

**CONSOLIDATED FINANCIAL STATEMENTS**

**University of North Alabama Foundation  
And Subsidiary**

**September 30, 2008 and 2007**

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# Parkhurst & Norvell

Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

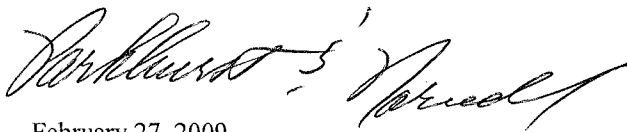
To the Board of Directors of  
**University of North Alabama Foundation**

We have audited the accompanying consolidated statement of financial position of University of North Alabama Foundation (a nonprofit organization) and subsidiary as of September 30, 2008 and 2007 and the related consolidated statement of activities, functional expenses, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audit 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 consolidated 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 audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of University of North Alabama Foundation and subsidiary as of September 30, 2008 and 2007, 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.

As discussed in Note 12 to the financial statements, certain errors resulting in overstatement of previously reported annuities payable as of December 16, 2007, were discovered by management of the Foundation during the period ended September 30, 2008. Accordingly, the 2007 financial statements have been restated to correct the error.



February 27, 2009

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

University of North Alabama Foundation

September 30, 2008 and 2007

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	<u>ASSETS</u>	
Current Assets:	<u>2008</u>	<u>Restated 2007</u>
Cash and Cash Equivalents	\$ 1,207,567	\$ 3,965,049
Accounts Receivable	66,400	23,108
Pledges Receivable	41,216	25,000
Inventories	5,169	2,734
Interest Receivable	<u>26,937</u>	<u>7,385</u>
Total Current Assets	1,347,289	4,023,276
Total Investments	14,521,328	13,681,565
Fixed Assets:		
Donated Artifacts and Collectibles	273,950	263,650
Furniture and Equipment	<u>34,064</u>	<u>34,064</u>
	308,014	297,714
Less: Accumulated Depreciation	<u>34,064</u>	<u>33,801</u>
Total Fixed Assets	273,950	263,913
Other Assets		
Pledges Receivable	<u>45,208</u>	<u>74,691</u>
Total Other Assets	<u>45,208</u>	<u>74,691</u>
TOTAL ASSETS	<u>\$ 16,187,775</u>	<u>\$ 18,043,445</u>

The Accompanying Notes are an Integral Part of these Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

University of North Alabama Foundation

September 30, 2008 and 2007

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<u>LIABILITIES AND NET ASSETS</u>		
	<u>2008</u>	<u>Restated 2007</u>
Current Liabilities:		
Accounts Payable	\$ 26,416	\$ 3,151
Obligations under Annuity Contracts - Current Portion	<u>65,854</u>	<u>65,197</u>
Total Current Liabilities	92,270	68,348
Obligations under Annuity Contracts - Deferred Portion	<u>217,846</u>	<u>197,792</u>
Total Liabilities	310,116	266,140
Net Assets:		
Unrestricted	320,890	292,934
Temporarily Restricted - Restated	3,240,763	5,993,666
Permanently Restricted	<u>12,316,006</u>	<u>11,490,705</u>
Total Net Assets	<u>15,877,659</u>	<u>17,777,305</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 16,187,775</u>	<u>\$ 18,043,445</u>

