



THE COLLEGE OF NEW JERSEY FOUNDATION, INC.
(A Component Unit of The College of New Jersey)

Financial Statements and
Management's Discussion and Analysis

June 30, 2010 and 2009

(With Independent Auditors' Report Thereon)

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Overview of Financial Statements and Financial Analysis

The following management's discussion and analysis (MD&A) provides an overview of The College of New Jersey Foundation, Inc. (the Foundation) financial performance during the fiscal years ended June 30, 2010 and 2009, based on currently known facts and conditions; and is designed to assist readers in understanding the accompanying financial statements. The MD&A, financial statements and notes are the responsibility of the Foundation's management. Since the MD&A is designed to focus on current activities, resulting change, and currently known facts, it should be read in conjunction with the Foundation's financial statements and the related footnote disclosures.

Using the Financial Statements

The Foundation's financial 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 U.S. generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB). GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities, with resources classified for accounting and reporting purposes into four net asset categories. The financial statements presented focus on the financial condition of the Foundation, the changes in financial position, and cash flows of the Foundation as a whole.

Fiscal Years 2010 and 2009 Investments Highlights

The Foundation's investment portfolio performed well for the fiscal year ended June 30, 2010, with an average return of 10.38% before investment manager fees compared to the investment advisor benchmark style index of 10.37%. This was a significant improvement over the performance experienced in the previous fiscal year.

During fiscal year 2009, the tumultuous performance of the financial markets had a significant impact on the Foundation's investment portfolio with an average return of negative 6.92% for the portfolio. This performance was significantly better than the negative 15.32% return on the investment advisor benchmark style index.

With the guidance of the investment committee, the Foundation has taken numerous actions in the portfolio over the last few years in an attempt to diversify the investment across asset classes, to temper market volatility and control risks. While the portfolio had experienced negative returns in previous years, management believes that the strategic asset allocation decisions implemented over the last few years have effectively moderated the portfolio risk exposure.

Statement of Net Assets

The Statement of Net Assets presents the financial position of the Foundation as of the end of the fiscal year. The purpose of the Statement of Net Assets is to present to the readers of the financial statements a fiscal snapshot of the Foundation.

Management's Discussion and Analysis

June 30, 2010 and 2009

Assets that the Foundation owns are primarily measured at fair value. Assets are categorized as either current or noncurrent. Liabilities are what the Foundation owes to others and are also categorized as either current or noncurrent.

The change in net assets — the difference between total assets and total liabilities — is one indicator of whether the overall financial condition of the Foundation has improved or worsened during the fiscal year.

The Foundation's net assets are divided into three major categories: restricted-nonexpendable, restricted-expendable and unrestricted. Restricted expendable are available to the Foundation but must be used for purposes as determined by donors and/or external entities. Restricted nonexpendable net assets represent the endowed gifts which donors required to be invested in perpetuity. Finally, unrestricted net assets include amounts internally designated or committed to support specific academic and research programs and unrestricted funds functioning as endowments.

The following table shows a condensed statement of net assets as of June 30, 2010, 2009, and 2008:

Assets, Liabilities and Net Assets			
	2010	2009	2008
Assets:			
Current assets	\$ 3,412,543	3,258,529	5,089,958
Noncurrent assets	17,128,718	14,641,295	13,279,921
Total assets	20,541,261	17,899,824	18,369,879
Liabilities:			
Current liabilities	371,890	371,205	370,719
Noncurrent liabilities	2,362,043	3,021,898	3,059,833
Total liabilities	2,733,933	3,393,103	3,430,552
Net assets:			
Restricted – nonexpendable	6,666,964	6,138,304	5,376,224
Restricted – expendable	8,023,965	5,570,933	7,178,679
Unrestricted	3,116,399	2,797,484	2,384,424
Total net assets	\$ 17,807,328	14,506,721	14,939,327

Cash and Investment Pools

The Foundation utilizes a pooled investment concept whereby contributions are included in various investment pools, except for investments of certain gifts that are otherwise restricted by donors. As of June 30, 2010, cash and investments held by the Foundation exceeded \$20 million, up from \$17 million at the previous year end.

