

THE UNIVERSITY OF WYOMING FOUNDATION

FINANCIAL STATEMENTS
June 30, 2003 and 2002

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Mader Tschacher Peterson & Co.

Certified Public Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The University of Wyoming
Foundation
Laramie, Wyoming

We have audited the accompanying statements of financial position of The University of Wyoming Foundation (a nonprofit organization) as of June 30, 2003 and 2002, and the related statements of activities, cash flows, and functional expenses 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 financial statements referred to above present fairly, in all material respects, the financial position of The University of Wyoming Foundation as of June 30, 2003 and 2002, and change in net assets, cash flows and functional expenses for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Mader Tschacher Peterson & Co.

Laramie, Wyoming
August 23, 2003

THE UNIVERSITY OF WYOMING FOUNDATION

STATEMENTS OF FINANCIAL POSITION

June 30, 2003 and 2002

	<u>2003</u>	<u>2002</u>
ASSETS		
Cash	\$ 83,344	\$ 75,158
Investments (Notes 2 and 4)	112,317,015	92,350,927
Funds held by others (Note 3)	1,517,446	1,488,387
Pledges receivable (Note 5)	25,718,682	26,229,776
Other receivables	187,890	134,438
Property and equipment, at cost, net of accumulated depreciation (Note 6)	<u>158,252</u>	<u>181,191</u>
 Total Assets	 <u>\$ 139,982,629</u>	 <u>\$ 120,459,877</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 14,519	\$ 2,424
Due to others (Note 4)	<u>23,178,678</u>	<u>11,223,613</u>
 Total liabilities	 <u>23,193,197</u>	 <u>11,226,037</u>
NET ASSETS		
Unrestricted (Note 8)	3,674,188	4,113,674
Temporarily restricted	24,708,182	28,623,365
Permanently restricted (Note 9)	<u>88,407,062</u>	<u>76,496,801</u>
 Total net assets	 <u>116,789,432</u>	 <u>109,233,840</u>
 Total Liabilities and Net Assets	 <u>\$ 139,982,629</u>	 <u>\$ 120,459,877</u>

See Accompanying Notes to the Financial Statements.

THE UNIVERSITY OF WYOMING FOUNDATION

STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2003 and 2002

	Unrestricted	Temporarily Restricted	Permanently Restricted	2003 Total
SUPPORT AND REVENUE				
Contributions	\$ -	\$ 7,264,778	\$ 5,255,467	\$ 12,520,245
University of Wyoming	1,467,168	-	-	1,467,168
Donated rent	33,220	-	-	33,220
Interest and dividends	681,462	1,132,858	-	1,814,320
Assessments	799,909	-	-	799,909
Unrealized/realized net gain (loss) on investments	222,751	1,160,379	1,790,913	3,174,043
Market decline in excess of original gifts and endowments, net	(1,790,631)	(3,140,773)	4,931,404	-
Change in value of charitable remainder trusts	-	-	(476,113)	(476,113)
(Decrease) in cash surrender value of life insurance policies	-	-	(31,119)	(31,119)
Net assets released from/applied to restrictions:				
Satisfaction of program restrictions	10,113,443	(7,744,951)	(2,368,492)	-
Permanent program restriction	-	(2,807,060)	2,807,060	-
Events revenue	236,647	-	-	236,647
Other revenue	97,707	219,586	1,141	318,434
Total support and revenue	11,861,676	(3,915,183)	11,910,261	19,856,754
EXPENSES				
Program services	10,892,309	-	-	10,892,309
Supporting services:				
General and administrative	941,914	-	-	941,914
Outreach and research	147,887	-	-	147,887
Campaign	319,052	-	-	319,052
Total expenses	12,301,162	-	-	12,301,162
CHANGE IN NET ASSETS	(439,486)	(3,915,183)	11,910,261	7,555,592
NET ASSETS				
Beginning of year (restated)	4,113,674	28,623,365	76,496,801	109,233,840
End of year	<u>\$ 3,674,188</u>	<u>\$24,708,182</u>	<u>\$88,407,062</u>	<u>\$116,789,432</u>

See Accompanying Notes to the Financial Statements.

