Wright State
University

Changing Lives

Annual Report

for year ended

June 30, 2011

Office of the
Controller

3640 Colonel Glenn Hwy.
Dayton, OH 45435

WRIGHT STATE UNIVERSITY
Annual Report
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Wright State University's Management Discussion and Analysis (MD&A) presents an overview of its financial condition and assists the reader in focusing on significant financial issues for the year ended June 30, 2011 with selected comparative information for the years ended June 30, 2010 and 2009. The discussion has been prepared by management and should be read in conjunction with the accompanying financial statements and footnotes. The financial statements, footnotes, and this discussion are the responsibility of management.

Financial and Other University Highlights

- Wright State continues to be named in various national ratings for its achievements in academic and student success. For the fourth year in a row, Wright State was named among one of the "Best in the Midwest" colleges in *The Princeton Review,* which cited the university's challenging academic experience and personal attention to students. In addition, for the third year in a row, Wright State was among 260 Best National Universities listed in the annual "America's Best Colleges" rankings by *U.S. News and World Report*. Key factors considered for this designation are peer assessment, graduation and retention rates, faculty resources, student selectivity, financial resources, and alumni giving.

- The University enjoyed a number of successes in its efforts to become more closely tied to the aerospace research being funded by our neighbor, Wright-Patterson Air Force Base. These included funding of $6.4 million from the Air Force for a Human Performance Consortium headed by the University that includes a number of private firms and organizations in the area. Also, the Ohio biennial budget included funding for an $11.4 million Defense Aerospace Graduate Studies Institute at Wright State to lead a statewide effort to offer curricula to meet the needs of the aerospace and defense workforce in Ohio. These grants build on focused academic strengths at Wright State to help grow the economies of the Dayton region and of the state.

- For the second consecutive year, Wright State was named to the 2010 President's Higher Education Community Service Honor Roll, the highest federal recognition a college or university can receive for its commitment to volunteering, service-learning, and civic engagement. This award is a collaborative effort of the Corporation for National and Community Service, Department of Education, the Department of Housing and Urban Development, Campus Compact, and the American Council on Education. *Washington Monthly* recently ranked Wright State eighth in the country in participation in community service activities. These recognitions reflect the university's commitment to "Changing Lives, Changing Communities."

- Two different magazines have named Wright State a "Military Friendly School" in recognition of the support the University provides for student veterans and students in the military. Both *GI Jobs* magazine and *Military Advanced Education* magazine bestowed this honor for the second year in a row. *GI Jobs* honors the top 15 percent of more than 7,000 colleges, universities, and trade schools for doing the most to help America's veterans as students.

- Wright State approached this fiscal year as an opportunity to prepare for an expected loss of over $13 million in federal stimulus funds effective in fiscal year 2012. Our budget plan called for us to create a $5 million operating margin, even while using conservative estimates of enrollment and investment income. Our goal was to avoid what would otherwise have been an extremely difficult 2012 budget in which the entire loss of stimulus funding would have had to have been absorbed in a single year. As the following information will demonstrate, we were successful in accomplishing this goal.

- For the second year in a row the University raised its undergraduate tuition rates by 3.5%. Graduate and School of Professional Psychology tuition also increased by 3.5% while the Boonshoft School of Medicine (BSOM) had a tuition increase of 5%. These increases are almost identical to the 2010 tuition increases and were necessary as a result of a decrease in support from the State of Ohio in 2011. Even with these tuition increases, Wright State continues to maintain the fourth lowest in-state undergraduate tuition rate among Ohio's thirteen four-year public institutions.

- Total state appropriations fell $1.0 million in 2011 from 2010 after stripping out the effect of OhioLINK (a statewide library initiative for which the University serves as fiscal agent). The 2010 state appropriations did not change at all from the 2009 funding level after subtracting the effect of OhioLINK and federal stimulus funds used by the State to replace the deep cuts to state appropriations for both 2010 and 2011. The federal stimulus funds ended in 2011 and now leave the University with a state appropriation base that is approximately 15% less than it was in 2009.

- Net assets increased $40.0 million in 2011, primarily in unrestricted net assets. This increase was primarily the result of record investment earnings for the University in 2011 as well as positive variances in student tuition and fee revenue as a result of better than planned enrollment. In addition, spending reductions in anticipation of future reductions in state appropriations also added to the 2011 positive margin. Net assets increased $11.5 million in 2010 also as a result of positive investment results and strong enrollment.

- Continuing the trend from 2010, 2011 saw another record enrollment. Fall 2010 headcount was 19,793, which was up approximately 1,000 students from the previous year record enrollment of 18,786. The 2011 and 2010 enrollments grew by 5.4% and 6.4%, respectively. These strong enrollment increases have helped the University manage decreasing state support.

- For the 32nd consecutive year, the Wright State University Model United Nations team achieved the highest recognition possible at the national conference in New York City. Competing against teams from 339 universities from around the world, Wright State was one of 15 schools to be recognized as having an Outstanding Delegation and one of 30 to have presented an Outstanding Position Paper.

- In 2011 the University finished its Campus Master Plan begun in 2010. This master plan built upon past master planning efforts with a focus on future land use and development. The previous master plan of 1995 has largely been accomplished through a series of annual phases. This most recent master plan is intended to guide planning, growth, and capital investment opportunities for the next 10 years considering such key campus issues such as use of green space and existing woodlands, the interface between campus and the surrounding communities, and parking demands.

- Progress continued with the university's efforts to convert Wright State's academic calendar from the quarter system to the semester system effective fall of 2012. This move will better align Wright State's calendar with other universities' to better facilitate collaborative academic programs, student transfer and articulation. The emphasis in 2011 and continuing into 2012 was on major, minor, and certificate curricular innovation and the advising needs of students in the transition from the quarter system to semesters.

Using the Annual Report

This annual report includes three financial statements: the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets, and the Statement of Cash Flows. These financial statements are prepared in accordance with GASB Statement No. 35, *Basic Financial Statements-and Management's Discussion and Analysis-For Public Colleges and Universities*. These statements focus on the financial condition of the University, the results of operations, and cash flows of the University as a whole. All comments and discussions included in this discussion and analysis relate only to Wright State University and not to the Wright State University Foundation unless specifically noted.

The three financial statements should help the reader of the annual report understand how the university's overall financial condition has changed as a result of the current year's financial activities. These financial statements present similar information to that disclosed in private sector (i.e. corporate) financial statements. The financial statements will also assist the reader in evaluating the ability of the University to meet its financial obligations. The Statement of Cash Flows presents information related to both cash inflows and cash outflows and is further categorized by operating, noncapital financing, capital and related financing, and investing activities.

At a number of points in this narrative, we discuss revenues from state appropriations. In general, these references should be read to also include federal appropriations, which are the federal stimulus funds the State used to replace lost state tax revenues in 2010 and 2011. In contrast, federal grants and contracts refer to more traditional forms of federal funding that are quite distinct from federal stimulus funds.

Statements of Net Assets

The Statement of Net Assets, which reports all assets and liabilities of the University, presents the financial position of the University at the end of the fiscal year. Our net assets are simply the difference between total assets and total liabilities. The change in net assets during the fiscal year is an indicator of the change in the overall financial condition of the University during the year. A summary of the university's assets, liabilities, and net assets as of June 30 is as follows:

	2011	2010	2009
	(All dollar amounts in thousands)		
Current assets	$ 86,001	$ 84,313	$ 81,284
Noncurrent assets:			
Capital assets, net	304,459	303,714	298,308
Other	140,790	108,495	97,307
Total assets	531,250	496,522	476,899
Current liabilities	78,999	82,126	78,775
Noncurrent liabilities	40,717	42,890	38,096
Total liabilities	119,716	125,016	116,871
Net assets:			
Invested in capital assets, net of related debt	272,468	269,596	267,032
Restricted	19,232	19,044	18,827
Unrestricted	119,834	82,866	74,169
Total net assets	$ 411,534	$ 371,506	$ 360,028

The university's net assets increased $40.0 million in 2011 as a result of extremely strong returns in the investment market as well as better than expected student enrollments. The strong investment markets continued from 2010 into 2011 and produced in excess of $20.0 million of investment income in 2011; more than double that of 2010. That alone created a $15.6 million positive variance from budgeted investment income. In addition, the 5.4% increase in enrollment created yet another record enrollment for the University and generated $7.6 million of tuition revenue in excess of what was planned resulting in further increases in net assets. Further adding to the increase, the University was anticipating the upcoming 2012 permanent reduction in state appropriations (from the elimination of the federal stimulus funds) and therefore began reducing expenses in 2011. These expense reductions curbed spending another $14 million below that which was originally budgeted. There were only modest increases in capital assets, net of depreciation and related debt. A few projects that were worked on were the energy conservation project begun in 2010, adding a student parking lot as a result of increased enrollment, and the early stages of a few other improvements and equipment acquisitions. The $11.5 million increase in net assets for 2010 was the result of similar items. Investment income exceeded budget by $6 million and tuition from the 6.4% increase in student enrollment contributed to the majority of the balance of the increase.

Total assets increased $34.7 million in 2011 over 2010. *Current assets*, comprised primarily of cash and operating investments, student and sponsor receivables, and prepaid expenses, increased by only $1.7 million in 2011 from 2010. This increase is a net result of a number of items. There was a net increase of $2.3 million of cash and investments; an increase in unrestricted cash and investments of $5.3 million and a decrease in restricted cash (composed of unspent bond proceeds for the energy conservation projects) of $3.0 million. In addition, accounts receivable decreased $2.4 million from $21.7 million in 2010 to $19.3 million in 2011 primarily as a result of a decrease in both student and sponsored program receivables. Deferred charges increased $2.2 million in 2011 from $2.6 million in 2010 to $4.8 million in 2011. These assets represent 2012 financial aid disbursed in 2011. The federal government modified the rules pertaining to the timing of Pell grant disbursements such that summer quarter, 2011 (2012 fiscal year) awards were permitted to be applied before the end of 2011, causing a large increase in deferred fee waivers. Prepaid expenses comprise another large share of current assets at $13.4 million in 2011 and $13.6 million in 2010. These assets are primarily composed of license agreements for the OhioLINK program for which the University is the fiscal agent.

Other noncurrent assets increased $32.3 million from $108.5 million in 2010 to $140.8 million in 2011. These assets are comprised of long-term investments, long-term student loans receivable, and long-term prepaid expenses and deferred charges. Long–term investments increased $35.1 million, much of which was a result of the very strong investment market. Loans receivable decreased $2.8 million as a result of the University not issuing new student loans for most loan programs in 2011. This was the second year in a row that loans were withheld, particularly the large Perkins loan fund, in order to recoup cash from over-awarding of these loans in prior years. In addition, with the transition to semesters in fall, 2012, there will be a larger demand for these loans.

Capital assets, net of depreciation increased from $303.7 million in 2010 to $304.5 million in 2011. This results in a modest increase of $.8 million. The University all but completed the energy conservation projects begun in 2010, built a new student parking lot to accommodate enrollment growth, began a few projects in accordance with the university's capital plan, and performed other routine renovations, improvements and capital equipment acquisitions. Annual depreciation expense was $20.1 million which almost entirely offset the capital improvements and acquisitions.

Total assets increased $19.6 million from 2009 to 2010 from $476.9 million to $496.5 million. Cash and investments comprised the majority of that increase at $19.2 million, again as a result of a strong investment environment. Capital assets increased $5.4 million as a result of the University completing work on its science facilities at the Dayton campus and improvements to facilities at the university's Lake Campus. Loans receivable decreased $3.1 million as a result of the University not awarding many new loans in 2010.

Total assets of the Wright State University Foundation increased from $97.4 million at June 30, 2010 to $111.2 million at June 30, 2011, an increase of $13.8 million. Much like the increase in 2010, the 2011 increase was driven by an increase in long-term investments. Long-term investments increased $12.2 million from $86.1 million in 2010 to $98.3 million in 2011. As with the University, the positive investment climate was the primary cause for this increase. The majority of the remaining assets are comprised of cash and cash equivalents and gifts and pledges receivable. These totaled $12.1 million and $10.9 million for the years ended June 30, 2011 and 2010, respectively.

Current liabilities are comprised primarily of accounts payable and accrued liabilities, deferred revenues from both student fees and advance payments for contracts and grants, and the current portion of long-term liabilities. These liabilities decreased $3.1 million from $82.1 million at June 30, 2010 to $79.0 million at June 30, 2011. There are a number changes in balances that comprise the overall change in current liabilities. Accounts payable decreased $1.2 million from 2010 to 2011 due to some large vendor payables for the university's energy conservation project that existed in 2010 that do not exist in 2011. Accrued liabilities decreased $1.5 million primarily due to a reduction of $2.3 million of liabilities for the voluntary separation incentive plan the University offered in 2010 to reduce expenses through strategic management of staff vacancies. The balance of those liabilities decreased from $5.3 million to $3.0 million. Deferred revenue increased $2.1 million from $36.4 million in 2010 to $38.5 million in 2011. The two primary components of deferred revenue are income received in advance of expenditures from project sponsors on contracts and grants and summer quarter tuition and fees related to 2012 received before June 30, 2011. The $2.1 million increase is primarily the result of the OhioLINK program having an increase in deferred revenues of $1.9 million due to a deliberate reduction of expenses in anticipation of revenue reductions in 2012. Current portion of long-term liabilities also decreased $2.5 million from $11.2 million in 2010 to $8.7 million in 2011. This is primarily the result of a portion of the series 2003 university bonds being paid off in 2011, reducing the debt service in future years.

