WRIGHT STATE UNIVERSITY FOUNDATION, INC.
Dayton, Ohio

FINANCIAL STATEMENTS
June 30, 2010 and 2009

Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Report of Independent Auditors* of the Wright State University Foundation, Greene County, prepared by Crowe Horwath LLP, for the audit period July 1, 2009 through June 30, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

November 24, 2010

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WRIGHT STATE UNIVERSITY FOUNDATION, INC.
Dayton, Ohio

FINANCIAL STATEMENTS
June 30, 2010 and 2009

CONTENTS

Crowe Horwath.

Crowe Horwath LLP
Independent Member Crowe Horwath International

REPORT OF INDEPENDENT AUDITORS

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

We have audited the accompanying statements of financial position of Wright State University Foundation, Inc. ("Foundation") as of June 30, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wright State University Foundation, Inc. as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2010 on our consideration of the Foundation's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting, compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing results of our audit.

Crowe Horwath LLP

Crowe Horwath LLP

Columbus, Ohio
September 28, 2010

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2010 and 2009

	2010	2009
ASSETS		
Cash and cash equivalents	$ 2,139,175	$ 2,453,452
Pledges receivable (net)	7,416,300	5,981,300
Unremitted pledge payments held by others	-	635,500
Gifts receivable from trusts held by others	1,305,300	1,495,300
Investment in securities	84,887,425	71,853,335
Other investments	1,043,140	864,649
Interest and dividends receivable	263,146	143,417
Land held for development	-	650,000
Current surrender value of life insurance policies	45,705	51,268
Annuity assets	179,991	786,367
Other assets	153,778	139,008
Total assets	$ 97,433,960	$ 85,053,596
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable		
Wright State University	$ 809,265	$ 1,068,713
Trade and other	214,393	103,443
Deposits held in custody for others	1,096,633	1,010,742
Annuities payable	124,400	610,700
Loan payable	200,000	400,000
Total liabilities	2,444,691	3,193,598
NET ASSETS		
Unrestricted		
Designated	1,350,216	1,304,542
Undesignated	449,137	(1,892,151)
Temporarily restricted	58,594,379	50,013,826
Permanently restricted	34,595,537	32,433,781
Total net assets	94,989,269	81,859,998
Total liabilities and net assets	$ 97,433,960	$ 85,053,596

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

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
For the Years ended June 30, 2010 with comparative 2009 totals

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2010	Total 2009
Revenue and other support					
Gifts and contributions	$ 59,046	$ 9,694,617	$ 2,072,392	$11,826,055	$ 4,890,021
Investment earnings:					
Interest and dividends	379,138	2,773,575	-	3,152,713	2,356,165
Net realized and unrealized gains (losses)	2,627,793	6,558,151	-	9,185,944	(21,256,910)
Administrative fee charged to certain restricted accounts	549,658	(549,658)	-	-	-
Change in value of split interest agreements	-	(190,000)	549,924	359,924	(801,417)
State of Ohio endowment grants	-	-	-	-	5,000,000
Transfer of land to Wright State University	-	-	(650,000)	(650,000)	-
Other income	91,658	4,169	80,522	176,349	60,843
Net assets released from restrictions	9,601,383	(9,601,383)	-	-	-
Change in donor restrictions	-	(108,918)	108,918	-	-
Total revenue and other support	13,308,676	8,580,553	2,161,756	24,050,985	(9,751,298)
Expenses					
Program services					
Scholarships	2,486,494	-	-	2,486,494	2,831,997
University programs	6,161,392	-	-	6,161,392	7,555,156
Athletic programs	472,485	-	-	472,485	371,231
Research	766,938	-	-	766,938	814,602
Miscellaneous grants	84,697	-	-	84,697	58,062
Fund raising	616,506	-	-	616,506	891,351
Management and general	333,202	-	-	333,202	96,068
Total expenses	10,921,714	-	-	10,921,714	12,618,467
Change in net assets	2,386,962	8,580,553	2,161,756	13,129,271	(22,369,765)
Net assets					
Beginning of year	(587,609)	50,013,826	32,433,781	81,859,998	104,229,763
End of year	$ 1,799,353	$58,594,379	$34,595,537	$94,989,269	$81,859,998