Unrestricted	Temporarily Restricted	Permanently Restricted	2002 Total
\$ -	\$ 8,404,366	\$ 16,623,521	\$ 25,027,887
1,248,253	-	-	1,248,253
33,220	-	-	33,220
873,784	1,147,000	-	2,020,784
759,662	-	-	759,662
-	1,979,110	(6,804,200)	(4,825,090)
(3,115,387)	(1,373,119)	4,488,506	-
-	(2,481)	(769,034)	(771,515)
-	-	(62,975)	(62,975)
12,038,891	(8,860,324)	(3,178,567)	-
-	(416,481)	416,481	-
42,548	-	-	42,548
-	682	-	682
<u>11,880,971</u>	<u>878,753</u>	<u>10,713,732</u>	<u>23,473,456</u>
12,822,528	-	-	12,822,528
844,751	-	-	844,751
141,615	-	-	141,615
46,741	-	-	46,741
<u>13,855,635</u>	<u>-</u>	<u>-</u>	<u>13,855,635</u>
(1,974,664)	878,753	10,713,732	9,617,821
<u>6,088,338</u>	<u>27,744,612</u>	<u>65,783,069</u>	<u>99,616,019</u>
<u>\$ 4,113,674</u>	<u>\$ 28,623,365</u>	<u>\$ 76,496,801</u>	<u>\$ 109,233,840</u>

THE UNIVERSITY OF WYOMING FOUNDATION

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2003 and 2002

	<u>2003</u>	<u>2002</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 7,555,592	\$ 9,617,821
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Depreciation	22,939	18,528
Change in value of charitable remainder trusts	476,113	771,515
Unrealized and realized (gains) losses on investments	(3,174,043)	6,841,135
(Increase) decrease in:		
Investments held by others	(29,059)	(51,729)
Pledges receivable	511,094	(14,201,567)
Other receivables	(53,452)	(134,438)
Increase (decrease) in:		
Accounts payable	12,095	(6,529)
Due to others	<u>11,478,952</u>	<u>-</u>
Net cash provided by operating activities	<u>16,800,231</u>	<u>2,854,736</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	-	(43,555)
Purchases of other investments	(34,127,771)	(16,331,661)
Proceeds from sales of other investments	<u>17,335,726</u>	<u>13,520,484</u>
Net cash (used by) investing activities	<u>(16,792,045)</u>	<u>(2,854,732)</u>
NET INCREASE IN CASH	8,186	4
CASH—Beginning of year	<u>75,158</u>	<u>75,154</u>
CASH—End of year	<u>\$ 83,344</u>	<u>\$ 75,158</u>

See Accompanying Notes to the Financial Statements.

THE UNIVERSITY OF WYOMING FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2003

	Program Service					
	Annual Fund	Stewardship Donor Relations	Corporation and Foundation		National Ambassadors	Vice-President Development
			Gifts	Development Officers		
Salaries	\$ 122,748	\$ 32,740	\$ 65,682	\$ 124,849	\$ 155,220	\$ 226,332
Employee benefits	25,939	9,098	18,253	34,696	43,136	62,898
Total salaries and employee benefits	148,687	41,838	83,935	159,545	198,356	289,230
Travel	2,772	1,265	2,929	27,017	28,608	23,979
Contractual services	64	6,286	255	846	49,113	3,491
Recognition	32	8,513	30	2,023	482	373
Investment council fees	-	-	-	-	-	-
Donor functions	395	103	-	1,800	4,724	59
Directors meeting expenses	-	-	-	-	-	-
Professional development	7,986	-	803	4,852	225	1,020
Equipment and data processing	1,635	-	63	-	2,683	-
Communications	36,740	3,427	855	3,244	14,201	4,670
Rent	-	-	-	-	-	-
Printing and duplication	32,813	383	39	2,291	24,534	374
Supplies	1,158	1,103	7	2,592	3,375	229
Old Main discretionary	-	-	-	-	-	-
Director discretionary	-	-	326	-	31	10,919
President discretionary	-	-	-	-	-	-
Flitner contract	-	-	-	-	-	-
Incentive packages	-	-	-	-	-	50,000
Direct expenses	-	-	-	-	-	-
Legal fees	-	-	-	-	-	-
Other	295	282	7	54	9,089	10,863
Total expenses before depreciation and distributions	232,577	63,200	89,249	204,264	335,421	395,207
Depreciation	-	-	-	-	-	-
Distributions to:						
University of Wyoming	-	-	-	-	-	-
Capital gain distributions	-	-	-	-	-	-
Total Expenses	<u>\$ 232,577</u>	<u>\$ 63,200</u>	<u>\$ 89,249</u>	<u>\$ 204,264</u>	<u>\$ 335,421</u>	<u>\$ 395,207</u>