Current liabilities increased $3.3 million from $78.8 million in 2009 to $82.1 million in 2010. The primary reasons for this increase were $5.3 million of new liabilities from the separation incentive plan offered in 2010. In addition, deferred revenue decreased $1.9 million as a result of OhioLINK increasing expenses in 2010 from 2009 thereby utilizing deferred revenue from 2009.

Noncurrent liabilities decreased $2.2 million from $42.9 million at June 30, 2010 to $40.7 million at June 30, 2011. This decrease is the result of the University making principal payments of $5.2 million against its debt, having smaller annual debt service in future years effectively increasing the long-term debt relative to 2010, and increasing its long-term compensated absences liability by $1.5 million.

Net assets represent what is left of the university's assets after deducting liabilities. A more detailed summary of the university's net assets as of June 30 is as follows:

	2011	2010	2009
	(All dollar amounts in thousands)		
Invested in capital assets, net of related debt	$ 272,468	$ 269,596	$ 267,032
Restricted expendable	19,232	19,044	18,827
Unrestricted:			
Designated	118,935	96,241	83,645
Undesignated	899	(13,375)	(9,476)
Total net assets	$ 411,534	$ 371,506	$ 360,028

Invested in capital assets, net of related debt represents the university's capital assets after subtracting accumulated depreciation and the principal amount of outstanding debt attributable to the acquisition, construction or improvement of those assets. During 2011 the University substantially completed the energy conservation projects begun in 2010, spending an additional $1.2 million. In addition, the University received donated equipment and software of approximately $6.0 million during 2011. The University also continued to provide for annual maintenance and upkeep of its existing facilities.

Restricted expendable represents funds that are externally restricted to specific purposes, such as student loans or sponsored projects. $18.9 and $18.8 million at June 30, 2011 and 2010, respectively, of the restricted expendable fund balances represent funds restricted for student loans.

Unrestricted net assets are funds that the University has at its disposal to use for whatever purposes it determines appropriate. While these net assets are not subject to external restrictions, the University has designated these funds internally for various academic, research, student aid, and capital purposes. Colleges and divisions are permitted to retain their own budgeted funds that are not spent at the close of each fiscal year. The University believes this practice permits the units to manage their resources more effectively, allowing them to hold them for higher priorities in later years. This policy also benefits the University as a whole by encouraging the accumulation of reserves that provide financial stability during periods of fiscal stress and that generate investment income that supplements other revenue sources. Unrestricted net assets realized significant growth in 2011, growing from $82.9 million in 2010 to $119.8

million in 2011, an increase of $36.9 million. Significantly aided by the strong investment market that began in 2010, 2011 saw even better returns. The University posted its best investment returns ever for a single fiscal year, earning $20.8 million. For the second year in a row, much stronger than expected enrollments also contributed to the growth in assets. Unfortunately, the Ohio budget continues to be challenged by steadily growing health care costs and has seen its revenues sorely reduced by an especially deep recession. Fiscal 2011 was the second year of a state biennial operating budget that included $13.2 million of federal stimulus funds the State provided Wright State in lieu of state appropriations. However, those funds will not be available in 2012 and beyond, and the State has not replaced the federal dollars with new state funds. Therefore, in anticipation of losing the $13.2 million from future state appropriations, the University tightened its belt in 2011, holding down spending primarily by not filling open positions. Anticipating a future budget cut, colleges and units held down spending to the extent that unrestricted expenditures were approximately $14.0 million less than budgeted for 2011. While most of the growth in unrestricted net assets is designated for a particular use or unit, this growth did enable the University to bring its undesignated unrestricted net assets from a deficit balance of $13.4 million at June 30, 2010 back to a surplus position of $.9 million at June 30, 2011. This turned around a three year trend whereby undesignated unrestricted net assets had declined $25.4 million over that period of time. While it is unlikely that future years are likely to provide such positive operating results given all of the funding challenges of the current economic environment, management will continue to make prudent financial decisions in an effort to maintain or grow its reserves in support of its mission.

Statements of Revenues, Expenses and Changes in Net Assets

The Statement of Revenues, Expenses and Changes in Net Assets presents the results of operations for the University. A summary of the university's revenues, expenses and changes in net assets for the year ended June 30 is as follows:

	2011	2010	2009
	(All dollar amounts in thousands)		
Operating Revenues:			
Student tuition & fees - net	$ 134,010	$ 124,575	$ 119,655
Grants and contracts	97,514	89,882	86,786
Sales and services	6,911	8,298	8,163
Auxiliary enterprises	17,056	15,476	16,088
Other	3,478	2,846	2,287
Total	258,969	241,077	232,979
Operating expenses	392,113	386,514	377,440
Operating loss	(133,144)	(145,437)	(144,461)
Nonoperating revenues (expenses):			
Federal appropriations	13,228	12,988	
State appropriations	88,042	89,045	104,647
Federal grants	29,110	22,581	14,251
State grants	3,516	3,254	4,412
Gifts	6,716	8,398	9,035
Investment income	20,836	9,988	(12,013)
Interest expense	(1,453)	(1,443)	(1,346)
Other income (expense)	(82)	(2,501)	(1,460)
Capital appropriations	5,692	9,648	19,002
Capital grants and gifts	7,567	4,957	4,523
Total	173,172	156,915	141,051
Increase (decrease) in net assets	40,028	11,478	(3,410)
Net assets - beginning of year	371,506	360,028	363,438
Net assets - end of year	$ 411,534	$ 371,506	$ 360,028

Interpretation of the university's Statements of Revenues, Expenses, and Changes in Net Assets is complicated by the fact that Wright State University serves as the fiscal agent for the statewide library program known as OhioLINK. This program's revenues from state appropriations, federal pass-through grants (grants and contracts) and from other college and university libraries (grants and contracts) and expenses are all included in our financial statements. At certain points in this analysis, we present information net of OhioLINK revenues or expenditures. The total revenues and expenses attributable to OhioLINK are as follows:

OhioLINK Revenues and Expenses
For the Year Ended June 30

	2011	2010	Difference	Percent Increase (Decrease)
Revenues:				
Grants and contracts	$ 31,888,900	$ 31,027,834	$ 861,066	2.8%
State appropriations	4,543,090	4,534,613	8,477	0.2%
Total revenues	$ 36,431,990	$ 35,562,447	$ 869,543	2.4%
Expenses:				
Total OhioLINK	$ 36,431,990	$ 35,562,447	$ 869,543	2.4%

The University continues to rely upon state appropriations and student tuition and fees as its primary revenue sources for its core programs and university operations. In addition to these two revenue sources, which amounted to over 54 percent of the university's total 2011 revenues, another 30 percent of 2011 revenues were in the form of grants and contracts, a restricted revenue source received from external sponsors of specific projects. Notwithstanding the fact that accounting standards classify state appropriations as a nonoperating revenue source in the financial statements, the University continues to manage state funding as an operating revenue item, as it relies upon state funding as a significant (even if declining) funding source for ongoing operations. Following the similar experience of 2010, WSU enrollments rose another 5.4 percent in 2011 setting yet another new record. This increase in conjunction with modest increases in tuition rates resulted in an increase in net tuition revenue of approximately 7.6 percent. However, the State of Ohio's funding, including the federal stimulus funds passed on by the State, actually decreased, net of OhioLINK. So the trend of increasing tuition and decreasing state appropriations as a percent of total revenues that has been on-going for at least the last three decades continued into 2011. The University has been dealing with this funding phenomenon for a number of years now. The inevitable result is a shifting of the burden to students and their families in the form of steady increases in tuition. As 2011 was the second and last year of a biennium that included $13.2 million of one-time federal stimulus funding, the University must now manage a budget that does not include those stimulus dollars or any other state revenue sources to replace them. This results in a decrease of approximately $13 million of state appropriations in 2012. All of this comes during a time of peak enrollments and additional demands for programs and services. The University did an effective job of planning for this large decline in state revenues by building into its 2011 budget part of the anticipated elimination of state appropriations in an effort to cushion the magnitude of the 2012 effect. In addition, the University was fortunate to have experienced the strong investment market of 2011 and realize the strong returns that it brought with it. These two factors in combination with favorable tuition growth provided for a significant growth in net assets in 2011. Trends have shown that the amount of state appropriations allocated to Wright State University and higher education in general have not been keeping pace with enrollment growth, in turn requiring the University to raise tuition at a magnitude greater than desired in order to fund the increasing costs of serving the students. This trend is not likely to change in the near future. State funding will continue to be challenged by slow economic growth, a perceived need to reduce tax rates, and rapid growth in health care costs.

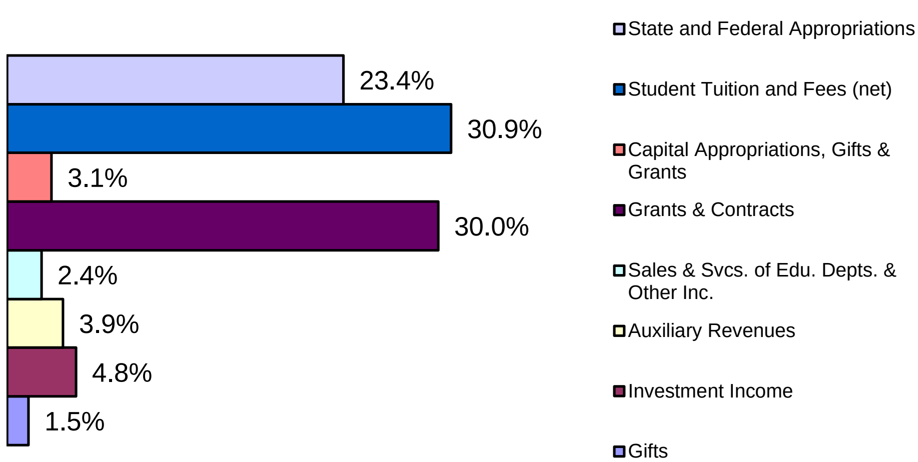
The table below demonstrates just how much state budgets over the past three decades have forced universities to shift the burden for funding the cost of higher education to students and their families. It can be noted that even the last several years of increased funding from the State has had little impact on the students' overall share of the required revenues.

State Appropriations per Dollar of Gross Tuition

Fiscal Year	Gross Tuition	State Appropriations net of OhioLINK	Net State Appropriations per Dollar of Gross Tuition
1980	$ 13,833,157	$ 29,604,813	$ 2.14
1990	40,939,473	63,889,505	1.56
2001	74,956,371	86,874,854	1.16
2005	121,717,222	84,724,080	0.70
2010	161,383,354	97,498,261	0.60
2011	174,830,992	96,726,697	0.55

The table above shows that while the level of state appropriations has increased over the last three decades, the pace of those increases over the three decades has slowed with each decade. State funding has not kept up with the growth of the University in size or complexity. This has necessitated placing a greater share of the total costs of education on the students themselves. While gross tuition has increased 43.6% since 2005, net tuition (i.e., net of all student aid) has only increased 26.5% over those same six years, driven principally by an increase in enrollment over that period of almost 17%. There seems little reason to expect this trend to be reversed. Therefore, the University continues to supplement its funding with other types of revenue sources. The most significant other source is sponsored programs, whose volume continues to grow annually. There is always a strong emphasis on fundraising. Even though the University has raised its tuition the last two years, the University continues to maintain its position in the state with a lower than average level of tuition and fees relative to other Ohio four-year public institutions. Wright State ranks as the fourth lowest (out of 13) of the four-year public institutions with respect to undergraduate student tuition rates. It should be noted that two of the lower three universities receive special state funding for the purpose of subsidizing tuition that Wright State does not receive.

Below is a graphic illustration of revenues by source for the year ended June 30, 2011.



State and federal appropriations decreased from $102.0 million in 2010 to $101.3 million in 2011, a decrease of $.7 million. OhioLINK appropriations were flat from 2010 to 2011 at $4.5 million. Both 2010 and 2011 appropriations also included one-time federal stimulus funding which was used to replace a reduction in state appropriations funded from state revenue sources. These stimulus funds enabled the State to keep 2010 and 2011 funding at a level commensurate with 2009. The stimulus funds will not be available beginning in 2012. State appropriations were unchanged from 2009 to 2010 after excluding the funding for OhioLINK in both years.

