WRIGHT STATE UNIVERSITY FOUNDATION, INC.
Dayton, Ohio

FINANCIAL STATEMENTS
June 30, 2011 and 2010

Dave Yost · Auditor of State

Board of Trustees
Wright State University Foundation
3640 Colonel Glenn Highway
Dayton, Ohio 45435

We have reviewed the *Report of Independent Auditors* of the Wright State University Foundation, Greene County, prepared by Crowe Horwath LLP, for the audit period July 1, 2010 through June 30, 2011. 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 is responsible for compliance with these laws and regulations.

Dave Yost
Auditor of State

January 18, 2012

88 East Broad Street, Fifth Floor, Columbus, Ohio 43215-3506
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WRIGHT STATE UNIVERSITY FOUNDATION, INC.
Dayton, Ohio

FINANCIAL STATEMENTS
June 30, 2011 and 2010

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Crowe Horwath.

Crowe Horwath LLP
Independent Member Crowe Horwath International

REPORT OF INDEPENDENT AUDITORS

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

We have audited the accompanying statements of financial position of Wright State University Foundation, Inc. ("Foundation") as of June 30, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wright State University Foundation, Inc. as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Management's Discussion and Analysis and multi-year summary schedules on pages 2 through 6 and 30 through 41 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we express no opinion on it.

In accordance with Government Auditing Standards, we have also issued our report dated October 10, 2011 on our consideration of the Foundation's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting, compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing results of our audit.

Crowe Horwath LLP

Crowe Horwath LLP

Columbus, Ohio
October 10, 2011

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, 2011 and 2010. This discussion has been prepared by management along with the 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 basic financial statements, including the statements of financial position, statements of activities and statements of cash flows. The statements of financial position present the Foundation's financial situation at June 30, 2011 and 2010. The statements of activities summarize the financial transactions and consequent changes in net assets for the same fiscal years. The 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.

(Continued)

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)

			Change, 2010 to 2011			Change, 2009 to 2010	
	2011	**2010**	**Dollars**	**Percent**	**2009**	**Dollars**	**Percent**
Total Assets	$ 111,193	$ 97,434	$ 13,759	14.1%	$ 85,054	$ 12,380	14.6%
Total Liabilities	$ 2,432	$ 2,445	$ (13)	-0.5%	$ 3,194	$ (749)	-23.5%
Net Assets:							
Unrestricted	5,108	1,799	3,309	183.9%	(588)	$ 2,387	406.0%
Temporarily Restricted	68,175	58,594	9,581	16.4%	50,014	$ 8,580	17.2%
Permanently Restricted	35,478	34,596	882	2.5%	32,434	$ 2,162	6.7%
Total Net Assets	108,761	94,989	13,772	14.5%	81,860	13,129	16.0%
Total Liabilities and Net Assets	$ 111,193	$ 97,434	$ 13,759	14.1%	$ 85,054	$ 12,380	14.6%

Total assets increased 14.1% in fiscal year 2011, led mostly by the increase in value of the Foundation's investment portfolios. Over the past two fiscal years, nearly $25 million in value has been restored to our portfolios since the significant investment losses experienced in fiscal years 2008 and 2009. Cash and equivalents also increased significantly in FY2011, as explained in the Statements of Cash Flows section below. These increases offset declines in several asset categories, most prominently pledges receivable. The decline in pledges resulted from the Foundation collecting on prior years' pledges without generating significant new pledges in FY2011.

Foundation liabilities declined slightly for the year. Like total assets, the Foundation's net asset picture brightened considerably in FY2011, increasing 14.5% in total. Especially notable was the increase in unrestricted net assets to $5.1 million, its highest level in at least ten years. Just two years prior, unrestricted net assets were actually in negative territory. Once again, this turnaround is primarily the result of strong investment performance over the past two fiscal years. Permanently restricted net assets increased only 2.5% for FY2011 reflecting the lack of large individual gifts/pledges during the fiscal year.

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)

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)

			Change, 2010 to 2011			Change, 2009 to 2010	
	2011	**2010**	**Dollars**	**Percent**	**2009**	**Dollars**	**Percent**
Revenues							
Gifts and contributions	$ 4,796	$ 11,826	$ (7,030)	-59.4%	4,890	6,936	141.8%
Investment earnings (losses)	15,938	12,339	3,599	29.2%	(18,901)	31,240	165.3%
Other	404	(114)	518	454.4%	4,260	(4,374)	-102.7%
Total revenues	21,138	24,051	(2,913)	-12.1%	(9,751)	33,802	346.7%
Expenses							
Program services	6,373	9,972	(3,599)	-36.1%	11,631	(1,659)	-14.3%
Fund raising	653	617	36	5.8%	892	$ (275)	-30.8%
Management and general	340	333	7	2.1%	96	$ 237	246.9%
Total expenses	7,366	10,922	(3,556)	-32.6%	12,619	(1,697)	-13.4%
Change in net assets	$ 13,772	$ 13,129	$ 643	4.9%	$ (22,370)	$ 35,499	158.7%

For the second straight year, the Foundation's Statement of Activities reflects very strong performance with a positive change in net assets of over $13 million. Investment earnings, which were much improved in FY2010, increased again in FY2011 surpassing the prior year by 29%. On the other hand, gift revenue declined significantly in FY2011, decreasing more than 59% compared to the previous fiscal year and its lowest point in the past decade. As discussed above, the inability to secure large pledges and/or cash gifts in FY 2011 led to this decline.

Program expenses incurred by the Foundation in FY2011 declined significantly from the previous year resulting in a nearly one-third decrease in total expenses. Spending on several capital projects was the major contributing factor to this decline. Capital project spending declined as several projects were completed. The decline in capital project expenses amounted to $1.9 million. Less spending on personnel and financial aid also contributed to the decline. Fund raising and general management expenses increased slightly over the previous year, but have remained at similar levels the past three years.

