

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
Dayton, Ohio

CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2014 and 2013



Dave Yost • Auditor of State

Board of Trustees
Wright State University Foundation Inc.
3640 Col. Glenn Highway
Dayton, Ohio 45435

We have reviewed the *Independent Auditor's Report* of the Wright State University Foundation Inc., Greene County, prepared by Crowe Horwath LLP, for the audit period July 1, 2013 through June 30, 2014. 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 cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

January 5, 2015

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WRIGHT STATE UNIVERSITY FOUNDATION, INC.

Dayton, Ohio

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2014 and 2013

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Wright State University Foundation, Inc. ("Foundation"), which comprise the consolidated statements of financial position as of June 30, 2014 and 2013, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(Continued)

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Wright State University Foundation, Inc. as of June 30, 2014 and 2013 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Management's Discussion and Analysis on pages 3 through 7 and multi-year summary schedules on pages 32 through 43 are presented for purposes of additional analysis and are not a required part of the financial statements. The information has not been subjected to the auditing procedures applied in the audits of the consolidated financial statements and accordingly, we do not express an opinion or provide any assurance on it.

Report on Other Legal and Regulatory Requirements

In accordance with Government Auditing Standards, we have also issued our report dated October 13, 2014 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

Crowe Horwath LLP

Crowe Horwath LLP

Columbus, Ohio
October 13, 2014

Overview

This section of the Wright State University Foundation's (the "WSU Foundation" or "Foundation") annual financial report presents management's discussion and analysis of the financial performance of the WSU Foundation during the fiscal years ended June 30, 2014 and 2013. This discussion has been prepared by management along with the consolidated financial statements and related note disclosures and should be read in conjunction with the statements and notes thereto.

The WSU Foundation is a 501(c)(3) nonprofit corporation whose mission includes the cultivation, solicitation, stewardship, management and distribution of private gifts for the exclusive benefit of Wright State University ("WSU" or the "University"). The Foundation is included in the University's financial statements as a discretely presented component unit. Transactions with WSU relate primarily to the disbursement of gift revenues to WSU, augmentation of the University's fund raising resources and payment for services rendered by University staff on behalf of the Foundation.

The discussion below relates to the WSU Foundation's consolidated financial statements, including the consolidated statements of financial position, consolidated statements of activities and consolidated statements of cash flows. The consolidated statements of financial position present the Foundation's financial situation at June 30, 2014 and 2013. The consolidated statements of activities summarize the financial transactions and consequent changes in net assets for the same fiscal years. The consolidated statements of cash flows provide details on the changes in cash levels for the same time period.

Financial Highlights

Statements of Financial Position

The purpose of the Statement of Financial Position (also known as the Balance Sheet) is to present the reader with a snapshot of the Foundation's financial condition at the end of the fiscal year. The statements may be used to assess the Foundation's ability to continue operations, to determine amounts owed to outside entities and to determine the adequacy of the reserves available for further appropriation.

The Statement of Financial Position is divided into three major categories: assets, liabilities and net assets. Assets are resources owned by the Foundation that are either restricted for specific purposes or available for general operational use of the Foundation. Liabilities are amounts owed to the University, external vendors and other entities for payments made on the Foundation's behalf, personnel costs, purchased goods and services, and other contractual obligations.

Net assets represent the excess of assets over liabilities and are subdivided into three categories: unrestricted, temporarily restricted and permanently restricted. Unrestricted net assets are those that the Foundation may use for any purpose related to its mission and over which it maintains complete control. Temporarily restricted net assets are donations that may be spent on purposes specified by the donor of the assets. Such restrictions relate to how or when the gift may be spent. Permanently restricted net assets are gifts that the donor has specified must be maintained in perpetuity and only the investment earnings on the gift may be spent for the purposes specified by the donor. These gifts are commonly known as endowments.

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
As of and for the Fiscal Year Ended June 30, 2014

The following table lists the Foundation's assets, liabilities and net assets for the past three fiscal years:

Condensed Statements of Financial Position
(in thousands of dollars)

	2014	2013	Change, 2013 to 2014		2012	Change, 2012 to 2013	
			Dollars	Percent		Dollars	Percent
Total Assets	\$ 134,718	\$ 119,884	\$ 14,834	12.4%	\$ 110,269	\$ 9,615	8.7%
Total Liabilities	\$ 4,739	\$ 3,929	\$ 810	20.6%	\$ 3,253	\$ 676	20.8%
Net Assets:							
Unrestricted	9,318	7,364	1,954	26.5%	5,260	2,104	40.0%
Temporarily Restricted	79,200	70,849	8,351	11.8%	65,536	5,313	8.1%
Permanently Restricted	41,461	37,742	3,719	9.9%	36,220	1,522	4.2%
Total Net Assets	129,979	115,955	14,024	12.1%	107,016	8,939	8.4%
Total Liabilities and Net Assets	\$ 134,718	\$ 119,884	\$ 14,834	12.4%	\$ 110,269	\$ 9,615	8.7%

Total assets increased significantly in fiscal year 2014 led by strong investment performance and increased gift activity. The Foundation's investment portfolios ended FY14 with a market value of \$119.3 million, the highest year-end investment balance in its existence. For the second year in a row, pledges receivable increased reflecting increased activity of the University's current comprehensive fund raising campaign. The Foundation completed renovation of its newly acquired office building during FY14 thereby increasing its capital assets by 80% over the previous year. The building is now fully occupied by the Advancement Division and other University administrative offices under a lease arrangement with Wright State.

Foundation liabilities also increased significantly during the year. Most of this increase resulted from an increase in the amount owed to the University for payments it made on behalf of the Foundation. Other increases contributing to the year over year change were increased annuity liabilities that resulted from three new annuity gifts received by the Foundation in FY14 and additional line of credit drawdowns related to the Foundation Building renovation project. Because the Foundation's assets increased more than its liabilities, net assets also increased during the year. Especially noteworthy was the 26% increase in unrestricted net assets, the Foundation's reserve account.

Statements of Activities

The Statements of Activities (also known as the Income Statement) report on the operating activities of the Foundation for the fiscal year. Included in these statements are two major categories. The first, revenues, represents resources obtained for distribution to WSU and for operation of the Foundation. Major revenue sources include gifts/contributions and investment earnings. Expenses, the second category, represent uses of those resources in support of various University programs, fund raising efforts and general operations of the Foundation. The difference between revenues and expenses is added to or subtracted from the Foundation's net assets.

(Continued)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
As of and for the Fiscal Year Ended June 30, 2014

The following table lists the revenues, expenses and changes in net assets for the last three fiscal years:

Condensed Statements of Activities							
(in thousands of dollars)							
	<u>2014</u>	<u>2013</u>	<u>Change, 2013 to 2014</u>		<u>2012</u>	<u>Change, 2012 to 2013</u>	
			Dollars	Percent		Dollars	Percent
Revenues							
Gifts and contributions	\$ 9,487	\$ 7,289	\$ 2,198	30.2%	\$ 4,827	\$ 2,462	51.0%
Investment earnings (losses)	12,264	9,381	2,883	30.7%	985	8,396	852.4%
Other	1,047	483	564	116.8%	16	467	2918.8%
Total revenues	<u>22,798</u>	<u>17,153</u>	<u>5,645</u>	<u>32.9%</u>	<u>5,828</u>	<u>11,325</u>	<u>194.3%</u>
Expenses							
Program services	6,946	7,327	(381)	-5.2%	6,493	834	12.8%
Fund raising	1,215	697	518	74.3%	738	(41)	-5.6%
Management and general	613	190	423	222.6%	342	(152)	-44.4%
Total expenses	<u>8,774</u>	<u>8,214</u>	<u>560</u>	<u>6.8%</u>	<u>7,573</u>	<u>641</u>	<u>8.5%</u>
Change in net assets	<u>\$ 14,024</u>	<u>\$ 8,939</u>	<u>\$ 5,085</u>	<u>56.9%</u>	<u>\$ (1,745)</u>	<u>\$ 10,684</u>	<u>612.3%</u>

As indicated in the discussion above, investment earnings and gift receipts were much improved over the previous fiscal year. Investments returned nearly \$2.9 million more than the previous year, an increase of nearly 31% year-over-year. Donations were also up over 30% as the Foundation increased its fund raising activities in anticipation of the public launch of its comprehensive campaign in FY15. Overall revenues increased by nearly a third over the previous fiscal year.

Year-over-year, total expenses increased 6.8% in FY14. Program expenses actually decreased in FY14, led by a decline in scholarship dollars awarded and outlays for capital projects. In contrast, fund raising and general administrative expenses increased. The increase in fund raising costs was attributable to contractual arrangements related to the comprehensive campaign effort. The management and general cost increase resulted from the reimbursement of personnel costs to the University for Foundation staff support and the first full year of building operation, maintenance and depreciation. Revenues exceeded expenses resulting in a \$14.0 million surplus for the year.

Statements of Cash Flows

Three major categories of activity appear on the Statements of Cash Flows: operating, investing and financing. Operating activities include mission-oriented functions such as amounts received from donors and amounts paid to Wright State students, employees and suppliers in accord with donor stipulations. Payments in support of the operations of the Foundation are also included in this category. Investing activities include the purchase and redemption of investments held by the Foundation in its attempt to effectively manage the private support it holds. Finally, financing activities include inflows and outflows related to capital expenditures and debt service. Contributions to the endowment are also categorized here.

(Continued)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
As of and for the Fiscal Year Ended June 30, 2014

The following table lists the categories of cash flows for the last three fiscal years:

Condensed Statements of Cash Flows
(in thousands of dollars)

	2014	2013	Change, 2013 to 2014		2012	Change, 2012 to 2013	
			Dollars	Percent		Dollars	Percent
Operating activities	\$ (1,002)	\$ (440)	\$ (562)	-127.7%	\$ 547	\$ (987)	-180.4%
Investing activities	(723)	(2,149)	1,426	66.4%	(5,147)	2,998	58.2%
Financing activities	3,761	2,171	1,590	73.2%	899	1,272	141.5%
Net change in cash and equivalents	<u>\$ 2,036</u>	<u>\$ (418)</u>	<u>\$ 2,454</u>	<u>587.1%</u>	<u>\$ (3,701)</u>	<u>\$ 3,283</u>	<u>88.7%</u>

The Foundation's cash position increased significantly during FY14 led by net cash inflows from financing operations. A \$2 million bequest settlement was primarily responsible for the significant increase in financing activities (receipt of endowment proceeds is considered a financing activity since the proceeds cannot be used to finance operating activities). The large decline in cash flow attributable to operating activities resulted from a significant decline in dividend revenue due to changes in the Foundation's investment allocations. Outflows for costs incurred for the renovation of the Foundation's new office building continued to impact investing activities in FY14.

Investment Performance

The Foundation maintains two significant investment pools with its investment manager, SEI Investments (Oaks, PA). One pool represents endowed assets and the second, all other assets. As discussed above, market returns in FY14 were improved over the previous year. The endowed portfolio posted a return of 12.0% (net of fees and excluding private equity investments), compared to 10.4% in FY13. The non-endowed portfolio, which is not invested as aggressively, also provided a healthy return of 11.7% (net of fees). The Foundation did adjust its endowment investment allocation formula during FY14 by reducing its exposure to equities and increasing its fixed income allocation. The reasons for this change were to reduce equity volatility, to shorten duration and to increase overall diversification of the portfolio. Throughout the year, actual allocation amounts were within tolerances established by its investment policy statement.

Endowment

During the fiscal year ended June 30, 2014, the value of the Foundation's endowment increased nearly 11%, finishing the year with a value of \$93.4 million. Once again, strong investment earnings, coupled with a sharp increase in the amount of endowed gifts, provided the greatest impetus to this increase.

Unprecedented losses experienced during fiscal years 2008 and 2009 have reduced the values of some of the Foundation's endowment funds to less than the amount originally donated, a condition known as "underwater endowments." Positive investment results in FY14 restored many of the underwater endowments to their original values, but not all. Thus, the underwater endowment figure was reduced to \$18 thousand, a 56% improvement over the previous year. There were adequate reserves in each of the endowment funds to distribute the full amount of earnings (5%) to all funds without reducing any funds below 80% of original donated value, as required by Foundation policy.

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Debt and Debt Guaranties

The Foundation continued to maintain a line of credit with a local bank during FY14. As discussed earlier, net draws on the line of credit in the amount of \$200 thousand were made to complete renovations of the Foundation's new administrative office space.