Net student tuition and fees were $134.0 million, $124.6 million, and $119.7 million in 2011, 2010, and 2009, respectively which provided an increase of 7.5% from 2010 to 2011 and 4.1% from 2009 to 2010. In both 2011 and 2010 undergraduate tuition increased 3.5% from the previous years. Graduate tuition and the School of Professional Psychology increased 3.5% in 2011 and 4% in 2010. The Boonshoft School of Medicine increased 5% in both 2011 and 2010. In 2011 and 2010 student credit hours increased by 4.5% and 4.4%, respectively. The tuition increases combined with the enrollment increases resulted in the net tuition increases. These net increases are offset by changes in the amount of student aid that is applied to student's tuition bill. Although the tuition and enrollment increases in 2011 were very similar to 2010, the net student tuition and fees increase was greater because the increase in student aid was less in 2011 than in 2010. There was no undergraduate tuition increase in 2009, although there was an increase in student FTE of 3.6%.

Grants and contracts were $130.1 million in 2011, increasing $14.4 million from the 2010 level of $115.7 million. The 2009 level was $105.4 million. Federal grants increased $11.2 million in 2011 from obtaining additional contract and grant awards and also from an additional increase in the federal student aid Pell program of $6.4 million. This follows on the heels of an additional $8.3 million received in 2010. The remaining 2011 increase was realized through increased funding in nongovernmental grants and contracts. The 2010 increase in grants and contracts was primarily the result of increase in Pell awards as noted above as well as additional revenues generated from private participants of the OhioLINK program. The reader would do well to recall the volume of OhioLINK grants and contracts that simply flow through the University's books. For the past two years, this has exceeded $31 million annually.

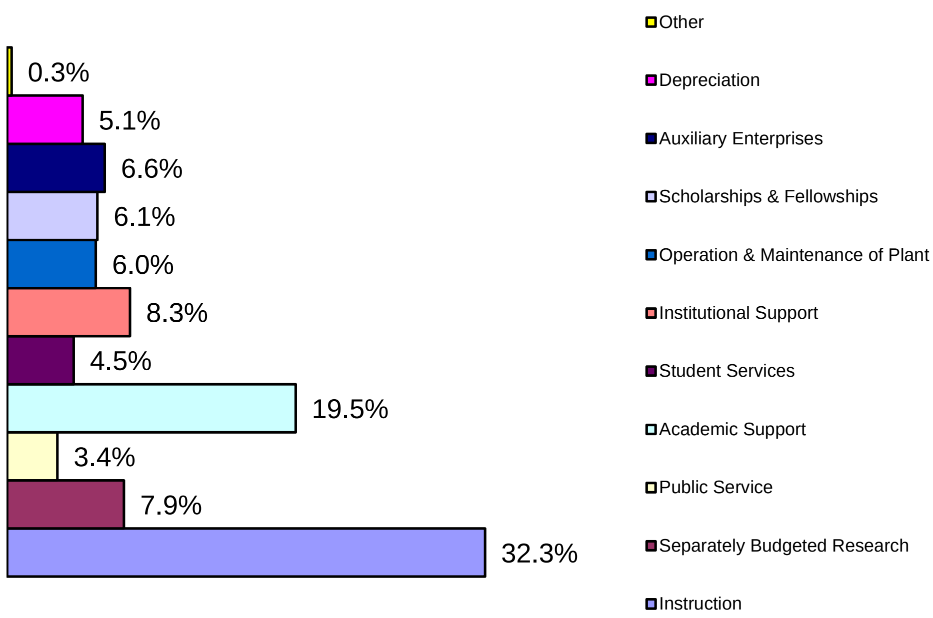
Auxiliary revenues were $17.1 million, $15.5 million, and $16.1 million for the years ended June 30, 2011, 2010, and 2009, respectively. Auxiliary enterprises are comprised of residence services, bookstores, food services, vending, parking and transportation, intercollegiate athletics, the Student Union, and the Nutter Center. The $1.6 million increase in revenues in 2011 was a combination of factors. The Nutter Center's revenues increased $.5 million due to the success achieved in obtaining a larger number of high interest events. Also, food service operations realized an increase of $.4 million from serving a greater number of students, increasing the board plan rates, and seeing sales increase through the use of credit cards. Credit cards did not begin to be accepted until the fall of 2009. Parking Services' revenues also increased $.3 million from increased enrollment, adding a new parking lot, and parking rates rising. Lastly, Intercollegiate Athletics revenues also increased $.3 million as income generated through the Horizon League Conference increased. The decline in revenues in 2010 was related to the Nutter Center, as the number of events held in 2010 declined from 2009. Food Services also accounted for a $.8 million increase in revenues in 2009 due to an increase in students participating in the board plan and an increase in board rates.

Sales and services, which are primarily revenues generated from specific departmental sales activities to organizations external to the University, were $6.9 million, $8.3 million, and $8.2 million for the years ended June 30, 2011, 2010 and 2009, respectively. The largest amounts of revenue are generated from the Boonshoft School of Medicine in the form of clinical income and other services as well as computing and telecommunications revenues. The $1.4 million decrease in 2011 is primarily due to the closing of the university pharmacy in 2010.

Investment income was the largest in university history. Investment earnings were $20.8 million and $10.0 million in 2011 and 2010, respectively, while investment losses were $12.0 million in 2009. The University was very pleased with its returns in 2011 which were obtained by simply following the university's established investment policy, which has established parameters for different market sectors, investment pools tied to risk tolerance and duration, and cash flow needs. The university's investment returns exceeded budget by $15.6 million, helping to grow the investment portfolio and grow unrestricted net assets. This is important as the University relies on annual investment returns to help fund the operating budget. The larger the investable base, the more income that can be built into the budget. The 2010 earnings also exceeded expectations and began restoring some of the 2008 and 2009 reductions of unrestricted net assets due to the poor investment environment of those two years. In both 2011 and 2010 the university's investment returns were at or above the benchmarks established by its investment policy for most market sectors. Although returns have been strong the past two years, the University still considers the current investment market to be uncertain. We believe our current investment policy is constructed to provide for long-term growth while providing enough current income to meet operating needs. In addition, the portfolio is diversified enough to help minimize risk in this somewhat volatile environment. As the portfolio grows, this permits the University to reinvest earnings toward strategic university goals and to permit accumulation of still further reserves.

Capital Appropriations, Gifts and Grants were $13.3 million in 2011, a decrease of $1.3 million from the $14.6 million realized in 2010. There were state appropriations received for approximately $4.5 million in 2011 for lab facilities and basic renovations to university facilities. In addition, there was a $5.0 million gift of software made to the College of Science and Math for use primarily in research. The majority of the balance of the 2011 amount is capital equipment acquired through on-going sponsored agreements. The 2010 amount is comprised of $5.6 million of capital appropriations to finish the university's science facilities and an additional $4.0 million for a sundry of various other projects on campus. Another $1.4 million of gifts were received from private donors in 2010 to finish the Lake Campus project. Capital appropriations, gifts and grants were $23.5 million in 2009. Most of the $19.0 million of state appropriations in that year were for the science facilities and Lake Campus renovations.

The following is a graphic illustration of expenses by function for the year ended June 30, 2011.



Overall operating expenses were $392.1 million in 2011 as compared to $386.5 million and $377.4 million in 2010 and 2009, respectively. For the second year in a row, overall expense increases were held to a minimum, increasing only $5.6 million from 2010 to 2011, only a 1.5% increase. Salaries and benefits increased a total of $6.5 million from 2010 to 2011. There are a number of variables that contribute to that increase. In 2010 the University implemented a voluntary early separation incentive program that resulted in 117 individuals electing to separate (mostly retire) from the University in exchange for a lump sum payment. The cost of this program was $6.8 million. This was a one-time expense in 2010 that did not recur in 2011. While this mitigates the overall increase in 2011 expenses, it also helps explain why salaries did not increase much in 2011. Most of the 117 positions were either held open or eliminated.

This helped keep payroll costs lower despite a contractually required 5% compensation increase (for market, merit, and across the board components combined) for all bargaining unit faculty for the second year in a row and a 2.5% increase for most other non-bargaining unit employees. Overall, salaries and wages expense increased approximately 2% and benefits just under 6%. In addition to the separation incentive, the University has made concerted efforts to minimize spending in 2011 knowing that beginning in 2012 the federal stimulus funding that the State of Ohio was using to substitute for state appropriations in 2010 and 2011 would be disappearing, effectively reducing state appropriations to the University by approximately $13.0 million each fiscal year. Colleges and administrative units across the University have been engaged all year and asked to prepare for the looming reductions in support. Most units responded positively in 2011 and began reducing or holding back spending. Most of the remaining increases in expenses in 2011 were a $1.4 million increase in depreciation expense and a $2.5 million increase in scholarships and fellowships expense. While total increases in student aid from 2010 to 2011 were $6.4 million, $3.9 million of that increase is recorded as an offset to revenue in the form of scholarship allowances. The remaining $2.5 million is recorded as scholarships and fellowships expense. The majority of the increase in student aid was in the federal Pell grants. For the second year in a row there was a significant increase in these grants. They increased $6.4 million by themselves. There were other increases in externally sponsored aid that were offset by decreases in institutional aid. The institutional aid decreased because in 2010 there was a conscious effort on the part of the University to increase need-based aid to Ohio students as a result of their loss of a large part of their Ohio Instructional Grants and Ohio College Opportunity Grants due to late budget cuts to those programs by the State of Ohio. There was no such need in 2011. The 2010 increase of $9.1 million in operating expenses was also a combination of a $5.2 million increase in scholarships and fellowships expense, the $6.8 million separation incentive program expense, and a small decrease in salaries and benefits due to the separation incentive program and favorable health care experiences from claims experience and a new pharmaceutical arrangement with a provider.

Statements of Cash Flows

The Statement of Cash Flows also provides information about the university's financial health by reporting the cash receipts and cash payments of the University during the year ended June 30, 2011. A summary of the Statements of Cash Flows is as follows:

	2011	2010	2009
	(All dollar amounts in thousands)		
Cash provided (used) by:			
Operating activities	$ (107,871)	$ (119,292)	$ (120,109)
Noncapital financing activities	140,040	135,622	132,400
Capital and related financing activities	(15,613)	(7,263)	(7,143)
Investing activities	(22,169)	(12,765)	7,706
Net increase (decrease) in cash and cash equivalents	(5,613)	(3,698)	12,854
Cash and cash equivalents-beginning of year	32,858	36,556	23,702
Cash and cash equivalents-end of year	$ 27,245	$ 32,858	$ 36,556

Total cash and cash equivalents decreased $5.6 million from 2010 to 2011. Cash flows from operating activities increased $11.4 million from 2010 due to increases in cash inflows from student tuition and fees and grants and contracts. While these sources increased $20.2 million, there were increases in salaries and benefits payments of $6.5 million and student scholarships and fellowships of just over $4.1 million, primarily as a result of increased Pell awards. Cash from noncapital financing activities also increased $4.4 million primarily because of the same increase in Pell grant funds received from the federal government. Cash from capital and related financing activities decreased $8.4 million from 2010 to 2011 as there were $11.3 million of debt proceeds in 2010 and a greater level of capital appropriations from the State of Ohio as well as greater capital gifts from donors to the magnitude of $6.7 million in 2010. There were, however, $9.2 million fewer expenditures for capital assets in 2011 as 2010 saw major investments in the completion of the science facilities, the Celina campus renovation project, and the majority of the energy conservation project expenditures. The net cash used by investing activities of $22.2 million in 2011 and is the net result of all investment activities: purchases, sales, and interest earnings. This compares to $12.8 million net cash used in 2010. The additional usage in 2011 is primarily the result of fewer investment sales in 2011 resulting in a decrease of cash inflows in the amount of $11.1 million. The decrease in cash and cash equivalents from 2009 to 2010 of $3.7 million is a result of additional purchases of investments offset by an increase of inflows from additional noncapital Pell grant proceeds.

Capital Assets and Debt

Capital Assets

The University had approximately $304.5 million invested in capital assets, net of accumulated depreciation of $235.9 million at June 30, 2011. Capital assets were $303.7 million, net of accumulated depreciation of $220.5 million at June 30, 2010. Depreciation expense for the years ended June 30, 2011 and 2010 was $20.1 million and $18.7 million, respectively. A summary of net capital assets for the year ended June 30 is as follows:

	2011	2010	2009
	(All dollar amounts in thousands)		
Land, land improvements and infrastructure	$ 27,048	$ 25,379	$ 23,213
Buildings	227,149	232,466	223,787
Machinery and equipment	29,168	26,956	30,257
Library books and publications	18,083	18,399	18,929
Construction in progress	3,011	514	2,122
Total capital assets - net	$ 304,459	$ 303,714	$ 298,308

The majority of major capital outlays in 2011 were for routine machinery and equipment and library books and publications, which included $6.0 million of donated software for use by students. In addition, the University substantially completed its energy conservation projects begun in 2010 spending an additional $1.2 million. The University also added almost 400 new student parking spaces by building a small parking lot to address the continued enrollment growth. Aside from these two projects, the University continued its annual maintenance and upkeep of its existing facilities and was just in the infancy of a few new projects that are part of the university's six year capital plan. The capital activity in 2010 was to complete the science facilities on the Dayton campus as well as completion of the major renovation work on the facilities at the Lake campus. In addition, the energy conservation project was begun, and a large portion of the $11.3 million project was spent during 2010.

