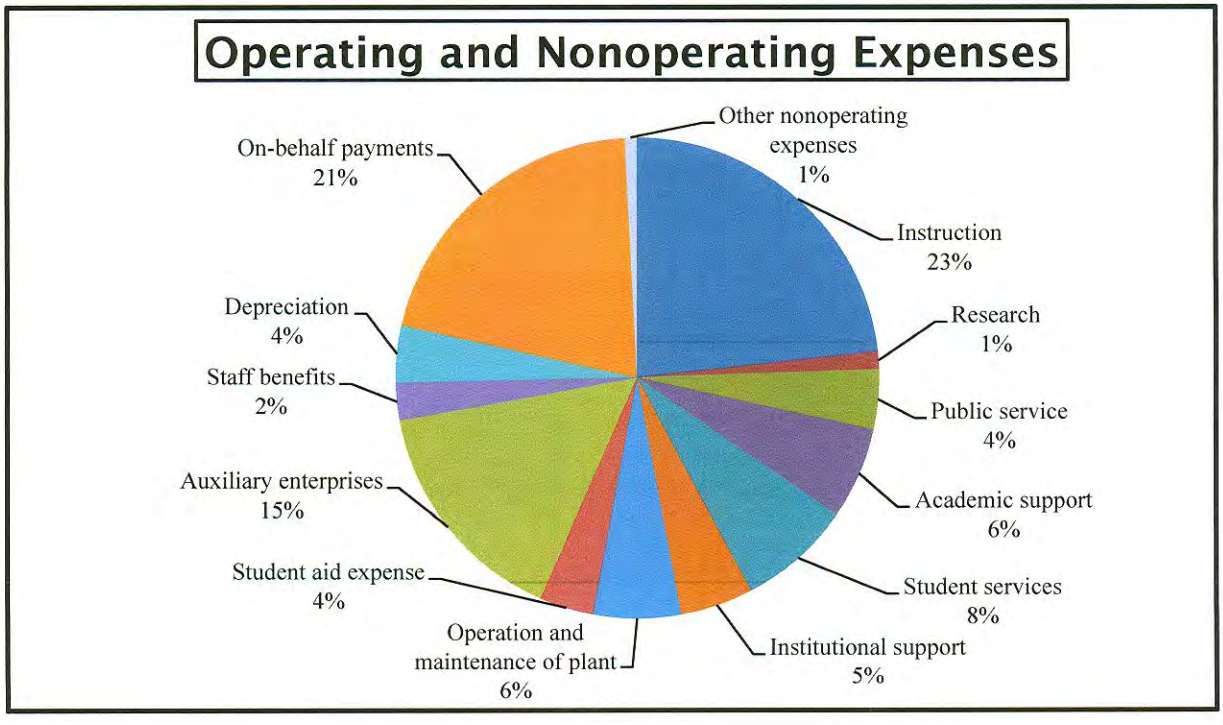
Total revenues increased $12.5 million or 4.5% to $288.2 million. The primary sources of funding for academic programs are student tuition and State appropriations. In fiscal year 2011, tuition revenues increased due in part to an annual increase for tuition and fee rates as approved by the Board of Trustees. Revenue from Pell grants increased $3.0 million.

Total expenses increased $3.5 million or 1.4% to $264.1 million. Overall functional expenses decreased during fiscal year 2011. Contributions by the State for on-behalf payments related to employee benefits increased $3.9 million.

For the fiscal year ended June 30, 2011, all sources of revenues totaled $288.2 million. The following is a graphical illustration of revenues by source:



For the fiscal ended June 30, 2011, expenses totaled $264.1 million. The following is a graphical illustration of expenses:



Statement of Cash Flows

The Statement of Cash Flows presents information related to the University's cash receipts and disbursements during the fiscal year. This provides an assessment of the University's ability to generate future cash flows and meet obligations as they come due.

A comparative summary of the condensed Statement of Cash Flows for the years ended June 30, 2011 and 2010 is as follows:

Condensed Statement of Cash Flows

	2011	2010
Cash provided by (used in):		
Operating activities	$ (50,339,257)	$ (54,579,714)
Noncapital financing activities	65,958,095	61,909,185
Capital and related financing activities	13,207,773	(1,721,979)
Investing activities	(17,813,316)	(5,879,783)
Net increase (decrease) in cash and cash equivalents	11,013,295	(272,291)
Cash and cash equivalents - beginning of year	43,888,882	44,161,173
Cash and cash equivalents - end of year	$ 54,902,177	$ 43,888,882

Major sources for operating activities were tuition and fees, grants and contracts and auxiliary enterprises. Payments for employee salaries and benefits, goods and services and scholarships and fellowships continue to comprise the major use of operating funds. Cash used in operating activities decreased $4.2 million.

