



# WRIGHT STATE *UNIVERSITY*

## **Annual Report and Single Audit Reports For Federal Awards For the Year Ended June 30, 2008**

Office of the Controller  
3640 Colonel Glenn Hwy.  
Dayton, OH 45435-0001





Mary Taylor, CPA  
Auditor of State

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

We have reviewed the *Report of Independent Auditors* of the Wright State University, Greene County, prepared by Crowe Horwath LLP, for the audit period July 1, 2007 through June 30, 2008. 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 is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

January 22, 2009

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# WRIGHT STATE UNIVERSITY

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Wright State University's Management Discussion and Analysis (MD&A) presents an overview of its financial condition and assists the reader in focusing on significant financial issues for the year ended June 30, 2008 with selected comparative information for the years ended June 30, 2007 and 2006. The discussion has been prepared by management and should be read in conjunction with the accompanying financial statements and footnotes. The financial statements, footnotes, and this discussion are the responsibility of management.

### Financial and Other University Highlights

- *The Princeton Review* named Wright State University among the "Best in the Midwest" in its 2008 *Best Colleges: Region by Region* issue. Wright State was among 161 schools from 12 different states listed. This is the second year in a row we were named in the publication. Criteria considered for this designation include academics, quality of life, and extracurricular activities.
- 2008 marked the first time in well over a decade that the University did not raise undergraduate tuition. Graduate tuition and the School of Professional Psychology's tuition were increased by only 4% over 2007 while the Boonshoft School of Medicine (BSOM) increased their tuition 5%. These lower tuition increases were achievable because of a recently enhanced financial commitment to public higher education by the State of Ohio. That commitment is reflected in significant increases in state funding in each year of the current biennium (fiscal years 2008 and 2009) and in a state mandate to pass much of the benefit of this increase to students in the form of an undergraduate tuition freeze for the biennium. In contrast, full-time undergraduate tuition rates increased 6% and the BSOM tuition increased 9.9% in 2007. The University also maintains it's the fourth lowest in-state undergraduate tuition rate among Ohio's thirteen four-year public institutions.
- Total state appropriations increased 4.7% in 2008 over 2007 after subtracting the effect of OhioLINK (a statewide library initiative for which the University serves as fiscal agent). This is the largest increase in this decade. 2007 saw an increase of 2.6% over 2006.
- Net assets increased \$3.8 million from June 30, 2007 to June 30, 2008. Unrestricted net assets saw a decline of \$14.8 million due primarily to the poor investment market. This was more than offset by an increase of \$19.3 million in capital assets, net of depreciation and associated debt. The University continued to improve and expand its major facilities in 2008 with the majority of the investments occurring in White Hall, the Student Union, and, most significantly, in the university's science facilities.
- After a slight one year decline in enrollment in 2007 following years of continued growth, 2008 saw an increase of 1% in full time equivalent (FTE) students over 2007 and the largest direct from high school degree-seeking class in the history of the University.
- For the 29<sup>th</sup> consecutive year, Wright State students brought home top awards at the National Model United Nations (NMUN) conference. In addition, WSU's Ethics Bowl Team placed second out of more than 200 universities nationally in the National Intercollegiate Ethics Bowl competition.
- The University coordinated a regional effort to create the Dayton Regional STEM (Science, Technology, Engineering, and Math) School, which has received approval and funding from the Ohio Board of Regents. This school will offer a highly advanced curriculum in the math and sciences for grades 6-12 for students in the surrounding counties of WSU. The success of our proposal indicated

the state's appreciation for the broad community collaboration in support of the proposal and Wright State's strength in the preparation of teachers of mathematics and science.

- The University opened its new Matthew O. Diggs III Laboratory for Life Science Research building. This building is one of the first university research laboratories in Ohio registered under Leadership in Energy and Environmental Design, a nationally accepted benchmark for the design, construction, and operation of high-performance "green" buildings.
- The University achieved a 33% increase in the number of alumni providing gifts and donations to the University over 2007. This also resulted in a 32% increase in the dollars raised. WSU is proud of the fact that its alumni recognize the successes and accomplishments of the University and are doing their best to provide support to its mission.

### **Using the Annual Report**

This annual report includes three financial statements: the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets, and the Statement of Cash Flows. These financial statements are prepared in accordance with GASB Statement No. 35, *Basic Financial Statements-and Management's Discussion and Analysis-For Public Colleges and Universities*. These statements focus on the financial condition of the University, the results of operations, and cash flows of the University as a whole. All comments and discussions included in this discussion and analysis relate only to Wright State University and not to the Wright State University Foundation unless specifically noted.

The three financial statements should help the reader of the annual report determine whether the university's overall financial condition has improved or deteriorated as a result of the current year's financial activities. These financial statements present similar information to that disclosed in private sector (i.e. corporate) financial statements. The financial statements will also assist the reader in evaluating the ability of the University to meet its financial obligations. The Statement of Cash Flows presents information related to both cash inflows and cash outflows and is further categorized by operating, noncapital financing, capital and related financing, and investing activities.

### **Statements of Net Assets**

The Statement of Net Assets, which reports all assets and liabilities of the University, presents the financial position of the University at the end of the fiscal year. Our net assets are simply the difference between total assets and total liabilities. The change in net assets during the fiscal year is an indicator of the change in the overall financial condition of the University during the year. A summary of the university's assets, liabilities, and net assets as of June 30 is as follows:

	2008	2007	2006
	(All dollar amounts in thousands)		
Current assets	\$ 66,445	\$ 69,407	\$ 86,676
Noncurrent assets:			
Capital assets, net	292,817	275,825	253,157
Other	115,697	129,117	121,264
Total assets	<u>474,959</u>	<u>474,349</u>	<u>461,097</u>
Current liabilities	69,957	69,776	68,001
Noncurrent liabilities	41,564	44,949	48,238
Total liabilities	<u>111,521</u>	<u>114,725</u>	<u>116,239</u>
Net assets:			
Invested in capital assets, net of related debt	257,526	238,244	226,597
Restricted	18,755	19,412	18,676
Unrestricted	87,157	101,968	99,585
Total net assets	<u>\$ 363,438</u>	<u>\$ 359,624</u>	<u>\$ 344,858</u>

The university's net assets increased only slightly in 2008, as the decline in the investment market resulted in a reduction in unrestricted net assets. In addition, a small amount of unrestricted university resources were utilized for investments in capital assets. This, along with external sources of investments in capital facilities funded a healthy increase in capital assets, net of depreciation and related debt. The University continued with renovations and expansions of its physical facilities that have been on-going for several years. The university's capital plan calls for continued renovations and maintenance of its facilities as well as physical growth in selected areas. Consistent with 2007, the largest investment in 2008 was in the university's science facilities. A significant portion of our recent investment in the renovation of science buildings has been for the replacement of building infrastructure. As a result of this priority, campus deferred maintenance is being reduced significantly.

*Total assets* remained flat in 2008 as compared to 2007. *Current assets*, comprised primarily of cash and operating investments, student and sponsor receivables, and prepaid expenses, decreased by \$3.0 million in 2008 from 2007. This is almost solely attributable to a \$3.2 million decrease in prepaid expenses. Prepaid expenses are primarily composed of license agreements for the OhioLINK program for which the University is the fiscal agent. These prepaid assets decreased \$3.0 million in 2008 from 2007 as the University utilized more of these agreements.

*Other noncurrent assets* decreased \$13.4 million from \$129.1 million in 2007 to \$115.7 million in 2008. These assets are comprised of long-term investments, long-term student loans receivable, and longer term prepaid expenses and deferred charges. While there were small increases in student loan receivables and prepaid expenses from 2007 to 2008 (\$.6 million), there was a \$14.0 million decrease in long-term investments. While \$.8 million of the decrease is due to spending down the remaining 2004 bond proceeds that were invested to complete certain capital projects during 2008, the majority of this decrease is a reflection of the decrease in the value of the university's investments coupled with the need to utilize some levels of reserves (in lieu of expected investment income) for both capital and operating purposes. Capital assets, net of depreciation increased from \$275.8 million in 2007 to \$292.8 million in 2008. This increase of \$17.0 million is due to the continued investments in the university's new and renovated science facilities as well as renovations and improvements to a number of different buildings on campus.

The 2007 increase in total assets was \$13.2 million over 2006. This was primarily attributable to an increase in capital assets, net of depreciation, of \$22.6 million offset by a decrease in cash and



investments of \$9.8 million. The cash and investments decrease was solely the result of spending \$14.8 million of restricted investments that were from the 2004 bond issuance and utilized for capital projects during 2007.

Total assets of the Wright State University Foundation actually decreased from \$123.2 million at June 30, 2007 to \$108.0 million at June 30, 2008, a decrease of \$15.2 million. The most significant driver of this decrease was an \$11.7 million decline in long-term Investments. Long-term investments comprise \$94.0 million of the \$108.0 million at June 30, 2008 and gifts and pledges receivable comprise another \$11.8 million. The investment decrease of \$11.7 million is attributable to the poor investment returns realized during fiscal 2008.

*Current liabilities* are comprised primarily of accounts payable and accrued liabilities, deferred revenues from both student fees and advance payments for contracts and grants, and the current portion of long-term liabilities. These liabilities increased approximately \$.2 million from \$69.8 million at June 30, 2007 to \$70.0 million at June 30, 2008. Although there was not much of an overall increase, there were several variances in balances. Trade payables increased \$1.2 million due to no specific event. Deferred student fees also increased \$1.8 million in 2008. While tuition rates in general didn't increase from 2007 to 2008, the deferral period for summer quarter was less in 2008 than in was in 2007. This resulted in a greater deferral of summer fees at June 30, 2008. Both the accounts payable and the deferred student fees increases were almost entirely offset by a decrease of \$2.9 million from 2007 to 2008 in deferred revenues from advance sponsor payments on contracts and grants. This was because there were an unusually high number of contracts and grants that were closed out in 2008, eliminating the number of open grants and also resulting in a reduction of deferred revenues that were previously on the books. The largest component of current liabilities is deferred revenue, which was \$34.0 million in 2008 and \$35.2 million in 2007.

Current liabilities increased from \$68.0 million at June 30, 2006 to \$69.8 million at June 30, 2007. This increase of \$1.8 million was due to a change in 2007 whereby academic summer payroll for the month of June, 2007 was not paid until July, 2007. In years prior to 2007 the academic summer payroll for the month of June was paid in June.

*Noncurrent liabilities* were \$44.9 million at June 30, 2007 and decreased to \$41.6 million at June 30, 2008. This decrease of \$3.3 million is solely the result of payments against the university's debt obligations.

*Net assets* represent what is left of the university's assets after deducting liabilities. A more detailed summary of the university's net assets as of June 30 is as follows:

	2008	2007	2006
	(All dollar amounts in thousands)		
Invested in capital assets, net of related debt	\$ 257,526	\$ 238,244	\$ 226,597
Restricted expendable	18,755	19,412	18,676
Unrestricted:			
Designated	81,851	89,982	93,565
Undesignated	5,306	11,986	6,020
Total net assets	<u>\$ 363,438</u>	<u>\$ 359,624</u>	<u>\$ 344,858</u>

*Invested in capital assets, net of related debt* represents the university's capital assets after subtracting accumulated depreciation and the principal amount of outstanding debt attributable to the acquisition, construction or improvement of those assets. As has been the trend over the last few years, during 2008

the University continued its expansion, renovation, and upkeep of its facilities. Consistent with 2007, the largest investment continued to be in the university's science facilities. The science facilities project will improve both instructional space and research facilities. During 2008 the University completed and opened the new Matthew O. Diggs III Laboratory for Life Science Research building as part of this project. Other major investments, all renovations, made to buildings across campus included White Hall (Boonshoft School of Medicine), the Student Union, Hamilton Hall (student housing), and Rike Hall (Raj Soin College of Business). These renovations are all necessary in order to maintain and improve the related facilities for their intended uses.

*Restricted expendable* represents funds that are externally restricted to specific purposes, such as student loans or sponsored projects. \$18.5 million and \$18.4 million of the restricted expendable fund balances at June 30, 2008 and June 30, 2007, respectively, represent funds restricted for student loans.

*Unrestricted net assets* are funds that the University has at its disposal to use for whatever purposes it determines appropriate. While these net assets are not subject to external restrictions, the University has designated these funds internally for various academic, research, student aid, and capital purposes. For over a decade, unrestricted net assets have been growing. Colleges and divisions have been able to retain their own budgeted funds that are not spent at the close of the fiscal year for one of the aforementioned purposes. We believe this practice permits the units to manage their resources more effectively, allowing them to hold them for higher priorities in later years. This policy also benefits the University as a whole by encouraging the accumulation of reserves that provide financial stability during periods of fiscal stress and that generate investment income that supplements other revenue sources. Unfortunately, 2008 was one of those years of fiscal stress in which some of these accumulated reserves were needed to supplement operations. With the poor performance of the financial markets, a portion of the accumulated reserves from past years was used to supplement the 2008 operating budget. While this is never the expected or desired situation of the University, it is understood by management that along with the years of positive performances in the financial markets comes an occasional downturn that must be addressed at least in part by the use of prior year accumulated reserves. The University remains committed to an increase in net assets over the long run to help provide an even stronger base from which to generate future investment earnings.

### **Statements of Revenues, Expenses and Changes in Net Assets**

The Statement of Revenues, Expenses and Changes in Net Assets presents the results of operations for the University. A summary of the university's revenues, expenses and changes in net assets for the year ended June 30 is as follows:

	2008	2007	2006
	(All dollar amounts in thousands)		
Operating Revenues:			
Student tuition & fees - net	\$ 115,249	\$ 114,851	\$ 107,293
Grants and contracts	89,080	84,455	80,391
Sales and services	7,472	7,285	7,142
Auxiliary enterprises	15,296	15,605	15,376
Other	2,686	2,558	2,184
Total	<u>229,783</u>	<u>224,754</u>	<u>212,386</u>
Operating expenses	<u>365,696</u>	<u>347,744</u>	<u>317,918</u>
Operating loss	<u>(135,913)</u>	<u>(122,990)</u>	<u>(105,532)</u>
Nonoperating revenues (expenses):			
State appropriations	98,715	94,526	91,796
Federal grants	11,230	9,328	9,270
State grants	3,588	3,121	2,880
Gifts	8,450	6,462	5,466
Investment income	(3,494)	16,547	8,774
Interest expense	(1,024)	(1,138)	(1,256)
Other income (expense)	(246)	(1,544)	(4,825)
Capital appropriations	7,354	7,322	10,916
Capital grants and gifts	15,154	3,132	11,124
Total	<u>139,727</u>	<u>137,756</u>	<u>134,145</u>
Increase in net assets	3,814	14,766	28,613
Net assets - beginning of year	<u>359,624</u>	<u>344,858</u>	<u>316,245</u>
Net assets - end of year	<u>\$ 363,438</u>	<u>\$ 359,624</u>	<u>\$ 344,858</u>

Interpretation of the university's Statements of Revenues, Expenses, and Changes in Net Assets is complicated by the fact that Wright State University serves as the fiscal agent for the statewide library program known as OhioLINK. This program's revenues from state appropriations, federal pass-through grants (Grants and contracts) and from other college and university libraries (Grants and contracts) and expenses are all included in our financial statements. At certain points in this analysis, we present information net of OhioLINK revenues or expenditures. The total revenues and expenses attributable to OhioLINK are as follows:

OhioLINK Revenues and Expenses  
For the Year Ended June 30

	2008	2007	Difference	Percent Increase (Decrease)
Revenues:				
Grants and contracts	\$ 30,294,140	\$ 23,802,138	\$ 6,492,002	27.3%
State appropriations	<u>7,629,483</u>	<u>7,536,874</u>	<u>92,609</u>	<u>1.2%</u>
Total revenues	<u>\$ 37,923,623</u>	<u>\$ 31,339,012</u>	<u>\$ 6,584,611</u>	<u>21.0%</u>
Expenses:				
Total OhioLINK	<u>\$ 37,923,623</u>	<u>\$ 31,339,012</u>	<u>\$ 6,584,611</u>	<u>21.0%</u>

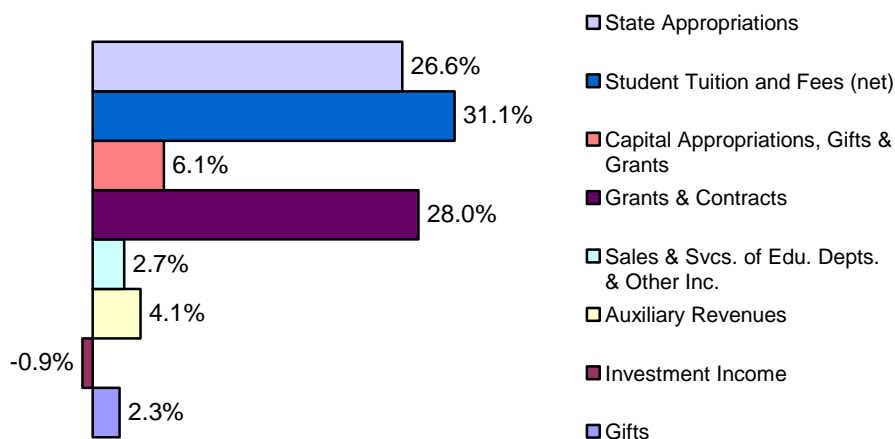
The university's primary revenue sources are state appropriations and student tuition and fees. These fund the ongoing programs and operations of the University. Accounting standards classify state appropriations as a nonoperating revenue source in the financial statements. However, since the University continues to rely upon state funding as a primary funding source for ongoing operations, it manages state funding as an operating revenue item. Enrollments at WSU have grown significantly over the last fifteen years. However, the amount of state appropriations allocated to Wright State University and higher education in general had not been keeping pace with the enrollment growth over that period of time. This declining subsidy per student has primarily been the result of the pressures on the state budget during that period of time, a substantial increase in higher education enrollments throughout the state, and of the relatively low priority that had been assigned to higher education. This decline of state funding per student has required the University to raise tuition at a magnitude greater than desired in order to fund the costs of serving enrollment growth and to respond to inflationary pressures. However, in 2008 state appropriations increased by \$4.1 million dollars, net of OhioLINK. This equates to a 4.7 percent increase. This new infusion of state funding in the current state biennium ending June 30, 2009 is a result of a recent change in priorities that has occurred at the state level. As a result, state universities across the State of Ohio will not increase undergraduate tuition during the same two years of the biennium as a result of the increased state funding. In addition, the state has announced a goal of achieving the national average in state support for higher education over a ten year period. We know that progress toward that goal will be uneven, as state budgets are affected by the business cycle and by other policy commitments, such as the ongoing reduction in Ohio's personal income tax rates. We also understand that the state will expect students and their families to benefit from increased levels of state funding, as they occur. We share the state's desire to see higher education become more affordable. The financial burden on students and their families has been extraordinarily high over recent years. The table below demonstrates just how much the State of Ohio over the past two and a half decades has forced universities to shift the burden for funding the cost of higher education to students and their families. Only in the most recent fiscal year has this trend been reversed, ever so slightly.

State Appropriations per Dollar of Gross Tuition

<u>Fiscal Year</u>	<u>Gross Tuition</u>	<u>State Appropriations net of OhioLINK</u>	<u>Net State Appropriations per Dollar of Gross Tuition</u>
1980	\$ 13,833,157	\$ 29,604,813	\$ 2.14
1990	40,939,473	63,889,505	1.56
2001	74,956,371	86,874,854	1.16
2007	139,584,821	86,988,360	0.62
2008	142,040,658	91,085,746	0.64

While it can be seen in the table that state appropriations did increase in 2008 both in absolute dollars as well as a percentage of gross tuition, it still has clearly not made up for the erosion of public support that was once available to subsidize student tuition. It may be unrealistic to assume that the University will ever be back to the level of state funding that existed fifteen or twenty years ago, so it becomes imperative that we continue to press for other types of revenue sources in order to keep tuition affordable for students and their families. Students and their families have been forced to fund a much greater share of the cost of their education than was necessary in earlier years or is currently necessary in most other states across the country. Even with the high levels of tuition, the University continues to maintain a lower than average level of tuition and fees relative to other Ohio four-year public institutions. Wright State is maintaining its rank as the fourth lowest (out of 13) of the four-year public institutions with respect to student tuition rates. It should be noted that two of the lower three universities receive special state funding for the purpose of subsidizing tuition that Wright State does not receive.

