

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
Dayton, Ohio

FINANCIAL STATEMENTS
June 30, 2012 and 2011



Dave Yost • Auditor of State

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

We have reviewed the *Report of Independent Auditors* of the Wright State University Foundation, Greene County, prepared by Crowe Horwath LLP, for the audit period July 1, 2011 through June 30, 2012. 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.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

January 14, 2013

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WRIGHT STATE UNIVERSITY FOUNDATION, INC.

Dayton, Ohio

FINANCIAL STATEMENTS

June 30, 2012 and 2011

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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, 2012 and 2011, 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, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Management's Discussion and Analysis on pages 2 through 6 and multi-year summary schedules on pages 31 through 42 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has not been subjected to the auditing procedures applied in the audits of the financial statements and accordingly, we do not express an opinion or provide any assurance on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2012 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

Columbus, Ohio
October 11, 2012

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
As of and for the Fiscal Year ended June 30, 2012

Overview

This section of the Wright State University Foundation's (the "WSU Foundation" or "Foundation") annual financial report presents management's discussion and analysis of the financial performance of the WSU Foundation during the fiscal years ended June 30, 2012 and 2011. This discussion has been prepared by management along with the financial statements and related note disclosures and should be read in conjunction with the statements and notes thereto.

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

The discussion below relates to the WSU Foundation's basic financial statements, including the statements of financial position, statements of activities and statements of cash flows. The statements of financial position present the Foundation's financial situation at June 30, 2012 and 2011. The statements of activities summarize the financial transactions and consequent changes in net assets for the same fiscal years. The statements of cash flows provide details on the changes in cash levels for the same time period.

Financial Highlights

Statements of Financial Position

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

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

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

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WRIGHT STATE UNIVERSITY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
As of and for the Fiscal Year ended June 30, 2012

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

Condensed Statements of Financial Position							
(in thousands of dollars)							
	<u>2012</u>	<u>2011</u>	<u>Change, 2011 to 2012</u>		<u>2010</u>	<u>Change, 2010 to 2011</u>	
			<u>Dollars</u>	<u>Percent</u>		<u>Dollars</u>	<u>Percent</u>
Total Assets	\$ 110,269	\$ 111,193	\$ (924)	-0.8%	\$ 97,434	\$ 13,759	14.1%
Total Liabilities	\$ 3,253	\$ 2,432	\$ 821	33.8%	\$ 2,445	\$ (13)	-0.5%
Net Assets:							
Unrestricted	5,260	5,108	152	3.0%	1,799	\$ 3,309	183.9%
Temporarily Restricted	65,536	68,175	(2,639)	-3.9%	58,594	\$ 9,581	16.4%
Permanently Restricted	36,220	35,478	742	2.1%	34,596	\$ 882	2.5%
Total Net Assets	<u>107,016</u>	<u>108,761</u>	<u>(1,745)</u>	<u>-1.6%</u>	<u>94,989</u>	<u>13,772</u>	<u>14.5%</u>
Total Liabilities and Net Assets	<u>\$ 110,269</u>	<u>\$ 111,193</u>	<u>\$ (924)</u>	<u>-0.8%</u>	<u>\$ 97,434</u>	<u>\$ 13,759</u>	<u>14.1%</u>

Total assets declined slightly in fiscal year 2012, after two consecutive years of strong growth due to robust investment earnings. Although FY2012 investment earnings were positive (just under \$1 million), the increase was modest compared to the double-digit positive returns experienced in FY2010 and FY2011. The value of the Foundation's investment portfolios exceeded the \$100 million mark for the first time since its peak value of \$104.5 million at the end of FY2007. Part of this increase resulted from a \$2.5 million investment of cash equivalent assets from the previous year. Pledges receivable decreased 14.6% during FY2012, a downward trend that began in FY2011. Pledges receivable ended the year at their lowest level in at least the last ten years. The continued decline resulted from the lack of new significant pledges in FY2011 and FY2012.

Foundation liabilities increased significantly during the year. Most of this increase resulted from the receipt of \$674 thousand from the WSU Alumni Association. These assets were deposited into the Foundation's restricted investment pool with the Alumni Association maintaining a pro-rata share of the assets and related earnings/losses. Like total assets, the Foundation's net assets declined overall during FY2012. Unrestricted net assets, however, expanded to \$5.26 million, a 3% increase over the previous year. Permanently restricted assets also increased by just over 2%.

Statements of Activities

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

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WRIGHT STATE UNIVERSITY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
As of and for the Fiscal Year ended June 30, 2012

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

Condensed Statements of Activities							
(in thousands of dollars)							
	<u>2012</u>	<u>2011</u>	<u>Change, 2011 to 2012</u>		<u>2010</u>	<u>Change, 2010 to 2011</u>	
			Dollars	Percent		Dollars	Percent
Revenues							
Gifts and contributions	\$ 4,827	\$ 4,796	\$ 31	0.6%	\$ 11,826	(7,030)	-59.4%
Investment earnings (losses)	985	15,938	(14,953)	-93.8%	12,339	3,599	29.2%
Other	16	404	(388)	-96.0%	(114)	518	454.4%
Total revenues	<u>5,828</u>	<u>21,138</u>	<u>(15,310)</u>	<u>-72.4%</u>	<u>24,051</u>	<u>(2,913)</u>	<u>-12.1%</u>
Expenses							
Program services	6,493	6,373	120	1.9%	9,972	(3,599)	-36.1%
Fund raising	738	653	85	13.0%	617	\$ 36	5.8%
Management and general	342	340	2	0.6%	333	\$ 7	2.1%
Total expenses	<u>7,573</u>	<u>7,366</u>	<u>207</u>	<u>2.8%</u>	<u>10,922</u>	<u>(3,556)</u>	<u>-32.6%</u>
Change in net assets	<u>\$ (1,745)</u>	<u>\$ 13,772</u>	<u>\$ (15,517)</u>	<u>-112.7%</u>	<u>\$ 13,129</u>	<u>\$ 643</u>	<u>4.9%</u>

Fiscal year 2012 marked the end of a two year expansion in the value of the Foundation's net assets, which declined \$1.7 million over the previous year. Investment earnings, which had been the driving force behind the expansion, failed to materialize in FY2012. The markets did rally late in the year to erase deficits incurred during the first quarter, but in total investment earnings were less than \$1 million for the year, far below those experienced in the previous two years. Gift revenues increased but only slightly (less than 1%). Overall, revenues declined 72% from FY2011 to FY2012 and failed to cover expenses.

Program expenses increased 1.9% for the year, led by increases in both student financial aid and program support of various University colleges and departments. Fund raising activities saw the largest increase in activity with a 13% jump over the previous year. Most of this increase was attributable to the University's comprehensive capital campaign, which was still in the leadership phase during FY2012. Campaign expenses are those incurred over and above usual fund raising costs and are directly related to those activities undertaken to achieve the campaign's stated goals.

Statements of Cash Flows

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

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WRIGHT STATE UNIVERSITY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
As of and for the Fiscal Year ended June 30, 2012

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

Condensed Statements of Cash Flows							
(in thousands of dollars)							
	2012	2011	Change, 2011 to 2012		2010	Change, 2010 to 2011	
			Dollars	Percent		Dollars	Percent
Operating activities	\$ 547	\$ 1,501	\$ (954)	-63.6%	\$ 1,765	\$ (264)	-15.0%
Investing activities	(5,147)	1,243	(6,390)	-514.1%	(3,951)	\$ 5,194	131.5%
Financing activities	899	472	427	90.5%	1,872	(1,400)	-74.8%
Net change in cash and equivalents	<u>\$ (3,701)</u>	<u>\$ 3,216</u>	<u>\$ (6,917)</u>	<u>-215.1%</u>	<u>\$ (314)</u>	<u>\$ 3,530</u>	<u>1124.2%</u>

The Foundation's cash position declined drastically from FY2011, but a significant reduction was anticipated. The Foundation's cash position at the end of FY2011 was inflated due to investment assets temporarily parked in a cash equivalent vehicle. These assets were invested during FY2012 resulting a large decline in cash and a corresponding use of cash in investing activities. Operating activities, for the third straight year, generated positive cash flows partially offsetting the large decline in cash from investing activities. However, without the Alumni Association deposit discussed above, cash flows from operations would have slipped into negative territory. A major contributing factor to the reduction of the Foundation's operating surplus was the fact that it processed 20% fewer donated dollars in FY2012 than it did in FY2011.

Investment Performance

The Foundation maintains two significant investment pools with its investment manager, SEI Investments (Oaks, PA). One pool represents endowed assets and the second, all other assets. As discussed above, market returns in FY2012 were marginally positive, but a far cry from the returns experienced in FY2010 and FY2011. The endowed portfolio posted a return of 0.7% (net of fees and excluding private equity investments), compared to a composite benchmark return of 1.4%. The non-endowed portfolio, which is not invested as aggressively, also provided a small positive return of 1.8% (net of fees) compared to its benchmark of 2.4%. The Foundation did not adjust its investment allocation schedule during FY2012. Throughout the year, actual allocation amounts were within tolerances established by the investment policy statement.

Endowment

The value of the Foundation's endowment reported in this document is significantly larger than the amount reported last year. This change resulted from the adoption of a policy by the Foundation's Board of Trustees that allows University colleges and departments to request that certain donations be treated as if they were endowments even though the donor(s) did not permanently restrict the donation. These board designated endowments are now included in the total endowment calculation. During the fiscal year ended June 30, 2012, the value of the Foundation's endowment declined 3% and finished at just under \$77.0 million. Endowment gifts and investments earnings were not enough to overcome distributions from the endowment funds although endowment gifts were higher than the previous year.