The Accompanying Notes are an Integral Part of these Financial Statements

CONSOLIDATED STATEMENT OF ACTIVITIES

University of North Alabama Foundation

For the Year Ended September 30, 2008

	<u>UNRESTRICTED</u>	<u>Restated TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
SUPPORT AND REVENUE:				
Support:				
Contributions	\$ 113,512	\$ 510,017	\$ 863,943	\$ 1,487,472
In-Kind Donations	12,084	23,270	-	35,354
Other Income	-	58,927	-	58,927
Transfers	205,232	(191,590)	(13,642)	-
Net Assets Released from Restriction	<u>1,299,023</u>	<u>(1,274,023)</u>	<u>(25,000)</u>	<u>-</u>
Total Support	1,629,851	(873,399)	825,301	1,581,753
Revenue:				
Interest and Dividends	15,883	400,980	-	416,863
Net Unrealized and Realized Gain (Loss) on Investments	<u>-</u>	<u>(2,280,484)</u>	<u>-</u>	<u>(2,280,484)</u>
Total Revenue	<u>15,883</u>	<u>(1,879,504)</u>	<u>-</u>	<u>(1,863,621)</u>
TOTAL SUPPORT AND REVENUE	1,645,734	(2,752,903)	825,301	(281,868)
EXPENSES:				
Program Services	1,139,519	-	-	1,139,519
Support Services	453,259	-	-	453,259
Loss on Pledges	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
TOTAL EXPENSES	<u>1,617,778</u>	<u>-</u>	<u>-</u>	<u>1,617,778</u>
NET CHANGE IN ASSETS	27,956	(2,752,903)	825,301	(1,899,646)
NET ASSETS AT BEGINNING OF YEAR	<u>292,934</u>	<u>5,993,666</u>	<u>11,490,705</u>	<u>17,777,305</u>
NET ASSETS AT END OF YEAR	<u>\$ 320,890</u>	<u>\$ 3,240,763</u>	<u>\$ 12,316,006</u>	<u>\$ 15,877,659</u>

The Accompanying Notes are an Integral Part of these Financial Statements

CONSOLIDATED STATEMENT OF ACTIVITIES

University of North Alabama Foundation

For the Year Ended September 30, 2007

	<u>UNRESTRICTED</u>	<u>Restated TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
SUPPORT AND REVENUE:				
Support:				
Contributions	\$ 84,805	\$ 710,331	\$ 229,275	\$ 1,024,411
In-Kind Donations	50,000	-	-	50,000
Other Income	-	64,858	-	64,858
Transfers	(50,485)	(398)	50,883	-
Net Assets Released from Restriction	<u>550,876</u>	<u>(535,876)</u>	<u>(15,000)</u>	<u>-</u>
Total Support	635,196	238,915	265,158	1,139,269
Revenue:				
Interest and Dividends	19,491	442,119	-	461,610
Net Unrealized and Realized Gain on Investments	<u>-</u>	<u>1,469,882</u>	<u>-</u>	<u>1,469,882</u>
Total Revenue	<u>19,491</u>	<u>1,912,001</u>	<u>-</u>	<u>1,931,492</u>
TOTAL SUPPORT AND REVENUE	654,687	2,150,916	265,158	3,070,761
EXPENSES:				
Program Services	436,426	-	-	436,426
Support Services	265,646	-	-	265,646
Loss on Pledges	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>15,000</u>
TOTAL EXPENSES	<u>717,072</u>	<u>-</u>	<u>-</u>	<u>717,072</u>
NET CHANGE IN ASSETS	(62,385)	2,150,916	265,158	2,353,689
NET ASSETS AT BEGINNING OF YEAR RESTATEd	<u>355,319</u>	<u>3,842,750</u>	<u>11,225,547</u>	<u>15,423,616</u>
NET ASSETS AT END OF YEAR	<u>\$ 292,934</u>	<u>\$ 5,993,666</u>	<u>\$ 11,490,705</u>	<u>\$ 17,777,305</u>

The Accompanying Notes are an Integral Part of these Financial Statements

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Schedule of Program Services

University of North Alabama Foundation

For the Years Ended September 30, 2008 and 2007

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	<u>2008</u>	<u>2007</u>
Scholarships Awarded	\$ 243,252	\$ 147,365
Eminent Scholars Support	90,932	72,996
Academic Program Support	70,775	55,958
Alumni Program Support	62,953	30,054
Annuities	74,303	51,998
Athletic Department Support	102,015	7,257
Student / Faculty Support	9,120	-
Other Program Support	<u>486,169</u>	<u>70,798</u>
 TOTAL PROGRAM SERVICES	 <u>\$ 1,139,519</u>	 <u>\$ 436,426</u>

The Accompanying Notes are an Intergral Part of these Financial Statements



CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
Schedule of Support Services

University of North Alabama Foundation

For the Year Ended September 30, 2008

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	Management & General	Fund Raising	Total Support Services
	<u>          </u>	<u>          </u>	<u>          </u>
Contract Services	\$ 2,979	\$ 39,617	\$ 42,596
Banquets and Meals	5,089	25,614	30,703
Supplies	8,650	35,995	44,645
Advertising	-	15,162	15,162
Travel	4,383	58,178	62,561
Postage	301	37,834	38,135
Legal & Accounting	10,925	268	11,193
Telephone	218	423	641
Insurance	7,333	5,240	12,573
Depreciation	263	-	263
Printing and Copying	55	52,544	52,599
Membership Dues	10,320	27,500	37,820
Software & Maintenance	500	13,716	14,216
Staff Development	-	3,597	3,597
Fundraisers & Volunteers	10,584	8,241	18,825
Awards	55	10,000	10,055
Miscellaneous Expenses	<u>2,143</u>	<u>55,532</u>	<u>57,675</u>
 TOTAL SUPPORT SERVICES	 <u>\$ 63,798</u>	 <u>\$ 389,461</u>	 <u>\$ 453,259</u>