Below is a graphic illustration of revenues by source for the year ended June 30, 2008.



*State appropriations* increased from \$94.5 million in 2007 to \$98.7 million in 2008, an increase of \$4.2 million. This increase is the result of the additional investment in higher education made by the State of Ohio as previously discussed. State appropriations were \$91.8 million in 2006. The 2007 increase was primarily a general increase in operating appropriations but also included a \$.5 million increase for OhioLINK.

*Net student tuition and fees* were \$115.2 million, \$114.9 million, and \$107.3 million in 2008, 2007, and 2006, respectively which provided an increase of only .3% from 2007 to 2008 and 7% from 2006 to 2007. As discussed earlier, there was no undergraduate tuition increase in 2008. This in conjunction with increased student aid resulted in almost no additional net tuition revenues in 2008 from that in 2007. Tuition increases for most students were approximately 6% in 2007.

*Grants and contracts* were \$103.9 million in 2008, increasing \$7.0 million from the 2007 level of \$96.9 million. The 2006 level was \$92.5 million. The largest increases in 2008 occurred in nongovernmental awards. Specifically, revenues from the OhioLINK program alone resulted in a \$6.5 million increase through private university participation. The 2007 increase was driven more from federal awards. Specifically, the Boonshoft School of Medicine's sponsored revenues increased approximately \$4.0 million due to funding provided to establish a mobile emergency response unit and the establishment and operation of Acute Care and Emergency Help Centers.

*Auxiliary revenues* have not changed much over the last three years. Total revenues were \$15.3 million, \$15.6 million, and \$15.4 million for the years ended June 30, 2008, 2007, and 2006, respectively. Auxiliary enterprises are comprised of residence services, bookstores, food services, parking and transportation, intercollegiate athletics, the Student Union, and the Nutter Center.

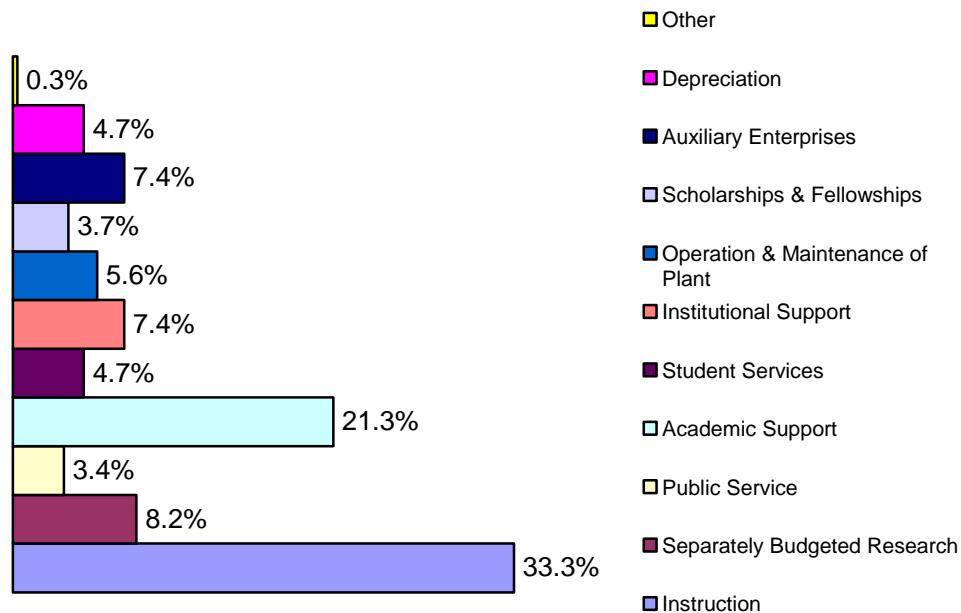
*Sales and services*, which are primarily revenues generated from specific departmental sales activities to organizations external to the University, were \$7.5 million, \$7.3 million, and \$7.1 million for the years ended June 30, 2008, 2007 and 2006, respectively. The largest amounts of revenue are generated from the Boonshoft School of Medicine in the form of clinical income and pharmacy sales and also from computing and telecommunications revenues.

*Investment income* was actually an investment loss in 2008 of \$3.5 million. Investment income was \$16.5 million and \$8.8 million in 2007 and 2006, respectively. The financial markets were extremely turbulent and weak in 2008 causing an investment loss for the University. The university's investment policy is designed to invest a large share of operating reserves in a diverse array of longer term investment

instruments including equities in order to maximize long-term growth and current income. The policy is intended to maximize returns over the long run, thus permitting higher investment income for support of university goals and to permit accumulation of more reserves. This has become more and more important in recent years as a supplement to other university revenue sources. Over the last decade, the University has been enjoying the benefits of this investment policy as its investment income and reserves have grown significantly. This is evident from the investment returns of 2007 and 2006. The University was the beneficiary of an excellent investment market in 2007, which resulted in an 87% increase in investment income over 2006 and the largest amount of investment income in the university's history. However, the University is aware that its investment policy entails the risk of greater volatility in investment performance. 2008 was one of those years. As most are aware, subsequent to June 30, 2008, significant activity has occurred in financial markets. The demise of certain investment banks, the takeover of Freddie Mac and Fannie Mae and the enactment of the Economic Stabilization Act of 2008 are only some aspects of the upheaval that has occurred. Due to the level of risk associated with certain investments, it is possible that changes in the values of these investments could occur in the near term. Nevertheless, the University continues to believe that its investment policy is the most appropriate one over the long run.

*Capital Appropriations, Gifts and Grants* were \$22.5 million in 2008, an increase of \$12.0 million over the \$10.5 million realized in 2007. This increase was primarily the result of a large amount of capital gifts that occurred in 2008 in the amount of \$12.9 million. There was a donation of software in the amount of \$6.1 million used for analyzing seismic data as part of research activities. There were also cash donations in the amount of \$6.6 million to fund several capital projects, most notably White Hall. Capital appropriations from the State of Ohio comprised the balance of the revenue. These capital appropriations that the University received in 2008 were used primarily for the renovation and construction of the university's science facilities, the renovation of Rike Hall, the acquisition of academic classroom equipment, and other basic renovations. Capital appropriations, gifts and grants amounted to \$22.0 million in 2006.

The following is a graphic illustration of expenses by function for the year ended June 30, 2008.



Overall operating expenses were \$365.7 million in 2008 as compared to \$347.7 million and \$317.9 million in 2007 and 2006, respectively. This amounts to a total increase in operating expenses for 2008 of \$18.0 million. Employee compensation and benefits increased from \$211.7 million in 2007 to \$220.8 million in 2008, an increase of \$9.1 million, or 4.3%. This represents half of the 2008 increase in operating expenses. Salaries and wages increased 4.5% due to compensation increases and the addition of a

number of positions to support strategic initiatives. Benefits only increased 3.9%. While basic employee health care rose approximately 14%, this increase was tempered by a decrease in vacation and sick leave expense of \$1.5 million in 2008, which helped minimize the overall increase in employee benefit costs. OhioLINK spent \$6.3 million more on license agreements for access to electronic information for its members in 2008 than in 2007. In addition, the University spent \$1.6 million more in scholarships and fellowships in 2008. About half of that amount was through the federal Pell Grant program and the remaining amount was for graduate student fee waivers and need based aid. Depreciation expense also rose another \$1.5 million from \$15.6 million in 2007 to \$17.1 million in 2008. This was primarily the result of depreciation on the donated software described earlier and the capitalization of many of the new facilities that have been under construction over the last few years. The 2007 operating expenses increased \$29.8 million over 2006 as a result of annual compensation increases, increases in employee benefit costs, increased supplies costs associated with equipping some of the new and renovated facilities and supplementing the university's recently installed ERP system with complementary software and hardware, and outfitting the externally funded Acute Care Centers with supplies and equipment. In addition, depreciation expense increased from \$13.7 million in 2006 to \$15.6 million in 2007, an increase of \$1.9 million.

### Statements of Cash Flows

The Statement of Cash Flows also provides information about the university's financial health by reporting the cash receipts and cash payments of the University during the year ended June 30, 2008. A summary of the Statements of Cash Flows is as follows:

	2008	2007	2006
	(All dollar amounts in thousands)		
Cash provided (used) by:			
Operating activities	\$ (116,849)	\$ (104,229)	\$ (91,193)
Noncapital financing activities	122,181	112,355	110,052
Capital and related financing activities	(15,851)	(34,656)	(21,084)
Investing activities	15,447	7,941	(25,986)
Net increase (decrease) in cash and cash equivalents	<u>4,928</u>	<u>(18,589)</u>	<u>(28,211)</u>
Cash and cash equivalents-beginning of year	18,774	37,363	65,574
Cash and cash equivalents-end of year	<u>\$ 23,702</u>	<u>\$ 18,774</u>	<u>\$ 37,363</u>

Cash and cash equivalents increased \$4.9 million from 2007 to 2008. Cash flows from operating activities decreased \$12.6 million primarily as a result of increased operating costs as described above with little to no increase in student tuition and fees to help fund the increased costs. Cash from noncapital financing activities increased \$9.8 million from 2007 as a result of an increase in state appropriations of \$4.4 million, an increase in private gifts in 2008 of \$3.1 million, and increases from other non-operating grants. The net outflow of cash for capital and related financing activities of \$15.9 million is the result of all the capital project activity that was ongoing during 2008, net of capital funding received from the State of Ohio. Most of these projects have been ongoing for two to three years and are discussed elsewhere in the MD&A. The net cash provided in investing activities of \$15.4 million is the net result of all investment activities: purchases, sales, and interest earnings. Although there was cash provided from these activities, the gross volume of transactions was down due to the poor investment market in 2008. The decrease in cash and cash equivalents in 2007 from 2006 of \$18.6 million is driven by the spending on capital assets in 2007 offset by cash provided from investing activities and other noncapital financing cash inflows.

## Capital Assets and Debt

### Capital Assets

The University had approximately \$292.8 million invested in capital assets, net of accumulated depreciation of \$200.5 million at June 30, 2008. Capital assets were \$275.8 million, net of accumulated depreciation of \$186.2 million at June 30, 2007. Depreciation expense for the years ended June 30, 2008 and 2007 was \$17.1 million and \$15.6 million, respectively. A summary of net capital assets for the year ended June 30 is as follows:

	2008	2007	2006
	(All dollar amounts in thousands)		
Land, land improvements and infrastructure	\$ 23,091	\$ 23,645	\$ 24,571
Buildings	215,571	170,727	164,371
Machinery and equipment	35,289	29,451	29,744
Library books and publications	18,729	18,487	18,187
Construction in progress	137	33,515	16,284
Total capital assets - net	<u>\$ 292,817</u>	<u>\$ 275,825</u>	<u>\$ 253,157</u>

Continuing from fiscal 2006 and 2007, work continued on the creation and renovation of new and improved science facilities. The University opened its Matthew O. Diggs III Laboratory for Life Science Research building in 2008 and continued additional work on the science projects. In addition, renovation of the Student Union and White Hall were substantially completed. There were major improvements completed in Rike Hall, the primary facility used by the Raj Sooin College of Business, and also Hamilton Hall, a centrally located university dormitory. As can be seen above, most of these projects have been completed as costs have been transferred from construction in progress to buildings. As is typical in all fiscal years, the University also performed ongoing maintenance and rehabilitation of all campus facilities, addressing building infrastructure needs as well as maintenance of its outer grounds and parking lots.

### Debt

The University entered two new capital leases in 2008 for approximately \$1.0 million. One lease was for computing equipment while the second lease was for buses to be used to facilitate student transportation on campus. There was no other debt issued, and the University simply continued to service its existing debt. The university's primary outstanding debt is from two different bond issues in 2003 and 2004. The last of the 2004 bond proceeds was spent in early 2008 on the science facilities project. The University received a bond rating for the 2004 bond issue from Moody's Investors Service of A2. That rating has remained unchanged since that date.

Outstanding debt was \$35.6 million, \$38.7 million, and \$42.5 million at June 30, 2008, 2007, and 2006, respectively. The 2008 balance of \$35.6 million includes \$34.7 million of outstanding bonds and equipment leases of \$.9 million.

### Factors That Will Affect the Future

The University continues to be proud of its accomplishments and its ability to forge ahead with new initiatives and academic achievements. We are consistently looking for ways to improve the University and the region by partnering with the local community as well as our peers to improve both the quality of education as well as the educational attainment of Ohio's citizens. An example of this in 2008 is the STEM school. WSU partnered with the local community and community school systems to create a middle school/high school with a concentrated curriculum in science, technology, engineering, and math. These are disciplines that are needed to fill the jobs of today and tomorrow, and the STEM school is designed to foster more interest from students in these disciplines of study. However, endeavors such as



this are resource intensive, and financial resources are becoming more and more difficult to obtain. The University continues to seek and obtain a growing amount of external research funding, which does help contribute to our ability to achieve our goals and further our student successes. The challenges remain, though, to maintain appropriate funding for basic operations. The costs of employee compensation and benefits, utilities, technology, and deferred maintenance are all rising more rapidly than revenue. Revenue sources have become difficult to grow and meeting the needs of the students has become as challenging as ever. While our 2008 results were significantly affected by a disappointing year in the financial markets, we understand that we face other underlying issues. We have invested in new faculty positions and new units that support our research enterprise, our community engagement, and enrollment management. At the same time, we have seen our enrollments level off after a number of years of growth. We understand that this requires a period of consolidation, in which we slow new commitments and examine current spending for possible reductions. We expect that it may take a year or two to achieve the operating margins we need with normal investment returns. Our goal is to maintain our progress in academic quality, student life, and community engagement while keeping the University as affordable as possible for the students who would benefit from the opportunity to study here.

As we work to manage our expenditures, we are well aware of the uncertain state of the national and Ohio economies and of the financial markets. We understand the implications these have for the financial progress of the University. State funding and investment performance can be heavily influenced by these factors. We understand that we must be especially prudent in this environment.

Wright State University finds itself at an interesting juncture, with a future that is more promising with respect to the possibilities of increased public support over the longer run while more uncertain in the shorter run as a result of unusual risks in the economic environment. Understanding both the reasons for hope and the need for prudence, we will continue to strive to transform the lives of our students and the communities we serve.

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## REPORT OF INDEPENDENT AUDITORS

To the Board of Trustees  
of Wright State University  
Dayton, Ohio

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Wright State University (the "University"), a component unit of the State of Ohio, as of and for the years ended June 30, 2008 and 2007, which collectively comprise the University's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the University's management. Our responsibility is to express opinions on these financial statements based on our 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of Wright State University as of June 30, 2008 and 2007, and the respective changes in its financial position and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis (MD&A) on pages 2 through 13 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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(Continued)

In accordance with *Government Auditing Standards*, we have also issued a report dated October 15, 2008, on our consideration of the University's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audits were performed for the purpose of forming an opinion on the basic financial statements of the University, taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Crowe Horwath LLP

Columbus, Ohio  
October 15, 2008

**WRIGHT STATE UNIVERSITY**  
**Statements of Net Assets**  
**June 30, 2008 and 2007**

ASSETS	2008		2007	
	University	Foundation	University	Foundation
Current assets:				
Cash and cash equivalents	\$ 23,701,950	\$ 1,012,378	\$ 18,774,097	\$ 2,858,861
Short-term investments	1,468,319		6,372,557	
Accounts receivable (net of allowance for doubtful accounts of \$1,320,000 in 2008 and \$1,345,000 in 2007 - Note 3)	22,872,357	188,520	23,607,262	477,246
Gifts and pledges receivable (net of allowance for uncollectible pledges of \$874 in 2008 and \$1,900 in 2007)		6,446,864		5,852,256
Loans receivable (net of allowance for doubtful loans of \$1,762,000 in 2008 and \$1,778,000 in 2007)	3,429,059		2,812,666	
Inventories	781,594		821,294	
Prepaid expenses	11,692,662		14,852,514	
Deferred charges	2,499,098		2,166,458	
Total current assets	66,445,039	7,647,762	69,406,848	9,188,363
Noncurrent assets:				
Restricted investments			778,048	
Gifts and pledges receivable (net of allowance for uncollectible pledges of \$46,526 in 2008 and \$62,100 in 2007)		5,398,656		7,359,673
Loans receivable (net of allowance for doubtful loans of \$188,000 in 2008 and \$171,500 in 2007)	18,571,058		18,158,253	
Other assets	774,228	250,350	583,655	265,217
Other long-term investments	96,351,747	94,030,612	109,596,615	105,761,174
Capital assets, net (Note 4)	292,816,910	650,000	275,825,177	650,000
Total noncurrent assets	408,513,943	100,329,618	404,941,748	114,036,064
<b>Total assets</b>	<b>\$ 474,958,982</b>	<b>\$ 107,977,380</b>	<b>\$ 474,348,596</b>	<b>\$ 123,224,427</b>
 <b>LIABILITIES AND NET ASSETS</b>				
Current liabilities:				
Accounts payable trade and other	\$ 10,860,799	\$ 171,119	\$ 9,657,193	\$ 174,152
Accounts payable to Wright State University		1,129,141		1,530,344
Accrued liabilities	15,342,162		15,041,175	
Deferred revenue (Note 1)	34,032,111		35,185,156	
Refunds and other liabilities	660,992	1,312,457	603,014	1,417,102
Current portion of long-term liabilities (Note 5)	9,060,865	652,496	9,288,996	1,048,492
Total current liabilities	69,956,929	3,265,213	69,775,534	4,170,090
Noncurrent liabilities:				
Long-term liabilities (Note 5)	41,564,022	482,404	44,949,100	496,808
Total noncurrent liabilities	41,564,022	482,404	44,949,100	496,808
<b>Total liabilities</b>	111,520,951	3,747,617	114,724,634	4,666,898
 Net assets:				
Invested in capital assets, net of related debt	257,525,679	650,000	238,243,782	650,000
Restricted - nonexpendable:				
Instruction and departmental research		13,574,639		10,747,904
Separately budgeted research		330,719		1,428,362
Public service		169,394		150,828
Academic support		452,670		413,534
Student services		9,746		9,315
Operation and maintenance of plant		2,133,903		4,309,700
Scholarships and fellowships		10,546,640		9,519,667
Auxiliaries		213,393		193,308
Restricted - expendable:				
Instruction and departmental research	4,116	34,480,750	24,432	52,578,223
Separately budgeted research		2,709,309	351,476	4,036,037
Public service		891,868	252,793	614,597
Academic support		1,503,121	75,862	1,060,295
Student services		288,593		173,960
Institutional support		11,004,750	74,949	8,443,734
Operation and maintenance of plant		811,322		1,072,215
Scholarships and fellowships	2,948	21,095,297	31,738	18,506,820
Loans	18,486,043		18,352,300	
Debt service	262,467		248,841	
Auxiliaries		141,622		509,036
Unrestricted	87,156,778	3,222,027	101,967,789	4,139,994
Total net assets	363,438,031	104,229,763	359,623,962	118,557,529
<b>Total liabilities and net assets</b>	<b>\$ 474,958,982</b>	<b>\$ 107,977,380</b>	<b>\$ 474,348,596</b>	<b>\$ 123,224,427</b>

See Accompanying Notes to Financial Statements

**WRIGHT STATE UNIVERSITY**  
**Statements of Revenues, Expenses, and Changes in Net Assets**  
**For the Years Ended June 30, 2008 and 2007**