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WRIGHT STATE UNIVERSITY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
As of and for the Fiscal Year ended June 30, 2012

Unprecedented losses experienced during fiscal years 2008 and 2009 have reduced the values of some of the Foundation's endowment funds to less than the amount originally donated, a condition known as "underwater endowments." By the end of the FY2011 the amount of the endowment deficit had been reduced to less than \$100 thousand. Although the endowment portfolio generated a positive return in FY2012, it did not provide a high enough return to reduce the deficit. Thus, the underwater endowment figure grew to more than \$241 thousand. Despite this reversal, there were adequate reserves in each of the funds to distribute the full amount of earnings (5%) to all endowment funds without reducing any funds below the 80% of original donated value required by Foundation policy.

Debt and Debt Guaranties

The Foundation continued to maintain a line of credit with a local bank during FY2012. There were no outstanding borrowings on this credit line at year end.

During FY2011, the Foundation agreed to guaranty the debt for two projects initiated by organizations closely related to Wright State University and its mission. Both guaranties remained in effect during FY2012. Management does not believe that either of these guaranties will be needed in the near future. More details about the guaranties may be found in note 12 to the financial statements.

Comprehensive Capital Campaign

Following its highly successful "Tomorrow Takes Flight" campaign completed in 2006, Wright State has launched its second such effort and is currently in the leadership phase of that campaign. No goal has yet been established, but priorities identified include scholarships, endowed chairs/professorships and facility improvements. It is anticipated that we will go public with the campaign in FY2013 and that it will be concluded by FY2015.

Requests for Information

Offices in support of the WSU Foundation are located in 108 Allyn Hall on the Dayton campus. Questions about any of the information provided in this report or requests for additional information may be directed to:

Bob Batson, CFP®
Assistant Treasurer
Wright State University Foundation, Inc.
108J Allyn Hall
3640 Colonel Glenn Highway
Dayton, OH 45435-0001
(937) 775-2869

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

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
 STATEMENTS OF FINANCIAL POSITION
 June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Cash and cash equivalents	\$ 1,654,245	\$ 5,355,232
Pledges receivable (net)	4,414,400	5,167,500
Gifts receivable from trusts held by others	1,414,100	1,545,600
Investment in securities	100,545,509	96,768,422
Other investments	1,354,550	1,347,334
Interest and dividends receivable	418,273	550,558
Current surrender value of life insurance policies	35,037	33,294
Annuity assets	215,276	222,680
Other assets	<u>217,216</u>	<u>202,532</u>
Total assets	<u>\$ 110,268,606</u>	<u>\$ 111,193,152</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable		
Wright State University	\$ 1,046,451	\$ 830,213
Trade and other	145,532	190,986
Deposits held in custody for others	1,926,215	1,277,662
Annuities payable	<u>134,500</u>	<u>133,000</u>
Total liabilities	<u>3,252,698</u>	<u>2,431,861</u>
NET ASSETS		
Unrestricted		
Designated	2,220,722	2,166,820
Undesignated	3,039,455	2,940,690
Temporarily restricted	65,535,744	68,175,298
Permanently restricted	<u>36,219,987</u>	<u>35,478,483</u>
Total net assets	<u>107,015,908</u>	<u>108,761,291</u>
Total liabilities and net assets	<u>\$ 110,268,606</u>	<u>\$ 111,193,152</u>

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

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
For the Year ended June 30, 2012 with comparative 2011 totals

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2012</u>	<u>Total 2011</u>
Revenue and other support:					
Gifts and contributions	\$ 97,681	\$ 3,830,952	\$ 898,684	\$ 4,827,317	\$ 4,796,110
Investment earnings:					
Interest and dividends	743,015	1,529,158	-	2,272,173	2,509,261
Net realized and unrealized gains (losses)	(376,723)	(910,641)	-	(1,287,364)	13,428,391
Administrative fee charged to certain restricted accounts	745,347	(745,347)	-	-	-
Change in value of split interest agreements	-	(131,500)	(13,730)	(145,230)	227,120
Other income (loss)	156,653	6,194	(1,867)	160,980	177,211
Net assets released from restrictions	6,359,953	(6,359,953)	-	-	-
Change in donor restrictions	-	141,583	(141,583)	-	-
Total revenue and other support	<u>7,725,926</u>	<u>(2,639,554)</u>	<u>741,504</u>	<u>5,827,876</u>	<u>21,138,093</u>
Expenses:					
Program services:					
Scholarships	2,420,055	-	-	2,420,055	2,264,720
University programs	3,193,474	-	-	3,193,474	3,029,763
Athletic programs	441,574	-	-	441,574	488,515
Research	371,322	-	-	371,322	500,969
Miscellaneous grants	66,783	-	-	66,783	89,310
Fund raising	738,382	-	-	738,382	653,096
Management and general	<u>341,669</u>	<u>-</u>	<u>-</u>	<u>341,669</u>	<u>339,698</u>
Total expenses	<u>7,573,259</u>	<u>-</u>	<u>-</u>	<u>7,573,259</u>	<u>7,366,071</u>
Change in net assets	152,667	(2,639,554)	741,504	(1,745,383)	13,772,022
Net assets					
Beginning of year	<u>5,107,510</u>	<u>68,175,298</u>	<u>35,478,483</u>	<u>108,761,291</u>	<u>94,989,269</u>
End of year	<u>\$5,260,177</u>	<u>\$ 65,535,744</u>	<u>\$36,219,987</u>	<u>\$ 107,015,908</u>	<u>\$ 108,761,291</u>

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, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2011</u>
Revenue and other support				
Gifts and contributions	\$ 64,957	\$ 4,059,628	\$ 671,525	\$ 4,796,110
Investment earnings:				
Interest and dividends	728,929	1,780,332	-	2,509,261
Net realized and unrealized gains	2,864,250	10,564,141	-	13,428,391
Administrative fee charged to certain restricted accounts	642,596	(642,596)	-	-
Change in value of split interest agreements	-	190,100	37,020	227,120
Other income	145,160	(2,798)	34,849	177,211
Net assets released from restrictions	6,228,336	(6,228,336)	-	-
Change in donor restrictions	<u>-</u>	<u>(139,552)</u>	<u>139,552</u>	<u>-</u>
Total revenue and other support	10,674,228	9,580,919	882,946	21,138,093
 Expenses				
Program services				
Scholarships	2,264,720	-	-	2,264,720
University programs	3,029,763	-	-	3,029,763
Athletic programs	488,515	-	-	488,515
Research	500,969	-	-	500,969
Miscellaneous grants	89,310	-	-	89,310
Fund raising	653,096	-	-	653,096
Management and general	<u>339,698</u>	<u>-</u>	<u>-</u>	<u>339,698</u>
Total expenses	<u>7,366,071</u>	<u>-</u>	<u>-</u>	<u>7,366,071</u>
 Change in net assets	3,308,157	9,580,919	882,946	13,772,022
 Net assets				
Beginning of year	<u>1,799,353</u>	<u>58,594,379</u>	<u>34,595,537</u>	<u>94,989,269</u>
End of year	<u>\$ 5,107,510</u>	<u>\$68,175,298</u>	<u>\$ 35,478,483</u>	<u>\$ 108,761,291</u>

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, 2012 and 2011

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributors	\$ 5,564,819	\$ 7,010,050
Gifts and contributions received for permanently restricted accounts	(898,684)	(671,525)
Interest and dividends received	2,415,362	2,446,682
Deposits received for investment on behalf of others	674,498	22,000
Cash received for other revenue sources	160,242	131,791
Cash paid to students, employees and suppliers	(7,331,242)	(7,386,202)
Interest paid	-	(1,463)
Custodial deposits returned	<u>(38,000)</u>	<u>(50,000)</u>
Net cash from operating activities	546,995	1,501,333
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for investments	(6,135,182)	(6,222,514)
Cash received from investments	<u>988,516</u>	<u>7,465,713</u>
Net cash from investing activities	(5,146,666)	1,243,199
CASH FLOWS FROM FINANCING ACTIVITIES		
Gifts and contributions received for permanently restricted accounts	898,684	671,525
Payments on loan payable	<u>-</u>	<u>(200,000)</u>
Net cash from financing activities	<u>898,684</u>	<u>471,525</u>
Net change in cash and cash equivalents	(3,700,987)	3,216,057
Cash and cash equivalents, beginning of year	<u>5,355,232</u>	<u>2,139,175</u>
Cash and cash equivalents, end of year	<u>\$ 1,654,245</u>	<u>\$ 5,355,232</u>

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, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Reconciliation of change in net assets to net cash provided by operating activities		
Change in net assets	\$ (1,745,383)	\$ 13,772,022
Adjustments to reconcile change in net assets to cash from operating activities		
Net realized and unrealized (gains) losses	1,287,364	(13,428,391)
Gifts and contributions received for permanently restricted accounts	(898,684)	(671,525)
Changes in assets and liabilities		
Pledges receivable	753,100	2,248,800
Gifts receivable from trusts held by others	131,500	(240,300)
Interest and dividends receivable	132,285	(287,412)
Cash surrender value of life insurance policies	(1,743)	12,410
Annuity assets	7,404	(42,689)
Other assets	(14,684)	(48,754)
Accounts payable	245,784	(2,458)
Deposits held in custody for others	648,552	181,030
Annuities payable	<u>1,500</u>	<u>8,600</u>
Net cash from operating activities	<u>\$ 546,995</u>	<u>\$ 1,501,333</u>

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

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 1 - ORGANIZATION AND OPERATION

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

Governing direction is provided by a code of regulations most recently revised in June of 2012. Overall policy direction is provided by a board of 25 – 35 community leaders who serve as trustees of the Foundation. Trustees elect a chair and other officers from their number. The Foundation has no employees of its own, but several University employees provide staff support, including the University's vice president for university advancement who serves as president of the board (non-voting).

