

**Wright State University  
Foundation, Inc.**

**Financial Statements  
June 30, 2005 and 2004**





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Wright State University Foundation, Inc.  
Dayton, Ohio

We have reviewed the *Report of Independent Auditors* of the Wright State University Foundation, Inc., Greene County, prepared by PricewaterhouseCoopers LLP, for the audit period July 1, 2004 through June 30, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Wright State University Foundation, Inc. is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

December 21, 2005

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**Wright State University Foundation, Inc.**  
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**June 30, 2005 and 2004**

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**Report of Independent Auditors**

To the Audit Committee of the Board of Trustees  
Wright State University Foundation:

In our opinion, the accompanying statements of financial position and the related statements of activities and cash flows present fairly, in all material respects, the financial position of Wright State University Foundation at June 30, 2005 and 2004, and the changes in net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2005 on our consideration of the Foundation'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.

*PricewaterhouseCoopers LLP*

September 30, 2005  
Dayton, Ohio

**Wright State University Foundation, Inc.**  
**Statements of Financial Position**  
**June 30, 2005 and 2004**

	<b>2005</b>	<b>2004</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 2,246,678	\$ 1,478,940
Pledges receivable (net)	10,807,100	10,196,000
Gifts receivable from trusts held by others	1,547,800	1,466,500
Investment in securities	81,024,952	46,664,885
Other investments	163,833	135,592
Land held for development	650,000	650,000
Cash surrender value of life insurance policies	63,786	61,506
Annuity assets	594,365	575,374
Other assets	226,965	154,378
Total assets	<u>\$ 97,325,479</u>	<u>\$ 61,383,175</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable		
Wright State University	\$ 1,288,630	\$ 787,877
Trade and other	25,992	97,311
Deposits held in custody for others	1,163,972	1,064,739
Annuities payable	319,900	310,100
Loan payable	1,000,000	1,100,000
Total liabilities	<u>3,798,494</u>	<u>3,360,027</u>
<b>Net Assets</b>		
Unrestricted		
Designated	1,206,435	469,252
Undesignated	948,940	1,170,550
Temporarily restricted	67,037,472	33,469,879
Permanently restricted	24,334,138	22,913,467
Total net assets	<u>93,526,985</u>	<u>58,023,148</u>
Total liabilities and net assets	<u>\$ 97,325,479</u>	<u>\$ 61,383,175</u>

The accompanying notes are an integral part of these financial statements.



**Wright State University Foundation, Inc.**  
**Statement of Activities**  
**June 30, 2005**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Revenue and Other Support				
Gifts and contributions	\$ 80,966	\$ 35,815,383	\$ 487,675	\$36,384,024
Investment earnings				
Interest and dividends	346,951	815,419	-	1,162,370
Net realized and unrealized gains	504,271	2,359,165	-	2,863,436
Administrative fee charged to certain restricted accounts	358,649	(358,649)	-	-
Change in value of split interest agreements	11,600	13,100	72,150	96,850
Other income	34,043	61,938	765,826	861,807
Net assets released from restrictions	5,047,818	(5,047,818)	-	-
Change in donor restrictions	(4,075)	(90,945)	95,020	-
Total revenue and other support	<u>6,380,223</u>	<u>33,567,593</u>	<u>1,420,671</u>	<u>41,368,487</u>
Expenses				
Program services				
Scholarships	1,596,851	-	-	1,596,851
University programs	2,508,238	-	-	2,508,238
Athletic programs	326,062	-	-	326,062
Research	735,051	-	-	735,051
Miscellaneous grants	53,425	-	-	53,425
Fund raising	358,563	-	-	358,563
Management and general	286,460	-	-	286,460
Total expenses	<u>5,864,650</u>	<u>-</u>	<u>-</u>	<u>5,864,650</u>
Changes in Net Assets	515,573	33,567,593	1,420,671	35,503,837
Net Assets				
Beginning of year	<u>1,639,802</u>	<u>33,469,879</u>	<u>22,913,467</u>	<u>58,023,148</u>
End of year	<u>\$ 2,155,375</u>	<u>\$ 67,037,472</u>	<u>\$ 24,334,138</u>	<u>\$93,526,985</u>

The accompanying notes are an integral part of these financial statements.

