

UNIVERSITY OF NEBRASKA FOUNDATION
CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
University of Nebraska Foundation
Lincoln, Nebraska

We have audited the accompanying consolidated statements of financial position of the University of Nebraska Foundation 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 Nebraska Foundation at June 30, 2008 and 2007, and the results of its activities and the 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 consolidated financial statements taken as a whole. The accompanying information on pages 16 through 21 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 audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

Dana F. Cole + Company, LLP

Lincoln, Nebraska
September 9, 2008

UNIVERSITY OF NEBRASKA FOUNDATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2008 AND 2007

	ASSETS	
	2008	2007
ASSETS		
Cash and cash equivalents	2,523,116	1,507,390
Temporary cash investments	230,353,515	190,137,151
Advances and deposits	13,422	10,289
Accounts receivable (net of reserve for bad debts of \$3,918 in 2008 and \$6,531 in 2007)	539,192	418,112
Accrued interest receivable	2,276,280	2,097,900
Student loan receivable	553,814	501,812
Matching funds receivable	1,000	1,000
Prepaid expenses	62,576	62,322
Pledges receivable - restricted (Note 8)	118,222,237	100,989,286
Investments - restricted (Note 2)	1,243,820,253	1,289,708,418
Property and equipment, net of depreciation (Note 9)	<u>7,239,693</u>	<u>5,356,031</u>
TOTAL ASSETS	<u>1,605,605,098</u>	<u>1,590,789,711</u>
 LIABILITIES AND NET ASSETS 		
LIABILITIES		
Advances and accounts payable	32,379	34,585
University of Nebraska benefits payable	2,406,775	2,237,695
Scholarships, research, fellowships and professorships payable	3,099,986	4,769,652
Accrued vacation payable	661,042	544,200
Taxes payable	60,184	52,293
Deferred annuities payable	24,935,086	24,690,768
Deposits held in custody for others	284,136,522	284,632,020
Deferred revenue	<u>1,640,002</u>	<u>1,664,446</u>
Total liabilities	<u>316,971,976</u>	<u>318,625,659</u>
 NET ASSETS		
Unrestricted	7,820,191	6,031,876
Temporarily restricted	461,541,950	420,807,069
Permanently restricted	<u>819,270,981</u>	<u>845,325,107</u>
Total net assets	<u>1,288,633,122</u>	<u>1,272,164,052</u>
TOTAL LIABILITIES AND NET ASSETS	<u>1,605,605,098</u>	<u>1,590,789,711</u>

The accompanying notes are an integral part of these financial statements.

UNIVERSITY OF NEBRASKA FOUNDATION
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008

	2008			
	Unre- stricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUES				
Gifts, bequests and life insurance proceeds	61,088	142,235,548	24,244,112	166,540,748
Investment income	22,172,850	15,722,668	1,278,922	39,174,440
Realized gain (loss) on sale of assets	(872)	4,927,876	55,380,319	60,307,323
Unrealized gain (loss) on assets		(16,960,509)	(74,585,236)	(91,545,745)
	22,233,066	145,925,583	6,318,117	174,476,766
NET ASSETS RELEASED FROM RESTRICTIONS	137,562,945	(107,623,567)	(29,939,378)	
Total support and revenue	159,796,011	38,302,016	(23,621,261)	174,476,766
EXPENDITURES				
Salaries and wages	9,337,831			9,337,831
Payroll taxes	612,625			612,625
Employee benefits	1,681,868			1,681,868
Postage	348,256			348,256
Office supplies and expense	188,455			188,455
Professional services	539,846			539,846
Travel and entertainment	665,480			665,480
Telephone	189,958			189,958
Insurance and bonds	91,386			91,386
Repair and maintenance	366,774			366,774
Equipment rental/purchase	121,038			121,038
Office rent	959,333			959,333
University Towers expense	28,091			28,091
Promotion expense	1,464,767			1,464,767
Auto expense	105,915			105,915
Dues and subscriptions	135,963			135,963
Alumni Associations	508,000			508,000
Miscellaneous expense	125,306			125,306
Recruiting and moving expense	59,363			59,363
Data processing expense	46,303			46,303
Meetings and conferences	322,697			322,697
Investment expense	5,608,333			5,608,333
Academic support	35,585,712			35,585,712
Student assistance	19,154,452			19,154,452
Faculty assistance	4,472,163			4,472,163
Research	3,779,456			3,779,456
Museum, library, and fine arts	1,703,241			1,703,241

