

University of Southern Indiana Foundation
Accountants' Report and Consolidated Financial Statements
June 30, 2008 and 2007



University of Southern Indiana Foundation

June 30, 2008 and 2007

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Independent Accountants' Report on Consolidated Financial Statements and Supplementary Information

Board of Directors
University of Southern Indiana Foundation
Evansville, Indiana

We have audited the accompanying consolidated statements of financial position of the University of Southern Indiana Foundation (Foundation) as of June 30, 2008 and 2007, and the related consolidated 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. 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying supplementary consolidating information is presented for purposes of additional analysis of the basic consolidated financial statements rather than to present the financial position, results of operations and changes in net assets to the separate entities and is not a required part of the basic consolidated financial statements. The consolidating information has been subjected to the procedures applied in the audits of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

BKD, LLP

September 26, 2008

University of Southern Indiana Foundation
Consolidated Statements of Financial Position
June 30, 2008 and 2007

Assets

	2008	2007
Cash	\$ 45,066	\$ 42,010
Accounts and interest receivable	111,771	119,314
Contributions receivable, net	2,037,992	1,470,562
Prepaid expenses	6,841	4,820
Investments	56,795,341	61,496,537
Cash value of life insurance	156,701	145,558
Beneficial interest in charitable remainder trusts	719,047	878,334
Beneficial interest in perpetual trusts	3,245,783	3,638,113
Beneficial interest in Community Foundation	68,476	73,014
Real estate held for investment	343,060	359,147
Land	2,529,643	107,653
Buildings, net of accumulated depreciation; 2008 – \$100,801, 2007 – \$111,356	1,260,146	586,082
Land and buildings held for sale, net of accumulated depreciation; 2008 – \$59,350, 2007 – \$18,684	231,737	116,315
Property management deposits	3,000	3,000
Total assets	\$ 67,554,604	\$ 69,040,459

Liabilities and Net Assets

Liabilities

Accounts payable	\$ 48,933	\$ 17,240
Notes payable	73,093	155,927
Deposits	2,000	4,000
Deferred income	23,952	400
Payable to related parties	1,086,572	947,003
Annuities payable	1,210,103	1,255,274
Total liabilities	2,444,653	2,379,844

Net Assets

Unrestricted	11,919,157	9,566,208
Temporarily restricted	22,596,494	26,694,459
Permanently restricted	30,594,300	30,399,948
Total net assets	65,109,951	66,660,615
Total liabilities and net assets	\$ 67,554,604	\$ 69,040,459

University of Southern Indiana Foundation
Consolidated Statements of Activities
Years Ended June 30, 2008 and 2007

	2008			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Revenues and Other Support				
Contributions	\$ 3,120,344	\$ 2,042,785	\$ 808,862	\$ 5,971,991
Change in value of split-interest agreements	-	(121,638)	(141,225)	(262,863)
Rental income	41,839	1,200	-	43,039
Miscellaneous income	90,291	128,286	-	218,577
Reclassification of donor intent	-	800	(800)	-
Net assets released from restrictions	<u>3,159,413</u>	<u>(3,159,413)</u>	<u>-</u>	<u>-</u>
Total revenues and other support	<u>6,411,887</u>	<u>(1,107,980)</u>	<u>666,837</u>	<u>5,970,744</u>
Expenses				
Programs – University of Southern Indiana				
Scholarships and awards	1,319,099	-	-	1,319,099
Educational grants and academic enhancements	693,275	-	-	693,275
Athletic support	137,563	-	-	137,563
Other University support	472,264	-	-	472,264
Capital projects	797,897	-	-	797,897
Community outreach	<u>125,213</u>	<u>-</u>	<u>-</u>	<u>125,213</u>
Total program services	3,545,311	-	-	3,545,311
Management and general	378,414	-	-	378,414
Fundraising	201,727	-	-	201,727
Uncollectible pledge loss	<u>-</u>	<u>10,689</u>	<u>400</u>	<u>11,089</u>
Total expenses	<u>4,125,452</u>	<u>10,689</u>	<u>400</u>	<u>4,136,541</u>
Other Changes				
Investment income (loss), net	66,514	(2,985,902)	(79,754)	(2,999,142)
Change in value of beneficial interest in trusts	-	(4,537)	(392,331)	(396,868)
Loss on sale of property	-	-	-	-
Gain on cash value of life insurance	<u>-</u>	<u>11,143</u>	<u>-</u>	<u>11,143</u>
Total other changes	<u>66,514</u>	<u>(2,979,296)</u>	<u>(472,085)</u>	<u>(3,384,867)</u>
Change in Net Assets	2,352,949	(4,097,965)	194,352	(1,550,664)
Net Assets, Beginning of Year	<u>9,566,208</u>	<u>26,694,459</u>	<u>30,399,948</u>	<u>66,660,615</u>
Net Assets, End of Year	<u>\$ 11,919,157</u>	<u>\$ 22,596,494</u>	<u>\$ 30,594,300</u>	<u>\$ 65,109,951</u>