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

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
STATEMENT OF ACTIVITIES
For the Year ended June 30, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2009
Revenue and other support				
Gifts and contributions	$ 79,194	$ 4,580,326	$ 230,501	$ 4,890,021
Investment earnings:				
Interest and dividends	296,691	2,059,474	-	2,356,165
Net realized and unrealized losses	(4,187,969)	(17,068,941)	-	(21,256,910)
Administrative fee charged to certain restricted accounts	491,195	(491,195)	-	-
Change in value of split interest agreements	(38,200)	(424,600)	(338,617)	(801,417)
State of Ohio endowment grants	-	-	5,000,000	5,000,000
Other income	55,346	5,497	-	60,843
Net assets released from restrictions	11,469,574	(11,469,574)	-	-
Change in donor restrictions	(7,000)	(103,793)	110,793	-
Total revenue and other support	8,158,831	(22,912,806)	5,002,677	(9,751,298)
Expenses				
Program services				
Scholarships	2,831,997	-	-	2,831,997
University programs	7,555,156	-	-	7,555,156
Athletic programs	371,231	-	-	371,231
Research	814,602	-	-	814,602
Miscellaneous grants	58,062	-	-	58,062
Fund raising	891,351	-	-	891,351
Management and general	96,068	-	-	96,068
Total expenses	12,618,467	-	-	12,618,467
Change in net assets	(4,459,636)	(22,912,806)	5,002,677	(22,369,765)
Net assets				
Beginning of year	3,872,027	72,926,632	27,431,104	104,229,763
End of year	$ (587,609)	$ 50,013,826	$ 32,433,781	$81,859,998

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

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
For the Years ended June 30, 2010 and 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributors	$ 11,590,799	$ 8,376,310
Gifts and contributions received for permanently restricted accounts	(2,072,392)	(230,501)
Interest and dividends received	3,201,541	2,184,449
Deposits received for investment on behalf of others		-
Cash received (expended) for other revenue sources	266,179	(91,632)
Cash paid to students, employees and suppliers	(11,149,226)	(12,724,017)
Interest paid	(3,933)	(11,420)
Custodial deposits returned	(68,000)	(99,150)
Net cash from operating activities	1,764,968	(2,595,961)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for investments	(9,065,515)	(9,834,059)
Cash received from investments	5,113,878	8,740,593
Net cash from investing activities	(3,951,637)	(1,093,466)
CASH FLOWS FROM FINANCING ACTIVITIES		
Gifts and contributions received for permanently restricted accounts	2,072,392	230,501
State of Ohio endowment grants	-	5,000,000
Payments on loan payable	(200,000)	(100,000)
Net cash from financing activities	1,872,392	5,130,501
Net change in cash and cash equivalents	(314,277)	1,441,074
Cash and cash equivalents, beginning of year	2,453,452	1,012,378
Cash and cash equivalents, end of year	$ 2,139,175	$ 2,453,452

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

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
For the Years ended June 30, 2010 and 2009

	2010	2009
Reconciliation of change in net assets to net cash provided by operating activities		
Change in net assets	$ 13,129,271	$ (22,369,765)
Adjustments to reconcile change in net assets to cash from operating activities		
Net realized and unrealized (gains) losses	(9,185,944)	21,256,910
Transfer of land to Wright State University	650,000	-
Gifts and contributions received for permanently restricted accounts	(2,072,392)	(230,501)
State of Ohio endowment grants	-	(5,000,000)
Changes in assets and liabilities		
Pledges receivable	(1,435,000)	1,070,600
Pledges received, held by others	635,500	2,200,020
Gifts receivable from trusts held by others	190,000	462,800
Interest and dividends receivable	(119,729)	45,103
Cash surrender value of life insurance policies	5,564	5,198
Annuity assets	606,376	362,817
Other assets	(14,770)	54,876
Accounts payable	(223,499)	(128,104)
Deposits held in custody for others	85,891	(301,715)
Annuities payable	(486,300)	(24,200)
Net cash from operating activities	$ 1,764,968	$ (2,595,961)

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

NOTE 1 - ORGANIZATION AND OPERATION

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

<u>Gifts Receivable from Trusts Held by Others</u>: Irrevocable trusts which will benefit the Foundation are recognized as gift revenue and as a receivable in an amount equal to the present value of the estimated future benefits to be received when trust assets are distributed. Adjustments to the receivable to reflect revaluation of the present value of the estimated future payments to the donor-designated beneficiaries and changes in actuarial assumptions during the term of the trust will be recognized as changes in the value of the asset.