UNIVERSITY OF NEBRASKA FOUNDATION
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008

	2008			Total
	Unre- stricted	Temporarily Restricted	Permanently Restricted	
EXPENDITURES (Continued)				
Campus and building improvements	64,809,078			64,809,078
Deferred compensation	90,847			90,847
Paid to beneficiaries	3,678,261			3,678,261
Bad debt and collection expense	1,373			1,373
Depreciation	<u>1,225,525</u>			<u>1,225,525</u>
Total	<u>158,007,696</u>			<u>158,007,696</u>
INCREASE (DECREASE) IN NET ASSETS BEFORE TRANSFERS AND CHANGES	1,788,315	38,302,016	(23,621,261)	16,469,070
TRANSFERS AND RECLASSIFICATIONS BETWEEN FUNDS		<u>2,432,865</u>	<u>(2,432,865)</u>	
INCREASE (DECREASE) IN NET ASSETS	1,788,315	40,734,881	(26,054,126)	16,469,070
NET ASSETS, beginning of year	<u>6,031,876</u>	<u>420,807,069</u>	<u>845,325,107</u>	<u>1,272,164,052</u>
NET ASSETS, end of year	<u>7,820,191</u>	<u>461,541,950</u>	<u>819,270,981</u>	<u>1,288,633,122</u>

The accompanying notes are an integral part of these financial statements.

UNIVERSITY OF NEBRASKA FOUNDATION
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2007

	2007			
	Unre- stricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUES				
Gifts, bequests and life insurance proceeds	515,811	77,020,983	27,170,464	104,707,258
Investment income	17,609,018	14,732,171	3,313,498	35,654,687
Realized gain (loss) on sale of assets	3,978	8,696,643	69,368,481	78,069,102
Unrealized gain (loss) on assets		10,463,488	3,239,476	13,702,964
	<u>18,128,807</u>	<u>110,913,285</u>	<u>103,091,919</u>	<u>232,134,011</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>95,152,136</u>	<u>(66,311,463)</u>	<u>(28,840,673)</u>	
Total support and revenue	<u>113,280,943</u>	<u>44,601,822</u>	<u>74,251,246</u>	<u>232,134,011</u>
EXPENDITURES				
Salaries and wages	8,007,238			8,007,238
Payroll taxes	553,922			553,922
Employee benefits	1,448,993			1,448,993
Annuity payments	799			799
Postage	250,552			250,552
Office supplies and expense	118,747			118,747
Professional services	512,288			512,288
Travel and entertainment	585,875			585,875
Telephone	224,594			224,594
Insurance and bonds	107,682			107,682
Repair and maintenance	137,069			137,069
Equipment rental/purchase	56,910			56,910
Office rent	827,325			827,325
University Towers expense	27,402			27,402
Promotion expense	1,101,346			1,101,346
Auto expense	93,807			93,807
Dues and subscriptions	137,965			137,965
Alumni Associations	508,000			508,000
Miscellaneous expense	111,861			111,861
Recruiting and moving expense	17,363			17,363
Meetings and conferences	247,156			247,156
Investment expense	4,943,429			4,943,429
Academic support	24,299,446			24,299,446
Student assistance	15,446,812			15,446,812
Faculty assistance	4,457,682			4,457,682
Research	6,759,247			6,759,247
Museum, library, and fine arts	2,226,268			2,226,268

UNIVERSITY OF NEBRASKA FOUNDATION
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2007