Cash inflows from noncapital financing activities consist primarily of State appropriations and Pell grant revenues. Cash provided from noncapital financing activities increased $4.0 million.

Revenue Bonds and Certificates of Participation issued during the fiscal year provided an inflow of $36.6 million for capital projects. Funds allocated for the acquisition and construction of capital assets increased $8.8 million. Interest paid on capital debt increased $1.4 million.

Cash used in investing activities increased $11.9 million as more funds were available for investment from unspent debt proceeds.

Capital Assets and Debt Administration

The University had $383.6 million invested in capital assets at the end of fiscal year 2011. Capital assets net of accumulated depreciation totaled $173.6 million. Depreciation expense for the current year was $10.3 million.

The Series 2010 Revenue Bonds were issued in the principal amount of $25.5 million to fund capital improvement renovations to Corbin and Olson Residence Halls including the dining commons center. The Series 2011 Certificates of Participation were issued in the principal amount of $11.8 million to fund capital improvements projects to several campus buildings as well as Phase II of the campus steam line replacement plan.

Construction in progress at June 30, 2011 increased $14.4 million over the prior year. Capital appropriations through the Capital Development Board (CDB) funded renovations of $11.5 million to Memorial Hall and the Quad Cities Riverfront campus. The University expended $8.3 million for renovations to Corbin/Olson and Lincoln/Washington Residence Halls in fiscal year 2011. Capital projects completed in fiscal year 2011 include Memorial Hall.

University's Economic Outlook

The ability of the University to fulfill its mission and execute its strategic plan is directly influenced by enrollment, State support and the cost of health care, utilities, employee compensation and benefits and State and Federal mandates.

A crucial element to the University's future will continue to be our relationship with the State of Illinois, as we work to manage tuition to make it competitive while providing an outstanding college education for our students. There is a direct relationship between the growth of State support and the University's ability to control tuition growth, as declines in State appropriations generally result in increased tuition levels.

State appropriations represent operating support provided by the Governor and General Assembly for University programs. The fiscal year 2012 budget of $55.5 million, as approved by the Governor, decreased $0.6 million or 1.1%, from the 2011approved budget.

The University projects an increase in tuition and miscellaneous revenues. The recommended $71.5 million fiscal year 2012 tuition and miscellaneous revenues budget represents a $3.7 million or 5.5% increase from fiscal year 2011. The estimated increase in tuition revenues is the result of a 5.9% tuition rate increase approved by the Board of Trustees. Western Illinois University offers guaranteed tuition and fees, as well as guaranteed room and board rates for each new class of entering students. The tuition increase is only for new students, those enrolling for the first time in Fall 2011.

The University's Auxiliary Enterprises funds budget for fiscal year 2012 as approved by the Board of Trustees reflects a $3.2 million increase in spending over fiscal year 2011. Other institutional funds include revenues from sponsored projects and departmental activity revenues. The 2012 budget for these funds as approved by the Board of Trustees reflects an increase in spending over fiscal year 2011.

Private gifts are an important supplement to the University's sources of funding for operating costs. In fiscal year 2011, alumni, friends, staff, corporations, and other organizations contributed nearly $7.9 million to the Foundation in support of the University. The Foundation

distributed nearly $6.0 million in fiscal year 2011 to support academic enhancement and instructional initiatives, student scholarships, capital improvements, cultural activities, athletics, regional outreach efforts, and alumni and Foundation-sponsored programs at Western Illinois University.

The University is committed to pursuing its goal in developing the Quad Cities campus while strategically adding, and when appropriate, eliminating programs. Cost containment and revenue initiatives are challenges the University continues to encounter. While it is not possible to predict the ultimate results, management believes the University's financial condition is strong enough to weather economic uncertainties.