**Wright State University Foundation, Inc.**  
**Statement of Activities**  
**June 30, 2004**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Revenue and Other Support				
Gifts and contributions	\$ 118,160	\$ 6,134,203	\$ 6,458,126	\$ 12,710,489
Investment earnings				
Interest and dividends	224,948	520,623	(137)	745,434
Net realized and unrealized gains	921,035	4,626,463	-	5,547,498
Administrative fee charged to certain restricted accounts	311,531	(311,531)	-	-
Change in value of split interest agreements	11,000	(442,500)	(71,284)	(502,784)
Other income	33,709	1,707	5,189	40,605
Net assets released from restrictions	4,796,195	(4,796,195)	-	-
Change in donor restrictions	-	(34,580)	34,580	-
Total revenue and other support	<u>6,416,578</u>	<u>5,698,190</u>	<u>6,426,474</u>	<u>18,541,242</u>
Expenses				
Program services				
Scholarships	1,456,584	-	-	1,456,584
University programs	2,534,367	-	-	2,534,367
Athletic programs	275,772	-	-	275,772
Research	307,018	-	-	307,018
Miscellaneous grants	35,157	-	-	35,157
Fund raising	273,349	-	-	273,349
Management and general	240,702	-	-	240,702
Total expenses	<u>5,122,949</u>	<u>-</u>	<u>-</u>	<u>5,122,949</u>
Changes in net assets	1,293,629	5,698,190	6,426,474	13,418,293
Net Assets				
Beginning of year	<u>346,173</u>	<u>27,771,689</u>	<u>16,486,993</u>	<u>44,604,855</u>
End of year	<u>\$ 1,639,802</u>	<u>\$ 33,469,879</u>	<u>\$ 22,913,467</u>	<u>\$ 58,023,148</u>

The accompanying notes are an integral part of these financial statements.

**Wright State University Foundation, Inc.**  
**Statement of Cash Flows**  
**June 30, 2005 and 2004**

	2005	2004
<b>Operating Activities</b>		
Cash received from contributors	\$ 35,777,004	\$ 8,845,036
Less: Gifts and contributions received for permanently restricted accounts	(487,675)	(6,458,126)
Interest and dividends received	1,143,432	765,388
Deposits received for investment on behalf of others	29,919	380,716
Cash received from other revenue sources	835,738	16,531
Cash paid to students, employees and suppliers	(5,343,787)	(4,882,460)
Interest paid	(34,696)	(22,809)
Custodial deposits returned	(15,000)	(15,000)
Net cash provided by (used in) operating activities	<u>31,904,935</u>	<u>(1,370,724)</u>
<b>Investing Activities</b>		
Cash paid for investments	(78,202,004)	(10,939,962)
Cash received from investments	46,677,132	4,048,849
Net cash used in investing activities	<u>(31,524,872)</u>	<u>(6,891,113)</u>
<b>Financing Activities</b>		
Gifts and contributions received for permanently restricted accounts	487,675	6,458,126
Payments on loan payable	(100,000)	(100,000)
Net cash provided by financing activities	<u>387,675</u>	<u>6,358,126</u>
Increase (decrease) in cash and equivalents	767,738	(1,903,711)
Cash and equivalents - Beginning of year	1,478,940	3,382,651
Cash and equivalents - End of year	<u>\$ 2,246,678</u>	<u>\$ 1,478,940</u>
<b>Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities</b>		
Change in net assets	\$ 35,503,837	\$ 13,418,293
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Net realized and unrealized gains	(2,863,436)	(5,547,498)
Gifts and contributions received for permanently restricted accounts	(487,675)	(6,458,126)
Increase in pledges receivable (net)	(611,100)	(3,507,200)
(Increase) decrease in gifts receivable from trusts held by others	(81,300)	378,200
(Increase) decrease in cash surrender value of life insurance policies	(2,280)	805
Increase in annuity assets	(18,991)	(482,874)
Increase in other assets	(72,587)	(23,076)
Increase in accounts payable	429,434	120,623
Increase in deposits held in custody for others	99,233	481,729
Increase in annuities payable	9,800	248,400
Net cash provided by (used in) operating activities	<u>\$ 31,904,935</u>	<u>\$ (1,370,724)</u>

The accompanying notes are an integral part of these financial statements.

