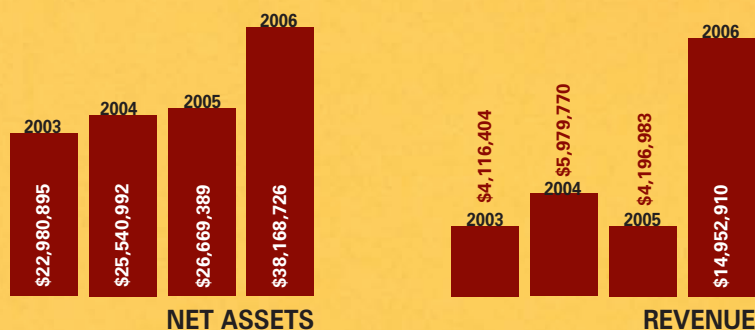


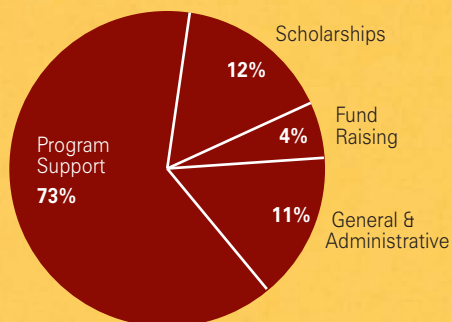
# FINANCIAL YEAR IN REVIEW

|                              | June 30, 2005 | June 30, 2006 | % of Change |
|------------------------------|---------------|---------------|-------------|
| Total Assets                 | \$ 32,456,240 | \$44,376,137  | 36.73%      |
| Net Assets                   | \$ 26,669,389 | \$ 38,168,726 | 43.12%      |
| Total Revenue                | \$ 4,196,983  | \$ 14,952,910 | 256.28%     |
| Program & Operating Expenses | \$ 3,068,586  | \$ 3,453,573  | 12.55%      |
| Change in Net Assets         |               | \$ 11,499,337 |             |



## PROGRAM & OPERATING EXPENSES

|            |                          |                     |
|------------|--------------------------|---------------------|
| <b>73%</b> | Program Support          | \$ 2,519,858        |
| <b>12%</b> | Scholarships             | \$ 428,700          |
| <b>4%</b>  | Fund Raising             | \$ 128,438          |
| <b>11%</b> | General & Administrative | \$ 376,577          |
|            | <b>Total</b>             | <b>\$ 3,453,573</b> |



# STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2006

UNRESTRICTED

## REVENUES

|   |           |
|---|-----------|
| Grants  | -         |
| Donations   | 231,552   |
| Underwriting - Public Radio                             | -         |
| Rental Income   | 342,681   |
| Sales, Service and Other Income                         | 43,603    |
| Investment Income                                       | 431,945   |
| Gain (Loss) on Sale of Assets                           | (26,000)  |
| Actuarial and Other Adjustment of Annuity Trust Fund    | -         |
| Net Assets Released from Restrictions, Net of Transfers | 2,836,475 |

**TOTAL REVENUES** 3,860,256

## EXPENSES

### Programs:

|                                     |         |
|-------------------------------------|---------|
| Nabb Research                       | 109,854 |
| Henson School of Science and Tech.  | 68,614  |
| Salisbury Community TV              | 185,999 |
| Athletic and Recreation Admin.      | 267,891 |
| Fulton School of Liberal Arts       | 77,403  |
| Scholarships                        | 428,700 |
| Salisbury Symphony                  | 28,291  |
| Rentals                             | 274,809 |
| WSCL Public Radio Support           | 724,574 |
| Perdue School of Business           | 84,159  |
| PACE                                | 80,678  |
| Other University Programs           | 617,586 |
| Fund-Raising Expenses               | 128,438 |
| General and Administrative Expenses | 376,577 |

**TOTAL EXPENSES** 3,453,573

**INCREASE IN NET ASSETS** 406,683

**NET ASSETS AT BEGINNING OF YEAR** 2,601,646

**NET ASSETS AT END OF YEAR** \$ 3,008,329

# INDEPENDENT AUDITORS REPORT

Board of Directors, Salisbury University Foundation, Inc.  
Salisbury, Maryland

We have audited the accompanying statements of financial position of Salisbury University Foundation, Inc. as of June 30, 2006 and 2005, 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, 2006 and 2005, and the changes in its net assets and its cash flows for 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 4 through 7 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.

Salisbury, Maryland  
August 21, 2006

*Faw, Casson & Co., LLP*

| TEMPORARILY<br>RESTRICTED | PERMANENTLY<br>RESTRICTED | TOTAL         |
|---------------------------|---------------------------|---------------|
| \$ 355,230                | 162,472                   | \$ 517,702    |
| 3,018,176                 | 8,712,647                 | 11,962,375    |
| 212,639                   | -                         | 212,639       |
| 39,835                    | -                         | 382,516       |
| 431,557                   | 79,686,554,846            |               |
| 33,891                    | 1,827,017                 | 2,292,853     |
| -                         | -                         | (26,000)      |
| -                         | (944,021)                 | (944,021)     |
| (2,033,776)               | (802,699)                 | -             |
| 2,057,552                 | 9,035,102                 | 14,952,910    |
| -                         | -                         | 109,854       |
| -                         | -                         | 68,614        |
| -                         | -                         | 185,999       |
| -                         | -                         | 267,891       |
| -                         | -                         | 77,403        |
| -                         | -                         | 428,700       |
| -                         | -                         | 28,291        |
| -                         | -                         | 274,809       |
| -                         | -                         | 724,574       |
| -                         | -                         | 84,159        |
| -                         | -                         | 80,678        |
| -                         | -                         | 617,586       |
| -                         | -                         | 128,438       |
| -                         | -                         | 376,577       |
| -                         | -                         | 3,453,573     |
| 2,057,552                 | 9,035,102                 | 11,499,337    |
| 5,188,571                 | 18,879,172                | 26,669,389    |
| \$ 7,246,123              | \$ 27,914,274             | \$ 38,168,726 |