Management's Discussion and Analysis

June 30, 2010 and 2009

These assets are allocated among various investment pools as shown below:

Cash and Investment Pools				
Pool	Type of Funds	2010	2009	2008
Cash and cash equivalents	Working capital to support operating activities	\$ 1,791,225	1,673,411	3,281,870
Endowment pool	Contributions to establish endowment funds	14,446,577	12,123,956	9,259,585
Gift annuities and trusts	Gifts managed independently of endowment pool	4,097,528	3,966,592	5,249,790
	Total	<u>\$ 20,335,330</u>	<u>17,763,959</u>	<u>17,791,245</u>

The Foundation's working capital is invested primarily with the New Jersey State Cash management Fund to support operating activities. The balance fluctuates during the course of the year based on the Foundation's cash flow cycle of receipts and disbursements.

The endowment pool invests endowed gifts from donors and is managed with a philosophy of diversifying the investments across asset classes and investment managers to maximize long term performance, reduce volatility, and control risks. The endowment assets are invested with the confidence that economic cycles will rise and fall but that a diversified portfolio will provide the long-term growth necessary to preserve the value of the endowments over the long term.

The Foundation also holds assets given by donors in the form of trusts and gift annuities. These assets are invested and managed separately from the endowment pool in accordance with the donor's instructions.

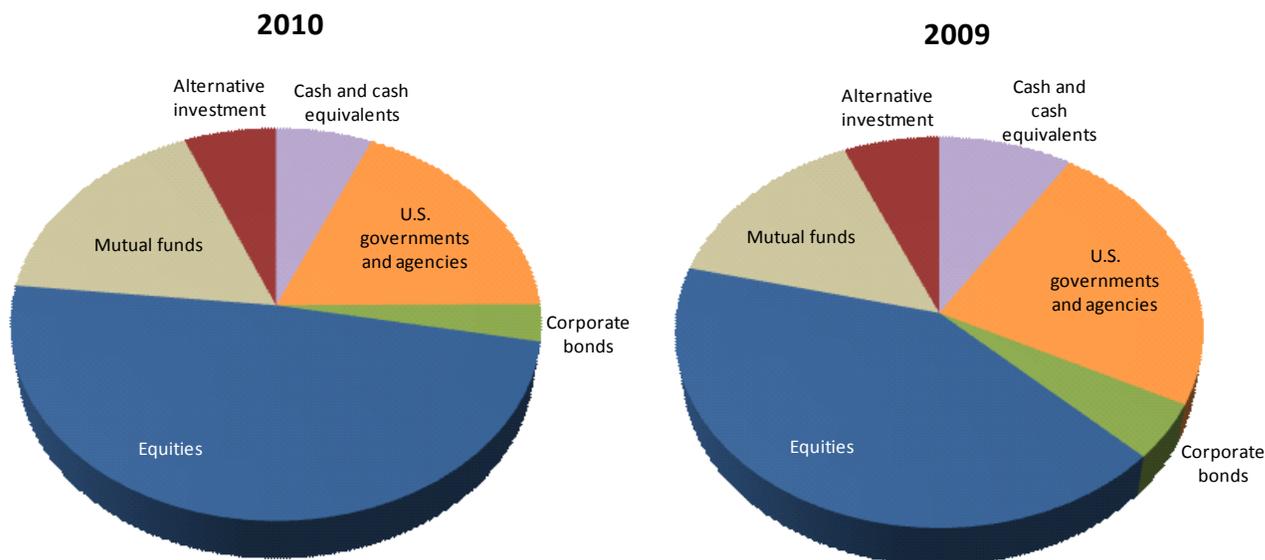
Asset Allocation

One of the most important aspects of constructing an investment portfolio is determining the appropriate allocation of investments among a variety of assets classes. The Foundation retains an independent investment advisor to assist the investment committee in developing its asset allocation strategy. As of June 30, 2010, investments held by the Foundation exceeded \$18.5 million, up from \$16.0 million from the previous fiscal year.