**Wright State University Foundation, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2005 and 2004**

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**1. Organization and Operation**

Wright State University Foundation, Inc. (the "Foundation") was incorporated on December 15, 1966 to receive and hold gifts, grants and bequests of money and property for the benefit of Wright State University (the "University") and its students and faculty. Consistent with such purposes, the mission of the Foundation is to secure, manage and distribute private support to enhance the growth and development of the University. One of its most important roles is to ensure that funds and property contributed are used for purposes specified by the donor. The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Governing direction is provided by a code of regulations most recently revised in October of 2000. Overall policy direction is provided by a board of 25 – 35 community leaders who serve as trustees of the Foundation. Trustees elect a chair and other officers from their number. The Foundation has no employees of its own, but several University employees provide staff support, including the University's vice president for university advancement who serves as president of the board (non-voting).

The 557-acre Wright State campus is located near Dayton, Ohio and was founded in 1964. Wright State is a four-year institution operating under the auspices of the State of Ohio's public university system. Financial statements for the University may be obtained from the Controllers Office, 301 University Hall, 3640 Colonel Glenn Highway, Dayton, Ohio 45435-0001.

**2. Summary of Significant Accounting Policies**

In accordance with generally accepted accounting principles as applied to not-for-profit organizations, the financial statements of the Foundation have been prepared on the accrual basis of accounting. The Financial Accounting Standards Board (FASB) is the accepted standards setting body for establishing accounting and reporting principles for not-for-profit entities. The following is a summary of the Foundation's significant accounting and reporting policies presented to assist the reader in interpreting the financial statements and other data in this report.

**Cash and equivalents**

The Foundation considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

**Pledges Receivable**

Unconditional pledges are recorded in the period that the pledges are received. Conditional pledges are recorded in the period in which the conditions have been met. Funds from pledges to be collected in future years are recorded at net present value. All pledges are presented net of an allowance for doubtful collections.

**Gifts Receivable from Trusts Held by Others**

Irrevocable trusts which will benefit the Foundation are recognized as gift revenue and as a receivable in an amount equal to the present value of the estimated future benefits to be received when trust assets are distributed. Adjustments to the receivable to reflect revaluation of the present value of the estimated future payments to the donor-designated beneficiaries and changes in actuarial assumptions during the term of the trust will be recognized as changes in the value of the asset.

**Wright State University Foundation, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2005 and 2004**

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**Investment in Securities**

Investments are stated at fair or appraised value and realized and unrealized gains and losses are reflected in the statement of activities. Market value is determined by market quotations. Donated investments are recorded at fair value at the time received.

**Land Held for Development**

Land owned by the Foundation consists primarily of lots adjacent to the University that are carried at historical cost.

**Annuity Assets/Payable**

Under charitable gift annuity agreements, the Foundation has recorded the donated assets at fair value and the liabilities to the donor and/or his/her beneficiaries at the present value of the estimated future payments to be distributed by the Foundation to such individuals. The amount of the gift is the difference between the asset and liability and is recorded as gift revenue.

**Deposits Held in Custody for Others**

These assets represent resources received and held by the Foundation as custodian. The assets are placed in the Foundation's investment portfolio and receive a pro-rata share of investment earnings.

**Net Assets**

The Foundation's net assets are classified into three categories: (1) unrestricted net assets, which include no donor-imposed restrictions, (2) temporarily restricted net assets, which include donor-imposed restrictions that will expire in the future and (3) permanently restricted net assets, which include donor-imposed restrictions that the assets be maintained permanently.