See Accompanying Notes to the Financial Statements.

Associate				Recruiting &	Gift		
Vice-President		Information		Moving	Planning/		
Development	Communication	Services	Denver Office	Expenses	Major Gifts	Distributions	Total
\$ 131,148	\$ 119,047	\$ 174,677	\$ -	\$ -	\$ 196,012	\$ -	\$ 1,348,455
36,446	33,083	48,543	-	-	54,471	-	366,563
167,594	152,130	223,220	-	-	250,483	-	1,715,018
11,476	3,960	7,159	-	4,142	5,984	-	119,291
14	9,489	29,315	-	2,417	969	-	102,259
90	-	-	-	143	123	-	11,809
-	-	-	-	-	-	-	-
-	-	-	-	-	70	-	7,151
-	-	-	-	-	-	-	-
1,089	1,550	2,721	-	-	3,452	-	23,698
213	255	852	-	-	337	-	6,038
1,830	3,593	3,555	-	-	14,371	-	86,486
-	-	-	-	-	-	-	-
101	74,886	1,399	-	-	29,239	-	166,059
60	703	224	-	-	465	-	9,916
-	-	-	-	-	-	-	-
482	-	-	-	-	801	-	12,559
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	50,000
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
90	15	56	-	-	152	-	20,903
183,039	246,581	268,501	-	6,702	306,446	-	2,331,187
-	-	-	-	-	-	-	-
-	-	-	-	-	-	6,397,272	6,397,272
-	-	-	-	-	-	2,163,850	2,163,850
<u>\$ 183,039</u>	<u>\$ 246,581</u>	<u>\$ 268,501</u>	<u>\$ -</u>	<u>\$ 6,702</u>	<u>\$ 306,446</u>	<u>\$ 8,561,122</u>	<u>\$ 10,892,309</u>

THE UNIVERSITY OF WYOMING FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2003

	Supporting Services				Total Expenses
	General and Administrative	Outreach and Research	Campaign	Total	
Salaries	\$ 259,905	\$ 108,404	\$ 1,546	\$ 369,855	\$ 1,718,310
Employee benefits	72,228	30,125	430	102,783	469,346
Total salaries and employee benefits	332,133	138,529	1,976	472,638	2,187,656
Travel	7,060	1,336	5,895	14,291	133,582
Contractual services	8,614	1,573	188,556	198,743	301,002
Recognition	258	-	16,861	17,119	28,928
Investment council fees	204,147	-	-	204,147	204,147
Donor functions	-	-	720	720	7,871
Directors meeting expenses	62,045	-	-	62,045	62,045
Professional development	9,410	1,985	2,522	13,917	37,615
Equipment and data processing	27,058	3,001	-	30,059	36,097
Communications	15,493	1,243	4,600	21,336	107,822
Rent	33,220	-	-	33,220	33,220
Printing and duplication	8,500	-	33,677	42,177	208,236
Supplies	7,835	195	2,384	10,414	20,330
Old Main discretionary	3,372	-	-	3,372	3,372
Director discretionary	-	-	-	-	12,559
President discretionary	22,643	-	-	22,643	22,643
Flitner contract	12,000	-	-	12,000	12,000
Incentive packages	129,359	-	-	129,359	179,359
Direct expenses	20,613	-	-	20,613	20,613
Legal fees	582	-	-	582	582
Other	14,633	25	61,861	76,519	97,422
Total expenses before depreciations and distributions	918,975	147,887	319,052	1,385,914	3,717,101
Depreciation	22,939	-	-	22,939	22,939
Distributions to:					
University of Wyoming	-	-	-	-	6,397,272
Capital gain distributions	-	-	-	-	2,163,850
Total Expenses	<u>\$ 941,914</u>	<u>\$ 147,887</u>	<u>\$319,052</u>	<u>\$1,408,853</u>	<u>\$12,301,162</u>