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Net Assets Released from Restrictions: When a donor restriction 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.

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

GAAP prescribes recognition thresholds and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. Management has concluded that they are unaware of any tax benefits or liabilities to be recognized at June 30, 2012 or 2011, respectively.

The Foundation is no longer subject to examination by taxing authorities for years before 2009. The Foundation does not have any tax benefits recorded at June 30, 2012, 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, 2012 or 2011.

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to June 30, 2012, to determine the need for any adjustments to and/or disclosures within the financial statements for the year ended June 30, 2012. Management has performed their analysis through October 11, 2012, the date the financial statements were available to be issued.

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

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

NOTE 3 - BUSINESS AND CONCENTRATIONS OF CREDIT RISK

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

Investments are managed by a professional investment management company utilizing the "manager of managers" model of portfolio administration. The investment manager is subject to the Foundation's investment policy, approved by the board of trustees, which contains objectives, guidelines and restrictions designed to provide for preservation of capital with an emphasis on providing current income and achieving long-term growth of the funds without undue exposure to risk. Certain funds have been pooled for ease of management and to achieve greater diversification in investments. Due to the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible the changes in risks in the near term would result in material changes in the fair value of long-term investments and net assets of the Foundation.

(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.

(Continued)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Assets measured at fair value on a recurring basis are summarized below for the years ended June 30, 2012 and 2011.

	Fair Value Measurements at June 30, 2012 Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Totals
ASSETS				
Gifts receivable from trusts held by others	\$ -	\$ -	\$ 1,414,100	\$ 1,414,100
Investment in securities				
Mutual funds				
Equity	39,152,712	2,783,963	9,148	41,945,823
Fixed income	1,373,104	38,527,083	651,590	40,551,777
Alternative assets				
Hedge funds	-	12,033,512	-	12,033,512
Private equity	-	-	1,468,920	1,468,920
Distressed debt	-	4,545,477	-	4,545,477
Total investment in securities	40,525,816	57,890,035	2,129,658	100,545,509
Other investments:				
Limited partnerships	-	-	1,354,550	1,354,550
Annuity assets				
Cash and equivalents	-	3,117	-	3,117
Mutual funds-securities	46,088	166,071	-	212,159
Total annuity assets	46,088	169,188	-	215,276
Total	\$ 40,571,904	\$ 58,059,223	\$ 4,898,308	\$ 103,529,435

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

(Continued)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The table below presents a reconciliation and income statement 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, 2012 and 2011:

	Gifts Receivable from Trusts Held by Others	Equity Mutual Funds	Fixed Income Mutual Funds
Beginning balance, June 30, 2011	\$ 1,545,600	\$ 4,128	\$ 416,980
Interest and dividends	-	-	8,414
Realized gains on sales	-	958	8,841
Unrealized gains included in earnings	-	2,850	269
Purchases	-	-	320,592
Sales	-	(856)	-
Change in value of split interest agreements	(131,500)	-	-
Net transfers in/(out) of Level 3	-	2,068	(103,506)
Ending balance, June 30, 2012	<u>\$ 1,414,100</u>	<u>\$ 9,148</u>	<u>\$ 651,590</u>

	Private Equity	Limited Partnerships
Beginning balance, June 30, 2011	\$ 1,070,283	\$ 1,347,334
Realized gains on sales	12,431	-
Unrealized gains included in earnings	56,475	47,072
Purchases	329,731	159,600
Sales	-	(199,456)
Ending balance, June 30, 2012	<u>\$ 1,468,920</u>	<u>\$ 1,354,550</u>

	Gifts Receivable from Trusts Held by Others	Equity Mutual Funds	Fixed Income Mutual Funds
Beginning balance, June 30, 2010	\$ 1,305,300	\$ 9,798	\$ 157,768
Interest and dividends	-	(55)	1,739
Realized losses on sales	-	(439)	(17,517)
Unrealized gains/(losses) included in earnings	-	(4,417)	70,727
Purchases	-	-	231,742
Sales	-	(1,028)	-
Change in value of split interest agreements	240,300	-	-
Net transfers in/(out) of Level 3	-	269	(27,479)
Ending balance, June 30, 2011	<u>\$ 1,545,600</u>	<u>\$ 4,128</u>	<u>\$ 416,980</u>

	Private Equity	Distressed Debt	Limited Partnerships
Beginning balance, June 30, 2010	\$ 535,739	\$ 4,208,473	\$ 1,043,140
Realized gains on sales	9,546	-	-
Unrealized gains included in earnings	108,185	-	8,642
Purchases	416,813	-	427,435
Sales	-	-	(131,883)
Net transfers out of Level 3	-	(4,208,473)	-
Ending balance, June 30, 2011	<u>\$ 1,070,283</u>	<u>\$ -</u>	<u>\$ 1,347,334</u>

(Continued)

NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

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

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. A majority of the investments in securities category is valued based on quoted market prices from public trading exchanges (Level 1 input). In addition, Foundation management reviews the valuations and returns in comparison to industry benchmarks (Level 2 inputs), and net asset value using the market approach (Level 3 inputs), and other relevant information.

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, using the market approach. Foundation management reviews the valuations and returns in comparison to industry benchmarks and other relevant information (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 historical market equity and fixed income returns with a moderate level of risk undertaken. The fund is broadly diversified and invests in multiple hedge fund strategies including convertible bond hedging, credit hedging, distressed debt, equity market neutral, equity long/short, merger arbitrage, short biased and sovereign debt and mortgage hedging. The fund generally invests in 30-40 hedge funds and the fund of funds manager requires full transparency of each of the underlying funds’ investment positions. This investment is valued used net asset value (NAV) and the market approach. The Foundation is no longer subject to the fund’s initial one-year lock-up period and may, therefore, request liquidation at NAV on a quarterly basis with 65 days prior notification (Level 2 inputs). At June 30, 2012, the Foundation has no significant unfunded commitments to its hedge fund allocation.

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

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, 2012, the Foundation’s total capital commitment of \$3,500,000 was 41.6% (\$1,455,908) funded. Due to the long-term commitment of capital and the unpredictability of capital calls and partnership distributions, the fund is generally considered illiquid. It is also not unusual for private equity funds to experience losses in the early years of their existence. The valuation of this investment is based on NAV using the market approach (Level 3 input).

The Foundation’s investment in 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, 2012. The Foundation is no longer subject to the investment’s two year lockup period and may, therefore, request liquidation on a quarterly basis with 69 days prior notice (Level 2 input).

(Continued)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2012 and 2011

NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

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

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

NOTE 5 - PLEDGES RECEIVABLE

Pledges receivable at June 30, 2012 and 2011, by fund type, are as follows:

	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Less than one year	\$ 51,920	\$ 1,603,873	\$ 146,899	\$ 1,802,692
One to five years	-	1,523,941	185,238	1,709,179
Six years or greater	-	<u>2,000,000</u>	-	<u>2,000,000</u>
Gross pledges receivable	51,920	5,127,814	332,137	5,511,871
Present value discount	(20)	(1,057,914)	(3,537)	(1,061,471)
Allowance for uncollectible pledges	<u>(100)</u>	<u>(27,500)</u>	<u>(8,400)</u>	<u>(36,000)</u>
Pledges receivable (net)	<u>\$ 51,800</u>	<u>\$ 4,042,400</u>	<u>\$ 320,200</u>	<u>\$ 4,414,400</u>
	2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Less than one year	\$ 39,250	\$ 1,770,682	\$ 95,628	\$ 1,905,560
One to five years	-	2,338,211	75,440	2,413,651
Six years or greater	-	<u>2,000,000</u>	-	<u>2,000,000</u>
Gross pledges receivable	39,250	6,108,893	171,068	6,319,211
Present value discount	50	(1,123,893)	(3,368)	(1,127,211)
Allowance for uncollectible pledges	<u>(100)</u>	<u>(21,200)</u>	<u>(3,200)</u>	<u>(24,500)</u>
Pledges receivable (net)	<u>\$ 39,200</u>	<u>\$ 4,963,800</u>	<u>\$ 164,500</u>	<u>\$ 5,167,500</u>

The fair value of pledges receivable was determined using discount rates applicable to the year in which the pledge was established. Rates ranged from 0.72% to 5.10%.

(Continued)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2012 and 2011

NOTE 6 - GIFTS RECEIVABLE FROM TRUSTS HELD BY OTHERS

The Foundation is a party to charitable gift trusts. Third party trustees maintain trust assets in irrevocable trusts for the benefit of the Foundation. The fair values of the trusts are estimated based upon the fair value of the assets contributed by the donor less the present value of the payment expected to be made to other beneficiaries. The present value is calculated using discount rates the year in which the trust was established, and range from 4.09% to 4.97%. The balances at June 30, 2012 and 2011, are \$1,414,100 and \$1,545,600, respectively, and are included in Temporarily Restricted net assets.