Audited Financial Statements

Statement of Net Assets as of June 30, 2011

With Partial Financial Information for 2010

	University		Component Unit	
	2011	2010	2011	2010
ASSETS				
Current assets:				
Cash and cash equivalents	$ 54,825,938	$ 43,706,204	$ 3,540,099	$ 2,647,665
Cash and cash equivalents, restricted	76,239	182,678	-	-
Investments	28,004,685	10,000,205	3,918,627	3,854,431
Accounts receivable, net	8,059,275	7,285,370	3,950,355	1,527,254
Student loans receivable, net	388,028	409,363	-	-
Due from component unit	98,031	120,770	-	-
Due from primary government	25,359,680	17,925,991	-	-
Inventories	2,225,104	2,359,401	-	-
Prepaid expenses	52,396	49,407	34,580	35,744
Other assets	124,528	79,291	-	-
Total current assets	119,213,904	82,118,680	11,443,661	8,065,094
Noncurrent assets:				
Investments	-	-	457,494	1,304,571
Endowment investments	-	-	6,309,249	5,103,415
Endowment investments, restricted	-	-	21,566,560	18,089,526
Charitable remainder trusts, restricted	-	-	2,529,563	2,313,652
Accounts receivable, net	-	-	1,034,040	771,147
Student loans receivable, net	1,605,086	1,446,130	-	-
Capital assets, net of accumulated depreciation	173,565,011	153,934,104	1,140,104	1,138,104
Other assets	1,775,501	1,053,952	626,536	579,253
Total noncurrent assets	176,945,598	156,434,186	33,663,546	29,299,668
TOTAL ASSETS	296,159,502	238,552,866	45,107,207	37,364,762
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	5,095,763	2,791,624	81,628	118,610
Accrued payroll	16,206,185	15,868,039	-	-
Due to primary government	179,766	126,282	98,031	120,770
Deferred revenues	5,209,598	5,212,037	118,085	161,608
Charitable remainder trust distributions payable	-	-	43,713	42,218
Other liabilities	1,355,662	758,808	29,272	26,219
Notes payable	149,848	259,349	-	-
Revenue bonds payable	2,694,602	4,077,680	-	-
Certificates of participation	1,484,943	838,081	-	-
Compensated absences	1,837,901	1,755,717	-	-
Total current liabilities	34,214,268	31,687,617	370,729	469,425
Noncurrent liabilities:				
Notes payable	142,980	292,827	-	-
Revenue bonds payable	54,290,293	31,474,896	-	-
Certificates of participation	30,470,171	20,172,555	-	-
Other obligations	-	224,175	195,772	172,089
Compensated absences	12,116,216	13,907,967	-	-
Total noncurrent liabilities	97,019,660	66,072,420	195,772	172,089
TOTAL LIABILITIES	131,233,928	97,760,037	566,501	641,514
NET ASSETS				
Invested in capital assets, net of related debt	122,136,440	106,814,814	1,140,104	1,138,104
Restricted - nonexpendable	-	-	18,576,569	14,305,400
Restricted - expendable				
Loans	2,047,052	2,028,285	-	-
Other	-	-	7,825,581	7,799,968
Unrestricted	40,742,082	31,949,730	16,998,452	13,479,776
TOTAL NET ASSETS	$ 164,925,574	$ 140,792,829	$ 44,540,706	$ 36,723,248

See accompanying notes to financial statements.