During FY11, the Foundation agreed to guaranty the debt for two projects initiated by organizations closely related to Wright State University and its mission. One of the guaranties was terminated in FY14 by refinancing the original debt. The Foundation was not required to provide a guaranty under the new arrangement. Management does not believe that the remaining guaranty will be needed in the near future. More details about the guaranties may be found in note 13 to the consolidated financial statements.

Comprehensive Capital Campaign

Following its highly successful "Tomorrow Takes Flight" campaign completed in 2006, Wright State has launched its second such effort and is currently in the leadership phase of that campaign. No goal has yet been established, but priorities identified include scholarships, endowed chairs/professorships and facility improvements. It is anticipated that we will go public with the campaign in FY15 and that it will be concluded by FY16.

Requests for Information

Offices in support of the WSU Foundation are located on the third floor of the Foundation Building across from the Dayton campus. Questions about any of the information provided in this report or requests for additional information may be directed to:

Bob Batson, CFP®
CFO
Wright State University Foundation, Inc.
Foundation Building 375
3640 Colonel Glenn Highway
Dayton, OH 45435-0001
(937) 775-2869

For additional information about the Foundation, please visit our Web site at: wright.edu/giving-alumni/wright-state-foundation.

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and cash equivalents	\$ 3,273,096	\$ 1,236,709
Pledges receivable (net)	6,440,300	5,817,300
Gifts receivable from trusts held by others	1,326,100	1,277,300
Investment in securities	118,180,039	107,621,178
Other investments	1,155,707	1,485,281
Interest and dividends receivable	212,022	200,831
Capital assets	2,674,455	1,482,267
Annuity assets	815,123	252,637
Other assets	<u>641,594</u>	<u>510,296</u>
Total assets	<u>\$ 134,718,436</u>	<u>\$ 119,883,799</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable		
Wright State University	\$ 1,115,440	\$ 791,698
Trade and other	274,824	293,396
Deposits held in custody for others	1,997,880	1,912,842
Annuities payable	350,900	130,900
Loan payable	<u>1,000,000</u>	<u>800,000</u>
Total liabilities	<u>4,739,044</u>	<u>3,928,836</u>
 NET ASSETS		
Unrestricted		
Designated	2,282,827	2,239,955
Undesignated	7,035,409	5,124,435
Temporarily restricted	79,199,828	70,848,409
Permanently restricted	<u>41,461,328</u>	<u>37,742,164</u>
Total net assets	<u>129,979,392</u>	<u>115,954,963</u>
Total liabilities and net assets	<u>\$ 134,718,436</u>	<u>\$ 119,883,799</u>

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

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
For the Year ended June 30, 2014 with comparative 2013 totals

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2014</u>	<u>Total 2013</u>
Revenue and other support					
Gifts and contributions	\$ 196,863	\$ 5,729,298	\$ 3,561,241	\$ 9,487,402	\$ 7,288,695
Investment earnings					
Interest and dividends	460,996	965,790	-	1,426,786	2,652,887
Net realized and unrealized gains	2,512,572	8,324,321	-	10,836,893	6,728,387
Administrative fee charged to certain restricted accounts	819,068	(819,068)	-	-	-
Change in value of split interest agreements	-	48,800	46,642	95,442	133,616
Other income	221,215	706,753	23,961	951,929	349,847
Net assets released from restrictions	6,517,155	(6,517,155)	-	-	-
Change in donor restrictions	-	(87,320)	87,320	-	-
Total revenue and other support	<u>10,727,869</u>	<u>8,351,419</u>	<u>3,719,164</u>	<u>22,798,452</u>	<u>17,153,432</u>
Expenses					
Program services					
Scholarships	2,765,129	-	-	2,765,129	3,010,581
University programs	2,835,724	-	-	2,835,724	3,099,999
Athletic programs	433,417	-	-	433,417	830,817
Research	587,103	-	-	587,103	306,240
Miscellaneous grants	324,967	-	-	324,967	79,844
Fund raising	1,215,032	-	-	1,215,032	696,784
Management and general	612,651	-	-	612,651	190,112
Total expenses	<u>8,774,023</u>	<u>-</u>	<u>-</u>	<u>8,774,023</u>	<u>8,214,377</u>
Change in net assets	1,953,846	8,351,419	3,719,164	14,024,429	8,939,055
Net assets					
Beginning of year	<u>7,364,390</u>	<u>70,848,409</u>	<u>37,742,164</u>	<u>115,954,963</u>	<u>107,015,908</u>
End of year	<u>\$ 9,318,236</u>	<u>\$ 79,199,828</u>	<u>\$ 41,461,328</u>	<u>\$ 129,979,392</u>	<u>\$ 115,954,963</u>

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

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
For the Year ended June 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2013</u>
Revenue and other support				
Gifts and contributions	\$ 53,291	\$ 5,864,390	\$ 1,371,014	\$ 7,288,695
Investment earnings				
Interest and dividends	828,296	1,824,591	-	2,652,887
Net realized and unrealized gains	1,233,617	5,494,770	-	6,728,387
Administrative fee charged to certain restricted accounts	744,983	(744,983)	-	-
Change in value of split interest agreements	-	63,748	69,868	133,616
Other income	326,305	6,058	17,484	349,847
Net assets released from restrictions	7,132,098	(7,132,098)	-	-
Change in donor restrictions	<u>-</u>	<u>(63,811)</u>	<u>63,811</u>	<u>-</u>
Total revenue and other support	<u>10,318,590</u>	<u>5,312,665</u>	<u>1,522,177</u>	<u>17,153,432</u>
Expenses				
Program services				
Scholarships	3,010,581	-	-	3,010,581
University programs	3,099,999	-	-	3,099,999
Athletic programs	830,817	-	-	830,817
Research	306,240	-	-	306,240
Miscellaneous grants	79,844	-	-	79,844
Fund raising	696,784	-	-	696,784
Management and general	<u>190,112</u>	<u>-</u>	<u>-</u>	<u>190,112</u>
Total expenses	<u>8,214,377</u>	<u>-</u>	<u>-</u>	<u>8,214,377</u>
Change in net assets	2,104,213	5,312,665	1,522,177	8,939,055
Net assets				
Beginning of year	<u>5,260,177</u>	<u>65,535,744</u>	<u>36,219,987</u>	<u>107,015,908</u>
End of year	<u>\$ 7,364,390</u>	<u>\$ 70,848,409</u>	<u>\$ 37,742,164</u>	<u>\$ 115,954,963</u>

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

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
 CONSOLIDATED STATEMENTS OF CASH FLOWS
 For the Years ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributors	\$ 8,531,911	\$ 6,122,553
Gifts and contributions received for permanently restricted accounts	(3,561,241)	(1,371,013)
Interest and dividends received	1,619,244	3,054,769
Cash received for other revenue sources	865,027	335,649
Cash paid to students, employees and suppliers	(8,321,312)	(8,412,870)
Interest paid	(10,429)	(1,589)
Custodial deposits returned	<u>(125,000)</u>	<u>(167,000)</u>
Net cash used in operating activities	(1,001,800)	(439,501)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for investments	(6,146,551)	(7,225,142)
Cash received from investments	6,754,157	6,747,129
Investment in capital assets	(1,330,660)	(1,421,035)
Purchase option on real property	<u>-</u>	<u>(250,000)</u>
Net cash used in investing activities	(723,054)	(2,149,048)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Gifts and contributions received for permanently restricted accounts	3,561,241	1,371,013
Proceeds from line of credit	<u>200,000</u>	<u>800,000</u>
Net cash from financing activities	<u>3,761,241</u>	<u>2,171,013</u>
 Net change in cash and cash equivalents	2,036,387	(417,536)
 Cash and cash equivalents, beginning of year	<u>1,236,709</u>	<u>1,654,245</u>
 Cash and cash equivalents, end of year	<u>\$ 3,273,096</u>	<u>\$ 1,236,709</u>

(Continued)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Reconciliation of change in net assets to net cash used in operating activities		
Change in net assets	\$ 14,024,429	\$ 8,939,055
Adjustments to reconcile change in net assets to cash from operating activities		
Net realized and unrealized gains	(10,836,893)	(6,728,387)
Gifts and contributions received for permanently restricted accounts	(3,561,241)	(1,371,013)
Depreciation	67,842	9,399
Changes in assets and liabilities		
Pledges receivable	(623,000)	(1,402,900)
Gifts receivable from trusts held by others	(48,800)	136,800
Interest and dividends receivable	(11,191)	217,442
Annuity assets	(562,486)	(37,361)
Other assets	(131,299)	(8,044)
Accounts payable	375,801	(177,519)
Deposits held in custody for others	85,038	(13,373)
Annuities payable	<u>220,000</u>	<u>(3,600)</u>
Net cash used in operating activities	<u>\$ (1,001,800)</u>	<u>\$ (439,501)</u>

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

NOTE 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 June of 2012. 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 Controller's Office, 301 University Hall, 3640 Colonel Glenn Highway, Dayton, Ohio 45435-0001.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In accord with generally accepted accounting principles as applied to not-for-profit organizations, the consolidated 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 principles generally accepted in the United States ("GAAP"). 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.

Principles of consolidation: The consolidated financial statements include the accounts of Wright State University Foundation and its wholly-owned limited liability company subsidiary Fairborn Office Property LLC. The consolidated entities are collectively referred to as "the Foundation". All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements.

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. Payments on 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.

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment in Securities: Investments are stated at fair value. The fair values of investments are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments, when appropriate. Investments are initially recorded at their acquisition cost if they were purchased and at fair value if they are received through a contribution or exchange transaction. Securities traded on a national exchange are valued at their last reported sales price on the exchange on which they are traded.

Alternative investments, such as hedge funds, private equity and venture capital instruments, for which there is no ready market, are valued at fair value as estimated by management. To estimate fair value, management may rely on valuations reported by the general partners of such investments in unaudited financial reports and/or the Foundation's independent investment advisor. The Foundation believes the carrying amount of these financial instruments is a reasonable estimate of fair value. Because of the inherent uncertainty of valuation in the absence of readily ascertainable market values, the estimated values of those investments may differ from the values that would have been used had a ready market existed for such investments or if the investments were realized, and the differences could be material.

Realized gains or losses are included in the consolidated statement of activities. Unrealized gains or losses are based on the differences between cost and fair value of each classification of security and are reported in the consolidated statement of activities. Investments are managed by professional investment managers.

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.

Capital Assets: Expenditures for property and equipment and items that substantially increase the useful lives of existing assets are capitalized at cost. It is the policy of the Foundation to capitalize additions with an original cost of \$5,000 or more. Assets acquired by gift are valued at fair value as of the date donated. The Foundation provides for depreciation using the straight-line method at rates designed to depreciate the costs of assets over estimated useful lives as follows:

	<u>Years</u>
Land improvements	10-25
Buildings	20-65
Machinery and equipment	5-10

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 net 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 be satisfied 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.

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 unspent gains on donor-restricted gifts 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 endowments was not explicitly designated by the donors, the reinvested earnings cannot be classified as permanently restricted under GAAP.

Quasi-endowment funds may also be established by request of a University college or department in accord with the Foundation's quasi-endowment policy adopted by the board of trustees in fiscal year 2011. The objective of this policy is to allow significantly large temporarily restricted funds to generate earnings that may be used by the requesting unit for the purpose(s) specified by the donor.

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.

Gifts and Contributions: Gifts and contributions are recorded at their fair 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.

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 consolidated statement of activities as net assets released from restrictions.

Federal Income Taxes: The Foundation has been approved under the Internal Revenue Code Section 501(c)(3) as a nonprofit organization exempt from federal taxes on its normal activities.

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GAAP prescribes recognition thresholds and measurement attributes for the consolidated financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. A tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded. Management has concluded that they are unaware of any tax benefits or liabilities to be recognized at June 30, 2014 or 2013, respectively.

The Foundation is no longer subject to examination by taxing authorities for years before 2011. The Foundation does not have any tax benefits recorded at June 30, 2014, and does not expect that position to significantly change in the next year. The Foundation would recognize interest and/or penalties related to income tax matters in income tax expense, if applicable, and there were no amounts accrued for interest and penalties at June 30, 2014 or 2013.