Management's Discussion and Analysis

June 30, 2010 and 2009

The portfolio was allocated among various asset classes as shown below:

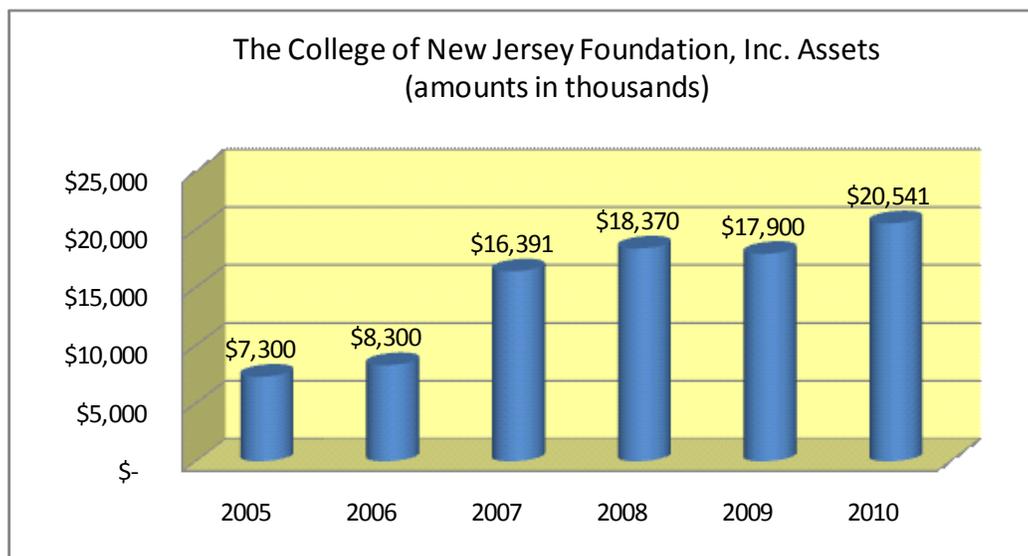


Asset Allocation	2010		2009	
	Amount	Percentage	Amount	Percentage
Cash and cash equivalents	\$ 1,194,808	6.4%	\$ 1,453,097	9.0%
U.S. governments and agencies	3,421,554	18.4%	3,770,885	23.4%
Corporate bonds	565,764	3.1%	751,754	4.7%
Equities	9,028,281	48.7%	6,703,594	41.7%
Mutual funds	3,189,905	17.2%	2,372,680	14.8%
Alternative investment	1,143,793	6.2%	1,038,538	6.4%
Total Investments	\$ <u>18,544,105</u>	<u>100.0%</u>	\$ <u>16,090,548</u>	<u>100.0%</u>

Assets

The Foundation's assets have almost tripled in value since fiscal year 2005, the product of both investment returns and fund-raising success. As of June 30, 2010, the Foundation's assets, which consist primarily of investments and cash and cash equivalents totaled \$20.3 million.

The chart below illustrates the growth of the Foundation's assets over the last six fiscal years.



Cash and Cash Equivalents

During fiscal year 2010, the Foundation's cash and cash equivalents increased by \$118,000 due primarily to a successful fund-raising campaign. The \$3,100,000 in cash receipts from contributions were offset by transfers of \$1,300,000 to investment managers, scholarships and other operating expenses of \$752,000 plus restricted funds contributed to the College of over \$1 million.

During fiscal year 2009, the Foundation's cash and cash equivalents decreased by \$1,614,000 due primarily to the transfer of funds to be invested with the endowment pool. The \$3,400,000 in cash receipts from contributions were offset by net transfers of \$3,266,000 to the investment portfolio plus scholarships and other operating expenses of \$896,000 and restricted funds contributed to the College of \$853,000.

Investments

In fiscal year 2010, investments increased significantly by approximately \$2,500,000. This was the results of transfers of \$1,300,000 in excess cash to investment managers. The growth was also driven by investment gains plus investment income totaling \$1,700,000. This was offset by disbursements totaling \$359,000 of contractual payments to gift annuitants and \$165,000 for investment manager fees. For fiscal year 2010, the investment portfolio earned a rate of return of 10.38%, which was a significant improvement over the previous fiscal year's loss of 6.92%. In both fiscal years, the portfolio outperformed the investment advisor benchmark style index

In fiscal year 2009, investments had a significant increase primarily due to the transfer of \$3,266,000 in excess cash to the money managers coupled with investment income of \$673,000. This was offset by investment losses of \$2,015,000 due to the poor performance of the global financial markets coupled with disbursements totaling \$361,000 of contractual payments to gift annuitants and \$111,000 for investment manager fees.

