

UNIVERSITY OF WYOMING FOUNDATION

FINANCIAL STATEMENTS

June 30, 2009 and 2008

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Mader Tschacher Peterson & Co., LLC

Certified Public Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of financial position of University of Wyoming Foundation (a non-profit organization) as of June 30, 2009 and 2008, 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 University of Wyoming Foundation as of June 30, 2009 and 2008, and change in its 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.

As explained in Note 2, the financial statements include alternative investments valued at \$109,282,323 (31.78 percent of total assets), whose fair values have been provided to management by the fund managers in the absence of readily determinable fair values.

Mader Tschacher Peterson & Co., LLC

Laramie, Wyoming
September 23, 2009

UNIVERSITY OF WYOMING FOUNDATION

STATEMENTS OF FINANCIAL POSITION

June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and cash equivalents	\$ 180,731	\$ 554,225
Investments (Note 2)	320,179,726	355,362,415
Funds held by others (Note 3)	193,604	189,801
Pledges receivable, net (Note 4)	22,051,153	23,491,549
Other receivables	736,268	728,767
Property and equipment, at cost, net of accumulated depreciation (Note 5)	<u>485,880</u>	<u>383,625</u>
 Total Assets	 <u>\$ 343,827,362</u>	 <u>\$ 380,710,382</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable (Note 7)	\$ 6,845,588	\$ 1,692,984
Conference center bond interest payable	35,896	35,782
Vehicle loan payable	27,777	-
Bonds payable (Note 8)	3,620,000	3,700,000
Due to others (Note 9)	<u>124,202,768</u>	<u>144,069,868</u>
 Total liabilities	 <u>134,732,029</u>	 <u>149,498,634</u>
 NET ASSETS		
Unrestricted (Note 11)	17,273,392	16,360,953
Temporarily restricted	74,374,492	65,806,971
Permanently restricted (Note 12)	<u>117,447,449</u>	<u>149,043,824</u>
 Total net assets	 <u>209,095,333</u>	 <u>231,211,748</u>
 Total Liabilities and Net Assets	 <u>\$ 343,827,362</u>	 <u>\$ 380,710,382</u>

See Accompanying Notes to the Financial Statements.

UNIVERSITY OF WYOMING FOUNDATION

STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2009 and 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted
SUPPORT AND REVENUE			
Contributions	\$ 9,982	\$ 11,787,913	\$ 10,646,776
University of Wyoming	2,220,469	-	-
Donated rent (Note 8)	154,678	-	-
Interest and dividends	2,214,517	1,803,709	-
Assessments	2,601,606	-	-
Unrealized/realized net gain (loss) on investments	-	589,265	(19,802,947)
Market decline in excess of original gifts and endowments, net	1,433,604	(9,721,011)	8,287,407
Change in value of charitable remainder trusts			(581,976)
Increase (decrease) in cash surrender value of life insurance policies	-	-	(23,060)
Net assets released from/applied to restrictions:			
Satisfaction of program restrictions	26,364,237	4,598,298	(30,962,535)
Permanent program restriction	(9,141)	(827,967)	837,108
Events revenue	4,909	-	
Other revenue	-	337,314	2,852
Total support and revenue	34,994,861	8,567,521	(31,596,375)
EXPENSES			
Program services	32,137,779	-	-
Supporting services:			
General and administrative	1,693,734	-	-
Outreach and research	165,892	-	-
Vision development	85,017	-	-
Total expenses	34,082,422	-	-
CHANGE IN NET ASSETS	912,439	8,567,521	(31,596,375)
NET ASSETS			
Beginning of year	16,360,953	65,806,971	149,043,824
End of year	\$ 17,273,392	\$ 74,374,492	\$ 117,447,449

See Accompanying Notes to the Financial Statements.

2009 Total	Unrestricted	Temporarily Restricted	Permanently Restricted	2008 Total
\$ 22,444,671	\$ 3,000	\$ 12,889,089	\$ 18,780,458	\$ 31,672,547
2,220,469	2,248,453	-	-	2,248,453
154,678	33,220	-	-	33,220
4,018,226	1,692,124	2,831,193	-	4,523,317
2,601,606	3,013,360	-	-	3,013,360
(19,213,682)	-	478,324	3,062,567	3,540,891
-	(586,605)	(198,116)	784,721	-
(581,976)			(1,672,002)	(1,672,002)
(23,060)	-	-	(3,547)	(3,547)
-	28,901,164	(13,997,185)	(14,903,979)	-
-	(7,325)	(3,227,356)	3,234,681	-
4,909	76,372	-		76,372
340,166	-	433,664	241	433,905
<u>11,966,007</u>	<u>35,373,763</u>	<u>(790,387)</u>	<u>9,283,140</u>	<u>43,866,516</u>
32,137,779	32,564,007	-	-	32,564,007
1,693,734	1,221,213	-	-	1,221,213
165,892	138,454	-	-	138,454
85,017	181,116	-	-	181,116
<u>34,082,422</u>	<u>34,104,790</u>	<u>-</u>	<u>-</u>	<u>34,104,790</u>
(22,116,415)	1,268,973	(790,387)	9,283,140	9,761,726
<u>231,211,748</u>	<u>15,091,980</u>	<u>66,597,358</u>	<u>139,760,684</u>	<u>221,450,022</u>
<u>\$ 209,095,333</u>	<u>\$ 16,360,953</u>	<u>\$ 65,806,971</u>	<u>\$ 149,043,824</u>	<u>\$ 231,211,748</u>