Statement of Revenues, Expenses and Changes in Net Assets

Year Ended June 30, 2011 with Partial Financial Information for 2010

	University		Component Unit	
	2011	2010	2011	2010
OPERATING REVENUES				
Tuition and fees, net	$ 75,988,377	$ 73,193,414	$ -	$ -
Grants and contracts	12,492,123	12,200,079	-	-
Sales and services of educational departments	5,106,058	5,152,143	-	-
Auxiliary enterprises, net	50,574,372	49,638,751	-	-
Student loan activities	84,142	114,279	-	-
Other operating revenues	3,840,215	3,439,809	7,719,203	6,572,337
Total operating revenues	148,085,287	143,738,475	7,719,203	6,572,337
OPERATING EXPENSES				
Instruction	61,150,804	61,811,875	926,587	938,719
Research	3,142,658	2,979,445	121,885	22,806
Public service	10,557,238	10,521,948	152,021	120,023
Academic support	17,268,784	17,687,263	118,160	141,376
Student services	20,013,208	19,746,898	581,083	427,260
Institutional support	12,814,727	12,485,295	2,052,185	1,423,449
Operation and maintenance of plant	15,463,334	16,908,879	58,795	143,684
Student aid expense	9,533,397	8,134,983	1,975,463	1,946,081
Auxiliary enterprises	40,884,119	40,065,528	-	-
Staff benefits	6,595,910	7,800,322	-	-
Depreciation	10,268,225	10,167,598	-	-
On-behalf payments	54,313,978	50,455,685	-	-
Other operating expenses	42,407	37,556	-	-
Total operating expenses	262,048,789	258,803,275	5,986,179	5,163,398
OPERATING INCOME (LOSS)	(113,963,502)	(115,064,800)	1,733,024	1,408,939
NONOPERATING REVENUES (EXPENSES)				
State appropriations	110,504,651	106,856,785	-	-
Gifts	320,827	301,803	-	-
Nonoperating grants	17,324,135	14,293,498	-	-
Gain (loss) on disposal of capital assets	(45,816)	30,170	-	-
Investment income	298,293	97,094	4,336,649	2,356,946
Interest on capital asset - related debt	(2,020,983)	(1,780,278)	-	-
Change in value of charitable remainder trusts	-	-	186,100	58,054
Other nonoperating revenues	193,751	3,958,254	673,020	304,445
Net nonoperating revenues	126,574,858	123,757,326	5,195,769	2,719,445
INCOME BEFORE CAPITAL ITEMS	12,611,356	8,692,526	6,928,793	4,128,384
Capital State appropriations	11,471,389	6,495,559	-	-
Additions to permanent endowments	-	-	888,665	1,344,890
Capital gifts	50,000	-	-	-
Total capital items	11,521,389	6,495,559	888,665	1,344,890
INCREASE IN NET ASSETS	24,132,745	15,188,085	7,817,458	5,473,274
NET ASSETS, BEGINNING OF YEAR AS PREVIOUSLY REPORTED	140,792,829	125,604,744	36,723,248	31,146,862
PRIOR PERIOD ADJUSTMENT	-	-	-	103,112
NET ASSETS, BEGINNING OF YEAR AS RESTATED	140,792,829	125,604,744	36,723,248	31,249,974
NET ASSETS, END OF YEAR	$ 164,925,574	$ 140,792,829	$ 44,540,706	$ 36,723,248

See accompanying notes to financial statements.

Statement of Cash Flows

Year Ended June 30, 2011 with Partial Financial Information for 2010

	University		Component Unit	
	2011	2010	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES				
Tuition and fees	$ 75,604,571	$ 73,473,385	$ -	$ -
Grants and contracts	12,846,007	11,199,313	-	-
Gifts for other than capital and endowment purposes	-	-	3,796,977	4,630,775
Payments for employee salaries and benefits	(135,159,128)	(134,810,198)	-	-
Payments for goods and services	(52,874,202)	(53,737,854)	(3,316,019)	(2,281,815)
Payments to annuitants	-	-	(165,967)	(222,648)
Payments for scholarships and fellowships	(10,098,991)	(8,952,679)	(1,975,463)	(1,946,081)
Student loans issued	(594,251)	(478,207)	-	-
Student loans collected	479,098	518,056	-	-
Student loans interest and fees collected	81,861	112,666	-	-
Auxiliary enterprises charges	50,314,890	49,617,385	-	-
Sales and services of educational departments	5,220,673	5,038,611	-	-
Other receipts	3,840,215	3,439,808	717,523	490,390
Net cash provided by (used in) operating activities	(50,339,257)	(54,579,714)	(942,949)	670,621
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State appropriations	48,161,022	43,814,632	-	-
Gifts	231,987	224,306	888,665	1,344,890
Nonoperating grants	17,324,135	14,293,498	-	-
Nonoperating revenues, net	240,951	3,576,749	587,150	387,462
Net cash provided by noncapital financing activities	65,958,095	61,909,185	1,475,815	1,732,352
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(14,466,683)	(5,646,819)	-	-
Proceeds from issuance of certificates of participation	11,600,260	11,266,413	-	-
Proceeds from issuance of revenue bonds	25,001,721	-	-	-
Payments of bond issuance costs	(181,945)	(87,631)	-	-
Principal paid on capital debt and leases	(5,244,349)	(5,153,246)	-	-
Interest paid on capital debt and leases	(3,501,231)	(2,100,696)	-	-
Net cash provided by (used in) capital and related financing activities	13,207,773	(1,721,979)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments	22,005,073	6,017,834	4,545,872	6,067,200
Earnings on investments	187,465	102,818	2,255,949	1,078,022
Purchase of investments	(40,005,854)	(12,000,435)	(6,442,253)	(9,870,983)
Net cash provided by (used in) investing activities	(17,813,316)	(5,879,783)	359,568	(2,725,761)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	11,013,295	(272,291)	892,434	(322,788)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	43,888,882	44,161,173	2,647,665	2,970,453
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 54,902,177	$ 43,888,882	$ 3,540,099	$ 2,647,665