See Notes to Consolidated Financial Statements

2007

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 681,512	\$ 3,128,755	\$ 1,713,686	\$ 5,523,953
-	5,379	(22,937)	(17,558)
40,000	400	-	40,400
83,503	87,672	-	171,175
(5,190,480)	679,445	4,511,035	-
<u>4,364,522</u>	<u>(4,364,522)</u>	<u>-</u>	<u>-</u>
<u>(20,943)</u>	<u>(462,871)</u>	<u>6,201,784</u>	<u>5,717,970</u>
1,169,572	-	-	1,169,572
580,831	-	-	580,831
126,539	-	-	126,539
346,955	-	-	346,955
779,474	-	-	779,474
<u>66,588</u>	<u>-</u>	<u>-</u>	<u>66,588</u>
3,069,959	-	-	3,069,959
294,768	-	-	294,768
161,400	-	-	161,400
<u>-</u>	<u>11,930</u>	<u>1,379</u>	<u>13,309</u>
<u>3,526,127</u>	<u>11,930</u>	<u>1,379</u>	<u>3,539,436</u>
1,651,409	6,273,357	102,086	8,026,852
-	4,830	312,995	317,825
-	-	(36,472)	(36,472)
<u>-</u>	<u>25,736</u>	<u>-</u>	<u>25,736</u>
<u>1,651,409</u>	<u>6,303,923</u>	<u>378,609</u>	<u>8,333,941</u>
(1,895,661)	5,829,122	6,579,014	10,512,475
<u>11,461,869</u>	<u>20,865,337</u>	<u>23,820,934</u>	<u>56,148,140</u>
<u>\$ 9,566,208</u>	<u>\$ 26,694,459</u>	<u>\$ 30,399,948</u>	<u>\$ 66,660,615</u>

University of Southern Indiana Foundation
Consolidated Statements of Cash Flows
Years Ended June 30, 2008 and 2007

	2008	2007
Operating Activities		
Change in net assets	\$ (1,550,664)	\$ 10,512,475
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Net realized gain on sale of investments	(292,050)	(855,554)
Loss on sale of property	-	36,472
Contribution of investments and real estate	(3,206,862)	(1,039,396)
Depreciation	30,111	26,064
Unrealized (gain) loss on investments	6,628,976	(4,592,969)
Changes in		
Accounts and interest receivable	7,543	6,173
Contributions receivable	(567,430)	1,823,799
Beneficial interest investments	556,155	(317,825)
Prepaid expenses	(2,021)	(1,568)
(Increase) decrease in cash value of life insurance	(11,143)	715
Accounts payable and payable to related parties	171,262	55,743
Deposits	(2,000)	2,000
Annuities payable	(45,171)	242,635
Deferred income	<u>23,552</u>	<u>400</u>
Net cash provided by operating activities	<u>1,740,258</u>	<u>5,899,164</u>
Investing Activities		
Property improvements	-	(14,722)
Purchase of land and buildings	(203,500)	-
Proceeds from sale of land and buildings	-	166,750
Purchase of investments	(11,232,493)	(19,715,726)
Sales and maturities of investments	8,787,692	12,625,445
Change in cash investments	<u>993,933</u>	<u>1,065,565</u>
Net cash used in investing activities	<u>(1,654,368)</u>	<u>(5,872,688)</u>
Financing Activity – Principal payments on notes payable	<u>(82,834)</u>	<u>(9,061)</u>
Increase in Cash	3,056	17,415
Cash, Beginning of Year	<u>42,010</u>	<u>24,595</u>
Cash, End of Year	<u>\$ 45,066</u>	<u>\$ 42,010</u>
Supplemental Cash Flows Information		
Interest paid	\$ 4,911	\$ 49,786

University of Southern Indiana Foundation
Notes to Consolidated Financial Statements
June 30, 2008 and 2007

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The University of Southern Indiana Foundation (Foundation) is a not-for-profit organization whose mission and principal activity is to support the activities of the University of Southern Indiana (University) and includes the activities of various University support organizations. The Foundation's revenues and other support are derived principally from contributions and its activities are conducted principally in the Southwest Indiana area.