UNIVERSITY OF WYOMING FOUNDATION

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (22,116,415)	\$ 9,761,726
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	65,228	46,792
Change in value of charitable remainder trusts	581,976	1,764,971
Unrealized and realized losses (gains) on investments	19,826,007	(6,741,076)
(Increase) decrease in:		
Investments held by others	(3,803)	(9,488)
Pledges receivable	1,440,396	(3,960,396)
Other receivables	(7,501)	1,789,341
Increase (decrease) in:		
Accounts payable	5,152,604	(898,959)
Accrued interest payable	114	35,782
Due to others	(19,867,100)	106,025
Net cash from operating activities	<u>(14,928,493)</u>	<u>1,894,718</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of conference center	-	4,268,326
Additional construction costs	-	(122,587)
Purchases of property and equipment	(167,483)	(135,117)
Purchases of investments	(104,459,305)	(46,585,887)
Proceeds from sales of investments	119,234,010	37,446,241
Net cash from investing activities	<u>14,607,222</u>	<u>(5,129,024)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from vehicle financing	27,777	-
Principal payments for bonds	(80,000)	-
Proceeds from bonds	-	3,700,000
Net cash from financing activities	<u>(52,223)</u>	<u>3,700,000</u>
NET CHANGE IN CASH	(373,494)	465,694
CASH—beginning of year	<u>554,225</u>	<u>88,531</u>
CASH—end of year	<u>\$ 180,731</u>	<u>\$ 554,225</u>
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	<u>\$ 217,419</u>	<u>\$ 101,195</u>

See Accompanying Notes to the Financial Statements.

UNIVERSITY OF WYOMING FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2009

	Program Service					
	Annual Fund	Stewardship Donor Relations	Major Gifts	Constituent Development Officers	National Ambassadors	Vice- President Development
Salaries	\$ 147,950	\$ -	\$ 125,150	\$ 144,617	\$ 195,010	\$ 601,240
Employee benefits	72,860	-	36,591	46,553	59,333	111,783
Total salaries and benefits	220,810	-	161,741	191,170	254,343	713,023
Travel	1,561	11,413	7,596	35,316	25,798	34,354
Contractual services	11,106	20,927	1,742	3,433	37,204	4,846
Recognition	142	8,226	-	108	4,178	1,731
Investment council fees	-	-	-	-	-	-
Donor functions	370	4,088	300	1,541	4,563	876
Directors meeting expenses	-	-	-	-	-	-
Professional development	1,616	-	1,554	10,942	2,094	1,174
Equipment and data processing	142	37	-	-	18,579	65
House maintenance	-	184	-	-	-	-
Communications	34,520	6,402	1,006	2,229	15,590	4,830
Rent (Note 10)	-	-	-	-	22,539	-
Printing and duplication	37,575	12,298	1,561	1,765	13,598	124
Supplies	4,441	3,766	747	1,776	12,172	635
Old Main discretionary	-	-	-	-	-	-
Director discretionary	-	-	-	-	-	8,150
President discretionary	-	-	-	-	-	-
Change in Vacation Accruals	-	-	-	-	-	-
Incentive	-	-	-	-	-	-
Direct expenses	-	-	-	-	-	-
Legal fees	-	-	-	-	-	-
Other	19	-	330	200	3,830	1,137
Total expenses before depreciation and distributions	312,302	67,341	176,577	248,480	414,488	770,945
Depreciation	-	-	-	-	-	-
Management fees	-	-	-	-	-	-
State augmenting expense	-	-	-	-	-	-
Distributions to University of Interest and dividends income	-	-	-	-	-	-
Capital gain income	-	-	-	-	-	-
Total Expenses	\$ 312,302	\$ 67,341	\$ 176,577	\$ 248,480	\$ 414,488	\$ 770,945

See Accompanying Notes to the Financial Statements.