NOTE 7 - INVESTMENT IN SECURITIES

The fair value of the Foundation's investments, at June 30, 2012 and 2011 is as follows:

	<u>2012</u>	<u>2011</u>
Bonds	\$ -	\$ 2,520,354
Mutual funds	82,497,600	74,760,027
Alternative assets	<u>18,047,909</u>	<u>19,488,041</u>
Totals	<u>\$ 100,545,509</u>	<u>\$ 96,768,422</u>

Net realized gains (losses) on sales of investments were \$628,997 and (\$3,917,350) for the years ended June 30, 2012 and 2011, respectively. Calculation of net realized gains on sales of investments is based on original cost. Net unrealized gains (losses) amounted to (\$1,916,361) and \$17,345,741 for the years ended June 30, 2012 and 2011, respectively.

NOTE 8 - OTHER ASSETS

Included in other assets are unrestricted funds set aside for a specific group of University students to invest in order to provide them experience in managing a "live" portfolio. The project is known as Raider Asset Management (RAM). As the funds are not under the direct control of the Foundation's investment management system, they have been separately classified from investments in securities. The balance at June 30, 2012 and 2011 was \$199,938 and \$199,199, respectively. Earnings generated from the project are included in other income. Total net returns (losses) for 2012 and 2011 amounted to \$739 and \$45,421, respectively.

NOTE 9 - DEPOSITS HELD IN CUSTODY FOR OTHERS

Assets currently held by the Foundation in custody for others consist of resources deposited by the Western Ohio Education Foundation (WOEF), an educational Foundation that benefits the Lake Campus branch of Wright State University, and the Wright State University Alumni Association. As of June 30, 2012 and 2011, the balances of these deposits were as follows:

	<u>2012</u>	<u>2011</u>
WOEF	\$ 1,262,441	\$ 1,277,662
WSU Alumni Association	<u>663,774</u>	<u>-</u>
Totals	<u>\$ 1,926,215</u>	<u>\$ 1,277,662</u>

(Continued)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 10 - ACCOUNTS PAYABLE

Most of the Foundation's expenses are processed by the University Controller's Office. The Foundation reimburses the University monthly for those checks written on its behalf. At June 30, 2012 and 2011, the balance owed to the University was \$1,046,451 and \$830,213, respectively.

NOTE 11 - LINE OF CREDIT

The Foundation maintains a line-of-credit agreement with a bank that provides up to \$1.5 million of borrowings at the bank's prime rate or LIBOR, plus 0.75%. The line of credit expires March 31, 2013, with an option to extend. The line-of-credit is collateralized with a portion of the Foundation's investments. There were no outstanding borrowings on the line of credit at June 30, 2012 and 2011.

NOTE 12 - DEBT GUARANTIES

During fiscal year 2011, the Foundation entered into agreement with Dayton Regional STEM Schools, Incorporated ("STEM") guarantying payments on a lease (and such other obligations imposed by the lease) related to the purchase and renovation of an existing building that is utilized by the School in fulfillment of its corporate purposes. STEM is one of ten Ohio schools offering students a relevant, real world educational experience that will prepare them for college and opportunities in the work world. Wright State University has acted as STEM's fiscal agent as well as providing space, supplies and personnel in support of its operations. The agreement pledges unrestricted net assets of the Foundation in an amount not to exceed \$3 million and the designation of unrestricted net assets in the amount of one year of maximum debt service (\$600,000) on bonds associated with the project. Since the guarantee may expire without being drawn upon, the total guarantee does not necessarily represent future cash requirements. As of June 30, 2012, no amounts have been recognized as a liability under the financial guaranty in the Foundation's statement of financial position as the likelihood that STEM would be unable to fulfill its obligation in full or in part under the debt agreement is not considered to be probable.

Also during fiscal year 2011, the Foundation entered into an agreement with Wright State Physicians, Incorporated ("WSP") guarantying the debt service payments on \$13.5 million worth of bonds issued to finance construction of a three-story medical office building on Wright State's main campus that will be used to fulfill WSP's corporate purposes. WSP is the faculty practice plan for Wright State's Boonshoft School of Medicine ("BSOM"), which functions to recruit and retain clinicians and scientists in support of the clinical, educational, research and community service activities of BSOM. The agreement pledges the remaining proceeds of a large donation to BSOM made in fiscal year 2005. As of June 30, 2012, the market value of this gift, segregated in a separate portfolio, was \$18,489,803. Since the guarantee may expire without being drawn upon, the total guarantee does not necessarily represent future cash requirements. As of June 30, 2012, no amounts have been recognized as a liability under the financial guaranty in the Foundation's statement of financial position as the likelihood that WSP would be unable to fulfill its obligation in full or in part under the debt agreement is not considered to be probable.

(Continued)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 13 - NET ASSETS

Net assets, as June 30, 2012 and 2011, are available for the following purposes:

	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Scholarships	\$ 335,523	\$20,040,468	\$15,388,141	\$ 35,764,132
University programs	250,000	41,727,894	14,661,176	56,639,070
Athletic programs	-	84,017	-	84,017
Research	-	3,683,365	6,170,670	9,854,035
Market stabilization	1,035,199	-	-	1,035,199
Debt guaranty	600,000	-	-	600,000
Undesignated	<u>3,039,455</u>	<u>-</u>	<u>-</u>	<u>3,039,455</u>
Totals	<u>\$5,260,177</u>	<u>\$65,535,744</u>	<u>\$36,219,987</u>	<u>\$ 107,015,908</u>

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

(Continued)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2012 and 2011

NOTE 14 - ENDOWMENT COMPOSITION

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

Endowment net asset composition by type of fund as of June 30, 2012 and 2011:

	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Donor restricted endowment funds	\$ (241,241)	\$ 6,739,410	\$36,219,987	\$42,718,156
Board-designated funds	<u>585,523</u>	<u>33,668,571</u>	<u>-</u>	<u>34,254,094</u>
Totals	<u>\$ 344,282</u>	<u>\$40,407,981</u>	<u>\$36,219,987</u>	<u>\$76,972,250</u>
	2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Donor restricted endowment funds	\$ (95,130)	\$ 8,489,620	\$35,478,483	\$43,872,973
Board-designated funds	<u>586,744</u>	<u>35,142,460</u>	<u>-</u>	<u>35,729,204</u>
Totals	<u>\$ 491,614</u>	<u>\$43,632,080</u>	<u>\$35,478,483</u>	<u>\$79,602,177</u>

(Continued)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 14 - ENDOWMENT COMPOSITION (Continued)

Changes in endowment net assets for the years ended June 30, 2012 and 2011:

	2012			Totals
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Net assets, beginning of year	\$ 491,614	\$43,632,080	\$35,478,483	\$79,602,177
Investment return				
Investment income (net)	-	1,365,201	-	1,365,201
Net depreciation	(146,111)	(954,862)	-	(1,100,973)
Total investment return	(146,111)	410,339	-	264,228
Contributions	-	1,050,439	898,684	1,949,123
Change in value of split interest agreements	-	-	(13,730)	(13,730)
Other income (expense)	-	4	(1,867)	(1,863)
Change in donor restrictions	-	-	(141,583)	(141,583)
Net assets released from restrictions	29,777	-	-	29,777
Appropriation of assets for expenditure	(30,998)	(4,684,881)	-	(4,715,879)
Net assets, end of year	<u>\$ 344,282</u>	<u>\$40,407,981</u>	<u>\$36,219,987</u>	<u>\$76,972,250</u>
	2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Net assets, beginning of year	\$ (245,748)	\$34,510,432	\$34,595,537	\$68,860,221
Investment return				
Investment income (net)	-	1,530,027	-	1,530,027
Net appreciation	731,616	10,644,699	-	11,376,315
Total investment return	731,616	12,174,726	-	12,906,342
Contributions	-	1,241,871	671,525	1,913,396
Change in value of split interest agreements	-	-	37,020	37,020
Other income	-	285	34,849	35,134
Change in donor restrictions	-	-	139,552	139,552
Net assets released from restrictions	28,666	-	-	28,666
Appropriation of assets for expenditure	(22,920)	(4,295,234)	-	(4,318,154)
Net assets, end of year	<u>\$ 491,614</u>	<u>\$43,632,080</u>	<u>\$35,478,483</u>	<u>\$79,602,177</u>

(Continued)

NOTE 14 - ENDOWMENT COMPOSITION (Continued)

Interpretation of UPMIFA: The Board of Trustees has interpreted Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as requiring the preservation of the fair value of the original and subsequent gifts as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. However, the Foundation may expend up to 20% of the fair value of the original gift(s) when no other net earnings (current or accumulated) are available for distribution.

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

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

Return Objectives and Risk Parameters: The Foundation has 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 investment policy, the primary investment objective of the endowment portfolio is to provide for preservation of capital with an emphasis on providing current income and achieving long-term growth of the endowment without undue exposure to risk. The performance objective is to grow the market value of assets net of inflation, spending, and expenses, over a full market cycle (generally defined as a three to five year period) without undue exposure to risk. In quantitative terms, the portfolio is invested so as to earn a total return of 5% over inflation without exceeding a standard deviation of 1.2 times a weighted benchmark index. The benchmark index will be comprised of each asset class index weighted by its target allocation. It is also expected that the investment results will outperform their weighted benchmark indices over a full market cycle. Return is calculated on a total return basis, which includes income (interest and dividends), realized and unrealized capital gains (losses).

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

(Continued)

NOTE 14 - ENDOWMENT COMPOSITION (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy: The distribution rate is based upon a total return approach, which utilizes both income and capital appreciation to be withdrawn for spending. For the fiscal years ended June 30, 2012 and 2011, 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 \$241,241 and \$95,130 as of June 30, 2012 and 2011, respectively. Endowment fund principal, unless otherwise directed by the originating donor(s), may be disbursed in accord with Foundation policy so long as the principal amount shall not fall below 80% of the fair value of the original gift and any subsequent gifts to the fund.