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 it 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)

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

Condensed Statements of Cash Flows
(in thousands of dollars)

			Change, 2010 to 2011			Change, 2009 to 2010	
	2011	**2010**	**Dollars**	**Percent**	**2009**	**Dollars**	**Percent**
Operating activities	$ 1,501	$ 1,765	$ (264)	-15.0%	$ (2,596)	$ 4,361	168.0%
Investing activities	1,243	(3,951)	5,194	131.5%	(1,093)	$ (2,858)	-261.5%
Financing activies	472	1,872	(1,400)	-74.8%	5,130	(3,258)	-63.5%
Net change in cash and equivalents	$ 3,216	$ (314)	$ 3,530	1124.2%	$ 1,441	$ (1,755)	-121.8%

The Foundation's cash position more than doubled by the end of fiscal year 2011, ending at $5.4 million. This was mostly due to timing issues with two investment transactions that were not completed until early in fiscal year 2012. For the second consecutive year, operations made a positive contribution to cash flow, although slightly less than the previous fiscal year. Investing and financing activities also contributed to the increase in cash. The amount provided by financing activities did decline significantly, however, due to a decrease in the amount of permanently restricted donations.

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. For the second consecutive fiscal year, both investment portfolios benefited from the strong, positive performance of the financial markets. The endowed portfolio earned a return of 20.2% (net of fees and excluding private equity investments), which was equal to its composite benchmark. This is the highest rate of return earned by the Foundation in at least ten years. The non-endowed portfolio, which is not invested as aggressively, also performed admirably returning 18.6% (net of fees). The non-endowed portfolio out performed its composite benchmark by 120 basis points.

On October 19, 2010, the Foundation modified its investment policy statement in an effort to provide more flexibility to its investment manager. The resulting new allocation schedule is not significantly different than the previous schedule and did not authorize any additional investments in alternative assets. Throughout the year, actual allocation amounts were within tolerances established by the investment policy statement.

Endowment

During the fiscal year ended June 30, 2011, the Foundation's endowment grew 17% ending with a fair value of $46,039,793. Most of this growth resulted from strong investment performance. Endowed gifts in the amount of $671,525 were received during the year, a 68% decline from the previous year. Six new funds were established in FY2011 bringing the total number of endowment funds to 345.

Due to significant losses experienced during the fiscal years 2008 and 2009, a majority of the Foundation's endowment funds were reduced to a value less than that of the original gift(s) used to create the endowments. This condition is commonly referred to as an endowment being "underwater." Strong investment performance over the past two years has reversed that condition for most of our funds; however twenty-nine endowments were still underwater at the end of FY2011. Despite this condition, all of our endowment funds were able to fully distribute earnings. The distribution amounted to just under $3.2 million (this includes distributions from certain temporarily restricted funds that are treated as endowments, but not included in the information presented in Note 14 to the financial statements).

(Continued)

Debt and Debt Guaranties

In 1999, the Foundation agreed to help the University (partially) finance the construction of a new baseball stadium. To help, the Foundation established a line of credit with a local bank and borrowed slightly less than $1.5 million that was used towards the project. Since that time the Foundation has been paying down the line of credit with help from the University. In FY2011, the final payment was made reducing the outstanding amount to zero. The line of credit is still available to the Foundation should the need arise.

During FY2011, the Foundation agreed to guaranty the debt for two projects initiated by organizations closely related to Wright State University and its mission. The first involves the purchase and renovation of a facility designed to house the Dayton Regional STEM School. This school seeks to provide a unique educational experience for grades 6-12 through a project-based curriculum in the STEM content areas (Science, Technology, Engineering and Math). The second guaranty was issued in support of the construction of a new three-story medical office building that will house the Boonshoft School of Medicine's faculty practice plan. The facility will be located on Wright State's main campus and will offer a full array of physician services under one roof when completed. Financial details of both guaranties can be found in Note 12 of the notes to the financial statements later in this report.

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 FY2013 and that it will be concluded by FY2015.

Requests for Information

Offices in support of the WSU Foundation are located in 108 Allyn Hall on 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®
Director of Advancement Services
Wright State University
108J Allyn Hall
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.
STATEMENTS OF FINANCIAL POSITION
June 30, 2011 and 2010

	2011	2010
ASSETS		
Cash and cash equivalents	$ 5,355,232	$ 2,139,175
Pledges receivable (net)	5,167,500	7,416,300
Gifts receivable from trusts held by others	1,545,600	1,305,300
Investment in securities	96,768,422	84,887,425
Other investments	1,347,334	1,043,140
Interest and dividends receivable	550,558	263,146
Current surrender value of life insurance policies	33,294	45,705
Annuity assets	222,680	179,991
Other assets	202,532	153,778
Total assets	$ 111,193,152	$ 97,433,960
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable		
Wright State University	$ 830,213	$ 809,265
Trade and other	190,986	214,393
Deposits held in custody for others	1,277,662	1,096,633
Annuities payable	133,000	124,400
Loan payable	-	200,000
Total liabilities	2,431,861	2,444,691
NET ASSETS		
Unrestricted		
Designated	2,166,820	1,350,216
Undesignated	2,940,690	449,137
Temporarily restricted	68,175,298	58,594,379
Permanently restricted	35,478,483	34,595,537
Total net assets	108,761,291	94,989,269
Total liabilities and net assets	$ 111,193,152	$ 97,433,960

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

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
For the Years ended June 30, 2011 with comparative 2010 totals

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2011	Total 2010
Revenue and other support					
Gifts and contributions	$ 64,957	$ 4,059,628	$ 671,525	$ 4,796,110	$ 11,826,055
Investment earnings:					
Interest and dividends	728,929	1,780,332	-	2,509,261	3,152,713
Net realized and unrealized gains (losses)	2,864,250	10,564,141	-	13,428,391	9,185,944
Administrative fee charged to certain restricted accounts	642,596	(642,596)	-	-	-
Change in value of split interest agreements	-	190,100	37,020	227,120	359,924
Transfer of land to Wright State University	-	-	-	-	(650,000)
Other income	145,160	(2,798)	34,849	177,211	176,349
Net assets released from restrictions	6,228,336	(6,228,336)	-	-	-
Change in donor restrictions	-	(139,552)	139,552	-	-
Total revenue and other support	10,674,228	9,580,919	882,946	21,138,093	24,050,985
Expenses					
Program services					
Scholarships	2,264,720	-	-	2,264,720	2,486,494
University programs	3,029,763	-	-	3,029,763	6,161,392
Athletic programs	488,515	-	-	488,515	472,485
Research	500,969	-	-	500,969	766,938
Miscellaneous grants	89,310	-	-	89,310	84,697
Fund raising	653,096	-	-	653,096	616,506
Management and general	339,698	-	-	339,698	333,202
Total expenses	7,366,071	-	-	7,366,071	10,921,714
Change in net assets	3,308,157	9,580,919	882,946	13,772,022	13,129,271
Net assets					
Beginning of year	1,799,353	58,594,379	34,595,537	94,989,269	81,859,998
End of year	$ 5,107,510	$68,175,298	$35,478,483	$ 108,761,291	$ 94,989,269