Management's Discussion and Analysis

June 30, 2010 and 2009

Other Assets

In fiscal year 2010, other assets remain relatively stable compared to fiscal year 2009, when there was a significant decrease due to the transfer of donated equipment and artwork to the College.

Liabilities

In fiscal year 2010, total liabilities decreased by \$659,000 due to the adjustments of the actuarial present value of the gift annuities, while in fiscal year 2009 total liabilities remained stable compared to the previous fiscal year.

Current Ratio

The excess of current assets over current liabilities reflects the continuing ability of the Foundation to satisfy its short-term obligations as they come due. As of June 30, 2010 and 2009, the current liabilities were \$372,000 and \$371,000, respectively. The Foundation's current assets of \$3,413,000 and \$3,259,000 as of June 30, 2010 and 2009, respectively were clear indicators that the Foundation had more than adequate liquidity to satisfy its current obligations.

Net Assets

Nonexpendable Net Assets

During fiscal years 2010 and 2009, nonexpendable net assets increased by \$529,000 or 8.6% and \$800,000 or 14%, respectively. These increases were mainly due to endowed gifts received during those years that were designated by donors to be invested in perpetuity.

Expendable Net Assets

During fiscal year 2010, expendable net assets had a significant increase of approximately \$2,500,000 or 44.0% primarily due to the receipt of contributions coupled with the investment appreciation and a reduction of the actuarial liability which is designated as expendable net assets.

Expendable net assets had net decrease of \$1.6 million or 22% in fiscal year 2009. This was primarily due to the disbursement of payments to gift annuitants coupled with the poor performance of the capital markets which resulted in a negative return of 6.92% on the investment portfolio. In addition, donated capital assets totaling \$424,000 was transferred to the College during fiscal year 2009. This net decrease was offset by gift receipts that were designated as expendable.

Unrestricted Net Assets

In fiscal years 2010 and 2009, the unrestricted net assets increases of \$319,000 or 11.4% and \$413,000 or 17% respectively, were primarily due to the receipts of more unrestricted gifts versus the operating expenses.

Statement of Revenues, Expenses, and Changes in Net Assets

The Statement of Revenues, Expenses, and Changes in Net Assets present the revenues earned and the expenses incurred by the Foundation during the fiscal year. Activities are reported as either operating or nonoperating. Generally speaking, operating revenues are earned in exchange for providing goods and services and operating expenses are incurred in the normal operation of the Foundation.

The following table shows a condensed statement of revenues, expenses, and changes in net assets for the years ended June 30, 2010, 2009, and 2008:

Revenues, Expenses and Changes in Net Assets			
	2010	2009	2008
Operating revenues	\$ 2,846,904	2,643,938	2,951,694
Operating expenses	752,294	895,633	773,434
Operating income	2,094,610	1,748,305	2,178,260
Nonoperating and other revenues (expenses), net	1,205,997	(2,180,911)	(102,909)
Increase (decrease) in net assets	3,300,607	(432,606)	2,075,351
Net assets, beginning of year	14,506,721	14,939,327	12,863,976
Net assets, end of year	\$ 17,807,328	14,506,721	14,939,327

Operating Revenues

The Foundation's main source of revenue is contributions and private grants. Under GASB 35, unrestricted and expendable contributions and private grants are reported as operating revenues. The fiscal year 2010 increase of \$203,000 was primarily due to a successful fund-raising campaign that resulted in the receipt of a number of contributions and private grants which were designated by donors as expendable. In fiscal year 2009, operating revenues decreased by \$308,000 primarily due to the receipts of a number of significant contributions in the prior fiscal year, portions of which were designated by the donors as expendable.

Operating Expenses

Operating expenses include scholarships and awards, restricted fund disbursements made to the College and fundraising events expense. In fiscal year 2010, scholarships and awards to The College of New Jersey students decreased by \$178,000 or 27.4% due to disbursements of donor directed scholarships in the previous fiscal year.