Fair Value of Financial Instruments: Fair value is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Foundation’s principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The carrying value of the Foundation’s financial instruments, which include cash and cash equivalents, pledges receivable, investments, accounts payable, annuity agreements and long-term debt, approximate fair value.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to June 30, 2014, to determine the need for any adjustments to and/or disclosures within the audited consolidated financial statements for the year ended June 30, 2014. Management has performed their analysis through October 13, 2014, the date the consolidated financial statements were available to be issued.

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.

Reclassifications: Certain reclassifications have been made to data in the accompanying prior year consolidated financial statements to conform to the current year’s presentation. These reclassifications had no effect on net assets or the change in net assets.

NOTE 3 - BUSINESS AND CONCENTRATIONS OF CREDIT RISK

The Foundation’s financial instruments that are exposed to various risks, such as interest rate, market and 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.

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NOTE 3 - BUSINESS AND CONCENTRATIONS OF CREDIT RISK (Continued)

Investments are managed by a professional investment management company under an outsourced chief investment officer arrangement. 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 risk. Certain funds have been pooled for ease of management and to achieve greater diversification in investments. Due to the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible the changes in risks in the near term would result in material changes in the fair value of long-term investments and net assets of the Foundation.

NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received for an asset or paid to transfer a liability (an exit price) in the Foundation's principal or most advantageous market on the measurement date.

The fair value hierarchy established by U.S. GAAP requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1: Quoted prices for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.
- Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In many cases a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

(Continued)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2014 and 2013

NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Assets measured at fair value on a recurring basis are summarized below for the years ended June 30, 2014 and 2013:

	Fair Value Measurements at June 30, 2014 Using			Totals
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
ASSETS				
Gifts receivable from trusts held by others	\$ -	\$ -	\$ 1,326,100	\$ 1,326,100
Investment in securities				
Mutual funds				
Equity	55,351,028	-	-	55,351,028
Fixed income	46,272,699	-	-	46,272,699
Alternative assets				
Hedge funds	-	6,557,263	5,039,597	11,596,860
Private equity	-	-	2,210,760	2,210,760
Distressed debt	-	2,748,692	-	2,748,692
Total investment in securities	101,623,727	9,305,955	7,250,357	118,180,039
Other investments:				
Limited partnerships	-	-	1,155,707	1,155,707
Annuity assets				
Cash and equivalents	-	209,209	-	209,209
Mutual funds-securities	25,211	580,703	-	605,914
Total annuity assets	25,211	789,912	-	815,123
Total	<u>\$ 101,648,938</u>	<u>\$ 10,095,867</u>	<u>\$ 9,732,164</u>	<u>\$ 121,476,969</u>

	Fair Value Measurements at June 30, 2013 Using			Totals
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
ASSETS				
Gifts receivable from trusts held by others	\$ -	\$ -	\$ 1,277,300	\$ 1,277,300
Investment in securities				
Mutual funds				
Equity	50,824,891	-	-	50,824,891
Fixed income	40,911,330	-	-	40,911,330
Alternative assets				
Hedge funds	-	6,486,694	4,750,943	11,237,637
Private equity	-	-	2,064,725	2,064,725
Distressed debt	-	2,582,595	-	2,582,595
Total investment in securities	91,736,221	9,069,289	6,815,668	107,621,178
Other investments:				
Limited partnerships	-	-	1,485,281	1,485,281
Annuity assets				
Cash and equivalents	-	68,371	-	68,371
Mutual funds-securities	26,811	157,455	-	184,266
Total annuity assets	26,811	225,826	-	252,637
Total	<u>\$ 91,763,032</u>	<u>\$ 9,295,115</u>	<u>\$ 9,578,249</u>	<u>\$ 110,636,396</u>

(Continued)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2014 and 2013

NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The table below presents a reconciliation and consolidated statement of activities classification of gains and losses for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2014 and 2013:

	Gifts Receivable from Trusts Held by Others	Hedge Funds	Private Equity	Limited Partnerships
Beginning balance, July 1, 2013	\$ 1,277,300	4,750,943	\$ 2,064,725	\$ 1,485,281
Interest and dividends	-	-	37,760	-
Realized gains on sales	-	-	99,044	-
Unrealized gains (losses) included in earnings	-	288,654	12,731	(103,566)
Purchases	-	-	339,500	53,015
Sales	-	-	(343,000)	(279,023)
Change in value of split interest agreements	48,800	-	-	-
Net transfers in/(out) of Level 3	-	-	-	-
Ending balance, June 30, 2014	<u>\$ 1,326,100</u>	<u>\$ 5,039,597</u>	<u>\$ 2,210,760</u>	<u>\$ 1,155,707</u>
	Gifts Receivable from Trusts Held by Others	Hedge Funds	Private Equity	Limited Partnerships
Beginning balance, July 1, 2012	\$ 1,414,100	\$ -	\$ 1,468,920	\$ 1,354,550
Interest and dividends	-	-	9,774	-
Realized gains on sales	-	-	156,783	4,943
Unrealized gains (losses) included in earnings	-	120,943	128,248	(44,439)
Purchases	-	4,630,000	455,000	254,486
Sales	(190,600)	-	(154,000)	(84,259)
Change in value of split interest agreements	53,800	-	-	-
Net transfers in/(out) of Level 3	-	-	-	-
Ending balance, June 30, 2013	<u>\$ 1,277,300</u>	<u>\$ 4,750,943</u>	<u>\$ 2,064,725</u>	<u>\$ 1,485,281</u>

The unrealized gain included in earnings for Level 3 investments still held at June 30, 2014 and 2013 is \$197,819 and \$204,752, respectively.

The fair value of gifts receivable from trusts held by others is based on a valuation model that calculates the present value of estimated residual trust value. The valuation model incorporates assumptions that market participants would use in estimating future investment earnings. Management determines the fair value based on best information available (Level 3 inputs).

Investments in securities consist primarily of mutual fund shares managed by a professional investment management company utilizing the "manager of managers" model of portfolio administration, as described in Note 3. The fair value of mutual funds is based on quoted prices in active markets (Level 1 inputs).

For hedge funds, private equity and distressed debt, for which there is no active market, information such as historical and current performance of the underlying assets, cash flow projections, liquidity and credit premiums required by a market participant, and financial trend analysis with respect to the individual fund manager, are utilized in determining individual security valuations. Due to current market conditions as well as the limited trading activity of these securities, the market value of the securities is highly sensitive to assumption changes and market value volatility (Level 3 inputs).

(Continued)

NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Approximately one half of the Foundation's hedge fund allocation is invested in a "fund of funds" vehicle structured as an offshore company that invests all of its capital in private placement funds. The fund's investment objective is to seek to achieve a return somewhere between historical market equity and fixed income returns with a moderate level of risk undertaken. The fund is broadly diversified and invests in multiple hedge fund strategies including convertible bond hedging, credit hedging, distressed debt, equity market neutral, equity long/short, merger arbitrage, short biased and sovereign debt and mortgage hedging. The fund generally invests in 30-40 hedge funds and the fund of funds manager requires full transparency of each of the underlying funds' investment positions. The Foundation is no longer subject to the fund's initial one-year lock-up period and may, therefore, request liquidation on a quarterly basis with 65 days prior notification. At June 30, 2014, the Foundation has no significant unfunded commitments to this hedge fund allocation. The valuation of this investment is based on net asset value ("NAV") using the market approach (Level 2 input).

The balance of the Foundation's hedge fund allocation is also invested in a "fund of funds" structured as an offshore company. The fund's investment objective is to seek to achieve high returns balanced against an appropriate level of volatility and directional market exposure over a full market cycle. The fund is broadly diversified and invests in various private funds such as hedge funds that pursue hedged or other alternative investment strategies, private equity funds, hybrid funds and any other alternative investment funds, while also opportunistically investing directly in any other securities and financial instruments. The fund generally invests in 15-20 funds and the fund of funds manager requires full transparency of each of the underlying funds' investment positions. The Foundation is subject to the fund's initial two-year lock-up period, which will end in January of 2015. Once the lock-up period has ended, the Foundation may request liquidation on a semi-annual basis with 95 days prior notification. At June 30, 2014, the Foundation has no significant unfunded commitments to this hedge fund allocation. The valuation of this investment is based on NAV using the market approach (Level 3 input).

The private equity fund investment is structured as a domestic partnership in which the Foundation is a limited partner. The fund seeks to invest the capital contributed to it in a diversified pool of long-term investments in non-publically traded companies. Diversification is accomplished by investing 40-60% of committed capital in underlying funds focused on the United States, 20-40% on Europe and 0-30% on emerging markets. Capital commitments of the limited partners are payable to the partnership in installments over a 3 – 5 year period. At June 30, 2014, the Foundation's total capital commitment of \$3,500,000 was 64.3% (\$2,250,408) funded. Due to the long-term commitment of capital and the unpredictability of capital calls and partnership distributions, the fund is generally considered illiquid. It is also not unusual for private equity funds to experience losses in the early years of their existence. The valuation of this investment is based on NAV using the market approach (Level 3 input).

The Foundation's investment in distressed debt is in the form of a fund that invests in a diversified portfolio of structured credit instruments, the majority of which are Collateralized Debt Obligation (CDO) equity and mezzanine notes. CDOs are structured finance securities that hold a diversified pool of income-generating collateral that is financed through the issuance of debt securities. CDO investors assume the first level of default risk. These notes are lowly correlated to traditional and other alternative investments have minimal interest rate risk and are highly transparent. The Foundation's investment in this asset class was fully funded at June 30, 2014. The Foundation is no longer subject to the investment's two year lockup period and may, therefore, request liquidation on a quarterly basis with 69 days prior notice.

Valuation of limited partnership shares reported as "other investments" are derived from reports issued by the general partners adjusted for capital contributions and withdrawals throughout the fiscal year. Although the fund custodians provide annual audited financial statements for each of the funds, the value of the underlying securities is difficult to ascertain as there is no active market associated with these ownership interests. Thus, the partnership interests are classified as valued based upon Level 3 inputs, using the market approach.

(Continued)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 June 30, 2014 and 2013

NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Valuation of annuity assets (and related liabilities) is based on a "Default Level Matrix" developed by the custodian. Mutual funds and other instruments are classified based on analysis and review of FASB standards, together with input from securities pricing service companies, broker/dealers and investment managers regarding their pricing methodologies; discussions with clients and independent accounting firms regarding various market inputs used to determine fair value and participation in industry forums. Management believes that this custodian-developed matrix accurately interprets applicable FASB guidance with respect to the level classification defined therein.

NOTE 5 - PLEDGES RECEIVABLE

Pledges receivable at June 30, 2014 and 2013, by fund type, are as follows:

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Less than one year	\$ 58,600	\$ 1,485,022	\$ 328,376	\$ 1,871,998
One to five years	-	3,479,767	225,588	3,705,355
Six years or greater	-	<u>2,016,500</u>	-	<u>2,016,500</u>
Gross pledges receivable	58,600	6,981,289	553,964	7,593,853
Present value discount	-	(1,080,789)	(5,464)	(1,086,253)
Allowance for uncollectible pledges	<u>-</u>	<u>(55,000)</u>	<u>(12,300)</u>	<u>(67,300)</u>
Pledges receivable (net)	<u>\$ 58,600</u>	<u>\$ 5,845,500</u>	<u>\$ 536,200</u>	<u>\$ 6,440,300</u>
	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Less than one year	\$ 36,200	\$ 2,133,598	\$ 287,768	\$ 2,457,566
One to five years	-	2,196,305	200,561	2,396,866
Six years or greater	-	<u>2,047,000</u>	-	<u>2,047,000</u>
Gross pledges receivable	36,200	6,376,903	488,329	6,901,432
Present value discount	-	(1,024,503)	(3,729)	(1,028,232)
Allowance for uncollectible pledges	<u>-</u>	<u>(46,900)</u>	<u>(9,000)</u>	<u>(55,900)</u>
Pledges receivable (net)	<u>\$ 36,200</u>	<u>\$ 5,305,500</u>	<u>\$ 475,600</u>	<u>\$ 5,817,300</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 0.72% to 3.34%.

(Continued)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2014 and 2013

NOTE 6 - 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 the discount rate the year in which the trust was established, in this case, 4.92%. The balances at June 30, 2014 and 2013, are \$1,326,100 and \$1,277,300, respectively, and are included in Temporarily Restricted net assets.