	2008		2007	
	University	Foundation	University	Foundation
<b>OPERATING REVENUES</b>				
Student tuition and fees (net of scholarship allowances of \$26,792,000 in 2008 and \$24,734,000 in 2007)	\$ 115,248,658	\$	\$ 114,850,821	\$
Federal grants and contracts	36,423,211		37,857,905	
State grants and contracts	7,600,127		6,624,766	
Local grants and contracts	418,746		526,655	
Nongovernmental grants and contracts	44,638,086		39,445,827	
Sales and services	7,471,701		7,284,690	
Auxiliary enterprises sales (net of scholarship allowances of \$1,945,000 in 2008 and \$1,884,000 in 2007)	15,296,295		15,605,534	
Gifts and contributions		8,215,279		8,756,724
Other operating revenues	2,686,470		2,557,615	
<b>Total operating revenues</b>	<b>229,783,294</b>	<b>8,215,279</b>	<b>224,753,813</b>	<b>8,756,724</b>
<b>OPERATING EXPENSES</b>				
Educational and general:				
Instruction and departmental research	122,399,987		118,099,371	
Separately budgeted research	30,003,263		29,752,961	
Public service	12,578,969		12,200,725	
Academic support	78,291,188		69,131,147	
Student services	17,085,740		16,341,109	
Institutional support	27,070,095	140,623	29,781,889	108,008
Operation and maintenance of plant	20,459,529		19,370,106	
Scholarships and fellowships	13,756,684		12,188,985	
Total educational and general	321,645,455	140,623	306,866,293	108,008
Auxiliary enterprises	26,982,389		25,322,739	
Depreciation	17,068,378		15,555,678	
<b>Total operating expenses</b>	<b>365,696,222</b>	<b>140,623</b>	<b>347,744,710</b>	<b>108,008</b>
<b>Operating (loss)/revenue</b>	(135,912,928)	8,074,656	(122,990,897)	8,648,716
<b>NONOPERATING REVENUES (EXPENSES):</b>				
State appropriations	98,715,229		94,525,234	
Federal Grants	11,230,106		9,328,167	
State Grants	3,587,751		3,121,169	
Gifts	8,449,720		6,462,277	
Investment (loss)/income (net of investment expenses of \$131,000 in 2008 and \$162,000 in 2007 for WSU and \$366,583 in 2008 and \$331,870 in 2007 for Foundation)	(3,494,059)	(6,620,028)	16,547,446	16,140,414
Interest on capital asset-related debt	(1,024,476)		(1,138,507)	
Payments to Wright State University		(15,782,394)		(8,180,618)
Other nonoperating revenues (expenses)	(245,394)		(1,543,856)	
Net nonoperating revenues/(expenses) before capital appropriations and capital grants	117,218,877	(22,402,422)	127,301,930	7,959,796
Capital appropriations from the State of Ohio	7,354,063		7,322,262	
Capital grants and gifts	15,154,057		3,132,203	
<b>Total nonoperating revenues/(expenses) (net)</b>	<b>139,726,997</b>	<b>(22,402,422)</b>	<b>137,756,395</b>	<b>7,959,796</b>
<b>Increase/(decrease) in net assets</b>	<b>3,814,069</b>	<b>(14,327,766)</b>	<b>14,765,498</b>	<b>16,608,512</b>
<b>NET ASSETS</b>				
Net assets - beginning of year	359,623,962	118,557,529	344,858,464	101,949,017
<b>Net assets - end of year</b>	<b>\$ 363,438,031</b>	<b>\$ 104,229,763</b>	<b>\$ 359,623,962</b>	<b>\$ 118,557,529</b>

See Accompanying Notes to Financial Statements

**WRIGHT STATE UNIVERSITY**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2008 and 2007**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>2008</u>	<u>2007</u>
Student tuition and fees	\$ 116,287,495	\$ 115,871,778
Federal, state, local, and nongovernmental grants and contracts	84,927,355	87,400,336
Sales and services of educational and other departmental activities	7,948,081	6,906,097
Payments to employees	(172,564,427)	(162,291,371)
Payments for benefits	(47,899,029)	(47,782,212)
Payments to suppliers	(106,448,533)	(104,841,762)
Payments for scholarships and fellowships	(14,853,154)	(12,685,381)
Student loans issued	(3,788,866)	(4,708,234)
Student loans collected	2,759,668	3,615,876
Student loan interest and fees collected	376,058	368,122
Auxiliary enterprise sales	16,405,584	13,917,957
	<hr/>	<hr/>
<b>Net cash (used) by operating activities</b>	<b>(116,849,768)</b>	<b>(104,228,794)</b>
 <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	98,715,229	94,315,311
Grants for noncapital purposes	14,817,857	12,449,336
Gifts	8,648,201	5,590,232
	<hr/>	<hr/>
<b>Net cash provided by noncapital financing activities</b>	<b>122,181,287</b>	<b>112,354,879</b>
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital appropriations from the State of Ohio	7,771,532	8,325,051
Capital grants and gifts received	15,154,057	3,104,818
Purchases of capital assets	(33,697,459)	(41,273,685)
Sales of capital assets	16,801	101,604
Principal paid on capital debt and leases	(4,071,730)	(3,775,581)
Interest paid on capital debt and leases	(1,024,476)	(1,138,507)
	<hr/>	<hr/>
<b>Net cash (used) by capital and related financing activities</b>	<b>(15,851,275)</b>	<b>(34,656,300)</b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	28,398,869	59,723,750
Interest on investments	7,257,975	4,936,447
Purchase of investments	(20,209,235)	(56,719,257)
	<hr/>	<hr/>
<b>Net cash provided by investing activities</b>	<b>15,447,609</b>	<b>7,940,940</b>
 <b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>4,927,853</b>	<b>(18,589,275)</b>
 Cash and Cash Equivalents - Beginning of Year	<hr/>	<hr/>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 23,701,950</b>	<b>\$ 18,774,097</b>
	<hr/> <hr/>	<hr/> <hr/>

See Accompanying Notes to Financial Statements

**WRIGHT STATE UNIVERSITY**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2008 and 2007**

**Reconciliation of net operating revenues (expenses) to net cash provided (used) by operating activities:**

	<u>2008</u>	<u>2007</u>
Operating loss	\$ (135,912,928)	\$ (122,990,897)
Depreciation	17,068,378	15,555,678
Provision for doubtful accounts	619,914	385,000
Provision for doubtful loans	304,648	30,000
Changes in assets and liabilities:		
Accounts receivable	(515,473)	1,225,800
Inventory	39,700	(70,414)
Prepaid expenses	3,060,819	(1,597,058)
Deferred charges	(332,640)	841,257
Other assets	(190,573)	448,189
Accounts payable	1,636,313	371,342
Accrued liabilities	300,987	1,472,660
Deferred revenue	(1,153,045)	197,719
Compensated absences	(500,000)	1,000,000
Refunds and other liabilities	57,978	24,288
Loans to students and employees	(1,333,846)	(1,122,358)
	<u>(1,333,846)</u>	<u>(1,122,358)</u>
<b>Net cash (used) by operating activities</b>	<b>\$ <u>(116,849,768)</u></b>	<b>\$ <u>(104,228,794)</u></b>

**Noncash Transactions:**

Capital lease	<u>\$ 958,521</u>
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See Accompanying Notes to Financial Statements



# WRIGHT STATE UNIVERSITY

## Notes to Financial Statements

Year Ended June 30, 2008

### (1) Organization and Summary of Significant Accounting Policies

#### Organization and Basis of Presentation

Wright State University (the University) is a state-assisted institution of higher education created in 1967. The University has an enrollment of approximately 17,000 undergraduate, graduate, and professional students on its two campuses. The financial statements include the university's eight colleges, three schools, and other individual departments. The university's Board of Trustees approves policies and procedures by which the University is governed.

The University is a political subdivision of the State of Ohio and accordingly, its financial statements are discretely presented in the State of Ohio's Comprehensive Annual Financial Report in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, and amended by GASB Statement No. 39. Statement No. 39 provides additional guidance to determine whether certain organizations for which the University is not financially accountable should be reported as a component unit of the University based upon the nature and significance of their relationship to the University. Although the Wright State University Foundation (the Foundation) is a legally separate, tax-exempt entity, it has been determined that it does meet the criteria for discrete presentation within the university's financial statements. The Foundation is the primary fund-raising organization for the University and contributions to the Foundation are primarily restricted to the activities of the University. These contributions are relied upon for the on-going operations of the University. No other affiliated organization, such as the Alumni Association, meets the requirements for inclusion in the university's financial statements. Complete financial statements for the Foundation can be obtained by sending a request to the Wright State University Foundation, 108J Allyn Hall, 3640 Colonel Glenn Highway, Dayton, OH 45435.

The financial statements have been prepared in accordance with generally accepted accounting principles for colleges and universities within the United States of America, as prescribed by GASB.

#### Summary of Significant Accounting Policies:

##### Basis of Accounting

The financial statements of the University have been prepared using the economic resources measurement focus and on the full accrual basis of accounting, whereby revenue is recognized in the period earned, or in the case of advances from other governments, when all eligibility requirements are met in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. Expenses are recognized when the related liabilities are incurred.

##### Financial Statements

The University reports as a business-type activity, as defined by GASB Statement No. 35, *Basic Financial Statements-and Management's Discussion and Analysis - for Public Colleges and Universities*. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

Wright State University

Notes to Financial Statements  
(Continued)

Pursuant to GASB Statement No. 35, the University follows GASB guidance as applicable to its business-type activities, and Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued prior to November 30, 1989 that do not conflict with or contradict GASB pronouncements.

Cash and Cash Equivalents

Cash and cash equivalents include amounts held in the State Treasury Asset Reserve of Ohio (STAROhio) and repurchase agreements held in sweep accounts with various institutions in demand accounts. In addition, each of the external investment managers maintains a balance in a money market fund. These balances are included as cash equivalents due to their high liquidity and short-term nature. Other investments purchased with three months or less to maturity are also considered cash equivalents.

Investments

Investments are reported at fair value, as established by the major securities markets. Money market investments (U.S. Treasury and Agency obligations) that have a remaining maturity of one year or less at the time of purchase are reported at amortized cost and approximate fair value. If contributed, investments are valued at market value at the date of donation. Investment income is recognized on an accrual basis. Purchases and sales of investments are accounted for on the trade date basis. Investment trade settlements receivable and payable represent investment transactions occurring on or before June 30, which settle after such date. Realized and unrealized gains and losses are reported as investment income or loss.

All securities purchased by external investment managers in the university's "liquidity" and "diversified" investment pools, with the exception of money market purchases and redemptions, are considered investments regardless of maturity date, as these investment pools are designed for capital appreciation and have average durations of at least two years. Investments with maturities of less than one year are considered short-term or current.

Inventories

Inventories, which consist principally of publications, general merchandise and other goods, are stated at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method.

## Wright State University

### Notes to Financial Statements (Continued)

#### Capital Assets and Collections

Capital assets include land, land improvements, infrastructure, buildings, machinery, equipment, library books, publications and construction in progress. They are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. Building renovations that materially increase the value or extend the useful life of the structure are also capitalized. Normal repairs and maintenance are expensed in the year in which the expenses are incurred. The university's threshold for capitalizing assets is \$3,000 and an estimated useful life of more than one year. Using the straight-line method, capital assets are depreciated over their estimated useful lives; generally, 40 years for buildings, 30 years for land improvements and infrastructure, 15 years for library books and publications, and 5 to 10 years for machinery and equipment. The University does not capitalize works of art or historical treasures that are held for exhibition, education, research, and public service. These collections are not encumbered or sold for financial gain. Consequently, such collections are not recognized in the financial statements.

#### Compensated Absences

Compensated absences is comprised of vacation and sick leave benefits. Vacation benefits are accrued as a liability as the benefits are earned if the employee's right to receive compensation is attributable to service already rendered and it is probable that the employer will compensate the employee for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability will include employees currently eligible to receive termination benefits and those identified as probable of receiving payment in the future.

#### Deferred Revenue

Deferred revenue consists primarily of the amounts received in advance from grant and contract sponsors that have not yet been earned under the terms of the agreement and amounts received in advance for tuition and fees not yet earned. These deferrals were \$22.0 million and \$11.0 million, respectively, for the year ended June 30, 2008 and \$24.8 million and \$9.4 million, respectively, for the year ended June 30, 2007.

#### Net Assets

Net assets are classified as follows:

- Invested in capital assets, net of related debt represents the value of capital assets less accumulated depreciation and the debt related to acquisition, or construction of the asset.
- Restricted - Nonexpendable are comprised primarily of gifts which are subject to external restrictions requiring that the principal be invested in perpetuity and that only the cumulative earnings be utilized.
- Restricted - Expendable represents resources that have been received and must be used for specific purposes.
- Unrestricted represents net assets that are not subject to external restrictions. Management or the Board of Trustees designates most of the unrestricted net assets for specific purposes in research, academic, capital acquisition, or other initiatives.

It is the university's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

## Wright State University

### Notes to Financial Statements (Continued)

#### Revenues and Expenses

Revenues and expenses are classified as operating or nonoperating. Operating revenues are resources primarily from exchange transaction activities. These include payments received for services, such as tuition and fees, and most grants and contracts. Nonoperating revenues are from non-programmatic sources and have the characteristics of nonexchange transactions. They include state appropriations, some federal and state grants, gifts, and investment income. Nearly all of the university's expenses are a result of exchange transactions, and therefore classified as operating expenses. The major recurring nonoperating expenses are net losses on the disposition of capital assets and interest expense on capital assets-related debt.

#### OhioLINK

Wright State University serves as the fiscal agent for the statewide library program known as OhioLINK. This program's revenues from state appropriations, federal pass-through grants and from other college and university libraries and expenses are all included in the statement of revenues, expenses, and changes in net assets. The total revenue and expenses attributable to OhioLINK were \$37,923,624 and \$ 31,339,012 for the years ended June 30, 2008 and 2007, respectively.

#### Scholarship Allowances

Scholarship allowances represent aid awarded to the student in the form of reduced tuition and are computed and reported in the financial statements under the alternate method as prescribed by the National Association of College and University Business Officers (NACUBO). Financial aid in the form of a cash payment to the student is reported as scholarship and fellowship expense in the financial statements. Third party loans such as Stafford loans and certain aid awarded to the students by third parties are credited to the student's account as if the student made the payment.

#### Income Taxes

The University is exempt from federal income taxes under Section 115 of the Internal Revenue Code. However, certain revenues are considered unrelated business income and are taxable under Internal Revenue Code Sections 511 through 513.

#### 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.

#### Previous Year's Financial Information

Certain reclassifications have been made to the 2007 comparative information to conform to the 2008 presentation. The principal reclassification was related to recently updated GASB guidance for Pell and other grants indicating that these grants should be recorded as nonoperating revenues.

Wright State University

Notes to Financial Statements  
(Continued)

(2) Cash, Cash Equivalents and Investments

The classification of cash, cash equivalents and investments in the financial statements is based on criteria set forth in GASB Statement No. 9. Cash equivalents are defined to include investments with original maturities of three months or less. Consistent with this definition, university funds on deposit in the State Treasury Asset Reserve of Ohio are classified as cash equivalents in the statements of net assets. However, for GASB Statement No. 3 disclosure purposes (see below), the funds in the State Treasury Asset Reserve of Ohio are classified as investments.

Deposits

Under state law, the university's deposits must be secured by federal deposit insurance and collateralized for amounts in excess of FDIC coverage. Collateral may be pledged or pooled. Pooled collateral may be held on the financial institution's premises or held by its trust department or agent on its behalf. The fair market value of the pledged securities plus the federal deposit insurance must at all times equal one hundred five percent of the total amount of public deposits to be secured by the pooled securities. These securities may be held in the name of the University or the pledging bank by a holding or custodial bank that is mutually acceptable to both parties. The University does not have a deposit policy for custodial credit risk.

As of June 30, 2008 and 2007, the university's bank balances are \$22,357,234 and \$30,535,780, respectively. Of these balances, \$19,372,901 and \$27,008,167, respectively, are uninsured with collateral held by pledging banks not in the university's name.

At June 30, the carrying amount of deposits (book balances) is as follows:

	<u>2008</u>	<u>2007</u>
Petty cash	\$ 57,626	\$ 65,204
Demand deposits	16,427,175	15,920,584
Certificate of deposit		5,219,949
Money market funds	2,075,703	2,721,964
Total	<u>\$ 18,560,504</u>	<u>\$ 23,927,701</u>

The difference in the carrying amount and bank balances is caused by items in-transit (primarily outstanding checks) and by cash on hand.

Investments

The university's investment policy permits investments in publicly traded securities only. In addition, an amount equal to at least twenty five percent of the university's investment portfolio must at all times be invested in securities of the United States government or one of its agencies or instrumentalities, the treasurer of the State of Ohio's pooled investment program, obligations of the State of Ohio, or any political subdivision of the State of Ohio, certificates of deposit of any national bank located in the State of Ohio, written repurchase agreements with any eligible Ohio financial institution that is a member of the federal reserve system or federal home loan bank, money market funds or bankers acceptances maturing in two hundred seventy days or less which are eligible for purchase by the federal reserve system.

Wright State University  
Notes to Financial Statements  
(Continued)

The fair value of investments at June 30 is as follows:

Description	Fair Value	
	2008	2007
U.S. Treasury securities	\$ 4,290,413	\$ 3,408,077
U.S. Agency securities	5,467,751	6,399,087
Common and preferred stock	506,541	546,117
Corporate bonds and notes	3,604,267	3,194,475
Repurchase agreements		778,043
State Treasury Asset Reserve of Ohio	5,141,446	66,350
Equity mutual funds	55,887,279	69,886,517
Bond mutual funds	28,060,615	27,311,750
Other	3,200	3,200
Total	\$ 102,961,512	\$ 111,593,616

The various investments in stocks, securities, mutual funds and other investments are exposed to a variety of uncertainties, including interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is possible that changes in the values of these investments could occur in the near term. Such changes could materially affect the amounts reported in the financial statements of the University.

Interest Rate Risk The university's investment policy minimizes the risk of the loss of value due to changing interest rates through the use of target durations for each of the university's investment pools. The Cash Pool is maintained to meet the daily obligations of the University and consists of highly liquid instruments with little to no risk of loss of principal. The maximum weighted average maturity for the Cash Pool is less than one year. The Liquidity Pool provides a source of funds in the event the Cash Pool is insufficient to meet the university's cash needs and maintains a weighted average life of less than five years. The Diversified Investment Pool provides the University an opportunity to earn a higher rate of return through investments with longer durations. Equity managers are limited to a beta (volatility) of no more than 1.2 – 1.4 times the relevant benchmark. Duration for fixed income managed accounts must be within twenty percent of that of the Lehman Brothers Aggregate Bond Index.

Wright State University  
Notes to Financial Statements  
(Continued)

The maturity of university investments at June 30 is as follows:

Investment Type	2008 Investment Maturities (in years)				
	Fair Value	Less Than 1	1-5	6-10	More Than 10
U.S. Treasury securities	\$ 4,290,413	\$	\$ 4,290,413	\$	\$
U.S. Agency securities	5,467,751	844,039	4,498,045	80,902	44,765
Corporate bonds and notes	3,604,267	624,280	2,591,154		388,833
Bond mutual funds	28,060,615		7,013,747	21,046,868	
<b>Total</b>	<b>\$ 41,423,046</b>	<b>\$ 1,468,319</b>	<b>\$ 18,393,359</b>	<b>\$ 21,127,770</b>	<b>\$ 433,598</b>

Investment Type	2007 Investment Maturities (in years)				
	Fair Value	Less Than 1	1-5	6-10	More Than 10
U.S. Treasury securities	\$ 3,408,077	\$ 183,339	\$ 3,224,738	\$	\$
U.S. Agency securities	6,399,087	684,773	4,211,411		1,502,903
Corporate bonds and notes	3,194,475	284,496	2,587,243		322,736
Repurchase agreements	778,043	778,043			
Bond mutual funds	27,311,750		6,534,622	20,777,128	
<b>Total</b>	<b>\$ 41,091,432</b>	<b>\$ 1,930,651</b>	<b>\$ 16,558,014</b>	<b>\$ 20,777,128</b>	<b>\$ 1,825,639</b>

The University invests in mortgage pass-through securities issued by FNMA, GNMA and FHLMC which are included above in the amounts listed as U.S. Agency securities. Prepayment options embedded in these securities cause them to be highly sensitive to interest rate changes. Generally when interest rates fall, more mortgages are prepaid. This eliminates the interest income that would have been received under the original amortization schedule. As of June 30, 2008 and 2007, the total value of mortgage pass-through securities is \$125,667 and \$1,627,895, respectively.

Credit Risk Credit Risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligation. The university's investment policy limits exposure to credit risk by limiting purchases of fixed income securities to no lower than AA for the Cash Pool accounts and no lower than BBB for the Liquidity Pool accounts. At least fifty percent of the Cash Pool must be invested in U.S. Treasuries or Agencies. In addition, maximum exposure to high yield bonds cannot exceed fifteen percent of a Diversified Investment Pool Fixed Income account. All Commercial Paper must have a minimum rating of A1/B1.