See accompanying notes to financial statements.

Statement of Cash Flows

Year Ended June 30, 2011 with Partial Financial Information for 2010

	University		Component Unit	
	2011	2010	2011	2010
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	$ (113,963,502)	$ (115,064,800)	$ 1,733,024	$ 1,408,939
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
On-behalf payments	54,313,978	50,455,685	-	-
Capital assets donated	-	-	(2,000)	-
Depreciation expense	10,268,225	10,167,598	-	2,102
Actuarial adjustment to annuities payable	-	-	26,736	(12,300)
Changes in assets and liabilities:				
Receivables, net	(58,680)	(1,017,107)	(2,600,124)	(894,086)
Student loans receivables, net	(137,621)	(22,273)	-	-
Inventories	134,297	220,878	-	-
Prepaid expenses and other assets	104,518	65,986	1,164	6,031
Accounts payable and accrued liabilities	464,852	(2,426)	(36,982)	8,804
Accrued payroll	338,146	1,004,620	-	-
Due to University	-	-	(22,739)	107,788
Charitable remainder trust distribution payable	-	-	1,495	14,950
Other liabilities	(93,903)	(111,292)	(43,523)	28,393
Compensated absences	(1,709,567)	(276,583)	-	-
Net cash provided by (used in) operating activities	$ (50,339,257)	$ (54,579,714)	$ (942,949)	$ 670,621
NONCASH OPERATING, NONCAPITAL FINANCING, AND CAPITAL AND RELATED FINANCING ACTIVITIES				
On-behalf payments	$ 54,313,978	$ 50,455,685	$ -	$ -
Capital asset acquisition via notes and leases payable	-	164,170	-	-
Capital asset acquisition via capital appropriations	11,471,389	6,495,559	-	-
Capital asset acquisition via support from Foundation	88,840	77,497	-	-
Capitalized interest	1,974,207	503,148	-	-
Capital asset changes in accounts payable	1,893,170	(1,020,895)	-	-
Other capital asset adjustments	50,000	2,296,490	-	-
Gifts in kind	-	-	561,056	585,479
Gain (loss) on disposal of equipment	(45,816)	30,170	-	-

See accompanying notes to financial statements.

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

Western Illinois University (University), a component unit of the State of Illinois (State), with a primary focus on instruction and an additional commitment to research and public service, has campuses located in Macomb and Moline, Illinois. The governing body of the University is the Board of Trustees of Western Illinois University (Board). As required by accounting principles generally accepted in the United States of America, these financial statements present the financial position and financial activities of the University and its component unit, the Western Illinois University Foundation (Foundation). The Foundation is included in the University's reporting entity because of the significance of its financial relationship with the University. Complete financial statements for the Foundation may be obtained by contacting the WIU Foundation, 1 University Circle, Macomb, IL 61455-1390.

The Foundation is a University-related organization as defined under *University Guidelines* adopted by the State of Illinois Legislative Audit Commission in 1982 as amended in 1997. The Foundation was formed for the purpose of providing fundraising and other assistance to the University in order to attract private gifts to support the University's instructional, research and public service activities. In this capacity, the Foundation solicits, receives, holds and administers gifts for the benefit of the University.

The University is a component unit of the State of Illinois for financial reporting purposes. The financial balances and activities included in these financial statements are, therefore, also included in the State's comprehensive annual financial report.

B. Basis of Accounting and Presentation

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. The University reports as a Business Type Activity. Business Type Activities are those financed in whole or in part by fees charged to external parties for goods and services.

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

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting,* the University follows all applicable GASB Pronouncements. In addition, the University applies all applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting

Research Bulletins (ARBs) of the Committee on Accounting Procedures issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The University has elected not to apply FASB pronouncements issued after November 30, 1989.