NOTE 7 - INVESTMENT IN SECURITIES

The fair value of the Foundation's investments, at June 30, 2014 and 2013, are as follows:

	<u>2014</u>	<u>2013</u>
Mutual funds		
Equity	\$ 55,351,028	\$ 50,824,891
Fixed income	46,272,699	40,911,330
Alternative assets	<u>16,556,312</u>	<u>15,884,957</u>
Totals	<u>\$ 118,180,039</u>	<u>\$ 107,621,178</u>

Net realized gains on sales of investments were \$1,480,018 and \$1,064,618 for the years ended June 30, 2014 and 2013, respectively. Calculation of net realized gains on sales of investments is based on original cost. Net unrealized gains amounted to \$9,356,875 and \$5,663,769 for the years ended June 30, 2014 and 2013, respectively.

NOTE 8 - OTHER ASSETS

In July of 2012, the Foundation, along with the University of Dayton, purchased an option to acquire approximately 53 acres of real property owned by the Miami Valley Research Foundation (MVRF). The Foundation's share of the option price was \$250,000. The renewable option agreement is valid for a period of two years, after which the option payment is returned to the Foundation without interest accruing. The option further provides that the MVRF may prematurely terminate the agreement and return the option payment along with a 5% annual premium. The option expired in July 2014, but was renewed for an additional two-year period by both entities.

Also, included in other assets are 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, 2014 and 2013 was \$253,982 and \$223,535, respectively. Earnings generated from the project are included in other income. Total net returns for 2014 and 2013 amounted to \$30,477 and \$23,597, respectively.

(Continued)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 June 30, 2014 and 2013

NOTE 9 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2014 and 2013 is summarized as follows:

	2014				
	Beginning Balance	Additions	Reductions	Transfers	Ending Balance
Capital assets					
Land	\$ 173,000	\$ -	\$ -	\$ -	\$ 173,000
Buildings and improvements	588,264	-	-	1,961,800	2,550,064
Machinery and equipment	28,632	-	-	-	28,632
Construction in progress	<u>701,770</u>	<u>1,260,030</u>	<u>-</u>	<u>(1,961,800)</u>	<u>-</u>
Total capital assets	1,491,666	1,260,030	-	-	2,751,696
Less accumulated depreciation					
Building and improvements	7,354	63,752	-	-	71,106
Machinery and equipment	<u>2,045</u>	<u>4,090</u>	<u>-</u>	<u>-</u>	<u>6,135</u>
Total accumulated depreciation	<u>9,399</u>	<u>67,842</u>	<u>-</u>	<u>-</u>	<u>77,241</u>
Capital assets, net	<u>\$1,482,267</u>	<u>\$ 1,192,188</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,674,455</u>
	2013				
	Beginning Balance	Additions	Reductions	Transfers	Ending Balance
Capital assets					
Land	\$ -	\$ 173,000	\$ -	\$ -	\$ 173,000
Buildings and improvements	-	588,264	-	-	588,264
Machinery and equipment	-	28,632	-	-	28,632
Construction in progress	<u>-</u>	<u>701,770</u>	<u>-</u>	<u>-</u>	<u>701,770</u>
Total capital assets	-	1,491,666	-	-	1,491,666
Less accumulated depreciation					
Building and improvements	-	7,354	-	-	7,354
Machinery and equipment	<u>-</u>	<u>2,045</u>	<u>-</u>	<u>-</u>	<u>2,045</u>
Total accumulated depreciation	<u>-</u>	<u>9,399</u>	<u>-</u>	<u>-</u>	<u>9,399</u>
Capital assets, net	<u>\$ -</u>	<u>\$ 1,482,267</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,482,267</u>

Due to increasing demand for academic space on its main campus, the University has encouraged non-academic units to secure off-campus space to free up currently utilized facilities. In accord with this request, the Foundation purchased an existing building adjacent to campus on November 1, 2012. The purchase has allowed all Foundation and Advancement Division operations, with the exception of Alumni Relations, to consolidate in a single location. The building is currently occupied by one non-University tenant and by other University offices that lease space within the building.

NOTE 10 - 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, 2014 and 2013, the balance owed to the University was \$1,115,440 and \$791,698, respectively.

(Continued)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2014 and 2013

NOTE 11 - 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, and the Wright State University Alumni Association. As of June 30, 2014 and 2013, the balances of these deposits were as follows:

	<u>2014</u>	<u>2013</u>
WOEF	\$ 1,280,916	\$ 1,270,255
WSU Alumni Association	<u>716,964</u>	<u>642,587</u>
Totals	<u>\$ 1,997,880</u>	<u>\$ 1,912,842</u>

NOTE 12 - LINE OF CREDIT

The Foundation maintains 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% (0.903% at June 30, 2014). The line of credit expires March 31, 2015, with an option to extend. The line of credit is collateralized with a portion of the Foundation's investments. Outstanding borrowings were \$1,000,000 at June 30, 2014 and \$800,000 at June 30, 2013. Borrowings in fiscal year 2014 were used to underwrite the costs of renovating the Foundation's new administrative offices.

NOTE 13 - DEBT GUARANTIES

During fiscal year 2011, the Foundation entered into agreement with Dayton Regional STEM Schools, Incorporated ("STEM") guarantying payments on a lease (and such other obligations imposed by the lease) related to the purchase and renovation of an existing building that is utilized by the School in fulfillment of its corporate purposes. STEM is one of ten Ohio schools offering students a relevant, real world educational experience that will prepare them for college and opportunities in the work world. Wright State University has acted as STEM's fiscal agent as well as providing space, supplies and personnel in support of its operations. The agreement pledges unrestricted net assets of the Foundation in an amount not to exceed \$3,000,000 and the designation of unrestricted net assets in the amount of one year of maximum debt service (\$600,000) on bonds associated with the project. Since the guaranty may expire without being drawn upon, the total guaranty does not necessarily represent future cash requirements. As of June 30, 2014, no amounts have been recognized as a liability under the financial guaranty in the Foundation's consolidated statement of financial position as the likelihood that STEM would be unable to fulfill its obligation in full or in part under the debt agreement is not considered to be probable.

(Continued)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 June 30, 2014 and 2013

NOTE 13 - DEBT GUARANTIES (Continued)

Also during fiscal year 2011, the Foundation entered into an agreement with Wright State Physicians, Incorporated ("WSP") guarantying the debt service payments on \$13,500,000 worth of bonds issued to finance construction of a three-story medical office building on Wright State's main campus that will be used to fulfill WSP's corporate purposes. WSP is the faculty practice plan for Wright State's Boonshoft School of Medicine ("BSOM"), which functions to recruit and retain clinicians and scientists in support of the clinical, educational, research and community service activities of BSOM. The agreement pledges the remaining proceeds of a large donation to BSOM made in fiscal year 2005. As of June 30, 2014 and 2013, no amounts were recognized as a liability under the financial guaranty in the Foundation's consolidated statement of financial position. On May 12, 2014, the Foundation's obligation under this financing arrangement was terminated due to a refinancing arrangement initiated by WSP. The new financing arrangement does not involve a guaranty or any other financial obligation by the Foundation.

NOTE 14 - NET ASSETS

Net assets, as June 30, 2014 and 2013, are available for the following purposes:

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Scholarships	\$ 332,849	\$24,228,068	\$18,040,648	\$ 42,601,565
University programs	250,000	50,136,724	15,197,536	65,584,260
Athletic programs	-	124,848	-	124,848
Research	-	4,710,188	8,223,144	12,933,332
Market stabilization	1,099,978	-	-	1,099,978
Debt guaranty	600,000	-	-	600,000
Undesignated	<u>7,035,409</u>	-	-	<u>7,035,409</u>
Totals	<u>\$9,318,236</u>	<u>\$79,199,828</u>	<u>\$41,461,328</u>	<u>\$ 129,979,392</u>

	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Scholarships	\$ 331,550	\$21,477,956	\$16,635,563	\$ 38,445,069
University programs	250,000	45,479,618	14,910,276	60,639,894
Athletic programs	-	116,357	-	116,357
Research	-	3,774,478	6,196,325	9,970,803
Market stabilization	1,058,405	-	-	1,058,405
Debt guaranty	600,000	-	-	600,000
Undesignated	<u>5,124,435</u>	-	-	<u>5,124,435</u>
Totals	<u>\$7,364,390</u>	<u>\$70,848,409</u>	<u>\$37,742,164</u>	<u>\$ 115,954,963</u>

(Continued)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 June 30, 2014 and 2013

NOTE 15 - ENDOWMENT COMPOSITION

The Foundation's endowment primarily consists of three separate portfolios, all of which are held by SEI Investments. Its endowment includes donor-restricted endowment funds, funds that accumulate excess net earnings on the donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by applicable standards, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment net asset composition by type of fund as of June 30, 2014 and 2013:

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Donor restricted endowment funds	\$ (17,735)	\$10,722,198	\$41,461,328	\$52,165,791
Board-designated funds	<u>582,849</u>	<u>40,663,124</u>	<u>-</u>	<u>41,245,973</u>
Totals	<u>\$ 565,114</u>	<u>\$51,385,322</u>	<u>\$41,461,328</u>	<u>\$93,411,764</u>
	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Donor restricted endowment funds	\$ (40,754)	\$ 8,309,161	\$37,742,164	\$46,010,571
Board-designated funds	<u>581,550</u>	<u>37,603,723</u>	<u>-</u>	<u>38,185,273</u>
Totals	<u>\$ 540,796</u>	<u>\$45,912,884</u>	<u>\$37,742,164</u>	<u>\$84,195,844</u>

(Continued)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2014 and 2013

NOTE 15 - ENDOWMENT COMPOSITION (Continued)

Changes in endowment net assets for the years ended June 30, 2014 and 2013:

	2014			Totals
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Net assets, beginning of year	\$ 540,796	\$45,912,884	\$37,742,164	\$84,195,844
Investment return				
Investment income (net)	-	730,264	-	730,264
Net appreciation	23,019	8,225,915	-	8,248,934
Total investment return	<u>23,019</u>	<u>8,956,179</u>	<u>-</u>	<u>8,979,198</u>
Contributions	-	1,002,691	3,561,241	4,563,932
Change in value of split interest agreements	-	-	46,642	46,642
Other income (expense)	-	(1,549)	23,961	22,412
Change in donor restrictions	-	-	87,320	87,320
Net assets released from restrictions	29,599	-	-	29,599
Appropriation of assets for expenditure	<u>(28,300)</u>	<u>(4,484,883)</u>	<u>-</u>	<u>(4,513,183)</u>
Net assets, end of year	<u>\$ 565,114</u>	<u>\$51,385,322</u>	<u>\$41,461,328</u>	<u>\$93,411,764</u>
	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Net assets, beginning of year	\$ 344,282	\$40,407,981	\$36,219,987	\$76,972,250
Investment return				
Investment income (net)	-	1,675,125	-	1,675,125
Net appreciation	200,487	5,623,304	-	5,823,791
Total investment return	<u>200,487</u>	<u>7,298,429</u>	<u>-</u>	<u>7,498,916</u>
Contributions	-	698,683	1,371,014	2,069,697
Change in value of split interest agreements	-	-	69,868	69,868
Other income	-	-	17,484	17,484
Change in donor restrictions	-	-	63,811	63,811
Net assets released from restrictions	30,077	-	-	30,077
Appropriation of assets for expenditure	<u>(34,050)</u>	<u>(2,492,209)</u>	<u>-</u>	<u>(2,526,259)</u>
Net assets, end of year	<u>\$ 540,796</u>	<u>\$45,912,884</u>	<u>\$37,742,164</u>	<u>\$84,195,844</u>

(Continued)

NOTE 15 - ENDOWMENT COMPOSITION (Continued)

Interpretation of UPMIFA: On June 1, 2009, the State of Ohio's version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) became effective for all non-profit, charitable organizations including the Foundation. The Board of Trustees has interpreted UPMIFA as requiring the preservation of the fair value of the original and subsequent gifts as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. However, per policies adopted during the fiscal year ended June 30, 2010, the Foundation may expend up to 20% of the fair value of the original gift(s) when no other net earnings (current or accumulated) are available for distribution.

The Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the organization
7. The investment policies of the organization.