Wright State University  
Notes to Financial Statements  
(Continued)

The university's credit risk at June 30 is as follows:

Credit Rating	Total	<u>2008</u>					
		U.S. Treasury Securities	U.S. Agency Securities	Corporate Bonds and Notes	Repurchase Agreement	State Treasury Asset Reserve (STAROhio)	Bond Mutual Funds
AAA/Aaa	\$ 18,746,315	\$ 4,290,413	\$ 5,467,751	\$ 706,428	\$	\$ 5,141,446	\$ 3,140,277
AA/Aa	25,792,575			872,237			24,920,338
A	1,269,849			1,269,849			
BBB/Baa	707,101			707,101			
BB/Ba	48,652			48,652			
Total	<u>\$ 46,564,492</u>	<u>\$ 4,290,413</u>	<u>\$ 5,467,751</u>	<u>\$ 3,604,267</u>	<u>\$ 0</u>	<u>\$ 5,141,446</u>	<u>\$ 28,060,615</u>

Credit Rating	Total	<u>2007</u>					
		U.S. Treasury Securities	U.S. Agency Securities	Corporate Bonds and Notes	Repurchase Agreement	State Treasury Asset Reserve (STAROhio)	Bond Mutual Funds
AAA/Aaa	\$ 15,175,900	\$ 3,408,077	\$ 6,399,087	\$ 830,549	\$ 778,043	\$ 66,350	\$ 3,693,794
A	24,328,989			711,033			23,617,956
BBB/Baa	263,990			263,990			
BB/Ba	1,388,903			1,388,903			
Total	<u>\$ 41,157,782</u>	<u>\$ 3,408,077</u>	<u>\$ 6,399,087</u>	<u>\$ 3,194,475</u>	<u>\$ 778,043</u>	<u>\$ 66,350</u>	<u>\$ 27,311,750</u>

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investments or collateral securities in the possession of an outside party. At June 30, 2008 and 2007, \$13,362,431 and \$13,001,640, respectively, is held by the investment's counterparty, not in the name of the University, but internally designated as held for the University.

The university's investment policy minimizes custodial credit risk by limiting the amount invested in any bank certificate of deposit unless the investments are fully collateralized by U.S. Treasury or Agency securities. In addition, bank certificates of deposit and bankers acceptances must be issued by members of the Federal Deposit Insurance Corporation.

Concentration of Credit Risk Concentration of credit risk is the risk associated with a lack of diversification. It is the risk of loss attributed to the magnitude of the university's investment in a single issuer. Investment managers are required by the investment policy to limit exposure for any one single issue to no more than five percent of the portfolio, at cost. This limit does not apply to investments in U.S. securities. Equity and fixed income managers are required to limit exposure to any one economic sector to forty percent of the portfolio. Cash Pool managers must limit Commercial Paper in any one issuer to no more than five percent of the manager's portfolio.

As of June 30, 2008 and 2007, the university's portfolio does not hold any issuer which exceeds five percent of the university's total investments.



Wright State University

Notes to Financial Statements  
(Continued)

Foreign Currency Risk Foreign currency risk relates to the possible adverse effects changes in exchange rates can have on the fair value of investments. According to the university's investment policy, international managers are expected to maintain an appropriate diversification with respect to currency and country exposure. All other managers are not permitted to invest in non-dollar denominated securities. As of June 30, 2008 and 2007, the university's exposure to foreign currency is limited to its investment in international mutual funds of \$15,330,953 and \$17,976,062, respectively.

Series 2004 Bond Proceeds In December 2004, the University issued \$31,335,000 General Receipt Bonds to fund various capital projects. All bond proceeds have been utilized by June 30, 2008. As of June 30, 2007, \$778,043 of the proceeds remained unspent.

Investment Income The composition of investment income is as follows:

	Year Ended June 30	
	2008	2007
Net interest and dividend income	\$ 3,027,306	\$ 3,761,169
Realized gains on sales	4,216,154	1,179,836
Unrealized gains/(losses) in fair value	(10,737,519)	11,606,441
Total	\$ (3,494,059)	\$ 16,547,446

(3) Accounts Receivable

The composition of accounts receivable at June 30 is as follows:

	2008	2007
Sponsor receivables	\$ 12,513,272	\$ 11,338,092
Student and student-related accounts	9,483,570	10,131,467
Wright State University Foundation	1,129,141	1,530,344
Interest receivable	167,657	182,171
State appropriations	429,623	1,256,796
Other, primarily departmental sales and services	469,094	513,392
Total	24,192,357	24,952,262
Less: Allowance for doubtful accounts	1,320,000	1,345,000
Net accounts receivable	\$ 22,872,357	\$ 23,607,262

Wright State University

Notes to Financial Statements  
(Continued)

(4) Capital Assets

Capital assets activity for the years ended June 30, 2008 and 2007 is summarized as follows:

	<u>07/1/2007</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>06/30/2008</u>
Land	\$ 3,049,830	\$	\$	\$	\$ 3,049,830
Land improvements and infrastructure	30,401,057	431,083			30,832,140
Buildings	276,754,435	18,267,937		33,480,526	328,502,898
Machinery and equipment	70,665,172	13,166,600	(2,819,807)		81,011,965
Library books and publications	47,620,426	2,353,967	(204,198)		49,770,195
Construction in progress	<u>33,515,105</u>	<u>102,719</u>		<u>(33,480,526)</u>	<u>137,298</u>
Total	462,006,025	34,322,306	(3,024,005)		493,304,326
Less accumulated depreciation:					
Land improvements and infrastructure	9,805,395	985,584			10,790,979
Buildings	106,027,299	6,904,957			112,932,256
Machinery and equipment	41,214,298	7,066,431	(2,557,612)		45,723,117
Library books and publications	<u>29,133,856</u>	<u>2,111,406</u>	<u>(204,198)</u>		<u>31,041,064</u>
Total accumulated depreciation	<u>186,180,848</u>	<u>17,068,378</u>	<u>(2,761,810)</u>		<u>200,487,416</u>
Capital assets, net	<u>\$ 275,825,177</u>	<u>\$ 17,253,928</u>	<u>\$ (262,195)</u>		<u>\$ 292,816,910</u>

Wright State University

Notes to Financial Statements  
(Continued)

	Balance 07/01/2006	Additions	Retirements	Balance 06/30/2007
Land	\$ 3,049,830	\$	\$	\$ 3,049,830
Land improvements and infrastructure	29,999,395	401,662		30,401,057
Buildings	264,101,688	12,710,794	(58,047)	276,754,435
Machinery and equipment	67,582,236	6,666,291	(3,583,355)	70,665,172
Library books and publications	48,640,350	2,859,384	(3,879,308)	47,620,426
Construction in progress	<u>16,283,886</u>	<u>17,231,219</u>		<u>33,515,105</u>
Total	429,657,385	39,869,350	(7,520,710)	462,006,025
Less accumulated depreciation:				
Land improvements and infrastructure	8,478,411	1,326,984		9,805,395
Buildings	99,730,960	6,311,708	(15,369)	106,027,299
Machinery and equipment	37,838,406	5,653,876	(2,277,984)	41,214,298
Library books and publications	<u>30,452,643</u>	<u>2,263,110</u>	<u>(3,581,897)</u>	<u>29,133,856</u>
Total accumulated depreciation	<u>176,500,420</u>	<u>15,555,678</u>	<u>(5,875,250)</u>	<u>186,180,848</u>
Capital assets, net	<u>\$ 253,156,965</u>	<u>\$ 24,313,672</u>	<u>\$ (1,645,460)</u>	<u>\$ 275,825,177</u>

Wright State University

Notes to Financial Statements  
(Continued)

(5) Long-Term Liabilities

Long-term liabilities consist of bonds payable, equipment lease purchase obligations, and compensated absences. Activity for long-term liabilities for the years ended June 30, 2008 and 2007 is summarized as follows:

	Beginning Balance 07/01/2007	Additions	Principal Repayments Reductions	Ending Balance 06/30/2008	Current Portion
Bonds and equipment lease purchase obligations:					
General obligation bonds	\$ 38,402,229	\$	\$ 3,667,635	\$ 34,734,594	\$ 3,724,233
Equipment leases	<u>335,867</u>	<u>958,521</u>	<u>404,095</u>	<u>890,293</u>	<u>336,632</u>
Total bonds and equipment leases	\$ 38,738,096	\$ 958,521	\$ 4,071,730	\$ 35,624,887	\$ 4,060,865
Other liabilities:					
Compensated absences	<u>15,500,000</u>	<u>6,092,691</u>	<u>6,592,691</u>	<u>15,000,000</u>	<u>5,000,000</u>
Total other liabilities	<u>15,500,000</u>	<u>6,092,691</u>	<u>6,592,691</u>	<u>15,000,000</u>	<u>5,000,000</u>
Total long-term liabilities	<u>\$ 54,238,096</u>	<u>\$ 7,051,212</u>	<u>\$ 10,664,421</u>	<u>\$ 50,624,887</u>	<u>\$ 9,060,865</u>
	Beginning Balance 07/01/2006	Additions	Principal Repayments Reductions	Ending Balance 06/30/2007	Current Portion
Bonds and equipment lease purchase obligations:					
General obligation bonds	\$ 41,966,279	\$	\$ 3,564,050	\$ 38,402,229	\$ 3,667,636
Equipment leases	<u>547,398</u>		<u>211,531</u>	<u>335,867</u>	<u>221,360</u>
Total bonds and equipment leases	\$ 42,513,677	\$	\$ 3,775,581	\$ 38,738,096	\$ 3,888,996
Other liabilities:					
Compensated absences	<u>14,500,000</u>	<u>2,953,150</u>	<u>1,953,150</u>	<u>15,500,000</u>	<u>5,400,000</u>
Total other liabilities	<u>14,500,000</u>	<u>2,953,150</u>	<u>1,953,150</u>	<u>15,500,000</u>	<u>5,400,000</u>
Total long-term liabilities	<u>\$ 57,013,677</u>	<u>\$ 2,953,150</u>	<u>\$ 5,728,731</u>	<u>\$ 54,238,096</u>	<u>\$ 9,288,996</u>

Wright State University  
Notes to Financial Statements  
(Continued)

Bonds payable on June 30, 2008 consist of Series 2003 and 2004 General Receipts Serial and Term bonds. The maturity dates, interest rates, and the outstanding principal balances of capital activities at June 30, 2008 are as follows:

Description	Maturity Dates	Interest Rates	Outstanding Principal	Unamortized Premium	Total
Bonds payable:					
Series 2003	2008-2023	3.00% - 5.00%	\$ 7,795,000	\$ 273,618	\$ 8,068,618
Series 2004	2008-2029	2.50% - 5.00%	<u>25,855,000</u>	<u>810,976</u>	<u>26,665,976</u>
Total bonds payable			33,650,000	1,084,594	34,734,594
Equipment lease purchase obligations	2008-2009	3.57% - 4.55%	<u>890,293</u>		<u>890,293</u>
		Total	<u>\$ 34,540,293</u>	<u>\$ 1,084,594</u>	<u>\$ 35,624,887</u>

The scheduled maturities of capital activities for the next five years and for the subsequent periods of five years are as follows:

Year Ended June 30	Principal	Interest	Total
2009	\$ 3,936,632	\$ 1,462,756	\$ 5,399,388
2010	3,940,280	1,326,626	5,266,906
2011	3,982,258	1,184,996	5,167,254
2012	2,526,079	1,016,951	3,543,030
2013	2,145,852	925,885	3,071,737
2014-2018	8,179,192	3,500,905	11,680,097
2019-2023	5,175,000	1,794,375	6,969,375
2024-2028	3,815,000	717,325	4,532,325
2029	<u>840,000</u>	<u>37,800</u>	<u>877,800</u>
Total	<u>\$ 34,540,293</u>	<u>\$ 11,967,619</u>	<u>\$ 46,507,912</u>

All general receipts of the University, except for state appropriations, are pledged for payment of the 2003 and 2004 bonds.

Interest expense incurred on indebtedness for the years ended June 30, 2008 and 2007 was \$1,024,476 and \$1,138,507 respectively. In 2008, interest expense on construction related debt of \$448,830, net of \$6,990 interest earned on invested funds, was capitalized to the related capital projects. In 2007, interest expense on construction related debt of \$777,188, net of \$346,643 interest earned on invested funds, was capitalized to the related capital projects.

Wright State University  
Notes to Financial Statements  
(Continued)

(6) Operating Leases

The University leases certain properties and equipment under operating lease agreements. Facilities and equipment under these agreements are not recorded on the statements of net assets. Rent expenses for the year ended June 30, 2008 and 2007 were \$1,833,475 and \$1,372,529, respectively.

Future minimum payments for all material operating leases as of June 30, 2008, are as follows:

2009	\$ 1,423,904
2010	905,196
2011	701,913
2012	635,408
2013	501,615
2014	66,008
Total minimum lease payments	<u>\$ 4,234,044</u>

(7) Retirement Plans

University faculty participate in either the State Teachers Retirement System of Ohio (STRS) or an alternative retirement plan (ARP). Substantially all other employees participate in either the Ohio Public Employees Retirement System (OPERS) or the ARP. Both STRS and OPERS are statewide cost-sharing multiple employer plans. Both plans provide retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits for both STRS and OPERS is provided by state statute per the Ohio Revised Code.

Both STRS and OPERS issue stand-alone financial reports. Interested parties may obtain a copy by making a written request to STRS at 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (614) 227-4090 or making a written request to OPERS at 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085.

STRS plan participants are required to contribute 10 percent and the University 14 percent of the employees' covered compensation. Through December 31, 2007, OPERS plan participants were required to contribute 9.5 percent and the University 13.77 percent of the employees' covered compensation. As of January 1, 2008, OPERS plan participants contribute 10 percent and the University 14 percent of the employees' covered compensation. The Ohio Revised Code provides statutory authority for both employee and employer contributions. The university's contributions to STRS were \$8,512,663, \$8,865,540, and \$8,281,427, and to OPERS were \$8,136,269, \$7,435,839, and \$6,992,318, for the years ended June 30, 2008, 2007, and 2006, respectively, equal to the required contributions for each year.

Certain full-time university faculty and staff have the option to choose the ARP in place of STRS or OPERS. The ARP is a defined contribution plan which provides employees with the opportunity to establish individual retirement accounts with a defined group of investment options, with each participant having control of the assets and investment options associated with those assets. The administrators of the plan are the providers of the plan investment options. Authority

Wright State University

Notes to Financial Statements  
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to establish and amend benefits and contribution requirements for the ARP is provided by state statute per the Ohio Revised Code.

Under the provisions of ARP, the required contribution rate for plan participants is 10% of employees' covered compensation for employees who would otherwise participate in STRS. Through December 31, 2007, the required contribution rate for plan participants was 9.5 percent of employees' covered compensation for employees who would otherwise participate in OPERS. As of January 1, 2008, the required contribution rate for plan participants is 10 percent of employees' covered compensation for employees who would otherwise participate in OPERS. The university's contributions to a participating faculty member's account and to STRS are 10.5 percent and 3.5 percent of a participant's compensation, respectively. The university's contributions to a participating staff member's account and to OPERS are 13.23 percent and .77 percent of a participant's compensation, respectively. Plan participants' contributions were \$3,834,684, \$3,328,604, and \$2,942,750, and the university's contributions to the plan providers amounted to \$4,500,074, \$4,068,882, and \$3,619,167, respectively, for the years ended June 30, 2008, 2007, and 2006. In addition, the amounts contributed to STRS by the University on behalf of ARP participants were \$848,918, \$763,789, and \$708,511, respectively, for the years ended June 30, 2008, 2007, and 2006. The amount contributed to OPERS by the University on behalf of ARP participants was \$79,667 for the year ended June 30, 2008. There were no contributions to OPERS for the years ended June 30, 2007 and 2006.

(8) Other Postemployment Benefits (OPEB)

STRS provides OPEB to all retirees and their dependents, while OPERS provides postretirement health care coverage to age and service retirees (and dependents) with 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is also available under OPERS. A portion of each employer's contributions is set aside for the funding of postretirement health care. For STRS, this rate was 1 percent of the total 14.00 percent (see note 7), while the OPERS rate was 6 percent of the total effective 13.77 percent effective July 1, 2007.

The Ohio Revised Code provides the statutory authority for public employers to fund postretirement health care through their contributions to STRS and OPERS. Postretirement health care under STRS is financed on a pay-as-you-go basis. Assets available in the health care reserve fund for STRS amounted to \$4.1 billion at June 30, 2007. The number of benefit recipients eligible for OPEB was 122,934 for STRS at June 30, 2007. The amount contributed by the University to STRS to fund these benefits was \$608,047 for the year ended June 30, 2008.

Postretirement health care under OPERS is advance-funded on an actuarially determined basis. The actuarial value of OPERS net assets available for OPEB at December 31, 2006 is \$12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$30.7 billion and \$18.7 billion, respectively. The number of OPERS active contributing participants was 374,979 for the year ended December 31, 2007. For the year ended June 30, 2008 the University contributed \$3,515,853 to OPERS for OPEB funding.

(9) Related Organization

The University is the sole beneficiary of the Wright State University Foundation, Inc., a separate, not-for-profit entity governed by a separate Board of Trustees, organized for the purpose of

Wright State University

Notes to Financial Statements  
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promoting educational and research activities. Assets of the Foundation totaled approximately \$108,000,000 at June 30, 2008. Such assets relate principally to donor restricted funds and are discretely presented in the accompanying financial statements. Amounts transferred to the University from the Foundation are recorded as nonoperating "gifts" and "capital grants and gifts" in the accompanying financial statements.

(10) State Support

The University is a state-assisted institution of higher education which receives a student enrollment-based subsidy from the State of Ohio. This subsidy is determined annually by the Ohio Board of Regents, Ohio's higher education advising and coordinating board.

In addition to student enrollment-based subsidies, the State of Ohio provides funding for construction of major plant facilities. The funding is obtained from the issuance of general obligation bonds by the Ohio Public Facilities Commission (OPFC), which in turn results in construction and subsequent transfer of the facility to the University by the Ohio Board of Regents. Costs incurred during construction are included in construction in progress and recognized as capital appropriations. Upon completion of a facility, the Ohio Board of Regents turns control over to the University.

University facilities are not pledged as collateral for the revenue bonds. Instead, the bonds are supported by a pledge of monies in the Higher Education Bond Service Fund established in the custody of the Treasurer of State. If sufficient monies are not available from this fund, a pledge exists to assess a special student fee uniformly applicable to students in state-assisted institutions of higher education throughout the State.

As a result of the above described financial assistance provided by the State to the University, outstanding debt issued by OPFC is not included in the university's financial statements.

(11) Commitments and Contingencies

At June 30, 2008, the University is committed under contractual obligations for:

Capital expenditures	\$ 10,727,552
Non-capital goods and services	<u>9,558,780</u>
Total contractual commitments	<u>\$ 20,286,332</u>

These commitments are being funded from the following sources:

State appropriations requested and approved	\$ 2,581,473
University funds	<u>17,704,859</u>
Total sources	<u>\$ 20,286,332</u>

The University is presently involved as a defendant or codefendant in various matters of litigation. The university's administration believes that the ultimate disposition of these matters would not have a material adverse effect upon the financial condition of the University.



Wright State University

Notes to Financial Statements  
(Continued)

The University receives significant assistance from numerous federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. Management believes that any potential disallowance of claims would not have a material effect on the financial statements.

The University maintains comprehensive insurance coverage with private carriers for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. The University also carries professional coverage for employees and its Board of Trustees. Over the past three years, settlement amounts related to these insured risks have not exceeded the university's coverage amounts. There has been no significant change in coverage from last year.

Selected Notes of the Wright State University Foundation (a component unit)

(12) Summary of Significant Accounting Policies

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

Cash and Equivalents

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

Pledges Receivable

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

Investments in Securities

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

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.