Principles of Consolidation

Effective in fiscal year 2008, the Foundation financial statements reflect consolidated operations. The consolidated financial statements include the accounts of the Foundation and its wholly owned subsidiary, Southern Indiana Higher Education Holdings, LLC. On June 30, 2008, Southern Indiana Higher Education, Inc. contributed its wholly owned subsidiary, Southern Indiana Higher Education Holdings, LLC to the Foundation. The contributed assets consisted of land and certain residential properties surrounding the University of Southern Indiana. All significant intercompany accounts and transactions have been eliminated in consolidation. Operational income of the subsidiary is expected to be minimal.

Use of Estimates

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments. Investment return is presented net of fees.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year, is included in unrestricted net assets. Other investment return is reflected in the consolidated statements of activities as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

The Foundation has adopted the 1989 revision of The State of Indiana Uniform Management of Institutional Funds Act in accounting for realized security gains on endowment funds.

University of Southern Indiana Foundation
Notes to Consolidated Financial Statements
June 30, 2008 and 2007

Accordingly, the board of directors considers all realized gains on permanently restricted assets to be available for donor-stipulated purposes.

The Foundation maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated quarterly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investment accounts, as adjusted for additions to or deductions from those accounts.

Investments in real estate are recorded at the market value when donated or at the lower of cost or market if purchased. The properties held for investment are not depreciated.

Property and Equipment

Property and equipment are depreciated on a straight-line basis over the estimated useful life of each asset.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Foundation has been limited by donors to a specific time period or purpose. Unconditional promises to give that are due in future periods and are not permanently restricted are classified as temporarily restricted net assets. Permanently restricted net assets have been restricted by donors to be maintained by the Foundation in perpetuity.

Contributions

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a donor 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. Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as temporarily restricted and then released from restriction.

Gifts of land, buildings, equipment and other long-lived assets are reported as unrestricted revenue and net assets unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as temporarily or permanently restricted revenue and net assets. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of temporarily restricted net assets as unrestricted net assets are reported when the long-lived assets are placed in service.

University of Southern Indiana Foundation
Notes to Consolidated Financial Statements
June 30, 2008 and 2007

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

Conditional gifts depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recognized as assets and revenue when the conditions are substantially met and the gift becomes unconditional.

Contributed Services

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated.

No amounts have been reflected in the consolidated financial statements for donated services because the Foundation generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Foundation with specific assistance programs, solicitations and various committee assignments.

Reclassification of Donor Intent

At times the Foundation receives requests from donors to change the specified use of their original gift. These requests are reviewed by the Foundation for approval. Approved changes, depending on the donor's requests, may result in the reclassification of net assets between unrestricted, temporarily restricted or permanently restricted net asset classes. These reclassifications are reflected in the consolidated statements of activities as reclassification of donor intent.

Income Taxes

The Foundation is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Foundation is subject to federal income tax on any unrelated business taxable income.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Certain costs have been allocated among the program, management and general and fundraising categories based on actual direct expenditures and other methods.

University of Southern Indiana Foundation
Notes to Consolidated Financial Statements
June 30, 2008 and 2007

Note 2: Contributions Receivable

Contributions receivable at June 30 consisted of the following:

	2008		
	Temporarily Restricted	Permanently Restricted	Total
Due within one year	\$ 1,073,042	\$ 507,221	\$ 1,580,263
Due in one to five years	<u>501,493</u>	<u>7,165</u>	<u>508,658</u>
	1,574,535	514,386	2,088,921
Less			
Allowance for uncollectible contributions	20,000	-	20,000
Unamortized discount	<u>30,929</u>	<u>-</u>	<u>30,929</u>
	<u>\$ 1,523,606</u>	<u>\$ 514,386</u>	<u>\$ 2,037,992</u>

The discount rate used was 3.84% for 2008. Approximately 40% of the contributions receivable at June 30, 2008, were due from two donors.