Return Objectives and Risk Parameters: The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s), as well as Board-designated funds. Under the Foundation's formally adopted investment policy, the primary investment objective of the endowment portfolio is to provide for preservation of capital with an emphasis on providing current income and achieving long-term growth of the endowment without undue exposure to risk. The performance objective is to grow the market value of assets net of inflation, spending, and expenses, over a full market cycle (generally defined as a three to five year period) without undue exposure to risk. In quantitative terms, the portfolio is invested so as to earn a total return of 5% over inflation without exceeding a standard deviation of 1.2 times a weighted benchmark index. The benchmark index will be comprised of each asset class index weighted by its target allocation. It is also expected that the investment results will outperform their weighted benchmark indices over a full market cycle. Return is calculated on a total return basis, which includes income (interest and dividends), realized and unrealized capital gains (losses).

Strategies Employed for Achieving Objectives: The purpose of endowment funds is to facilitate donors' desire to make substantial long-term gifts to the University and to develop a significant source of revenue for the Foundation. In so doing, the funds will provide a secure, long-term source of funds to: (i) stabilize funding for University schools, colleges and departments, especially in times characterized by declining State support of higher education, (ii) enhance the quality and variety of learning opportunities for Wright State students, (iii) fund special grants, (iv) ensure long-term growth of the University, (v) enhance the University's ability to meet changing educational needs and demands in both the short- and long-term and (vi) support the administrative expenses of the Foundation as deemed appropriate.

(Continued)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2014 and 2013

NOTE 15 - ENDOWMENT COMPOSITION (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy: The distribution rate is based upon a total return approach, which utilizes both income and capital appreciation to be withdrawn for spending. For the fiscal years ended June 30, 2014 and 2013, the spending rate for the Foundation was 5% of the previous twelve-quarter average of the endowment portfolio's market value. The spending rate is determined annually by the Foundation Board of Trustees, who may elect to make no distribution in any given year.

Funds with Deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature that are in excess of related temporarily restricted amounts are reported in unrestricted net assets. Such amounts totaled \$17,735 and \$40,754 as of June 30, 2014 and 2013, respectively. Endowment fund principal, unless otherwise directed by the originating donor(s), may be disbursed in accord with Foundation policy so long as the principal amount shall not fall below 80% of the fair value of the original gift and any subsequent gifts to the fund.

Foundation's Reserve Policy: Prompted by the market downturn of 2001-03, the Foundation implemented a policy establishing a reserve fund, the primary purpose of which was to provide matching grants to endowment funds that suffer investment losses resulting in fund deficiencies. The policy stipulates that the reserve fund will make grants in an amount equal to or less than 50% of the amount that would normally have been generated by the endowment had earnings been available so long as the benefitting school, college or department provides a dollar-for-dollar match. No such grants were necessary in fiscal years 2014 or 2013.

The reserve policy further stipulates that in those years in which the unrestricted net assets of the Foundation increase, 5% of the increase is to be transferred into the reserve fund so long as the transfer does not cause the value of the fund to exceed \$1 million. Since the value of the reserve exceeded \$1 million in fiscal years 2014 and 2013, no such transfer was required in either year.

NOTE 16 – LEASE REVENUE

The Foundation leases office space in its building to Wright State University and another non-university tenant. Rent revenues for the years ended June 30, 2014 and 2013, were \$132,553 and \$41,589, respectively. Future minimum revenues for all leases as of June 30, 2014, are as follows:

2015	\$	185,283
2016		189,712
2017		194,252
2018		198,905
2019		<u>203,673</u>
Total lease revenues	\$	<u>971,824</u>

(Continued)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 June 30, 2014 and 2013

NOTE 17 - FUNCTIONAL CLASSIFICATION OF EXPENSES

Total expenses, classified by both service areas and expense categories for the years ended June 30, 2014 and 2013, consist of the following:

Expense Category	2014							
	Program Services					Support Services		Totals
	Scholarships	University Programs	Athletic Programs	Research	Miscellaneous Grants	Fund Raising	Management & General	
Salaries and wages	\$ 20,655	\$ 998,577	\$ -	\$ 147,404	\$ -	\$ 249,165	\$ 300	\$ 1,416,101
Employee benefits	-	264,681	-	44,727	-	97,657	-	407,065
Professional services	60,000	317,840	5,345	287,818	15,626	367,578	312,890	1,367,097
Supplies	1,330	154,634	10,022	64,436	13,848	153,306	51,903	449,479
Travel	-	318,912	135,746	27,804	21,454	118,464	16,137	638,517
Information and communications	631	143,896	32,186	7,305	273,644	202,777	11,535	671,974
Maintenance and repair	-	102,133	133,198	241	-	3,505	85,869	324,946
Student financial aid	2,682,513	108,658	21,654	7,192	205	-	-	2,820,222
Other	-	7,380	95,266	176	190	22,580	55,746	181,338
Capital outlay	-	419,013	-	-	-	-	67,842	486,855
Debt service	-	-	-	-	-	-	10,429	10,429
Totals	\$2,765,129	\$ 2,835,724	\$ 433,417	\$ 587,103	\$ 324,967	\$ 1,215,032	\$ 612,651	\$ 8,774,023

Expense Category	2013							
	Program Services					Support Services		Totals
	Scholarships	University Programs	Athletic Programs	Research	Miscellaneous Grants	Fund Raising	Management & General	
Salaries and wages	\$ 28,150	\$ 1,048,443	\$ -	\$ 89,996	\$ -	\$ 235,602	\$ -	\$ 1,402,191
Employee benefits	-	248,225	-	20,338	-	90,289	-	358,852
Professional services	60,000	207,674	3,435	102,792	-	29,511	36,302	439,714
Supplies	1,500	194,134	3,272	39,308	7,680	58,738	5,017	309,649
Travel	-	244,480	119,995	41,632	19,166	131,844	9,501	566,618
Information and communications	(1,150)	82,869	49,862	11,009	52,535	144,775	5,620	345,520
Maintenance and repair	-	53,794	133,757	40	-	6,025	62,236	255,852
Student financial aid	2,922,081	93,721	21,168	1,056	-	-	-	3,038,026
Other	-	18,902	86,880	69	463	-	60,449	166,763
Capital outlay	-	907,757	412,448	-	-	-	9,398	1,329,603
Debt service	-	-	-	-	-	-	1,589	1,589
Totals	\$3,010,581	\$ 3,099,999	\$ 830,817	\$ 306,240	\$ 79,844	\$ 696,784	\$ 190,112	\$ 8,214,377

(Continued)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013

NOTE 18 - FUND RAISING EXPENSES

Fund raising expenses, for the years ended June 30, 2014 and 2013, consist of the following:

	<u>2014</u>	<u>2013</u>
Development operations	\$ 656,628	\$ 437,873
Development support operations	112,428	82,550
In-college development officers	95,134	97,099
Capital campaign expenses	<u>350,842</u>	<u>79,262</u>
Totals	<u>\$ 1,215,032</u>	<u>\$ 696,784</u>

The Foundation partially supports the University's fund raising efforts by underwriting the costs of several of its development department functions and also areas supporting development. Included in these functions are annual appeals, corporate and foundation relations, major donor cultivation, donor recognition events, planned giving, gift entry and donor database management.

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

The Foundation also underwrites the costs of University events that enhance relations with the University community and its donors as well as costs associated with conducting the University's current fund raising campaign.

NOTE 19 - MANAGEMENT AND GENERAL EXPENSES

Management and general expenses, for the years ended June 30, 2014 and 2013, consist of the following:

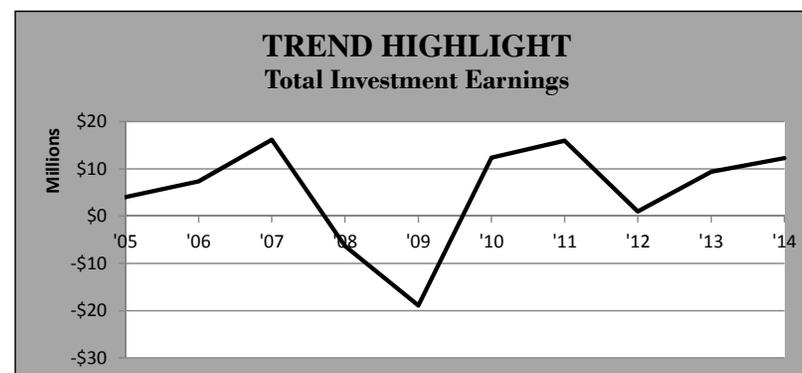
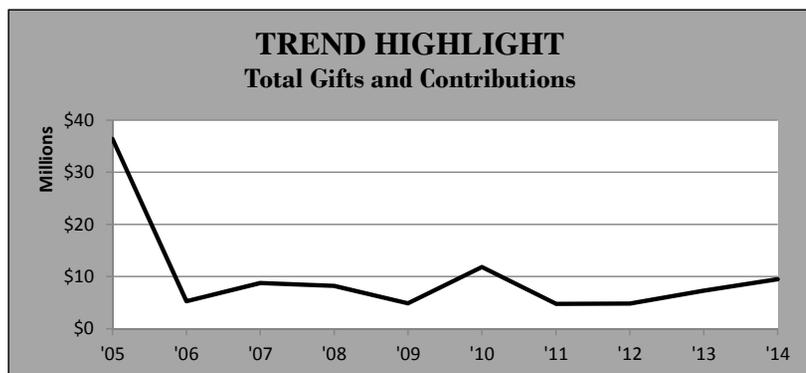
	<u>2014</u>	<u>2013</u>
Reimbursement for university staff support	\$ 250,000	\$ -
Building operation and maintenance	154,631	83,302
Professional fees	57,518	34,106
Insurance	18,929	17,978
Board/committee meetings	30,324	12,779
Loan interest	10,429	1,589
Change in reserve for uncollectible pledges	11,400	19,900
Depreciation	67,842	9,399
Other	<u>11,578</u>	<u>11,059</u>
Totals	<u>\$ 612,651</u>	<u>\$ 190,112</u>

The Foundation has agreed to provide the University an annual allocation in the amount of 1% of certain net assets as reimbursement for administrative staff support provided by various University employees. The amount of the reimbursement is subject to annual review and adjustment. For the fiscal year ended June 30, 2014, the Foundation paid \$250,000 to the University. For the fiscal year ended June 30, 2013, the Foundation negotiated an agreement with the University that allowed it to forego the 1% allocation payment in exchange for the purchase of an option on property in which the University had an interest (see Note 8).

SUPPLEMENTARY INFORMATION

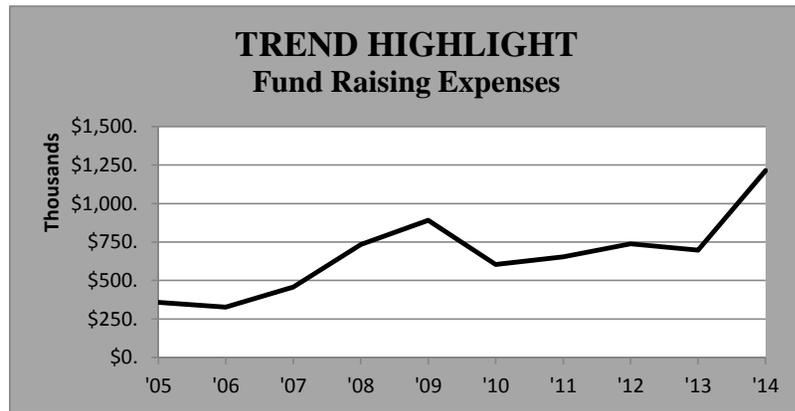
WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF TOTAL REVENUES (Unaudited)
For the ten years ended June 30, 2005 to 2014