Wright State University  
Notes to Financial Statements  
(Continued)

(13) Pledges Receivable

Pledges receivable at June 30, 2008 and 2007, by fund type, are as follows:

	2008			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Less than one year	\$ 60,600	\$ 2,486,961	\$ 1,064,657	\$ 3,612,218
One to five years	4,800	2,634,778	107,270	2,746,848
Six years or greater		2,000,000		2,000,000
Gross pledges receivable	65,400	7,121,739	1,171,927	8,359,066
Present value discount	(400)	(1,249,639)	(9,727)	(1,259,766)
Allowance for uncollectible pledges	(400)	(41,100)	(5,900)	(47,400)
Pledges receivable (net)	\$ 64,600	\$ 5,831,000	\$ 1,156,300	\$ 7,051,900
	2007			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Less than one year	\$ 18,917	\$ 2,654,187	\$ 1,053,193	\$ 3,726,297
One to five years	4,800	4,769,550	63,000	4,837,350
Gross pledges receivable	23,717	7,423,737	1,116,193	8,563,647
Present value discount	(317)	(354,637)	(6,193)	(361,147)
Allowance for uncollectible pledges	(300)	(60,000)	(3,700)	(64,000)
Pledges receivable (net)	\$ 23,100	\$ 7,009,100	\$ 1,106,300	\$ 8,138,500

The fair value of pledges receivable was determined using discount rates applicable to the year in which the pledge was established. Rates ranged from 2.46 percent to 5.10 percent.

(14) Investments in Securities

The cost and fair value of the foundation's investments, at June 30, 2008 and 2007, are as follows:

Wright State University  
Notes to Financial Statements  
(Continued)

	2008		2007	
	Cost	Fair Value	Cost	Fair Value
Mutual funds:				
Equity	\$ 57,027,503	\$ 48,050,857	\$ 60,521,218	\$ 71,778,180
Fixed income	30,603,366	31,460,669	33,380,247	32,515,478
Alternative assets	<u>13,150,000</u>	<u>12,786,600</u>	<u>0</u>	<u>0</u>
Totals	<u>\$ 100,780,869</u>	<u>\$ 92,298,126</u>	<u>\$ 93,901,465</u>	<u>\$ 104,293,658</u>

Net realized gains on sales of investments were \$10,026,863 and \$5,638,104 for the years ended June 30, 2008 and 2007, respectively. Calculation of net realized gains on sales of investments is based on original cost.

**WRIGHT STATE UNIVERSITY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2008**

<u>Federal Grant/Pass Through Grant/Program Title</u>	<u>Federal CFDA Number or Primary Grant Number</u>	<u>Pass-through Agency</u>	<u>Pass-through Agency Number</u>	<u>Expenditures</u>
<b>STUDENT FINANCIAL ASSISTANCE CLUSTER:</b>				
<b>U.S. Department of Education Direct Programs:</b>				
Federal Supplemental Educational Opportunity Grant	84.007			\$ 400,000
Federal Family Education Loans (Note B)	84.032			
Federal Work Study	84.033			940,830
Federal Perkins Loan (Note C)	84.038			
Federal Pell Grant	84.063			10,830,106
Academic Competitiveness Grant	84.375			425,212
National SMART Grant Program	84.376			146,466
Total U.S. Department of Education Direct Programs				<u>12,742,614</u>
<b>U.S. Department of Health and Human Services Direct Programs:</b>				
Loans to Disadvantaged Students (Note C)	93.342			
Health Professions Student Loans (Note C)	93.342			
Primary Care Loans (Note C)	93.342			
Nursing Student Loans (Note C)	93.342			
Total U.S. Department of Health and Human Services Direct Programs				<u>                    </u>
<b>TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER</b>				<u><b>12,742,614</b></u>

See notes to the Schedule of Expenditures of Federal Awards.

(Continued)

**WRIGHT STATE UNIVERSITY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2008**

<u>Federal Grant/Pass Through Grant/Program Title</u>	<u>Federal CFDA Number or Primary Grant Number</u>	<u>Pass-through Agency</u>	<u>Pass-through Agency Number</u>	<u>Expenditures</u>
<b>RESEARCH AND DEVELOPMENT CLUSTER</b>				
<b>U.S. Department of Education, Prime -</b>				
RRTC on Substance Abuse, Disability, and Employment	84.133			\$ 712,689
<b>U.S. Department of Education, Subcontract -</b>				
Adapting Prevention Education for Youth with Disabilities	84.186	Ohio Department of Alcohol & Drug Addiction Services	COME-ADA-WP05D3	60,030
PALS Prevention Project 2006 - Preparing for Prevention Education in the Future	84.027	Ohio Department of Education	063123-6B-PB-06	4,388
PALS Prevention Project 2006 - Preparing for Prevention Education in the Future	84.027	Ohio Department of Education	063123-6B-PB-07	18,743
PALS Prevention Project 2008 - Preparing for Prevention Education in the Future	84.027	Ohio Department of Education	EDU01-0000001805	46,480
Total U.S. Department of Education, Subcontract				129,641
<b>Total U.S. Department of Education</b>				<b>842,330</b>
<b>U.S. Department of Health and Human Services, Prime -</b>				
3 alpha Enhancer Regulation by AhR and NF-kappaB/Rel Proteins	93.113			216,199
Adiposity, Disease Risk Factors, and Lifetime Health	93.865			1,410,787
Aging and Pilot Time-Sharing Performance	93.866			11,226
Analysis of Interactions Between Rev and Microtubules	93.859			75,498
Analysis of the Human c-myc Gene Replication Origin	93.859			304,999
Cell Volume Regulation in Neurons and Glia	93.853			130,870
Childhood Precursors for Adulthood Metabolic Syndrome	93.847			107,662
Crack and Health Service Use: A Natural History Approach	93.279			204,936
Crack Cocaine and Health Services Use in Rural Ohio	93.279			379,861
Deciphering How MDMX Impacts the p53 Pathway	93.396			205,082
Development of Synaptic Inputs on Spinal Interneurons	93.853			291,641
Elucidate the Role of p63 in Prostate Cancer Progression	93.396			109,597
Fels Database Mining	93.262			597
Fels Study Hearing Updates	93.262			2,424
Functional Assemblies of Motor Units	93.853			303,269
Gene Arch Human Craniofacial Complex	93.121			248,848
Genetic Analysis of Osteoporosis Risk Factors	93.846			329,889
Genetic and Environmental Influences on Childhood Growth	93.865			68,823
Genetic Architecture of the Baboon Craniofacial Complex	93.121			15,584
Genetic Epidemiology of BDA3 in an Endogamous Population	93.865			41,039
Genetic Epidemiology of CVD Risk Factors	93.837			286,343
Genetic Regulation of Adiposity and Associated CVD Risks	93.848			168,657
Genetic Somatic and Maturational Influences on Pediatric Skeletal Health	93.061			265,546
Hypothalamic Role in Hypertension	93.837			1,212
Identifying Placebo Responders in Drug Treated Subjects	93.242			133,390
Intracellular pH Responses of Central Chemoreceptors	93.838			344,353
Longitudinal Cardiac Outcomes and Body Composition	93.837			192,965
Loss of Muscle Excitability in Acute Quadriplegic Myopathy	93.853			302,860
MDMA/Club Drug Use and STD/HIV Sex Risk Behavior in Ohio	93.279			153,180
Mechanisms of Mammalian Neuronal Integration	93.853			289,319
Mechanisms of PLD Interaction with Kinases and Rac Role on Phagocyte Chemotaxis	93.837			375
Molecular Basis of GM-CSF-Induced Neutrophil Chemotaxis	93.837			269,214
Proteomics of M-L Antigens Modulating Cation Transport	93.849			1,104
Reducing Barriers to Drug Abuse Treatment Services	93.279			465,616
Regulation of Secretory Ion Channels in Colonic Crypts	93.848			201,567
Role of Angiotensin Receptors in Central Osmosensitivity (Minority Supplement)	93.837			130,772
Scabies: Biology, Culture, Host Specificity and Antigens	93.855			278,576
Stress-Induced Sickness During Social Separation: Implications for Depression	93.242			57,897
Synaptic Function: Effects of the Nerve, Injury, Repair and Altered Activity	93.853			613,929
Telomere Length as a Marker of Cardiovascular Aging	93.866			(15,715)
The Genetics of Infant Growth and Later Obesity	93.865			28,263
The Use of VSL#3 in Irritable Bowel Syndrome in Children	93.213			97,191
Trajectories of Illicit Pharmaceutical Opioid Use Among Young Adults in Ohio	93.273			53
Urban Heat Island and Human Mortality During Heat Waves: Role of Remote Sensing	93.061			55,114
Urban Heat Wave Study Graduate Assistantship	93.061			4,680
Vasopressin Cytotoxicity in Inherited Diabetes Insipidus	93.847			22,699
Visceral Adiposity: Genetic and Environmental Influences	93.848			231,357
Total U.S. Department of Health and Human Service, Prime				9,039,348
<b>U.S. Department of Health and Human Services, Subcontract -</b>				
Age-Related Services and Outcomes after DUI Interventions	93.061	University of Michigan	F014781	309,745
Ah Receptor and Endothelin-Dependent Hypertension	93.837	University of New Mexico	337J0	23,468

See notes to the Schedule of Expenditures of Federal Awards.

(Continued)

**WRIGHT STATE UNIVERSITY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2008**

<u>Federal Grant/Pass Through Grant/Program Title</u>	<u>Federal CFDA Number or Primary Grant Number</u>	<u>Pass-through Agency</u>	<u>Pass-through Agency Number</u>	<u>Expenditures</u>
<b>RESEARCH AND DEVELOPMENT CLUSTER (Continued)</b>				
<b>U.S. Department of Health and Human Services, Subcontract (Continued) -</b>				
Benzodiazepine-Induced Glutamate Receptor Plasticity	93.279	University of Toledo	N2005-108	\$ 27,810
Bone Mineral Density in Childhood Study	93.061	Clinical Trials & Surveys Corp.	2006-01 BMDCS	60,617
Childhood Obesity and Sexual Maturation	93.865	Virginia Commonwealth University	PT102591-SC100720	32,488
Childhood Precursors for Adulthood Metabolic Syndrome	93.847	Virginia Commonwealth University	PT103155-SC101100	83,247
Cost Effectiveness of Interventions to Reduce Barriers to Drug Abuse Treatment	93.279	University of Arkansas	G280110936	32,908
DNA Replication Fork: Pausing, Recombination and Disease	93.849	Children's Hospital Research Foundation	03-031	7,318
Genetics of Infant Growth and Later Obesity	93.865	University of Minnesota	Q6636590102	65,295
Integrated Technology Resource for Biomedical Glycomics	93.389	University of Georgia	RR549-237/3504238	8,296
Integrated Technology Resource for Biomedical Glycomics	93.389	University of Georgia	RR549-256/3504238	22,989
Metabolomic Assessment of Estrogenic Endocrine Disruptor	93.113	Michigan State University	61-0707WS	156,718
Motion Detector Networks for Smooth Pursuit	93.061	Smith-Kettlewell Eye Research Institute	PO 004087	(590)
Motion Detector Networks for Smooth Pursuit	93.061	Smith-Kettlewell Eye Research Institute	PO 006988	25,579
Neural Plasticity During Acclimatization to Hypoxia	93.838	University of California	PO 10253100	27,449
Patient Safety and the Primary Care Testing Process	93.226	University of Cincinnati	SRS 19243	16,739
Pharmacogenetics Research Network and Knowledge Base	93.859	Indiana University	321308	12,058
Rare Liver Disease Network	93.140	Children's Hospital Association (The)	G07056	74,267
Rural Stimulant Use and Mental Health: Services and Outcomes	93.279	University of Arkansas	G270110504	160,217
SBIR/STTR E-Learning for Incident Command and Emergency Responder Role Training	93.061	JXT Applications, Inc.	07SG1004-070030	20,000
SBIR/STTR E-Learning for WMD/HAZMAT Protection Training for Health Professionals	93.061	JXT Applications, Inc.	07SG1003-070040	20,000
South Carolina Linkage Programs for Inmates	93.928	University of South Carolina	817581(8190-FA01)	49,798
Spinal Mechanisms Regulating Muscle and Limb Mechanics	93.853	Emory University	5-22802-G1	38
State Epidemiological Outcome Workgroup (SEOW)	93.959	Ohio Department of Alcohol & Drug Addiction Services		114,632
Tamoxifen Pharmacogenetics	93.859	Indiana University	177298	12,297
Total U.S. Department of Health and Human Service, Subcontract				<u>1,363,383</u>
<b>Total U.S. Department of Health and Human Services</b>				<u>10,402,731</u>
<b>U.S. Department of Defense, Prime -</b>				
43rd AIAA Joint Propulsion Conference Student Design Challenge	12.800			4,271
A Joint WSU/AFRL Center for Advanced Power and Energy Conversion	12.800			20,651
A System for Developing and Testing Intelligent Displays and Trainers	12.800			107,753
An Evaluation of the Therapeutic Effectiveness of Hyperbaric Oxygen	12.420			249,504
Autonomic Biomarkers and Treatment for Gulf War Illness	12.420			132,437
Characterization of Hyperspectral Images for Automated Target Detection	12.800			55,654
Collaborative Research on Multisensory Interaction	12.800			32,915
Computational Aerothermodynamics	12.800			24,112
Coordination and Control of Cooperative Swarms of Unmanned Aerial Combat Vehicles	12.800			59,891
Cyber-Based Turbulent Hydrogen Combustion Simulation	12.800			52,074
Decompositions of Biased Graphs and Flow-Coloring Duality for Imbedded Graphs	12.901			14,964
Defects in Wide-Gap Semiconductors for Electronic Applications	12.800			58,106
Design of a Persistent Agile Airborne Target Tracking System	12.800			73,659
Experimental Evaluation of Collaborating Teams (EECT)	12.800			26,424
From Video to Information: Cross-Modal Analysis of Planning Meetings	12.800			19,827
Gene Expression Profile of Cellular Exposure to Jet Fuel	12.800			97,400
Hardware Design of Real Time Highly Adaptable Control for Intelligent RFFE	12.800			(16,358)
Intergovernmental Personnel Agreement - Bayraktaroglu	12.800			(21,866)
Intergovernmental Personnel Agreement - Harris	12.800			192,429
Magneto-Aerodynamic Actuator Simulation	12.800			49,503
Optical Inverted Microscope Imaging System for Biological and Non-Biological Samples	12.800			76,068
Persistent Tracking	12.800			33,675
Pharmacokinetic Manipulation and Modeling of Trigger for JP-8-Induced Skin Irritation	12.800			225,202
Pseudonoise Sequences with Good Correlation Properties	12.901			(152)
Reliability-Based Multi-Disciplinary Design Optimization Tactical Scale Underwater Veh.	12.300			36,333
Research and Technical Support for the Culture and Cognition Laboratory (CCL)	12.800			215,886
Revised Space Fortress and Physiological Measures during Cognitive Processing	12.800			6,845
RFID Preventive Maintenance	12.800			440
Robust Uncertainty Modeling Techniques	12.800			(716)
SEAP: An Accurate and Integrated Weight-of-Evidence Based System	12.431			108,490
Sequences and Signal Designs: A Mathematical Investigation	12.800			36,186
System Analysis and RF-Floodlight Exploitation of Short-Range GOTCHA Repeaters	12.800			49,981
TecEdge Academic Pipeline Program	12.800			79,407
Use of Drugs with Enriched Pharmacology to Enhance Nerve Agent Treatment	12.800			66,218
Total U.S. Department of Defense, Prime				<u>2,167,213</u>
<b>U.S. Department of Defense, Subcontract -</b>				
Advanced Manufacturing Techniques for High-Efficiency Func Gradient Solid Oxide	12.800	Optomec, Inc.	WO00750-2	118,829
Advanced Radio Frequency Technology for Wireless Network Security	12.800	MRLets Technologies Inc.	PO #1018	30,000

See notes to the Schedule of Expenditures of Federal Awards.

(Continued)