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

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
STATEMENT OF ACTIVITIES
For the Year ended June 30, 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2010
Revenue and other support				
Gifts and contributions	$ 59,046	$ 9,694,617	$ 2,072,392	$ 11,826,055
Investment earnings:				
Interest and dividends	379,138	2,773,575	-	3,152,713
Net realized and unrealized gains (losses)	2,627,793	6,558,151	-	9,185,944
Administrative fee charged to certain restricted accounts	549,658	(549,658)	-	-
Change in value of split interest agreements	-	(190,000)	549,924	359,924
Transfer of land to Wright State University	-	-	(650,000)	(650,000)
Other income	91,658	4,169	80,522	176,349
Net assets released from restrictions	9,601,383	(9,601,383)	-	-
Change in donor restrictions	-	(108,918)	108,918	-
Total revenue and other support	13,308,676	8,580,553	2,161,756	24,050,985
Expenses				
Program services				
Scholarships	2,486,494	-	-	2,486,494
University programs	6,161,392	-	-	6,161,392
Athletic programs	472,485	-	-	472,485
Research	766,938	-	-	766,938
Miscellaneous grants	84,697	-	-	84,697
Fund raising	616,506	-	-	616,506
Management and general	333,202	-	-	333,202
Total expenses	10,921,714	-	-	10,921,714
Change in net assets	2,386,962	8,580,553	2,161,756	13,129,271
Net assets				
Beginning of year	(587,609)	50,013,826	32,433,781	81,859,998
End of year	$ 1,799,353	$ 58,594,379	$ 34,595,537	$ 94,989,269

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

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
For the Years ended June 30, 2011 and 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributors	$ 7,010,050	$ 11,590,799
Gifts and contributions received for permanently restricted accounts	(671,525)	(2,072,392)
Interest and dividends received	2,446,682	3,201,541
Deposits received for investment on behalf of others	22,000	
Cash received (expended) for other revenue sources	131,791	266,179
Cash paid to students, employees and suppliers	(7,386,202)	(11,149,226)
Interest paid	(1,463)	(3,933)
Custodial deposits returned	(50,000)	(68,000)
Net cash from operating activities	1,501,333	1,764,968
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for investments	(6,222,514)	(9,065,515)
Cash received from investments	7,465,713	5,113,878
Net cash from investing activities	1,243,199	(3,951,637)
CASH FLOWS FROM FINANCING ACTIVITIES		
Gifts and contributions received for permanently restricted accounts	671,525	2,072,392
Payments on loan payable	(200,000)	(200,000)
Net cash from financing activities	471,525	1,872,392
Net change in cash and cash equivalents	3,216,057	(314,277)
Cash and cash equivalents, beginning of year	2,139,175	2,453,452
Cash and cash equivalents, end of year	$ 5,355,232	$ 2,139,175

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

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
For the Years ended June 30, 2011 and 2010

	2011	2010
Reconciliation of change in net assets to net cash provided by operating activities		
Change in net assets	$ 13,772,022	$ 13,129,271
Adjustments to reconcile change in net assets to cash from operating activities		
Net realized and unrealized (gains) losses	(13,428,391)	(9,185,944)
Transfer of land to Wright State University	-	650,000
Gifts and contributions received for permanently restricted accounts	(671,525)	(2,072,392)
Changes in assets and liabilities		
Pledges receivable	2,248,800	(1,435,000)
Pledges received, held by others	-	635,500
Gifts receivable from trusts held by others	(240,300)	190,000
Interest and dividends receivable	(287,412)	(119,729)
Cash surrender value of life insurance policies	12,410	5,564
Annuity assets	(42,689)	606,376
Other assets	(48,754)	(14,770)
Accounts payable	(2,458)	(223,499)
Deposits held in custody for others	181,030	85,891
Annuities payable	8,600	(486,300)
Net cash from operating activities	$ 1,501,333	$ 1,764,968

The accompanying notes are an integral part of these 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 May of 2006. Overall policy direction is provided by a board of 25 – 35 community leaders who serve as trustees of the Foundation. Trustees elect a chair and other officers from their number. The Foundation has no employees of its own, but several University employees provide staff support, including the University's vice president for university advancement who serves as president of the board (non-voting).

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In accordance with generally accepted accounting principles as applied to not-for-profit organizations, the financial statements of the Foundation have been prepared on the accrual basis of accounting. The Financial Accounting Standards Board ("FASB") is the accepted standards setting body for establishing accounting 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.

<u>Cash and Cash Equivalents</u>: The Foundation considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

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

<u>Gifts Receivable from Trusts Held by Others</u>: 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.

<u>Investment in Securities</u>: 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.

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 statement of activities. Investments are managed by professional investment managers.

Land Held for Development: Land owned by the Foundation consisted primarily of lots adjacent to the University that are carried at historical cost. The land was transferred to the University during the fiscal year ended June 30, 2010.

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

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

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 object 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.

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

GAAP prescribes recognition thresholds and measurement attributes for the 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. Management has concluded that they are unaware of any tax benefits or liabilities to be recognized at June 30, 2011 or 2010, respectively.

The Foundation is no longer subject to examination by taxing authorities for years before 2008. The Foundation does not have any tax benefits recorded at June 30, 2011, 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, 2011 or 2010.

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, annuities agreements, and long-term debt, approximate fair value.

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to June 30, 2011 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2011. Management has performed their analysis through October 10, 2011, the date the 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 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.

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

(Continued)

NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

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.