Foundation's Reserve Policy: Prompted by the market downturn of 2001-03, the Foundation implemented a policy establishing a reserve fund, the primary purpose of which was to provide matching grants to endowment funds that suffer investment losses resulting in fund deficiencies. The policy stipulates that the reserve fund will make grants in an amount equal to or less than 50% of the amount that would normally have been generated by the endowment had earnings been available so long as the benefitting school, college or department provides a dollar-for-dollar match. No such grants were necessary in fiscal year 2012.

(Continued)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 15 - FUNCTIONAL CLASSIFICATION OF EXPENSES

Total expenses, classified by both service areas and expense categories for the years ended June 30, 2012 and 2011, consist of the following:

Expense Category	2012							Totals
	Program Services				Support Services			
	Scholarships	University Programs	Athletic Programs	Research	Miscellaneous Grants	Fund Raising	Management & General	
Salaries and wages	\$ 24,024	\$1,152,280	\$ -	\$ 174,894	\$ -	\$ 192,341	\$ -	\$ 1,543,539
Employee benefits	-	236,785	-	38,488	-	67,414	-	342,687
Professional services	-	362,103	5,030	8,678	-	155,427	296,990	828,228
Supplies	-	107,536	49,313	83,106	4,832	60,720	133	305,640
Travel	500	247,647	232,022	30,910	24,216	80,167	6,884	622,346
Information and communications	78	146,268	28,250	34,064	33,872	169,885	4,102	416,519
Maintenance and repair	-	82,552	4,444	312	532	950	-	88,790
Student financial aid	2,395,453	74,924	22,821	870	-	9,258	-	2,503,326
Other	-	15,417	99,694	-	3,331	2,220	33,560	154,222
Capital outlay	-	767,962	-	-	-	-	-	767,962
Totals	\$2,420,055	\$3,193,474	\$ 441,574	\$ 371,322	\$ 66,783	\$ 738,382	\$ 341,669	\$ 7,573,259

Expense Category	2011							Totals
	Program Services				Support Services			
	Scholarships	University Programs	Athletic Programs	Research	Miscellaneous Grants	Fund Raising	Management & General	
Salaries and wages	\$ 19,314	\$1,387,233	\$ 56,080	\$ 207,515	\$ -	\$ 187,612	\$ -	\$ 1,857,754
Employee benefits	-	343,543	18,039	56,584	-	63,346	6,501	488,013
Professional services	-	313,350	4,440	192,601	2,537	95,775	319,753	928,456
Supplies	-	132,960	17,662	12,263	1,188	21,672	196	185,941
Travel	15	200,553	152,246	20,966	19,220	42,216	3,994	439,210
Information and communications	4,012	255,588	75,208	9,372	57,981	122,770	6,763	531,694
Maintenance and repair	-	50,409	36,548	104	-	61,026	-	148,087
Student financial aid	2,241,379	94,263	29,890	1,388	1,000	16,576	-	2,384,496
Other	-	1,410	98,402	176	7,384	42,103	1,028	150,503
Capital outlay	-	250,454	-	-	-	-	1,463	251,917
Totals	\$2,264,720	\$3,029,763	\$ 488,515	\$ 500,969	\$ 89,310	\$ 653,096	\$ 339,698	\$ 7,366,071

NOTE 16 - FUND RAISING EXPENSES

Fund raising expenses, for the years ended June 30, 2012 and 2011, consist of the following:

	2012	2011
Development operations	\$ 384,846	\$ 406,673
Development support operations	83,293	80,166
In-college development officers	79,116	73,678
Community/donor relations	-	10,258
Capital campaign expense	191,127	82,321
Totals	\$ 738,382	\$ 653,096

(Continued)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 16 - FUND RAISING EXPENSES (Continued)

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

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

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

NOTE 17 - MANAGEMENT AND GENERAL EXPENSES

Management and general expenses, for the years ended June 30, 2012 and 2011, consist of the following:

	<u>2012</u>	<u>2011</u>
Reimbursement for university staff support	\$ 200,000	\$ 159,038
Reimbursement for university separation incentives	-	6,501
Professional fees	96,690	162,828
Insurance	17,205	17,205
Board/committee meetings	10,025	6,727
Loan interest	-	1,463
Change in reserve for uncollectible pledges	11,500	(20,900)
Other	<u>6,249</u>	<u>6,836</u>
Totals	<u>\$ 341,669</u>	<u>\$ 339,698</u>

The Foundation has agreed to provide the University an annual allocation in the amount of 1% of certain net assets as reimbursement for administrative staff support provided by various University employees. The amount of the reimbursement is subject to annual review and adjustment. For the fiscal year ended June 30, 2011, 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.

NOTE 18 - SUBSEQUENT EVENTS

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

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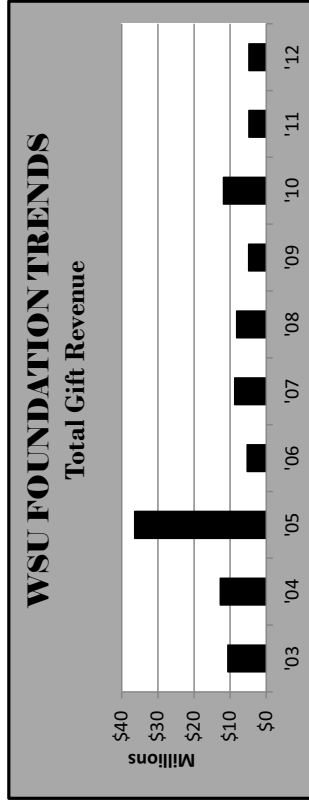
NOTE 18 - SUBSEQUENT EVENTS (Continued)

Due to increasing demand for academic space on its main campus, the University has encouraged non-academic units to secure off-campus space to free up currently utilized facilities. In accordance with this request, the Foundation made a down payment on a currently existing office building in close proximity to main campus in September of 2012. The purchase will allow all Advancement operations, with the exception of Alumni Relations, to consolidate into a single location. The agreed upon purchase price for the building is \$750,000 and the Foundation plans to spend approximately \$1 million to renovate the building. It is anticipated that the purchase will be made with current unrestricted assets and that the Foundation will utilize its line of credit for renovation and replacement costs.

SUPPLEMENTARY INFORMATION

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF TOTAL REVENUES (Unaudited)
For the ten years ended June 30, 2003 to 2012

Fiscal Year	Gifts and Contributions			Investment Earnings			Other Income (Losses)	Total Revenues	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Subtotal	Dividends	Realized Gains (Losses)			Unrealized Gains (Losses)
2003	70,195	9,823,705	733,385	10,627,285	783,702	272,021	21,014	1,076,737	11,735,103
2004	118,160	6,134,203	6,458,126	12,710,489	745,571	583,476	4,964,022	6,293,069	18,541,242
2005	80,966	35,815,383	487,675	36,384,024	1,162,370	2,483,723	379,713	4,025,806	41,368,487
2006	76,833	4,324,101	889,803	5,290,737	4,510,019	2,681,645	434,322	7,625,986	16,778,597
2007	47,072	8,254,681	454,971	8,756,724	3,307,068	5,638,104	7,177,944	16,123,116	24,897,138
2008	169,772	7,542,053	503,454	8,215,279	2,364,080	10,026,863	(18,692,035)	(6,301,092)	1,595,251
2009	79,194	4,580,326	230,501	4,890,021	2,356,165	(3,228,364)	(18,028,546)	(18,900,745)	(9,751,298)
2010	59,046	9,694,617	2,072,392	11,826,055	3,152,713	(1,353,331)	10,539,275	12,338,657	24,050,985
2011	64,957	4,059,628	671,525	4,796,110	2,509,261	(3,917,350)	17,345,741	15,937,652	21,138,093
2012	97,681	3,830,952	898,684	4,827,317	2,272,173	628,997	(1,916,361)	984,809	5,827,876

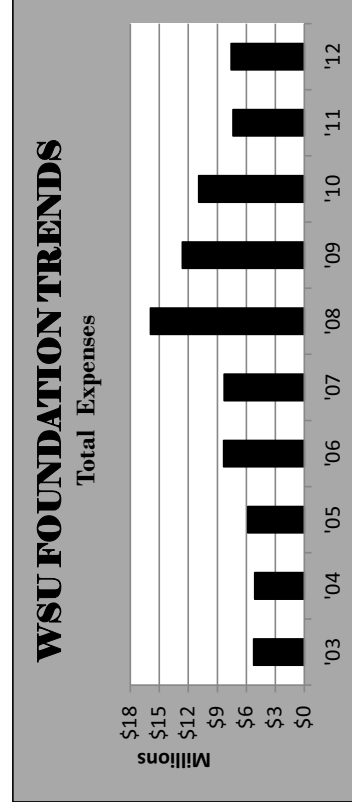


PEER COMPS FY11 Total Gift Revenue	
1. Ohio State	\$ 106,069,881
2. Cincinnati	36,562,262
3. Ohio University	27,658,169
4. Miami	15,249,158
5. Bowling Green	14,909,047
10. WRIGHT STATE	4,796,110

Source: FY11 audited financial statements of 13 University System of Ohio four-year universities (excludes Northeast Ohio College of Medicine)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF TOTAL EXPENSES BY SERVICE AREA (Unaudited)
For the ten years ended June 30, 2003 to 2012