	2007			Total
	Unre- stricted	Temporarily Restricted	Permanently Restricted	
EXPENDITURES (Continued)				
Campus and building improvements	35,735,639			35,735,639
Deferred compensation	44,917			44,917
Paid to beneficiaries	3,298,892			3,298,892
Bad debt and collection expense	9,945			9,945
Depreciation	895,176			895,176
Total	<u>113,194,347</u>			<u>113,194,347</u>
INCREASE (DECREASE) IN NET ASSETS BEFORE TRANSFERS AND CHANGES	86,596	44,601,822	74,251,246	118,939,664
TRANSFERS AND RECLASSIFICATIONS BETWEEN FUNDS		<u>5,171,746</u>	<u>(5,171,746)</u>	
INCREASE (DECREASE) IN NET ASSETS	86,596	49,773,568	69,079,500	118,939,664
NET ASSETS, beginning of year	<u>5,945,280</u>	<u>371,033,501</u>	<u>776,245,607</u>	<u>1,153,224,388</u>
NET ASSETS, end of year	<u>6,031,876</u>	<u>420,807,069</u>	<u>845,325,107</u>	<u>1,272,164,052</u>

The accompanying notes are an integral part of these financial statements.

UNIVERSITY OF NEBRASKA FOUNDATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2008 AND 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	<u>16,469,070</u>	<u>118,939,664</u>
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	1,225,525	895,176
(Gain) Loss on sale of assets	(60,307,323)	(78,069,102)
Depreciation (Appreciation) of assets	91,545,745	(13,702,964)
(Increase) Decrease in pledges receivable	(17,232,951)	(6,575,114)
Increase (Decrease) in deferred annuities payable	244,318	2,450,508
Contribution to permanently restricted endowment funds	(24,244,112)	(27,170,464)
Real and personal property contributions received for the University	(389,038)	(1,311,523)
(Increase) Decrease in:		
Accounts receivable	(121,080)	36,157
Interest receivable	(178,380)	(225,669)
Prepaid expense	(254)	(20,088)
Increase (Decrease) in:		
Advances and accounts payable	(2,206)	9,632
University of Nebraska benefits payable	169,080	387,522
Scholarships, research, fellowships, and professorships payable	(1,669,666)	1,506,879
Accrued vacation payable	116,842	23,422
Taxes payable	7,891	2,033
Deferred revenue	(24,444)	1,458,531
Deposits held in custody for others	<u>26,187,317</u>	<u>82,418,685</u>
Total adjustments	<u>15,327,264</u>	<u>(37,886,379)</u>
Net cash provided by operating activities	<u>31,796,334</u>	<u>81,053,285</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net (increase) decrease in temporary cash investments	(40,216,364)	(23,580,083)
Net (increase) decrease in student loans	(52,002)	(10,484)
Net sales (purchases) in investments	(11,686,440)	(84,047,125)
Purchase of property and equipment	(3,070,487)	(370,150)
Sales of property and equipment	<u>573</u>	<u>8,148</u>
Net cash used in investing activities	<u>(55,024,720)</u>	<u>(107,999,694)</u>

UNIVERSITY OF NEBRASKA FOUNDATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2008 AND 2007

	2008	2007
CASH FLOWS FROM FINANCING ACTIVITIES		
Contribution to permanently restricted endowment funds	<u>24,244,112</u>	<u>27,170,464</u>
Net cash provided by financing activities	<u>24,244,112</u>	<u>27,170,464</u>
NET INCREASE IN CASH	1,015,726	224,055
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,507,390</u>	<u>1,283,335</u>
CASH AND CASH EQUIVALENTS, end of year	<u>2,523,116</u>	<u>1,507,390</u>
REQUIRED DISCLOSURE		
The Foundation expended no cash for interest or income taxes.	- 0 -	- 0 -
NONCASH TRANSACTIONS		
Deposits held in custody for others	(495,498)	91,467,761
Unrealized (gain) loss on assets	<u>26,682,815</u>	<u>(9,049,076)</u>
Net change in deposits held in custody for others	<u>26,187,317</u>	<u>82,418,685</u>

The accompanying notes are an integral part of these financial statements.

UNIVERSITY OF NEBRASKA FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by the University of Nebraska Foundation (Foundation) are described below to enhance the usefulness of the financial statements to the reader.

