

UNIVERSITY OF ARKANSAS FOUNDATION, INC.
CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULES
YEARS ENDED JUNE 30, 2008 and 2007
WITH
INDEPENDENT AUDITORS' REPORT

CONTENTS

| | |
|--|----|
| Independent Auditors' Report | 1 |
| Consolidated Statements of Financial Position..... | 2 |
| Consolidated Statement of Activities for the Year ended June 30, 2008 | 3 |
| Consolidated Statement of Activities for the Year ended June 30, 2007 | 4 |
| Consolidated Statements of Cash Flows..... | 5 |
| Notes to Consolidated Financial Statements..... | 6 |
| Supplementary Information: | |
| Schedule of Activities by Development Council for the Year ended June 30, 2008..... | 12 |
| Schedule of Activities by Development Council for the Year ended June 30, 2007..... | 13 |

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
University of Arkansas Foundation, Inc.

We have audited the accompanying consolidated statements of financial position of the University of Arkansas Foundation, Inc. and subsidiary as of June 30, 2008 and 2007, and the related consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the University of Arkansas Foundation, Inc. and subsidiary as of June 30, 2008 and 2007, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages 12 and 13 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 auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Tullius Taylor Sartain & Sartain LLP

September 29, 2008

UNIVERSITY OF ARKANSAS FOUNDATION, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2008 and 2007

| | 2008 | 2007 |
|--|-----------------------|-----------------------|
| Assets | | |
| Contributions receivable, net of allowance for doubtful accounts of \$627,500 and \$616,500 in 2008 and 2007, respectively | \$ 45,353,912 | \$ 46,200,138 |
| Interest receivable | 2,731,858 | 2,148,834 |
| Notes and other receivables | 122,627 | 135,201 |
| Investments, at fair value | 644,774,668 | 656,170,311 |
| Cash value of life insurance | 579,509 | 499,482 |
| Land | 402,752 | 521,752 |
| Buildings and equipment, net of accumulated depreciation of \$574,923 and \$571,168 in 2008 and 2007, respectively | 100,448 | 39,801 |
| Total assets | <u>\$ 694,065,774</u> | <u>\$ 705,715,519</u> |
| Liabilities and Net Assets | | |
| Liabilities: | | |
| Accounts payable | \$ 3,845,654 | \$ 5,358,676 |
| Annuity obligations | 18,362,092 | 19,606,381 |
| Total liabilities | <u>22,207,746</u> | <u>24,965,057</u> |
| Net assets: | | |
| Unrestricted | 68,443,630 | 65,602,362 |
| Temporarily restricted | 120,779,568 | 126,839,672 |
| Permanently restricted | 482,634,830 | 488,308,428 |
| Total net assets | <u>671,858,028</u> | <u>680,750,462</u> |
| Total liabilities and net assets | <u>\$ 694,065,774</u> | <u>\$ 705,715,519</u> |

UNIVERSITY OF ARKANSAS FOUNDATION, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended June 30, 2008

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|--|---------------|---------------------------|---------------------------|----------------|
| Revenues, gains and other support: | | | | |
| Contributions | \$ 14,532,220 | \$ 34,219,015 | \$ 20,799,614 | \$ 69,550,849 |
| Sponsored programs | 1,596,271 | 707,217 | 1,333 | 2,304,821 |
| Interest and dividends | 7,391,747 | 7,732,579 | 385,285 | 15,509,611 |
| Net realized and unrealized gains (losses) on investments | 3,904,585 | 11,673,539 | (25,098,956) | (9,520,832) |
| Other | 288,075 | 136,698 | - | 424,773 |
| Net assets released from restrictions | 60,409,296 | (60,409,296) | - | - |
| Total revenues, gains and other support | 88,122,194 | (5,940,248) | (3,912,724) | 78,269,222 |
| Expenses and losses: | | | | |
| Program services- | | | | |
| Construction | 28,961,869 | - | - | 28,961,869 |
| Research | 9,079,492 | - | - | 9,079,492 |
| Faculty/staff support | 12,313,504 | - | - | 12,313,504 |
| Scholarships and awards | 6,961,894 | - | - | 6,961,894 |
| Public/staff relations | 3,309,574 | - | - | 3,309,574 |
| Equipment | 4,161,863 | - | - | 4,161,863 |
| Sponsored programs | 1,880,172 | - | - | 1,880,172 |
| Other | 16,130,492 | - | - | 16,130,492 |
| Total program services | 82,798,860 | - | - | 82,798,860 |
| Supporting services- | | | | |
| Management and general | 490,018 | - | - | 490,018 |
| Fund raising | 1,987,070 | - | - | 1,987,070 |
| Change in value of split-interest agreements | - | - | 1,605,194 | 1,605,194 |
| Provision for loss on uncollectible pledges | 4,978 | 119,856 | 155,680 | 280,514 |
| Total supporting services | 2,482,066 | 119,856 | 1,760,874 | 4,362,796 |
| Total expenses and losses | 85,280,926 | 119,856 | 1,760,874 | 87,161,656 |
| Change in net assets | 2,841,268 | (6,060,104) | (5,673,598) | (8,892,434) |
| Net assets, beginning of year | 65,602,362 | 126,839,672 | 488,308,428 | 680,750,462 |
| Net assets, end of year | \$ 68,443,630 | \$ 120,779,568 | \$ 482,634,830 | \$ 671,858,028 |