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2009 (cont)

Associate Vice-President Development	Communication	Information Services	Recruiting & Moving Expenses	Gift Planning	Distributions	Total
\$ 162,676	\$ 125,058	\$ 294,986	\$ -	\$ 94,465	\$ -	\$ 1,891,152
39,573	21,825	119,501	-	32,891	-	540,910
202,249	146,883	414,487	-	127,356	-	2,432,062
12,348	4,979	4,591	12,255	6,597	-	156,808
575	2,266	-	3,314	1,112	-	86,525
-	-	-	1,668	-	-	16,052
-	-	-	-	-	-	-
-	-	-	-	-	-	11,738
-	-	-	-	-	-	-
1,117	1,179	18,666	-	3,393	-	41,735
1,463	690	54,467	-	5,500	-	80,943
-	-	-	300	-	-	484
1,248	2,429	4,472	-	2,273	-	74,999
-	-	-	-	-	-	22,539
467	55,158	166	-	19,604	-	142,316
400	821	1,511	-	149	-	26,418
-	-	-	-	-	-	-
268	-	-	-	-	-	8,418
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,104	-	-	112	852	-	9,584
223,239	214,405	498,360	17,649	166,836	-	3,110,622
-	-	-	-	-	-	-
-	-	-	-	-	350,590	350,590
-	-	-	-	-	409,663	409,663
-	-	-	-	-	13,684,131	13,684,131
-	-	-	-	-	14,582,775	14,582,775
<u>\$ 223,239</u>	<u>\$ 214,405</u>	<u>\$ 498,360</u>	<u>\$ 17,649</u>	<u>\$ 166,836</u>	<u>\$ 29,027,159</u>	<u>\$ 32,137,779</u>

UNIVERSITY OF WYOMING FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2009

	Supporting Services				Total Expenses
	General and Administrative	Outreach and Research	Facilities Planning	Total	
Salaries	\$ 340,992	\$ 109,782	\$ -	\$ 450,774	\$ 2,341,926
Employee benefits	100,371	47,865	-	148,236	689,146
Total salaries and employee benefits	441,363	157,647	-	599,010	3,031,072
Travel	30,872	31	34,248	65,151	221,958
Contractual services	34,697	-	47,609	82,306	168,835
Recognition	144	-	542	686	16,737
Investment council fees	150,000	-	-	150,000	150,000
Donor functions	376	-	1,255	1,631	13,369
Directors meeting expenses	118,880	-	-	118,880	118,880
Professional development	6,894	4,702	-	11,596	53,331
Equipment and data processing	164,330	1,895	-	166,225	247,168
House maintenance	3,749	-	-	3,749	4,232
Communications	20,029	1,174	1,020	22,223	97,222
Rent (Note 9)	154,688	-	-	154,688	177,227
Printing and duplication	11,555	229	104	11,888	154,204
Supplies	22,690	214	239	23,143	49,561
Old Main discretionary	110	-	-	110	110
Director discretionary	-	-	-	-	8,418
President discretionary	20,841	-	-	20,841	20,841
President's Special Projects	350,000	-	-	350,000	350,000
Change in Vacation Accruals	18,847	-	-	18,847	18,847
Incentive	50,000	-	-	50,000	50,000
Direct expenses	4,699	-	-	4,699	4,699
Legal fees	21,099	-	-	21,099	21,099
Other	2,643	-	-	2,643	12,228
Total expenses before depreciation and distributions	1,628,506	165,891	85,016	1,879,415	4,990,035
Depreciation	65,228	-	-	65,228	65,228
Management fees	-	-	-	-	350,590
State Augmenting Expense	-	-	-	-	409,663
Distributions to University of Interest and dividends income	-	-	-	-	13,684,131
Capital gain income	-	-	-	-	14,582,775
 Total Expenses	 \$ 1,693,734	 \$ 165,891	 \$ 85,016	 \$ 1,944,643	 \$ 34,082,422

See Accompanying Notes to the Financial Statements.

UNIVERSITY OF WYOMING FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2008

Program Service

	Program Service					
	Annual Fund	Stewardship Donor Relations	Major Gifts	Constituent Development Officers	National Ambassadors	Vice-President Development
Salaries	\$ 250,424	\$ -	\$ 115,943	\$ 112,102	\$ 195,561	\$ 657,589
Employee benefits	73,835	-	33,986	35,288	59,875	107,065
Total salaries and employee benefits	324,259	-	149,929	147,390	255,436	764,654
Travel	4,434	6,268	9,733	31,178	39,485	43,556
Contractual services	1,183	187,702	867	3,118	39,279	3,697
Recognition	230	18,186	875	5,485	-	859
Investment council fees	-	-	-	-	-	-
Donor functions	236	3,807	-	156	4,446	373
Directors meeting expenses	-	-	-	-	-	-
Professional development	2,223	400	1,047	4,685	4,708	1,422
Equipment and data processing	66	-	-	-	1,058	61
House maintenance	63	37	12	-	-	-
Communications	56,288	12,823	2,236	7,077	18,766	5,730
Rent (Note 10)	-	-	-	-	31,845	-
Printing and duplication	80,722	13,138	778	982	22,074	270
Supplies	905	6,485	98	70	6,979	1,047
Old Main discretionary	-	-	-	-	-	-
Director discretionary	-	-	-	-	-	21,392
President discretionary	-	-	-	-	-	-
Direct expenses	-	-	-	-	-	-
Legal fees	-	-	-	-	-	-
Other	435	9,384	27	3	-	43
Total expenses before depreciation and distributions	471,044	258,230	165,602	200,144	424,076	843,104
Depreciation	-	-	-	-	-	-
Management fees	-	-	-	-	-	-
State Augmenting Expense	-	-	-	-	-	-
Distributions to University of Wyoming:						
Interest and dividend income	-	-	-	-	-	-
Capital gain income	-	-	-	-	-	-
Total Expenses	\$ 471,044	\$ 258,230	\$ 165,602	\$ 200,144	\$ 424,076	\$ 843,104