See Accompanying Notes to the Financial Statements.

THE UNIVERSITY OF WYOMING FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2002

	Program Service					
	Annual Fund	Stewardship Donor Relations	Corporation and Foundation Gifts	Constituent Development Officers	National Ambassadors	Vice-President Development
Salaries	\$ 115,304	\$ 52,343	\$ 58,552	\$ 67,423	\$ 55,786	\$ 209,268
Employee benefits	23,973	14,546	16,272	16,432	15,503	58,156
Total salaries and employee benefits	139,277	66,889	74,824	83,855	71,289	267,424
Travel	3,700	1,456	4,773	18,905	21,601	19,519
Contractual services	789	34,571	145	2,972	45,348	1,287
Recognition	11,656	17,283	38	-	2,715	51
Investment council fees	-	-	-	-	-	-
Donor functions	-	75	-	-	-	368
Directors meeting expenses	-	-	-	-	-	-
Professional development	7,969	187	1,244	3,317	652	976
Equipment and data processing	227	-	10	1,629	230	239
Communications	50,904	5,440	1,119	50	9,324	4,303
Rent	-	-	-	-	-	-
Printing and duplication	7,951	9,729	160	17	10,725	349
Supplies	14,454	2,593	85	5,003	1,040	421
Old Main discretionary	-	-	-	-	-	-
Director discretionary	-	-	-	-	-	12,601
President discretionary	-	-	-	-	-	-
Flitner contract	-	-	-	-	-	-
President's package	-	-	-	-	-	-
Vice-President's Package	-	-	-	-	-	25,000
Legal fees	-	-	-	-	-	-
Other	244	2,164	112	50	2,661	9,055
Total expenses before depreciation and distributions	237,171	140,387	82,510	115,798	165,585	341,593
Depreciation	-	-	-	-	-	-
Distributions to:						
University of Wyoming	-	-	-	-	-	-
Capital gain distributions	-	-	-	-	-	-
Total Expenses	<u>\$ 237,171</u>	<u>\$ 140,387</u>	<u>\$ 82,510</u>	<u>\$ 115,798</u>	<u>\$ 165,585</u>	<u>\$ 341,593</u>

See Accompanying Notes to the Financial Statements.