UNIVERSITY OF ARKANSAS FOUNDATION, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended June 30, 2007

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---------------|---------------------------|---------------------------|----------------|
| Revenues, gains and other support: | | | | |
| Contributions | \$ 17,544,628 | \$ 31,739,706 | \$ 17,284,581 | \$ 66,568,915 |
| Sponsored programs | 1,746,276 | 356,681 | 2,365 | 2,105,322 |
| Interest and dividends | 6,580,267 | 6,562,517 | 385,281 | 13,528,065 |
| Net realized and unrealized gains on investments | 6,545,859 | 12,114,415 | 60,642,271 | 79,302,545 |
| Other | 246,930 | 173,282 | 2,684 | 422,896 |
| Net assets released from restrictions | 52,380,284 | (52,380,284) | - | - |
| Total revenues, gains and other support | 85,044,244 | (1,433,683) | 78,317,182 | 161,927,743 |
| Expenses and losses: | | | | |
| Program services- | | | | |
| Construction | 20,809,084 | - | - | 20,809,084 |
| Research | 10,305,664 | - | - | 10,305,664 |
| Faculty/staff support | 13,697,563 | - | - | 13,697,563 |
| Scholarships and awards | 6,238,241 | - | - | 6,238,241 |
| Public/staff relations | 3,036,574 | - | - | 3,036,574 |
| Equipment | 7,572,801 | - | - | 7,572,801 |
| Sponsored programs | 2,311,102 | - | - | 2,311,102 |
| Other | 13,454,353 | - | - | 13,454,353 |
| Total program services | 77,425,382 | - | - | 77,425,382 |
| Supporting services- | | | | |
| Management and general | 367,516 | - | - | 367,516 |
| Fund raising | 2,073,758 | - | - | 2,073,758 |
| Change in value of split-interest agreements | - | - | 1,939,795 | 1,939,795 |
| Provision for loss on uncollectible pledges | 25,376 | 423,380 | 30,570 | 479,326 |
| Total supporting services | 2,466,650 | 423,380 | 1,970,365 | 4,860,395 |
| Total expenses and losses | 79,892,032 | 423,380 | 1,970,365 | 82,285,777 |
| Change in net assets | 5,152,212 | (1,857,063) | 76,346,817 | 79,641,966 |
| Net assets, beginning of year | 60,450,150 | 128,696,735 | 411,961,611 | 601,108,496 |
| Net assets, end of year | \$ 65,602,362 | \$ 126,839,672 | \$ 488,308,428 | \$ 680,750,462 |

See accompanying notes to consolidated financial statements.

UNIVERSITY OF ARKANSAS FOUNDATION, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended June 30, 2008 and 2007