See Accompanying Notes to the Financial Statements

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2008 (cont)

Associate Vice-President Development	Communication	Information Services	Recruiting & Moving Expenses	Gift Planning	Distributions	Total
\$ 130,008	\$ -	\$ 191,210	\$ -	\$ 8,910	\$ -	\$ 1,661,747
<u>37,290</u>	<u>-</u>	<u>74,288</u>	<u>-</u>	<u>3,252</u>	<u>-</u>	<u>424,879</u>
167,298	-	265,498	-	12,162	-	2,086,626
21,297	4,897	-	2,439	2,332	-	165,619
599	166	-	3,664	7,848	-	248,123
1,399	175	-	1,331	3	-	28,543
-	-	-	-	-	-	-
13	-	-	19	-	-	9,050
-	-	-	-	-	-	-
1,162	-	6,727	-	1,693	-	24,067
-	-	60,110	-	-	-	61,295
-	-	-	-	-	-	112
2,454	2,605	3,504	83	587	-	112,153
-	-	-	-	-	-	31,845
56	55,687	1,056	-	23,497	-	198,260
15	589	868	-	-	-	17,056
-	-	-	-	-	-	-
816	-	-	-	-	-	22,208
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,892</u>
195,109	64,119	337,763	7,536	48,122	-	3,014,849
-	-	-	-	-	-	-
-	-	-	-	-	285,663	285,663
-	-	-	-	-	529,163	529,163
-	-	-	-	-	16,324,393	16,324,393
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,409,939</u>	<u>12,409,939</u>
<u>\$ 195,109</u>	<u>\$ 64,119</u>	<u>\$ 337,763</u>	<u>\$ 7,536</u>	<u>\$ 48,122</u>	<u>\$ 29,549,158</u>	<u>\$ 32,564,007</u>

UNIVERSITY OF WYOMING FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2008

	Supporting Services				Total Expenses
	General and Administrative	Outreach and Research	Facilities Planning	Total	
Salaries	\$ 346,119	\$ 89,554	\$ -	\$ 435,673	\$ 2,097,420
Employee benefits	87,709	44,014	-	131,723	556,602
Total salaries and employee benefits	433,828	133,568	-	567,396	2,654,022
Travel	25,338	-	14,011	39,349	204,968
Contractual services	43,412	-	149,359	192,771	440,894
Recognition	350	-	13,220	13,570	42,113
Investment council fees	150,000	-	-	150,000	150,000
Donor functions	45	-	112	157	9,207
Directors meeting expenses	88,881	-	-	88,881	88,881
Professional development	12,202	3,323	148	15,673	39,740
Equipment and data processing	72,059	62	4,000	76,121	137,416
House maintenance	-	-	-	-	112
Communications	30,783	893	82	31,758	143,911
Rent (Note 10)	33,230	-	-	33,230	65,075
Printing and duplication	10,510	26	48	10,584	208,844
Supplies	17,912	582	136	18,630	35,686
Old Main discretionary	274	-	-	274	274
Director discretionary	-	-	-	-	22,208
President discretionary	23,000	-	-	23,000	23,000
President's special projects	169,219	-	-	169,219	169,219
Direct expenses	18,664	-	-	18,664	18,664
Legal fees	26,525	-	-	26,525	26,525
Other	18,189	-	-	18,189	28,081
Total expenses before depreciations and distributions	1,174,421	138,454	181,116	1,493,991	4,508,840
Depreciation	46,792	-	-	46,792	46,792
Management fees	-	-	-	-	285,663
State augmenting expense	-	-	-	-	529,163
Distributions to University of Wyoming:					
Interest and dividends income	-	-	-	-	16,324,393
Capital gain income	-	-	-	-	12,409,939
Total Expenses	<u>\$ 1,221,213</u>	<u>\$ 138,454</u>	<u>\$ 181,116</u>	<u>\$ 1,540,783</u>	<u>\$34,104,790</u>

See Accompanying Notes to the Financial Statements.

UNIVERSITY OF WYOMING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies

Nature of Activities and Organization

The University of Wyoming Foundation is an independent not-for-profit 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 and management 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.