Fiscal Year	Gifts and Contributions				Investment Earnings				Other Income (Losses)	Total Revenues
	Unrestricted	Temporarily Restricted	Permanently Restricted	Subtotal	Interest and Dividends	Realized Gains (Losses)	Unrealized Gains (Losses)	Subtotal		
2005	\$ 80,966	\$ 35,815,383	\$ 487,675	\$ 36,384,024	\$ 1,162,370	\$ 2,483,723	\$ 379,713	\$ 4,025,806	\$ 958,657	\$ 41,368,487
2006	76,833	4,324,101	889,803	5,290,737	4,510,019	2,681,645	434,322	7,625,986	3,861,874	16,778,597
2007	47,072	8,254,681	454,971	8,756,724	3,307,068	5,638,104	7,177,944	16,123,116	17,298	24,897,138
2008	169,772	7,542,053	503,454	8,215,279	2,364,080	10,026,863	(18,692,035)	(6,301,092)	(318,936)	1,595,251
2009	79,194	4,580,326	230,501	4,890,021	2,356,165	(3,228,364)	(18,028,546)	(18,900,745)	4,259,426	(9,751,298)
2010	59,046	9,694,617	2,072,392	11,826,055	3,152,713	(1,353,331)	10,539,275	12,338,657	(113,727)	24,050,985
2011	64,957	4,059,628	671,525	4,796,110	2,509,261	(3,917,350)	17,345,741	15,937,652	404,331	21,138,093
2012	97,681	3,830,952	898,684	4,827,317	2,272,173	628,997	(1,916,361)	984,809	15,750	5,827,876
2013	53,291	5,864,390	1,371,014	7,288,695	2,652,887	1,064,618	5,663,769	9,381,274	483,463	17,153,432
2014	196,863	5,729,298	3,561,241	9,487,402	1,426,786	1,480,018	9,356,875	12,263,679	1,047,371	22,798,452



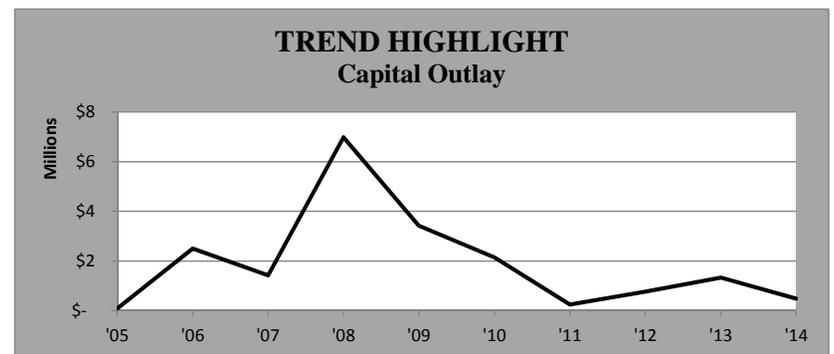
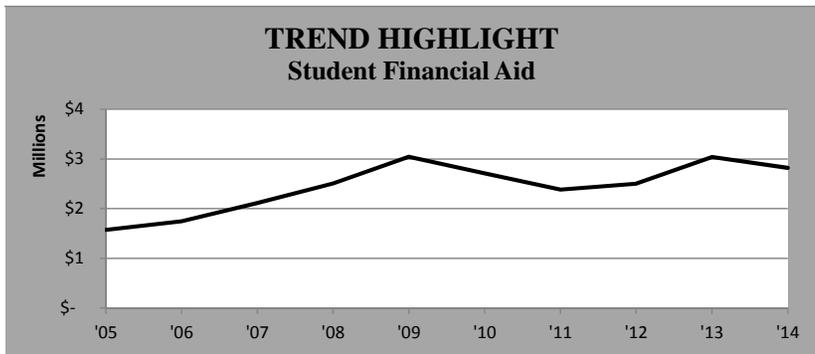
WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF TOTAL EXPENSES BY SERVICE AREA (Unaudited)
For the ten years ended June 30, 2005 to 2014

Fiscal Year	Program Services					Subtotal	Fund Raising	Management and General	Total Expenses
	Scholarships	University Programs	Athletic Programs	Research	Miscellaneous Grants				
2005	\$ 1,596,851	\$ 2,508,238	\$ 326,062	\$ 735,051	\$ 53,425	\$ 5,219,627	\$ 358,563	\$ 286,460	\$ 5,864,650
2006	1,711,966	5,055,359	356,455	550,275	45,031	7,719,086	326,470	311,009	8,356,565
2007	2,177,740	3,796,241	282,840	1,046,645	56,702	7,360,168	457,294	471,164	8,288,626
2008	2,352,007	10,732,749	503,462	1,030,633	61,072	14,679,923	732,275	510,819	15,923,017
2009	2,831,997	7,555,156	371,231	814,602	58,062	11,631,048	891,351	96,068	12,618,467
2010	2,486,494	6,161,392	472,485	766,938	84,697	9,972,006	604,006	345,702	10,921,714
2011	2,264,720	3,029,763	488,515	500,969	89,310	6,373,277	653,096	339,698	7,366,071
2012	2,420,055	3,193,474	441,574	371,322	66,783	6,493,208	738,382	341,669	7,573,259
2013	3,010,581	3,099,999	830,817	306,240	79,844	7,327,481	696,784	190,112	8,214,377
2014	2,765,129	2,835,724	433,417	587,103	324,967	6,946,340	1,215,032	612,651	8,774,023



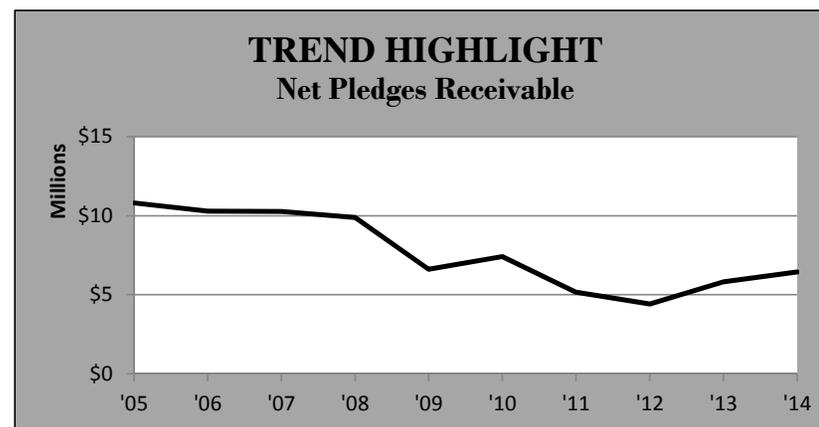
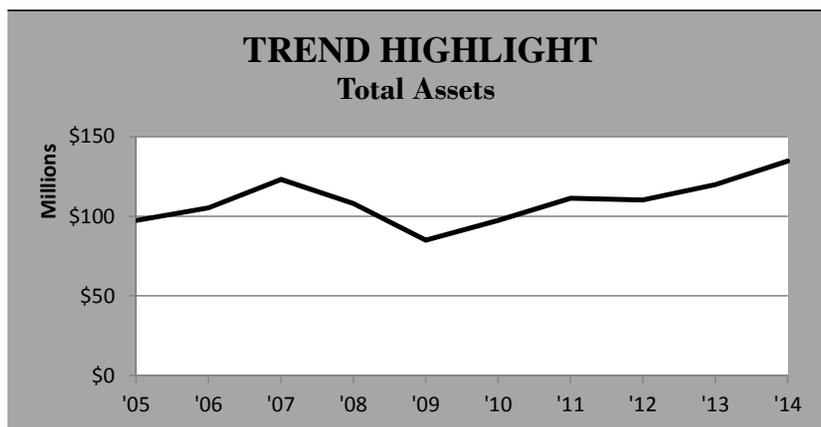
WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF TOTAL EXPENSES BY OBJECT CATEGORY (Unaudited)
For the ten years ended June 30, 2005 to 2014

Fiscal Year	Salaries and Wages	Employee Benefits	Professional Services	Supplies	Travel	Information and Communications	Maintenance and Repair	Student Financial Aid	Other	Capital Outlay	Debt Service	Total Expenses
2005	\$ 1,610,130	\$ 352,260	\$ 512,900	\$ 356,045	\$ 372,366	\$ 892,953	\$ 25,531	\$ 1,572,291	\$ 51,223	\$ 84,255	\$ 34,696	\$ 5,864,650
2006	1,724,210	380,245	370,085	288,951	454,283	439,368	59,483	1,743,917	346,183	2,499,970	49,870	8,356,565
2007	2,177,995	522,493	685,800	290,787	474,455	318,998	48,248	2,114,430	179,596	1,420,362	55,462	8,288,626
2008	2,471,985	649,659	952,298	376,244	788,394	894,731	124,871	2,505,334	143,038	6,979,772	36,691	15,923,017
2009	2,923,130	772,321	946,108	221,206	661,303	450,117	21,951	3,043,141	148,957	3,418,813	11,420	12,618,467
2010	2,874,971	751,374	911,478	330,771	487,274	441,085	75,452	2,709,010	191,031	2,145,335	3,933	10,921,714
2011	1,857,754	488,013	928,456	185,941	439,210	531,694	148,087	2,384,496	150,503	250,454	1,463	7,366,071
2012	1,543,539	342,687	828,228	305,640	622,346	416,519	88,790	2,503,326	154,222	767,962	-	7,573,259
2013	1,402,191	358,852	439,714	309,649	566,618	345,520	255,852	3,038,026	166,763	1,329,603	1,589	8,214,377
2014	1,416,101	407,065	1,367,097	449,479	638,517	671,974	324,946	2,820,222	181,338	486,855	10,429	8,774,023



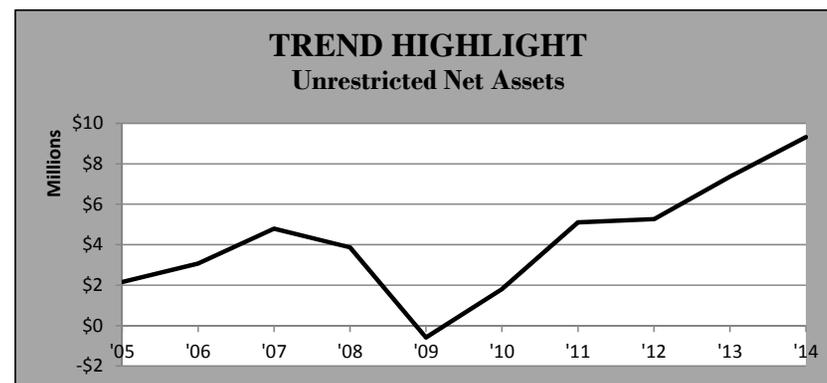
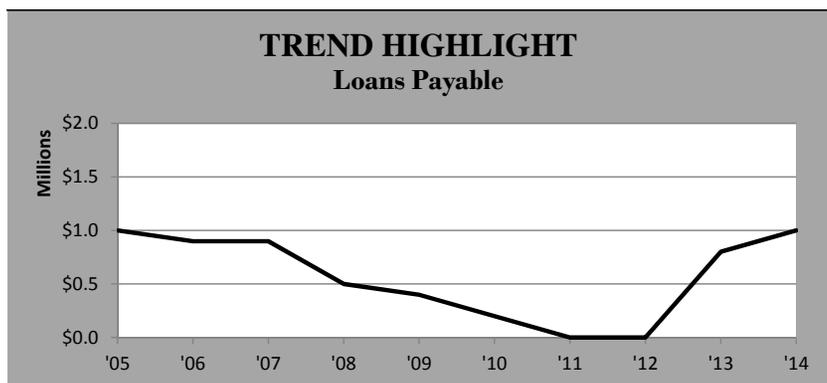
WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF TOTAL ASSETS (Unaudited)
For the ten years ended June 30, 2005 to 2014

Fiscal Year	Cash and Equivalents	Net Pledges Receivable	Receivable from Trusts	Investments	Annuity Assets	Capital Assets	Other Assets	Total Assets
2005	\$ 2,246,678	\$ 10,807,100	\$ 1,547,800	\$ 81,188,785	\$ 594,365	\$ 650,000	\$ 290,751	\$ 97,325,479
2006	294,258	10,281,100	1,315,500	90,785,185	1,243,024	650,000	687,143	105,256,210
2007	2,858,861	10,264,459	2,947,470	104,450,293	1,310,881	650,000	741,463	123,223,427
2008	1,012,378	9,887,420	1,958,100	92,881,428	1,149,184	650,000	438,870	107,977,380
2009	2,453,452	6,616,800	1,495,300	72,717,984	786,367	650,000	333,693	85,053,596
2010	2,139,175	7,416,300	1,305,300	85,930,565	179,991	-	462,629	97,433,960
2011	5,355,232	5,167,500	1,545,600	98,115,756	222,680	-	786,384	111,193,152
2012	1,654,245	4,414,400	1,414,100	101,900,059	215,276	-	670,526	110,268,606
2013	1,236,709	5,817,300	1,277,300	109,106,459	252,637	1,482,267	711,127	119,883,799
2014	3,273,096	6,440,300	1,326,100	119,335,746	815,123	2,674,455	853,616	134,718,436