**WRIGHT STATE UNIVERSITY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2008**

<u>Federal Grant/Pass Through Grant/Program Title</u>	<u>Federal CFDA Number or Primary Grant Number</u>	<u>Pass-through Agency</u>	<u>Pass-through Agency Number</u>	<u>Expenditures</u>
<b>RESEARCH AND DEVELOPMENT CLUSTER (Continued)</b>				
<b>U.S. Department of Defense, Subcontract (Continued) -</b>				
All-Weather Feature-Based Combat Identification	12.800	SET Associates	SET00001-0027	\$ 65,899
An Efficient and Effective Distributed Video Tracking Algorithm for Networked UAVs	12.800	Systran Federal Corporation	PO 37421	(5,474)
An In-vitro Study of Skin Penetration Rates for NTAs	12.800	Battelle Laboratories	215013	22,586
Analysis and Characterization of Hyperspectral Images in Urban Combat	12.800	AlphaTech Inc.	04115-8772	96
ATR Center Task Order 0004	12.800	The Ohio State University	RF01118253 PROJ 60017082	14,392
Beyond Ethnocentrism: Mapping Cognitive Differences for Mission Enhancement	12.800	Ball Aerospace	Z208100	105,355
Bioremediation of Chlorinated Ethenes in the Constructed Wetlands at WPAFB	12.800	Air Force Institute of Technology (AFIT)		131,947
Broadband High Resolution Bandpass Delta Sigma Analog to Digital Converter	12.800	Systran Federal Corporation	PO 36009-1	7,540
Cell Signaling and Silk Research	12.800	AT&T Government Solutions Inc.	S00000396	29,370
Center for Automatic Target Recognition - IDIQ Contract	12.800	The Ohio State University	PO RF011017 PROJECT 60013800	29,053
Center for Automatic Target Recognition - Research Infrastructure	12.800	The Ohio State University	PO RF01107289 PROJ 60014869	11,587
Center of Excellence in Cellular Dynamics and Engineering	12.800	Wright Brothers Institute Inc. (The)	WBSC 9004 A	959
Characterization of Electronic Device Materials	12.800	University of Dayton	RSC06029	792,834
Collaborative Proposal: Soft-Decision Cognitive Network	12.800	MacAulay-Brown, Inc.	MACB-06-D-0019 DO0010	12,194
Complex Oxides	12.300	The Ohio State University	PO RF01085150/PROJ 60011396	49,805
Control Law Adaptation and Autonomous Navigation for Mobile Robots	12.800	General Dynamics Information Technology, Inc.	USAF-A581-49-SC-0001	19,983
Custom Synthesis of Intermediates for AFX Chromophores	12.800	Universal Technology Corporation	06-S568-009-C1	77,931
Design and Analysis of Advanced Materials in a Thermal/Acoustic Environment	12.800	General Dynamics Information Technology, Inc.	USAF-3446-07-SC-0001	4,151
Design and Evaluation of Secure Processors	12.800	C. G. O. LLC	CHECK 1008	24,000
Developing a Portable Corrosion Detector for Inspecting Aircraft Structures	12.630	Photon-X, Inc.	PO 08-01029	1,008
Developing an Agent-Based Modeling Approach for Improved Decision Support	12.800	CACI Technologies Inc.	PO C05-048715	4,531
Development of Controllable Gene Expression Systems	12.800	Henry M. Jackson Foundation	CONTRACT 132695	336
Development of in House Digital System for Radar Applications	12.800	Wyle Laboratories	19041-OC-21-206S	54,144
Digital Array Analog-to-Digital Converter	12.800	Systran Federal Corporation	PO 0000036910	3,727
Digital Array Analog-to-Digital Converter	12.800	Systran Federal Corporation	PO 36927-2/37204	3,313
Donors and Acceptors in Epitaxially Grown ZnO	12.300	Battelle Laboratories	TCN07275	27,665
Efficient Reliability Estimations for Large-Scale Aircraft Structural System	12.800	Universal Technology Corporation	06-S529-0007-14-C1	716
Electronic/Optical and Electro-Optical Materials Research/Mixed-Signal Component	12.800	University of Dayton	RSC07019	208,045
Engine Component Design	12.800	Universal Technology Corporation	07-S530-0045-28-C1	26,490
Engine Health Monitoring via Dynamic Engine Model Failure Diagnostics	12.800	P.C. Krause and Associates	D04-2409-W TO 0005	4,530
Enhancing IPB with Representations of Meta-information (EPROM)	12.800	Charles River Analytics Inc.	SC066901	(63)
Evaluation of Cushion Comfort for Air Force Crew Stations	12.800	General Dynamics	PO DSC0450	(1,853)
Evaluation of Micro-Compression Socks in Deep Vein Thrombosis Prevention	12.800	General Dynamics	D21014D1	25,007
Expanding Decision Support for Mobile Army Commanders	12.800	Alion Science and Technology	SUB1179363	74,171
Experimental and Computational Study of CAPs Actuators	12.800	Acree Technologies, Incorporated		16,023
Fabrication of High Jc Coated Conductors with Nanoscale Pinning Centers	12.800	MetaMateria Partners LLC	PO 0720JTJ	464
Fabrication/Characterization and Testing of Graded Solid Oxide Fuel Cell Capacitor	12.800	Universal Energy Systems Inc. (UES Inc.)	PO S-745-49-MR010	17,035
Fate of Chemical Agents- Statistical Analysis of Data Support	12.800	General Dynamics Information Technology, Inc.	USAF-6001-03-SC-0002	21,642
Finite Element Modeling of Human Body and Pilot Seat Interactions - Phase II	12.800	General Dynamics	D21014-D5SC0528	(1,789)
FPGA-Based High Instantaneous Two-Signal Dynamic Range Digital Wide-Band Micro	12.800	MacAulay-Brown, Inc.	MACB-06-D-0019 TO15	26,800
FPGA-Based High Instantaneous Two-Signal Dynamic Range Digital Wide-Band Micro	12.800	MacAulay-Brown, Inc.	MACB-06-D-0019 TO6	26,095
Generic EW/RF Digital Design Toolbox Development	12.800	Wyle Laboratories	19041-OB-11-358S	8,336
High Speed Read Out Integrated Circuit for Optical Arrays	12.800	RNET Technologies	PO 2005-223-1	4,718
High Speed Read Out Integrated Circuit for Optical Arrays	12.800	RNET Technologies	PO 2006-223-2	193,083
Human Aspects of Sense-Respond Logistics	12.800	University of Arkansas	SA0504163	38,176
Human-Machine Interfaces for Coordination Decision Support in Tactical Settings	12.800	JXT Applications, Inc.	JXT-07-S-1000	75,954
I2MAP: Intelligent Icons for Meta-Information Adaptive Presentation	12.800	Aptima Inc.	0376-1325	6,050
Identification of Biomarkers using Machine Learning Algorithms	12.800	Oak Ridge Institute for Science and Education (ORISE)		58,949
Impact tests of Undamaged and Damaged Materials	12.800	BlazeTech Corporation		(18,852)
Incorporation of Advanced Sensor Technology to Enable Complex Laser Micromachin	12.800	Mound Laser and Photonics Center Inc.	PO 2005183	28,547
Innovative Sensing Techniques for Urban Operations	12.800	SET Associates	SET-2007-0001	10,562
In-situ AFM Analysis of Hydrolytic Decomposition of Polymer Films	12.800	Tiburou Associates, Inc.	PO 2007-032	920
Integrated Operations Planning Capability Prototyping (IOPC-X)	12.800	SRA International Inc	S280000078 PROJ 12730.001.002	36,936
Intelligent Distributed Group and Team Training Systems	12.630	Texas A & M University	61751CS	(2,623)
Investigating Phononic Crystals using Rayleigh and Brillouin Imaging	12.800	Universal Technology Corporation	07-S568-025-C1	52,787
Item Level Pharmaceutical Challenges	12.800	Alien Technology Corporation	PO 24660	55,000
LSP for Reliable Fatigue Life	12.800	General Dynamics Information Technology, Inc.	TO USAF-3446-25-SC-0001	80,022
Meta-Information Visualization for Preparation and Prediction	12.800	21st Century Systems, Inc.	CNTR2006-WS-0001	20,627
Microstructural Evaluation of Coatings	12.800	Universal Energy Systems Inc. (UES Inc.)	PO S-819-000-001/PROJ P819	8,746
Mission Adaptable Chemical Spectrometer	12.800	The Ohio State University	RF01085199 PROJ 60012324	23,650
Modeling Simulation and Analysis Technologies	12.800	Science Applications International Corporation (SAIC)	4400154806 TO02	30,001
Modeling Simulation and Analysis Technologies	12.800	Science Applications International Corporation (SAIC)	4400154807 TO02	19,372
MOST: Model-based Optimal System for Training	12.630	Aptima Inc.	0308-1241	(31)
Multicultural Collaboration	12.800	Klein Associates Inc.	KAD 17184	1,500
Multi-Dimensional Visualization of Layered Sensing	12.800	Science Applications International Corporation (SAIC)	4400145581 TO04	349,950
Multimodal Imaging System for Ground-based IED Detection	12.800	Leonard Wood Institute	LW161125	102,329
Multi-Sensor/Multi-Modal Sensor Development and Algorithm Research Urban Vigilance	12.800	Wright Brothers Institute Inc. (The)	WBSC 9023 WSU-SAVIG	321,506
New Electronic Warfare Specialists Through Advanced Research by Students	12.800	MacAulay-Brown, Inc.	MACB-06D0019 TO8	123,053
NMR Based Metabolomics in Toxicology Research	12.800	Henry M. Jackson Foundation	169167/132633	69,964
Noncoherent Dual Platform AMC Jammer	12.800	RBS Technologies, LLC	PO 2007-220-1	23,618
Nonlinear Analysis of Advanced Composites in a Thermal/Acoustic Environment	12.800	General Dynamics Information Technology, Inc.	02-3210-48-1	179
Nonlinear Enhancement of Visual Target Detection	12.800	Applied Imaging Sciences. LTD	AIS, LTD	6,411

See notes to the Schedule of Expenditures of Federal Awards.

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<u>Federal Grant/Pass Through Grant/Program Title</u>	<u>Federal CFDA Number or Primary Grant Number</u>	<u>Pass-through Agency</u>	<u>Pass-through Agency Number</u>	<u>Expenditures</u>
<b>RESEARCH AND DEVELOPMENT CLUSTER (Continued)</b>				
<b>U.S. Department of Defense, Subcontract (Continued) -</b>				
Novel Neuroprotectants for Sarin induced Neurotoxicity Post Exposure Rescue	12.800	Henry M. Jackson Foundation	CONTRACT 132708	\$ 271,871
Operational Leadership for Tec^Edge Activities	12.800	Wright Brothers Institute Inc. (The)	WBSC 9023 WSU-VH MOD6	257,716
Particle Filters for Target Tracking and Identification	12.800	MRLets Technologies Inc.	PO 1016	27,552
Physical Layer Design and Evaluation of Cognitive Radio	12.800	MacAulay-Brown, Inc.	MACB-06-D-0019 TO3 MOD2	14,400
Plasma Modeling Program	12.800	Universal Technology Corporation	04-S529-002-01-C1	190,064
Polymer Nanocomposites as Future Materials for Defense and Energy Applications	12.800	Universal Technology Corporation	06-S531-063-C1	215,767
Processing and Surface Analysis of Interfaces in Hybrid Composites	12.800	Universal Technology Corporation	06-S568-022-C1	28,267
Reconfigurable Architectures for Mobile Joint Tactical Radio Systems (JTRS) for UAVs	12.800	University of Dayton	RSC04012CLIN2&3	5,083
RFID Preventive Maintenance	12.800	Alien Technology Corporation		4,018
Risk Based Design of Air Vehicle Structures	12.800	University of Illinois	2006-02197-01 GRANT CODE A5274	99,781
Semi-Active Vibration Control of Fan Blades	12.800	Universal Technology Corporation	05-S530-0022-02-C8	(14,821)
Semi-Active Vibration Control of Fan Blades	12.800	Universal Technology Corporation	06-S530-0025-03-C1	9,967
Sensory Aided Vigilance Environment	12.800	Aptima Inc.	0475-1300	5,347
Single Ionic Conducting Polymer Electrolyte	12.800	University of Dayton	RSC05006; 3035-07-0802	52,983
SMART-TAG: Staring Mode Airborne Radar Techniques to Track and Geolocate	12.800	SET Associates	PO SET-00001-0018	4,298
Software-Designed Radio for Robust and Low-Cost Detection of Electronic Emitters	12.800	MacAulay-Brown, Inc.	MACB-06-D-0019 TO 3, MOD 0001	(4,853)
System Analysis and RF-Floodlight Exploitation of Short-Range GOTCHA Repeaters	12.800	General Dynamics Information Technology, Inc.	36C00GC7560540S02/A58131SC0001	4,582
Team-Based Assessment of Socio-Technical Logistics (TASL)	12.800	Northrop Grumman Corporation	DO83785-2000	(2,231)
Tec^Edge Academic Pipeline Program	12.800	Science Applications International Corporation (SAIC)	4400154808	2,121
Terahertz Standoff Sensing of Vital Signs	12.431	EOIR Technologies	G6007273	11,495
Terahertz Standoff Sensing of Vital Signs	12.431	EOIR Technologies	G6009245	73,435
The Synthesis of Substituted Heterocyclic Polymers for Fuel Cell Applications	12.800	Universal Energy Systems Inc. (UES Inc.)	S709009017	589
Therapeutics for Viral Agents	12.800	Henry M. Jackson Foundation	164993	43,366
Thermal Management of Next-Generation Power Electronics for More-Electric Aircraft	12.800	Universal Technology Corporation	04-S530-003-702-C1	36,208
THz Technology and Molecular Interactions	12.431	The Ohio State University	RF01078616 PROJ 60011200	882
Understanding Uncertainty to Support Uncertainty Management	12.800	General Dynamics	DSC0444	68
Use of Epitope Directed Nanobodies as Passive Immunotherapeutic Agents	12.800	Henry M. Jackson Foundation	162150	35,407
Use of Room-Temperature Ionic Liquids as Electrolytes in Fuel Cells	12.800	Universal Energy Systems Inc. (UES Inc.)	S-745-49-MR009/A	(442)
Vibration Control of Turbo-Machinery Blade Vibration	12.800	Universal Technology Corporation	07-S530-0025-03-C2	39,967
Video Tracking and Sensor Registration	12.800	General Dynamics Information Technology, Inc.	USAF-A581-47-SC-0001	117,424
Virtual Simulation Infrastructure Development/EAAGLES Training	12.800	Wright Brothers Institute Inc. (The)	WBSC 9018 WSU	103,773
Warfighter Decision Support During Net-Centric Warfare - Decision Tools for MAGE	12.800	Sytronics Inc.	PO SUB-10003	119,430
Workflow for a Role-Based Intelligence in a Time Sensitive Environment	12.800	Aptima Inc.	0431-1266	28,000
Wright Brother's Institute - Innovation and Collaboration Rapid Prototyping Environment	12.800	Wright Brothers Institute Inc. (The)	WBSC 9028 WSU	41,555
Wright Innovation and Collaboration (WICC) Virtual Hub	12.800	Wright Brothers Institute Inc. (The)	WBSC 9023 WSU-VH	30,370
ZnO Based Light Emitters for UV/Blue Applications	12.630	SVT Associates Inc.	PO 703-19885	41,319
Total U.S. Department of Defense, Subcontract				<u>5,705,272</u>
<b>Total U.S. Department of Defense</b>				<u>7,872,485</u>
<b>U.S. Department of Energy, Prime -</b>				
Applying Distributions of Hydraulic Conductivity for Anisotropic Systems	81.049			2,863
Multiscale Reactive Trans in Processes Related to CO2 Sequestration: Nanoscale	81.049			132,587
Total U.S. Department of Energy, Prime				<u>135,450</u>
<b>U.S. Department of Energy, Subcontract -</b>				
Defect Chemistry Study of Nitrogen Doped ZnO Thin Films	81.049	Miami University		57,472
<b>Total U.S. Department of Energy</b>				<u>192,922</u>
<b>U.S. Department of Interior, Subcontract -</b>				
Remote Sensing Technology Application to Estimation of ET in the Western USA	15.504	Central State University	PO 0047928	75,755
<b>U.S. Department of Labor, Prime -</b>				
Geophysical Void Detection	17.267			32,904
<b>U.S. Department of Transportation, Prime -</b>				
Innovative Winter Maintenance Material Inventory Management and Processes	20.205			60,272
<b>U.S. Environmental Protection Agency, Prime -</b>				
Allelopathy as an Invasive Mechanism for the Invasive Plant Alliarria Petiolata	66.513			15,226
Defining and Predicting PCB Fluxes and their Ecological Effects in Stream and River	66.509			53,801
Degradation Potential of Chlorinated Ethenes in the Rhizosphere of Wetland Plants	66.513			10,628

See notes to the Schedule of Expenditures of Federal Awards.

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<b>RESEARCH AND DEVELOPMENT CLUSTER (Continued)</b>				
<b>U.S. Environmental Protection Agency, Prime (Continued) -</b>				
Expression of Microbial Genes Involved in the Reductive Dehalogenation of PCE	66.513			\$ 8,778
Total U.S. Environmental Protection Agency, Prime				88,433
<b>U.S. Environmental Protection Agency, Subcontract -</b>				
Measurements of Chemicals Added to XAD-2 Audit Samples	66.500	Eastern Research Group	PO QA-264/4	3,419
Monitoring Nutrients and Flow in the Little Miami River Watershed	66.510	The Ohio State University	RF01090446 PROJ 600009065	29,845
Total U.S. Environmental Protection Agency, Subcontract				33,264
<b>Total U.S. Environmental Protection Agency</b>				
				121,697
<b>National Aeronautics and Space Administration, Prime -</b>				
Analysis and Modeling of Martian Electron Density Profiles Returned from Spacecraft	43.001			38,084
Computer Modeling of the Discharge Chamber of an Ion Engine	43.001			2,213
Coupled Models of Planetary Thermospheres/Ionospheres	43.001			128,410
Dynamic Test of Pressure Sensors	43.001			12
Monte Carlo Calculations of Hot and Escaping Atoms from Mars	43.001			77,681
Physics-Based Analysis of Flapping-Wing Micro-Air Vehicles (MAV)	43.001			6,179
The Software Defined Radio Based Wireless Tracking and Transmission System	43.001			6,645
Total National Aeronautics and Space Administration, Prime -				259,224
<b>National Aeronautics and Space Administration, Subcontract -</b>				
Publication of Remote Sensing Education Workshop Results and Applications to Ohio	43.001	Ohio Aerospace Institute	R-300-100375-40109	(715)
<b>Total National Aeronautics and Space Administration</b>				
				258,509
<b>National Science Foundation, Prime -</b>				
A Revolution in NMR Applications Using Optimal Control Theory	47.049			62,728
Acquisition of Genomics Instrumentation for Evolutionary Ecological and Environmental	47.074			7,681
Adaptive Analysis of Sparse Factorial Designs and Related Problems	47.049			4,109
Applying Critical Path Analysis to find Hydraulic Conductivity of Realistic Geologic	47.050			30,165
Biomedical, Industrial and Human Factors Engineering Design Projects	47.041			9,659
CAREER: Evolvable Hardware Neuromorphic Computational Devices	47.070			35,247
Collaborative Proposal: ITR-SemDIS: Discovering Complex Relationships in Semantic	47.041			143,928
Collaborative Research on Reactive Transport Modeling: Spatial Cross-Correlation	47.050			19,037
Collaborative Research: Adaptive Radiation of a Gall Midge-Fungus Mutualism	47.074			44,760
Collaborative Research: Mercury Biogeochemistry on the Continental Shelf and Slope	47.050			3,627
Collaborative Research: Coasts in Motion: Quantifying the Patterns of Coastal Change	47.050			19,152
CRI: Instrumentation of a Hierarchical Wireless Sensor Network Test-Bed for Research	47.070			11,145
CRI:IAD Instrumentation of Measurement and Test System for Open Spectrum Wireless	47.070			75,004
Development of "Smart" Scanning Probe Microscopy Instrumentation	47.050			19,382
Endocrine Activity and the Ontogeny of Social Interactions and Bonding	47.074			87,715
GOALI: A Modeling Base for Process Development of Electron Beam Manufacturing	47.041			2,452
Modeling Hierarchical Aquifer Architecture from Centimeter to Kilometer Scales	47.050			73,367
New Algebraic Techniques for Constructing Sequences and Arrays with Good Correl	47.070			32,534
Predicting Hydraulic Properties from Pressure-Saturation Curves	47.050			16,956
Reflector Problem Equations of Monge-Ampere Type and Fully Nonlinear Equations	47.049			27,215
REU Supplement: Collaborative Research: Putting the Lake Back Together	47.074			33,021
RUI: Aquaporins and Osmoregulation in a Freeze-Tolerant Amphibian	47.074			113,593
RUI: The Paradox of Cellular Ca Homeostasis During Vectorial Trans	47.074			133,860
Total National Science Foundation, Prime				1,006,337
<b>National Science Foundation, Subcontract -</b>				
A Learning Progression for Scientific Modeling	47.076	Northwestern University	0830 310 A600 1339	59,182
Decision Support for Logistics Response to Chemical Biological or Radiological Attacks	47.041	University of Arkansas	SA0601188	3,320
Electroanalytical Inquiry-Based Modular Sensor Development	47.049	The Ohio State University	RF01046299 PROJ 60004660	1,937
Embodiment Awareness: Mathematics and the Blind	47.070	Virginia Polytechnic Institute and State University	CR 19553-477271	86
GOALI: Growth Dependent Identification and Control Bulk and Interface Defects in ZnO	47.049	The Ohio State University	RF01041911	89,190
Intelligent Model Assisted Sensing System (iMass) for Fast and Accurate Nuclear	47.041	Purdue University	4101-20581	38,745
Scenario Development in a System for Simulating Emergency Operations	47.041	Quimba Software, Inc.		9,985
SGER: Music Telepresence	47.070	University of Rochester	PO 413249-G	(1,719)
Track 1 GK-12: Inquiry-based Approaches to Earth System Science	47.076	Kent State University	442188-P8051318	14,805
Total National Science Foundation, Subcontract				215,531