Debt

There were no new debt agreements issued during 2010, therefore the University continues to carry a relatively low level of debt on its books. At present, the University has three separate bond issuances outstanding, all issued since 2000. The University has always had the discipline of aggressively amortizing all of its bond issues to liquidate each project's debt service at a rate that is equal to or less than the life expectancy of the asset related to each project. All of the university's debt issues have received a rating of A2 from Moody's Investor Service; however in May 2010 Moody's adjusted the university's rating upward from A2 to A1. The change was a result of Moody's recalibration of its long-term U.S municipal ratings which was initiated to provide comparability of ratings across Moody's global rating scale. The recalibration resulted in an upward shift for most state and local government long-term municipal ratings. Moody's literature instructed market participants to view the recalibration of municipal ratings not as rating upgrades but rather as a movement to a different rating scale. The upgrades did not reflect an improvement in credit quality or a change to Moody's opinion for the rated municipal debt issuers.

The University plans to issue additional General Receipts Bonds before calendar 2012 in an amount not to exceed $63.0 million to fund various projects that are part of the university's capital plan and to also refund a portion of its 2003 General Receipts Bonds. This financing has been approved by the Wright State University Board of Trustees and is expected to have the approval of the Chancellor of the Ohio Board of Regents in time to sell the bonds in November or December of 2011.

Outstanding debt was $32.7 million, $37.9 million, and $31.6 million at June 30, 2011, 2010, and 2009, respectively. The 2011 balance of $32.7 million includes $32.5 million of outstanding bonds and equipment leases of $.2 million.

Concluding Thoughts

Wright State, and the people and communities we serve, find ourselves planning to deal with an especially uncertain future. The recovery from an especially deep recession has been weak and unsteady. Ohio State Government, whose support remains a vital even if reduced portion of our revenues, continues to be challenged by a relentless growth in the cost of its health care programs. In addition, the political leadership of the State seems convinced that Ohio's recovery is more likely to be helped by further tax reductions than by continued investment in public services. As a result of these pressures, the most likely course for future state funding for higher education is continued decline.

Since the early 1970's, we have lived in a knowledge economy that has rewarded educational attainment by individuals, communities, and states and has punished lower levels of attainment. Ohio is not well positioned in that economy. We believe we play an essential role in increasing educational attainment. Were it not for Wright State, many who have succeeded in their studies here would not have had an opportunity to develop their talents. We will also play a critical role in helping the community's transition from a traditional manufacturing economy to one increasingly tied to developments at our neighbor, Wright-Patterson Air Force Base. That strategy has resulted in a number of successes in the past year. We believe that momentum is building, with further increases in funding, research activities, and employment likely, both at the University and among our private sector partners, in the coming year.

The major financial challenge facing the University in 2012 is the loss of federal stimulus funding, which had temporarily offset a significant decline in state tax-funded support for higher education in Ohio. The University developed its 2011 budget with this in mind. We developed a conservative budget designed to create a significant operating margin that would help us deal with a substantial loss of income in 2012. As the foregoing demonstrates, that strategy was successful. Taken out of this context, our financial report for 2011 might leave a reader unappreciative of the continuing challenges we face. In contrast, our report for 2012, which will reflect a loss of roughly $13 million in public support, will seem to some readers to reflect a significant deterioration in our financial situation. A better, fairer reading of our financial health will come from reading each year's report in light of the other. Those reading this year's report should keep in mind that it reflects preparation for a substantial loss of support in the following year; those reading next year's report should keep in mind the work that was done in 2011 to prepare for it.

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Crowe Horwath LLP
Independent Member Crowe Horwath International

REPORT OF INDEPENDENT AUDITORS

To the Board of Trustees
of Wright State University
Dayton, Ohio

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Wright State University (the “University”), a component unit of the State of Ohio, as of and for the years ended June 30, 2011 and 2010, which collectively comprise the University’s basic financial statements as listed in the table of contents. These financial statements are the responsibility of the University’s management. Our responsibility is to express opinions on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of Wright State University as of June 30, 2011 and 2010, and the respective changes in its financial position and its cash flows where applicable for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management’s Discussion and Analysis (MD&A) on pages 2 through 16 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards,* we have also issued a report dated October 14, 2011, on our consideration of the University's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Crowe Horwath LLP

Crowe Horwath LLP

Columbus, Ohio
October 14, 2011

WRIGHT STATE UNIVERSITY
Statements of Net Assets
June 30, 2011 and 2010

	2011		2010	
ASSETS	University	Foundation	University	Foundation
Current assets:				
Cash and cash equivalents	$ 26,740,295	$ 5,355,232	$ 29,347,580	$ 2,139,175
Restricted cash and cash equivalents	505,035		3,510,729	
Short-term investments	16,009,887		8,091,117	
Accounts receivable (net of allowance for doubtful accounts of $1,485,000 in 2011 and $1,380,000 in 2010 - Note 3)	19,250,549	550,558	21,668,337	263,146
Gifts and pledges receivable (net of allowance for uncollectible pledges of $1,000 in 2011 and $2,000 in 2010)		1,904,560		2,761,488
Loans receivable (net of allowance for doubtful loans of $2,512,000 in 2011 and $2,233,000 in 2010)	4,843,334		4,885,560	
Inventories	412,958		576,243	
Prepaid expenses	13,411,959		13,621,635	
Deferred charges	4,826,856		2,611,488	
Total current assets	86,000,873	7,810,350	84,312,689	5,163,809
Noncurrent assets:				
Gifts and pledges receivable (net of allowance for uncollectible pledges of $23,500 in 2011 and $43,400 in 2010)		4,808,540		5,960,112
Loans receivable (net of allowance for doubtful loans of $125,000 in 2011 and $154,000 in 2010)	12,379,665		15,207,057	
Other assets	295,716	235,826	306,332	199,483
Other long-term investments	128,114,729	98,338,436	92,981,948	86,110,556
Capital assets, net (Note 4)	304,458,942		303,713,570	
Total noncurrent assets	445,249,052	103,382,802	412,208,907	92,270,151
Total assets	**$ 531,249,925**	**$ 111,193,152**	**$ 496,521,596**	**$ 97,433,960**
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable trade and other	$ 9,104,923	$ 190,986	$ 10,320,039	$ 214,393
Accounts payable to Wright State University		830,213		809,265
Accrued liabilities	21,814,650		23,363,880	
Deferred revenue (Note 1)	38,491,380		36,396,271	
Refunds and other liabilities	914,698	1,277,662	864,633	1,096,633
Current portion of long-term liabilities (Note 5)	8,672,785	18,255	11,180,505	216,380
Total current liabilities	78,998,436	2,317,116	82,125,328	2,336,671
Noncurrent liabilities:				
Long-term liabilities (Note 5)	40,717,343	114,745	42,890,128	108,020
Total noncurrent liabilities	40,717,343	114,745	42,890,128	108,020
Total liabilities	119,715,779	2,431,861	125,015,456	2,444,691
Net assets:				
Invested in capital assets, net of related debt	272,467,680		269,595,836	
Restricted - nonexpendable:				
Instruction and departmental research		13,635,927		13,186,834
Separately budgeted research		6,702,898		6,587,236
Public service		181,040		174,497
Academic support		506,775		493,164
Student services		32,410		31,851
Operation and maintenance of plant		(15,504)		1,089,857
Scholarships and fellowships		14,145,804		12,774,729
Auxiliaries		289,133		257,369
Restricted - expendable:				
Instruction and departmental research	2,778	21,993,359	7,846	16,702,203
Separately budgeted research		3,635,411		2,718,164
Public service		444,915		596,029
Academic support		12,401,526		11,434,410
Student services		249,124		211,269
Institutional support	296	6,738,402		9,462,300
Operation and maintenance of plant		2,108,930		817,104
Scholarships and fellowships	2,948	20,419,965	2,948	16,559,788
Loans	18,947,348		18,778,316	
Debt service	279,141		254,769	
Auxiliaries		183,666		93,112
Unrestricted	119,833,955	5,107,510	82,866,425	1,799,353
Total net assets	411,534,146	108,761,291	371,506,140	94,989,269
Total liabilities and net assets	**$ 531,249,925**	**$ 111,193,152**	**$ 496,521,596**	**$ 97,433,960**

See Accompanying Notes to Financial Statements

WRIGHT STATE UNIVERSITY
Statements of Revenues, Expenses, and Changes in Net Assets
For the Years Ended June 30, 2011 and 2010

	2011 University	2011 Foundation	2010 University	2010 Foundation
OPERATING REVENUES				
Student tuition and fees (net of scholarship allowances of $40,821,000 in 2011 and $36,808,000 in 2010)	$ 134,009,917	$	$ 124,575,027	$
Federal grants and contracts	40,562,190		35,897,581	
State grants and contracts	5,688,262		6,513,815	
Local grants and contracts	352,493		388,920	
Nongovernmental grants and contracts	50,911,959		47,081,685	
Sales and services	6,910,875		8,298,071	
Auxiliary enterprises sales (net of scholarship allowances of $1,831,000 in 2011 and $1,928,000 in 2010)	17,055,631		15,475,764	
Gifts and contributions		4,796,110		11,826,055
Other operating revenues	3,477,621		2,846,085	
Total operating revenues	**258,968,948**	**4,796,110**	**241,076,948**	**11,826,055**
OPERATING EXPENSES				
Educational and general:				
Instruction and departmental research	127,293,112		130,594,708	
Separately budgeted research	31,153,855		30,916,938	
Public service	13,323,823		13,367,015	
Academic support	76,622,487		77,377,315	
Student services	17,766,041		17,647,839	
Institutional support	32,520,161	267,001	27,567,539	263,242
Operation and maintenance of plant	23,550,505		23,871,176	
Scholarships and fellowships	23,855,564		21,365,808	
Total educational and general	346,085,548	267,001	342,708,338	263,242
Auxiliary enterprises	25,944,421		25,115,879	
Depreciation	20,083,432		18,689,515	
Total operating expenses	**392,113,401**	**267,001**	**386,513,732**	**263,242**
Operating (loss)/income	(133,144,453)	4,529,109	(145,436,784)	11,562,813
NONOPERATING REVENUES (EXPENSES):				
Federal appropriations	13,228,167		12,987,949	
State appropriations	88,041,620		89,044,925	
Federal grants	29,110,143		22,580,544	
State grants	3,515,594		3,254,442	
Gifts	6,716,405		8,398,277	
Investment income (net of investment expenses of $133,000 in 2011 and $117,000 in 2010 for WSU and $510,091 in 2011 and $448,016 in 2010 for Foundation)	20,835,513	16,341,983	9,988,063	12,874,930
Interest on capital asset-related debt	(1,452,750)		(1,442,622)	
Payments to Wright State University		(7,099,070)		(10,658,472)
Other nonoperating (expenses)	(81,812)		(2,501,547)	(650,000)
Net nonoperating revenues	159,912,880	9,242,913	142,310,031	1,566,458
Gain/(loss) before other revenues, expenses, gains or losses	26,768,427	13,772,022	(3,126,753)	13,129,271
Capital appropriations from the State of Ohio	5,692,379		9,648,426	
Capital grants and gifts	7,567,200		4,956,689	
Increase in net assets	**40,028,006**	**13,772,022**	**11,478,362**	**13,129,271**
NET ASSETS				
Net assets - beginning of year	371,506,140	94,989,269	360,027,778	81,859,998
Net assets - end of year	**$ 411,534,146**	**$ 108,761,291**	**$ 371,506,140**	**$ 94,989,269**

See Accompanying Notes to Financial Statements

WRIGHT STATE UNIVERSITY
Statements of Cash Flows
For the Years Ended June 30, 2011 and 2010

