

CONSOLIDATED FINANCIAL STATEMENTS

**University of North Alabama Foundation
And Subsidiary**

September 30, 2010 and 2009

TABLE OF CONTENTS

Independent Auditors' Report.....	1
Consolidated Financial Statements:	
Consolidated Statements of Financial Position	2
Consolidated Statements of Activities.....	4
Consolidated Statements of Functional Expenses – Program Services	6
Consolidated Statements of Functional Expenses – Support Services	7
Consolidated Statements of Cash Flows.....	9
Notes to Consolidated Financial Statements.....	10

Parkhurst & Norvell

Certified Public Accountants

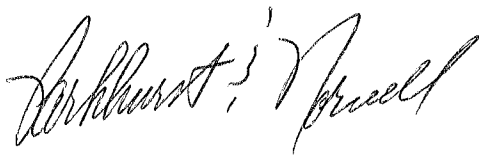
INDEPENDENT AUDITORS' REPORT

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, 2010 and 2009 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, 2010 and 2009, 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.



April 8, 2011

STATEMENT OF FINANCIAL POSITION

University of North Alabama Foundation

September 30, 2010 and 2009

	<u>ASSETS</u>	
	<u>2010</u>	<u>2009</u>
Current Assets:		
Cash and Cash Equivalents	\$ 1,551,454	1,279,229
Accounts Receivable	29,624	30,273
Pledges Receivable (net) - current	195,546	2,823
Inventories	5,179	6,938
Interest Receivable	<u>16,870</u>	<u>27,894</u>
Total Current Assets	1,798,673	1,347,157
Total Investments	15,200,211	14,156,374
Fixed Assets:		
Donated Artifacts and Collectibles	273,950	273,950
Furniture and Equipment	<u>34,064</u>	<u>34,064</u>
	308,014	308,014
Less: Accumulated Depreciation	<u>34,064</u>	<u>34,064</u>
Total Fixed Assets	273,950	273,950
Other Assets		
Pledges Receivable (net) - non-current	<u>133,623</u>	<u>-</u>
Total Other Assets	<u>133,623</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 17,406,457</u>	<u>15,777,481</u>

The Accompanying Notes are an Integral Part of these Financial Statements

STATEMENT OF FINANCIAL POSITION

University of North Alabama Foundation

September 30, 2010 and 2009

<u>LIABILITIES AND NET ASSETS</u>		
	<u>2010</u>	<u>2009</u>
Current Liabilities:		
Accounts Payable	\$ 141,331	51,428
Obligations under Annuity Contracts - Current Portion	<u>67,249</u>	<u>78,073</u>
Total Current Liabilities	208,580	129,501
Obligations under Annuity Contracts - Deferred Portion	<u>281,804</u>	<u>264,921</u>
Total Liabilities	490,384	394,422
Net Assets:		
Unrestricted	33,585	287,208
Temporarily Restricted	3,706,758	2,642,041
Permanently Restricted	<u>13,175,730</u>	<u>12,453,809</u>
Total Net Assets	<u>16,916,073</u>	<u>15,383,058</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 17,406,457</u></u>	<u><u>15,777,480</u></u>

The Accompanying Notes are an Integral Part of these Financial Statements

STATEMENT OF ACTIVITIES

University of North Alabama Foundation

For the Year Ended September 30, 2010

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
SUPPORT AND REVENUE:				
Support:				
Contributions	\$ 89,873	1,564,383	517,721	2,171,977
In-Kind Donations	1,534	151,216	-	152,750
Other Income	2,036	116,387	-	118,423
Transfers	165,161	(369,360)	204,199	-
Net Assets Released from Restriction	<u>1,593,295</u>	<u>(1,593,295)</u>	<u>-</u>	<u>-</u>
Total Support	1,851,899	(130,669)	721,920	2,443,150
Revenue:				
Interest and Dividends	-	379,620	-	379,620
Net Unrealized and Realized Gain (Loss) on Investments	<u>-</u>	<u>815,766</u>	<u>-</u>	<u>815,766</u>
Total Revenue	<u>-</u>	<u>1,195,386</u>	<u>-</u>	<u>1,195,386</u>
TOTAL SUPPORT AND REVENUE	1,851,899	1,064,717	721,920	3,638,536
EXPENSES:				
Program Services	1,547,308	-	-	1,547,308
Support Services	558,214	-	-	558,214
Loss on Pledges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENSES	<u>2,105,522</u>	<u>-</u>	<u>-</u>	<u>2,105,522</u>
NET CHANGE IN ASSETS	(253,623)	1,064,717	721,920	1,533,014
NET ASSETS AT BEGINNING OF YEAR	<u>287,208</u>	<u>2,642,041</u>	<u>12,453,810</u>	<u>15,383,059</u>
NET ASSETS AT END OF YEAR	<u>\$ 33,585</u>	<u>3,706,758</u>	<u>13,175,730</u>	<u>16,916,073</u>