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<b>RESEARCH AND DEVELOPMENT CLUSTER (Continued)</b>				
<b>Total National Science Foundation</b>				<b>\$ 1,221,868</b>
<b>U.S. Department of Agriculture, Subcontract -</b>				
Chemical Ecology of Host-Mediated Systemic Interactions Between Pathogens	10.206	The Ohio State University	RF01005378	9,662
Phytochemical Basis of Inter- and Intra-Specific Variation in Resistance of Ash	10.025	The Ohio State University	RF01076074 PROJ60008439	25,485
<b>Total U.S. Department of Agriculture</b>				<b>35,147</b>
<b>Other Federal Agencies, Prime -</b>				
Characterization of Cyanobacteria Secondary Metabolites	15.608			(19)
<b>Other Federal Agencies, Subcontract -</b>				
Completion of Calamityville Business Plan	97.004	Dayton Development Coalition, Inc		26,135
RFID - Enabled Dispatch Verification System and WCI Support	59.006	Dayton Development Coalition, Inc	SBAHQ-05-10071	132,966
Total Other Federal Agencies, Subcontract				159,101
<b>Total Other Federal Agencies</b>				<b>159,082</b>
<b>TOTAL RESEARCH AND DEVELOPMENT CLUSTER</b>				<b>21,275,702</b>
<b>U.S. Department of Education Direct Programs -</b>				
A Collaborative University Approach to Training in Adapted Physical Education	84.325	The Ohio State University	PO RF00941097	50,041
Capacity Building Faculty Support Grant FY06/07	84.048	Ohio Department of Education	VEPD-CB-07-WS	20
Capacity Building Faculty Support Grant FY07/08	84.048	Ohio Department of Education	VEPD-CB-08-666627	65,103
Child Care Subsidy and Promoting Positive Relationships Program	84.335	U.S. Department of Education		87,898
Child Welfare Workforce Professional Education Program	84.305	Ohio Department of Job and Family Services		3,415
Computational Science Programming and Algorithms: Workplan for Course Dev	84.215	Ohio Supercomputer Center	PO RF01087883 / PROJ60011149	5,347
Create a Classroom that Moves!	84.215	Xenia Community School District	PO 70438	25,611
Dissemination of a Mixed Model for Promoting Substance Use Disorder Screening	84.305	Southwest Educational Development Laboratory	54095	61,339
Evaluation of the Springfield Students and Families Engaged (SSAFE) Program	84.184	Springfield City School District		178,992
Fairborn Carol M. White PEP Grant	84.215	Fairborn City Schools		1,099
Life Sci, Physical Science and Math Professional Development Project Grades 6-11	84.367	Ohio Board of Regents - Title II	GRANT 05-45	5,581
Life Sci, Physical Science and Math Professional Development Project Grades 6-11	84.367	Ohio Board of Regents - Title II	GRANT 07-43	10,283
Life Sci, Physical Science and Math Professional Development Project Grades 6-11	84.367	Ohio Board of Regents - Title II		157,092
Mathematics and Physical Science Professional Development Project for Grades 7-11	84.281	Ohio Board of Regents - Title II	03-50	64
Mathematics and Physical Science Professional Development Project for Grades 7-11	84.281	Ohio Board of Regents - Title II	04-45	1
Nursing Institute of West Central Ohio	84.116	U.S. Department of Education		9,330
Ohio Education Network for Science and Mathematics Education (OHEN)	84.298	Ohio Board of Regents - Title II	W4069116	4,061
Ohio Education Network for Science and Mathematics Education (OHEN)	84.298	University of Dayton		1,432
Ohio Mathematics Academy Program (OMAP)	84.330	Ohio Department of Education	C1667-OMAP-07-12	2,849
Ohio Mathematics Academy Program (OMAP)	84.330	Ohio Department of Education	C1677-OMAP-12-06	(751)
Ohio Science Institute Program (OSCI)	84.330	Ohio Department of Education	C1667-OSCI-07-12	24,614
Ohio Science Institute Program (OSCI)	84.330	Ohio Department of Education	C1667-OSCI-12-06	(7,914)
Partners in Integrated Earth Systems Science (PIES)	84.367	Ohio Board of Regents - Title II	06-44	58,091
Partners in Integrated Earth Systems Science (PIES)	84.367	Ohio Board of Regents - Title II	07-42	2,276
Prevention Through Alternative Learning Styles (PALS) Training	84.186	University of Cincinnati	A07-4500017528	(6,390)
Prevention Through Alternative Learning Styles (PALS) Training	84.186	University of Cincinnati	A07-4500020193	14,808
Project KNOTTIT: Strengthening Systems Capacity Collaboratively	84.035	The Ohio State University	RF01097285 PROJ 60012518	43,048
Project Manager for Expanding the Pool of Qualified Teachers (EPQT)	84.336	Ohio Department of Education	PO 94555B	370
Science and Math Academics for Teachers through EXCEL	84.366	Ohio Department of Education	C1667-OMAP-08-01	531,807
Science and Math Academics for Teachers through EXCEL	84.366	Ohio Department of Education		73,681
The Reading First - Ohio Center	84.357	Cleveland State University		7,194
Training Licensed Educators to Become Intervention Specialists for Ohio	84.027	Ohio Department of Education		40,434
U.S. Brazil Consortia for Biomedical Sciences Exchange	84.116	Wake Forest University	WFUHS 11420	12,865
Upward Bound: Building Successful Futures	84.047	U.S. Department of Education		65,078
<b>Total U.S. Department of Education Direct Programs</b>				<b>1,528,769</b>
<b>U.S. Department of Health and Human Services, Prime -</b>				
Academic Administrative Unit Pediatrics	93.884			136,710
Acute Care Nurse Practitioner Cardiac Specialty Program	93.247			12,781
BEACON: Accelerated BSN for Baccalaureate Graduates	93.359			108,806
Brothers to Brothers/Sisters to Sisters	93.243			142,760
CCOE Dual Diagnosis MIMR	93.958			80,767
CCOE-MH-ODMH	93.630			(7,828)
CE: Collaborative Peer Supervision Groups (SPRANS)	93.110			5,778
Child Welfare Workforce Professional Education Program	93.658			100,945
Deaf Off Drugs and Alcohol e-Therapy Using Community Networks	93.243			240,378

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<b>U.S. Department of Health and Human Services, Prime (Continued)-</b>				
Establishment of Neighborhood Emergency Help Centers	93.889			\$ 113,445
Hard Court	93.630			2,923
Integration of Excellence in Nursing Education, Research and Service/Practice	93.888			5,218
Leadership for an Effective Regional RN Workforce	93.888			33,004
Neighborhood Emergency Help Centers	93.889			51,754
PECE-PACT: Parents Early Childhood Education/Positive Action Choices Training	93.959			68,342
Professional Nurse Traineeship	93.358			58,782
Ryan White Planning & Evaluation	93.061			1,500
Scholarships for Disadvantaged Students (Medicine)	93.925			87,371
Scholarships for Disadvantaged Students Program (SOPP)	93.925			21,656
Short-Term Training for Minority Students (STREAMS)/WSU	93.837			67,826
Sisters of Solidarity (SOS)	93.941			237,713
Testing and Demonstrations of the National Health Information Network Trial	93.978			6,226
The Community Health Initiative	93.243			310,689
The Many Room Project	93.243			41,248
The Mount Olive One-Stop Center	93.243			290,658
WSU Cage Wash Renovation and Improvement	93.389			603,753
Total U.S. Department of Health and Human Services, Prime -				2,823,205
<b>U.S. Department of Health and Human Services, Subcontract -</b>				
ACC Emergency Preparedness	93.061	Ohio Department of Health	PREV-30342/DOH01-00009938/9939	1,212,639
Acute Care Centers	93.889	Ohio Department of Health	WP17MY/CSP904906	628,516
CCOE Dual Diagnosis MIMR	93.630	Ohio Department of Mental Health	04-8/06	1,584
CCOE Dual Diagnosis MIMR	93.630	Ohio Department of Mental Health		106
CCOE Dual Diagnosis MIMR	93.630	Ohio Developmental Disabilities Council	04-8/07	54,200
CCOE Dual Diagnosis MIMR	93.630	Ohio Developmental Disabilities Council	04-8/08	71,954
Child and Youth Development Initiative: The Community Assessment	93.558	Montgomery County Family and Children First Council	RESOLUTION NO 05-1420	83
Consulting Services to Health Policy Institute of Ohio	93.061	Health Policy Institute of Ohio	20-321-0209828	27,977
Consulting Services to Health Policy Institute of Ohio	93.061	Health Policy Institute of Ohio	30-312-0211557	6,628
DCOP Fiscal Agency Renewal (06/04 - 05/09)	93.399	Dayton Clinical Oncology Program (DCOP)	5U10CA035090-26	911,013
Emergency Debris Removal	97.036	Ohio Emergency Management Agency	WARRANT NO 4674017	6,230
Graduate Research Assistant Stipend - Sonner	93.837	University of Cincinnati	SAP1001772	12,284
Healthy Start	93.926	Healthy Start, Inc.	CK 22951	417
Kinship Navigator Consortium	93.130	Montgomery County Children Services	CE 600388 / CE 700279	67,043
Kinship Navigator Consortium	93.130	Montgomery County Children Services	CE 800106 / RESOL 08-0318	64,903
Mobile Acute Care Incident and Education (MACIE) Unit	93.889	Ohio Department of Administrative Services	WP13AT CSP904906	110,262
PECE-PACT: Parents Early Childhood Education/Positive Action Choices Training	93.959	Montgomery County ADAMH Services Board		3,131
Project SEEK	93.230	Center for Health Care Services		31,505
Training of Licensed Health Care Professionals in Basic and Advanced Disaster	93.889	Ohio Department of Administrative Services	CSP905206	39,191
Training of Licensed Health Care Professionals in Basic and Advanced Disaster	93.889	Ohio Department of Health	CSP905008	127,841
Total U.S. Department of Health and Human Services, Subcontract -				3,377,507
<b>Total U.S. Department of Health and Human Services</b>				6,200,712
<b>U.S. Department of Defense, Prime -</b>				
Cold War/Aerospace Technology History Project	12.800			35,664
ISSI Commercialization Study	12.800			3,588
Science, Mathematics and Research for Transformation (SMART) Defense Scholarship	12.800			(334)
Uniform Commutation Allowance	12.800			131,067
Total U.S. Department of Defense, Prime				169,985
<b>U.S. Department of Defense, Subcontract -</b>				
Graduate Research Assistant Support - Kolawole	12.800	Central State University	PO 0046390	20,786
Science, Mathematics and Research for Transformation (SMART) Defense Scholarship	12.800	American Society for Engineering Education		6,454
Total U.S. Department of Defense, Subcontract				27,240
<b>Total U.S. Department of Defense</b>				197,225
<b>U.S. Department of Labor, Prime -</b>				
Western Ohio Training Consortium	17.269			49,842
<b>U.S. Department of Labor, Subcontract -</b>				
Labor Market Study	17.267	University of Dayton		(2,321)
<b>Total U.S. Department of Labor</b>				47,521

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<b>U.S. Department of Housing and Urban Development, Prime -</b>				
Building Futures	14.511			\$ 1,213
<b>U.S. Department of Justice, Prime -</b>				
Bulletproof Vest Program	16.607			2,407
<b>National Aeronautics and Space Administration, Prime -</b>				
Aerospace Medicine Residency Program	43.001			55,791
Aerospace Medicine Training for the Era of Moon, Mars and Beyond	43.001			592,547
Ohio Space Grant Consortium Scholars Program	43.001			10,697
Ohio Space Grant Consortium Scholarship and Fellowship Program	43.001			18,833
Total National Aeronautics and Space Administration, Prime				677,868
<b>National Aeronautics and Space Administration, Subcontract -</b>				
Ohio Space Grant Consortium Campus Allocation	43.001	Ohio Space Grant Consortium		2,689
Student BalloonSat Program	43.001	Ohio Space Grant Consortium	OSGC REF NO 051326	3,274
Temperature/Telemetry Satellite Project	43.001	Ohio Space Grant Consortium		499
Total National Aeronautics and Space Administration, Subcontract				6,462
<b>Total National Aeronautics and Space Administration</b>				
				684,330
<b>National Endowment for the Humanities Prime -</b>				
The Creatively Engaged College Campus - The Wright State University Honors Institute	45.129			497
<b>National Endowment for the Humanities: Institute of Museum and Library Services, Prime -</b>				
Statewide Core Electronic Information Collection (SCEIC)	45.310			(3,862)
<b>National Endowment for the Humanities: Institute of Museum and Library Services, Subcontract -</b>				
Statewide Core Electronic Information Collection (SCEIC)	45.310	State Library of Ohio	PROJECT II-2-05	60,671
Statewide Core Electronic Information Collection (SCEIC)	45.310	State Library of Ohio		1,381,730
Total National Endowment for the Humanities: Institute of Museum and Library Service, Subcontract				1,442,401
<b>Total National Endowment for the Humanities: Institute of Museum and Library Services</b>				
				1,438,539
<b>National Science Foundation, Prime -</b>				
A National Model for Engineering Mathematics Education	47.041			444
A National Model for Engineering Mathematics Education	47.076			58,022
Collaborative Proposal: CCLI-EMD-A WWW Based Autonomous Robotics Practicum	47.076			20,172
IGERT: An Interdisciplinary Initiative on Technology Based Learning with Disability	47.076			514,138
REU/ASSURE Site in Physics at WSU and WPAFB	47.049			11,626
STEP: Gateway into First-year STEM Curricula: A Community College/University Collab	47.076			319,183
Total National Science Foundation, Prime				923,585
<b>National Science Foundation, Subcontract -</b>				
CWCS Workshops in Combinatorial Chemistry	47.074	Georgia State University	BLF51-10	327
Delivering On-Line Professional Development Courses to a New Population of K-12	47.050	Institute for Global Environmental Strategies Inc. (The)	PO 071035	8,177
LSAMP Bridge Program	47.076	The Ohio State University	PO RF00982478/PROJ 745933	61,927
Total National Science Foundation, Subcontract				70,431
<b>Total National Science Foundation</b>				
				994,016
<b>Small Business Administration, Subcontract -</b>				
Small Business Development Center FY06-SBA	59.037	Edison Materials Technology Center (EMTEC)		(437)
Small Business Development Center FY07-SBA	59.037	Edison Materials Technology Center (EMTEC)		14,329
<b>Small Business Administration, Subcontract (Continued) -</b>				
Small Business Development Center FY08-SBA	59.037	Edison Materials Technology Center (EMTEC)		49,980
<b>Total Small Business Administration</b>				
				63,872

See notes to the Schedule of Expenditures of Federal Awards.

(Continued)

**WRIGHT STATE UNIVERSITY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2008**

<u>Federal Grant/Pass Through Grant/Program Title</u>	<u>Federal CFDA Number or Primary Grant Number</u>	<u>Pass-through Agency</u>	<u>Pass-through Agency Number</u>	<u>Expenditures</u>
<b>U.S. Department of Transportation, Prime -</b>				
Public and Social Service Transportation Curriculum and Internship Program	20.215			\$ 7,219
Rider/Non-Rider Baseline and Trip Characteristics Study	20.505			235
Total U.S. Department of Transportation, Prime				<u>7,454</u>
<b>U.S. Department of Transportation, Subcontract -</b>				
Miami Valley Transportation Analysis	20.514	Westat, Inc.		<u>39,001</u>
<b>Total U.S. Department of Transportation</b>				<u>46,455</u>
<b>U.S. Department of Veterans Administration, Prime -</b>				
Changing Face of Today's Workforce	64.115			139
Interactive Facilitation and Strategic Action Plan	64.018			530
Interactive Training and Development Project 2005	64.103			2,197
Problem-Solving through Active Listening and Critical Thinking	64.018			364
The Changing Face of Today's Workforce	64.018			347
VISN 10 Caregiver Assistance Pilot Project	64.115			<u>23,974</u>
<b>Total U.S. Department of Veterans Administration</b>				<u>27,551</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<u>\$ 45,251,423</u>

See notes to the Schedule of Expenditures of Federal Awards.

# WRIGHT STATE UNIVERSITY

## NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2008

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### A. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") has been prepared using the accrual basis of accounting in accordance with the format as set forth in Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, issued by the United States Office of Management and Budget. The Schedule reflects the expenditures of Wright State University under programs financed by the U.S. government for the year ended June 30, 2008.

For purposes of the Schedule, expenditures of federal awards include the following:

- Direct federal awards
- Pass-through funds received from non-Federal organizations made under federally sponsored programs conducted by those organizations.

Awards are classified into major program and non-major program categories in accordance with the provisions of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Catalog of Federal Domestic Assistance (CFDA) Numbers or Primary Grant Numbers are presented for those programs for which such numbers are available.

### B. FEDERAL FAMILY EDUCATION LOANS

Federal Family Education Loans (Federal CFDA Number 84.032) processed for students by the University during the year ended June 30, 2008, are summarized as follows:

Federal Subsidized Stafford Loans	\$ 37,116,351
Federal Unsubsidized Stafford Loans	36,365,399
Federal Parental Loans for Undergraduate Students (PLUS)	<u>8,759,234</u>
	<u>\$ 82,240,984</u>

The University is responsible only for the performance of certain administrative duties with respect to the Federal Family Education Loan programs and, accordingly, these loans are not included in the university's financial statements.

**C. FEDERAL LOAN PROGRAMS**

The University administers the following federal loan programs:

	<b>CFDA Number</b>	<b>Outstanding Balance at June 30, 2008</b>
Federal Perkins Loan Program	84.038	\$ 14,181,979
Loans to Disadvantaged Students	93.342	375,948
Health Professions Student Loan Program	93.342	17,024
Nursing Student Loan Program	93.364	995,623
Primary Care Loan Program	93.342	2,403,326

Total loan expenditures and disbursements of the U.S. Department of Education and the Department of Health and Human Services student financial assistance loan programs for the fiscal year are identified below:

	<b>CFDA Number</b>	<b>Disbursements</b>
Federal Perkins Loan Program	84.038	\$ 2,324,544
Loans to Disadvantaged Students	93.342	
Nursing Student Loan Program	93.364	111,564
Primary Care Loan Program	93.342	111,269

## D. Subrecipients

Of the federal expenditures presented in the Schedule, the University provided federal awards to subrecipients as follows:

Subrecipient Name	CFDA No.	Program Title	Expenditures
Air Force Research Laboratory	12.800	Multimodal Imaging System for Ground-based IED	\$ 25,000
<b>Air Force Research Laboratory</b>			<b>25,000</b>
Australian National University	93.853	Mechanisms of Mammalian Neuronal Integration	41,139
<b>Australian National University</b>			<b>41,139</b>
Children's Hospital of Pittsburgh	93.847	Childhood Precursors for Adulthood Metabolic Syndrome	2,734
<b>Children's Hospital of Pittsburgh</b>			<b>2,734</b>
Children's Research Institute	93.110	CE: Collaborative Peer Supervision Groups (SPRANS)	4,698
<b>Children's Research Institute</b>			<b>4,698</b>
Cincinnati Children's Hospital	93.630	CCOE-MH-ODMH	(7,828)
Cincinnati Children's Hospital	93.837	Longitudinal Cardiac Outcomes and Body Composition	62,914
Cincinnati Children's Hospital	93.958	CCOE Dual Diagnosis MIMR	445
<b>Cincinnati Children's Hospital</b>			<b>55,531</b>
Combined Health District	93.243	Brothers to Brothers/Sisters to Sisters	23,529
Combined Health District	93.243	The Community Health Initiative	23,142
Combined Health District	93.941	Sisters of Solidarity (SOS)	11,576
<b>Combined Health District</b>			<b>58,247</b>
CSD of Ohio, Inc.	93.243	Deaf Off Drugs and Alcohol e-Therapy	25,714
<b>CSD of Ohio, Inc.</b>			<b>25,714</b>
Darke County Educational Service Ctr	84.366	Science and Math Academics for Teachers	2,322
<b>Darke County Educational Service Ctr</b>			<b>2,322</b>
Dayton Urban League	93.243	The Community Health Initiative	15,008
<b>Dayton Urban League</b>			<b>15,008</b>
Deaf Community Resource Ctr, Inc.	93.243	Deaf Off Drugs and Alcohol e-Therapy	79,000
<b>Deaf Community Resource Ctr, Inc.</b>			<b>79,000</b>
Emory University	93.853	Functional Assemblies of Motor Units	57,471
Emory University	93.853	Loss of Muscle Excitability in Acute Quadriplegic	18,181
<b>Emory University</b>			<b>75,652</b>
Georgia Tech Research Corporation	93.853	Functional Assemblies of Motor Units	5,727
<b>Georgia Tech Research Corporation</b>			<b>5,727</b>
Kenyon College	47.074	RUI: The Paradox of Cellular Ca Homeostasis	22,823
<b>Kenyon College</b>			<b>22,823</b>
Metrohealth Systems	93.958	CCOE Dual Diagnosis MIMR	814
<b>Metrohealth Systems</b>			<b>814</b>
Mini University Inc.	84.335	Child Care Subsidy and Promoting Positive Relationships	11,291
<b>Mini University Inc.</b>			<b>11,291</b>
New York University School of Med.	93.242	Identifying Placebo Responders in Drug Treated Subjects	62,399
<b>New York University School of Med.</b>			<b>62,399</b>
Ohio State University	84.133	RRTC on Substance Abuse Disability and Employment	115,364
<b>Ohio State University</b>			<b>115,364</b>
Public Health Dayton and Mont. Cty	93.243	The Mount Olive One-Stop Center	5,574
<b>Public Health Dayton and Mont. Cty</b>			<b>5,574</b>
Purdue University	12.800	From Video to Information: Cross-Modal Analysis	23,014
<b>Purdue University</b>			<b>23,014</b>
Rehabilitation Institute of Chicago	84.133	RRTC on Substance Abuse Disability and Employment	62,625
<b>Rehabilitation Institute of Chicago</b>			<b>62,625</b>
RFID Integrated Solutions Inc.	12.800	Item Level Pharmaceutical Challenges	48,500