Nature of the Entity and Principles of Consolidation

The University of Nebraska Foundation is a nonprofit corporation exempt from income tax under Section 501(c)(3) of the Internal Revenue Code whose purpose is to provide financial support of the University of Nebraska System. Its wholly-owned Limited Liability Company, University of Nebraska Technology Park, LLC provides incubator facilities for emerging businesses.

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis and include all funds controlled by and in the custody of the Foundation. Funds in control of the Foundation include the wholly owned Limited Liability Company, University of Nebraska Technology Park LLC.

Financial Statement Presentation

The Foundation utilizes Statement of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Made," and SFAS No. 117, "Financial Statements of Not-for-Profit Organizations," in the financial statement presentation. SFAS No. 117 set standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions. SFAS No. 116 requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the organization to distinguish between contributions received for each net asset category in accordance with donor imposed restrictions. A description of the three net asset categories follows:

Unrestricted Net Assets

Unrestricted net assets include revenues and expenses associated with the general operation of the Foundation and include gifts with no donor restrictions.

Property and equipment assets associated with the general operation of the Foundation are also included in this category.

Temporarily Restricted Net Assets

Temporarily restricted net assets include gifts for which donor-imposed restrictions have not been met, trust activity, deferred gifts and pledges receivable for which the ultimate purpose of the proceeds is not permanently restricted or determined. Assets with restrictions imposed by the Foundation Board are categorized as temporarily restricted assets also.

UNIVERSITY OF NEBRASKA FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

Permanently Restricted Net Assets

Permanently restricted net assets include gifts, trusts, and pledges receivable which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions and gifts which have been donor stipulated to provide loans to students.

Pledges Receivable

Pledges receivable are recorded on the balance sheet as assets net of an approximate 3% allowance for uncollectible accounts and discounted at the present value and recorded as donations on the statement of activities. As payments are received on pledges, the amounts will be included as donations on the statement of activities for any difference not recorded as a donation and adjusted annually for the present value.

Investments

The Foundation adopted Statement of Financial Accounting Standards (SFAS) No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations." SFAS No. 124 establishes standards of reporting at fair value certain investments, debt and equity securities, held by not-for-profit organizations.

Therefore, investments in equity securities that have a readily determinable fair value and debt securities are stated at fair value. All other investments are stated at cost or if received by gift at fair value or appraised value at date of receipt.

Property and Equipment

Property and equipment assets, consisting of real estate, furniture, equipment and computer software, are stated at cost or, if contributed, at fair market value at date of contribution. The Foundation's policy is to capitalize property and equipment purchases in excess of \$500.

Depreciation

The Foundation follows the policy of reducing the property and equipment by depreciation applicable to the related assets. Depreciation is computed by the straight-line method over the estimated useful life of the asset ranging from three to 31 1/2 years. Assets are depreciated to a normal estimated salvage value.

UNIVERSITY OF NEBRASKA FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles 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.

Compensated Absences

Employees of the Foundation are entitled to paid vacation days, depending on the job classification and length of service. The Foundation adopted the policy of accruing vacation pay at year end.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposit accounts, time deposit accounts and money market accounts.

NOTE 2. INVESTMENTS

The investments in equity securities with a readily determinable fair market quotation and debt securities are stated at fair value. All other investments purchased by the Foundation are stated at cost or fair value or appraised value at date of receipt for those investments received as donations.

	2008		
	Book Value	Unrealized Gain (loss)	Fair Value
INVESTMENTS STATED AT			
FAIR VALUE			
U.S., State and Local Government securities and sovereign debt	53,823,062	3,934,019	57,757,081
Other bonds	18,808,415	140,546	18,948,961
Common stock	321,914,395	50,881,938	372,796,333
Mutual funds	394,541,146	4,405,747	398,946,893
Limited partnerships	293,693,379	7,616,672	301,310,051
Preferred stock	50,851	(3,790)	47,061
	<u>1,082,831,248</u>	<u>66,975,132</u>	<u>1,149,806,380</u>

UNIVERSITY OF NEBRASKA FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2. INVESTMENTS (Continued)