The Accompanying Notes are an Integral Part of these Financial Statements

STATEMENT OF ACTIVITIES

University of North Alabama Foundation

For the Year Ended September 30, 2009

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
SUPPORT AND REVENUE:				
Support:				
Contributions	\$ 119,762	582,079	248,416	950,257
In-Kind Donations	-	-	-	-
Other Income	35	79,678	-	79,713
Transfers	326,361	(293,427)	(32,934)	-
Net Assets Released from Restriction	<u>1,292,759</u>	<u>(1,215,081)</u>	<u>(77,678)</u>	<u>-</u>
Total Support	1,738,917	(846,751)	137,804	1,029,970
Revenue:				
Interest and Dividends	-	522,950	-	522,950
Net Unrealized and Realized Gain (Loss) on Investments	<u>-</u>	<u>(274,921)</u>	<u>-</u>	<u>(274,921)</u>
Total Revenue	<u>-</u>	<u>248,029</u>	<u>-</u>	<u>248,029</u>
TOTAL SUPPORT AND REVENUE	1,738,917	(598,722)	137,804	1,277,999
EXPENSES:				
Program Services	1,153,793	-	-	1,153,793
Support Services	541,128	-	-	541,128
Loss on Pledges	<u>77,678</u>	<u>-</u>	<u>-</u>	<u>77,678</u>
TOTAL EXPENSES	<u>1,772,599</u>	<u>-</u>	<u>-</u>	<u>1,772,599</u>
NET CHANGE IN ASSETS	(33,682)	(598,722)	137,804	(494,600)
NET ASSETS AT BEGINNING OF YEAR	<u>320,890</u>	<u>3,240,763</u>	<u>12,316,006</u>	<u>15,877,659</u>
NET ASSETS AT END OF YEAR	<u>\$ 287,208</u>	<u>2,642,041</u>	<u>12,453,810</u>	<u>15,383,059</u>

The Accompanying Notes are an Integral Part of these Financial Statements

STATEMENT OF FUNCTIONAL EXPENSES
Schedule of Program Services

University of North Alabama Foundation

For the Years Ended September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Scholarships Awarded	\$ 589,781	492,501
Eminent Scholars Support	175,766	224,046
Academic Program Support	150,233	86,144
Alumni Program Support	88,818	98,518
Annuities	43,775	76,999
Athletic Department Support	407,539	121,585
Student / Faculty Support	3,941	15,109
Other Program Support	<u>87,455</u>	<u>38,891</u>
 TOTAL PROGRAM SERVICES	 <u>\$ 1,547,308</u>	 <u>1,153,793</u>

The Accompanying Notes are an Integral Part of these Financial Statements

STATEMENT OF FUNCTIONAL EXPENSES
Schedule of Support Services

University of North Alabama Foundation

For the Year Ended September 30, 2010

	Management & General	Fund Raising	Total Support Services
Contract Services - Executive Director	\$ 500	126,718	127,218
Banquets and Meals	5,642	28,830	34,472
Supplies	2,096	22,650	24,746
Advertising	-	5,078	5,078
Travel	2,705	46,741	49,446
Postage	283	23,346	23,629
Legal & Accounting	44,058	5,771	49,829
Telephone	-	138	138
Insurance	-	6,135	6,135
Printing and Copying	6,458	56,575	63,033
Membership Dues	445	2,583	3,028
Software & Maintenance	-	61,257	61,257
Staff Development	-	-	-
Fundraisers & Volunteers	-	-	-
Awards	-	3,300	3,300
Miscellaneous Expenses	100	199	299
Fees	4,114	18,588	22,702
Donations and Sponsorships	-	-	-
NAA Events	-	31,330	31,330
Donor Appreciation	-	11,133	11,133
Gifts & Flowers	12,203	14,362	26,565
In-Kind Service	3,698	9,408	13,106
General Program Support	1,770	-	1,770
 TOTAL SUPPORT SERVICES	 \$ 84,072	 474,142	 558,214