C. Prior-Year Information

The basic financial statements include certain prior-year partial comparative information. Such information does not include full comparative footnote disclosures required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the University's financial statements for the year ended June 30, 2010, from which the partial information was derived. Certain 2010 amounts have been reclassified to conform to the 2011 presentation. However, as more fully discussed in Note 17, the prior year partial comparative information of the component unit reflects the correction of errors in the 2010 financial statements.

D. Use of Estimates

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

E. Cash Equivalents

The University considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2011, cash equivalents consisted primarily of money market and similar funds.

F. Investments

The University accounts for its investments at fair value as determined by quoted market prices in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools.* Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Assets.

Illinois statutes and Board policy authorize the University to invest in certificates of deposit, The Illinois Funds, United States Government Securities, securities guaranteed by the full faith and credit of the United States government, and any other security permitted by law and approved by the Board.

G. Accounts Receivable

Accounts receivable consists of tuition and fee charges to students, amounts receivable from funding agencies for grants, amounts receivable from third parties and charges for auxiliary enterprise services provided to students, faculty and staff. Accounts receivable is presented net of estimated uncollectible amounts.

H. Deferred Bond and Certificates of Participation Issue Costs

Bond and certificates of participation issue costs incurred on the revenue bond and certificates of participation issues have been deferred and are being amortized over the life of the bonds/certificates of participation using the straight-line method. Total amortization for the year ended June 30, 2011 was $108,167.

I. Student Loans Receivable

The University makes loans to students under various federal and other loan programs. Such loans receivable is presented net of estimated uncollectible amounts.

J. Inventories

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

K. Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation. The University's capitalization policy for capital assets is as follows: equipment - $5,000 or greater; land or buildings - $100,000 or greater; and, site or building improvements - $25,000 or greater. Intangible assets which are purchased are capitalized at $100,000 or greater. Internally-generated intangible assets which are primarily software are capitalized at $1,000,000 or greater. Renovations to buildings and land improvements that increase the value or extend the useful life are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred. Depreciation is calculated on a straight-line basis over the estimated useful lives of the class of assets. The following estimated useful lives are being used by the University:

Site improvements	25 years
Buildings	60 years
Building improvements	20 years
Computer equipment	3 years
Trucks greater than 1 ton	12 years
Capital lease equipment	Life of lease
All other equipment	7 years

University capital assets financed by the State of Illinois Capital Development Board (CDB) are recorded by the University as the funds are expended by the CDB.

L. Deferred Revenues

Deferred revenues represent unearned student tuition and fees and advances on grants and contract awards for which the University has not met all of the applicable eligibility requirements.

M. Compensated Absences

University policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Expense and the related liability for sick leave benefits are recognized when earned to the extent the employee is expected to realize the benefit in cash determined using the termination payment method. Sick leave benefits expected to be realized as paid time off are recognized as expense when the time off occurs and no liability is accrued for such benefits employees have earned but not yet realized. Compensated absences liabilities are computed using the regular pay and termination pay rates in effect at the Statement of Net Assets date plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date.

N. Net Assets

Net assets of the University are classified in four components:

Invested in capital assets, net of related debt - consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowing used to finance the purchase or construction of those assets.

Restricted net assets - nonexpendable - are required to be retained and invested in perpetuity.

Restricted net assets - expendable - are noncapital assets that must be used for a particular purpose as specified by laws, creditors, grantors or donors external to the University, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings.

Unrestricted net assets - are remaining assets less remaining liabilities that do not meet the definition of invested in capital assets, net of related debt, restricted nonexpendable or restricted expendable.

O. Classification of Revenues

The University has classified its revenues as either operating or nonoperating according to the following criteria:

Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship allowances, (2) sales and services of auxiliary enterprises, and (3) interest on student loans.

Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources, such as State appropriations and investment income, that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting,* and GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. The State of Illinois General Revenue Fund appropriations are reported as non-operating revenues to the extent that they are expended during the current fiscal year. The University relies on these appropriations to provide funding for operations.

P. Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances in the Statement of Revenues, Expenses and Changes in Net Assets. Scholarship allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, State or nongovernmental programs, are recorded as either operating or nonoperating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship allowance. The scholarship allowances on tuition and fees and housing for the year ended June 30, 2011 were $10,563,353 and $3,920,121, respectively.