Basis of Accounting

These financial statements, which are presented on the accrual basis of accounting, have been prepared to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of net assets and transactions into three classes – permanently restricted, temporarily restricted, or unrestricted as follows:

Permanently restricted net assets – net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donor of these assets permits the Foundation to use all or part of the income earned on related investments for general or specific purposes in support of the University.

Temporarily restricted net assets – net assets subject to donor-imposed stipulations that may or will be met by actions of the Foundation and/or the passage of time.

Unrestricted net assets – net assets which represent resources generated from operations or that are not subject to donor-imposed stipulations. Unrestricted net assets include contributions designated to a particular college or unit for which the use or purpose is unrestricted.

NOTES TO FINANCIAL STATEMENTS

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenditures are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Expirations of restrictions on gifts of long-lived assets or assets to be used to purchase long-lived assets are reported as reclassifications when the long-lived assets are placed in service.

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise was made. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Income and realized and unrealized gains on investments of permanently restricted net assets are reported as follows:

- as increases in permanently restricted net assets if the terms of the gift or the Foundation's interpretation of relevant state law require that they be added to the principal of a permanent endowment fund;
- as increases in temporarily restricted net assets if the terms of the gift impose restrictions on their use;
- as increases in unrestricted net assets in all other cases.

Use of 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 expenditures during the reporting period. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS

The Foundation's investments are invested in various types of investment securities and in various companies within various markets. Investment securities are exposed to several risks, such as interest rates, and market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Foundation's financial statements.

Another estimate that is particularly susceptible to significant change in the near term relates to the allowance for uncollectible pledges.

Cash

Cash includes depository account balances other than those held temporarily as part of the long-term investment portfolio.

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. Leasehold improvements 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

Fair Value Measurements

The Foundation adopted Financial Accounting Standards Board Statement No. 157, Fair Value Measurements, for its 2009 financial statements. Statement No. 157 establishes a fair value hierarchy which prioritizes and ranks the level of market price observability used in measuring investment at fair value. Market price observability is impacted by a number of factors, including the type of investment, the characteristics specific to the investment, and the state of the marketplace (including the existence and transparency of transactions between market participants). Investments with readily-available actively quoted prices or for which fair value can be measured from actively-quoted prices in an orderly market will generally have a higher degree of market prices in an orderly market will general have

NOTES TO FINANCIAL STATEMENTS

a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Investments measured and reported at fair value are classified and disclosed in one of the following categories based on inputs:

Level 1: Quoted prices available in active markets for indicated investments as of the reporting date. The type of investments which would generally be included in Level I include listed equity securities and listed derivatives.

Level 2: Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level I. Fair value is determined through the use of models or other valuation methodologies. The types of investments which would generally be included in this category include publicly-traded securities with restrictions on disposition.

Level 3: Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs in to the determination of air value require significant judgment or estimation by Investment Manager. The types of investments which would generally be included in this category include debt and equity securities issued by private entities.

Pledges

All unconditional pledges to give are recorded at their estimated realizable value on a discounted basis.

Split Interest Agreements and Perpetual Trusts

The Foundation accepts gifts subject to split interest agreements. These gifts may be in the form of annuities, charitable lead trusts, or charitable remainder trusts. At the time of receipt, a gift is recorded based upon the fair value of assets donated less any applicable liabilities. Liabilities include the present value of projected future distributions to the annuity or trust beneficiary and are determined using appropriate discount rates. For certain split interest agreements where the measurement objective is fair value, the discount rate is adjusted to a current market rate at each reporting date. The gift portion of net assets subject to split interest agreements are classified as temporarily restricted or permanently restricted based upon donor designations.

NOTES TO FINANCIAL STATEMENTS

Income Taxes

The Foundation is exempt from Federal income taxes.

Liquidity

Assets are presented according to their nearness to cash and liabilities are presented according to their nearness of payment or use of cash.

Statement of Functional Expenses

The costs 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.

Recent Accounting Pronouncements

In July 2006, the Financial Accounting Standards Board (FASB) issued Interpretation No. 48 "Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement 109" (the "Interpretation"). FASB has twice deferred the effective date of the Interpretation. It was originally deferred for fiscal years beginning after December 15, 2007, but has subsequently been deferred to fiscal years beginning after December 15, 2008 for certain non-public entities. The Interpretation establishes for the Foundation a minimum threshold for financial statement recognition of the benefit of positions taken, or expected to be taken, in filing tax returns. The Interpretation requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Foundation's tax returns to determine whether the tax positions are "more-likely-than-not" to be sustained by the applicable tax authority.

Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense. The Foundation presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable, respectively, that a liability has been incurred for unrecognized income tax benefits by applying FASB Statement No. 5, Accounting for Contingencies. The Foundation has elected to defer the application of Interpretation 48 in accordance with FASB Staff Position (FSP) FIN 48-3. The Foundation will be required to adopt FIN 48 in its 2010 annual financial statements. Management continues to evaluate the implications of the Interpretation, and any impact on the future financial position and results of the operations of the Foundation has not yet been determined.