| | 2008 | 2007 |
|---|-----------------|-----------------|
| Cash Flows from Operating Activities | | |
| Change in net assets | \$ (8,892,434) | \$ 79,641,966 |
| Adjustments to reconcile change in net assets to net cash used in operating activities: | | |
| Depreciation | 44,680 | 43,935 |
| Land transferred to College | - | 535,000 |
| Change in value of split-interest agreements | 976,581 | (781,707) |
| Net realized and unrealized (gains) losses on investments | 9,520,832 | (79,302,545) |
| Net loss on disposal of buildings and equipment | 419,404 | 51,170 |
| Provision for loss on uncollectible contributions | 11,000 | - |
| (Increase) decrease in cash value of life insurance | (80,027) | 1,495 |
| Noncash gifts | (1,160,000) | (16,000) |
| Interest restricted for long-term investment | (385,285) | (385,281) |
| Contributions restricted for long-term investment | (22,875,102) | (12,953,689) |
| Change in assets and liabilities: | | |
| Decrease in contributions receivable | 835,226 | 5,042,892 |
| Decrease (increase) in interest receivable | (583,024) | 492,429 |
| Decrease in notes and other receivables | 12,574 | 61,897 |
| (Decrease) increase in accounts payable | (1,513,022) | 1,086,211 |
| Net cash used in operating activities | (23,668,597) | (6,482,227) |
| Cash Flows from Investing Activities | | |
| Proceeds from sale of investments | 1,189,808,952 | 994,223,666 |
| Purchase of investments | (1,187,934,141) | (1,003,309,759) |
| Proceeds from sale of buildings and equipment | 876,957 | 399,499 |
| Purchase of buildings and equipment | (105,327) | (33,878) |
| Net cash provided by (used in) investing activities | 2,646,441 | (8,720,472) |
| Cash Flows from Financing Activities | | |
| Proceeds from contributions restricted for: | | |
| Investment in endowment | 22,875,102 | 12,953,689 |
| Investment subject to annuity obligations | (62,806) | 3,910,203 |
| Other financing activities: | | |
| Interest restricted for reinvestment | 385,285 | 385,281 |
| Payment of annuity obligations | (2,175,425) | (2,046,474) |
| Net cash provided by financing activities | 21,022,156 | 15,202,699 |
| Net change in cash and cash at beginning and end of year | \$ - | \$ - |

See accompanying notes to consolidated financial statements.

UNIVERSITY OF ARKANSAS FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2008 and 2007

Note 1 – Nature of Operations And Summary of Significant Accounting Policies

Nature of operations

The University of Arkansas Foundation, Inc. (the Foundation) administers and invests gifts and other amounts received directly or indirectly as a result of the individual fund raising activities of the various unincorporated development councils of the Foundation. The Foundation's principal activity is providing support to or for the benefit of the University of Arkansas.

The consolidated financial statements include the accounts of the Foundation and its wholly owned subsidiary, University of Arkansas Foundation Realty LLC (an Arkansas limited liability company) (the Subsidiary). The specific purposes of the Subsidiary are to receive, hold, manage and sell real estate of the Foundation and the Subsidiary, acquired by gift, devise or purchase, and to otherwise invest, reinvest, manage and operate the assets of the Subsidiary. The Subsidiary will exist for a period of 50 years ending December 31, 2050. All significant intercompany accounts and transactions have been eliminated.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant change relate to the allowance for doubtful contributions receivable. While the allowance is maintained at a level considered adequate to provide for potential losses based on management's evaluation of the contributions receivable, as well as on historical losses, changes in conditions may necessitate revision of these estimates in future years.

The financial statements include marketable and non-marketable alternative investments valued at approximately \$146 million (22% of net assets) and \$109 million (16% of net assets) and as of June 30, 2008 and 2007, respectively. The fair values of alternative investments have been prepared by management in the absence of readily determinable fair values. These values are based on information provided by the respective fund managers.

Unrestricted net assets

Gifts of cash and other assets that have neither permanent nor temporary donor imposed restrictions are recorded as unrestricted. Donor-restricted contributions, whose restrictions are met within the same year as received, are also reported as unrestricted contributions.

Temporarily restricted net assets

The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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. All income derived from the assets is to remain temporarily restricted until such a time as the restrictions are met in accordance with donor stipulations.

Permanently restricted net assets

Permanently restricted net assets are subject to donor imposed restrictions that stipulate that resources be maintained permanently, but permit the Foundation to expend income derived from the assets in an amount equal to a predetermined "spending rate" established by the Foundation's Board of Directors (the Board). The Board has approved a spending policy whereby funds are transferred quarterly from endowment to the appropriate temporarily restricted operating fund. The amount of funds transferred out of endowment is computed by applying the spending rate (4.5% at June 30, 2008 and 2007) to the aggregate market value of income producing endowment investments as of the end of each quarter.

Contributions

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received.