The unrestricted net assets consist of operating funds available for any purpose authorized by the board of trustees. Included in unrestricted net assets are funds that have been designated as endowments by the board (quasi-endowments). The board may elect to reverse the decision to designate unrestricted net assets.

Temporarily restricted net assets consist of funds arising from a gift in which the donor has stipulated, as a condition of the gift, restrictions on how or when the gift may be spent. Temporarily restricted net assets also include gifts that have been designated as quasi-endowments by virtue of the Foundation's spending policy. This policy, which was approved by the board of trustees, aims to protect the Foundation's donor-designated endowments from the effects of inflation by reinvesting a portion of the earnings on these funds as if they were endowment funds. Since the reinvestment of earnings from quasi-endowments was not explicitly designated by the donors, the reinvested earnings cannot be classified as permanently restricted under generally accepted accounting principles as applied to not-for-profit organizations.

Permanently restricted net assets consist of funds arising from a gift or bequest in which the donor has stipulated, as a condition of the gift, that the principal be maintained in perpetuity and only the investment income from investment of the funds be expended. Certain donor endowments also specify that a portion of the earnings from the investment be reinvested as principal, or that all income earned over a period of time be reinvested. Amounts are also transferred for specific uses from time to time, as requested by the donor.

**Wright State University Foundation, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2005 and 2004**

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**Gifts and Contributions**

Gifts and contributions are recorded at their fair market value on the date of receipt. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Gifts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset categories.

Contributed property is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used or restrict the use of such assets for a specific purpose, the contributions are recorded as restricted support. In the absence of such stipulations, gifts of property are recorded as unrestricted support.

Included in other income are certain federal and state grants totaling \$731,250 for the year ended June 30, 2005.

**Investment Earnings**

Interest and dividends from endowment investments are credited to temporarily restricted funds and spent in compliance with donor stipulations and the Foundation's spending policy. Interest and dividends from non-endowment investments are credited to the unrestricted fund for expenditure at the discretion of the Foundation's board of trustees. Realized gains or losses are determined based on the average cost method.

**Net Assets Released from Restrictions**

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**3. Business and Concentrations of Credit Risk**

One donor accounted for 79% of total gifts and contributions for the year ended June 30, 2005.

The Foundation's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and investments. The Foundation deposits its cash in federally insured banks. These deposits are generally in excess of the Federal Deposit Insurance Corporation's insurance limit.

Investments are managed by a professional investment management company utilizing the "manager of managers" model of portfolio administration. The investment manager is subject to the Foundation's investment policy, approved by the board of trustees, which contains objectives, guidelines and restrictions designed to provide for preservation of capital with an emphasis on providing current income and achieving long-term growth of the funds without undue exposure to

**Wright State University Foundation, Inc.**  
**Notes to the Financial Statements**  
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risk. Certain funds have been pooled for ease of management and to achieve greater diversification in investments.

**4. Pledges Receivable**

Pledges receivable at June 30, 2005 and 2004, by fund type, are as follows:

	<b>2005</b>			
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Totals</b>
Less than one year	\$ 36,870	\$ 2,620,881	\$ 1,378,745	\$ 4,036,496
One to five years	24,100	5,199,228	2,028,080	7,251,408
Gross pledges receivable	<u>60,970</u>	<u>7,820,109</u>	<u>3,406,825</u>	<u>11,287,904</u>
Present value discount	(2,370)	(352,709)	(110,425)	(465,504)
Allowance for uncollectible pledges	<u>(200)</u>	<u>(14,800)</u>	<u>(300)</u>	<u>(15,300)</u>
Pledges receivable (net)	<u>\$ 58,400</u>	<u>\$ 7,452,600</u>	<u>\$ 3,296,100</u>	<u>\$ 10,807,100</u>
	<b>2004</b>			
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Totals</b>
Less than one year	\$ 42,015	\$ 3,311,579	\$ 1,464,069	\$ 4,817,663
One to five years	34,600	3,389,971	2,355,950	5,780,521
Gross pledges receivable	<u>76,615</u>	<u>6,701,550</u>	<u>3,820,019</u>	<u>10,598,184</u>
Present value discount	(2,815)	(256,450)	(122,419)	(381,684)
Allowance for uncollectible pledges	<u>(500)</u>	<u>(19,000)</u>	<u>(1,000)</u>	<u>(20,500)</u>
Pledges receivable (net)	<u>\$ 73,300</u>	<u>\$ 6,426,100</u>	<u>\$ 3,696,600</u>	<u>\$ 10,196,000</u>

The fair value of pledges receivable was determined using discount rates applicable to the year in which the pledge was established. Rates ranged from 2.46% to 6.18%.