	2007		
	Temporarily Restricted	Permanently Restricted	Total
Due within one year	\$ 1,012,253	\$ 38,230	\$ 1,050,483
Due in one to five years	<u>432,558</u>	<u>54,800</u>	<u>487,358</u>
	1,444,811	93,030	1,537,841
Less			
Allowance for uncollectible contributions	20,000	-	20,000
Unamortized discount	<u>47,279</u>	<u>-</u>	<u>47,279</u>
	<u>\$ 1,377,532</u>	<u>\$ 93,030</u>	<u>\$ 1,470,562</u>

The discount rate used was 5.6% for 2007. Approximately 26% of the contributions receivable at June 30, 2007, was due from one donor.

University of Southern Indiana Foundation
Notes to Consolidated Financial Statements
June 30, 2008 and 2007

Contributions receivable designated for specific purposes and time restricted at June 30 were as follows:

	<u>2008</u>	<u>2007</u>
Scholarships and awards	\$ 680,752	\$ 198,518
Educational grants and academic enhancements	1,124,056	942,765
Athletic support	7,690	11,582
Other University support	103,285	184,243
Capital projects	59,513	112,838
Community outreach	29,813	4,837
Time restrictions	<u>32,883</u>	<u>15,779</u>
	<u>\$ 2,037,992</u>	<u>\$ 1,470,562</u>

Note 3: Investments and Investment Return

Investments at June 30 consisted of the following:

	<u>Market</u>	
	<u>2008</u>	<u>2007</u>
Short-term investments	\$ 665,663	\$ 1,659,596
U.S. Treasury securities	8,381,245	7,693,053
Corporate debt securities	1,578,498	1,666,598
Certificates of deposit	47,173	70,990
Marketable equity securities	9,371,786	7,456,537
Mutual funds	<u>36,750,976</u>	<u>42,949,763</u>
	<u>\$ 56,795,341</u>	<u>\$ 61,496,537</u>

Included in the Foundation's investments above are investments subject to split-interest agreements with a fair market value of \$82,598 and \$171,744 as of June 30, 2008 and 2007, respectively.

The aggregate amount of deficiencies in the fair values of assets for all donor-restricted endowment funds that are less than the level required by donor stipulations was \$36,031 and \$0 as of June 30, 2008 and 2007, respectively.

University of Southern Indiana Foundation
Notes to Consolidated Financial Statements
June 30, 2008 and 2007

Total investment return at June 30 was comprised of the following:

	2008	2007
Interest and dividend income	\$ 3,454,776	\$ 2,687,181
Investment management fees	<u>(116,992)</u>	<u>(108,852)</u>
	3,337,784	2,578,329
Net realized and unrealized gains (losses) on investments reported at fair value	<u>(6,336,926)</u>	<u>5,448,523</u>
	<u>\$ (2,999,142)</u>	<u>\$ 8,026,852</u>

Note 4: Beneficial Interest in Trusts

The Foundation is the beneficiary under perpetual trusts administered by outside parties. Under the terms of the trusts, the Foundation has the irrevocable right to receive income earned on the trusts' assets in perpetuity, but never receives the assets held in trust. The estimated value of the expected future cash flows is \$3,245,783 and \$3,638,113, which represents the fair value of the trusts' assets at June 30, 2008 and 2007, respectively. The income (loss) from these trusts for 2008 and 2007, was \$(392,331) and \$312,995, respectively.

The Foundation has been named a secondary beneficiary in certain charitable remainder trusts administered by outside parties. Upon termination of the trusts, the Foundation will receive the assets remaining in the trusts. Prior to termination of the trusts and transfer of assets, the Foundation records the present value of the estimated residual benefits as assets. At June 30, 2008 and 2007, the residual benefits were valued at \$719,047 and \$878,334, respectively.

Note 5: Long-term Debt

	2008	2007
Note payable, bank (A)	\$ -	\$ 79,860
Note payable, bank (B)	<u>73,093</u>	<u>76,067</u>
	<u>\$ 73,093</u>	<u>\$ 155,927</u>

- (A) Due August 2007; secured by certain property. The Foundation paid off the remaining balance of this note in August 2007.
- (B) Due February 2011; payable \$564 monthly, including interest at 5%; secured by certain property. The Foundation paid off the remaining balance of this note in July 2008.

University of Southern Indiana Foundation

Notes to Consolidated Financial Statements

June 30, 2008 and 2007

Note 6: Annuities Payable

The Foundation has been the recipient of several gift annuities which require future payments to the donor or their named beneficiaries. The assets received from the donor are recorded at fair value and are recorded in temporarily or permanently restricted funds in accordance with the donor restrictions. The Foundation has recorded a liability at June 30, 2008 and 2007, in the temporarily restricted funds of \$630,997 and \$669,693, respectively, and in the permanently restricted funds of \$579,106 and \$585,581, respectively, which represents the present value of the future annuity obligations. The liability has been determined using discount rates ranging from approximately 4% to 8%.