Purchased investments

Investments consist primarily of marketable securities. The Foundation accounts for investments under Statement of Financial Accounting Standards No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. This Statement requires that investments in equity securities with readily determinable fair values and all investments in debt securities be reported at fair value with gains and losses included in the statement of activities.

Donated assets

Donated assets are carried at the lower of fair value on the date of receipt or year-end market value.

Income taxes

The Foundation is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and a similar Arkansas law.

Reclassifications

Certain reclassifications have been made to prior year's financials statements to conform to the current year presentation. These reclassifications had no effect on the Foundation's change in net assets.

Note 2 – Contributions Receivable

Contributions receivable consist of the following unconditional promises to give at June 30, 2008 and 2007:

| | 2008 | 2007 |
|---------------------------------------|----------------------|----------------------|
| Due in less than one year | \$ 20,349,076 | \$ 17,551,986 |
| Due in one to five years | 32,781,016 | 35,996,820 |
| Due in more than five years | 3,315,631 | 5,031,608 |
| | <u>56,445,723</u> | <u>58,580,414</u> |
| Less: Allowance for doubtful accounts | 627,500 | 616,500 |
| Unamortized discount | 10,464,311 | 11,763,776 |
| | <u>11,091,811</u> | <u>12,380,276</u> |
| | <u>\$ 45,353,912</u> | <u>\$ 46,200,138</u> |

Note 3 – Investments

The market values of the Foundation's portfolios of investments, consisting primarily of marketable securities as of June 30, 2008 and 2007, are as follows:

| | 2008 | 2007 |
|-----------------------------|-----------------------|-----------------------|
| U.S. equity funds | \$ 134,026,641 | \$ 167,973,557 |
| International equity funds | 114,343,071 | 135,636,055 |
| Fixed income funds | 177,215,834 | 167,649,535 |
| Marketable alternatives | 99,500,767 | 91,957,746 |
| Real estate funds and other | 63,509,772 | 54,824,703 |
| Non-marketable alternatives | 46,692,741 | 16,589,981 |
| Money market funds | 1,719,924 | 13,414,554 |
| Equity securities | 7,715,918 | 8,074,180 |
| Corporate obligations | 50,000 | 50,000 |
| | <u>\$ 644,774,668</u> | <u>\$ 656,170,311</u> |

The Foundation paid approximately \$2.9 million and \$2.4 million in custodial and investment advisory fees during 2008 and 2007, respectively.

The Foundation invests in various investment securities, including marketable and non-marketable alternatives, which are in general exposed to various risks, such as interest rate, credit and overall market volatility risks. Investments are made by investment managers engaged by the Foundation, and the investments are monitored by the Foundation staff and its investment advisor. Although the market value of investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of the Foundation and its beneficiaries.

Due to market volatility, it is reasonably possible that changes in the values of investment securities will occur in the near term, and that such changes could materially affect the amounts reported in the statement of activities. Significant fluctuations in fair values could occur from year to year, and the amounts the Foundation will ultimately realize could differ materially.

Note 4 – Annuity Obligations

The Foundation has received gifts in return for lifetime annuities. The terms of these annuities vary depending upon the life expectancy of the recipients. The quarterly payments as of June 30, 2008 and 2007, were \$554,200 and \$563,602, respectively, including interest which ranges from 5% to 12%.

Aggregate annual maturities of annuity obligations at June 30, 2008, are as follows:

| | |
|------------|----------------------|
| 2009 | \$ 1,365,979 |
| 2010 | 1,322,552 |
| 2011 | 1,086,989 |
| 2012 | 1,000,500 |
| 2013 | 938,729 |
| Thereafter | <u>12,647,343</u> |
| | <u>\$ 18,362,092</u> |

Note 5 – Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

| | <u>2008</u> | <u>2007</u> |
|-------------------------|-----------------------|-----------------------|
| Construction | \$ 47,045,378 | \$ 57,428,728 |
| Research | 17,191,189 | 16,715,841 |
| Scholarships and awards | 15,923,474 | 13,745,491 |
| Other | 40,619,527 | 38,949,612 |
| | <u>\$ 120,779,568</u> | <u>\$ 126,839,672</u> |