	2007		
	Book Value	Unrealized Gain (loss)	Fair Value
INVESTMENTS STATED AT FAIR VALUE			
U.S., State and Local Government securities and sovereign debt	63,459,838	1,608,835	65,068,673
Other bonds	18,947,778	(227,034)	18,720,744
Common stock	379,549,469	98,543,802	478,093,271
Mutual funds	350,357,085	44,637,463	394,994,548
Limited partnerships	197,729,754	42,148,286	239,878,040
Preferred stock	56,769	(250)	56,519
	<u>1,010,100,693</u>	<u>186,711,102</u>	<u>1,196,811,795</u>
		Book Value 2008	Book Value 2007
INVESTMENTS STATED AT OTHER THAN FAIR VALUE			
Certificates of deposit, savings and money funds		35,149,486	29,997,424
Real estate		26,949,786	31,358,138
Real estate mortgage and contracts		24,052,633	24,226,310
Mineral rights and royalties		31	54
Miscellaneous		3,272,460	3,272,458
Cash value of life insurance		4,380,985	3,833,745
Annuity contracts		208,492	208,494
		<u>94,013,873</u>	<u>92,896,623</u>
TOTAL INVESTMENTS			
Stated at fair value		1,149,806,380	1,196,811,795
Stated at other than fair value		<u>94,013,873</u>	<u>92,896,623</u>
		<u>1,243,820,253</u>	<u>1,289,708,418</u>

NOTE 3. LEASE COMMITMENTS

The Foundation entered into a contract for the rental of office space in Lincoln beginning January 1, 2003 for a period of 10 years and continuing on a month-to-month basis. The annual rental is \$400,452 for the first five years and \$467,194 for the second five years. A second agreement has been entered into for rental of additional office space in Lincoln at a rate of \$7,853 per month from September 2007 through December 2007 and then \$9,161 per month for the next 60 months. The Foundation had entered into a contract for rental of office space in Omaha through December 31, 2005, with annual increases and subsequently entered into an extension for two additional years through December 31, 2007 at a rate of \$11,462 per month and three more extensions through September 1, 2008 at \$12,163 per month. The Foundation

UNIVERSITY OF NEBRASKA FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3. LEASE COMMITMENTS (Continued)

had entered into another contract for the rental of temporary office space in Omaha from January 1, 2008 to October 31, 2008 at a rate of \$3,133 per month. The Foundation has entered into a new agreement for office space in Omaha beginning September 1, 2008 at a rate of \$32,340 per month for the first 60 months. The Foundation also renewed an agreement to lease office space in Kearney through October 31, 2008 at \$3,450 per month. The minimum rentals for leases with guaranteed terms for the five fiscal years after June 30, 2008, are as follows:

June 30, 2009	963,354
June 30, 2010	965,212
June 30, 2011	965,212
June 30, 2012	965,212
June 30, 2013	676,644

NOTE 4. RETIREMENT PLAN

The Foundation sponsors a retirement plan that covers employees of the University of Nebraska Foundation and the University of Nebraska Technology Park, LLC with one year of service who work in excess of 1,000 hours annually and have attained the age of 21 years or previous participation in the TIAA-CREF or Fidelity annuity plan. Participation in the plan is mandatory upon attainment of age 30. The plan is an annuity arrangement under Code Section 403b(1) of the Internal Revenue Code using annuities under TIAA-CREF and Fidelity Investments. Under the plan, the employee chooses to contribute either 5.5% or 3.5% of their salary to the plan and the Foundation matches the amount with either 8.0% or 6.5% of salary, respectively. The Foundation and LLC contributions to the plans for years ending June 30, 2008 and 2007 were \$566,881 and \$535,499, respectively.

NOTE 5. CONCENTRATION OF CREDIT RISK

The Foundation maintains cash balances and certificates of deposit at various financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$100,000. At various times during the fiscal year, the Foundation's cash in bank balances exceeded the federally insured limits. The Foundation has maintained its cash balances and certificates of deposit at financial institutions in accordance with all Foundation policies and procedures.