Assets measured at fair value on a recurring basis are summarized below for the years ended June 30, 2011 and 2010:

	Fair Value Measurements at June 30, 2011 Using			
	Level 1	Level 2	Level 3	Total
ASSETS				
Gifts receivable from trusts held by others	$ -	$ -	$ 1,545,600	$ 1,545,600
Investment in securities:				
Bonds	2,520,354	-	-	2,520,354
Mutual funds:				
Equity	36,257,064	6,068,095	4,128	42,329,287
Fixed Income	818,158	31,195,603	416,980	32,430,741
Alternative assets:				
Hedge funds	-	12,364,807	-	12,364,807
Private equity	-	-	1,070,283	1,070,283
Distressed debt	-	6,052,950	-	6,052,950
Total investment in securities	39,595,576	55,681,455	1,491,391	96,768,422
Other investments:				
Limited partnerships	-	-	1,347,334	1,347,334
Annuity assets:				
Cash and equivalents	-	9,940	-	9,940
Mutual funds-securities	42,378	170,362	-	212,740
Total annuity assets	42,378	180,302	-	222,680
Total	$39,637,954	$ 55,861,757	$ 4,384,325	$ 99,884,036

	Fair Value Measurements at June 30, 2010 Using			
	Level 1	Level 2	Level 3	Total
ASSETS				
Gifts receivable from trusts held by others	$ -	$ -	$ 1,305,300	$ 1,305,300
Investment in securities:				
Bonds	5,078,073	-	-	5,078,073
Mutual funds:				
Equity	32,476,881	4,550,980	9,798	37,037,659
Fixed income	482,958	26,507,199	157,768	27,147,925
Alternative assets:				
Hedge funds	-	10,879,556	-	10,879,556
Private equity	-	-	535,739	535,739
Distressed debt	-	-	4,208,473	4,208,473
Total investment in securities	38,037,912	41,937,735	4,911,778	84,887,425
Other investments:				
Limited partnerships	-	-	1,043,140	1,043,140
Annuity assets:				
Mutual funds-securities	30,790	149,201	-	179,991
Total annuity assets	30,790	149,201	-	179,991
Total	$38,068,702	$ 42,086,936	$ 7,260,218	$ 87,415,856

(Continued)

NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The table below presents a reconciliation and 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, 2011 and 2010:

	Gifts Receivable from Trusts Held by Others	Equity Mutual Funds	Fixed Income Mutual Funds
Beginning balance, June 30, 2010	$ 1,305,300	$ 9,798	$ 157,768
Interest and dividends	-	(55)	1,739
Realized losses on sales	-	(439)	(17,517)
Unrealized gains (losses)	-	(4,417)	70,727
Net purchases	-	(1,028)	231,742
Change in value of split interest agreements	240,300	-	-
Net transfers in (out) of Level 3	-	269	(24,479)
Ending balance, June 30, 2011	$ 1,545,600	$ 4,128	$ 416,980

	Private Equity	Distressed Debt	Limited Partnerships
Beginning balance, June 30, 2010	$ 535,739	$ 4,208,473	$ 1,043,140
Realized gains on sales	9,546	-	-
Unrealized gains	108,185	-	8,642
Net purchases	416,813	-	295,552
Transfers out of Level 3	-	(4,208,473)	-
Ending balance, June 30, 2011	$ 1,070,283	$ -	$ 1,347,334

	Gifts Receivable from Trusts Held by Others	Equity Mutual Funds	Fixed Income Mutual Funds
Beginning balance, June 30, 2009	$ 1,495,300	$ 9,002	$ 101,729
Interest and dividends	-	119	(518)
Realized losses on sales	-	-	(22,103)
Unrealized gains	-	2,134	187,663
Net purchases	-	1,330	(183,365)
Change in value of split interest agreements	(190,000)	-	-
Net transfers in (out) of Level 3	-	(2,787)	74,362
Ending balance, June 30, 2010	$ 1,305,300	$ 9,798	$ 157,768

	Private Equity	Distressed Debt	Limited Partnerships
Beginning balance, June 30, 2009	$10,839,960	$ 1,920,014	$ 864,649
Unrealized gains (losses)	7,027	3,775,404	(2,855)
Net purchases (sales)	-	(1,486,945)	181,346
Reclassifications related to ASU 2009-12	(10,666,244)	-	-
Ending balance, June 30, 2010	$ 535,739	$ 4,208,473	$ 1,043,140

As of June 30, 2011 and 2010, the unrealized gain attributable to level 3 investments held at year-end was approximately $201,000 and $3,991,000.

(Continued)

NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

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).

The fair value of money markets and bonds are based on quoted prices in active markets (Level 1 inputs).

Categorization of the fair value of the investment in mutual funds is based upon the Foundation's proportionate share of individual fund assets within the pooled investment portfolio. Foundation management reviews the valuations and returns in comparison to industry benchmarks and other relevant information (Level 2 inputs).

In October 2009, the FASB issued Accounting Standards Update ("ASU") 2009-12 that provides additional guidance on how companies should estimate the fair value of certain alternative investments. The fair value of such investments can now be determined using Net Asset Value ("NAV"), unless it is probable that the asset will be sold at something other than NAV. ASU 2009-12 requires disclosure of certain attributes of all investments within its scope, regardless of whether NAV is used to measure the fair value of these investments.

Information such as NAV, 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 the valuation of alternative investments, such as hedge funds, private equity and commercial loans, for which there is no active market. Due to current market conditions as well as the limited trading activity of these investments, the market value of alternative investments is highly sensitive to assumption changes and market value volatility (Level 3 inputs). In some instances, the Foundation possesses the ability to redeem these investments at the fund's NAV (Level 2 inputs).

The Foundation's hedge fund investment is 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 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, 2011, the Foundation has no significant unfunded commitments to its hedge fund allocation.

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, 2011, the Foundation's total capital commitment of $3,500,000 was 30.1% ($1,053,408) funded. There is no specific maturity date for this investment. However, the Foundation entered this investment in November 2008 and the fund life is estimated to approximate 10 years, based on the underlying partnerships returning the capital. Due to the long-term commitment of capital and the unpredictability of capital calls and partnership distributions, the fund is generally considered illiquid.

(Continued)

NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The Foundation's investment in commercial loans 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, 2011. The Foundation is no longer subject to the fund'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. The partnership agreements, which the Foundation entered into between 2001 and 2007, indicate that the terms of the partnerships are ten years, with an option to extend for three one-year periods. During that time no partner has the right to withdraw any portion of its capital contributions or to have its capital returned except through normal distributions. Thus, the partnership interests are classified as Level 3.