Scholarships and awards increased in fiscal year 2009 by \$85,000 or 15% over the previous fiscal year due to the increased funding of donor designated scholarships. Program services expense which includes investment manager fees remained relatively stable during fiscal years 2010 and 2009. Fundraising events expense also remained stable in fiscal years 2010 and 2009.

Management's Discussion and Analysis

June 30, 2010 and 2009

Nonoperating and Other Revenues (Expenses), net

In fiscal year 2010, nonoperating expenses, net totaled \$792,000. Of this amount, nonoperating expenses of \$1,196,000 represent disbursements of restricted private grants that were earmarked for the College. The remaining balance was comprised of investment gains totaling \$1,694,000 and an adjustment to the actuarial liability of \$294,000 for annuities payable. Other revenues included additions to permanent endowments of \$414,000.

In fiscal year 2009, nonoperating expenses, net totaled \$3,203,000. Of this amount, nonoperating revenues totaled \$703,000 of interest and dividend income. The total nonoperating expenses of \$3,906,000 were comprised of investment losses, contributions to the College for scholarship support, donated capital assets, disbursements of restricted private grants and an adjustment to the actuarial liability for annuities payable. Other revenues included additions to permanent endowments of \$1,100,000.



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Independent Auditors' Report

The Board of Directors
The College of New Jersey Foundation, Inc.:

We have audited the accompanying financial statements of The College of New Jersey Foundation, Inc. (the Foundation), a component unit of The College of New Jersey, as of and for the years ended June 30, 2010 and 2009, as listed in the table of contents. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The College of New Jersey Foundation, Inc. as of June 30, 2010 and 2009, and the changes in its financial position and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis on pages 1 through 8 is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. 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.

KPMG LLP

October 26, 2010

The College of New Jersey Foundation, Inc.

A Component Unit of the College of New Jersey

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STATEMENTS OF NET ASSETS

June 30, 2010 and 2009

Assets	2010	2009
Current assets:		
Cash and cash equivalents (note 3)	\$ 1,791,225	1,673,411
Investments (note 4)	1,505,523	1,537,081
Miscellaneous receivables	115,795	48,037
Total current assets	3,412,543	3,258,529
Noncurrent assets:		
Investments (note 4)	17,038,582	14,553,467
Other assets	90,136	87,828
Total noncurrent assets	17,128,718	14,641,295
Total assets	20,541,261	17,899,824
Liabilities		
Current liabilities:		
Accounts payable	5,810	185
Due to The College of New Jersey (note 5)	—	7,500
Annuities payable (note 7)	366,080	363,520
Total current liabilities	371,890	371,205
Noncurrent liabilities:		
Annuities payable (note 7)	2,362,043	3,021,898
Total noncurrent liabilities	2,362,043	3,021,898
Total liabilities	2,733,933	3,393,103
Net Assets		
Restricted:		
Nonexpendable:		
Scholarships	5,322,416	4,825,417
Other programs	1,344,548	1,312,887
Expendable:		
Scholarships	4,189,279	3,451,603
Research	141,882	142,442
Other	3,692,804	1,976,888
Unrestricted	3,116,399	2,797,484
Total net assets	\$ 17,807,328	14,506,721

See accompanying notes to financial statements.

The College of New Jersey Foundation, Inc.

A Component Unit of the College of New Jersey

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Years ended June 30, 2010 and 2009

	2010	2009
Operating revenues:		
Contributions	\$ 1,549,976	1,818,197
Private grants	1,296,928	825,741
Total operating revenues	2,846,904	2,643,938
Operating expenses:		
Scholarships and awards	471,334	649,402
Fundraising events	35,450	37,642
Program services	245,510	208,589
Total operating expenses	752,294	895,633
Operating income	2,094,610	1,748,305
Nonoperating expenses:		
Investment gains (losses)	1,694,251	(1,312,340)
Scholarships and restricted funds contributed to The College of New Jersey and Affiliates (note 5)	(1,195,932)	(1,563,070)
Adjustment to actuarial liability for annuities payable	293,502	(327,415)
Nonoperating expenses	791,821	(3,202,825)
Income (loss) before other revenues	2,886,431	(1,454,520)
Additions to permanent endowments	414,176	1,021,914
Increase (decrease) in net assets	3,300,607	(432,606)
Net assets as of beginning of year	14,506,721	14,939,327
Net assets as of end of year	\$ 17,807,328	14,506,721

See accompanying notes to financial statements.