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

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Adoption of New Accounting Standards: In June 2009, the Financial Accounting Standards Board ("FASB") issued a standard regarding the FASB Accounting Standards Codification™ and the hierarchy of generally accepted accounting principles, which replaces the standard previously issued by the FASB regarding the hierarchy of generally accepted accounting principles. This standard identifies the source of accounting principles and the framework for selecting the principles used in the presentation of financial statements of non-governmental entities that are presented in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). In addition, this standard establishes the FASB Accounting Standard Codification™ (the "Codification") as the source of authoritative U.S. GAAP recognized by the FASB to be applied by non-governmental entities in the preparation of financial statements in conformity with U.S. GAAP. All guidance contained in the Codification carries an equal level of authority. The initial date of the adoption of this standard was effective for financial statements issued for interim and annual periods ending after June 15, 2009. On June 3, 2009, FASB decided that this standard is effective for interim and annual periods ending after September 15, 2009. The Foundation adopted this standard during the year ended June 30, 2010. The adoption of this standard did not have a significant impact on the Foundation's financial statements.

The Foundation adopted guidance issued by the FASB with respect to accounting for uncertainty in income taxes as of July 1, 2009. A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. The adoption had no effect on the Foundation's financial statements. The Foundation is no longer subject to examination by taxing authorities for years before 2007. The Foundation does not have any tax benefits recorded at June 30, 2010, and does not expect that position to significantly change in the next year. The Foundation would recognize interest and/or penalties related to income tax matters in income tax expense, if applicable, and there were no amounts accrued for interest and penalties at June 30, 2010.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In May 2009, the FASB issued a standard regarding accounting for subsequent events. This standard incorporates into authoritative accounting literature certain guidance that already existed within generally accepted auditing standards, but the rules concerning recognition and disclosure of subsequent events will remain essentially unchanged. Subsequent events guidance addresses events which occur after the statement of net assets date but before the issuance of financial statements. Under this guidance, as under current practice, an entity must record the effect of subsequent events that provide evidence about conditions that existed at the statement of net assets date but not record the effects of subsequent events which provide evidence about conditions that did not exist at the statement of net assets date. This standard is effective for periods ending after June 15, 2009. The Foundation adopted this standard during the year ended June 30, 2010. Its adoption did not have a significant impact on the Foundation's financial statements.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to June 30, 2010 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2010. Management has performed their analysis through September 28, 2010, the date the financial statements were available to be issued.

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

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

NOTE 3 - BUSINESS AND CONCENTRATIONS OF CREDIT RISK

The Foundation's financial instruments that are exposed to various risks, such as interest rate, market and concentrations of credit risk consist primarily of cash and investments. The Foundation deposits its cash in federally insured banks. These deposits are generally in excess of the Federal Deposit Insurance Corporation's insurance limit. Due to the level of uncertainty related to changes in the value of investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible the changes in risks in the near term would result in material changes in the fair value of long-term investments and net assets of the Foundation.

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

(Continued)

NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

Level 1: Quoted prices for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

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

Assets measured at fair value on a recurring basis are summarized below for the years ended June 30, 2010 and 2009:

	Fair Value Measurements at June 30, 2010 Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
ASSETS				
Gifts receivable from trusts held by others	$ -	$ -	$ 1,305,300	$ 1,305,300
Investment in securities:				
Bonds	5,078,073	-	-	5,078,073
Mutual funds	32,959,839	31,058,179	167,566	64,185,584
Alternative assets	-	10,879,556	4,744,212	15,623,768
Total investment in securities	38,037,912	41,937,735	4,911,778	84,887,425
Other investments:				
Limited partnerships	-	-	1,043,140	1,043,140
Annuity assets:				
Mutual funds-securities	30,790	149,201	-	179,991
Total annuity assets	30,790	149,201	-	179,991
Total	$38,068,702	$ 42,086,936	$ 7,260,218	$ 87,415,856

(Continued)

NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

	Fair Value Measurements at June 30, 2009 Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
ASSETS				
Gifts receivable from trusts held by others	$ -	$ -	$ 1,495,300	$ 1,495,300
Investment in securities:				
Cash and cash equivalents	2,500,000	-	-	$ 2,500,000
Bonds	2,482,579	-	-	2,482,579
Mutual funds	23,259,238	30,649,690	114,529	54,023,457
Alternative assets	-	-	12,847,299	12,847,299
Total investment in securities	28,241,817	30,649,690	12,961,828	71,853,335
Other investments:				
Limited partnerships	-	-	864,649	864,649
Annuity assets:				
Cash and equivalents	111	57,500	-	57,611
Mutual funds-securities	136,761	591,995	-	728,756
Total annuity assets	136,872	649,495	-	786,367
Total	$28,378,689	$ 31,299,185	$ 15,321,777	$ 74,999,651