Note 6 – Permanently Restricted Net Assets

Permanently restricted net assets are required to be invested in perpetuity. In accordance with donor stipulations, net appreciation in the value of endowed funds, less the amount equal to the spending rate as determined by the Board, is to be retained permanently. The income equal to the spending rate is expendable to support:

| | 2008 | 2007 |
|------------------------------|-----------------------|-----------------------|
| Scholarships and awards | \$ 165,512,430 | \$ 166,263,098 |
| Designated fund expenditures | 317,122,400 | 322,045,330 |
| | <u>\$ 482,634,830</u> | <u>\$ 488,308,428</u> |

Note 7 – Net Assets Released From Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows:

| | 2008 | 2007 |
|-------------------------|----------------------|----------------------|
| Construction | \$ 23,875,051 | \$ 20,684,414 |
| Scholarships and awards | 6,261,405 | 5,396,096 |
| Research | 9,238,466 | 6,145,765 |
| Faculty/Staff Support | 8,022,431 | 7,187,469 |
| Other | 13,011,943 | 12,966,540 |
| | <u>\$ 60,409,296</u> | <u>\$ 52,380,284</u> |

Note 8 – Pension Plan

The Foundation has a defined contribution (money-purchase) retirement plan covering substantially all employees. The Foundation's contributions to the plan are 5% of participants' salaries. In addition, the Foundation will match all contributions made by employees up to and including 5%. Contributions are limited to 10% of the total compensation paid to participants during the plan year. Participants' interests are immediately vested. Employer contributions to the plan were \$109,234 and \$92,091 in 2008 and 2007, respectively.

Note 9 – Fair Value of Financial Instruments

The following methods and assumptions were used by the Foundation in estimating the fair value of its financial instruments, all of which are reported at fair value:

Interest receivable

For these short-term instruments, the carrying amount approximates fair value.

Contributions receivable

The fair value is estimated by discounting the future cash flows using the risk-free interest rates applicable to the years in which the promises are received.

Notes receivable

The fair value is estimated by discounting the future cash flows using the current rates for similar notes receivable with the same remaining maturities.

Long-term investments

Marketable securities are stated at fair value which is generally determined based on quoted market prices or, in some cases, estimates provided by external investment managers. Non-marketable investments in limited partnerships reflect the estimated fair value of the underlying assets or cost adjusted for transactions if no meaningful estimate of market value is available.

Note 10 – Significant Concentrations

Six pledges approximate 36% and 41% of total contributions receivable at June 30, 2008 and 2007, respectively.

SUPPLEMENTARY INFORMATION

UNIVERSITY OF ARKANSAS FOUNDATION, INC.