NOTE 6. CONTINGENCIES AND COMMITMENTS

The Foundation is involved in several legal actions. The Foundation believes it has defenses for all such claims, believes the claims are substantially without merit, and is vigorously defending the actions. In the opinion of management, the final dispositions of these matters will not have a material effect on the Foundation financial position.

UNIVERSITY OF NEBRASKA FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7. RESTRICTED NET ASSETS

Net assets are restricted by donors for various purposes in support of activities at the University of Nebraska, including the campuses at Lincoln, Kearney, Omaha and the Medical Center in Omaha. The purposes include scholarships, fellowships, research, academic support and campus building and improvements. Only income from the permanently restricted net assets is available for these purposes.

The amounts of the net assets are as follows:

Temporarily restricted - charitable trusts and annuities	32,526,617
Temporarily restricted - available for specific purposes	376,229,485
Temporarily restricted - discretion of Foundation Board	52,785,848
Permanently restricted - endowment	746,030,647
Permanently restricted - available for specific purposes	61,523,955
Permanently restricted - student loans	<u>11,716,379</u>
	<u>1,280,812,931</u>

NOTE 8. PLEDGES RECEIVABLE

Promises to give, net of discount to present value at 6% and allowance for doubtful accounts, are due to be collected as follows:

	2008	2007
Gross amount due in		
One year or less	22,902,207	21,730,906
One to five years	108,788,830	88,666,092
More than five years	<u>11,146,950</u>	<u>12,100,962</u>
	142,837,987	122,497,960
Less discount to present value	<u>20,959,393</u>	<u>18,385,294</u>
	121,878,594	104,112,666
Less allowance for doubtful accounts - 3%	<u>3,656,357</u>	<u>3,123,380</u>
	<u>118,222,237</u>	<u>100,989,286</u>

The discount will be recognized as contribution income in years 2009 through 2031.

In addition, the Foundation has been informed of intentions to give in the form of possible future bequests, currently of indeterminable value, that have not been reflected in the accompanying financial statements because they are not unconditional promises.

UNIVERSITY OF NEBRASKA FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9. PROPERTY AND EQUIPMENT

The property and equipment of the Foundation at June 30, 2008 and 2007 are as follows:

	2008	2007
Property	908,990	330,060
Leasehold improvements	2,209,669	1,537,704
Aircraft	4,176,933	4,176,933
Automobiles	156,752	156,752
Furniture, equipment and software	<u>4,854,301</u>	<u>3,034,709</u>
	12,306,645	9,236,158
Less accumulated depreciation	<u>5,066,952</u>	<u>3,880,127</u>
Net property and equipment	<u>7,239,693</u>	<u>5,356,031</u>

NOTE 10. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Foundation in estimating the fair value of its financial instruments:

Cash and cash equivalents - The carrying amount reported in the statement of financial position approximates fair value because of the short maturity of those instruments.

Investments - The fair value of investments in marketable equity and debt securities is based on quoted market prices. Nonmarketable debt securities are valued based on estimated discounted future cash flows; nonmarketable equity securities are carried at estimated current value if it is possible to determine this, otherwise at cost.

Pledges receivable - The fair value of contributions receivable is estimated by discounting the future cash flows using the average rates earned on investments.

Accrued interest receivable - The carrying amount reported in the statement of financial position approximates fair value because of the short maturity of interest payments.