The table below presents a reconciliation and statement of activities classification of gains and losses for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2010 and 2009:

	Gifts Receivable from Trusts Held by Others	Alternative Assets
Beginning balance, June 30, 2009	$ 1,495,300	$ 12,847,299
Unrealized gains (losses) included in earnings	-	3,782,432
Net purchases (sales)	-	(1,131,949)
Change in value of split interest agreements	(190,000)	-
Reclassifications related to ASU 2009-12	-	(10,753,570)
Ending balance, June 30, 2010	$ 1,305,300	$ 4,744,212

	Mutual Funds	Limited Partnerships
Beginning balance, June 30, 2009	$ 114,529	$ 864,649
Interest and dividends	1,589	-
Realized gains (losses) on sales	(19,896)	-
Unrealized gains (losses) included in earnings	171,078	(2,855)
Net purchases (sales)	(164,326)	181,346
Net transfers in (out) of Level 3	64,592	-
Ending balance, June 30, 2010	$ 167,566	$ 1,043,140

(Continued)

NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

	Gifts Receivable from Trusts Held by Others	Alternative Assets
Beginning balance, June 30, 2008	$ 1,958,100	$ 10,327,115
Realized gains (losses)	-	139,916
Unrealized gains (losses)	-	(2,743,214)
Net purchases (sales)	-	3,212,010
Change in value of split interest agreements	(462,800)	-
Net transfers in (out) of Level 3	-	1,911,472
Ending balance, June 30, 2009	$ 1,495,300	$ 12,847,299

	Mutual Funds	Limited Partnerships
Beginning balance, June 30, 2008	$ 266,313	$ 508,301
Realized gains (losses)	(11,701)	-
Unrealized gains (losses)	(63,572)	23,389
Net purchases (sales)	(23,936)	333,059
Changes in estimates/assumptions	16	-
Net transfers in (out) of Level 3	(52,591)	-
Ending balance, June 30, 2009	$ 114,529	$ 864,649

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

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

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

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

(Continued)

NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Information such as NAV, historical and current performance of the underlying assets, cash flow projections, liquidity and credit premiums required by a market participant, and financial trend analysis with respect to the individual fund manager, are utilized in determining the valuation of alternative investments, such as hedge funds, private equity and commercial loans, for which there is no active market. Due to current market conditions as well as the limited trading activity of these investments, the market value of alternative investments is highly sensitive to assumption changes and market value volatility (Level 3 inputs). In some instances, the Foundation possesses the ability to redeem these investments at the fund's NAV (Level 2 inputs).

The Foundation's hedge fund investment is a "fund of funds" vehicle structured as an offshore company that invests all of its capital in private placement funds. The fund's investment objective is to seek to achieve a return somewhere between market equity and fixed income returns with a moderate level of risk undertaken. The fund is broadly diversified and invests in multiple hedge fund strategies including convertible bond hedging, credit hedging, distressed debt, equity market neutral, equity long/short, merger arbitrage, short biased and sovereign debt and mortgage hedging. The fund generally invests in 30-40 hedge funds and the fund of funds manager requires full transparency of each of the underlying funds' investment positions. The Foundation is no longer subject to the fund's initial one-year lock-up period and may, therefore, request liquidation on a quarterly basis with 65 days prior notification. At June 30, 2010, the Foundation has no significant unfunded commitments to its hedge fund allocation.

The private equity fund investment is structured as a domestic partnership in which the Foundation is a limited partner. The fund seeks to invest the capital contributed to it in a diversified pool of long-term investments in non-publically traded companies. Diversification is accomplished by investing 40-60% of committed capital in underlying funds focused on the United States, 20-40% on Europe and 0-30% on emerging markets. Capital commitments of the limited partners are payable to the partnership in installments over a 3 – 5 year period. At June 30, 2010, the Foundation's total capital commitment of $3,500,000 was 16.5% ($577,408) funded. Due to the long-term commitment of capital and the unpredictability of capital calls and partnership distributions, the fund is generally considered illiquid.

