

Faw, Casson & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITORS REPORT

Board of Directors
Salisbury University Foundation, Inc.
Salisbury, MD 21801

We have audited the accompanying statements of financial position of Salisbury University Foundation, Inc. as of June 30, 2002 and 2001, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Salisbury University Foundation, Inc. as of June 30, 2002 and 2001, and the changes in its net assets and its cash flows from the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The information on pages 13 through 15 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the procedures applied in the audits of the financial statements mentioned above and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Faw, Casson & Co., LLP

Salisbury, Maryland
July 23, 2002



STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2002

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
REVENUES				
Grants	\$ -	\$ 241,306	\$ -	\$ 241,306
Donations	131,234	981,583	264,619	1,377,436
Underwriting - Public Radio	-	126,182	-	126,182
Rental Income	324,023	40,016	-	364,039
Sales, Service and Other Income	228,011	307,520	10,818	546,349
Investment Loss	(486,774)	(61,167)	(2,518,241)	(3,066,182)
Actuarial and Other Adjustment of Annuity Trust Fund	-	-	562,969	562,969
Gain (Loss) on Sale of Assets	-	-	-	-
Net Assets Released from Restrictions, Net of Transfers	2,773,386	(2,021,653)	(751,733)	-
TOTAL REVENUES	2,969,880	(386,213)	(2,431,568)	152,099
EXPENSES				
Programs:				
University Galleries	124,189	-	-	124,189
Fulton School of Arts	36,817	-	-	36,817
Scholarships	595,315	-	-	595,315
Salisbury Symphony	79,709	-	-	79,709
Rentals	228,010	-	-	228,010
WSCL Public Radio Support	550,675	-	-	550,675
Perdue School of Business	158,478	-	-	158,478
Perdue-Kresge Challenge	204,838	-	-	204,838
Other University Programs	1,112,749	-	-	1,112,749
Fundraising Expenses	119,257	-	-	119,257
General and Administrative Expenses	254,061	-	-	254,061
TOTAL EXPENSES	3,464,098	-	-	3,464,098
INCREASE (DECREASE) IN NET ASSETS	(494,218)	(386,213)	(2,431,568)	(3,311,999)
NET ASSETS AT BEGINNING OF YEAR	1,545,285	5,422,024	18,637,593	25,604,902
NET ASSETS AT END OF YEAR	\$ 1,051,067	\$ 5,035,811	\$ 16,206,025	\$ 22,292,903



SALISBURY UNIVERSITY
FOUNDATION, INC.

S T A T E M E N T O F F I

A S S E T S	June 30,	
	2002	2001
CURRENT ASSETS		
Cash and Investments:		
Cash	\$ 215,209	\$ 838,325
Investments	15,011,653	17,456,538
Total Cash and Investments	15,226,862	18,294,863
Accounts Receivable	25,376	39,989
Unconditional Promises to Give	425,000	535,000
Prepaid Expenses	4,000	5,500
TOTAL CURRENT ASSETS	15,681,238	18,875,352
PROPERTY AND EQUIPMENT		
Land	1,335,955	1,291,155
Buildings	3,169,985	1,925,103
Equipment	1,018,825	888,534
Construction In Progress	-	1,099,542
Sub-Total	5,524,765	5,204,334
Less: Accumulated Depreciation	(1,128,146)	(963,630)
TOTAL PROPERTY AND EQUIPMENT, LESS ACCUMULATED DEPRECIATION	4,396,619	4,240,704
OTHER ASSETS		
Unconditional Promises to Give	670,312	978,796
Donated Assets	113,780	108,012
Annuity Trust Investments	6,291,275	7,511,917
Remainder Interest Receivable - Annuity Trust Fund	1,405,183	1,099,103
Real Estate and Other Assets Held for Sale	26,000	26,000
Other Assets	4,621	5,187
TOTAL OTHER ASSETS	8,511,171	9,729,015
TOTAL ASSETS	\$ 28,589,028	\$ 32,845,071



F I N A N C I A L P O S I T I O N

L I A B I L I T I E S	June 30,	
	2002	2001
CURRENT LIABILITIES		
Short-Term Notes Payable	\$ 1,029,515	\$ 1,029,515
Current Maturities of Long-Term Debt	100,000	100,000
Current Portion of Annuities Payable	157,210	101,841
Accounts Payable	79,545	75,179
Deferred Revenue	10,839	10,839
TOTAL CURRENT LIABILITIES	1,377,109	1,317,374
LONG-TERM LIABILITIES		
Annuities Payable, Less Current Portion	3,836,377	4,740,156
Long-Term Debt, Less Current Maturities	1,082,639	1,182,639
TOTAL LONG-TERM LIABILITIES	4,919,016	5,922,795
TOTAL LIABILITIES	6,296,125	7,240,169
NET ASSETS		
UNRESTRICTED	1,051,067	1,545,285
TEMPORARILY RESTRICTED	5,035,811	5,422,024
PERMANENTLY RESTRICTED		
Endowments	12,332,364	14,681,111
Charitable Remainder Trusts	3,702,871	3,769,023
Other	170,790	187,459
TOTAL PERMANENTLY RESTRICTED	16,206,025	18,637,593
TOTAL NET ASSETS	22,292,903	25,604,902
TOTAL LIABILITIES AND NET ASSETS	\$ 28,589,028	\$ 32,845,071