Q. Collections

The University has collections of rare manuscripts and art that it does not depreciate. These collections adhere to the University's policy to (a) maintain them for public exhibition, education or research, (b) protect, keep unencumbered, care for and preserve them, and (c) require proceeds from their sale to be used to acquire other collection items.

R. Endowments

On June 30, 2009, the Illinois Governor signed the Uniform Prudent Management of Institutional Funds Act (UPMIFA) into law. UPMIFA replaced the Uniform Management of Institutional Funds Act and eliminates the historic dollar value rule with respect to endowment fund spending. UPMIFA also updated the prudence standard for the management and investment of charitable funds. The Foundation Board utilizes UPMIFA's provisions in spending decisions regarding the Foundation's endowment funds.

For donor restricted endowments, the UPMIFA permits the Board of Directors of the Foundation to appropriate an amount of donor restricted endowments. The Board of Directors has established an investment policy with the objectives of protecting the principal of these funds and maximizing total investment return without assuming extraordinary risks. A similar strategy has been implemented for Foundation designated endowments.

For both donor restricted endowments and Foundation designated endowments, it is the goal of the Foundation to provide spendable income levels that are reasonably stable and sufficient to meet budgetary requirements and to maintain a spending rate, currently established at 4.25% for endowment purposes and 1.40% for operational purposes, of a 36-month moving average of endowment market value, which ensures a proper balance between the preservation of corpus and enhancement of the purchasing power of investment earnings. The Foundation's policy is to retain the endowments' unrealized appreciation with the endowment (either donor restricted or Foundation designated) after spending rule distributions. As of June 30, 2011, the Foundation had a total of $5,468,946 of net cumulative appreciation from investment of donor-restricted endowments and Foundation designated endowments available for expenditure. This amount is allocated between expendable restricted net assets and unrestricted net assets in the Statement of Net Assets based on the classification (restricted non-expendable vs. unrestricted) of the underlying asset upon which the income was earned.

S. Split-Interest Agreements

The Foundation's split-interest agreements with donors consist of irrevocable charitable remainder trusts and irrevocable charitable trusts for which the Foundation is a beneficiary. The fair value of the trust assets are reported in the Statement of Net Assets and changes in the fair value of the assets are recognized in the Statement of Revenues, Expenses, and Changes in Net Assets. It is management's intent to record the contribution income from these agreements in the fiscal year the Foundation becomes the irrevocable beneficiary. The Foundation received $29,810 of new contribution income during fiscal year 2011. Management did identify during fiscal year 2011 a previously unrecorded split-interest agreement contribution that irrevocably named the Foundation the beneficiary during a prior fiscal year. The fiscal year 2011financial statements reflect this contribution's assets and related activities. Any outstanding liabilities relating to the annual distributions required by the trust agreements are recorded in the Statement of Net Assets.

T. Income Taxes

As a State institution of higher education, the income of the University is generally exempt from federal and state income taxes under Section 115(a) of the Internal Revenue Code and a similar provision of state law. However, the University is subject to federal income tax on any unrelated business taxable income.

NOTE 2 - DEPOSITS

University

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the State of Illinois; bonds of any city, county, school district or special road district of the State of Illinois; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits.

At June 30, 2011, the book balance of various University bank accounts and certificates of deposit was $31,125,384, while the bank balance was $31,142,530. The difference between these amounts primarily represents checks that have been issued but have not yet cleared the bank as of June 30, 2011.

Foundation

At June 30, 2011, the book balance of the Foundation's various bank accounts was $274,586, while the bank balance was $316,660. The difference between these amounts primarily represents checks that have been issued, but have not yet cleared the bank, and deposits in transit as of June 30, 2011.

Reconciliation of cash and cash equivalents to deposits:

	University	Foundation
Cash and cash equivalents	$ 54,825,938	$ 3,540,099
Cash and cash equivalents, restricted	76,239	–
Less: Money market funds classified as cash and cash equivalents	(51,716,267)	(3,366,090)
Cash on hand	(65,211)	(200)
Add: Certificates of deposit	28,004,685	100,777
Carrying amount of deposits	$ 31,125,384	$ 274,586

NOTE 3 - INVESTMENTS

University

At June 30, 2011, the University had investments with carrying and fair market values of $51,716,267 invested in the Illinois Funds Money Market. The Illinois Funds Money Market Fund had maturities of less than one year and a Standard and Poor's AAA rating.