The Accompanying Notes are an Integral Part of these Financial Statements

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
Schedule of Support Services

University of North Alabama Foundation

For the Year Ended September 30, 2007

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	Management & General	Fund Raising	Total Support Services
	<u>          </u>	<u>          </u>	<u>          </u>
Contract Services	\$ 92,020	\$ 15,726	\$ 107,746
Banquets and Meals	17,954	19,686	37,640
Supplies	5,769	25,864	31,633
Advertising	-	1,488	1,488
Travel	1,300	6,482	7,782
Postage	3,915	4,310	8,225
Legal & Accounting	11,200	-	11,200
Telephone	972	-	972
Insurance	8,476	-	8,476
Depreciation	2,342	-	2,342
Printing and Copying	3,300	4,254	7,554
Membership Dues	4,406	5,235	9,641
Software & Maintenance	3,742	2,956	6,698
Staff Development	260	100	360
Fundraisers & Volunteers	4,492	181	4,673
Awards	6,086	9,647	15,733
Miscellaneous expenses	277	3,206	2,483
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL SUPPORT SERVICES	<u>\$ 166,511</u>	<u>\$ 99,135</u>	<u>\$ 264,646</u>

The Accompanying Notes are an Integral Part of these Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS

University of North Alabama Foundation

For the Years Ended September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ (1,899,646)	\$ 2,353,689
Adjustments to Reconcile Change in Net Assets to Net Cash used for Operating Activities:		
Depreciation	263	2,342
Realized and Unrealized (Gain) Loss on Sale of Investments	2,280,484	(1,469,882)
(Increase) Decrease in Accounts Receivable	(43,292)	(11,046)
(Increase) Decrease in Pledges Receivable	15,176	414,695
Decrease (Increase) in Inventory	(2,435)	44,032
(Increase) Decrease in Interest Receivable	(19,552)	1,133
Decrease in Other Assets	-	90,503
Increase in Accounts Payable	23,266	255
Increase (Decrease) in Amortization of Discount on Pledges Rec.	(1,910)	366
(Decrease) in Obligation Under Annuity Contracts	20,711	35,068
In-Kind Donation of Artifacts and Collectibles	(10,300)	(50,000)
Contributions Restricted for Investment	<u>(863,943)</u>	<u>(229,275)</u>
Net Cash Provided by Operating Activities	(501,178)	1,181,880
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Purchase) Sale of Investments	(3,120,247)	(2,542,755)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions Restricted for Permanent Investment	<u>863,943</u>	<u>229,275</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(2,757,482)	(1,131,600)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>3,965,049</u>	<u>5,096,649</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,207,567</u>	<u>\$ 3,965,049</u>

The Accompanying Notes are an Integral Part of these Financial Statements

## CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

University of North Alabama Foundation

September 30, 2008 and 2007

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### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### ORGANIZATION'S ACTIVITIES

The University of North Alabama Foundation (the Foundation), is a nonprofit organization existing to assist the University of North Alabama (the University), a public institution of higher education, in promoting, sponsoring, fostering and carrying out activities to broaden educational opportunities for and services to the students and alumni.

#### BASIS OF PRESENTATION

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

#### PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of University of North Alabama Foundation and its wholly owned subsidiary, Campus Projects, LLC. All material inter-organization transactions have been eliminated in consolidation.

#### CONTRIBUTIONS

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (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.

Endowment contributions and investments are permanently restricted by the donor. Investment earnings available for distribution are recorded in unrestricted net assets. Investment earnings with donor restrictions are recorded in temporarily or permanently restricted net assets based on the nature of the restrictions.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

#### RECLASSIFICATIONS

Certain reclassifications of the 2008 comparative information have been made to conform with the 2007 presentation.

## CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

University of North Alabama Foundation

September 30, 2008 and 2007

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### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### PLEDGES (Promises to Give)

Unconditional promises to give are recognized as revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Promises to give are recorded at net realizable value if they are expected to be collected in one year and at fair value if they are expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

#### ACCOUNTING METHOD

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

#### CASH AND CASH EQUIVALENTS

The Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents as reported in the Statement of Cash Flows excludes cash restricted for long-term investment. Banks holding the Foundation's cash balances insure the account up to \$250,000 through the Federal Deposit Insurance Corporation. These cash funds are held in interest bearing accounts.

#### EQUIPMENT

Equipment is carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, generally 5 to 7 years. As permitted by SFAS No. 93, the Foundation does not recognize depreciation on fine art and furniture collectibles. In addition, the Foundation utilizes certain facilities and equipment owned by the University. Such facilities and equipment are not recorded on the books of the Foundation.

#### INCOME TAXES

The Foundation has been granted tax-exempt status as provided by Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying statement.

#### FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

#### ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

University of North Alabama Foundation

September 30, 2008 and 2007

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### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### INVESTMENTS

Investments are composed of various stocks and mutual funds and are carried at Fair Market Value.

#### INVENTORIES

Inventory is stated at the lower of cost or market, using the first-in, first-out method of inventory valuation.

### NOTE 2: PLEDGES RECEIVABLE

As of September 30, 2008 and 2007, the Foundation has pledges receivable totaling \$86,425 and \$99,691, respectively. No allowance has been made for uncollectible amounts. Most pledges receivable are restricted by donors for scholarships or are available for general operating support purposes. All pledges receivable at September 30, 2008 and 2007 are due within one to four years. The total pledges receivable as of September 30, 2008 and 2007 are permanently restricted. Net pledges receivable were discounted to present value at September 30, 2008 and 2007 using a discount rate of 4%. The net effect at September 30 is as follows:

	<u>2008</u>	<u>2007</u>
Total Pledges Receivable	\$ 89,823	\$ 105,000
Unamortized Discount	<u>3,399</u>	<u>5,309</u>
NET PLEDGES RECEIVABLE	<u>\$ 86,424</u>	<u>\$ 99,691</u>

### NOTE 3: INVESTMENTS

Investments are reported at their market value. Securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the year. Investments traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at fair value based upon the most recently reported bid prices. Short-term investments are valued at cost which approximates market. Certain other investments are valued at fair value as determined by the Foundation or its trustee banks.

Realized and unrealized investment gains or losses are determined by comparison of asset cost to net proceeds received at the time of disposal and changes in the difference between market values and cost, respectively. These amounts are reflected in the financial statements as net unrealized and realized gain or loss on investments.

The Foundation has established a common investment fund for its restricted funds which allows for the commingling of various trust assets into the common investment fund. The common investment fund was transferred and maintained at one trustee bank in 2008 and two separate trustee banks in 2007. Investment in the funds is limited to the trust funds of the Foundation.

# CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

University of North Alabama Foundation

September 30, 2008 and 2007

## NOTE 3: INVESTMENTS (CONTINUED)

Investments held by the Foundation consisted of the following at September 30:

	<u>2008</u>		<u>2007</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Short Term Reserves and Cash	\$ 3,399,692	\$ 3,399,692	\$ 131,055	\$ 131,055
Fixed income	4,648,526	4,472,079	2,452,759	2,586,939
Equities	<u>7,511,103</u>	<u>6,649,557</u>	<u>9,374,326</u>	<u>10,963,571</u>
<b>TOTAL INVESTMENTS</b>	<b><u>\$15,559,321</u></b>	<b><u>\$14,521,328</u></b>	<b><u>\$11,958,140</u></b>	<b><u>\$13,681,565</u></b>

## NOTE 4: FIXED ASSETS

Fixed Assets consisted of the following at September 30:

	<u>2008</u>	<u>2007</u>
Collectibles	\$ 273,950	\$ 263,650
Furniture and Equipment	24,364	24,364
Computer Software	<u>9,700</u>	<u>9,700</u>
	\$ 308,014	\$ 297,714
Less Accumulated Depreciation	<u>(34,064)</u>	<u>(33,801)</u>
<b>TOTAL FIXED ASSETS</b>	<b><u>\$ 273,950</u></b>	<b><u>\$ 263,913</u></b>

Depreciation expense for the years ending September 30, 2008 and 2007 was \$263 and \$2,342, respectively, included in supporting services.