Associated Vice-President Development	Communication	Information Services	Denver Office	Recruiting & Moving Expenses	Gift Planning/ Major Gifts	Distributions	Total
\$ 125,630 34,913	\$ 103,433 28,744	\$ 174,417 48,470	\$ 61,008 15,008	\$ - -	\$ 195,072 54,211	\$ - -	\$ 1,218,236 326,228
160,543	132,177	222,887	76,016	-	249,283	-	1,544,464
10,139	537	4,111	3,619	2,064	8,011	-	98,435
417	20,070	-	5,502	302	3,443	-	114,846
367	6,353	-	15	7,857	90	-	46,425
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	443
-	-	-	-	-	-	-	-
1,419	208	30,941	855	-	5,939	-	53,707
410	27	5,784	485	-	-	-	9,041
1,672	5,371	4,053	6,092	-	295	-	88,623
-	-	-	-	-	-	-	-
117	56,720	1,577	8,328	-	18,570	-	114,243
164	1,152	770	886	-	-	-	26,568
-	-	-	-	-	40,872	-	40,872
-	-	-	-	-	849	-	13,450
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	25,000
-	-	-	-	-	-	-	-
36	40	156	2,531	-	235	-	17,284
175,284	222,655	270,279	104,329	10,223	327,587	-	2,193,401
-	-	-	-	-	-	-	-
-	-	-	-	-	-	7,683,191	7,683,191
-	-	-	-	-	-	2,945,936	2,945,936
<u>\$ 175,284</u>	<u>\$ 222,655</u>	<u>\$ 270,279</u>	<u>\$ 104,329</u>	<u>\$ 10,223</u>	<u>\$ 327,587</u>	<u>\$ 10,629,127</u>	<u>\$ 12,822,528</u>

THE UNIVERSITY OF WYOMING FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2002

	Supporting Services			Total	Total Expenses
	General and Administrative	Outreach and Research	Campaign		
Salaries	\$ 213,590	\$ 103,583	\$ -	\$ 317,173	\$ 1,535,409
Employee benefits	59,357	28,786	-	88,143	414,371
Total salaries and employee benefits	272,947	132,369	-	405,316	1,949,780
Travel	3,352	2,435	12,651	18,438	116,873
Contractual services	7,959	-	20,034	27,993	142,839
Recognition	997	-	-	997	47,422
Investment council fees	232,037	-	-	232,037	232,037
Donor functions	53	-	-	53	496
Directors meeting expenses	50,134	-	-	50,134	50,134
Professional development	4,053	2,906	40	6,999	60,706
Equipment and data processing	33,342	2,710	-	36,052	45,093
Communications	14,939	1,059	-	15,998	104,621
Rent	33,220	-	70	33,290	33,290
Printing and duplication	14,014	11	-	14,025	128,268
Supplies	14,546	85	4,902	19,533	46,101
Old Main discretionary	4,208	-	-	4,208	45,080
Director discretionary	-	-	8,592	8,592	22,042
President discretionary	17,544	-	424	17,968	17,968
Flitner contract	10,200	-	-	10,200	10,200
President's package	78,059	-	-	78,059	78,059
Vice-President's Package	-	-	-	-	25,000
Legal fees	4,017	-	-	4,017	4,017
Other	30,602	40	28	30,670	47,954
Total expenses before depreciations and distributions	826,223	141,615	46,741	1,014,579	3,207,980
Depreciation	18,528	-	-	18,528	18,528
Distributions to:					
University of Wyoming	-	-	-	-	7,683,191
Capital gain distributions	-	-	-	-	2,945,936
Total Expenses	\$ 844,751	\$ 141,615	\$ 46,741	\$ 1,033,107	\$ 13,855,635

See Accompanying Notes to the Financial Statements.

THE UNIVERSITY OF WYOMING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies

Nature of Activities

The University of Wyoming Foundation is an independent organization established for the purpose of obtaining contributions for the benefit of The University of Wyoming and the management of the related investments in accordance with donor directions. The Foundation and the University of Wyoming Institutional Advancement Office cooperate significantly and utilize common staff in performing the fund raising activities. Accordingly, the Foundation's financial statements present the shared budget expenditures and recognize as support the University of Wyoming's contribution to the shared budget.

Financial Statement Presentation

The financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its *Statement of Financial Accounting Standards* (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, which represents the expendable resources that are available for operations at management's discretion; temporarily restricted net assets, which represents resources restricted by donors as to purpose or by the passage of time; and permanently restricted net assets, which represents resources whose by the organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Foundation.

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded as earned and expenses are recorded at the time liabilities are incurred.