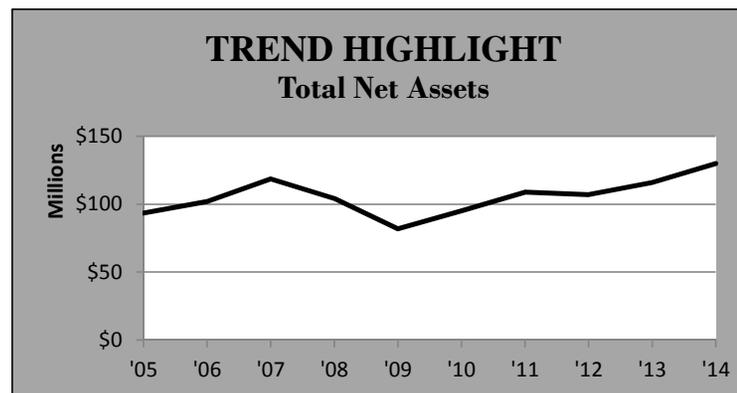
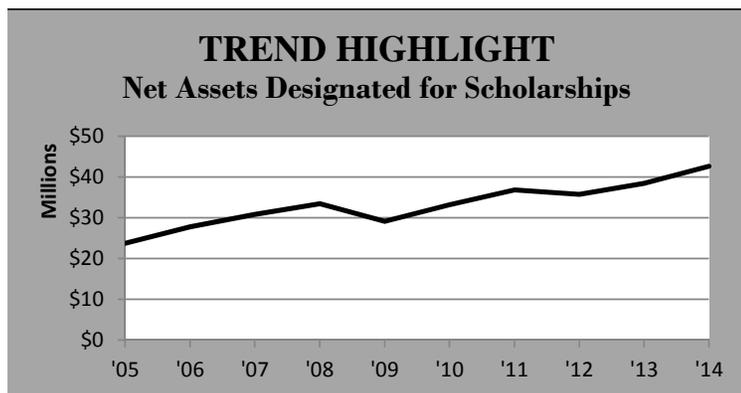
WRIGHT STATE UNIVERSITY FOUNDATION, INC.
 SUMMARY OF TOTAL LIABILITIES AND NET ASSETS (Unaudited)
 For the ten years ended June 30, 2005 to 2014

Fiscal Year	LIABILITIES					NET ASSETS			
	Payable to WSU and Vendors	Deposits Held for Others	Annuities Payable	Loans Payable	Total Liabilities	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Assets
2005	\$ 1,314,622	\$ 1,163,972	\$ 319,900	\$ 1,000,000	\$ 3,798,494	\$ 2,155,375	\$ 67,037,472	\$ 24,334,138	\$ 93,526,985
2006	490,877	1,251,716	664,600	900,000	3,307,193	3,068,930	72,466,166	26,413,921	101,949,017
2007	1,704,496	1,417,102	645,300	900,000	4,666,898	4,789,994	86,994,917	26,772,618	118,557,529
2008	1,300,260	1,312,457	634,900	500,000	3,747,617	3,872,027	72,926,632	27,431,104	104,229,763
2009	1,172,156	1,010,742	610,700	400,000	3,193,598	(587,609)	50,013,826	32,433,781	81,859,998
2010	1,023,658	1,096,633	124,400	200,000	2,444,691	1,799,353	58,594,379	34,595,537	94,989,269
2011	1,021,199	1,277,662	133,000	-	2,431,861	5,107,510	68,175,298	35,478,483	108,761,291
2012	1,191,983	1,926,215	134,500	-	3,252,698	5,260,177	65,535,744	36,219,987	107,015,908
2013	1,085,094	1,912,842	130,900	800,000	3,928,836	7,364,390	70,848,409	37,742,164	115,954,963
2014	1,390,264	1,997,880	350,900	1,000,000	4,739,044	9,318,236	79,199,828	41,461,328	129,979,392



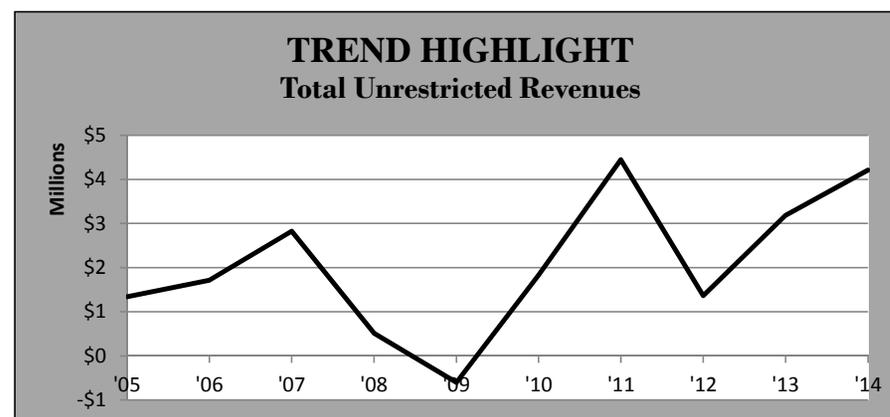
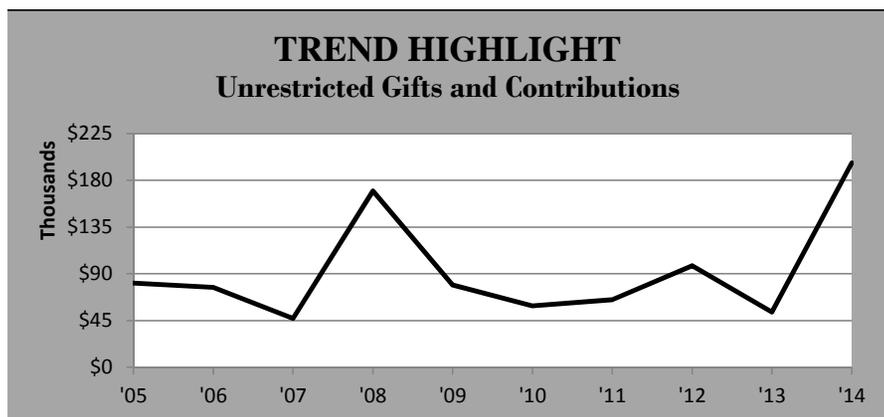
WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF NET ASSET RESTRICTIONS AND DESIGNATIONS (Unaudited)
For the ten years ended June 30, 2005 to 2014

Fiscal Year	Scholarships	University Programs	Athletic Programs	Research	Market Stabilization	Debt Guaranty	Undesignated	Total Net Assets
2005	\$ 23,727,866	\$ 65,183,836	\$ 253,562	\$ 2,629,362	\$ 732,419	\$ -	\$ 999,940	\$ 93,526,985
2006	27,771,963	68,427,714	203,169	2,909,936	789,178	-	1,847,057	101,949,017
2007	30,840,764	77,369,148	91,912	6,242,782	917,796	-	3,095,127	118,557,529
2008	33,439,086	61,769,905	77,776	5,819,290	914,195	-	2,209,511	104,229,763
2009	29,121,590	44,102,948	32,279	9,750,145	745,187	-	(1,892,151)	81,859,998
2010	33,176,487	50,722,858	21,491	9,850,078	769,218	-	449,137	94,989,269
2011	36,818,929	56,946,708	81,009	10,393,879	980,076	600,000	2,940,690	108,761,291
2012	35,764,132	56,639,070	84,017	9,854,035	1,035,199	600,000	3,039,455	107,015,908
2013	38,445,069	60,639,894	116,357	9,970,803	1,058,405	600,000	5,124,435	115,954,963
2014	42,601,565	65,584,260	124,848	12,933,332	1,099,978	600,000	7,035,409	129,979,392



WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF UNRESTRICTED GENERAL FUND REVENUES (Unaudited)
For the ten years ended June 30, 2005 to 2014

Fiscal Year	Gifts and Contributions	Interest and Dividends	Realized Gains (Losses)	Unrealized Gains (Losses)	Administrative Fees	Change in Value of Split Interest Agreements	Rental Income	Other Income (Expense)	Totals
2005	\$ 80,966	\$ 346,951	\$ 528,312	\$ (24,041)	\$ 358,649	\$ 11,600	\$ -	\$ 34,043	\$ 1,336,480
2006	76,833	673,730	346,851	20,649	662,415	(103,100)	-	36,580	1,713,958
2007	47,072	505,095	594,426	890,797	749,033	7,100	-	33,607	2,827,130
2008	169,772	419,410	1,064,319	(1,909,951)	817,265	(110,300)	-	61,460	511,975
2009	79,194	296,691	(420,263)	(1,066,001)	491,195	(38,200)	-	55,346	(602,038)
2010	59,046	379,138	(42,034)	794,868	549,658	-	-	91,658	1,832,334
2011	64,957	728,929	233,966	2,630,284	642,596	-	-	145,160	4,445,892
2012	97,681	743,015	46,662	(423,384)	745,347	-	-	156,652	1,365,973
2013	53,291	828,296	31,276	1,202,341	744,983	-	41,589	284,716	3,186,492
2014	196,863	460,996	679,392	1,833,180	819,068	-	132,553	88,662	4,210,714



WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF UNRESTRICTED GENERAL FUND EXPENSES (Unaudited)
For the ten years ended June 30, 2005 to 2014

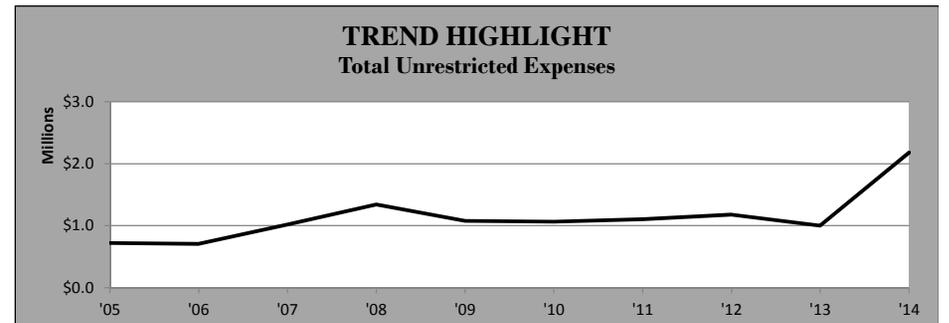
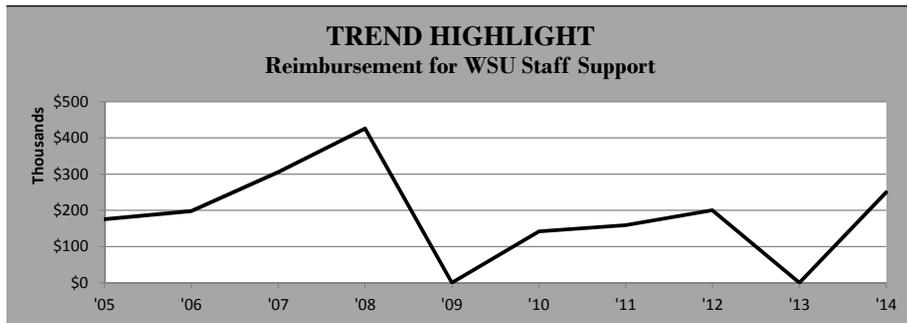
Fiscal Year	Program Services		Fund Raising				Management and General					Totals	
	Scholarships	Grants	Development Support	In-college Development Officers	Advancement Services Support	Other Fund Raising ¹	Reimbursement for University Staff Support	Building Operation and Maintenance	Professional Fees	Loan Interest	Depreciation		Other Management and General ²
2005	\$ 22,783	\$ 53,425	\$ 110,493	\$ 88,307	\$ 78,475	\$ 81,288	\$ 175,304	\$ -	\$ 42,607	\$ 34,696	\$ -	\$ 33,853	\$ 721,231
2006	22,793	45,031	130,725	99,635	53,660	42,450	198,130	-	19,857	49,870	-	43,152	705,303
2007	34,362	56,702	135,181	165,128	132,170	24,815	305,539	-	21,464	55,462	-	88,699	1,019,522
2008	37,430	61,072	136,361	146,841	151,013	298,060	426,000	-	26,801	36,691	-	21,327	1,341,596
2009	33,626	58,062	372,776	164,599	179,085	174,891	- ³	-	26,936	11,420	-	57,712	1,079,107
2010	31,800	84,697	166,671	195,846	165,085	76,404	141,615 ⁴	-	122,032	3,933	-	78,122	1,066,205
2011	22,920	89,310	406,673	73,678	80,166	92,579	159,038 ⁴	-	162,828	1,463	-	16,369	1,105,024
2012	30,998	66,783	308,083	79,117	83,293	267,889	200,000	-	96,690	-	-	44,979	1,177,832
2013	34,050	79,844	437,873	97,099	82,550	79,262	- ³	83,302	34,106	1,589	9,399	61,716	1,000,790
2014	28,300	324,967	656,628	95,134	112,428	350,842	250,000	154,631	57,518	10,429	67,842	72,231	2,180,950

¹ Includes expenses related to donor and community events, donor recognition efforts and campaign planning/execution.