NOTES TO FINANCIAL STATEMENTS

Note 2. Investments

The Foundation, the Cowboy Joe Club, ASUW, and the University endowments are participants in a joint venture whereby certain assets are pooled for investment purposes. The Foundation manages the assets of the pool and maintains separate accounts for each participant. Investment income, gains, and losses and expenses of the pool are allocated to each participant based on their share of ownership of the pool. At June 30, 2009 and 2008, approximately 67% and 77%, respectively, of the investments are included in the pool.

At June 30, 2009 and 2008, the fair value of some of the participant's permanently restricted investments were below their historical cost and the deficiency of \$16,353,825 and \$784,721 respectively, has been recorded in temporarily restricted and unrestricted net assets.

Investments are summarized as follows at June 30, 2009 and 2008:

Level 1	June 30, 2009		
	Carrying Value	Market Value	Unrealized Appreciation (Depreciation)
Money market funds	\$ 22,492,140	\$ 22,492,140	\$ -
Corporate stocks	36,801,228	32,871,786	(3,929,442)
Corporate bonds notes	69,792,198	69,113,399	(678,799)
Government obligations	2,097,228	2,081,392	(15,836)
Other investments	195,400	202,279	6,879
	<u>\$ 131,378,194</u>	<u>\$ 126,760,996</u>	<u>\$ (4,617,198)</u>
Level 2			
	Carrying Value	Market Value	Unrealized Appreciation (Depreciation)
Corporate stocks	\$ 62,093,480	\$ 57,660,388	\$ (4,433,092)
Real estate	581,000	581,000	-
Y Cross Ranch	4,275,397	4,275,397	-
	<u>\$ 66,949,877</u>	<u>\$ 62,516,785</u>	<u>\$ (4,433,092)</u>

NOTES TO FINANCIAL STATEMENTS

Level 3

	Carrying Value	Market Value	Unrealized Appreciation (Depreciation)
Corporate stocks	\$ 17,433,994	\$ 21,369,800	\$ 3,935,806
Alternative investments	103,443,199	109,282,323	5,839,124
Cash value of life insurance policies	241,016	241,016	-
Other investments	<u>8,805</u>	<u>8,806</u>	<u>1</u>
	<u>\$ 121,127,014</u>	<u>\$ 130,901,945</u>	<u>\$ 9,774,931</u>
 Combined Total	 <u>\$ 319,455,085</u>	 <u>\$ 320,179,726</u>	 <u>\$ 724,641</u>
	June 30, 2008		

Level 1

	Carrying Value	Market Value	Unrealized Appreciation (Depreciation)
Money market funds	\$ 15,244,751	\$ 15,242,378	\$ (2,373)
Corporate stocks	32,086,960	34,729,957	2,642,997
Corporate bonds notes	56,371,814	55,609,072	(762,742)
Government obligations	2,317,135	2,317,135	-
Other investments	<u>70,400</u>	<u>75,707</u>	<u>5,307</u>
	<u>\$ 106,091,060</u>	<u>\$ 107,974,249</u>	<u>\$ 1,883,189</u>

Level 2

	Carrying Value	Market Value	Unrealized Appreciation (Depreciation)
Corporate stocks	\$ 62,233,923	\$ 81,555,830	\$ 19,321,907
Y Cross Ranch	<u>4,275,397</u>	<u>4,275,397</u>	<u>-</u>
	<u>\$ 66,509,320</u>	<u>\$ 85,831,227</u>	<u>\$ 19,321,907</u>

NOTES TO FINANCIAL STATEMENTS

Level 3

	<u>Carrying Value</u>	<u>Market Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Corporate stocks	\$ 24,846,894	\$ 36,128,892	\$ 11,281,998
Alternative investments	99,185,087	125,155,165	25,970,078
Cash value of life insurance policies	264,077	264,077	-
Other investments	8,805	8,805	-
	<u>\$ 124,304,863</u>	<u>\$ 161,556,939</u>	<u>\$ 37,252,076</u>
 Combined Total	 <u>\$ 296,905,243</u>	 <u>\$ 355,362,415</u>	 <u>\$ 58,457,172</u>

The Foundation has invested in alternative investments defined as hedge funds, private equity, venture capital and other investments for which the fair market value is not readily attainable. The fair market values for these types of investments have been obtained through alternative means. The Foundation has implemented procedures to evaluate and monitor the investment values and the performance of the funds.

The major categories of alternative investments are summarized as follows at June 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Absolute return	\$ 36,155,815	\$ 42,690,709
Hedged equity	17,236,436	33,777,017
Private equity and real assets	55,931,072	48,687,438
Total alternative investments	<u>\$ 109,323,323</u>	<u>\$ 125,155,164</u>

The Foundation has entered into various split interest agreements, including charitable lead annuity trusts, charitable remainder unitrusts, and charitable gift annuities; whereby the Foundation serves as trustee. The assets held under these split interest agreements are included in investments at June 30, 2009 and 2008 with a fair value of \$11,284,658 and \$14,728,683, respectively.