Fiscal Year	Program Services						Subtotal	Fund Raising	Management and General	Total Expenses
	Scholarships	University Programs	Athletic Programs	Research	Miscellaneous Grants					
2003	1,455,643	2,840,340	245,140	119,800	71,937	4,732,860	197,332	317,751	5,247,943	
2004	1,456,584	2,534,367	275,772	307,018	35,157	4,608,898	273,349	240,702	5,122,949	
2005	1,596,851	2,508,238	326,062	735,051	53,425	5,219,627	358,563	286,460	5,864,650	
2006	1,711,966	5,055,359	356,455	550,275	45,031	7,719,086	326,470	311,009	8,356,565	
2007	2,177,740	3,796,241	282,840	1,046,645	56,702	7,360,168	457,294	471,164	8,288,626	
2008	2,352,007	10,732,749	503,462	1,030,633	61,072	14,679,923	732,275	510,819	15,923,017	
2009	2,831,997	7,555,156	371,231	814,602	58,062	11,631,048	891,351	96,068	12,618,467	
2010	2,486,494	6,161,392	472,485	766,938	84,697	9,972,006	604,006	345,702	10,921,714	
2011	2,264,720	3,029,763	488,515	500,969	89,310	6,373,277	653,096	339,698	7,366,071	
2012	2,420,055	3,193,474	441,574	371,322	66,783	6,493,208	738,382	341,669	7,573,259	



PEER COMPS	
FY11 Distributions to University	
1. Ohio State	\$ 83,281,077
2. Cincinnati	37,098,165
3. Ohio University	21,247,778
4. Kent State	16,860,394
5. Miami	14,660,423
9. WRIGHT STATE	7,026,373

Source: FY11 audited financial statements

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF TOTAL EXPENSES BY OBJECT CATEGORY (Unaudited)
For the nine years ended June 30, 2003 to 2012

Fiscal Year	Salaries and Wages	Employee Benefits	Professional Services	Supplies	Travel	Information and Communications		Maintenance and Repair	Student Financial Aid	Other	Capital Outlay	Debt Service	Total Expenses
						Information and Communications	Maintenance and Repair						
2003	\$ 732,247	\$ 148,722	\$ 535,310	\$ 353,035	\$ 623,423	\$ 1,140,194	\$ 31,735	\$ 1,456,181	\$ 6,616	\$ 190,051	\$ 30,429	\$ 5,247,943	
2004	820,874	181,892	491,556	303,937	477,025	1,114,079	35,245	1,442,698	97,197	135,637	22,809	5,122,949	
2005	1,610,130	352,260	512,900	356,045	372,366	892,953	25,531	1,572,291	51,223	84,255	34,696	5,864,650	
2006	1,724,210	380,245	370,085	288,951	454,283	439,368	59,483	1,743,917	346,183	2,499,970	49,870	8,356,565	
2007	2,177,995	522,493	685,800	290,787	474,455	318,998	48,248	2,114,430	179,596	1,420,362	55,462	8,288,626	
2008	2,471,985	649,659	952,298	376,244	788,394	894,731	124,871	2,505,334	143,038	6,979,772	36,691	15,923,017	
2009	2,923,130	772,321	946,108	221,206	661,303	450,117	21,951	3,043,141	148,957	3,418,813	11,420	12,618,467	
2010	2,874,971	751,374	911,478	330,771	487,274	441,085	75,452	2,709,010	191,031	2,145,335	3,933	10,921,714	
2011	1,857,754	488,013	928,456	185,941	439,210	531,694	148,087	2,384,496	150,503	250,454	1,463	7,366,071	
2012	1,543,539	342,687	828,228	305,640	622,346	416,519	88,790	2,503,326	154,222	767,962	-	7,573,259	

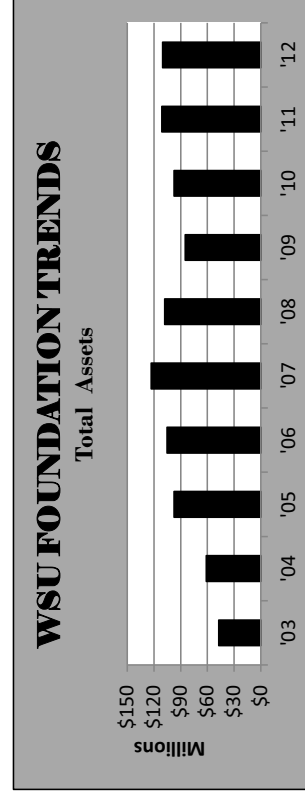


PEER COMPS	
FY11 Distributions to University per FTE Student	
1. Ohio State	\$ 1,322
2. Cincinnati	1,138
3. Bowling Green	804
4. Ohio University	691
5. Miami	679
11. WRIGHT STATE	440

Source: FY11 audited financial statements

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF TOTAL ASSETS (Unaudited)
For the ten years ended June 30, 2003 to 2012

Fiscal Year	Cash and Equivalents	Net Pledges Receivable	Receivable from Trusts	Investments	Land	Cash Surrender		Annuity Assets	Other Assets	Total Assets
						Value of Life Insurance Policies				
2003	3,382,651	6,688,800	1,844,700	34,361,866	650,000	62,311		92,500	131,302	47,214,130
2004	1,478,940	10,196,000	1,466,500	46,800,477	650,000	61,506		575,374	154,378	61,383,175
2005	2,246,678	10,807,100	1,547,800	81,188,785	650,000	63,786		594,365	226,965	97,325,479
2006	294,258	10,281,100	1,315,500	90,785,185	650,000	59,469		1,243,024	627,674	105,256,210
2007	2,858,861	10,264,459	2,947,470	104,450,293	650,000	56,842		1,310,881	685,621	123,224,427
2008	1,012,378	9,887,420	1,958,100	92,881,428	650,000	56,466		1,149,184	382,404	107,977,380
2009	2,453,452	6,616,800	1,495,300	72,717,984	650,000	51,268		786,367	282,425	85,053,596
2010	2,139,175	7,416,300	1,305,300	85,930,565	-	45,705		179,991	416,924	97,433,960
2011	5,355,232	5,167,500	1,545,600	98,115,756	-	33,294		222,680	753,090	111,193,152
2012	1,654,245	4,414,400	1,414,100	101,900,059	-	35,037		215,276	635,489	110,268,606

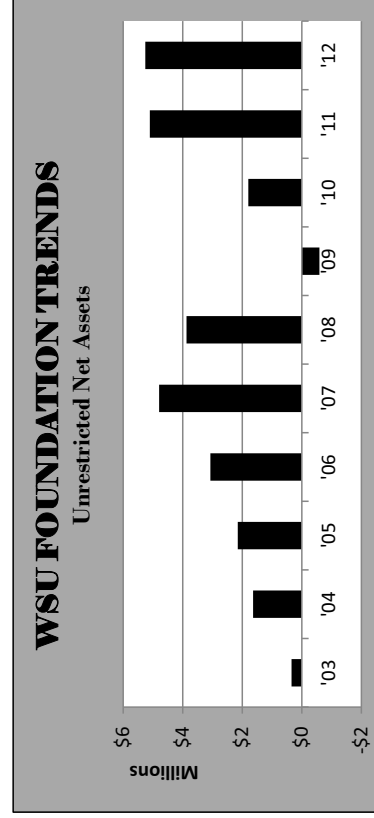


PEER COMPS	
FY11 Total Assets	
1. Ohio State	\$ 599,246,519
2. Ohio University	384,602,004
3. Cincinnati	323,271,287
4. Miami	301,856,838
5. Toledo	204,735,000
9. WRIGHT STATE	111,193,152

Source: FY11 audited financial statements

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF TOTAL LIABILITIES AND NET ASSETS (Unaudited)
For the ten years ended June 30, 2003 to 2012

Fiscal Year	LIABILITIES					NET ASSETS			
	Payable to WSU and Vendors	Deposits Held for Others	Annuities Payable	Loans Payable	Total Liabilities	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Assets
2003	764,565	583,010	61,700	1,200,000	2,609,275	346,173	27,771,689	16,486,993	44,604,855
2004	885,188	1,064,739	310,100	1,100,000	3,360,027	1,639,802	33,469,879	22,913,467	58,023,148
2005	1,314,622	1,163,972	319,900	1,000,000	3,798,494	2,155,375	67,037,472	24,334,138	93,526,985
2006	490,877	1,251,716	664,600	900,000	3,307,193	3,068,930	72,466,166	26,413,921	101,949,017
2007	1,704,496	1,417,102	645,300	900,000	4,666,898	4,789,994	86,994,917	26,772,618	118,557,529
2008	1,300,260	1,312,457	634,900	500,000	3,747,617	3,872,027	72,926,632	27,431,104	104,229,763
2009	1,172,156	1,010,742	610,700	400,000	3,193,598	(587,609)	50,013,826	32,433,781	81,859,998
2010	1,023,658	1,096,633	124,400	200,000	2,444,691	1,799,353	58,594,379	34,595,537	94,989,269
2011	1,021,199	1,277,662	133,000	-	2,431,861	5,107,510	68,175,298	35,478,483	108,761,291
2012	1,191,983	1,926,215	134,500	-	3,252,698	5,260,177	65,535,744	36,219,987	107,015,908

