

INDEPENDENT AUDITORS REPORT

Faw, Casson & Co., LLP
Certified Public Accountants

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, 2005 and 2004, 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 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 Salisbury University Foundation, Inc. as of June 30, 2005 and 2004, and the changes in its net assets and its cash flows for the years 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 provided here 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
August 30, 2005

STATEMENT OF FINANCIAL POSITION

Year Ended June 30, 2005

ASSETS	JUNE 30,	
	2005	2004
CURRENT ASSETS		
Cash	\$ 228,385	\$ 318,074
Investments	21,789,829	20,285,055
Total Cash and Investments	22,018,214	20,603,129
Accounts Receivable	58,774	55,622
Unconditional Promises To Give	37,000	343,000
TOTAL CURRENT ASSETS	22,113,988	21,001,751
Property and Equipment		
Land	1,369,955	1,369,955
Buildings	3,500,042	3,500,042
Equipment	1,391,553	1,292,549
Sub-Total	6,261,550	6,162,546
Less: Accumulated Depreciation	(1,706,312)	(1,514,089)
TOTAL PROPERTY AND EQUIPMENT, LESS ACCUMULATED DEPRECIATION	4,555,238	4,648,457
Other Assets		
Unconditional Promises To Give	56,690	65,457
Donated Assets	124,555	121,729
Annuity Trust Investments	5,576,638	5,663,998
Other Assets	29,131	28,704
TOTAL OTHER ASSETS	5,787,014	5,879,888
TOTAL ASSETS	\$ 32,456,240	\$ 31,530,096
LIABILITIES		
JUNE 30,		
2005		
2004		
CURRENT LIABILITIES		
Short-Term Notes Payable	\$ 1,022,798	\$ 1,033,798
Current Maturities of Long-Term Debt	100,000	100,000
Current Portion of Annuities Payable	82,563	79,891
Accounts Payable	58,261	42,171
Deferred Revenue	19,563	6,088
TOTAL CURRENT LIABILITIES	1,283,185	1,261,948
LONG-TERM LIABILITIES		
Annuities Payable, Less Current Portion	3,712,695	3,836,185
Long-Term Debt, Less Current Maturities	790,971	890,971
TOTAL LONG-TERM LIABILITIES	4,503,666	4,727,156
TOTAL LIABILITIES	5,786,851	5,989,104
ASSETS		
UNRESTRICTED	2,601,646	2,270,067
TEMPORARILY RESTRICTED	5,188,571	4,735,497
PERMANENTLY RESTRICTED		
Endowments and Other	17,097,792	16,787,506
Charitable Remainder Trusts	1,781,380	1,747,922
Total Permanently Restricted	18,879,172	18,535,428
Total Net Assets	26,669,389	25,540,992
Total Liabilities and Net Assets	\$ 32,456,240	\$ 31,530,096

STATEMENT OF ACTIVITIES

Year Ended June 30, 2005

	TEMPORARILY PERMANENTLY			TOTAL
	UNRESTRICTED	RESTRICTED	RESTRICTED	
REVENUES				
Grants	\$ -	\$ 315,434	\$ -	\$ 315,434
Donations	143,973	1,056,862	226,517	1,427,352
Underwriting - Public Radio	-	207,620	-	207,620
Rental Income	328,870	36,842	-	365,712
Sales, Service and Other Income	16,030	341,464	-	367,494
Investment Income	334,310	54,612	1,424,185	1,813,107
Gain on Sale of Assets	-	-	42,130	42,130
Actuarial and Other Adjustment of Annuity Trust Fund	-	-	(341,866)	(341,866)
Net Assets Released from Restrictions, Net of Transfers	2,576,982	(1,569,760)	(1,007,222)	-
TOTAL REVENUES	3,400,165	453,074	343,744	4,196,983
EXPENSES				
Programs:				
Salisbury Community TV	178,191	-	-	178,191
Athletic Administration	184,223	-	-	184,223
Fulton School of Arts	22,960	-	-	22,960
Scholarships	440,235	-	-	440,235
Salisbury Symphony	50,459	-	-	50,459
Rentals	217,358	-	-	217,358
WSCL Public Radio Support	656,211	-	-	656,211
Perdue School of Business	110,614	-	-	110,614
Perdue-Kresge Challenge	31,319	-	-	31,319
Other University Programs	744,637	-	-	744,637
Fundraising Expenses	115,714	-	-	115,714
General and Administrative Expenses	316,665	-	-	316,665
TOTAL EXPENSES	3,068,586	-	-	3,068,586
INCREASE (DECREASE)				
IN NET ASSETS	331,579	453,074	343,744	1,128,397
NET ASSETS AT BEGINNING OF YEAR	2,270,067	4,735,497	18,535,458	25,540,992
NET ASSETS AT END OF YEAR	\$ 2,601,646	\$ 5,188,571	\$ 18,879,172	\$ 26,669,389