STATEMENTS OF CASH FLOWS

Years ended June 30, 2010 and 2009

	2010	2009
Cash flows from operating activities:		
Contributions and private grants	\$ 2,713,049	2,354,969
Scholarships and awards	(471,334)	(649,402)
Fundraising events	(35,450)	(37,642)
Program services	(245,571)	(213,022)
Net cash provided by operating activities	1,960,694	1,454,903
Cash flows from noncapital financing activities:		
Additions to permanent endowments	414,176	1,021,914
Scholarships and restricted funds contributed to The College of New Jersey and Affiliates	(1,137,432)	(853,009)
Payments to annuitants	(358,842)	(360,527)
Net cash used by noncapital financing activities	(1,082,098)	(191,622)
Cash flows from investing activities:		
Interest income	577,222	702,834
Purchases of securities	(10,160,145)	(19,353,181)
Proceeds from sales of securities	8,822,141	15,778,607
Net cash used by investing activities	(760,782)	(2,871,740)
Net increase (decrease) in cash and cash equivalents	117,814	(1,608,459)
Cash and cash equivalents as of beginning of year	1,673,411	3,281,870
Cash and cash equivalents as of end of year	\$ 1,791,225	1,673,411
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 2,094,610	1,748,305
Noncash transaction	(66,843)	(290,701)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Changes in assets and liabilities:		
Miscellaneous receivables / payables	(59,573)	1,682
Net due to The College of New Jersey	(7,500)	(4,383)
Net cash provided by operating activities	\$ 1,960,694	1,454,903
Noncash transaction:		
Contributions of donated artwork and equipment	\$ 66,843	290,701

See accompanying notes to financial statements.

(1) Organization

The College of New Jersey Foundation, Inc. (the Foundation) is a not-for-profit organization exempt from income tax under Internal Revenue Service Code 501(c)(3). The Foundation's objective is to obtain private funding to enhance the educational goals of The College of New Jersey (the College).

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accounting policies of the Foundation conform to U.S. generally accepted accounting principles. The Foundation financial statements are based on all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Review Board of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires that a statement of cash flows be prepared using the direct method and that resources be classified for accounting and reporting purposes into the following net asset categories:

- **Restricted:**

Nonexpendable: Net assets subject to externally imposed stipulations that must be maintained permanently by the Foundation.

Expendable: Net assets whose use is subjected to externally imposed stipulations that can be fulfilled by actions of the Foundation pursuant to the stipulations or that expire by the passage of time.

- **Unrestricted:**

Net assets that are not subject to externally imposed stipulations and may be designated for specific purposes by action of the board of directors or may otherwise be limited by contractual agreements with outside parties.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the Foundation's policy is to first apply the expense towards restricted resources and then towards unrestricted resources.

(b) Measurement Focus and Basis of Accounting

The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting using the economic resources measurement focus.

June 30, 2010 and 2009

(c) Cash and Cash Equivalents

Cash and cash equivalents consist of investments with the New Jersey State Cash Management Fund and Wachovia Bank. The New Jersey State Cash Management Fund is combined into a large-scale investment program with amounts contributed by other state entities. These investments consist primarily of U.S. Treasury issues, commercial paper and certificates of deposit. All highly liquid investments purchased with an original maturity of three months or less is considered to be cash equivalents.

(d) Investments

Investments are reflected at fair value, which is based on quoted market prices. Purchases and sales of investments are accounted for on the trade-date basis. Investment income is recorded on an accrual basis.

(e) Contributions

Contributions are generally recorded upon their communication to the Foundation. Additions to permanent endowments are recorded upon receipt. Pledges related to permanent endowments and term endowments do not meet the recognition criteria of GASB Statement No. 33. These pledges, which were \$453,684 and \$603,331 as of June 30, 2010 and 2009, respectively, have not been included in the accompanying statements of net assets.