As of June 30, 2009, the ending balance for endowment funds had an estimated fair value that was \$16,216,964 less than the permanently

NOTES TO FINANCIAL STATEMENTS

restricted or historic dollar value. This was the result of net declines in financial markets since the endowment funds were established. Such endowments are often referred to as “underwater” investments. Though the Foundation is not required by donor-imposed restriction or law to use its unrestricted resources to restore the endowment to its historic dollar value, accounting guidance for not-for-profit organizations require that such losses and subsequent gains be reflected as changes to unrestricted net assets until the fair value reaches the historical dollar value.

Note 3. Funds Held by Others

The funds held by others consist of University of Wyoming – Division of Student Loans. The amount as of June 30, 2009 and 2008 was \$193,604 and \$189,801 respectively.

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. 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. Total promises to give were as follows at June 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Due within 1 year	\$ 11,156,953	\$ 11,978,867
Due 1 to 5 years	10,669,708	12,227,274
Due 5 years and later	<u>2,269,288</u>	<u>1,664,360</u>
	24,095,949	25,870,501

NOTES TO FINANCIAL STATEMENTS

Less allowance for uncollectible pledges	983,545	1,186,056
Less discount to present value	<u>1,061,251</u>	<u>1,192,896</u>
Total pledges receivable	<u>\$ 22,051,153</u>	<u>\$ 23,491,549</u>

Note 5. Property and Equipment

Property and equipment consists of the following as of June 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Leasehold improvements	\$ 490,152	\$ 460,152
Furniture and equipment	<u>600,895</u>	<u>463,412</u>
	1,091,047	923,564
Less accumulated depreciation	<u>605,167</u>	<u>539,939</u>
	<u>\$ 485,880</u>	<u>\$ 383,625</u>

During the years ended June 30, 2009 and 2008, depreciation expense of \$65,228 and \$46,792 was recognized.

Note 6. Education and Conference Center Financing

The Foundation purchased a \$3.7 million bond to facilitate financing on the Education and Conference Center project for the University of Wyoming. The University paid the Foundation in one lump sum. The Foundation will pay off the \$3.7 bond according to the terms of the bond. To do this the Foundation has purchased a series of bonds that will mature as the bond payments come due. The bonds are currently outstanding and are discussed in Note 8.

Note 7. Accounts Payable

The current year accounts payable balance includes amounts owed to various departments and colleges of the University of Wyoming. As part of the efforts to comply with GASB #39 reporting in the current year, the University recorded a receivable for these amounts. The Foundation recorded a similar payable entry.

Note 8. Bonds Payable

The Foundation issued revenue bonds in the aggregate principal amount of \$3,700,000, pursuant to an Indenture of Trust, dated November 2007, by and between the Foundation and Wells Fargo Bank, N.A. The aggregate amount includes \$1,155,000 of serial bonds and \$2,545,000 of term bonds.

NOTES TO FINANCIAL STATEMENTS

The proceeds were used by the Foundation to help finance the cost of constructing and equipping the Conference Center located at 22nd Street and Grand Avenue in Laramie, Wyoming. The Bonds bear interest from the date of issue to maturity or earlier redemption with interest payable semiannually on May 1 and November 1 of each year. The Foundation has made all required debt payments.

The debt service requirements for the Bonds are as follows:

Year	Principal due November 1	Interest	Interest Rate	Annual Debt Service
2009	75,000	215,379	5.15%	290,379
2010	80,000	211,516	5.25%	291,516
2011	80,000	207,316	5.30%	287,316
2012	85,000	203,076	5.40%	288,076
2013	90,000	198,486	5.45%	288,486
2014	95,000	193,581	5.55%	288,581
2015	100,000	188,309	5.60%	288,309
2016	110,000	182,709	5.65%	292,709
2017	115,000	176,494	5.72%	291,494
2018	120,000	169,916	5.79%	289,916
2019	125,000	162,968	5.84%	287,968
2020	135,000	155,668	5.95%	290,668
2021	140,000	147,635	5.95%	287,635
2022	150,000	139,305	5.95%	289,305
2023	160,000	130,380	6.15%	290,380
2024	170,000	120,540	6.15%	290,540
2025	180,000	110,085	6.15%	290,085
2026	190,000	99,015	6.15%	289,015
2027	1,420,000	87,330	6.15%	1,507,330
	\$ 3,620,000	\$ 3,099,708		\$ 6,719,708

The Bonds maturing on or after November 1, 2018 are redeemable by the Foundation on any date on or after November 1, 2017, in whole or in part, at a redemption price equal to 100% of the principal amount of the Bonds being redeemed and accrued interest to the redemption date.

The Bonds maturing on November 1, 2022 and November 1, 2027 are subject to mandatory sinking fund redemptions at a redemption price equal to 100% of the principal amount thereof and accrued interest to the redemption date.