**Wright State University Foundation, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2005 and 2004**

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**5. Gifts Receivable from Trusts Held by Others**

The Foundation is a party to charitable gift trusts. Third party trustees maintain trust assets in irrevocable trusts for the benefit of the Foundation. The fair values of the trusts are estimated based upon the fair value of the assets contributed by the donor less the present value of the payment expected to be made to other beneficiaries. The present value is calculated using discount rates the year in which the trust was established, and range from 4.09% to 6.18%. The balances at June 30, 2005 and 2004, by fund type, are as follows:

	<b>2005</b>	<b>2004</b>
Unrestricted	\$ 244,500	\$ 232,900
Temporarily restricted	331,300	318,200
Permanently restricted	972,000	915,400
Totals	<u>\$ 1,547,800</u>	<u>\$ 1,466,500</u>

**6. Investment in Securities**

The cost and fair value of the Foundation's investments, at June 30, 2005 and 2004 are as follows:

	<u>2005</u>		<u>2004</u>	
	Cost	Fair Value	Cost	Fair Value
Common stock	\$ -	\$ -	\$ 9,725,075	\$ 10,447,411
Mutual funds				
Equity	51,549,101	52,034,369	12,031,062	15,980,599
Fixed income	29,033,787	28,990,583	15,316,087	15,980,480
Exchange traded funds	-	-	3,649,642	4,256,395
Totals	<u>\$ 80,582,888</u>	<u>\$ 81,024,952</u>	<u>\$ 40,721,866</u>	<u>\$ 46,664,885</u>

Net realized gains on sales of investments were \$2,483,723 and \$583,476 for the years ended June 30, 2005 and 2004, respectively. Calculation of net realized gains on sales of investments is based on original cost.

**7. Other Assets**

Other assets include unrestricted funds set aside for a specific group of University students to invest in order to provide them experience in managing a "live" portfolio. The project is known as Raider Asset Management (RAM). As the funds are not under the direct control of the Foundation's investment management system, they have been separately classified from investments in securities. The balance at June 30, 2005 and 2004 was \$158,039 and \$131,969, respectively. Earnings generated from the project are included in other income. Total gains for 2005 and 2004 amounted to \$26,070 and \$24,073, respectively.



**Wright State University Foundation, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2005 and 2004**

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**8. Deposits Held in Custody for Others**

Assets currently held by the Foundation in custody for others consist of resources deposited by the Western Ohio Education Foundation (WOEF), an educational Foundation that benefits the Lake Campus branch of Wright State University. As of June 30, 2005 and 2004, the balance of these deposits was \$1,163,972 and \$1,064,739, respectively.

**9. Accounts Payable**

Most of the Foundation's expenses are processed by the University Controller's Office. The Foundation reimburses the University monthly for those checks written on its behalf. At June 30, 2005 and 2004, the balance owed to the University was \$1,288,630 and \$787,877, respectively.

**10. Loan Payable**

The Foundation has a line-of-credit agreement with a bank that provides up to \$1.5 million of borrowings at the bank's prime rate or LIBOR, plus 0.75% (3.85% and 1.85% at June 30, 2005 and 2004, respectively). The line of credit expires December 31, 2009, with an option to extend. The line-of-credit is collateralized with a portion of the Foundation's investments. Outstanding borrowings under the agreement totaled \$1,000,000 and \$1,100,000 at June 30, 2005 and 2004, respectively.