Note 7: Net Assets

Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30 are available for the following purposes or periods:

	2008	2007
Scholarships and awards	\$ 13,523,855	\$ 16,565,389
Educational grants and academic enhancements	6,223,718	5,833,505
Athletic support	652,100	713,285
Other University support	1,006,036	1,570,800
Capital projects	699,167	1,450,756
Community outreach	458,735	544,945
For periods after June 30	32,883	15,779
	\$ 22,596,494	\$ 26,694,459

Athletic support and other University support may be spent on fundraising activities if approved by the officers and/or directors of the support organizations for whom the net assets are restricted.

Permanently Restricted Net Assets

Permanently restricted net assets at June 30 are restricted to:

	2008	2007
Investment in perpetuity, the income of which is expendable to support		
Scholarships and awards	\$ 21,242,192	\$ 20,824,018
Educational grants and academic enhancements	4,044,239	4,246,571
Other University support	5,307,869	5,329,359
	\$ 30,594,300	\$ 30,399,948

University of Southern Indiana Foundation
Notes to Consolidated Financial Statements
June 30, 2008 and 2007

Net Assets Released From Restrictions

Net assets were released from donor restrictions by receipt of pledge payments, incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	2008	2007
Purpose restrictions released		
Scholarships and awards	\$ 1,305,099	\$ 1,156,572
Educational grants and academic enhancements	536,367	517,939
Athletic support	137,210	124,484
Other University support	258,627	1,719,465
Capital projects	797,897	779,474
Community outreach	124,213	66,588
Total restrictions released	\$ 3,159,413	\$ 4,364,522

Note 8: Related-party Transactions

The University and the Foundation are related parties that are not financially inter-related organizations. The University authorizes the Foundation to solicit contributions on its behalf. In the absence of donor restrictions, the Foundation has discretionary control over the amounts and timing of its distributions to the University.

The Foundation paid an annual administrative fee of \$166,900 and \$146,900 to the University for the years ended June 30, 2008 and 2007, respectively, for accounting, computer, administrative and other miscellaneous services provided to the Foundation by University personnel.

Amounts due to the University for approved program expenditures, which are included in payable to related parties, as of June 30, 2008 and 2007, were \$683,276 and \$508,319, respectively.

The Foundation serves as a custodian of certain assets on behalf of USI New Harmony Foundation. At June 30, 2008 and 2007, approximately \$403,296 and \$438,684, respectively, was included in investments and payable to related parties associated with this arrangement.

University of Southern Indiana Foundation
Notes to Consolidated Financial Statements
June 30, 2008 and 2007

Note 9: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Contributions

In 2008, approximately 58% of all contributions were received from one donor and in 2007, approximately 36% of all contributions were received from four donors.

Note 10: Risks and Uncertainties

The Foundation invests in various investment securities. Investment securities, as well as beneficial interests in trusts, are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities and beneficial interests, it is at least reasonably possible that the changes in the values of investment securities and beneficial interests will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statements of financial position.

Supplementary Information

University of Southern Indiana Foundation
Consolidating Schedules of Financial Position Information
June 30, 2008
(With Comparative Totals for 2007)