(f) Operating Activities

The Foundation's policy for defining operating activities as reported on the statements of revenues, expenses, and changes in net assets are those that serve the Foundation's principal purpose. Operating activities generally result from contributions received, payments made for scholarships and awards, and expenses associated with fundraising events and investment manager fees. The annual scholarship support to the College is considered a nonoperating expense as defined by GASB Statement No. 35.

(g) Annuities Payable

Annuities payable are created when assets are contributed to the Foundation on condition that the Foundation obligate itself to pay stipulated amounts periodically to designated annuitants. Annuities payable are recorded at the present value of the expected future cash payments to the annuitants. Changes in the life expectancy of the donor or annuitant, amortization of the discount and other changes in the estimates of future payments are reported as an adjustment to actuarial liability for annuities payable in the accompanying statements of revenues, expenses, and changes in net assets.

(h) Use of Estimates

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

(3) Cash and cash equivalents

The carrying amount of cash as of June 30, 2010 and 2009 was \$204,770 and \$313,009, respectively, while the amount on deposit with a bank was \$204,394 and \$313,568, respectively.

Custodial credit risk associated with the Foundation's cash and cash equivalents includes uncollateralized deposits, including any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Foundation's name. The Foundation's bank deposits as of June 30, 2010 and 2009 were full and partially insured by Federal Depository Insurance in the amount of \$250,000, respectively. Bank balances in 2009 of \$63,568 were uninsured and uncollateralized.

The Foundation participates in the State of New Jersey cash management fund wherein amounts also contributed by other State entities are combined into a large scale investment program. The carrying amount and fair value as of June 30, 2010 and 2009 were \$1,586,455 and \$1,360,402, respectively.

The operations of the cash management fund are governed by the provisions of the State Investment Council Regulations for the purpose of determining authorized investments. Statutes of the State of New Jersey and Regulations of the State Investment Council authorize the New Jersey Division of Investment to invest in obligations of the U.S. Treasury, agencies, and municipal or political subdivisions of the State, commercial paper, bankers acceptances, revenue obligations of public authorities, debt instruments of banks, collateralized notes, and mortgages, certificates of deposit, repurchase agreements, equity, and convertible equity securities, and other common types of investment securities. Investee institutions and organizations are prescribed by the statutes and regulations based on such criteria as minimum capital, dividend paying history, credit history, and other evaluation factors. The cash management fund is unrated.

(4) Investments

The Foundation has an investment policy, which establishes guidelines for permissible investments. The primary investment objective is to preserve and increase the value of endowment funds and maximize the long-term total rate of return on all invested assets while assuming a level of risk consistent with prudent investment practices for such funds. The Foundation may invest in obligations of the U.S. Government, certificates of deposit, money market funds, equities and stock funds, bonds and bond funds, and alternative investments. Investments consist of the following as of June 30, 2010 and 2009:

Investments		
	2010	2009
Cash and cash equivalents	\$ 1,194,808	1,453,097
U.S. Treasury bills and notes and Government agencies	3,421,554	3,770,885
Corporate bonds	565,764	751,754
Equities	9,028,281	6,703,594
Mutual funds	3,189,905	2,372,680
Alternative investment	1,143,793	1,038,538
Total	\$ 18,544,105	16,090,548

The Foundation's investments are subject to various risks. Among these risks are credit risk, concentration of credit risk, and interest rate risk. Each one of these risks is discussed in more detail below.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit risk of a debt instrument is measured by nationally recognized statistical rating agencies such as Moody's Investors Service, Inc. (Moody's).

June 30, 2010 and 2009

As of June 30, 2010, the Foundation's fixed income investments, which consist of U.S. Treasury bills and notes, U.S. Government agencies, and corporate bonds, were rated as follows:

Fixed Income Investments Ratings 2010					
Rating		Total	U.S. Treasury bills and notes	U.S. Government agencies	Corporate bonds
Aaa	\$	3,472,146	1,852,875	1,568,679	50,592
Aa1		19,297	—	—	19,297
Aa2		9,105	—	—	9,105
Aa3		56,679	—	—	56,679
A1		92,055	—	—	92,055
A2		61,863	—	—	61,863
A3		78,986	—	—	78,986
Baa1		91,071	—	—	91,071
Baa2		99,646	—	—	99,646
B3		6,470	—	—	6,470
Total	\$	3,987,318	1,852,875	1,568,679	565,764