The Foundation's investment in commercial loans is in the form of a fund that invests in a diversified portfolio of structured credit instruments, the majority of which are Collateralized Debt Obligation ("CDO") equity and mezzanine notes. CDOs are structured finance securities that hold a diversified pool of income-generating collateral that is financed through the issuance of debt securities. CDO investors assume the first level of default risk. These notes are lowly correlated to traditional and other alternative investments, have minimal interest rate risk and are highly transparent. The Foundation's investment in this asset class was fully funded at June 30, 2010. The investment involves a two year lockup period (in effect until March 2011) and allows quarterly redemptions with 69 days prior notice.

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

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

(Continued)

NOTE 5 - PLEDGES RECEIVABLE

Pledges receivable at June 30, 2010 and 2009, by fund type, are as follows:

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

	2009			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Less than one year	$ 45,613	$ 2,045,044	$ 1,062,132	$ 3,152,789
One to five years	4,300	1,984,847	69,200	2,058,347
Six years or greater	-	2,000,000	-	2,000,000
Gross pledges receivable	49,913	6,029,891	1,131,332	7,211,136
Present value discount	(313)	(1,189,191)	(3,732)	(1,193,236)
Allowance for uncollectible pledges	(400)	(31,600)	(4,600)	(36,600)
Pledges receivable (net)	$ 49,200	$ 4,809,100	$ 1,123,000	$ 5,981,300

The fair value of pledges receivable was determined using discount rates applicable to the year in which the pledge was established. Rates ranged from 1.79% to 5.10%.

NOTE 6 - PLEDGES RECEIVED, HELD BY OTHERS

This receivable amount represented payments on pledges made to the Lake Campus capital campaign but not transmitted to the Foundation as of June 30, 2009. These payments were held by the Western Ohio Education Foundation (WOEF) and were completely remitted to the Foundation by June 30, 2010.

NOTE 7 - GIFTS RECEIVABLE FROM TRUSTS HELD BY OTHERS

The Foundation is a party to charitable gift trusts. Third party trustees maintain trust assets in irrevocable trusts for the benefit of the Foundation. The fair values of the trusts are estimated based upon the fair value of the assets contributed by the donor less the present value of the payment expected to be made to other beneficiaries. The present value is calculated using discount rates the year in which the trust was established, and range from 4.09% to 4.97%. The balances at June 30, 2010 and 2009 are $1,305,300 and $1,495,300, and are included in Temporarily Restricted net assets.

(Continued)

NOTE 8 - INVESTMENT IN SECURITIES

The fair value of the Foundation's investments, at June 30, 2010 and 2009, are as follows:

	2010	2009
Cash and equivalents	$ -	$ 2,500,000
Bonds	5,078,073	2,482,579
Mutual funds	64,185,584	54,023,457
Alternative assets	15,623,768	12,847,299
Totals	$ 84,887,425	$ 71,853,335

Net realized gains (losses) on sales of investments were ($1,353,331) and ($3,228,364) for the years ended June 30, 2010 and 2009, respectively. Calculation of net realized gains on sales of investments is based on original cost. Net unrealized gains (losses) amounted to $10,539,275 and ($18,028,546) for the years ended June 30, 2010 and 2009, respectively.

NOTE 9 - OTHER ASSETS

Included in other assets are unrestricted funds set aside for a specific group of University students to invest in order to provide them experience in managing a "live" portfolio. The project is known as Raider Asset Management (RAM). As the funds are not under the direct control of the Foundation's investment management system, they have been separately classified from investments in securities. The balance at June 30, 2010 and 2009 was $153,778 and $129,688, respectively. Earnings generated from the project are included in other income. Total net returns (losses) for 2010 and 2009 amounted to $24,090 and ($57,846), respectively.

NOTE 10 - DEPOSITS HELD IN CUSTODY FOR OTHERS

Assets currently held by the Foundation in custody for others consist of resources deposited by the Western Ohio Education Foundation (WOEF), an educational Foundation that benefits the Lake Campus branch of Wright State University. As of June 30, 2010 and 2009, the balance of these deposits was $1,096,633 and $1,010,742, respectively.

NOTE 11 - ACCOUNTS PAYABLE

Most of the Foundation's expenses are processed by the University Controller's Office. The Foundation reimburses the University monthly for those checks written on its behalf. At June 30, 2010 and 2009, the balance owed to the University was $809,265 and $1,068,713, respectively.