SCHEDULE OF ACTIVITIES BY DEVELOPMENT COUNCIL

Year ended June 30, 2008

| | System | Fayetteville | Agriculture | Little Rock | Medical Sciences | Monticello | Pine Bluff | Arkansas Cancer Research Center | Batesville | Total |
|---|--------------|----------------|---------------|---------------|------------------|---------------|--------------|---------------------------------|------------|----------------|
| Revenues, gains and other support: | | | | | | | | | | |
| Contributions | \$ 765,255 | \$ 27,553,211 | \$ 2,742,952 | \$ 7,727,530 | \$ 12,291,415 | \$ 2,270,034 | \$ 1,435,521 | \$ 14,696,322 | \$ 68,609 | \$ 69,550,849 |
| Sponsored programs | 210,368 | 38,667 | 1,163,878 | 100,785 | 665,470 | - | 122,755 | 2,898 | - | 2,304,821 |
| Interest and dividends | 1,334,481 | 7,620,083 | 625,672 | 1,219,602 | 3,649,876 | 215,871 | 131,583 | 703,564 | 8,879 | 15,509,611 |
| Net realized and unrealized gains (losses) on investments | 481,677 | (5,409,811) | (116,704) | (818,281) | (3,079,113) | (239,371) | (52,574) | (278,673) | (7,982) | (9,520,832) |
| Other | - | 16,361 | 147,553 | 145,394 | 92,634 | - | 22,831 | - | - | 424,773 |
| Total revenues, gains and other support | 2,791,781 | 29,818,511 | 4,563,351 | 8,375,030 | 13,620,282 | 2,246,534 | 1,660,116 | 15,124,111 | 69,506 | 78,269,222 |
| Expenses and losses: | | | | | | | | | | |
| Program services- | | | | | | | | | | |
| Construction | 4,084 | 20,703,590 | 293,518 | - | 7,381,247 | 109,861 | 450,330 | 19,239 | - | 28,961,869 |
| Research | - | 3,347,455 | 1,689,513 | 11,022 | 1,329,041 | 1,438 | - | 2,701,023 | - | 9,079,492 |
| Faculty/staff support | 151,410 | 6,006,462 | 169,024 | 738,291 | 3,807,599 | 134,846 | 56,022 | 1,249,165 | 685 | 12,313,504 |
| Scholarships and awards | 122,293 | 4,411,380 | 196,672 | 982,246 | 459,936 | 346,789 | 410,284 | - | 32,294 | 6,961,894 |
| Public/staff relations | 164,155 | 906,495 | 281,455 | 324,997 | 1,204,727 | 60,771 | 152,665 | 204,289 | 10,020 | 3,309,574 |
| Equipment | 11,396 | 1,439,514 | 273,414 | 571,520 | 823,792 | - | 2,534 | 1,039,693 | - | 4,161,863 |
| Sponsored programs | 77,054 | 316,586 | 836,572 | 34,980 | 483,918 | - | 86,672 | 41,333 | 3,057 | 1,880,172 |
| Other | 369,956 | 10,036,729 | 744,980 | 1,786,582 | 2,263,754 | 244,932 | 341,243 | 340,837 | 1,479 | 16,130,492 |
| Total program services | 900,348 | 47,168,211 | 4,485,148 | 4,449,638 | 17,754,014 | 898,637 | 1,499,750 | 5,595,579 | 47,535 | 82,798,860 |
| Supporting services- | | | | | | | | | | |
| Management and general | 1,379 | 265,102 | 77,460 | 33,529 | 87,908 | 9,496 | 9,358 | 5,765 | 21 | 490,018 |
| Fund raising | 6,253 | 1,228,595 | 65,788 | 82,787 | 143,453 | 12,111 | 59,042 | 371,940 | 17,101 | 1,987,070 |
| Change in value of split-interest agreements | - | 410,380 | - | 19,662 | 712,705 | 10,123 | - | 452,324 | - | 1,605,194 |
| Provision for loss on uncollectible pledges | - | 152,913 | 3,780 | 16,521 | 84,800 | - | - | 22,500 | - | 280,514 |
| Total supporting services | 7,632 | 2,056,990 | 147,028 | 152,499 | 1,028,866 | 31,730 | 68,400 | 852,529 | 17,122 | 4,362,796 |
| Total expenses and losses | 907,980 | 49,225,201 | 4,632,176 | 4,602,137 | 18,782,880 | 930,367 | 1,568,150 | 6,448,108 | 64,657 | 87,161,656 |
| Change in net assets | 1,883,801 | (19,406,690) | (68,825) | 3,772,893 | (5,162,598) | 1,316,167 | 91,966 | 8,676,003 | 4,849 | (8,892,434) |
| Net assets, beginning of year | 5,788,342 | 357,201,384 | 23,444,028 | 59,938,195 | 184,955,427 | 11,189,525 | 5,153,514 | 32,640,633 | 439,414 | 680,750,462 |
| Net assets, end of year | \$ 7,672,143 | \$ 337,794,694 | \$ 23,375,203 | \$ 63,711,088 | \$ 179,792,829 | \$ 12,505,692 | \$ 5,245,480 | \$ 41,316,636 | \$ 444,263 | \$ 671,858,028 |

UNIVERSITY OF ARKANSAS FOUNDATION, INC.