## NOTE 5: PROGRAM SUPPORT

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated to Other Program Support as follows:

	<u>2008</u>	<u>2007</u>
Decade Reunions	\$ 2,751	\$ -
UNA Coffee Table Books	-	18,857
Leo II	19,139	44,281
Coby Hall Campaign	700	-
Shoals Symphony at UNA	2,682	2,789
LM Harrison Plaza	-	3,569
Pride of Dixie Bank	15,223	-
Rogers Hall	164,752	-
Baseball Stadium	278,261	-
Other Program Support	<u>2,661</u>	<u>1,302</u>
<b>TOTAL OTHER PROGRAM SUPPORT</b>	<b><u>\$ 486,169</u></b>	<b><u>\$ 70,798</u></b>

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

University of North Alabama Foundation

September 30, 2008 and 2007

NOTE 6: NET ASSETS RELEASED FROM RESTRICTIONS

Donor-imposed restrictions on temporarily restricted net assets were satisfied for the years ended September 30 as follows:

	<u>2008</u>	<u>2007</u>
Purpose for which restricted contributions were used:		
Program Services	\$ 869,064	\$ 253,605
Instruction	161,706	130,587
Scholarships	243,253	151,684
Loss on pledges	<u>25,000</u>	<u>15,000</u>
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	<u>\$ 1,299,023</u>	<u>\$ 550,876</u>

NOTE 7: NATURE AND AMOUNT OF TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at September 30:

	<u>2008</u>	<u>Restated 2007</u>
Program Services	\$ 1,192,849	\$ 1,809,860
Instruction	1,022,370	1,961,229
Scholarships	<u>1,025,544</u>	<u>2,222,577</u>
TOTAL TEMPORARILY RESTRICTED NET ASSETS	<u>\$ 3,240,763</u>	<u>\$ 5,993,666</u>

NOTE 8: NATURE AND AMOUNT OF PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets in the following amounts are restricted to investments in perpetuity, the income which is expendable for the following purposes at September 30:

	<u>2008</u>	<u>2007</u>
Program Services & Instruction	\$ 5,042,300	\$ 4,957,238
Scholarships	<u>7,273,706</u>	<u>6,533,467</u>
TOTAL PERMANENTLY RESTRICTED NET ASSETS	<u>\$12,316,006</u>	<u>\$11,490,705</u>

NOTE 9: ANNUITY GIFTS AND OBLIGATIONS

Gifts are made to the Organization in the form of gift annuities. A gift annuity is a simple contract between the donor and University of North Alabama Foundation. In exchange for the donor's contribution, UNA Foundation promises to make fixed, guaranteed payments for life to the annuitant. The amount is based on the age of the annuitant, in accordance with UNA Foundation's rate schedule. This rate schedule is suggested by the American Council on Gift Annuities. The annuity payments are a general obligation of UNA Foundation.



CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

University of North Alabama Foundation

September 30, 2008 and 2007

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NOTE 9: ANNUITY GIFTS AND OBLIGATIONS (CONTINUED)

Obligations under annuity contracts at September 30 are as follows:

	<u>2008</u>	<u>2007</u>
Current Portion	\$ 65,854	\$ 65,197
Deferred	<u>217,846</u>	<u>197,792</u>
TOTAL ANNUITY OBLIGATIONS	<u>\$ 283,700</u>	<u>\$ 262,989</u>

NOTE 10: CONTRIBUTED SERVICES

Land has been transferred from UNA Foundation to the University of North Alabama for the benefit of the Foundation. The UNA Foundation received a credit for this transfer that was used to offset contributed services provided by the University. The credit provided to the Foundation for the years ended September 30, 2008 and 2007 was \$0 and \$90,503, respectively.

NOTE 11: CAMPUS PROJECTS, LLC

Campus Projects, LLC was created in 2005 with the sole member being University of North Alabama Foundation. In 2005, the Foundation transferred assets to the LLC that did not meet the objectives of the Foundation.

NOTE 12: PRIOR PERIOD ADJUSTMENT

During the period ended September 30, 2008, the Foundation discovered errors made in the value of annuities payable. Annuities payable were overstated by \$171,737. Adjustments to correct this error resulted in an increase to Temporarily Restricted Net Assets of \$171,737 as of September 30, 2007. The 2007 financial statements have been restated to reflect the decrease in annuities payable.