Valuation of annuity assets 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, 2011 and 2010, by fund type, are as follows:

	2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Less than one year	$ 39,250	$ 1,770,682	$ 95,628	$ 1,905,560
One to five years	-	2,338,211	75,440	2,413,651
Six years or greater	-	2,000,000	-	2,000,000
Gross pledges receivable	39,250	6,108,893	171,068	6,319,211
Present value discount	50	(1,123,893)	(3,368)	(1,127,211)
Allowance for uncollectible pledges	(100)	(21,200)	(3,200)	(24,500)
Pledges receivable (net)	$ 39,200	$ 4,963,800	$ 164,500	$ 5,167,500

(Continued)

NOTE 5 - PLEDGES RECEIVABLE (Continued)

	2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Less than one year	$ 40,025	$ 2,659,067	$ 64,396	$ 2,763,488
One to five years	4,000	3,888,894	43,910	3,936,804
Six years or greater	-	2,000,000	-	2,000,000
Gross pledges receivable	44,025	8,547,961	108,306	8,700,292
Present value discount	(425)	(1,236,161)	(2,006)	(1,238,592)
Allowance for uncollectible pledges	(500)	(40,800)	(4,100)	(45,400)
Pledges receivable (net)	$ 43,100	$ 7,271,000	$ 102,200	$ 7,416,300

The fair value of pledges receivable was determined using discount rates applicable to the year in which the pledge was established. Rates ranged from 1.76% to 5.10%.

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 discount rates the year in which the trust was established, and range from 4.09% to 4.97%. The balances at June 30, 2011 and 2010 are $1,545,600 and $1,305,300, and are included in Temporarily Restricted net assets.

NOTE 7 - INVESTMENT IN SECURITIES

The fair value of the Foundation's investments, at June 30, 2011 and 2010, are as follows:

	2011	2010
Bonds	$ 2,520,354	$ 5,078,073
Mutual funds	74,760,027	64,185,584
Alternative assets	19,488,041	15,623,768
Totals	$ 96,768,422	$ 84,887,425

Net realized gains (losses) on sales of investments were ($3,917,350) and ($1,353,331) for the years ended June 30, 2011 and 2010, respectively. Calculation of net realized gains on sales of investments is based on original cost. Net unrealized gains (losses) amounted to $17,345,741 and $10,539,275 for the years ended June 30, 2011 and 2010, respectively.

(Continued)

NOTE 8 - OTHER ASSETS

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, 2011 and 2010 was $199,199 and $153,778, respectively. Earnings generated from the project are included in other income. Total net returns (losses) for 2011 and 2010 amounted to $45,421 and $24,090 respectively.

NOTE 9 - DEPOSITS HELD IN CUSTODY FOR OTHERS

Assets currently held by the Foundation in custody for others consist of resources deposited by the Western Ohio Education Foundation (WOEF), an educational Foundation that benefits the Lake Campus branch of Wright State University. As of June 30, 2011 and 2010, the balance of these deposits was $1,277,662 and $1,096,633, respectively.

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, 2011 and 2010, the balance owed to the University was $830,213 and $809,265, respectively.

NOTE 11 - LOAN PAYABLE

The Foundation has a line-of-credit agreement with a bank that provides up to $1.5 million of borrowings at the bank’s prime rate or LIBOR, plus 0.75% (1.10% at both June 30, 2011 and 2010). The line of credit expires March 31, 2012, with an option to extend. The line-of-credit is collateralized with a portion of the Foundation’s investments. Outstanding borrowings under the agreement were fully paid off at June 30, 2011 and $200,000 at June 30, 2010.

Borrowings under the line-of-credit were used to fund the $1.5 million grant made in 1999 to the University for construction of the initial phase of a baseball stadium.

(Continued)

NOTE 12 – DEBT GUARANTIES

During the fiscal year, 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 will be 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 million and requires 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 guarantee may expire without being drawn upon, the total guarantee does not necessarily represent future cash requirements. As of June 30, 2011, no amounts have been recognized as a liability under the financial guaranty in the Foundation's 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.

Also during the fiscal year, the Foundation entered into an agreement with Wright State Physicians, Incorporated ("WSP") guarantying the debt service payments on $13.5 million 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, 2011, the market value of this gift, segregated in a separate portfolio as required by terms of the agreement, was $18,941,769. Since the guarantee may expire without being drawn upon, the total guarantee does not necessarily represent future cash requirements. As of June 30, 2011, no amounts have been recognized as a liability under the financial guaranty in the Foundation's statement of financial position as the likelihood that WSP would be unable to fulfill its obligation in full or in part under the debt agreement is not considered to be probable.

NOTE 13 - NET ASSETS

Net assets, as June 30, 2011 and 2010, are available for the following purposes:

	2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Scholarships	$ 336,744	$ 21,650,353	$ 14,831,832	$ 36,818,929
University programs	250,000	42,438,749	14,257,959	56,946,708
Athletic programs	-	81,009	-	81,009
Research	-	4,005,187	6,388,692	10,393,879
Market stabilization	980,076	-	-	980,076
Debt guaranty	600,000	-	-	600,000
Undesignated	2,940,690	-	-	2,940,690
Totals	$ 5,107,510	$ 68,175,298	$ 35,478,483	$ 108,761,291

(Continued)

NOTE 13 - NET ASSETS (Continued)

	2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Scholarships	$ 330,998	$ 18,583,332	$ 14,262,157	$ 33,176,487
University programs	250,000	36,503,183	13,969,675	50,722,858
Athletic programs	-	21,491	-	21,491
Research	-	3,486,373	6,363,705	9,850,078
Market stabilization	769,218	-	-	769,218
Undesignated	449,137	-	-	449,137
Totals	$ 1,799,353	$ 58,594,379	$ 34,595,537	$ 94,989,269

NOTE 14 - ENDOWMENT COMPOSITION

The Foundation's endowment primarily consists of four separate portfolios, three of which are held by SEI Investments and one that is held by PNC Bank. 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, 2011 and 2010:

	2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Donor-restricted endowment funds	$ (95,130)	$ 8,489,620	$ 35,478,483	$ 43,872,973
Board-designated funds	2,166,820	-	-	2,166,820
Total	$ 2,071,690	$ 8,489,620	$ 35,478,483	$ 46,039,793

	2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Donor-restricted endowment funds	$ (826,746)	$ 4,229,804	$ 34,595,537	$ 37,998,595
Board-designated funds	1,350,216	-	-	1,350,216
Total	$ 523,470	$ 4,229,804	$ 34,595,537	$ 39,348,811

(Continued)

NOTE 14 - ENDOWMENT COMPOSITION (Continued)

Changes in endowment net assets for the years ended June 30, 2011 and 2010:

	2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Net assets, beginning of year	$ 523,470	$ 4,229,804	$ 34,595,537	$ 39,348,811
Investment return:				
Investment income, net	38,192	812,606	-	850,798
Net appreciation (depreciation)	735,547	5,310,413	-	6,045,960
Total investment return	773,739	6,123,019	-	6,896,758
Contributions	-	-	671,525	671,525
Change in value of split interest agreements	-	-	37,020	37,020
Transfer to reserve fund	168,735	-	-	168,735
Designation to fulfill debt guaranty	600,000	-	-	600,000
Other income	-	285	34,849	35,134
Change in donor restrictions	-	-	139,552	139,552
Net assets released from restrictions	28,666	-	-	28,666
Appropriation of assets for expenditure	(22,920)	(1,863,488)	-	(1,886,408)
Net assets, end of year	$ 2,071,690	$ 8,489,620	$ 35,478,483	$ 46,039,793

	2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Net assets, beginning of year	$ (1,397,163)	$ 2,172,384	$ 32,433,781	$ 33,209,002
Investment return:				
Investment income, net	24,943	1,368,909	-	1,393,852
Net appreciation (depreciation)	1,951,279	2,552,894	-	4,504,173
Total investment return	1,976,222	3,921,803	-	5,898,025
Contributions	-	-	2,072,392	2,072,392
Change in value of split interest agreements	-	-	549,924	549,924
Transfer to reserve fund	119,348	-	-	119,348
Transfer of land to Wright State University	-	-	(650,000)	(650,000)
Other income	-	-	80,522	80,522
Change in donor restrictions	-	-	108,918	108,918
Appropriation of assets for expenditure	(174,937)	(1,864,383)	-	(2,039,320)
Net assets, end of year	$ 523,470	$ 4,229,804	$ 34,595,537	$ 39,348,811

(Continued)

NOTE 14 - 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.

As a result of this interpretation, 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)

NOTE 14 - 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 year ended June 30, 2011 and 2010, 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 $95,130 and $826,746 as of June 30, 2011 and 2010, respectively. These deficiencies resulted from unfavorable market fluctuations during fiscal years 2008 and 2009. 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. During fiscal years 2008 and 2009, severe market declines resulted in 60% of the Foundation's endowment funds being in a deficit position. The percentage of underwater funds improved to 37% infiscal year 2010 and decreased further to 9% in fiscal year 2011. Matching grants from the Foundation reserve in the amount of $196,579 were provided during fiscal year 2010 to help University units maintain scholarships and operating expenses benefitting Wright State students and programs. No such grants were necessary in fiscal year 2011.

(Continued)

NOTE 15 - FUNCTIONAL CLASSIFICATION OF EXPENSES

Total expenses, classified by both service areas and expense categories for the years ended June 30, 2011 and 2010, consist of the following:

	2011							
	Program Services					Support Services		
	Scholarships	University Programs	Athletic Programs	Research	Miscellaneous Grants	Fund Raising	Management & General	Totals
Expense category								
Salaries and wages	$ 19,314	$ 1,387,233	$ 56,080	$ 207,515	$ -	$ 187,612	$ -	$ 1,857,754
Employee benefits	-	343,543	18,039	56,584	-	63,346	6,501	488,013
Professional services	-	313,350	4,440	192,601	2,537	95,775	319,753	928,456
Supplies	-	132,960	17,662	12,263	1,188	21,672	196	185,941
Travel	15	200,553	152,246	20,966	19,220	42,216	3,994	439,210
Information and communications	4,012	255,588	75,208	9,372	57,981	122,770	6,763	531,694
Maintenance and repair	-	50,409	36,548	104	-	61,026	-	148,087
Student financial aid	2,241,379	94,263	29,890	1,388	1,000	16,576	-	2,384,496
Other	-	1,410	98,402	176	7,384	42,103	1,028	150,503
Capital outlay	-	250,454	-	-	-	-	-	250,454
Debt service	-	-	-	-	-	-	1,463	1,463
Totals	$ 2,264,720	$ 3,029,763	$ 488,515	$ 500,969	$ 89,310	$ 653,096	$ 339,698	$ 7,366,071

(Continued)

NOTE 15 - FUNCTIONAL CLASSIFICATION OF EXPENSES (Continued)

	2010							
	Program Services					Support Services		
Expense category	Scholarships	University Programs	Athletic Programs	Research	Miscellaneous Grants	Fund Raising	Management & General	Totals
Salaries and wages	$ 20,713	$ 1,894,609	$ 44,444	$ 451,329	$ 1,800	$ 320,461	$ 141,615	$ 2,874,971
Employee benefits	-	513,794	12,194	123,161	-	102,225	-	751,374
Professional services	-	635,155	5,510	73,824	-	89,049	107,940	911,478
Supplies	-	286,091	1,443	37,466	1,807	3,874	90	330,771
Travel	827	263,272	131,452	54,684	13,513	19,539	3,987	487,274
Information and communications	602	172,388	116,545	15,057	62,372	61,947	12,174	441,085
Maintenance and repair	-	27,713	46,311	548	-	880	-	75,452
Student financial aid	2,464,352	188,938	41,992	-	-	13,728	-	2,709,010
Other	-	42,597	72,594	2,369	5,205	4,803	63,463	191,031
Capital outlay	-	2,136,835	-	8,500	-	-	-	2,145,335
Debt service	-	-	-	-	-	-	3,933	3,933
Totals	$ 2,486,494	$ 6,161,392	$ 472,485	$ 766,938	$ 84,697	$ 616,506	$ 333,202	$10,921,714

(Continued)

NOTE 16 - FUND RAISING EXPENSES

Fund raising expenses, for the years ended June 30, 2011 and 2010, consist of the following:

	2011	2010
Development operations	$ 406,673	$ 166,671
Development support operations	80,166	165,085
In-college development officers	73,678	195,846
Community/donor relations	10,258	4,303
Capital campaign expense	82,321	84,601
Total	$ 653,096	$ 616,506

The Foundation partially supports the University's fund raising efforts by underwriting the costs of several of its development department functions and also functions 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 planning the University's next fund raising campaign.

NOTE 17 - MANAGEMENT AND GENERAL EXPENSES

Management and general expenses, for the years ended June 30, 2011 and 2010, consist of the following:

	2011	2010
Reimbursement for university staff support	$ 159,038	$ -
Reimbursement for university separation incentives	6,501	141,615
Professional fees	162,828	109,532
Insurance	17,205	17,205
Board/committee meetings	6,727	6,724
Loan interest	1,463	3,933
Change in reserve for uncollectible pledges	(20,900)	8,800
Other	6,836	45,393
Total	$ 339,698	$ 333,202

The Foundation has agreed to provide the University an annual allocation in the amount of 1% of certain assets as reimbursement for administrative staff support provided by various University employees. The amount of the reimbursement is subject to annual review and adjustment. For the fiscal year ended June 30, 2010, the Foundation negotiated an agreement with the University that allowed it to forego the 1% allocation payment in exchange for a payment representing the amount of separation incentives paid to Advancement employees in accord with the University's separation incentive program.