SCHEDULE OF ACTIVITIES BY DEVELOPMENT COUNCIL

Year ended June 30, 2007

| System | Fayetteville | Agriculture | Little Rock | Medical Sciences | Monticello | Pine Bluff | Arkansas Cancer Research Center | Batesville | Total | |
|--|--------------|----------------|---------------|------------------|----------------|---------------|---------------------------------|---------------|------------|----------------|
| Revenues, gains and other support: | | | | | | | | | | |
| Contributions | \$ 2,138,600 | \$ 22,078,983 | \$ 2,273,554 | \$ 7,999,284 | \$ 19,335,723 | \$ 825,703 | \$ 583,373 | \$ 11,242,536 | \$ 91,159 | \$ 66,568,915 |
| Sponsored programs | 3,038 | 26,771 | 1,218,522 | 178,717 | 545,334 | - | 110,485 | 22,455 | - | 2,105,322 |
| Interest and dividends | 1,149,016 | 7,019,405 | 551,410 | 971,184 | 3,106,288 | 149,403 | 101,978 | 472,683 | 6,698 | 13,528,065 |
| Net realized and unrealized gains on investments | 1,312,455 | 45,610,768 | 1,892,071 | 6,293,817 | 20,239,637 | 1,497,795 | 591,151 | 1,813,957 | 50,894 | 79,302,545 |
| Other | - | 2,971 | 56,848 | 272,397 | 72,440 | - | 18,000 | 240 | - | 422,896 |
| Total revenues, gains and other support | 4,603,109 | 74,738,898 | 5,992,405 | 15,715,399 | 43,299,422 | 2,472,901 | 1,404,987 | 13,551,871 | 148,751 | 161,927,743 |
| Expenses and losses: | | | | | | | | | | |
| Program services- | | | | | | | | | | |
| Construction | - | 19,632,013 | 331,959 | 56,010 | 739,102 | - | 50,000 | - | - | 20,809,084 |
| Research | - | 2,905,965 | 1,860,091 | 3,485 | 422,905 | 1,315 | 419 | 5,106,754 | 4,730 | 10,305,664 |
| Faculty/staff support | 1,047,966 | 6,654,887 | 150,832 | 923,119 | 3,949,880 | 147,969 | 30,349 | 791,761 | 800 | 13,697,563 |
| Scholarships and awards | 58,183 | 4,229,260 | 68,425 | 744,785 | 378,815 | 376,996 | 362,149 | - | 19,628 | 6,238,241 |
| Public/staff relations | 98,344 | 911,242 | 254,341 | 208,724 | 1,260,775 | 38,022 | 93,838 | 161,613 | 9,675 | 3,036,574 |
| Equipment | 1,015,732 | 5,012,679 | 510,698 | 352,649 | 629,161 | - | 1,685 | 45,663 | 4,534 | 7,572,801 |
| Sponsored programs | 193,653 | 234,115 | 1,127,038 | 265,148 | 323,316 | - | 77,157 | 89,782 | 893 | 2,311,102 |
| Other | 38,811 | 8,182,727 | 441,740 | 2,272,445 | 1,788,181 | 154,750 | 103,744 | 470,777 | 1,178 | 13,454,353 |
| Total program services | 2,452,689 | 47,762,888 | 4,745,124 | 4,826,365 | 9,492,135 | 719,052 | 719,341 | 6,666,350 | 41,438 | 77,425,382 |
| Supporting services- | | | | | | | | | | |
| Management and general | 8,136 | 211,045 | 2,535 | 25,001 | 104,257 | 3,156 | 2,568 | 10,818 | - | 367,516 |
| Fund raising | 33,723 | 1,411,117 | 59,968 | 81,452 | 135,359 | 29,181 | 80,625 | 231,764 | 10,569 | 2,073,758 |
| Change in value of split-interest agreements | - | 1,695,242 | - | 1,718 | 180,110 | 29,943 | - | 32,782 | - | 1,939,795 |
| Provision for loss on uncollectible pledges | - | 214,453 | (15,570) | (3,340) | 143,783 | - | - | 140,000 | - | 479,326 |
| Total supporting services | 41,859 | 3,531,857 | 46,933 | 104,831 | 563,509 | 62,280 | 83,193 | 415,364 | 10,569 | 4,860,395 |
| Total expenses and losses | 2,494,548 | 51,294,745 | 4,792,057 | 4,931,196 | 10,055,644 | 781,332 | 802,534 | 7,081,714 | 52,007 | 82,285,777 |
| Change in net assets | 2,108,561 | 23,444,153 | 1,200,348 | 10,784,203 | 33,243,778 | 1,691,569 | 602,453 | 6,470,157 | 96,744 | 79,641,966 |
| Net assets, beginning of year | 3,679,781 | 333,757,231 | 22,243,680 | 49,153,992 | 151,711,649 | 9,497,956 | 4,551,061 | 26,170,476 | 342,670 | 601,108,496 |
| Net assets, end of year | \$ 5,788,342 | \$ 357,201,384 | \$ 23,444,028 | \$ 59,938,195 | \$ 184,955,427 | \$ 11,189,525 | \$ 5,153,514 | \$ 32,640,633 | \$ 439,414 | \$ 680,750,462 |