NOTE 12 - LOAN PAYABLE

The Foundation has a line-of-credit agreement with a bank that provides up to $1.5 million of borrowings at the bank's prime rate or LIBOR, plus 0.75% (1.10% and 1.06% at June 30, 2010 and 2009, respectively). The line of credit expires March 31, 2011, with an option to extend. The line-of-credit is collateralized with a portion of the Foundation's investments. Outstanding borrowings under the agreement totaled $200,000 and $400,000 at June 30, 2010 and 2009, respectively.

(Continued)

NOTE 12 - LOAN PAYABLE (Continued)

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

NOTE 13 - NET ASSETS

Net assets, as June 30, 2010 and 2009, are available for the following purposes:

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

	2009			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Scholarships	$ 309,355	$ 16,709,723	$ 12,102,512	$ 29,121,590
University programs	250,000	30,319,694	13,533,254	44,102,948
Athletic programs	-	32,279	-	32,279
Research	-	2,952,130	6,798,015	9,750,145
Market stabilization	745,187	-	-	745,187
Undesignated	(1,892,151)	-	-	(1,892,151)
Totals	$ (587,609)	$ 50,013,826	$ 32,433,781	$ 81,859,998

NOTE 14 - ENDOWMENT COMPOSITION

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

(Continued)

NOTE 14 - ENDOWMENT COMPOSITION (Continued)

Endowment net asset composition by type of fund as of June 30, 2010 and 2009:

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

	2009			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Donor-restricted endowment funds	$ (2,701,705)	$ 2,172,384	$ 32,433,781	$ 31,904,460
Board-designated funds	1,304,542	-	-	1,304,542
Total	$ (1,397,163)	$ 2,172,384	$ 32,433,781	$ 33,209,002

Changes in endowment net assets for the years ended June 30, 2010 and 2009:

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

(Continued)

NOTE 14 - ENDOWMENT COMPOSITION (Continued)

	2009			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Net assets, beginning of year	$ 1,390,115	$ 8,683,103	$ 27,431,104	$ 37,504,322
Investment return:				
Investment income, net	34,216	1,002,249	-	1,036,465
Net appreciation (depreciation)	(2,819,947)	(6,871,924)	-	(9,691,871)
Total investment return	(2,785,731)	(5,869,675)	-	(8,655,406)
Contributions	-	-	230,501	230,501
State endowment grants	-	-	5,000,000	5,000,000
Change in value of split interest agreements	-	-	(338,617)	(338,617)
Other income	-	325	-	325
Change in donor restrictions	-	-	110,793	110,793
Appropriation of assets for expenditure	(1,547)	(641,369)	-	(642,916)
Net assets, end of year	$ (1,397,163)	$ 2,172,384	$ 32,433,781	$ 33,209,002

Interpretation of UPMIFA: On June 1, 2009, the State of Ohio's version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) became effective for all non-profit, charitable organizations including the Foundation. The Board of Trustees has interpreted UPMIFA as requiring the preservation of the fair value of the original and subsequent gifts as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

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

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

(Continued)

NOTE 14 - ENDOWMENT COMPOSITION (Continued)

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

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

Spending Policy and How the Investment Objectives Relate to Spending Policy: The distribution rate is based upon a total return approach, which utilizes both income and capital appreciation to be withdrawn for spending. For the fiscal year ended June 30, 2010 and 2009, the spending rate for the Foundation was 5% of the previous twelve-quarter average of the endowment portfolio's market value. The spending rate is determined annually by the Foundation Board of Trustees, who may elect to make no distribution in any given year.

Funds with Deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature that are in excess of related temporarily restricted amounts are reported in unrestricted net assets. Such amounts totaled $826,746 and $2,701,705 as of June 30, 2010 and 2009, respectively. These deficiencies resulted from unfavorable market fluctuations during fiscal years 2008 and 2009. Endowment fund principal, unless otherwise directed by the originating donor(s), may be disbursed in accord with Foundation policy so long as the principal amount shall not fall below 80% of the fair value of the original gift and any subsequent gifts to the fund.

Foundation's Reserve Policy: Prompted by the market downturn of 2001-03, the Foundation implemented a policy establishing a reserve fund, the primary purpose of which was to provide matching grants to endowment funds that suffer investment losses resulting in fund deficiencies. The policy stipulates that the reserve fund will make grants in an amount equal to or less than 50% of the amount that would normally have been generated by the endowment had earnings been available so long as the benefitting school, college or department provides a dollar-for-dollar match. During fiscal years 2008 and 2009, severe market declines resulted in 60% of the Foundation's endowment funds being in a deficit position in at the end of fiscal year 2009. This level improved to 37% by the end of fiscal year 2010 due increased gift revenue and positive investment performance. Matching grants from the Foundation reserve in the amount of $196,579 were provided during fiscal year 2010 to help University units maintain scholarships and operating expenses benefitting Wright State students and programs.