CASH FLOWS FROM OPERATING ACTIVITIES	2011	2010
Student tuition and fees	$ 135,070,919	$ 125,665,963
Federal, state, local, and nongovernmental grants and contracts	100,691,997	89,886,235
Sales and services of educational and other departmental activities	7,019,020	6,868,115
Payments to employees	(186,298,525)	(182,436,495)
Payments for benefits	(54,276,384)	(51,592,396)
Payments to suppliers	(103,992,144)	(104,319,291)
Payments for scholarships and fellowships	(26,647,024)	(22,492,864)
Student loans issued	(579,833)	(543,040)
Student loans collected	3,449,451	3,625,034
Student loan interest and fees collected	416,110	445,071
Auxiliary enterprise sales	17,275,943	15,601,701
Net cash (used) by operating activities	**(107,870,470)**	**(119,291,967)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Federal appropriations	13,228,167	12,987,949
State appropriations	88,041,620	89,044,925
Direct lending receipts	131,390,046	8,867,298
Direct lending disbursements	(131,941,035)	(9,774,584)
Grants for noncapital purposes	32,625,737	25,834,986
Gifts	6,695,455	8,661,582
Net cash provided by noncapital financing activities	**140,039,990**	**135,622,156**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital appropriations from the State of Ohio	6,310,138	9,620,754
Capital grants and gifts received	1,564,300	4,291,545
Purchases of capital assets	(16,897,643)	(26,064,375)
Sales of capital assets	43,261	130,073
Proceeds from capital debt		11,314,926
Principal paid on capital debt and leases	(5,180,505)	(5,113,389)
Interest paid on capital debt and leases	(1,452,750)	(1,442,622)
Net cash (used) by capital and related financing activities	**(15,613,199)**	**(7,263,088)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	3,983,349	15,042,660
Interest on investments	2,942,892	1,861,818
Purchase of investments	(29,235,862)	(29,729,094)
Bond interest subsidy	140,321	59,751
Net cash (used) by investing activities	**(22,169,300)**	**(12,764,865)**
Net (Decrease) in Cash and Cash Equivalents	**(5,612,979)**	**(3,697,764)**
Cash and Cash Equivalents - Beginning of Year	32,858,309	36,556,073
Cash and Cash Equivalents - End of Year	**$ 27,245,330**	**$ 32,858,309**

See Accompanying Notes to Financial Statements

WRIGHT STATE UNIVERSITY
Statements of Cash Flows
For the Years Ended June 30, 2011 and 2010

Reconciliation of operating (loss) to net cash (used) by operating activities:	**2011**	**2010**
Operating loss	$ (133,144,453)	$ (145,436,784)
Depreciation	20,083,432	18,689,515
Provision for doubtful accounts	799,858	780,421
Provision for doubtful loans	576,753	565,944
Changes in assets and liabilities:		
Accounts receivable	1,609,603	66,637
Inventory	163,285	260,202
Prepaid expenses	49,567	495,503
Deferred charges	(2,215,368)	(230,253)
Other assets	10,616	302,522
Accounts payable	807,428	(1,438,193)
Accrued liabilities	(1,549,230)	5,576,023
Deferred revenue	2,095,109	(1,056,510)
Compensated absences	500,000	(400,000)
Refunds and other liabilities	50,065	16,956
Loans to students and employees	2,292,865	2,516,050
Net cash (used) by operating activities	**$ (107,870,470)**	**$ (119,291,967)**

Noncash Transactions:

Donated Capital Assets	$ 6,002,900	$ 665,144

See Accompanying Notes to Financial Statements

(1) Organization and Summary of Significant Accounting Policies

Organization and Basis of Presentation

Wright State University (the University) is a state-assisted institution of higher education created in 1967. The University has an enrollment of approximately 20,000 undergraduate, graduate, and professional students on its two campuses. The financial statements include the university's eight colleges, three schools, and other individual departments. The university's Board of Trustees approves policies and procedures by which the University is governed.

The University is a political subdivision of the State of Ohio and accordingly, its financial statements are discretely presented in the State of Ohio's Comprehensive Annual Financial Report in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, and amended by GASB Statement No. 39. Statement No. 39 provides additional guidance to determine whether certain organizations for which the University is not financially accountable should be reported as a component unit of the University based upon the nature and significance of their relationship to the University. Although the Wright State University Foundation (the Foundation) is a legally separate, tax-exempt entity, it has been determined that it does meet the criteria for discrete presentation within the university's financial statements. The Foundation is the primary fund-raising organization for the University and contributions to the Foundation are primarily restricted to the activities of the University. These contributions are relied upon for the on-going operations of the University. No other affiliated organization, such as the Alumni Association, meets the requirements for inclusion in the university's financial statements. Complete financial statements for the Foundation can be obtained by sending a request to the Wright State University Foundation, 108J Allyn Hall, 3640 Colonel Glenn Highway, Dayton, OH 45435.

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by GASB.

Summary of Significant Accounting Policies:

Basis of Accounting
The financial statements of the University have been prepared using the economic resources measurement focus and on the full accrual basis of accounting, whereby revenue is recognized in the period earned, or in the case of advances from other governments, when all eligibility requirements are met in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. Expenses are recognized when the related liabilities are incurred.

Financial Statements
The University reports as a business-type activity, as defined by GASB Statement No. 35, *Basic Financial Statements-and Management's Discussion and Analysis - for Public Colleges and Universities*. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

Pursuant to GASB Statement No. 35, the University follows GASB guidance as applicable to its business-type activities, and Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued prior to November 30, 1989 that do not conflict with or contradict GASB pronouncements.

Cash and Cash Equivalents
Cash and cash equivalents include amounts held in the State Treasury Asset Reserve of Ohio (STAROhio). In addition, each of the external investment managers maintains a balance in a money market fund. These balances are included as cash equivalents due to their high liquidity and short-term nature. Other investments purchased with three months or less to maturity are also considered cash equivalents.

Investments
Investments are reported at fair value, as established by the major securities markets. Money market investments (U.S. Treasury and Agency obligations) that have a remaining maturity of one year or less at the time of purchase are reported at amortized cost and approximate fair value. If contributed, investments are valued at fair value at the date of donation. Investment income is recognized on an accrual basis. Purchases and sales of investments are accounted for on the trade date basis. Investment trade settlements receivable and payable represent investment transactions occurring on or before June 30, which settle after such date. Realized and unrealized gains and losses are reported as investment income or loss.

All securities purchased by external investment managers in the university's "liquidity" and "diversified" investment pools, with the exception of money market purchases and redemptions, are considered investments regardless of maturity date, as these investment pools are designed more for capital appreciation and have average durations of at least two years. Investments with maturities of less than one year are considered short-term or current.

Inventories
Inventories, which consist principally of publications, general merchandise and other goods, are stated at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method.

Capital Assets and Collections
Capital assets include land, land improvements, infrastructure, buildings, machinery, equipment, software, library books, publications and construction in progress. They are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. Building renovations that materially increase the value or extend the useful life of the structure are also capitalized. Normal repairs and maintenance are expensed in the year in which the expenses are incurred. The threshold for capitalizing movable equipment with an estimated useful life of more than one year is $5,000. Using the straight-line method, capital assets are depreciated over their estimated useful lives; generally, 40 years for buildings, 30 years for land improvements and infrastructure, 15 years for library books and publications, and 5 to 10 years for machinery and equipment. The University does not capitalize works of art or historical treasures that are held for exhibition, education, research, and public service. These collections are not encumbered or sold for financial gain. Consequently, such collections are not recognized in the financial statements.

Accrued Liabilities
The University offered a voluntary separation incentive plan in 2010 in an effort to reduce personnel costs and strategically manage the vacancies created by the plan participants. The total cost of this plan was $6.8 million and was charged to the departments where the participants performed services. The liability is being paid over three years to a third party administrator. At

June 30, 2011 and 2010, $3 million and $5.3 million, respectively, of this liability remains and is recorded in accrued liabilities.

Compensated Absences
Compensated absences is comprised of vacation and sick leave benefits. Vacation benefits are accrued as a liability as the benefits are earned if the employee's right to receive compensation is attributable to service already rendered and it is probable that the employer will compensate the employee for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability will include employees currently eligible to receive termination benefits and those identified as probable of receiving payment in the future.

Deferred Revenue
Deferred revenue consists primarily of the amounts received in advance from grant and contract sponsors that have not yet been earned under the terms of the agreement and amounts received in advance for tuition and fees not yet earned. These deferrals were $24.7 million and $12.9 million, respectively, for the year ended June 30, 2011 and $22.9 million and $12.7 million, respectively, for the year ended June 30, 2010.

Net Assets
Net assets are classified as follows:
- Invested in capital assets, net of related debt represents the value of capital assets less accumulated depreciation and the debt related to acquisition, or construction of the asset.
- Restricted - Nonexpendable is comprised primarily of gifts which are subject to external restrictions requiring that the principal be invested in perpetuity and that only the cumulative earnings be utilized.
- Restricted - Expendable represents resources that have been received and must be used for specific purposes, such as those received from grantors.
- Unrestricted represents net assets that are not subject to external restrictions. Management or the Board of Trustees designates most of the unrestricted net assets for specific purposes in research, academic, capital acquisition, or other initiatives.

It is the university's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Revenues and Expenses
Revenues and expenses are classified as operating or nonoperating. Operating revenues are resources primarily from exchange transaction activities. These include payments received for services, such as tuition and fees, and most grants and contracts. Nonoperating revenues are from non-programmatic sources and have the characteristics of nonexchange transactions. They include state and federal appropriations, some federal and state grants, gifts, and investment income. Nearly all of the university's expenses are a result of exchange transactions, and therefore classified as operating expenses. The major recurring nonoperating expenses are net losses on the disposition of capital assets and interest expense on capital assets-related debt.

In 2011 and 2010 the State of Ohio used federal stimulus monies to partially fund the state appropriations provided to the University. Therefore, there is a reduction of state appropriations of approximately $13.2 million and $13.0 million in 2011 and 2010, respectively, and a corresponding increase in federal appropriations.

OhioLINK
Wright State University serves as the fiscal agent for the statewide library program known as OhioLINK. This program's revenues from state appropriations, federal pass-through grants and from other college and university libraries and expenses are all included in the statements of revenues, expenses, and changes in net assets. The total revenues and expenses attributable to OhioLINK were $36,431,990 and $35,562,447 for the years ended June 30, 2011 and 2010, respectively.

Scholarship Allowances
Scholarship allowances represent aid awarded to the student in the form of reduced tuition and are computed and reported in the financial statements under the alternate method as prescribed by the National Association of College and University Business Officers (NACUBO). Financial aid in the form of a cash payment to the student is reported as scholarship and fellowship expense in the financial statements. Third party loans such as Stafford loans and certain aid awarded to the students by third parties are credited to the student's account as if the student made the payment.

Income Taxes
The University is exempt from federal income taxes under Section 115 of the Internal Revenue Code. However, certain revenues are considered unrelated business income and are taxable under Internal Revenue Code Sections 511 through 513.

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

Previous Year's Financial Information

Certain reclassifications have been made to the 2010 comparative information to conform to the 2011 presentation. These reclassifications had no impact on the 2010 total net assets or change in net assets.

(2) Cash, Cash Equivalents and Investments

The classification of cash, cash equivalents and investments in the financial statements is based on criteria set forth in GASB Statement No. 9. Cash equivalents are defined to include investments with original maturities of three months or less. Consistent with this definition, university funds on deposit in the State Treasury Asset Reserve of Ohio are classified as cash equivalents in the statements of net assets. However, for GASB Statement No. 3 disclosure purposes (see below), the funds in the State Treasury Asset Reserve of Ohio are classified as investments.

Deposits

Under state law, the university's deposits must be secured by federal deposit insurance and collateralized for amounts in excess of FDIC coverage. Collateral may be pledged or pooled. Pooled collateral may be held on the financial institution's premises or held by its trust department or agent on its behalf. The fair value of the pledged securities plus the federal deposit insurance must at all times equal one hundred five percent of the total amount of public deposits to be secured by the pooled securities. These securities may be held in the name of the University or the pledging bank by a holding or custodial bank that is mutually acceptable to both parties. The University does not have a deposit policy for custodial credit risk.

As of June 30, 2011 and 2010, the university's bank balances are $24,160,933 and $30,395,202, respectively. Of these balances, $19,747,323 and $23,016,655, respectively, are uninsured with collateral held by pledging banks not in the university's name.

At June 30, the carrying amount of deposits (book balances) is as follows:

	2011	2010
Petty cash	$ 56,157	$ 53,528
Demand deposits	20,487,726	21,878,544
Money market funds	2,563,717	5,895,057
Total	$ 23,107,600	$ 27,827,129

The difference in the carrying amount and bank balances is caused by items in-transit (primarily outstanding checks) and by cash on hand.

Investments

The university's investment policy provides for the prudent investment of the university's assets in a manner which will meet three main objectives: safety, liquidity and return on investment. The investment policy parallels state law which requires an amount equal to at least twenty five percent of the university's investment portfolio be invested in securities of the United States government or one of its agencies or instrumentalities, the treasurer of the State of Ohio's pooled investment program, obligations of the State of Ohio, or any political subdivision of the State of Ohio, certificates of deposit of any national bank located in the State of Ohio, written repurchase agreements with any eligible Ohio financial institution that is a member of the federal reserve system or federal home loan bank, money market funds or bankers' acceptances maturing in two hundred seventy days or less which are eligible for purchase by the federal reserve system.