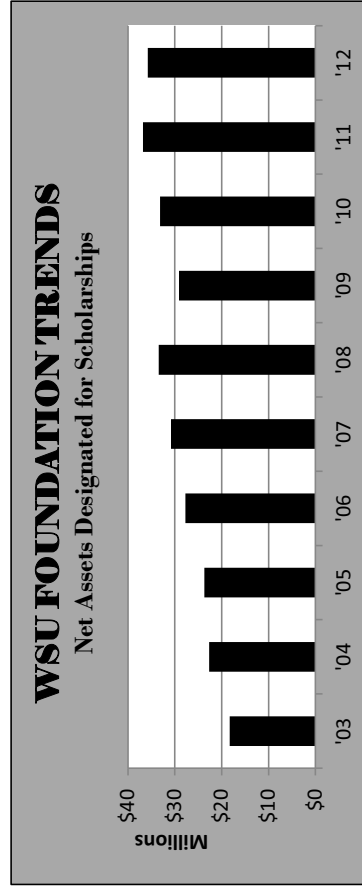


PEER COMPS	
FY11 Unrestricted Net Assets	
1. Youngstown State	\$ 136,253,162
2. Ohio University	15,660,901
3. Toledo	8,737,000
4. Kent State	5,665,179
5. WRIGHT STATE	5,107,510
6. Ohio State	4,250,198

Source: FY11 audited financial statements

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF NET ASSET RESTRICTIONS AND DESIGNATIONS (Unaudited)
 For the ten years ended June 30, 2003 to 2012

Fiscal Year	Scholarships	University Programs	Athletic Programs	Research	Market Stabilization	Debt Guaranty	Undesignated	Total Net Assets
2003	18,280,337	24,495,626	814,870	1,043,243	-	-	(29,221)	44,604,855
2004	22,701,618	30,937,661	288,494	2,859,425	-	-	1,235,950	58,023,148
2005	23,727,866	65,183,836	253,562	2,629,362	732,419	-	999,940	93,526,985
2006	27,771,963	68,427,714	203,169	2,909,936	789,178	-	1,847,057	101,949,017
2007	30,840,764	77,369,148	91,912	6,242,782	917,796	-	3,095,127	118,557,529
2008	33,439,086	61,769,905	77,776	5,819,290	914,195	-	2,209,511	104,229,763
2009	29,121,590	44,102,948	32,279	9,750,145	745,187	-	(1,892,151)	81,859,998
2010	33,176,487	50,722,858	21,491	9,850,078	769,218	-	449,137	94,989,269
2011	36,818,929	56,946,708	81,009	10,393,879	980,076	600,000	2,940,690	108,761,291
2012	35,764,132	56,639,070	84,017	9,854,035	1,035,199	600,000	3,039,455	107,015,908

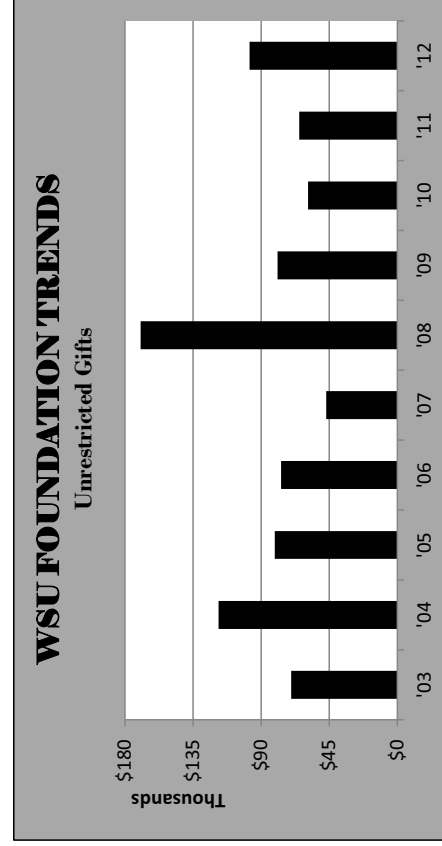


PEER COMPS	
FY11 Endowment Per FTE Student	
1. Ohio State	\$ 33,659
2. Cincinnati	30,810
3. Miami	18,671
4. Youngstown State	16,283
5. Ohio University	10,929
9. WRIGHT STATE	5,155

Source: FY11 NACUBO Study of Endowments
 Excludes Central State, Cleveland State and Kent State

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF UNRESTRICTED GENERAL FUND REVENUES (Unaudited)
 For the ten years ended June 30, 2003 to 2012

Fiscal Year	Gifts and Contributions	Interest and Dividends	Realized Gains (Losses)	Unrealized Gains (Losses)	Administrative Fees	Change in Value		Other Income (Expense)	Totals
						of Split Interest Agreements			
2003	70,195	242,277	137,227	(51,019)	206,465	11,900		26,025	643,070
2004	118,160	224,948	258,864	662,171	311,531	11,000		33,709	1,620,383
2005	80,966	346,951	528,312	(24,041)	358,649	11,600		34,043	1,336,480
2006	76,833	673,730	346,851	20,649	662,415	(103,100)		36,580	1,713,958
2007	47,072	505,095	594,426	890,797	749,033	7,100		33,607	2,827,130
2008	169,772	419,410	1,064,319	(1,909,951)	817,265	(110,300)		61,460	511,975
2009	79,194	296,691	(420,263)	(1,066,001)	491,195	(38,200)		55,346	(602,038)
2010	59,046	379,138	(42,034)	794,868	549,658	-		91,658	1,832,334
2011	64,957	728,929	233,966	2,630,284	642,596	-		145,160	4,445,892
2012	97,681	743,015	46,662	(423,384)	745,347	-		156,653	1,365,974



PEER COMPS	
FY11 Unrestricted Gifts as a Percentage of Total Gifts	
1. Central State	20.48%
2. Youngstown State	18.27%
3. Shawnee State	4.51%
4. Bowling Green	3.83%
5. Akron	2.55%
6. WRIGHT STATE	1.35%

Source: FY11 audited financial statements
 Excludes Ohio State and University of Toledo

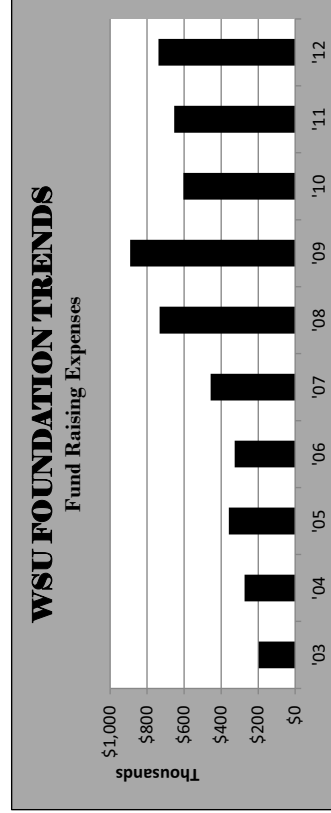
WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF INVESTMENT VALUES, CLASSIFICATION AND PERFORMANCE (Unaudited)
 For the ten years ended June 30, 2003 to 2012

Fiscal Year	Program Services		Fund Raising			Management and General				Totals	
	Scholarships	Grants	Development Support	In-college Development Officers	Advancement Services Support	Other Fund Raising ¹	Reimbursement for University Staff Support	Professional Fees	Loan Interest		Management and General ²
2003	19,002	71,937	115,332	82,000	-	-	240,779	46,363	30,429	180	606,022
2004	22,749	35,157	110,521	78,340	84,488	-	147,941	50,424	22,809	19,528	571,957
2005	22,783	53,425	110,493	88,307	78,475	81,288	175,304	42,607	34,696	33,853	721,231
2006	22,793	45,031	130,725	99,635	53,660	42,450	198,130	19,857	49,870	43,152	705,303
2007	34,362	56,702	135,181	165,128	132,170	24,815	305,539	21,464	55,462	88,699	1,019,522
2008	37,430	61,072	136,361	146,841	151,013	298,060	426,000	26,801	36,691	21,327	1,341,596
2009	33,626	58,062	372,776	164,599	179,085	174,891	-	26,936	11,420	57,712	1,079,107
2010	31,800	84,697	166,671	195,846	165,085	76,404	141,615 ³	122,032	3,933	78,122	1,066,205
2011	22,920	89,310	406,673	73,678	80,166	92,579	159,038 ³	162,828	1,463	16,369	1,105,024
2012	30,998	66,783	308,083	79,117	83,293	267,889	200,000	96,690	-	44,979	1,177,832

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

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

³ In FY2010 and FY2011, in lieu of its reimbursement payment to the University, the Foundation reimbursed the University for separation incentives paid to three Advancement employees.