NOTES TO FINANCIAL STATEMENTS

Since the Foundation no longer had an interest in the Conference Center at year-end, they were required by the Bond Council to transfer funds in the amount of \$3.7 million to certain “permitted investments” to satisfy future obligations on the bonds.

Note 9. Due to Others

The Foundation acts as an investment manager for certain assets for the University of Wyoming, the 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 beneficiary’s lifetime. The investment held on the behalf of others and the related liabilities are as follows:

	<u>2009</u>	<u>2008</u>
Cowboy Joe Club	\$ 654,325	\$ 1,128,292
UW- State Match	66,249,759	70,656,160
UW Endowment	50,254,614	64,313,182
Polly Downs Education Trust	258,957	-
Remainder Trusts	<u>6,785,113</u>	<u>7,972,234</u>
	<u>\$ 124,202,768</u>	<u>\$ 144,069,868</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. Additional contributions totaled \$461,886 and \$-0- in 2009 and 2008, respectively. Assets held in the charitable remainder trusts are reported at fair market value in the Foundation’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 (\$6,785,113 and \$7,972,234 at June 30, 2009 and 2008, respectively) is calculated using discount rates of 2.8% for 2009, and 3.8% for 2008.

Note 10. Related Party Transactions

The University of Wyoming provides office facilities to the Foundation under a \$20 per year lease agreements for the Foundation House and the Annex are through 2033 and 2013 respectively. The additional estimated fair rental

NOTES TO FINANCIAL STATEMENTS

value, reflected in the financial statements was \$154,678 and \$33,220 for the years ended June 30, 2009 and 2008, respectively. The change was primarily due to additional office space.

Note 11. Net Assets

The Board designates Unrestricted Net Assets for the following purposes:

	2009	2008
Investment in property and equipment	\$ 485,880	\$ 383,626
Investments from which the income will be used to cover foundation operating expenses	15,285,530	13,923,224
Investments from which the income will be used for special Foundation projects	1,132,918	1,675,897
Other amounts held for special requests	<u>369,064</u>	<u>378,206</u>
	<u>\$ 17,273,392</u>	<u>\$ 16,360,953</u>

Note 12. Spending Policy

Administration of the endowment is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Under the provisions of this state law, the Foundation Board is to appropriate a prudent amount of net investment return, taking into consideration the short and long-term needs of the University of Wyoming, current and future anticipated financial requirements, expected investment returns given the current asset allocations, anticipated rates of inflation, and other economic factors. The Foundation Board has adopted a spending policy that makes a distribution based on the weighted average method, and new endowments are restricted from having a payout for one year. The distribution method uses a calculation with 40% based on a 3.75% spending rate of the December market value, and 60% based on the prior year distribution with an inflation adjustment increase of 3%.

Note 13. Financial Instruments

The carrying amount reported in the statements of financial position for cash, funds held by others, other receivables, and accounts payable approximate fair value because of the immediate or short term maturities of these financial instruments. The carrying amount of pledges receivable approximates fair value as they are presented on a discounted basis.

NOTES TO FINANCIAL STATEMENTS

Note 14. State Matching Funds

The Foundation will receive \$1,378,844 in State Matching Funds after June 30, 2009 once the supporting documentation has been provided to the State of Wyoming. This amount was not recorded as a receivable and corresponding increase in the due to others on the balance sheet as there is no legal obligation for the University to transfer the money to the Foundation.

SUPPLEMENTARY INFORMATION

Mader Tschacher Peterson & Co., LLC

Certified Public Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

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

Our report on our audit of the basic financial statements of the University of Wyoming Foundation for the fiscal years ended June 30, 2009 and 2008 appears on page 1. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of investments held for others is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Mader Tschacher Peterson & Co., LLC

Laramie, Wyoming
September 23, 2009

UNIVERSITY OF WYOMING FOUNDATION

**SCHEDULE OF INVESTMENTS HELD
FOR THE UNIVERSITY OF WYOMING**

For the Year Ended June 30, 2009

	<u>Beginning of Year Balance</u>	<u>Additions (Redemptions)</u>	<u>Transfers to UW</u>	<u>Investment Return</u>	<u>Fees</u>	<u>End of Year Balance</u>
Cowboy Joe Club	\$ 1,128,292	\$ (315,679)	\$ (30,807)	\$ (127,331)	\$ (150)	\$ 654,325
UW- State Match	70,656,159	11,563,982	(1,610,597)	(14,322,932)	(36,853)	66,249,759
UW - Endowment	<u>64,313,182</u>	<u>943,569</u>	<u>(1,871,051)</u>	<u>(13,131,086)</u>	<u>-</u>	<u>50,254,614</u>
	<u>\$ 136,097,633</u>	<u>\$ 12,191,872</u>	<u>\$ (3,512,455)</u>	<u>\$ (27,581,349)</u>	<u>\$ (37,003)</u>	<u>\$ 117,158,698</u>