The Accompanying Notes are an Integral Part of these Financial Statements

STATEMENT OF FUNCTIONAL EXPENSES
Schedule of Support Services

University of North Alabama Foundation

For the Year Ended September 30, 2009

	Management & General	Fund Raising	Total Support Services
Contract Services - Executive Director	\$ 2,595	61,529	64,124
Banquets and Meals	7,633	21,424	29,057
Supplies	4,867	13,860	18,727
Advertising	-	1,500	1,500
Travel	1,230	47,327	48,557
Postage	257	27,462	27,719
Legal & Accounting	30,526	16,543	47,069
Telephone	207	46	253
Insurance	849	859	1,708
Printing and Copying	9	95,016	95,025
Membership Dues	4,580	10,396	14,976
Software & Maintenance	-	12,636	12,636
Staff Development	-	5,108	5,108
Fundraisers & Volunteers	1,000	4,450	5,450
Awards	-	7,400	7,400
Miscellaneous Expenses	(2,100)	(684)	(2,784)
Fees	6,536	9,876	16,412
Donations and Sponsorships	-	120	120
NAA Events	-	70,666	70,666
Donor Appreciation	-	17,688	17,688
Gifts & Flowers	10,107	17,534	27,641
Cost of Events	-	3,591	3,591
General Program Support	-	28,485	28,485
 TOTAL SUPPORT SERVICES	 \$ 68,296	 472,832	 541,128

The Accompanying Notes are an Integral Part of these Financial Statements

STATEMENT OF CASH FLOWS

University of North Alabama Foundation

For the Years Ended September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 1,533,014	(494,600)
Adjustments to Reconcile Change in Net Assets to Net Cash used for Operating Activities:		
Depreciation	-	-
Unrealized Loss (Gain) on Investments	(818,351)	274,921
(Increase) Decrease in Accounts Receivable	649	36,127
(Increase) Decrease in Pledges Receivable	(362,720)	87,000
Decrease (Increase) in Inventory	1,759	(1,769)
(Increase) Decrease in Interest Receivable	11,024	(957)
Increase in Accounts Payable	89,903	25,013
Increase (Decrease) in Amortization of Discount on Pledges Rec.	36,376	(3,399)
(Decrease) in Obligation Under Annuity Contracts	6,059	59,294
In-Kind Donation of Artifacts and Collectibles	-	-
Contributions Restricted for Investment	<u>(517,721)</u>	<u>(248,416)</u>
NET CASH USED IN OPERATING ACTIVITIES	(20,009)	(266,786)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net (Purchase) Sale of Investments	(225,487)	90,032
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions Restricted for Permanent Investment	<u>517,721</u>	<u>248,416</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	272,225	71,662
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,279,229</u>	<u>1,207,567</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,551,454</u>	<u>1,279,229</u>

The Accompanying Notes are an Integral Part of these Financial Statements

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

University of North Alabama Foundation and Subsidiary

September 30, 2010 and 2009

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 2010 comparative information have been made to conform with the 2009 presentation.

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

University of North Alabama Foundation and Subsidiary

September 30, 2010 and 2009

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 may at times exceed federally insured limits. These cash funds are held in interest bearing accounts. UNA Foundation has not experienced any losses in such accounts and believe it is not exposed to any significant credit risk on cash and cash equivalents.

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 and Subsidiary

September 30, 2010 and 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INVESTMENTS

Investments are carried at fair market value. In addition to traditional asset classes of fixed income (40%) and equity holdings (60%), asset allocations may contain alternative investments of, but not limited to, venture capital, limited partnerships, futures, commodities and derivative investments.

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

Pledges receivable (unconditional promises to give) including pledges recorded at estimated net realizable value, are recognized as revenue when pledges are made. Most pledges receivable are restricted by donors. All pledges receivable at September 30, 2010 and 2009 are due within one to five years. Discounts for pledges (pledges due over one year) are recorded as reductions to contribution revenue and pledges receivable. Discounts increase contribution revenue when the pledge is received.

Total pledges at September 30 are as follows:

	<u>2010</u>	<u>2009</u>
Receivable in less than one year	\$ 195,546	2,823
Receivable in one to five years	<u>169,999</u>	<u>-</u>
Total Pledges	365,545	2,823
Less discounts to net present value	(10,826)	-
Less allowance for uncollectible promises	<u>(25,550)</u>	<u>-</u>
NET PLEDGES RECEIVABLE	<u>\$ 329,169</u>	<u>2,823</u>

Pledges receivable are discounted at 2.4%

NOTE 3: CONTRIBUTED GOODS AND SERVICES

Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services are recognized if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. For the year ended September 30, 2010, UNA Foundation recorded in-kind contributions of \$152,750.

Unpaid volunteers have also donated time assisting the UNA Foundation in achieving the goals of its various service programs. The value of this contributed time is not reflected in the accompanying financial statements as it does not meet the recognition criteria.