	2008			
	University of Southern Indiana Foundation	Southern Indiana Higher Education Holdings, LLC	Eliminations	Total
Assets				
Cash	\$ 45,066	\$ -	\$ -	\$ 45,066
Accounts and interest receivable	111,771	-	-	111,771
Contributions receivable, net	2,037,992	-	-	2,037,992
Prepaid expenses	6,841	-	-	6,841
Investments	56,795,341	-	-	56,795,341
Cash value of life insurance	156,701	-	-	156,701
Beneficial interest in charitable remainder trusts	719,047	-	-	719,047
Beneficial interest in perpetual trusts	3,245,783	-	-	3,245,783
Beneficial interest in Community Foundation	68,476	-	-	68,476
Real estate held for investment	343,060	-	-	343,060
Investment in Southern Indiana Higher Education Holdings, LLC	3,022,000	-	(3,022,000)	-
Land	160,903	2,368,740	-	2,529,643
Buildings, net of accumulated depreciation; 2008 – \$100,801, 2007 – \$111,356	606,886	653,260	-	1,260,146
Land and buildings held for sale, net of accumulated depreciation; 2008 – \$59,350, 2007 – \$18,684	231,737	-	-	231,737
Property management deposits	3,000	-	-	3,000
Total assets	\$ 67,554,604	\$ 3,022,000	\$ (3,022,000)	\$ 67,554,604
Liabilities and Net Assets				
Liabilities				
Accounts payable	\$ 48,933	\$ -	\$ -	\$ 48,933
Notes payable	73,093	-	-	73,093
Deposits	2,000	-	-	2,000
Deferred income	23,952	-	-	23,952
Payable to related parties	1,086,572	-	-	1,086,572
Annuities payable	1,210,103	-	-	1,210,103
Total liabilities	2,444,653	-	-	2,444,653
Net Assets				
Unrestricted	11,919,157	3,022,000	(3,022,000)	11,919,157
Temporarily restricted	22,596,494	-	-	22,596,494
Permanently restricted	30,594,300	-	-	30,594,300
Total net assets	65,109,951	3,022,000	(3,022,000)	65,109,951
Total liabilities and net assets	\$ 67,554,604	\$ 3,022,000	\$ (3,022,000)	\$ 67,554,604

2007

Total

\$ 42,010
119,314
1,470,562
4,820
61,496,537
145,558

878,334
3,638,113
73,014
359,147

-
107,653

586,082

116,315
3,000
\$ 69,040,459

\$ 17,240
155,927
4,000
400
947,003
1,255,274
2,379,844

9,566,208
26,694,459
30,399,948
66,660,615
\$ 69,040,459

University of Southern Indiana Foundation
Consolidating Schedules of Activities Information
Year Ended June 30, 2008
(With Comparative Totals for 2007)

	2008			
	Unrestricted			
	University of Southern Indiana Foundation	Southern Indiana Higher Education Holdings, LLC	Eliminations	Total
Revenues and Other Support				
Contributions	\$ 3,120,344	\$ -	\$ -	\$ 3,120,344
Change in value of split-interest agreements	-	-	-	-
Rental income	41,839	-	-	41,839
Miscellaneous income	90,291	-	-	90,291
Reclassification of donor intent	-	-	-	-
Net assets released from restrictions	3,159,413	-	-	3,159,413
Total revenues and other support	6,411,887	-	-	6,411,887
Expenses				
Programs – University of Southern Indiana				
Scholarships and awards	1,319,099	-	-	1,319,099
Educational grants and academic enhancements	693,275	-	-	693,275
Athletic support	137,563	-	-	137,563
Other University support	472,264	-	-	472,264
Capital projects	797,897	-	-	797,897
Community outreach	125,213	-	-	125,213
Total program services	3,545,311	-	-	3,545,311
Management and general	378,414	-	-	378,414
Fundraising	201,727	-	-	201,727
Uncollectible pledge loss	-	-	-	-
Total expenses	4,125,452	-	-	4,125,452
Other Changes				
Investment income (loss), net	66,514	-	-	66,514
Change in value of beneficial interest in trusts	-	-	-	-
Loss on sale of property	-	-	-	-
Gain on cash value of life insurance	-	-	-	-
Total other changes	66,514	-	-	66,514
Change in Net Assets	\$ 2,352,949	\$ -	\$ -	\$ 2,352,949

2007

Temporarily Restricted	Permanently Restricted		
University of Southern Indiana Foundation	University of Southern Indiana Foundation	Total	Total
\$ 2,042,785	\$ 808,862	\$ 5,971,991	\$ 5,523,953
(121,638)	(141,225)	(262,863)	(17,558)
1,200	-	43,039	40,400
128,286	-	218,577	171,175
800	(800)	-	-
(3,159,413)	-	-	-
(1,107,980)	666,837	5,970,744	5,717,970
-	-	1,319,099	1,169,572
-	-	693,275	580,831
-	-	137,563	126,539
-	-	472,264	346,955
-	-	797,897	779,474
-	-	125,213	66,588
-	-	3,545,311	3,069,959
-	-	378,414	294,768
-	-	201,727	161,400
10,689	400	11,089	13,309
10,689	400	4,136,541	3,539,436
(2,985,902)	(79,754)	(2,999,142)	8,026,852
(4,537)	(392,331)	(396,868)	317,825
-	-	-	(36,472)
11,143	-	11,143	25,736
(2,979,296)	(472,085)	(3,384,867)	8,333,941
\$ (4,097,965)	\$ 194,352	\$ (1,550,664)	\$ 10,512,475