² Includes expenses related to board/committee meetings, insurance, property taxes and changes in allowance for uncollectible pledges receivable.

³ In FY09 and FY13, Wright State agreed to waive then annual reimbursement.

⁴ In FY10 and FY11, in lieu of it's reimbursement payment to the University, the Foundation reimbursed the University for separation incentives paid to three Advancement employees.

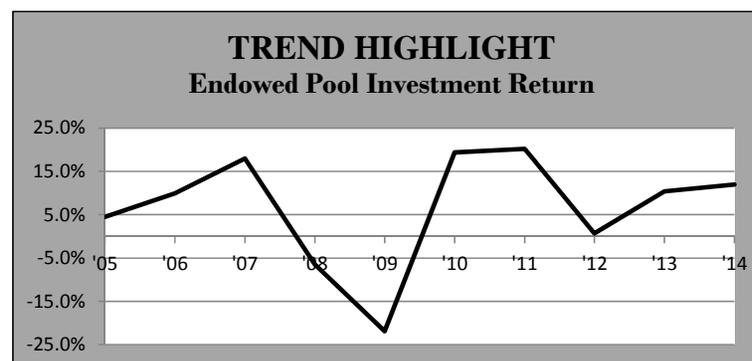


WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF INVESTMENT VALUES, CLASSIFICATIONS AND PERFORMANCE (Unaudited)
For the ten years ended June 30, 2005 to 2014

Fiscal Year	Fair Value	Fair Value Classification ¹			Total Return	Endowed Pool		Non-endowed Pool	
		Level 1	Level 2	Level 3		Return	Index	Return	Index
2005 ²	\$ 81,188,785	n/a	n/a	n/a	\$ 4,025,806	4.5%	3.3%	4.2%	3.3%
2006	90,785,185	n/a	n/a	n/a	7,625,986	9.9%	9.7%	9.0%	8.3%
2007	104,450,293	n/a	n/a	n/a	16,123,116	18.0%	17.8%	16.5%	16.3%
2008	92,881,428	n/a	n/a	n/a	(6,301,092)	-6.5%	-3.5%	-3.2%	-0.5%
2009	72,717,984	\$ 59,006,036	\$ 10,666,244	\$ 3,045,704	(18,900,745)	-21.9%	-16.9%	-16.2%	-13.2%
2010	85,930,565	69,263,657	10,879,556	5,787,352	12,338,657	19.4%	11.9%	15.1%	14.5%
2011	98,115,756	77,280,382	18,417,757	2,417,617	15,937,652	20.2%	20.2%	18.6%	17.4%
2012	101,900,059	82,497,600	16,578,989	2,823,470	984,809	0.7%	1.4%	1.8%	2.4%
2013	109,106,459	91,736,221	9,069,289	8,300,949	9,381,274	10.4%	10.5%	8.2%	8.0%
2014	119,335,746	101,623,727	9,305,955	8,406,064	12,263,679	12.0%	12.6%	11.7%	10.8%

¹ For level definitions, see notes to the financial statements - note 4 elsewhere in this report

² Return information for last seven months of fiscal year due to a change in investment manager

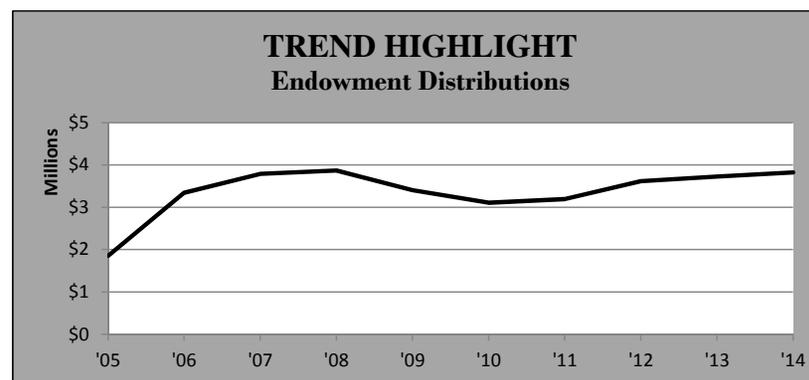
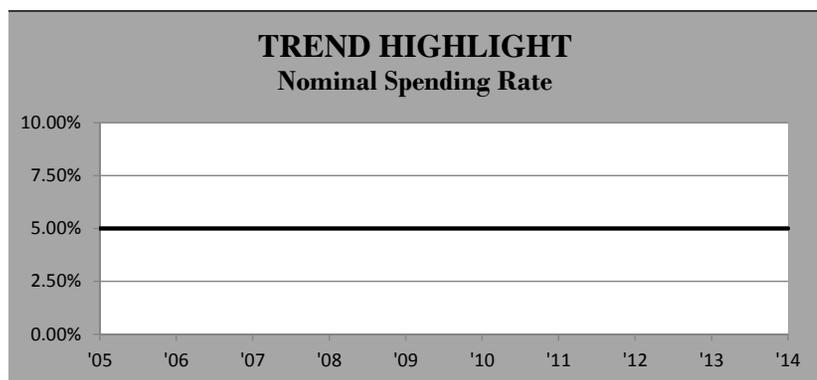


WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF VARIOUS STATISTICAL DATA (Unaudited)
For the ten years ended June 30, 2005 to 2014

Fiscal Year	Number of True and Quasi-Endowment Funds	Endowment Value	Nominal Spending Rate ¹	Effective Spending Rate ²	Endowment Distributions	University Support	Direct Scholarship Support	Alternative Investments as a Percent of Total Investments	Investment Management Fees
2005	248	n/a	5.00%	4.59%	\$ 1,851,224	\$ 5,578,190	\$ 117,783	0.20%	n/a
2006	262	n/a	5.00%	4.94%	3,344,128	8,045,556	117,793	0.17%	\$ 528,958
2007	272	n/a	5.00%	4.84%	3,787,887	7,817,462	134,362	0.15%	609,553
2008	307	n/a	5.00%	4.63%	3,868,598	15,412,198	137,430	14.39%	544,815
2009	319	n/a	5.00%	4.17%	3,403,180	12,522,399	133,626	18.86%	384,103
2010	328	\$ 68,860,221	5.00%	5.18%	3,110,279	10,588,512	121,800	19.40%	450,378
2011	345	79,602,177	5.00%	4.57%	3,195,177	7,026,373	82,920	21.24%	510,091
2012	362	76,972,250	5.00%	4.69%	3,615,410	7,231,590	90,998	19.04%	536,514
2013	384	84,195,844	5.00%	4.94%	3,725,624	8,024,265	134,050	15.92%	590,377
2014	415	93,411,764	5.00%	4.80%	3,821,472	8,161,372	128,300	14.84%	702,027

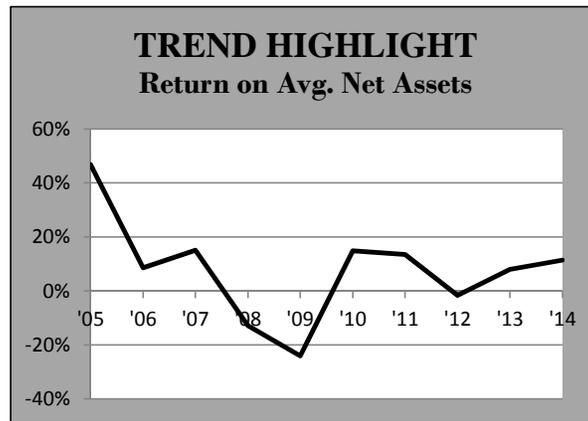
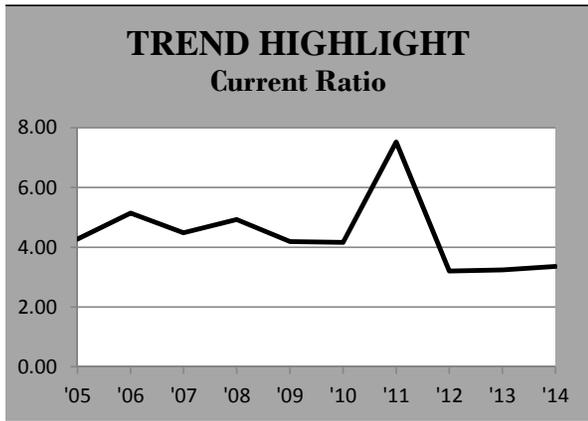
¹ As defined by Foundation's investment policy statement

² Defined as annual endowment distribution divided by market value of endowment portfolio on July 1



WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF FINANCIAL RATIOS (Unaudited)
For the ten years ended June 30, 2005 to 2014

Fiscal Year	Current Ratio	Days Cash on Hand	Return on Average Net Assets	Program Spending Ratio	Fund Raising Spending Ratio	Interest Expense Pct.
2005	4.27	139.83	46.85%	89.00%	6.11%	3.15%
2006	5.14	12.85	8.62%	92.37%	3.91%	4.99%
2007	4.48	125.89	15.06%	88.80%	5.52%	6.16%
2008	4.93	23.21	-12.86%	92.19%	4.60%	4.08%
2009	4.19	70.97	-24.04%	92.17%	7.06%	2.28%
2010	4.16	71.49	14.85%	91.30%	5.53%	0.98%
2011	7.52	265.36	13.52%	86.52%	8.87%	0.73%
2012	3.21	79.73	-1.62%	85.74%	9.75%	0.00%
2013	3.24	54.95	8.02%	89.20%	8.48%	0.00%
2014	3.36	136.16	11.41%	79.17%	13.85%	0.01%



WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF INSTITUTIONAL DATA (Unaudited)
For the year ended June 30, 2014

Date of incorporation	December 15, 1966
Tax-exempt status	501(c)(3)
Public charity status	Sec. 170(b)(1)(A)(vi)
Employer identification number	23-7019799

Wright State University

Date founded	1964
Date achieved independent university status	1967
Tax-exempt status	501(c)(1)
Employer identification number	31-0732831
Student population (Fall 2013):	
Total enrollment (some students attend both campuses)	17,595
Dayton Campus	16,656
Lake Campus	1,133
Characteristics:	
Men/women	48%/52%
Full-time/part-time	77%/23%
Undergraduate/Graduate/Doctoral	80%/16%/5%
International students	9%
Minority students (excludes international students)	16%
Age 25 and older	31%
Mean age, all students	24.6 years

Academics:

Number of colleges	8
Number of schools	3
Degree programs:	
Undergraduate, Associate	13
Undergraduate, Bachelor's	91
Graduate, Master's, Doctoral and Professional	88

Full time employees:

Faculty	900
Staff	1,476
Total	2,376

Facilities:

Dayton Campus:	
Acreage	557
Academic and academic support buildings	26
Student residential buildings	30

Lake Campus:	
Acreage	173
Academic and academic support buildings	4
Student residential buildings	1

Number of degrees awarded since inception	111,933
Research grant awards	\$90,784,436
Annual full-time undergraduate tuition (Ohio resident)	\$8,542

**INDEPENDENT AUDITORS REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To Audit Committee of the Board of Trustees
Wright State University Foundation, Inc.
Dayton, Ohio

We have audited, in accordance with the 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, the financial statements of Wright State University Foundation, Inc., which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 13, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Wright State University Foundation, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Wright State University Foundation, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Wright State University Foundation, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wright State University Foundation, Inc.'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*.

Purpose of this Report

The purpose of this report is solely 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 effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe Horwath LLP

Crowe Horwath LLP

Columbus, Ohio
October 13, 2014



Dave Yost • Auditor of State

WRIGHT STATE UNIVERSITY FOUNDATION

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
JANUARY 13, 2015**