NOTES TO FINANCIAL STATEMENTS

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Foundation considers all investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments

The Foundation adopted SFAS No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations." Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Property and Equipment

The Foundation follows the practice of capitalizing all major expenditures from Foundation funds for leasehold improvements, office equipment and equipment. Additions are recorded at cost, or if donated, at fair market value at the time of donation. Buildings and equipment are depreciated by the straight-line method using the following estimated service lives:

	<u>Years</u>
Leasehold improvements	15
Office equipment	7
Equipment	3

Contributions

The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction end or the purpose of the donor's restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of revenues, expenses, and other changes in net assets as net assets released from restrictions.

NOTES TO FINANCIAL STATEMENTS

The Foundation receives the majority of its donations from donors wishing to make a specific bequest or contribution to particular programs and scholarships at the University. As such, most bequests and gifts are restricted as to the original principal and only the income is to be expended in accordance with the donor's wishes. Accordingly, bequests and gifts for which the principal is required to be held in perpetuity by donor request are reflected as additions to the permanent net assets.

Temporarily restricted net assets consist of expendable donations and income from temporarily restricted and permanently restricted investments. In accordance with donor agreements, capital gains on all investments are considered income when evaluating restricted status.

The Foundation reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

Promises to Give

Promises to give, less an allowance for uncollectible amounts, are recognized as revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Income Taxes

The University of Wyoming Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

NOTES TO FINANCIAL STATEMENTS

Estimates

Preparation of the Foundation's financial statements, in conformity with generally accepted accounting principles, 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 income and expenses during the reporting period. Actual results could differ from those estimates.

Statement of Functional Expenses

The cost of providing various program and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Note 2. Investments

The following shows the relationship between the carrying values and market values of investments as of June 30, 2003 and 2002:

	Carrying Value	Market Value	Unrealized Appreciation (Depreciation)
Money market funds	\$ 548,457	\$ 548,457	\$ -
Corporate stocks	57,557,184	54,456,978	(3,100,206)
Corporate bonds and notes	47,695,266	49,599,640	1,904,374
Real estate	273,498	308,142	34,644
Government obligations	2,713,606	2,713,606	-
Cash value of life insurance policies	337,397	337,397	-
Other investments	4,352,795	4,352,795	-
	<u>\$113,478,203</u>	<u>\$ 112,317,015</u>	<u>\$ (1,161,188)</u>

NOTES TO FINANCIAL STATEMENTS

	Carrying Value	Market Value	Unrealized Appreciation (Depreciation)
Money market funds	\$ 3,746,630	\$ 3,746,630	\$ -
Corporate stocks	58,470,170	44,910,057	(13,560,113)
Corporate bonds and notes	37,305,486	38,582,325	1,276,839
Real estate	333,498	368,141	34,643
Government obligations	23,492	23,492	-
Cash value of life insurance policies	368,516	368,516	-
Other investments	4,351,769	4,351,766	(3)
	<u>\$ 104,599,561</u>	<u>\$ 92,350,927</u>	<u>\$ (12,248,634)</u>

Other investments consist primarily of interests in mineral rights and an interest in a limited liability company.

Market values for corporate stocks, pooled investments and other investments are based on quoted market prices as of June 30, 2003 and 2002. The market value of real estate is based on the estimated fair market value based on currently available information, such as tax assessments.

Note 3. Funds Held by Others

The funds held by others consists of University of Wyoming – Division of Student Loans. The amount as of June 30, 2003 and 2002 was \$1,517,446 and \$1,488,387.

Funds were forwarded to the University of Wyoming – Division of Student Loans. Interest earned from student loans and investments is reflected as income in the Foundation's financial statements.