The fair value of investments at June 30 is as follows:

	Fair Value	
Description	2011	2010
U.S. Treasury securities	$ 2,589,408	$ 2,576,443
U.S. Agency securities	4,690,871	4,251,370
Common and preferred stock	604,519	415,136
Corporate bonds and notes	4,826,487	4,805,289
State Treasury Asset Reserve of Ohio	4,137,730	5,031,180
Equity funds	77,667,364	55,107,957
Bond funds	53,742,767	33,913,670
Other	3,200	3,200
Total	$ 148,262,346	$ 106,104,245

The various investments in stocks, securities, mutual funds and other investments are exposed to a variety of uncertainties, including interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is possible that changes in the values of these investments could occur in the near term. Such changes could materially affect the amounts reported in the financial statements of the University.

Interest Rate Risk
The university's investment policy minimizes the risk of the loss of value due to changing interest rates through the use of target durations for each of the university's investment pools. The Cash Pool is maintained to meet the daily obligations of the University and consists of highly liquid instruments with little to no risk of loss of principal. The maximum weighted average maturity for the Cash Pool is less than one year. The Liquidity Pool provides a source of funds in the event the Cash Pool is insufficient to meet the university's cash needs and maintains a weighted average life of less than five years. The Diversified Investment Pool provides the University an opportunity to earn a higher rate of return through investments with longer durations. Equity managers are limited to a beta (volatility) of no more than 1.2 – 1.4 times the relevant benchmark. Duration for fixed income managed accounts must be within twenty percent of that of the Barclays Capital Aggregate Bond Index.

The maturity of university investments at June 30 is as follows:

	2011 Investment Maturities (in years)				
Investment Type	Fair Value	Less Than 1	1-5	6-10	More Than 10
U.S. Treasury securities	$ 2,589,408	$ 398,916	$ 2,190,492	$	$
U.S. Agency securities	4,690,871		3,590,017	975,766	125,088
Corporate bonds and notes	4,826,487	358,546	4,041,217		426,724
Bond funds	53,742,767	15,252,425	14,885,452	23,604,890	
Total	$ 65,849,533	$ 16,009,887	$ 24,707,178	$ 24,580,656	$ 551,812

	2010 Investment Maturities (in years)				
Investment Type	Fair Value	Less Than 1	1-5	6-10	More Than 10
U.S. Treasury securities	$ 2,576,443	$ 209,414	$ 2,367,029	$	$
U.S. Agency securities	4,251,370		3,107,438	1,057,896	86,036
Corporate bonds and notes	4,805,289	383,649	4,120,886		300,754
Bond funds	33,913,670	7,498,054	6,148,977	20,266,639	
Total	$ 45,546,772	$ 8,091,117	$ 15,744,330	$ 21,324,535	$ 386,790

The University invests in mortgage pass-through securities issued by FNMA, GNMA and FHLMC and commercial banking organizations which are included above in the amounts listed as U.S. Agency Securities. Prepayment options embedded in these securities cause them to be highly sensitive to interest rate changes. Generally when interest rates fall, more mortgages are prepaid. This eliminates the interest income that would have been received under the original amortization schedule. As of June 30, 2011 and 2010, the total value of mortgage pass-through securities is $1,831,204 and $1,029,929, respectively.

Credit Risk
Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligation. The university's investment policy limits exposure to credit risk by limiting purchases of fixed income securities to no lower than AA for the Cash Pool accounts and no lower than BBB for the Liquidity Pool accounts. At least fifty percent of the Cash Pool must be invested in U.S. Treasuries or Agencies. In addition, maximum exposure to high yield bonds cannot exceed fifteen percent of a Diversified Investment Pool Fixed Income account. All Commercial Paper must have a minimum rating of A1/B1.

The university's credit risk at June 30 is as follows:

2011

Credit Rating	Total	U.S. Treasury Securities	U.S. Agency Securities	Corporate Bonds and Notes	State Treasury Asset Reserve (STAROhio)	Bond Funds
AAA/Aaa	$ 22,568,883	$ 2,589,408	$ 4,690,871	$ 1,264,304	$ 4,137,730	$ 9,886,570
AA/Aa	4,659,628			870,292		3,789,336
A	42,169,657			2,102,796		40,066,861
BBB/Baa	538,860			538,860		
CCC/Caa	42,397			42,397		
Not Rated	7,838			7,838		
Total	$ 69,987,263	$ 2,589,408	$ 4,690,871	$ 4,826,487	$ 4,137,730	$ 53,742,767

2010

Credit Rating	Total	U.S. Treasury Securities	U.S. Agency Securities	Corporate Bonds and Notes	State Treasury Asset Reserve (STAROhio)	Bond Funds
AAA/Aaa	$ 12,810,658	$ 2,576,443	$ 4,251,370	$ 951,665	$ 5,031,180	$
AA/Aa	34,777,700			864,030		33,913,670
A	2,224,078			2,224,078		
BBB/Baa	717,550			717,550		
B	42,041			42,041		
Not Rated	5,925			5,925		
Total	$ 50,577,952	$ 2,576,443	$ 4,251,370	$ 4,805,289	$ 5,031,180	$ 33,913,670

The University invests in Government National Mortgage Association (GNMA), or Ginnie Mae, securities which are included above in the amounts listed as U.S. Agency Securities. Ginnie Mae is a wholly-owned government corporation. As such, securities issued by Ginnie Mae are explicitly guaranteed by the U.S. government. As of June 30, 2011 and 2010, the University holds GNMA securities with a total value of $124,242 and $86,247, respectively.

On August 5, 2011, Standard and Poor's lowered its long-term sovereign credit rating on the United States of America from 'AAA' to 'AA+'. However, both Moody's and Fitch confirmed their AAA ratings for the United States following Standard and Poor's downgrade. This involves the $7,280,279 of U.S. Treasury and U.S. Agency Securities reflected as having an AAA rating as of June 30, 1011.

Custodial Credit Risk
For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investments or collateral securities in the possession of an outside party. At June 30, 2011 and 2010, $12,106,766 and $11,633,102, respectively, is held by the investment's counterparty, not in the name of the University, but internally designated as held for the University.

The university's investment policy minimizes custodial credit risk by limiting the amount invested in any bank certificate of deposit unless the investments are fully collateralized by U.S. Treasury or Agency securities. In addition, bank certificates of deposit and bankers' acceptances must be issued by members of the Federal Deposit Insurance Corporation.

Concentration of Credit Risk
Concentration of credit risk is the risk associated with a lack of diversification. It is the risk of loss attributed to the magnitude of the university's investment in a single issuer. Investment managers are required by the investment policy to limit exposure for any one single issue to no more than five percent of the portfolio, at cost. This limit does not apply to investments in U.S. securities. Equity and fixed income managers are required to limit exposure to any one economic sector to forty percent of the portfolio. Cash Pool managers must limit Commercial Paper in any one issuer to no more than five percent of the manager's portfolio.

As of June 30, 2011 and 2010, the university's portfolio does not hold any issuer which exceeds five percent of the university's total investments.

Foreign Currency Risk
Foreign currency risk relates to the possible adverse effects changes in exchange rates can have on the fair value of investments. According to the university's investment policy, international managers are expected to maintain an appropriate diversification with respect to currency and country exposure. All other managers are not permitted to invest in non-dollar denominated securities. As of June 30, 2011 and 2010, the university's exposure to foreign currency is limited to its investment in international mutual funds of $25,876,056 and $14,451,774, respectively.

Series 2009 Bond Proceeds

In December 2009, the University issued $11,420,000 General Receipt Bonds to fund various energy efficiency projects for university facilities. As of June 30, 2011 and 2010, $505,035 and $3,510,729, respectively, of the proceeds remains unspent. The unspent proceeds are held in a Project Fund trust account as provided for in the bond resolution approved by the Board of Trustees. The bond resolution also requires the bond proceeds to be held by a bank or trust company which is a member of the Federal Deposit Insurance Corporation. The Bank of New York Mellon acts as the trustee of the bond project fund. These funds are classified as restricted cash and cash equivalents in the statements of net assets. These deposit balances are included in the money market fund total of $2,563,717 and $5,895,057 for June 30, 2011 and 2010, respectively, for disclosure purposes above.

Investment Income

The composition of investment income is as follows:

	Year Ended June 30	
	2011	2010
Net interest and dividend income	$ 1,598,963	$ 1,451,321
Realized gains on sales	1,298,177	402,787
Unrealized gains in fair value	17,938,375	8,133,955
Total	$ 20,835,515	$ 9,988,063

(3) Accounts Receivable

The composition of accounts receivable at June 30 is as follows:

	2011	2010
Sponsor receivables	$ 8,596,715	$ 9,406,973
Student and student-related accounts	8,299,608	9,578,926
Wright State University Foundation	830,213	809,265
Interest receivable	103,167	102,456
State appropriations	138,422	694,197
Other, primarily departmental sales and services	2,767,424	2,456,520
Total	20,735,549	23,048,337
Less: Allowance for doubtful accounts	1,485,000	1,380,000
Net accounts receivable	$ 19,250,549	$ 21,668,337

(4) Capital Assets

Capital assets activity for the years ended June 30, 2011 and 2010 is summarized as follows:

	Balance 7/1/2010	Additions	Retirements	Balance 6/30/2011
Land	$ 3,699,530	$	$	$ 3,699,530
Land improvements and infrastructure	34,498,370	2,772,914		37,271,284
Buildings	361,281,482	3,510,628		364,792,110
Machinery and equipment	74,199,840	10,263,721	(3,388,809)	81,074,752
Library books and publications	50,017,810	2,049,966	(1,603,039)	50,464,737
Construction in progress	514,009	2,496,888		3,010,897
Total	524,211,041	21,094,117	(4,991,848)	540,313,310
Less accumulated depreciation:				
Land improvements and infrastructure	12,819,022	1,104,303		13,923,325
Buildings	128,815,502	8,827,813		137,643,315
Machinery and equipment	47,244,181	7,785,761	(3,123,496)	51,906,446
Library books and publications	31,618,766	2,365,555	(1,603,039)	32,381,282
Total accumulated depreciation	220,497,471	20,083,432	(4,726,535)	235,854,368
Capital assets, net	$ 303,713,570	$ 1,010,685	$ (265,313)	$ 304,458,942

	Balance 7/1/2009	Additions	Retirements	Transfers	Balance 6/30/2010
Land	$ 3,049,530	$ 650,000	$	$	$ 3,699,530
Land improvements and infrastructure	31,951,557	2,546,813			34,498,370
Buildings	344,833,789	15,990,028	(1,664,228)	2,121,893	361,281,482
Machinery and equipment	77,226,101	5,550,711	(8,576,972)		74,199,840
Library books and publications	51,878,701	1,810,077	(3,670,968)		50,017,810
Construction in progress	2,121,893	514,009		(2,121,893)	514,009
Total	511,061,571	27,061,638	(13,912,168)		524,211,041
Less accumulated depreciation:					
Land improvements and infrastructure	11,788,591	1,030,431			12,819,022
Buildings	121,046,452	8,413,104	(644,054)		128,815,502
Machinery and equipment	46,969,419	6,905,686	(6,630,924)		47,244,181
Library books and publications	32,949,440	2,340,294	(3,670,968)		31,618,766
Total accumulated depreciation	212,753,902	18,689,515	(10,945,946)		220,497,471
Capital assets, net	$ 298,307,669	$ 8,372,123	$ (2,966,222)	$	$ 303,713,570

(5) Long-Term Liabilities

Long-term liabilities consist of bonds payable, equipment lease purchase obligations, and compensated absences. Activity for long-term liabilities for the years ended June 30, 2011 and 2010 is summarized as follows:

	Beginning Balance 07/01/2010	Additions	Principal Repayments Reductions	Ending Balance 06/30/2011	Current Portion
Bonds and equipment lease purchase obligations:					
General obligation bonds	$ 37,547,252	$	$ 5,053,247	$ 32,494,005	$ 3,626,706
Equipment leases	323,381		127,258	196,123	46,079
Total bonds and equipment leases	37,870,633		5,180,505	32,690,128	3,672,785
Other liabilities:					
Compensated absences	16,200,000	5,965,834	5,465,834	16,700,000	5,000,000
Total other liabilities	16,200,000	5,965,834	5,465,834	16,700,000	5,000,000
Total long-term liabilities	$ 54,070,633	$ 5,965,834	$ 10,646,339	$ 49,390,128	$ 8,672,785

	Beginning Balance 07/01/2009	Additions	Principal Repayments Reductions	Ending Balance 06/30/2010	Current Portion
Bonds and equipment lease purchase obligations:					
General obligation bonds	$ 31,010,361	$ 11,420,000	$ 4,883,109	$ 37,547,252	$ 5,053,247
Equipment leases	553,661		230,280	323,381	127,258
Total bonds and equipment leases	31,564,022	11,420,000	5,113,389	37,870,633	5,180,505
Other liabilities:					
Compensated absences	16,600,000	5,282,202	5,682,202	16,200,000	6,000,000
Total other liabilities	16,600,000	5,282,202	5,682,202	16,200,000	6,000,000
Total long-term liabilities	$ 48,164,022	$ 16,702,202	$ 10,795,591	$ 54,070,633	$ 11,180,505