# STATEMENT OF FINANCIAL POSITION

| <b>ASSETS</b>  | <b>June 30,</b>      |                      |
|--|----------------------|----------------------|
|  | <b>2006</b>          | <b>2005</b>          |
| <b>CURRENT ASSETS</b>  |                      |                      |
| Cash and Investments:  |                      |                      |
| Cash   | \$ 347,988           | \$ 228,385           |
| Investments  | 26,526,766           | 21,789,829           |
| <hr/>  |                      |                      |
| Total Cash and Investments                                     | 26,874,754           | 22,018,214           |
| Accounts Receivable  | 60,575               | 58,744               |
| Unconditional Promises to Give                                 | 7,160,839            | 37,000               |
| <hr/>  |                      |                      |
| TOTAL CURRENT ASSETS   | <u>34,096,168</u>    | <u>22,113,988</u>    |
| <br>   |                      |                      |
| <b>PROPERTY AND EQUIPMENT</b>                                  |                      |                      |
| Land   | 1,369,955            | 1,369,955            |
| Buildings  | 3,500,042            | 3,500,042            |
| Equipment  | 1,446,314            | 1,391,553            |
| <hr/>  |                      |                      |
| Sub-Total  | 6,316,311            | 6,261,550            |
| Less: Accumulated Depreciation                                 | (1,918,641)          | (1,706,312)          |
| <hr/>  |                      |                      |
| TOTAL PROPERTY AND EQUIPMENT,<br>LESS ACCUMULATED DEPRECIATION | 4,397,670            | 4,555,238            |
| <hr/>  |                      |                      |
| <b>OTHER ASSETS</b>  |                      |                      |
| Unconditional Promises to Give                                 | -                    | 56,690               |
| Donated Assets   | 126,994              | 124,555              |
| Annuity Trust Investments                                      | 5,755,305            | 5,576,638            |
| Other Assets   | -                    | 29,131               |
| <hr/>  |                      |                      |
| TOTAL OTHER ASSETS   | 5,882,299            | 5,787,014            |
| <hr/>  |                      |                      |
| TOTAL ASSETS   | <u>\$ 44,376,137</u> | <u>\$ 32,456,240</u> |

**LIABILITIES****June 30,  
2006                      2005**

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**CURRENT LIABILITIES**

|                                      |            |              |
|--------------------------------------|------------|--------------|
| Short-Term Notes Payable             | \$ 911,798 | \$ 1,022,798 |
| Current Maturities of Long-Term Debt | 100,000    | 100,000      |
| Current Portion of Annuities Payable | 81,372     | 82,563       |
| Accounts Payable                     | 29,787     | 58,261       |
| Deferred Revenue                     | 19,808     | 19,563       |

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|                           |                  |                  |
|---------------------------|------------------|------------------|
| TOTAL CURRENT LIABILITIES | <u>1,142,765</u> | <u>1,283,185</u> |
|---------------------------|------------------|------------------|

**LONG-TERM LIABILITIES**

|   |           |           |
|---|-----------|-----------|
| Annuities Payable, Less Current Portion | 4,273,675 | 3,712,695 |
| Long-Term Debt, Less Current Maturities | 790,971   | 790,971   |

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|                             |                  |                  |
|-----------------------------|------------------|------------------|
| TOTAL LONG-TERM LIABILITIES | <u>5,064,646</u> | <u>4,503,666</u> |
|-----------------------------|------------------|------------------|

|                   |           |           |
|-------------------|-----------|-----------|
| TOTAL LIABILITIES | 6,207,411 | 5,786,851 |
|-------------------|-----------|-----------|

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**NET ASSETS**

|              |           |           |
|--------------|-----------|-----------|
| UNRESTRICTED | 3,008,329 | 2,601,646 |
|--------------|-----------|-----------|

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|                        |           |           |
|------------------------|-----------|-----------|
| TEMPORARILY RESTRICTED | 7,246,123 | 5,188,571 |
|------------------------|-----------|-----------|

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**PERMANENTLY RESTRICTED**

|                             |            |            |
|-----------------------------|------------|------------|
| Endowments and Other        | 26,514,032 | 17,097,792 |
| Charitable Remainder Trusts | 1,400,242  | 1,781,380  |

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|                              |            |            |
|------------------------------|------------|------------|
| TOTAL PERMANENTLY RESTRICTED | 27,914,274 | 18,879,172 |
|------------------------------|------------|------------|

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|                  |            |            |
|------------------|------------|------------|
| TOTAL NET ASSETS | 38,168,726 | 26,669,389 |
|------------------|------------|------------|

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|                                  |               |               |
|----------------------------------|---------------|---------------|
| TOTAL LIABILITIES AND NET ASSETS | \$ 44,376,137 | \$ 32,456,240 |
|----------------------------------|---------------|---------------|

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