Note 4. Due to Others

The Foundation acts as an investment manager for certain assets for the University of Wyoming Cowboy Joe Club, Associated Students of the University of Wyoming, and as trustee for several remainder trusts. The Foundation administers various charitable remainder trusts. A charitable remainder trust provides for the payment of distributions to the grantor or other designated beneficiaries over the trust's terms, usually the designated

NOTES TO FINANCIAL STATEMENTS

beneficiary's lifetime. The investments held on the behalf of others and the related liabilities are as follows:

	<u>2003</u>	<u>2002</u>
Cowboy Joe Club	\$ 914,576	\$ 918,636
ASUW	3,499,916	2,396,604
UW- State Match	14,420,842	4,939,491
Remainder trusts	4,343,344	2,968,882
	<u>\$ 23,178,678</u>	<u>\$ 11,223,613</u>

The portion of the trust attributable to the present value of the future benefits to be received by the Foundation is recorded in the Statement of Activities as permanently and temporarily restricted contributions in the period the trust is established. Such contributions totaled \$437,705 and \$755,455 in 2003 and 2002, respectively. Assets held in the charitable remainder trusts are reported at fair market value in the Organization's Statement of Financial Position. On a periodic basis, as prescribed in the agreement, the Foundation revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments (\$4,343,344 and \$4,301,651 at June 30, 2003 and 2002, respectively) is calculated using discount rates of 4.8% to 17.7% and applicable mortality tables.

Note 5. Pledges Receivable

Pledges receivable represent promises to give which have been made by donors but have not yet been received by the Foundation. Pledges which will not be received in the subsequent year have been discounted using an estimated rate of return which could be earned if such contributions had been made in the current year.

Due to the nature of these pledges, significant increases and decreases in net assets may occur. These significant fluctuations can arise as contributions are recognized as support in the fiscal period in which they are pledged, but the expenses incurred with such contributions occur in a different fiscal period.

NOTES TO FINANCIAL STATEMENTS

Total promises to give were as follows at June 30, 2003 and 2002:

	2003	2002
Due within 1 year	\$ 18,125,036	\$ 18,395,531
Due 1 to 5 years	9,374,295	8,346,103
Due 5 years and later	994,966	2,537,839
	28,494,297	29,279,473
Less allowance for uncollectible pledges	2,104,123	2,384,236
Less discount to present value	671,492	665,461
Total pledges receivable	\$ 25,718,682	\$ 26,229,776

Note 6. Property and Equipment

Property and equipment consists of the following as of June 30, 2003 and 2002:

	2003	2002
Leasehold improvements	\$ 446,157	\$ 446,157
Furniture and equipment	77,021	77,021
	523,178	523,178
Less accumulated depreciation	364,926	341,987
	\$ 158,252	\$ 181,191

During the years ended June 30, 2003 and 2002, depreciation expense of \$22,939 and \$18,528 was recognized.

Note 7. Related Party Transactions

The University of Wyoming provides office facilities to the Foundation under a \$10 per year lease agreement through 2008. The additional estimated fair rental value, reflected in the financial statements was \$33,220 for the years ended June 30, 2003 and 2002, respectively.

NOTES TO FINANCIAL STATEMENTS

Note 8. Net Assets

The Board designates Unrestricted Net Assets for the following purposes:

	2003	2002
Unrestricted		
Investment in property and equipment \$	158,252	\$ 181,191
Investments for which the income will be used to cover Foundation operating expenses	2,058,386	2,474,931
Investments for which the income will be used for special Foundation projects	1,059,672	1,059,674
Other amounts held for special requests	397,878	397,878
	\$ 3,674,188	\$ 4,113,674

Note 9. Spending Policy

The laws of the state of the Foundation's incorporation allow the Foundation's Board to appropriate a prudent amount of net investment return, taking into consideration the short and long-term needs of the Foundation, current and future anticipated financial requirements, expected investment returns given the current asset allocations, anticipated rates of inflation, and other economic factors. The Board has adopted a spending policy that the Foundation distributes 1% of average endowment investment assets for funds that have market values below their original endowed amounts. The Foundation distributes 5% of its average endowment investment assets for funds that have market values above the original endowed amount. New endowments are also restricted from having a first payout for one year. Average endowment investment assets are computed, in accordance with the spending policy's provisions, using the previous three years endowment investment balances.