(Continued)

NOTE 15 - FUNCTIONAL CLASSIFICATION OF EXPENSES

Total expenses, classified by both service areas and expense categories for the years ended June 30, 2010 and 2009, consist of the following:

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

(Continued)

NOTE 15 - FUNCTIONAL CLASSIFICATION OF EXPENSES (Continued)

	2009							
	Program Services					Support Services		
	Scholarships	University Programs	Athletic Programs	Research	Miscellaneous Grants	Fund Raising	Management & General	Totals
Expense category								
Salaries and wages	$ 24,986	$ 2,133,238	$ 43,249	$ 444,379	$ -	$ 277,278	$ -	$ 2,923,130
Employee benefits	278	551,095	11,806	116,700	-	92,442	-	772,321
Professional services	-	558,448	2,655	119,592	-	238,477	26,936	946,108
Supplies	25	135,837	5,262	69,155	249	10,078	600	221,206
Travel	111	306,816	151,475	51,700	10,075	135,730	5,396	661,303
Information and communications	13	190,831	58,090	7,286	46,786	136,186	10,925	450,117
Maintenance and repair	-	20,033	-	781	-	1,137	-	21,951
Student financial aid	2,806,584	220,702	11,174	4,658	-	23	-	3,043,141
Other	-	19,343	87,520	351	952	-	40,791	148,957
Capital outlay	-	3,418,813	-	-	-	-	-	3,418,813
Debt service	-	-	-	-	-	-	11,420	11,420
Totals	$ 2,831,997	$ 7,555,156	$ 371,231	$ 814,602	$ 58,062	$ 891,351	$ 96,068	$12,618,467

(Continued)

NOTE 16 - FUND RAISING EXPENSES

Fund raising expenses, for the years ended June 30, 2010 and 2009, consist of the following:

	2010	2009
Development operations	$ 166,671	$ 372,776
Development support operations	165,085	179,085
In-college development officers	195,846	164,599
Community/donor relations	4,303	117,112
Capital campaign expense	84,601	57,779
Total	$ 616,506	$ 891,351

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

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

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

NOTE 17 - MANAGEMENT AND GENERAL EXPENSES

Management and general expenses, for the years ended June 30, 2010 and 2009, consist of the following:

	2010	2009
Reimbursement for university staff support	$ -	$ -
Reimbursement for university separation incentives	141,615	-
Professional fees	109,532	26,936
Insurance	17,205	16,757
Board/committee meetings	6,724	9,945
Loan interest	3,933	11,420
Change in reserve for uncollectible pledges	8,800	(10,800)
Other	45,393	41,810
Total	$ 333,202	$ 96,068

The Foundation has agreed to provide the University an annual allocation in the amount of 1% of certain assets as reimbursement for administrative staff support provided by various University employees. The amount of the reimbursement is subject to annual review and adjustment. Due to the severe economic conditions experienced during the fiscal year ended June 30, 2009, the University agreed not to charge the Foundation for administrative support services. For the fiscal year ended June 30, 2010, the Foundation negotiated an agreement with the University that allowed it to forego the 1% allocation payment in exchange for a payment representing the amount of separation incentives paid to Advancement employees in accord with the University's separation incentive program.

SUPPLEMENTARY INFORMATION

Crowe Horwath LLP
Independent Member Crowe Horwath International

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

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

We have audited the financial statements of Wright State University Foundation, Inc. (a nonprofit organization) as of and for the year ended June 30, 2010, and have issued our report thereon dated September 28, 2010. 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 Wright State University Foundation, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Wright State University Foundation, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Wright State University Foundation, Inc.'s internal control over financial reporting.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wright State University Foundation Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

(Continued)

We noted certain matters that we reported to management of Wright State University Foundation Inc. in a separate letter dated September 28, 2010.

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

Crowe Horwath LLP

Crowe Horwath LLP

Columbus, Ohio
September 28, 2010

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Mary Taylor, CPA
Auditor of State

WRIGHT STATE UNIVERSITY FOUNDATION

GREENE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
DECEMBER 9, 2010

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