SUPPLEMENTARY INFORMATION

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF TOTAL REVENUES (Unaudited)
For the ten years ended June 30, 2002 to 2011

Fiscal Year	Gifts and Contributions: Unrestricted	Gifts and Contributions: Temporarily Restricted	Gifts and Contributions: Permanently Restricted	Gifts and Contributions: Subtotal	Investment Earnings: Interest and Dividends	Investment Earnings: Realized Gains (Losses)	Investment Earnings: Unrealized Gains (Losses)	Investment Earnings: Subtotal	Other Income (Losses)	Total Revenues
2002	$ 20,266	$ 4,356,551	$ 808,738	$ 5,185,555	$ 861,716	$ 319,017	$ (3,536,051)	$ (2,355,318)	$ 26,341	$ 2,856,578
2003	70,195	9,823,705	733,385	10,627,285	783,702	272,021	21,014	1,076,737	31,081	11,735,103
2004	118,160	6,134,203	6,458,126	12,710,489	745,571	583,476	4,964,022	6,293,069	(462,316)	18,541,242
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

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF TOTAL EXPENSES BY SERVICE AREA (Unaudited)
For the ten years ended June 30, 2002 to 2011

	Program Services								
Fiscal Year	Scholarships	University Programs	Athletic Programs	Research	Miscellaneous Grants	Subtotal	Fund Raising	Management and General	Total Expenses
2002	$ 1,396,099	$ 2,631,744	$ 277,603	$ 174,802	$ 73,400	$ 4,553,648	$ 259,540	$ 445,725	$ 5,258,913
2003	1,455,643	2,840,340	245,140	119,800	71,937	4,732,860	197,332	317,751	5,247,943
2004	1,456,584	2,534,367	275,772	307,018	35,157	4,608,898	273,349	240,702	5,122,949
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

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF TOTAL EXPENSES BY OBJECT CATEGORY (Unaudited)
For the nine years ended June 30, 2003 to 2011

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
2003	$ 732,247	$ 148,722	$ 535,310	$ 353,035	$ 623,423	$ 1,140,194	$ 31,735	$ 1,456,181	$ 6,616	$ 190,051	$ 30,429	$ 5,247,943
2004	820,874	181,892	491,556	303,937	477,025	1,114,079	35,245	1,442,698	97,197	135,637	22,809	5,122,949
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

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF TOTAL ASSETS (Unaudited)
For the ten years ended June 30, 2002 to 2011

Fiscal Year	Cash and Equivalents	Net Pledges Receivable	Receivable from Trusts	Investments	Land	Cash Surrender Value of Life Insurance Policies	Annuity Assets	Other Assets	Total Assets
2002	$ 951,377	$ 3,138,200	$ 1,817,800	$ 34,022,777	$ 650,000	$ 58,704	$ 24,669	$ 143,135	$ 40,806,662
2003	3,382,651	6,688,800	1,844,700	34,361,866	650,000	62,311	92,500	131,302	47,214,130
2004	1,478,940	10,196,000	1,466,500	46,800,477	650,000	61,506	575,374	154,378	61,383,175
2005	2,246,678	10,807,100	1,547,800	81,188,785	650,000	63,786	594,365	226,965	97,325,479
2006	294,258	10,281,100	1,315,500	90,785,185	650,000	59,469	1,243,024	627,674	105,256,210
2007	2,858,861	10,264,459	2,947,470	104,450,293	650,000	56,842	1,310,881	685,621	123,224,427
2008	1,012,378	9,887,420	1,958,100	92,881,428	650,000	56,466	1,149,184	382,404	107,977,380
2009	2,453,452	6,616,800	1,495,300	72,717,984	650,000	51,268	786,367	282,425	85,053,596
2010	2,139,175	7,416,300	1,305,300	85,930,565	-	45,705	179,991	416,924	97,433,960
2011	5,355,232	5,167,500	1,545,600	98,115,756	-	33,294	222,680	753,090	111,193,152

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF TOTAL LIABILITIES AND NET ASSETS (Unaudited)
For the ten years ended June 30, 2002 to 2011

	LIABILITIES					NET ASSETS			
Fiscal Year	Payable to WSU and Vendors	Deposits Held for Others	Annuities Payable	Loans Payable	Total Liabilities	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Assets
2002	$ 773,024	$ 599,638	$ 16,700	$ 1,299,605	$ 2,688,967	$ 211,900	$ 22,303,736	$ 15,602,059	$ 38,117,695
2003	764,565	583,010	61,700	1,200,000	2,609,275	346,173	27,771,689	16,486,993	44,604,855
2004	885,188	1,064,739	310,100	1,100,000	3,360,027	1,639,802	33,469,879	22,913,467	58,023,148
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

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF NET ASSET RESTRICTIONS AND DESIGNATIONS (Unaudited)
For the ten years ended June 30, 2002 to 2011

Fiscal Year	Scholarships	University Programs	Athletic Programs	Research	Market Stabilization	Debt Guaranty	Undesignated	Total Net Assets
2002	$ 17,654,707	$ 19,129,344	$ 427,692	$ 1,148,265	$ -	$ -	$ (242,313)	$ 38,117,695
2003	18,280,337	24,495,626	814,870	1,043,243	-	-	(29,221)	44,604,855
2004	22,701,618	30,937,661	288,494	2,859,425	-	-	1,235,950	58,023,148
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

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF UNRESTRICED GENERAL FUND REVENUES (Unaudited)
For the ten years ended June 30, 2002 to 2011

Fiscal Year	Gifts and Contributions	Interest and Dividends	Realized Gains (Losses)	Unrealized Gains (Losses)	Administrative Fees	Change in Value of Split Interest Agreements	Other Income (Expense)	Totals
2002	$ 20,266	$ 241,285	$ 60,613	$ (689,256)	$ 281,995	$ -	$ (3,275)	$ (88,372)
2003	70,195	242,277	137,227	(51,019)	206,465	11,900	26,025	643,070
2004	118,160	224,948	258,864	662,171	311,531	11,000	33,709	1,620,383
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

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF UNRESTRICED GENERAL FUND EXPENSES (Unaudited)
For the ten years ended June 30, 2002 to 2011