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

University of North Alabama Foundation and Subsidiary

September 30, 2010 and 2009

NOTE 4: 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. Investment in the funds is limited to the trust funds of the Foundation.

Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

The Foundation investments are reported at fair value in the accompanying statement of financial position.

FASB ASC 820 (formerly SFAS NO. 157, *Fair Value Measurements*), establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels.

Level 1 Fair Value Measurement – The fair values are based on quoted prices in active markets for identical assets that the plan has the ability to access at the measurement date.

Level 2 Fair Value Measurement – The fair values are based on inputs rather than quoted prices within Level 1 that are observed for the asset, either directly or indirectly.

Level 3 Fair Value Measurement – The fair values are based on at least one significant unobservable input for the asset.

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

University of North Alabama Foundation and Subsidiary

September 30, 2010 and 2009

NOTE 4: INVESTMENTS (Continued)

September 30, 2010:

	<u>Fair Value</u>	Fair Value Measurements Using Quoted Prices Level I
Short Term Reserves and Cash	\$ 1,182,778	1,182,778
Fixed income	4,922,732	4,922,732
Equities	6,254,104	6,254,104
Real Assets	1,526,221	1,526,221
Complementary	<u>1,314,376</u>	<u>1,314,376</u>
TOTAL INVESTMENTS	<u>\$15,200,211</u>	<u>15,200,211</u>

September 30, 2009:

	<u>Fair Value</u>	Fair Value Measurements Using Quoted Prices Level I
Short Term Reserves and Cash	\$ 2,112,431	2,112,431
Fixed income	4,842,271	4,842,271
Equities	<u>7,201,672</u>	<u>7,201,672</u>
TOTAL INVESTMENTS	<u>\$14,156,374</u>	<u>14,156,374</u>

NOTE 5: FIXED ASSETS

Fixed Assets consisted of the following at September 30:

	<u>2010</u>	<u>2009</u>
Collectibles	\$ 273,950	273,950
Furniture and Equipment	24,364	24,364
Computer Software	<u>9,700</u>	<u>9,700</u>
	308,014	308,014
Less Accumulated Depreciation	<u>(34,064)</u>	<u>(34,064)</u>
TOTAL FIXED ASSETS	<u>\$ 273,950</u>	<u>273,950</u>

Depreciation expense for the years ending September 30, 2010 and 2009 was \$0.

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

University of North Alabama Foundation and Subsidiary

September 30, 2010 and 2009

NOTE 6: OTHER 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>2010</u>	<u>2009</u>
International Student Services	\$ 2,713	1,378
Leo III	37,267	20,918
Distinguished Event Series	9,513	-
Lion Pride Quasi End Fd	3,710	4,951
Pride of Dixie Band	21,626	5,000
Rogers Hall	5,073	2,816
Other Program Support	<u>7,553</u>	<u>3,828</u>
 TOTAL OTHER PROGRAM SUPPORT	 <u>\$ 87,455</u>	 <u>38,891</u>

NOTE 7: NET ASSETS RELEASED FROM RESTRICTIONS

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

	<u>2010</u>	<u>2009</u>
Purpose for which restricted contributions were used:		
Program Services	\$ 677,545	413,082
Instruction	325,969	309,498
Scholarships	589,781	492,501
Loss on pledges	<u>-</u>	<u>77,678</u>
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	<u>\$ 1,593,295</u>	<u>1,292,759</u>

NOTE 8: NATURE AND AMOUNT OF TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2010</u>	<u>2009</u>
Program Services	\$ 2,227,274	1,284,794
Instruction	919,394	821,216
Scholarships	<u>560,090</u>	<u>563,031</u>
 TOTAL TEMPORARILY RESTRICTED NET ASSETS	 <u>\$ 3,706,758</u>	 <u>2,642,041</u>

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

University of North Alabama Foundation and Subsidiary

September 30, 2010 and 2009

NOTE 9: 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>2010</u>	<u>2009</u>
Program Services & Instruction	\$ 5,015,802	4,988,384
Scholarships	<u>8,159,928</u>	<u>7,465,426</u>
TOTAL PERMANENTLY RESTRICTED NET ASSETS	<u>\$13,175,730</u>	<u>12,453,810</u>

NOTE 10: 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.

Obligations under annuity contracts at September 30 are as follows:

	<u>2010</u>	<u>2009</u>
Current Portion	\$ 67,249	78,073
Deferred	<u>281,804</u>	<u>264,921</u>
TOTAL ANNUITY OBLIGATIONS	<u>\$ 349,053</u>	<u>\$ 342,994</u>

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.