As of June 30, 2009, the Foundation's fixed income investments, which consist of U.S. Treasury bills and notes, U.S. Government agencies, and corporate bonds, were rated as follows:

Fixed Income Investments Ratings 2009					
Rating		Total	U.S. Treasury bills and notes	U.S. Government agencies	Corporate bonds
Aaa	\$	3,853,754	1,131,163	2,639,722	82,869
Aa2		36,592	—	—	36,592
Aa3		49,386	—	—	49,386
A1		105,503	—	—	105,503
A2		71,942	—	—	71,942
A3		133,679	—	—	133,679
Baa1		137,328	—	—	137,328
Baa2		125,543	—	—	125,543
Ba2		8,912	—	—	8,912
Total	\$	4,522,639	1,131,163	2,639,722	751,754

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Foundation's investment policy provides limitations in the maturities of various types of investments. As of June 30, 2010, the Foundation's fixed income investments, which consist of U.S. Treasury bills and notes, U.S. Government agencies, and corporate bonds, had maturity dates as follows:

Fixed Income Investments Maturity 2010					
Maturing in years		Total	U.S. Treasury bills and notes	U.S. Government agencies	Corporate bonds
Less than 1	\$	310,729	264,798	—	45,931
1 – 5		1,875,294	1,264,716	347,232	263,346
6 – 10		431,457	241,560	—	189,897
Greater than 10		1,369,838	81,801	1,221,447	66,590
Total	\$	<u>3,987,318</u>	<u>1,852,875</u>	<u>1,568,679</u>	<u>565,764</u>

As of June 30, 2009, the Foundation's fixed income investments, which consist of U.S. Treasury bills and notes, U.S. Government agencies, and corporate bonds, had maturity dates as follows:

Fixed Income Investments Maturity 2009					
Maturing in years		Total	U.S. Treasury bills and notes	U.S. Government agencies	Corporate bonds
Less than 1	\$	83,984	63,392	—	20,592
1 – 5		1,366,772	817,894	307,873	241,005
6 – 10		609,682	192,281	27,149	390,252
Greater than 10		2,462,201	57,596	2,304,700	99,905
Total	\$	<u>4,522,639</u>	<u>1,131,163</u>	<u>2,639,722</u>	<u>751,754</u>

(5) Transactions with Affiliates

The Foundation approved disbursements to the College and Alumni Association for support of scholarships, restricted private grants, and donated capital assets of \$1,195,932 and \$1,563,070 during 2010 and 2009, respectively. As of June 30, 2009, a payable of \$7,500 was due from the Foundation to the College. The following table shows the contributions for 2010 and 2009:

Transactions with Affiliates		
	2010	2009
Scholarship support	\$ 15,511	28,893
Restricted funds – Alumni Association	—	137,992
Restricted funds – College	1,180,421	1,396,185
Total scholarships	\$ 1,195,932	1,563,070

(6) Funds Held in Trust

Funds held in trust by others and not in the possession of, nor under the control of, the Foundation are not included in the Foundation's cash and cash equivalents and investments. The Foundation is the beneficiary of a trust whose investments fair value as of June 30, 2010 and 2009, approximated \$1,100,000 and \$1,026,000, respectively.

(7) Noncurrent Liabilities

For the years ended June 30, 2010 and 2009, noncurrent liabilities activity was as follows:

Noncurrent Liabilities Activity					
2010	Beginning balance	Additions	Reductions	Ending balance	Current portion
Noncurrent liabilities:					
Annuities payable	\$ 3,385,418	40,000	697,295	2,728,123	366,080
Total noncurrent liabilities	\$ 3,385,418	40,000	697,295	2,728,123	366,080
2009	Beginning balance	Additions	Reductions	Ending balance	Current portion
Noncurrent liabilities:					
Annuities payable	\$ 3,418,530	54,700	87,812	3,385,418	363,520
Total noncurrent liabilities	\$ 3,418,530	54,700	87,812	3,385,418	363,520