Borrowings under the line-of-credit were used to fund the \$1.5 million grant made in 1999 to the University for the construction of the initial phase of a baseball stadium. The University has expressed intent to fundraise the total amount of the \$1.5 million grant and all associated costs (including interest and loan origination fees, if any). The Foundation believes such a fundraising effort for this specific purpose may take 10 to 15 years. The Foundation may reduce the amount of its annual reimbursement to the University for administrative support in an amount equal to the annual fundraising shortfall. The annual fundraising shortfall is defined as the difference between the cumulative debt service payments incurred by the Foundation to finance the grant and the cumulative amount of funds raised by the University for the baseball stadium project.

**Wright State University Foundation, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2005 and 2004**

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**11. Net Assets**

Net assets, as June 30, 2005 and 2004, are available for the following purposes:

	<b>2005</b>			
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Totals</b>
Scholarships	\$ 474,016	\$ 14,269,135	\$ 8,984,715	\$ 23,727,866
University programs	-	50,173,641	15,010,195	65,183,836
Athletic programs	-	253,562	-	253,562
Research	-	2,290,134	339,228	2,629,362
Board designated	732,419	-	-	732,419
Undesignated	948,940	51,000	-	999,940
Totals	<u>\$ 2,155,375</u>	<u>\$ 67,037,472</u>	<u>\$ 24,334,138</u>	<u>\$ 93,526,985</u>
	<hr/> <b>2004</b> <hr/>			
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Totals</b>
Scholarships	\$ 469,252	\$ 13,591,298	\$ 8,641,068	\$ 22,701,618
University programs	-	16,749,491	14,188,170	30,937,661
Athletic programs	-	288,494	-	288,494
Research	-	2,775,196	84,229	2,859,425
Undesignated	1,170,550	65,400	-	1,235,950
Totals	<u>\$ 1,639,802</u>	<u>\$ 33,469,879</u>	<u>\$ 22,913,467</u>	<u>\$ 58,023,148</u>

**Wright State University Foundation, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2005 and 2004**

**12. Functional Classification of Expenses**

Total expenses, classified by both service areas and expense categories for the years ended June 30, 2005 and 2004, consist of the following:

Expense Category	2005					2004						
	Program Services			Support Services		Program Services			Support Services			
	University Programs	Athletic Programs	Miscellaneous Grants	Research	Fund Raising	Management & General	University Programs	Athletic Programs	Miscellaneous Grants	Research	Fund Raising	Management & General
Salaries and wages	\$ 25,074	\$ 1,001,592	\$ -	\$ 381,857	\$ 201,607	\$ -	\$ -	\$ -	\$ 95,241	\$ 35,813	\$ -	\$ -
Employee benefits	-	221,206	-	2,165	-	-	-	-	208,617	-	-	-
Professional services	76	257,634	33,614	1,500	-	217,911	-	-	4,300	-	-	-
Supplies	82	82,622	60,216	7,011	4,300	208	-	-	21,626	5,032	-	-
Travel	9,383	195,105	131,058	3,130	92,467	8,889	-	-	6,671	-	-	-
Information and communication	50,754	613,120	77,627	21,770	-	-	-	-	8,343	-	-	-
Maintenance and repair	-	3,761	-	8,343	-	-	-	-	2,040	-	-	-
Student financial aid	1,511,482	50,426	-	246	710	19,724	-	-	-	-	-	-
Other	-	5,188	23,547	-	-	-	-	-	-	-	-	-
Capital outlay	-	77,584	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-	-
<b>Totals</b>	<b>\$ 1,596,851</b>	<b>\$ 2,508,238</b>	<b>\$ 326,062</b>	<b>\$ 735,051</b>	<b>\$ 358,563</b>	<b>\$ 286,460</b>	<b>\$ 53,425</b>	<b>\$ 307,018</b>	<b>\$ 273,349</b>	<b>\$ 240,702</b>	<b>\$ 240,702</b>	<b>\$ 5,122,949</b>

  