Bonds payable on June 30, 2011 consist of Series 2003, 2004 and 2009 General Receipts Serial and Term bonds. The maturity dates, interest rates, and the outstanding principal balances of capital activities at June 30, 2011 are as follows:

Description	Maturity Dates	Interest Rates	Outstanding Principal	Unamortized Premium	Total
Bonds payable:					
Series 2003	2011-2023	4.00% - 5.00%	$ 2,060,000	$ 38,191	$ 2,098,191
Series 2004	2011-2029	3.50% - 5.00%	20,425,000	660,814	21,085,814
Series 2009	2011-2019	1.74% - 5.31%	9,310,000		9,310,000
Total bonds payable			31,795,000	699,005	32,494,005
Equipment lease purchase obligations	2011-2016	3.57% - 3.84%	196,123		196,123
		Total	$ 31,991,123	$ 699,005	$ 32,690,128

The scheduled maturities of bonds and capital leases for the next five years and for the subsequent periods of five years are as follows:

Year Ended June 30	Principal	Interest	Total
2012	$ 3,601,080	$ 1,399,331	$ 5,000,411
2013	3,235,852	1,283,434	4,519,286
2014	3,342,435	1,175,689	4,518,124
2015	2,554,080	1,051,233	3,605,313
2016	2,627,676	940,432	3,568,108
2017-2021	10,130,000	2,794,997	12,924,997
2022-2026	4,090,000	1,108,625	5,198,625
2027-2029	2,410,000	220,050	2,630,050
Total	$ 31,991,123	$ 9,973,791	$ 41,964,914

All general receipts of the University, except for state appropriations, are pledged for payment of the 2003, 2004 and 2009 bonds. The Series 2009 Bonds are Federally Taxable – Build America Bonds. The University is eligible for a 35 percent rebate of interest expense paid for the Series 2009 Bonds in the form of a federal subsidy. The rebates received for the years ended June 30, 2011 and 2010 were $140,321 and $59,751, respectively. The rebate is reported as Other Nonoperating Revenues and does not reduce the amount reported as interest expense for the year. Likewise, the amounts reported above for future interest expense have not been reduced by the federal rebate anticipated for future years. The University expects to receive $693,191 in future federal rebates.

(6) Operating Leases

The University leases certain properties and equipment under operating lease agreements. Facilities and equipment under these agreements are not recorded on the statements of net assets. Rent expenses for the year ended June 30, 2011 and 2010 were $2,588,428 and $2,730,089, respectively.

Future minimum payments for all material operating leases as of June 30, 2011, are as follows:

2012	$ 2,318,157
2013	826,637
2014	254,468
2015	225,075
2016	226,200
2017-2018	21,450
Total minimum lease payments	$ 3,871,987

(7) Retirement Plans

University faculty participate in either the State Teachers Retirement System of Ohio (STRS) or an alternative retirement plan (ARP). Substantially all other employees participate in either the Ohio Public Employees Retirement System (OPERS) or the ARP. Both STRS and OPERS are statewide cost-sharing multiple employer plans. Both plans provide retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits for both STRS and OPERS is provided by state statute per the Ohio Revised Code.

Both STRS and OPERS issue stand-alone financial reports. Interested parties may obtain a copy by making a written request to STRS at 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (614) 227-4090 or making a written request to OPERS at 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085.

Plan participants are required to contribute 10 percent and the University 14 percent of the employees' covered compensation for both STRS and OPERS. The Ohio Revised Code provides statutory authority for both employee and employer contributions. The university's contributions to STRS were $8,769,990, $8,978,828, and $8,825,469, and to OPERS were $8,320,220, $8,178,026, and $8,469,927, for the years ended June 30, 2011, 2010, and 2009, respectively, equal to the required contributions for each year.

Certain full-time university faculty and staff have the option to choose the ARP in place of STRS or OPERS. The ARP is a defined contribution plan which provides employees with the opportunity to establish individual retirement accounts with a defined group of investment options, with each participant having control of the assets and investment options associated with those assets. The administrators of the plan are the providers of the plan investment options. Authority to establish and amend benefits and contribution requirements for the ARP is provided by state statute per the Ohio Revised Code.

Under the provisions of ARP, the required contribution rate for plan participants is 10 percent of employees' covered compensation for employees who would otherwise participate in STRS or OPERS. The university's contributions to a participating faculty member's account and to STRS are 10.5 percent and 3.5 percent of a participant's compensation, respectively. The university's contributions to a participating staff member's account and to OPERS are 13.07 percent and .93 percent of a participant's compensation, respectively. Plan participants' contributions were $4,654,491, $4,308,845, and $4,152,517, and the university's contributions to the plan providers amounted to $5,421,393, $5,017,868, and $4,803,045 for the years ended June 30, 2011, 2010, and 2009, respectively. In addition, the amounts contributed to STRS by the University on behalf of ARP participants were $1,003,976, $954,802, and $927,150, respectively, for the years ended June 30, 2011, 2010, and 2009. The amount contributed to OPERS by the University on behalf of ARP participants was $171,328, $107,777, and $105,123 for the years ended June 30, 2011, 2010, and 2009, respectively.

(8) Other Postemployment Benefits (OPEB)

The Ohio Revised Code provides the statutory authority for public employers to fund postretirement health care through their contributions to STRS Ohio and OPERS.

State Teachers Retirement System of Ohio

STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. Pursuant to Chapter 3307 of the Ohio Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

Under Ohio Law, funding for postemployment health care may be deducted from employer contributions. Of the 14% employer contribution rate, 1% of the covered payroll was allocated to postemployment health care for 2011, 2010 and 2009. The portion of the university's 2011, 2010 and 2009 contributions to STRS Ohio used to fund postemployment benefits was $626,428, $641,345, and $630,391 for the years ended June 30, 2011, 2010, and 2009, respectively.

Ohio Public Employees Retirement System

OPERS provides postemployment health care coverage to age-and-service retirees with 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefits is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS' Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was an effective rate of 4.5%, 5.3%, and 6.6% for the years ended June 30, 2011, 2010, and 2009, respectively. The portion of the university's 2011, 2010 and 2009 contributions to OPERS used to fund postretirement benefits was $2,674,357, $3,095,967, and $3,992,966. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

(9) State Support

The University is a state-assisted institution of higher education which receives a student enrollment-based subsidy from the State of Ohio. This subsidy is determined annually by the Ohio Board of Regents, Ohio's higher education advising and coordinating board.

In addition to student enrollment-based subsidies, the State of Ohio provides funding for construction of major plant facilities. The funding is obtained from the issuance of general obligation bonds by the Ohio Public Facilities Commission (OPFC), which in turn results in construction and subsequent transfer of the facility to the University by the Ohio Board of Regents. Costs incurred during construction are included in construction in progress and recognized as capital appropriations. Upon completion of a facility, the Ohio Board of Regents turns control over to the University.

University facilities are not pledged as collateral for the revenue bonds. Instead, the bonds are supported by a pledge of monies in the Higher Education Bond Service Fund established in the custody of the Treasurer of State. If sufficient monies are not available from this fund, a pledge exists to assess a special student fee uniformly applicable to students in state-assisted institutions of higher education throughout the State. As a result of the above described financial assistance provided by the State to the University, outstanding debt issued by OPFC is not included in the university's financial statements.

(10) Commitments and Contingencies

At June 30, 2011, the University is committed under contractual obligations for:

Capital expenditures	$	4,849,565
Non-capital goods and services		8,789,050
Total contractual commitments	$	13,638,615

These commitments are being funded from the following sources:

State appropriations requested and approved	$	329,199
University funds		13,309,416
Total sources	$	13,638,615

The University is presently involved as a defendant or codefendant in various matters of litigation. The university's administration believes that the ultimate disposition of these matters would not have a material adverse effect upon the financial statements of the University.

The University receives significant assistance from numerous federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. Management believes that any potential disallowance of claims would not have a material effect on the financial statements.

The University maintains comprehensive insurance coverage with private carriers for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. The University also carries professional coverage for employees and its Board of Trustees. Over the past three years, settlement amounts related to these insured risks have not exceeded the university's coverage amounts. There has been no significant change in coverage from last year.

The University is self-insured for all employee health care benefits with Anthem, Express Scripts, Delta Dental, and Vision Service Plan as the third party administrators. Under the terms of the policies, the University is billed for actual claims on a weekly or monthly basis. In addition, liabilities for estimates of outstanding claims and claims incurred but not reported under self-insurance programs have been recorded in accrued liabilities. Changes in the self-insured health care liabilities for the past two fiscal years are as follows:

	2011	2010
Liability at beginning of fiscal year	$ 1,500,000	$ 2,100,000
Current year claims including changes in estimates	25,418,952	21,748,653
Claim payments	(25,318,952)	(22,348,653)
Liability at end of fiscal year	$ 1,600,000	$ 1,500,000

Health insurance claims are based upon estimates of the claims liabilities. Estimates are based upon past experience, medical inflation trends, and current claims outstanding, including year-end lag analysis. Differences between the estimated claims payable and actual claims paid are reported in the statements of revenues, expenses and changes in net assets.

(11) Selected Disclosures of the Wright State University Foundation (a component unit)

The University is the sole beneficiary of the Wright State University Foundation, Inc., a separate, not-for-profit entity governed by a separate Board of Trustees, organized for the purpose of promoting educational and research activities. Assets of the Foundation totaled approximately $111,200,000 at June 30, 2011. Such assets relate principally to donor restricted funds and are discretely presented in the accompanying financial statements. Amounts transferred to the University from the Foundation are recorded as nonoperating "gifts" and "capital grants and gifts" in the accompanying financial statements. Following are selected disclosures from the Wright State University Foundation, Inc. financial statements.

A. Summary of Significant Accounting Policies:

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

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

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

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

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

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

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

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

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

amount of the gift is the difference between the asset and liability and is recorded as gift revenue.

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

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

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

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

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

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

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

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

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

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

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

GAAP prescribes recognition thresholds and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. Management has concluded that they are unaware of any tax benefits or liabilities to be recognized at June 30, 2011 or 2010, respectively.

The Foundation is no longer subject to examination by taxing authorities for years before 2008. The Foundation does not have any tax benefits recorded at June 30, 2011, and does not expect that position to significantly change in the next year. The Foundation would recognize interest and/or penalties related to income tax matters in income tax expense, if applicable, and there were no amounts accrued for interest and penalties at June 30, 2011 or 2010.

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

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

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

B. Business and Concentrations of Credit Risk

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

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

C. Fair Value of Financial Instruments

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

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

Level 1: Quoted prices for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.
Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

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

Assets measured at fair value on a recurring basis are summarized below for the years ended June 30, 2011 and 2010:

	Fair Value Measurements at June 20, 2011 Using			
	Level 1	Level 2	Level 3	Totals
Assets				
Gifts receivable from trusts held by others	$	$	$ 1,545,600	$ 1,545,600
Investment in securities:				
Bonds	2,520,354			2,520,354
Mutual funds:				
Equity	36,257,064	6,068,095	4,128	42,329,287
Fixed Income	818,158	31,195,603	416,980	32,430,741
Alternative assets:				
Hedge funds		12,364,807		12,364,807
Private equity			1,070,283	1,070,283
Distressed debt		6,052,950		6,052,950
Total investment in securities	$ 39,595,576	$ 55,681,455	$ 1,491,391	$ 96,768,422
Other investments:				
Limited partnerships	$	$	$ 1,347,334	$ 1,347,334
Annuity assets:				
Cash and equivalents		9,940		9,940
Mutual funds-securities	42,378	170,362		212,740
Total annuity assets	42,378	180,302		222,680
Total	$ 39,637,954	$ 55,861,757	$ 4,384,325	$ 99,884,036

	Fair Value Measurements at June 20, 2010 Using			
	Level 1	Level 2	Level 3	Totals
Assets				
Gifts receivable from trusts held by others	$	$	$ 1,305,300	$ 1,305,300
Investment in securities:				
Bonds	5,078,073			5,078,073
Mutual funds:				
Equity	32,476,881	4,550,980	9,798	37,037,659
Fixed Income	482,958	26,507,199	157,768	27,147,925
Alternative assets:				
Hedge funds		10,879,556		10,879,556
Private equity			535,739	535,739
Distressed debt			4,208,473	4,208,473
Total investment in securities	$ 38,037,912	$ 41,937,735	$ 4,911,778	$ 84,887,425
Other investments:				
Limited partnerships	$	$	$ 1,043,140	$ 1,043,140
Annuity assets:				
Mutual funds-securities	30,790	149,201		179,991
Total annuity assets	30,790	149,201		179,991
Total	$ 38,068,702	$ 42,086,936	$ 7,260,218	$ 87,415,856