	Program Services		Fund Raising				Management and General				
Fiscal Year	Scholarships	Grants	Development Support	In-college Development Officers	Advancement Services Support	Other Fund Raising[1]	Reimbursement for University Staff Support	Professional Fees	Loan Interest	Other Management and General[2]	Totals
2002	$ 18,224	$ 73,400	$ 101,883	$ 80,828	$ 76,829	$ -	$ 348,786	$ 44,654	$ 44,340	$ 7,945	$ 796,889
2003	19,002	71,937	115,332	82,000	-	-	240,779	46,363	30,429	180	606,022
2004	22,749	35,157	110,521	78,340	84,488	-	147,941	50,424	22,809	19,528	571,957
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	-	26,936	11,420	57,712	1,079,107
2010	31,800	84,697	166,671	195,846	165,085	76,404	141,615 [3]	122,032	3,933	78,122	1,066,205
2011	22,920	89,310	406,673	73,678	80,166	92,579	159,038 [3]	162,828	1,463	16,369	1,105,024

[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 FY2010 and FY2011, 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, CLASSIFICATION AND PERFORMANCE (Unaudited)
For the ten years ended June 30, 2002 to 2011

Fiscal	Fair	Fair Value Classification[1]			Total	Endowed Pool		Non-endowed Pool	
Year	Value	Level 1	Level 2	Level 3	Return	Return	Benchmark	Return	Benchmark
2002	$ 34,022,777	$ -	$ -	$ -	$ (2,355,318)	-7.1%	-7.0%	-3.8%	-3.7%
2003	34,361,866	-	-	-	1,076,737	3.5%	3.4%	5.1%	5.6%
2004	46,800,477	-	-	-	6,293,069	18.9%	17.9%	13.0%	12.0%
2005[2]	81,188,785	-	-	-	4,025,806	4.5%	3.3%	4.2%	3.3%
2006	90,785,185	-	-	-	7,625,986	9.9%	9.7%	9.0%	8.3%
2007	104,450,293	-	-	-	16,123,116	18.0%	17.8%	16.5%	16.3%
2008	92,881,428	-	-	-	(6,301,092)	-6.5%	-3.5%	-3.2%	-0.5%
2009	72,717,984	28,241,817	30,649,690	13,826,477	(18,900,745)	-21.9%	-16.9%	-16.2%	-13.2%
2010	85,930,565	38,037,912	41,937,735	5,954,918	12,338,657	19.4%	11.9%	15.1%	14.5%
2011	98,115,756	39,595,576	55,681,455	2,838,725	15,937,652	20.2%	20.2%	18.6%	17.4%

[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, 2002 to 2011

Fiscal Year	Number of 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
2002	213	$ -	5.00%	4.83%	$ 1,427,473	$ 4,813,188	$ 113,224	0.61%	$ -
2003	223	-	5.00%	4.98%	1,325,810	4,930,192	114,002	0.46%	-
2004	239	-	5.00%	5.79%	1,555,493	4,882,247	117,749	0.29%	-
2005	237	-	5.00%	4.59%	1,652,578	5,578,190	117,783	0.20%	-
2006	262	-	5.00%	4.94%	3,344,128	8,045,556	117,793	0.17%	528,958
2007	273	-	5.00%	4.84%	3,789,355	7,817,462	134,362	0.15%	609,553
2008	289	37,504,322	5.00%	4.63%	4,165,926	15,412,198	137,430	14.39%	544,815
2009	319	33,209,002	5.00%	4.17%	3,399,298	12,522,399	133,626	18.86%	384,103
2010	339	39,348,811	5.00%	5.18%	3,110,279	10,588,512	121,800	19.40%	450,378
2011	345	46,039,793	5.00%	4.57%	3,195,177	7,026,373	82,920	21.20%	510,091

[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, 2002 to 2011

Fiscal Year	Current Ratio	Days Cash on Hand	Return on Average Net Assets	Program Spending Ratio	Fund Raising Spending Ratio	Interest Expense Pct.
2002	1.80	66.03	-6.11%	86.59%	4.94%	3.26%
2003	4.49	235.27	15.68%	90.19%	3.76%	2.34%
2004	2.99	105.37	26.15%	89.97%	5.34%	1.90%
2005	2.40	139.83	46.85%	89.00%	6.11%	3.15%
2006	2.06	12.85	8.62%	92.37%	3.91%	4.99%
2007	2.65	125.89	15.06%	88.80%	5.52%	6.16%
2008	2.67	23.21	-12.86%	92.19%	4.60%	4.08%
2009	2.52	70.97	-24.04%	92.17%	7.06%	2.28%
2010	2.21	71.49	14.85%	91.30%	5.53%	0.98%
2011	3.37	265.36	13.52%	86.52%	8.87%	0.73%

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF INSTITUTIONAL DATA (Unaudited)
For the year ended June 30, 2011

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 2010):	
Total enrollment (some students attend both campuses)	19,739
Dayton Campus	18,447
Lake Campus	1,490
Characteristics:	
Men/women	44.8%/55.2%
Full-time/part-time	77.0%/23.0%
Undergraduate/Graduate/Doctoral	79.1%/16.8%/4.1%
International students	3.2%
Minority students (excludes international students)	18.3%
Age 25 and older	32.0%
Average age	24.6 years
Academics:	
Number of colleges	8
Number of schools	3
Degree programs:	
Undergraduate, Associate	19
Undergraduate, Bachelor's	91
Graduate, Master's, Doctoral and Professional	76
Employees:	
Faculty	844
Staff	1,531
Total	2,375
Facilities:	
Dayton Campus:	
Acreage	557
Academic and academic support buildings	25
Student residential buildings	26
Lake Campus:	
Acreage	173
Academic and academic support buildings	4
Alumni	91,510
Research grant awards	$94,111,241
Annual full-time, in-state tuition	$7,797

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 the financial statements of Wright State University Foundation, Inc. (a nonprofit organization) as of and for the year ended June 30, 2011, and have issued our report thereon dated October 10, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Foundation is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Wright State University Foundation, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Wright State University Foundation, Inc.'s internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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*.

(Continued)

This report is intended for the information of the Audit Committee of the Board of Trustees, management and the Ohio Auditor of State and is not intended to be and should not be used by anyone other than these specified parties.

Crowe Horwath LLP

Crowe Horwath LLP

Columbus, Ohio
October 10, 2011

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 31, 2012