Custodial Credit Risk
Custodial credit risk is the risk that in the event of a financial institution's failure, a government's deposits, investments or collateral securities that are in the possession of an outside party may not be returned to it. The University's policy for custodial credit risk requires compliance with the provisions of State law.

Interest Rate Risk
As a means of limiting its exposure to fair value losses arising from rising interest rates, the University's investment policy limits maturity of its investments to five years or less from the date of purchase.

Credit Risk
Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The University's policy limits its investments to the Illinois Funds investment pool, United States Treasury bills, United States Treasury notes, United States Treasury bonds, Federal Farm Credit Banks bonds, Federal Home Loan Banks notes, Federal National Mortgage Association, Federal Land Bank bonds, Government National Mortgage Association, and Federal Home Loan Mortgage Corporation.

Foundation

At June 30, 2011, the Foundation held investments with the following maturities:

		Maturities in Years			
Type	Total Fair Value	Less Than One Year or No Maturity	1-5 Years	6-10 Years	Over 10 Years
U.S. Treasury notes	$ 739,751	$ –	$ 512,095	$227,656	$ –
U.S. Treasury bonds	508,638	–	–	–	508,638
U.S. agency obligations (FHLM, FNMA)	1,268,887	303,013	355,439	392,362	218,073
Municipal bonds	166,251	–	145,607	20,644	–
Corporate debt securities	1,128,235	257,202	400,256	234,973	235,804
Corporate equity securities	25,380	25,380	–	–	–
International equity securities	1,771,973	1,771,973	–	–	–
Cash equivalents held in investment pools	623,950	623,950	–	–	–
Real asset tax-exempt	528,073	528,073	–	–	–
Real assets exchange traded funds	1,581,040	1,581,040	–	–	–
Absolute return	5,117,633	5,117,633	–	–	–
Mutual funds, international equity	4,647,312	4,647,312	–	–	–
Mutual funds, domestic equity	6,430,222	6,430,222	–	–	–
Open ended mutual funds, U.S. debt	6,580,507	6,580,507	–	–	–
Private equity	1,033,301	1,033,301	–	–	–
Certificates of deposit	100,777	100,777	–	–	–
Total investments	$ 32,251,930	$ 29,000,383	$1,413,397	$875,635	$ 962,515

The Foundation adheres to the total return concepts of investment management. Total return is defined as the aggregate sum of current income and changes in the market value of the assets under management.

Custodial Credit Risk

Custodial credit risk is the risk that when, in the event a financial institution or counterparty fails, the Foundation would not be able to recover the value of deposits, investments, or collateral securities that are in the possession of an outside party. The Federal Deposit Insurance Corporation and Security Investor Protection Corporation insured account balances were of $2,722,764 as of June 30, 2011. Illinois Funds are in the custody of the State Treasurer and are pooled and invested with other State funds in accordance with the Deposit of State Moneys Act (15 ILCS 520/11). See http://www.treasurer.il.gov/programs/illinois-funds/about-illinois-funds.aspx for information on the Illinois Funds. The Foundation's deposits in other institutions' money market funds are subject to the Funds' collateralization and investment policies.

Concentration Risk

The Foundation does not have any investments representing 5% or more of the total assets in any single issuer. Managers may not purchase securities on margin or leverage. The Foundation does not have a policy that specifically addresses concentration risk.

Interest Rate Risk

Interest rate risk is the risk when there is a possibility that changes in interest rates could adversely affect an investment's value. The Foundation does not have a policy that specifically addresses interest rate risk.

The Foundation had the following assets, at fair values, exposed to interest rate risk at June 30, 2011:

U.S. Treasury notes	$ 739,751
U.S. Treasury bonds	508,638
U.S. agency obligations (FHLM, FNMA)	1,268,887
Municipal bonds	166,251
Corporate debt securities	1,128,235
Cash equivalents held in investment pools	623,950
Open ended mutual funds, U.S. debt	6,580,507
Certificates of deposit	100,777
Sub-total investments	11,116,996
Bank money market funds	2,526,704
Illinois Funds money market funds	839,386
Sub-total cash and cash equivalents	3,366,090
Total assets subject to interest rate risk	$ 14,483,086