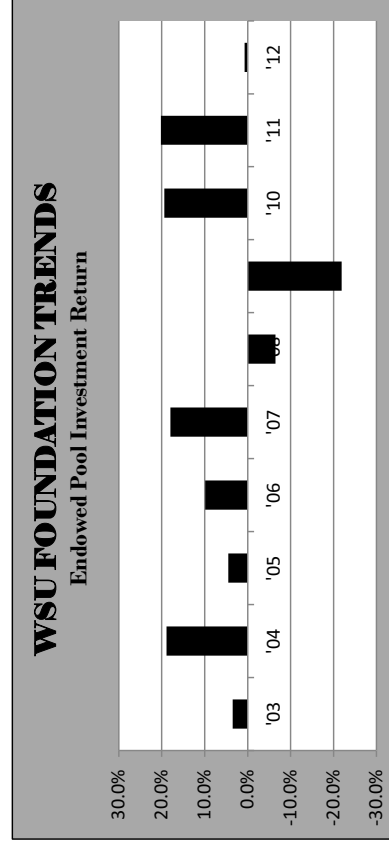
PEER COMPS	
FY11 Administrative Cost	
Per \$1,000 Managed	
1. Youngstown State	\$2.76
2. WRIGHT STATE	3.06
3. Kent State	4.67
4. Cleveland State	4.73
5. Akron	4.86
6. Ohio University	5.37

Source: FY11 audited financial statements

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF INVESTMENT VALUES, CLASSIFICATION AND PERFORMANCE (Unaudited)
For the ten years ended June 30, 2003 to 2012

Fiscal Year	Fair Value	Fair Value Classification ¹			Total Return	Endowed Pool		Non-endowed Pool	
		Level 1	Level 2	Level 3		Return	Benchmark	Return	Benchmark
2003	34,361,866	n/a	n/a	n/a	1,076,737	3.5%	3.4%	5.1%	5.6%
2004	46,800,477	n/a	n/a	n/a	6,293,069	18.9%	17.9%	13.0%	12.0%
2005 ²	81,188,785	n/a	n/a	n/a	4,025,806	4.5%	3.3%	4.2%	3.3%
2006	90,785,185	n/a	n/a	n/a	7,625,986	9.9%	9.7%	9.0%	8.3%
2007	104,450,293	n/a	n/a	n/a	16,123,116	18.0%	17.8%	16.5%	16.3%
2008	92,881,428	n/a	n/a	n/a	(6,301,092)	-6.5%	-3.5%	-3.2%	-0.5%
2009	72,717,984	\$ 28,241,817	\$ 30,649,690	\$ 13,826,477	(18,900,745)	-21.9%	-16.9%	-16.2%	-13.2%
2010	85,930,565	38,037,912	41,937,735	5,954,918	12,338,657	19.4%	11.9%	15.1%	14.5%
2011	98,115,756	39,595,576	55,681,455	2,838,725	15,937,652	20.2%	20.2%	18.6%	17.4%
2012	101,900,059	40,525,816	57,890,035	3,484,208	984,809	0.7%	1.4%	1.8%	2.4%

¹ For level definitions, see Notes to the Financial Statements - Note 4 elsewhere in this report
² Return information for last seven months of fiscal year due to a change in investment manager



PEER COMPS	
FY11 Endowment Return	
1. Toledo	22.9%
2. Akron	22.3%
3. Youngstown State	21.3%
4. Cincinnati	20.7%
5. WRIGHT STATE	20.2%
6. Miami	19.6%

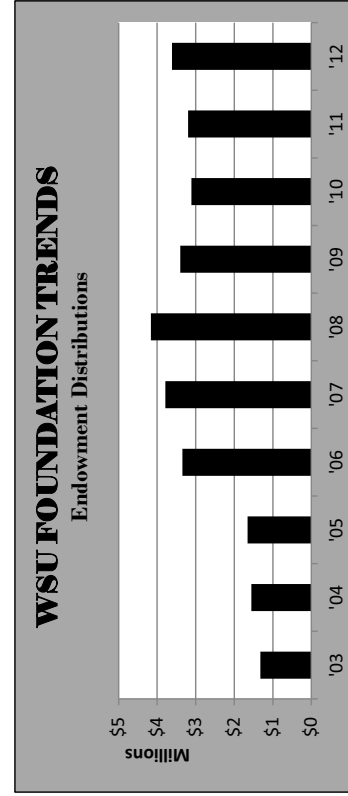
Source: FY11 NACUBO/Commonfund Study of Endowments
Excludes Central State, Cleveland State, Kent State and Shawnee State

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF VARIOUS STATISTICAL DATA (Unaudited)
For the ten years ended June 30, 2003 to 2012

Fiscal Year	Number of Donor Designated Endowment Funds	Endowment Value	Nominal Spending Rate ¹	Effective Spending Rate ²	Endowment Distributions	University Support	Direct Scholarship Support	Alternative Investments as a Percent of Total Investments	Investment Management Fees
2003	195	n/a	5.00%	4.98%	\$ 1,325,810	\$ 4,930,192	\$ 114,002	0.46%	n/a
2004	208	n/a	5.00%	5.79%	1,555,493	4,882,247	117,749	0.29%	n/a
2005	218	n/a	5.00%	4.59%	1,652,578	5,578,190	117,783	0.20%	n/a
2006	221	n/a	5.00%	4.94%	3,344,128	8,045,556	117,793	0.17%	\$ 528,958
2007	234	n/a	5.00%	4.84%	3,789,355	7,817,462	134,362	0.15%	609,553
2008	245	n/a	5.00%	4.63%	4,165,926	15,412,198	137,430	14.39%	544,815
2009	272	n/a	5.00%	4.17%	3,399,298	12,522,399	133,626	18.86%	384,103
2010	281	\$ 68,860,221	5.00%	5.18%	3,110,279	10,588,512	121,800	19.40%	450,378
2011	298	79,602,177	5.00%	4.57%	3,195,177	7,026,373	82,920	21.24%	510,091
2012	315	76,972,250	5.00%	4.80%	3,615,410	7,231,590	90,998	19.04%	539,956

¹ As defined by Foundation's investment policy statement

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

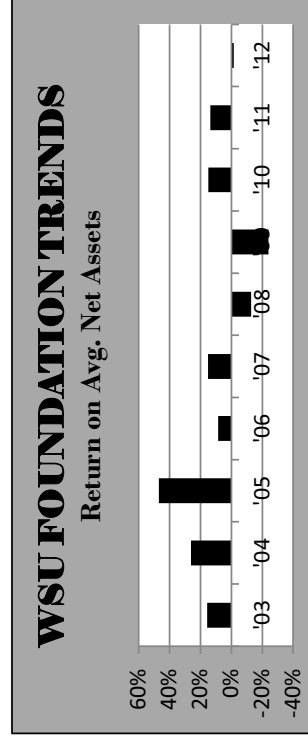


PEER COMPS	
FY11 Effective Spending Rate	
1. Ohio State	5.24%
2. Cincinnati	5.00%
3. WRIGHT STATE	4.57%
4. Akron	4.43%
5. Toledo	4.10%
6. Miami	4.03%

Source: FY11 MACUBO/Commonfund Study of Endowments
Excludes Central State, Cleveland State, Kent State and Shawnee State

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF FINANCIAL RATIOS (Unaudited)
For the ten years ended June 30, 2003 to 2012

Fiscal Year	Current Ratio	Days Cash on Hand	Return on Average Net Assets	Program		Fund Raising		Interest Expense Pct.
				Spending Ratio	Spending Ratio	Spending Ratio	Spending Ratio	
2003	7.49	235.27	15.68%	90.19%	3.76%	2.34%		
2004	6.03	105.37	26.15%	89.97%	5.34%	1.90%		
2005	4.27	139.83	46.85%	89.00%	6.11%	3.15%		
2006	5.14	12.85	8.62%	92.37%	3.91%	4.99%		
2007	4.48	125.89	15.06%	88.80%	5.52%	6.16%		
2008	4.93	23.21	-12.86%	92.19%	4.60%	4.08%		
2009	4.19	70.97	-24.04%	92.17%	7.06%	2.28%		
2010	4.16	71.49	14.85%	91.30%	5.53%	0.98%		
2011	7.52	265.36	13.52%	86.52%	8.87%	0.73%		
2012	3.21	79.73	-1.62%	85.74%	9.75%	0.00%		



PEER COMPS	
FY11 Return on Average Net Assets	
1. Cleveland State	27.62%
2. Youngstown State	18.96%
3. Ohio University	18.41%
4. Toledo	17.85%
5. Ohio State	15.89%
8. WRIGHT STATE	13.52%

Source: FY11 audited financial statements

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF INSTITUTIONAL DATA (Unaudited)
For the year ended June 30, 2012

Date of incorporation	December 15, 1966
Tax-exempt status	501(c)(3)
Public charity status	Sec. 170(b)(1)(A)(vi)
Employer identification number	23-7019799
Wright State University	
Date founded	1964
Date achieved independent university status	1967
Tax-exempt status	501(c)(1)
Employer identification number	31-0732831
Student population (Fall 2011):	
Total enrollment (some students attend both campuses)	19,600
Dayton Campus	18,304
Lake Campus	1,417
Characteristics:	
Men/women	45.0%/55.0%
Full-time/part-time	77.9%/22.1%
Undergraduate/Graduate/Doctoral	79.9%/15.9%/4.2%
International students	4.0%
Minority students (excludes international students)	17.9%
Age 25 and older	31.7%
Average age	24.6 years
Academics:	
Number of colleges	8
Number of schools	3
Degree programs:	
Undergraduate, Associate	19
Undergraduate, Bachelor's	91
Graduate, Master's, Doctoral and Professional	76
Full time employees:	
Faculty	860
Staff	1,525
Total	2,385
Facilities:	
Dayton Campus:	
Acreage	557
Academic and academic support buildings	25
Student residential buildings	30
Lake Campus:	
Acreage	173
Academic and academic support buildings	4
Student residential buildings	1
Number of degrees awarded since inception	104,557
Research grant awards	\$86,085,644
Annual full-time undergraduate tuition (Ohio resident)	\$8,070

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

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

We have audited the financial statements of Wright State University Foundation, Inc. (a nonprofit organization) as of and for the year ended June 30, 2012, and have issued our report thereon dated October 11, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

(Continued)

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

Crowe Horwath LLP

Crowe Horwath LLP

Columbus, Ohio
October 11, 2012

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Dave Yost • Auditor of State

WRIGHT STATE UNIVERSITY FOUNDATION

GREENE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JANUARY 24, 2013