Expense Category	2005					2004						
	Program Services			Support Services		Program Services			Support Services			
	University Programs	Athletic Programs	Miscellaneous Grants	Research	Fund Raising	Management & General	University Programs	Athletic Programs	Miscellaneous Grants	Research	Fund Raising	Management & General
Salaries and wages	\$ 28,972	\$ 516,895	\$ -	\$ 102,828	\$ 172,179	\$ -	\$ 820,874	\$ -	\$ -	\$ 172,179	\$ -	\$ -
Employee benefits	-	120,689	-	26,280	34,923	-	181,892	-	-	34,923	-	-
Professional services	-	287,191	-	6,000	-	198,365	491,556	-	-	-	-	-
Supplies	3,117	149,735	69,659	80,109	1,031	271	303,937	-	-	1,031	-	-
Travel	-	389,647	48,283	10,704	19,423	5,303	477,025	-	-	19,423	-	-
Information and communication	2,696	942,645	87,539	2,434	43,333	6,245	1,114,079	-	-	43,333	-	-
Maintenance and repair	-	16,601	224	18,420	-	-	35,245	-	-	-	-	-
Student financial aid	1,421,799	18,339	-	100	2,460	-	1,442,698	-	-	2,460	-	-
Other	-	17,131	70,067	-	-	7,709	97,197	-	-	-	-	-
Capital outlay	-	75,494	-	60,143	-	-	135,637	-	-	-	-	-
Debt service	-	-	-	-	-	22,809	22,809	-	-	-	-	-
<b>Totals</b>	<b>\$ 1,456,584</b>	<b>\$ 2,534,367</b>	<b>\$ 275,772</b>	<b>\$ 307,018</b>	<b>\$ 273,349</b>	<b>\$ 240,702</b>	<b>\$ 5,122,949</b>	<b>\$ 307,018</b>	<b>\$ 273,349</b>	<b>\$ 240,702</b>	<b>\$ 240,702</b>	<b>\$ 5,122,949</b>

**Wright State University Foundation, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2005 and 2004**

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**13. Fund Raising Expenses**

Fund raising expenses, for the years ended June 30, 2005 and 2004, consist of the following:

	<b>2005</b>	<b>2004</b>
Development operations support	\$ 143,694	\$ 110,521
Reimbursement for information services manager	78,475	84,488
In-college development officers	88,307	78,340
Capital campaign expense	48,087	-
Totals	<u>\$ 358,563</u>	<u>\$ 273,349</u>

The Foundation partially supports the University's fund raising efforts by underwriting the costs of several of its development department functions including annual appeals, corporate and foundation appeals, major donor cultivation and donor recognition events.

The salaries and benefits of development officers assigned to several of the University's colleges and schools are partially offset by the Foundation.

**14. Management and General Expenses**

Management and general expenses, for the years ended June 30, 2005 and 2004, consist of the following:

	<b>2005</b>	<b>2004</b>
Reimbursement for university staff support	\$ 175,304	\$ 147,941
Professional fees	42,607	50,424
Board/committee meetings	6,289	6,280
Loan interest	34,696	22,809
Change in reserve for uncollectible pledges	(5,200)	(17,100)
Other	32,764	30,348
Totals	<u>\$ 286,460</u>	<u>\$ 240,702</u>

The Foundation has agreed to provide the University an annual allocation in the amount of 1% of certain assets as reimbursement for administrative staff support provided by various University employees. The amount of the reimbursement is subject to annual review and adjustment.

**Report of Independent Auditors on Internal Control over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements Performed in  
Accordance with Government Auditing Standards**

To the Audit Committee of the Board of Trustees  
of the Wright State University Foundation:

We have audited the financial statements of Wright State University Foundation, Inc. (the "Foundation") as of and for the year ended June 30, 2005, and have issued our report thereon dated September 30, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The



results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Foundation's audit committee, management, and the Auditor of the State of Ohio and is not intended to be and should not be used by anyone other than those specified parties.

PriceWaterhouseCoopers LLP

September 30, 2005  
Dayton, Ohio



**Auditor of State  
Betty Montgomery**

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**WRIGHT STATE UNIVERSITY FOUNDATION, INC.**

**GREENE COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 30, 2005**