The table below presents a reconciliation and statement of activities classification of gains and losses for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2011 and 2010:

	Gifts Receivable from Trusts Held by Others	Equity Mutual Funds	Fixed Income Mutual Funds
Beginning balance, June 30, 2010	$ 1,305,300	$ 9,798	$ 157,768
Interest and dividends		(55)	1,739
Realized losses on sales		(439)	(17,517)
Unrealized gains (losses)		(4,417)	70,727
Net purchases		(1,028)	231,742
Change in value of split interest agreements	240,300		
Net transfers in (out) of Level 3		269	(24,479)
Ending balance, June 30, 2011	$ 1,545,600	$ 4,128	$ 416,980

	Private Equity	Distressed Debt	Limited Partnerships
Beginning balance, June 30, 2010	$ 535,739	$ 4,208,473	$ 1,043,140
Realized gains on sales	9,546		
Unrealized gains	108,185		8,642
Net purchases	416,813		295,552
Transfers out of Level 3		(4,208,473)	
Ending balance, June 30, 2011	$ 1,070,283	$	$ 1,347,334

	Gifts Receivable from Trusts Held by Others	Equity Mutual Funds	Fixed Income Mutual Funds
Beginning balance, June 30, 2009	$ 1,495,300	$ 9,002	$ 101,729
Interest and dividends		119	(518)
Realized losses on sales			(22,103)
Unrealized gains		2,134	187,663
Net purchases		1,330	(183,365)
Change in value of split interest agreements	(190,000)		
Net transfers in (out) of Level 3		(2,787)	74,362
Ending balance, June 30, 2010	$ 1,305,300	$ 9,798	$ 157,768

	Private Equity	Distressed Debt	Limited Partnerships
Beginning balance, June 30, 2009	$ 10,839,960	$ 1,920,014	$ 864,649
Unrealized gains (losses)	7,027	3,775,404	(2,855)
Net purchases (sales)		(1,486,945)	181,346
Reclassifications related to ASU 2009-12	(10,666,244)		
Ending balance, June 30, 2010	$ 535,739	$ 4,208,473	$ 1,043,140

As of June 30, 2011 and 2010, the unrealized gain attributable to level 3 investments held at year-end was approximately $201,000 and $3,991,000.

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

The fair value of money markets and bonds are based on quoted prices in active markets (Level 1 inputs).

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

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

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

The Foundation's hedge fund investment is a "fund of funds" vehicle structured as an offshore company that invests all of its capital in private placement funds. The fund's investment objective is to seek to achieve a return somewhere between market equity and fixed income returns with a moderate level of risk undertaken. The fund is broadly diversified and invests in multiple hedge fund strategies including convertible bond hedging, credit hedging, distressed debt, equity market neutral, equity long/short, merger arbitrage, short biased and sovereign debt and mortgage hedging. The fund generally invests in 30-40 hedge funds and the fund of funds manager requires full transparency of each of the underlying funds' investment positions. The Foundation is no longer subject to the fund's initial one-year lock-up period and may, therefore, request liquidation on a quarterly basis with 65 days prior notification. At June 30, 2011, the Foundation has no significant unfunded commitments to its hedge fund allocation.

The private equity fund investment is structured as a domestic partnership in which the Foundation is a limited partner. The fund seeks to invest the capital contributed to it in a diversified pool of long-term investments in non-publically traded companies. Diversification is accomplished by investing 40-60% of committed capital in underlying funds focused on the United States, 20-40% on Europe and 0-30% on emerging markets. Capital commitments of the limited partners are payable to the partnership in installments over a 3 – 5 year period. At June 30, 2011, the Foundation's total capital commitment of $3,500,000 was 30.1% ($1,053,408) funded. There is no specific maturity date for this investment. However, the Foundation entered this investment in November 2008 and the fund life is estimated to approximate 10 years, based on the underlying partnerships returning the capital. Due to the long-term commitment of capital and the unpredictability of capital calls and partnership distributions, the fund is generally considered illiquid.

The Foundation's investment in commercial loans is in the form of a fund that invests in a diversified portfolio of structured credit instruments, the majority of which are Collateralized Debt Obligation (CDO) equity and mezzanine notes. CDOs are structured finance securities that hold a diversified pool of income-generating collateral that is financed through the issuance of debt securities. CDO investors assume the first level of default risk. These notes are lowly correlated to traditional and other alternative investments, have minimal interest rate risk and are highly transparent. The Foundation's investment in this asset class was fully funded at June 30, 2011. The Foundation is no longer subject to the fund's two year lockup period and may, therefore, request liquidation on a quarterly basis with 69 days prior notice.

Valuation of limited partnership shares reported as "other investments" are derived from reports issued by the general partners adjusted for capital contributions and withdrawals throughout the fiscal year. Although the fund custodians provide annual audited financial statements for each of the funds, the value of the underlying securities is difficult to ascertain as there is no active market associated with these ownership interests. The partnership agreements, which the Foundation entered into between 2001 and 2007, indicate that the terms of the partnerships are ten years, with an option to extend for three one-year periods. During that time no partner has the right to withdraw any portion of its capital contributions or to have its capital returned except through normal distributions. Thus, the partnership interests are classified as Level 3.

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

D. **Pledges Receivable**

Pledges receivable at June 30, 2011 and 2010, by fund type, are as follows:

	2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Less than one year	$ 39,250	$ 1,770,682	$ 95,628	$ 1,905,560
One to five years		2,338,211	75,440	2,413,651
Six years or greater		2,000,000		2,000,000
Gross pledges receivable	39,250	6,108,893	171,068	6,319,211
Present value discount	50	(1,123,893)	(3,368)	(1,127,211)
Allowance for uncollectible pledges	(100)	(21,200)	(3,200)	(24,500)
Pledges receivable (net)	$ 39,200	$ 4,963,800	$ 164,500	$ 5,167,500

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

The fair value of pledges receivable was determined using discount rates applicable to the year in which the pledge was established. Rates ranged from 1.76% to 5.10%.

E. Investment in Securities

The fair value of the Foundation's investments, at June 30, 2011 and 2010, are as follows:

	2011	2010
Bonds	$ 2,520,354	$ 5,078,073
Mutual Funds	74,760,027	64,185,584
Alternative assets	19,488,041	15,623,768
Totals	$ 96,768,422	$ 84,887,425

Net realized gains (losses) on sales of investments were ($3,917,350) and ($1,353,331) for the years ended June 30, 2011 and 2010, respectively. Calculation of net realized gains on sales of investments is based on original cost. Net unrealized gains (losses) amounted to $17,345,741 and $10,539,275 for the years ended June 30, 2011 and 2010, respectively.

F. Gifts Receivable From Trusts Held By Others

The Foundation is a party to charitable gift trusts. Third party trustees maintain trust assets in irrevocable trusts for the benefit of the Foundation. The fair values of the trusts are estimated based upon the fair value of the assets contributed by the donor less the present value of the payment expected to be made to other beneficiaries. The present value is calculated using discount rates the year in which the trust was established, and range from 4.09% to 4.97%. The balances at June 30, 2011 and 2010 are $1,545,600 and $1,305,300, and are included in Temporarily Restricted net assets.

G. Loan Payable

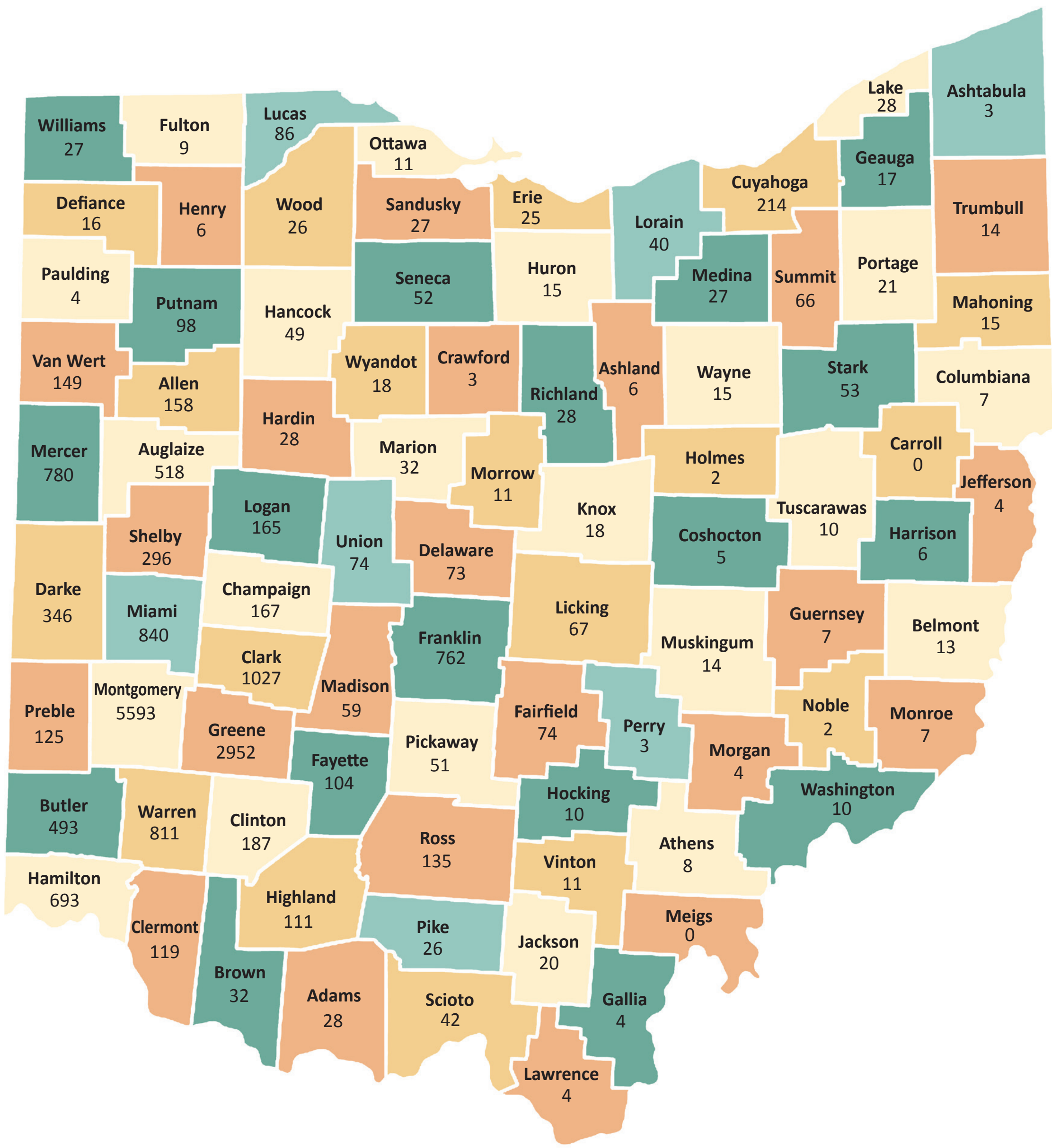
The Foundation has a line-of-credit agreement with a bank that provides up to $1.5 million of borrowings at the bank's prime rate or LIBOR, plus 0.75% (1.10% at both June 30, 2011 and 2010). The line of credit expires March 31, 2012, with an option to extend. The line-of-credit is collateralized with a portion of the Foundation's investments. Outstanding borrowings under the agreement were fully paid off at June 30, 2011 and $200,000 at June 30, 2010.

H. Debt Guaranties

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

Also during the fiscal year, the Foundation entered into an agreement with Wright State Physicians, Incorporated ("WSP") guarantying the debt service payments on $13.5 million worth of bonds issued to finance construction of a three-story medical office building on Wright State's main campus that will be used to fulfill WSP's corporate purposes. WSP is the faculty practice plan for Wright State's Boonshoft School of Medicine ("BSOM"), which functions to recruit and retain clinicians and scientists in support of the clinical, educational, research and community service activities of BSOM. The agreement pledges the remaining proceeds of a large donation to BSOM made in fiscal year 2005. As of June 30, 2011, the market value of this gift, segregated in a separate portfolio as required by terms of the agreement, was $18,941,769. Since the guarantee may expire without being drawn upon, the total guarantee does not necessarily represent future cash requirements. As of June 30, 2011, no amounts have been recognized as a liability under the financial guaranty in the Foundation's statement of financial position as the likelihood that WSP would be unable to fulfill its obligation in full or in part under the debt agreement is not considered to be probable.

Home Counties of Wright State Students



Fall 2010-2011 School Year

Ohio	Out-of-State	International	Total Enrollment
18,316	1,477	630	19,793
(86 of 88 counties)	(49 states)	(64 countries)	

WRIGHT STATE UNIVERSITY

CHANGING LIVES

OFFICE OF THE CONTROLLER

3640 COLONEL GLENN HWY.

DAYTON, OH 45435

www.wright.edu/controller