## D. Subrecipients (Continued)

RFID Integrated Solutions Inc.	59.006	RFID - Enabled Dispatch Verification System and WCI	52,122
<b>RFID Integrated Solutions Inc.</b>			<b>100,622</b>
Sinclair Community College	47.076	STEP: Gateway into First-year STEM Curricula	73,787
<b>Sinclair Community College</b>			<b>73,787</b>
Southwest Foundation for Biomed. Rsrch	93.121	Genetic Architecture of the Baboon Craniofacial Complex	3,341
Southwest Foundation for Biomed. Rsrch	93.846	Genetic Analysis of Osteoporosis Risk Factors	190,616
Southwest Foundation for Biomed. Rsrch	93.848	Genetic Regulation of Adiposity and Associated CVD	68,631
Southwest Foundation for Biomed. Rsrch	93.865	Genetic and Environmental Influences on Childhood	39,548
Southwest Foundation for Biomed. Rsrch	93.865	The Genetics of Infant Growth and Later Obesity	16,862
<b>Southwest Foundation</b>			<b>318,998</b>
Texas A&M University	66.509	Defining and Predicting PCB Fluxes and their Eco. Effects	20,963
<b>Texas A&amp;M University</b>			<b>20,963</b>
The University of Chicago	12.800	From Video to Information: Cross-Modal Analysis	2,015
<b>The University of Chicago</b>			<b>2,015</b>
Trustees of Dartmouth College	84.133	RRTC on Substance Abuse Disability and Employment	12,763
<b>Trustees of Dartmouth College</b>			<b>12,763</b>
University Medical Services Association	84.133	RRTC on Substance Abuse Disability and Employment	69,920
University Medical Services Association	93.243	Brothers to Brothers/Sisters to Sisters	24,558
<b>University Medical Services Assoc.</b>			<b>94,478</b>
University of Cincinnati	47.076	A National Model for Engineering Mathematics Education	7,983
<b>University of Cincinnati</b>			<b>7,983</b>
University of Colorado Health Sci. Center	93.847	Childhood Precursors for Adulthood Metabolic Syndrome	2,727
<b>University of Colorado Health Sci. Ctr</b>			<b>2,727</b>
University of Dayton	47.074	RUI: Aquaporins and Osmoregulation	24,817
University of Dayton	84.367	Life Science, Physical Science and Mathematics Prof.	42,259
<b>University of Dayton</b>			<b>67,076</b>
University Of Dayton Research Institute	12.800	Human Aspects of Sense-Respond Logistics	17,379
University Of Dayton Research Institute	47.041	Decision Support for Logistics Response to CBRN attacks	3,579
University Of Dayton Research Institute	84.366	Science and Math Academics for Teachers through	272,661
University Of Dayton Research Institute	84.367	Life Science, Physical Science and Mathematics Prof.	3,350
<b>University Of Dayton Research Inst.</b>			<b>296,969</b>
University of Georgia	47.041	Collaborative Proposal: ITR-SemDIS	45,038
<b>University of Georgia</b>			<b>45,038</b>
University of Minnesota	93.848	Visceral Adiposity: Genetic and Environmental Influences	99,761
<b>University of Minnesota</b>			<b>99,761</b>
University of South Florida	93.838	Intracellular pH Responses of Central Chemoreceptors	113,718
<b>University of South Florida</b>			<b>113,718</b>
Wake Forest University Health Sci.	93.837	Genetic Epidemiology of CVD Risk Factors	11,250
<b>Wake Forest University Health Sci</b>			<b>11,250</b>
Wright State Physicians	93.243	Deaf Off Drugs and Alcohol e-Therapy	33,721
Wright State Physicians	93.243	The Mount Olive One-Stop Center	23,077
<b>Wright State Physicians</b>			<b>56,798</b>
<b>Grand Total</b>			<b>\$ 2,019,622</b>

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

To the Board of Trustees  
of Wright State University  
Dayton, Ohio

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Wright State University (the "University") as of and for the year ended June 30, 2008, and have issued our report thereon dated the same date as this report. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the University'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 the University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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(Continued)

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 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 the University'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*.

We noted certain matters that we reported to management of the University in a separate letter dated October 15, 2008.

This report is intended solely for the information and use of management, the Board of Trustees, others within the entity, federal awarding agencies and pass-through entities, and the State of Ohio Office of the Auditor and is not intended to be and should not be used by anyone other than these specified parties.



Crowe Horwath LLP

Columbus, Ohio  
October 15, 2008

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Trustees  
of Wright State University  
Dayton, Ohio

Compliance

We have audited the compliance of Wright State University (the “University”) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The University’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the University’s management. Our responsibility is to express an opinion on the University’s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Wright State University’s compliance with those requirements.

In our opinion, the University complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

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(Continued)

## Internal Control Over Compliance

The management of the University is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the University's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance 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 significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We noted certain matters that we reported to management of Wright State University in a separate letter dated October 15, 2008.

This report is intended solely for the information and use of the audit committee, management, others within the entity, the Office of the Auditor of State of Ohio, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Crowe Horwath LLP

Columbus, Ohio  
October 15, 2008

WRIGHT STATE UNIVERSITY  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 Year Ended June 30, 2008

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**Section I - Summary of Auditor's Results**

***Financial Statements***

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?  Yes  No

Significant deficiencies identified not considered to be material weaknesses?  Yes  None Reported

Noncompliance material to financial statements noted?  Yes  No

***Federal Awards***

Internal Control over major programs:

Material weakness(es) identified?  Yes  No

Significant deficiencies identified not considered to be material weaknesses?  Yes  None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?  Yes  No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
	<u>Student Financial Assistance Cluster</u>
84.007	Federal Supplemental Educational Opportunity Grant
84.032	Federal Family Education Loans
84.033	Federal Work Study
84.038	Federal Perkins Loan
84.063	Federal Pell Grant
84.375	Academic Competitiveness Grant
84.376	National SMART Grant Program
93.342	Loans to Disadvantaged Students / Primary Care Loan Program / Health Professional Student Loans
93.364	Nursing Student Loan Program
45.310	Statewide Core Electronic Information Collection (SCEIC)

Dollar threshold used to distinguish between Type A and Type B programs: \$1,357,543

Auditee qualified as low-risk auditee?  Yes  No

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(Continued)

WRIGHT STATE UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2008

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**Section II - Financial Statement Findings**

There were no findings for the year ended June 30, 2008.

**Section III - Federal Award Findings**

None.

**Section IV -Prior Year Findings and Questioned Costs**

**FINDING 07-01**

Federal program  
information:

Research and Development Cluster:  
U.S. Environmental Protection Agency, Defining and Predicting PCB  
Fluxes and their Ecological Effects in Stream and River Systems for Risk  
Characterizations, CFDA No. 66.509; U.S. Department of Defense, An  
Evaluation of the Therapeutic Effectiveness of Hyperbaric Oxygen  
Treatments on Children with Cerebral Palsy, CFDA No. 12.420.

The University did not file the required SF 272 reports during the year for  
two of the forty grants selected for testing.

Status:

The University took corrective action by filing the required reports.



**WRIGHT STATE UNIVERSITY  
INTERCOLLEGIATE ATHLETICS DEPARTMENT**

**Report of Independent Accountants on  
Applying Agreed-Upon Procedures  
June 30, 2008**

WRIGHT STATE UNIVERSITY  
INTERCOLLEGIATE ATHLETICS DEPARTMENT

AGREED UPON PROCEDURES  
REQUIRED BY THE NCAA  
June 30, 2008

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INDEPENDENT ACCOUNTANTS' REPORT ON  
THE APPLICATION OF AGREED-UPON PROCEDURES

Dr. David Hopkins, President  
Wright State University  
Dayton, Ohio

We have performed the procedures enumerated below, which were agreed to by management of Wright State University (the "University"), solely to assist the University in evaluating whether the accompanying Statement of Revenues and Expenses of the University is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 6.2.3.1 for the year ended June 30, 2008. Management of the University is responsible for the Statement of Revenues and Expenses ("Statement") and the Statement's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representations regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

**Agreed-Upon Procedures Related to the Statement of Revenues and Expenses**

The procedures that we performed and our findings are as follows:

**Procedures Related to the Accounting Records**

1. We obtained the Statement of Revenues and Expenses (the "Statement") of the Intercollegiate Athletics Department (the "Athletics Department") for the year ended June 30, 2008, as prepared by management and as shown on page 6. Additionally, we obtained the supporting worksheets, recalculated totals, and agreed each of the revenue and expense amounts on the Statement to management's worksheets, noting no exceptions.

2. We agreed all amounts on management's worksheets to the University's general ledger, noting no exceptions.
  3. We compared revenues and expenses appearing on the Statement to budgeted amounts and prior year amounts and obtained explanations for all variances greater than \$50,000 and 10 percent.
  4. We scanned the supporting schedules provided by the University and did not identify any contributions of cash, services or good which were received directly by the University's Athletics Department and that constituted 10 percent or greater of all contributions received by the University's Athletics Department.
  5. We haphazardly selected a sample of 10 operating revenue receipts and agreed the revenue receipts to check copies and/or other supporting documentation maintained by the University, noting no exceptions.
  6. We haphazardly selected one home men's basketball game and one home women's basketball game and recalculated revenue totals related to tickets sold and agreed the ticket revenue to the general ledger, noting the schedule was \$349 lower for men's basketball. We recalculated totals of complimentary tickets and unsold tickets appearing on the ticket office sales reports, noting no exceptions.
  7. We haphazardly selected a sample of 3 away games and agreed all related revenues and expenditures to the signed agreements, settlement reports and other supporting documentation, and the Statement, noting no exceptions.
  8. We agreed the Federal Work Study support recorded by the Athletics Department with federal appropriations and/or other supporting documentation, noting no exceptions.
  9. We agreed the University's direct support recorded by the Athletics Department to the University's authorizations, noting no exceptions.
  10. We obtained and inspected the agreements related to the University's participation in revenues from tournaments during the year ended June 30, 2008 to gain an understanding of the relevant terms and conditions. We agreed the related tournament revenues to the check copies as well as to the general ledger and Statement, noting no exceptions.
  11. We obtained and inspected the agreements related to the University's participation in revenues from advertisements and sponsorships. We haphazardly selected 10 revenue transactions and agreed them to the check copies, where applicable, as well as the total to the Statement, noting no exceptions.
  12. There was no information provided by the University to perform the agreed-upon procedures on sports camp contracts between the University and external. Management indicated all sports camps are conducted by the coaches employed by the University. We haphazardly selected 10 sports-camp participant cash receipts and agreed the revenue to check copies, noting no exceptions.
-

13. We haphazardly selected 10 sports-camp expenses and agreed the expense to the supporting documentation (for example, invoices) and agreed that the expense was for camp related activity, noting no exceptions.
  14. We haphazardly selected a sample of 10 student athletes who received institutional financial aid during the fiscal year ended June 30, 2008 and agreed the award amount per the student's account detail to the related award letter, noting no exceptions.
  15. We obtained a listing of coaches employed by the University. We haphazardly selected coaches for men's and women's basketball and a selection of three other coaches and obtained the related contracts. We agreed the financial terms and conditions to the related coaches' salaries, benefits and bonuses to the amounts recorded by the University in the Statement noting no exceptions.
  16. We obtained the W-2's and 1099's for the coaches selected above and agreed amounts appearing in the W-2's and 1099's to the related expenses in the Statement. Because the W-2's are for the year ended December 31, 2007, and the salaries and benefit expense per the Statement are for the fiscal year ended June 30, 2008, the total compensation per the W-2's did not agree with the salaries and benefits expense per the Statement.
  17. We obtained a listing of administrative employees of the Athletics Department and other third parties that are not included in the University's general ledger. We haphazardly selected 10 administrative employees of the Athletics Department and obtained the W-2's and 1099's for the employees selected and agreed the amounts appearing in the W-2's and 1099's to the related expenses in the Statement. Because the W-2's are for the year ended December 31, 2007, and the salaries and benefit expense per the Statement are for the fiscal year ended June 30, 2008, the total compensation per the W-2's did not agree with the salaries and benefits expense per the Statement.
  18. We agreed the salaries, benefits and bonuses paid by the University for the administrative employees selected above to the related expense recorded by the University in the Statement noting no exceptions. Management indicated there were no other third party administrative employees.
  19. There was no information provided by the University to perform the agreed-upon procedures on employees receiving severance payments by the University during the reporting period. Management indicated there were no such transactions during the reporting period.
  20. We obtained copies of the University's recruiting and travel policies. We read the policies and agreed them to the NCAA policies, noting they are consistent.
  21. We haphazardly selected a sample of 10 program sales, concessions, novelty sales and parking revenue transactions and agreed the expense transaction to supporting documentation maintained by the University, noting no exceptions.
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22. We haphazardly selected a sample of 10 equipment, uniform and/or supplies expense transactions and agreed the expense transaction to supporting documentation maintained by the University, noting no exceptions.
23. We reviewed contracts for fundraising, marketing and promotional activities for the Athletics Department. We haphazardly selected a sample of 10 fundraising, marketing and/or promotion expense transactions and agreed them to supporting documentation, noting no exceptions.
24. We haphazardly selected a sample of 10 medical and medical insurance expense transactions and agreed them to supporting documentation, noting no exceptions.
25. We haphazardly selected a sample of 10 memberships and dues expense transactions and agreed them to supporting documentation, noting no exceptions.
26. We haphazardly selected a sample of 10 other operating expense transactions and agreed the expense to supporting documentation maintained by the University, noting no exceptions.
27. There was no information provided by the University to perform the agreed-upon procedures on student fees, compensation and benefits provided by a third-party, indirect facilities and administrative support, endowment or investment, coaches employed by third parties, or participation in revenues from broadcast, television, radio and Internet rights. Management indicated there were no such transactions during the reporting period.
28. For the remaining operating expense category reported in the Statement and not individually listed above, we haphazardly selected a sample of 10 transactions from the supporting schedules provided by the University and agreed and compared to related supporting documentation, noting no exceptions.

#### **Procedures Related to the Internal Accounting Controls**

29. We obtained an understanding of the general control environment as it relates to the Athletics Department which included the following as it relates to the Athletics Department: (1) departmental organization, (2) control consciousness of department employees, (3) use of internal auditors, (4) competency of personnel, (5) adequate safeguarding and control of department records and assets, and (6) controls over interactions with information technology department.
  30. We obtained an understanding of the University's procedures for gathering information on the nature and extent of the affiliated and outside organization's activities for or on behalf of the University's intercollegiate athletic programs. We found that the University receives internal reports of the outside organization's activities on a monthly basis and an external audited report on an annual basis.
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### **Procedures Related to the Wright State University Foundation**

31. We obtained the list of outside programs and related financial activities for the year ended June 30, 2008, which is included on page 7 of this report.
32. We confirmed with the athletic business manager that the information referred to in 30 above is a complete list of programs outside the University's financial reporting system, which conducted financial transactions for or on behalf of the University's intercollegiate athletic programs during the year ended June 30, 2008.
33. We confirmed directly with officers of the Foundation that the data to be contained in 30 above represented a complete and accurate summary of all business transacted for or on behalf of the University's intercollegiate athletic programs during the year ended June 30, 2008.

### **Procedures Related to the Athletics Assets**

34. We obtained a schedule of intercollegiate athletics capitalized assets, additions and improvements of facilities summarized by type.
35. We agreed the schedule to the institution's general ledger.
36. We did not identify any capitalized additions which were made by the University during the reporting period and that constituted 10 percent or greater of total capital additions by the University's Athletics Department.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the compliance of the accompanying Statement of Revenues and Expenses of Wright State University. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the University management and governing boards, 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  
December 12, 2008

Wright State University  
Intercollegiate Athletics Department  
Statement of Revenues and Expenses  
For the Year Ended June 30, 2008 (Unaudited)

	Men's Basketball	Women's Basketball	Other Sports	Non-Program Specific	Total
<b>Revenues</b>					
Ticket Sales	\$ 301,633	\$ 3,756	\$ 6,854	\$	\$ 312,243
Guarantees	10,000	20,000	23,500		53,500
Contributions	153,640	1,623	141,955	508,342	805,560
Direct State/Other Gov't. Support		5,823		19,669	25,492
Direct Institutional Support	1,249,773	747,048	3,924,927	1,179,839	7,101,587
NCAA/ Conference Distributions Including all Tournament Revenues				270,185	270,185
Program Sales, Concessions, Novelty Sales, Parking	6,181		62,984	127,957	197,122
Royalties, Licensing, Advertisements, & Sponsorships	128,901	128,120	5,000		262,021
Sports Camp Revenues	27,362	13,444	123,193		163,999
Other	1,008	4	20,930	38,170	60,112
Total Operating Revenue	1,878,498	919,818	4,309,343	2,144,162	9,251,821
<b>Expenses</b>					
Athletics Student Aid	329,580	291,954	2,070,453		2,691,987
Guarantees	45,000		1,100		46,100
Coaching salaries, benefits, & bonuses	721,949	220,308	969,184		1,911,441
Support-Staff/ Administrative other compensation & benefits	135,922	87,261	15,149	1,605,377	1,843,709
Recruiting	68,134	35,906	74,840		178,880
Team Travel	151,085	158,589	622,211		931,885
Equipment, Uniforms, & Supplies	23,584	18,803	137,916	16,969	197,272
Game Expenses	70,879	21,097	48,597		140,573
Fundraising, Marketing, & Promotion	91,975	17,455	67,644	126,579	303,653
Sport Camp Expenses	4,565	5,830	74,156		84,551
Direct Facilities, Maintenance, & Rental	113,398	17,557	140,088	541,404	812,447
Spirit Groups	4,896			210,962	215,858
Medical Expenses and Medical Insurance	5,627	4,188	1,134	92,877	103,826
Membership and Dues	615	2,890	5,962	6,479	15,946
Other Operating Expenses	111,289	37,980	80,909	685,130	915,308
Total Operating Expenses	1,878,498	919,818	4,309,343	3,285,777	10,393,436
Excess of revenues over expenses	\$ -	\$ -	\$ -	\$ (1,141,615)	\$ (1,141,615)



Wright State University  
Statement of Changes in Funds  
Restricted Funds  
June 30, 2008 (Unaudited)

	Beginning Fund	Increase in Funds (1)	Expenses for or on Behalf of Program (2)	Transfers & Others	Ending Fund
<b>Gift Accounts</b>					
Nischwitz Gregg Scholarship	\$ 12,108	\$	\$ (11,197)	\$ 12,456	\$ 13,367
Campus Scholrshp Campaign-Athletics	481	10			491
Athletics General Fund	10	94,188	(94,198)		
Volleyball		3,280	(1,801)		1,479
Heider James/Timothy Best Mem Schl	1,328			492	1,820
Baseball		19,215	(19,215)		
Basketball-Women's		1,623	(1,623)		
Basketball-Men's		15,862	(11,647)		4,215
Soccer-Men's		1,250	(1,250)		
Softball		5,535	(5,535)		
Swimming-Women's		1,325	(1,325)		
Swimming-Men's		625	(625)		
Tennis-Women's		50	(50)		
Tennis-Men's		250	(250)		
Cheerleading		1,800	(1,800)		
Golf		98,900	(98,900)		
Women's Volleyball Scholarship	123	20			143
Women's Soccer		250	(250)		
Emerald Jazz		400	(400)		
Soccer Dugout	2,388		(1,099)		1,289
Wynkoop Peggy L Scholarship	560	200			760
Campus Schol Campaign-Mens Basketbl	181				181
Campus Schol Campgn-Womens Basketbl	39				39
Baseball Facility Project	60				60
Socccer Lights	1,021				1,021
Basketball-Premium Seats	(2,000)	124,600	(122,600)		
Wright State University Pavilion	289,849		(289,801)		48
ADC Platinum Charter Fund		62,000	(62,000)		
Coaches Corner - Men's Basketball		80,000	(79,994)		6
	<u>306,148</u>	<u>511,383</u>	<u>(805,560)</u>	<u>12,948</u>	<u>24,919</u>
<b>Endowment Income Accounts</b>					
Nischwitz Gregg Scholarship	147,725				147,725
Heider James/Timothy Best Mem Schl	2,108	200			2,308
Harden Dennis C. Memorial Athl Sch		19,990			19,990
Nischwitz Gregg Scholarship	106,292	(17,588)	(2,540)	(12,456)	73,708
Heider James/Timothy Best Mem Schl	8,955	(780)	(113)	(492)	7,570
	<u>265,080</u>	<u>1,822</u>	<u>(2,653)</u>	<u>(12,948)</u>	<u>251,301</u>
<b>Total Wright State Foundation, Inc.</b>	<u>\$ 571,228</u>	<u>\$ 513,205</u>	<u>\$ (808,213)</u>	<u>\$ -</u>	<u>\$ 276,220</u>

(1) Amount includes cash receipts and interest accruals allocated to the endowment accounts.

(2) The Foundation is the only organization outside of the University's financial system that conducted transactions for or on behalf of the Athletic Department.





**Mary Taylor, CPA**  
Auditor of State

**WRIGHT STATE UNIVERSITY**

**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  
FEBRUARY 5, 2009**