ACCOMPANYING INFORMATION

UNIVERSITY OF NEBRASKA FOUNDATION
 COMBINING STATEMENT OF FINANCIAL POSITION
 JUNE 30, 2008

ASSETS	Temporarily Restricted			Permanently Restricted		Total
	Unrestricted	Restricted	Deferred Gifts, Life and Pooled Income Funds	Endowment Funds	Loan Funds	
ASSETS						
Cash and cash equivalents	2,389,099	134,017				2,523,116
Temporary cash investments	3,069,757	155,293,483	421,793	66,116,746	5,451,736	230,353,515
Advances and deposits	13,422					13,422
Accounts receivable	249,762	289,430				539,192
Accrued interest receivable	1,807,115		469,165			2,276,280
Student loan receivable		9,724		4,250	539,840	553,814
Matching funds receivable		1,000				1,000
Prepaid expenses	56,408	6,168				62,576
Pledges receivable (Note 8)		105,191,887		13,030,350		118,222,237
Investments - restricted (Note 2)		453,228,167	56,570,745	728,296,538	5,724,803	1,243,820,253
Property and equipment, net of depreciation (Note 9)	6,442,019	690,956		106,718		7,239,693
TOTAL ASSETS	<u>14,027,582</u>	<u>714,844,832</u>	<u>57,461,703</u>	<u>807,554,602</u>	<u>11,716,379</u>	<u>1,605,605,098</u>
LIABILITIES AND NET ASSETS						
LIABILITIES						
Advances and accounts payable	16,581	15,798				32,379
University of Nebraska benefits payable	2,406,775					2,406,775
Scholarships, research, fellowships and professorships payable	3,099,986					3,099,986
Accrued vacation payable	661,042					661,042
Taxes payable	23,007	37,177				60,184
Deferred annuities payable			24,935,086			24,935,086
Deposits held in custody for others		284,136,522				284,136,522
Deferred revenue		1,640,002				1,640,002
Total liabilities	<u>6,207,391</u>	<u>285,829,499</u>	<u>24,935,086</u>			<u>316,971,976</u>
NET ASSETS	<u>7,820,191</u>	<u>429,015,333</u>	<u>32,526,617</u>	<u>807,554,602</u>	<u>11,716,379</u>	<u>1,288,633,122</u>
TOTAL LIABILITIES AND NET ASSETS	<u>14,027,582</u>	<u>714,844,832</u>	<u>57,461,703</u>	<u>807,554,602</u>	<u>11,716,379</u>	<u>1,605,605,098</u>

The accompanying notes are an integral part of these financial statements.

UNIVERSITY OF NEBRASKA FOUNDATION
COMBINING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2007

	Temporarily Restricted			Permanently Restricted		Total
	Unrestricted	Restricted	Deferred Gifts, Life and Pooled Income Funds	Endowment Funds	Loan Funds	
ASSETS						
Cash and cash equivalents	1,421,809	85,581				1,507,390
Temporary cash investments	5,278,132	113,988,103	980,216	64,608,787	5,281,913	190,137,151
Advances and deposits	10,289					10,289
Accounts receivable	69,586	348,526				418,112
Accrued interest receivable	1,641,082		456,818			2,097,900
Student loan receivable		10,021		811	490,980	501,812
Matching funds receivable		1,000				1,000
Prepaid expenses	62,322					62,322
Pledges receivable (Note 8)		84,637,055		16,352,231		100,989,286
Investments - restricted (Note 2)		474,152,843	57,071,908	752,457,822	6,025,845	1,289,708,418
Property and equipment, net of depreciation (Note 9)	5,133,651	115,662		106,718		5,356,031
TOTAL ASSETS	<u>13,616,871</u>	<u>673,338,791</u>	<u>58,508,942</u>	<u>833,526,369</u>	<u>11,798,738</u>	<u>1,590,789,711</u>
LIABILITIES AND NET ASSETS						
LIABILITIES						
Advances and accounts payable	15,148	19,437				34,585
University of Nebraska benefits payable	2,237,695					2,237,695
Scholarships, research, fellowships and professorships payable						
Accrued vacation payable	4,769,652					4,769,652
Taxes payable	544,200					544,200
Deferred annuities payable	18,300	33,993				52,293
Deposits held in custody for others		284,632,020	24,690,768			24,690,768
Deferred revenue		1,664,446				1,664,446
Total liabilities	<u>7,584,995</u>	<u>286,349,896</u>	<u>24,690,768</u>			<u>318,625,659</u>
NET ASSETS	<u>6,031,876</u>	<u>386,988,895</u>	<u>33,818,174</u>	<u>833,526,369</u>	<u>11,798,738</u>	<u>1,272,164,052</u>
TOTAL LIABILITIES AND NET ASSETS	<u>13,616,871</u>	<u>673,338,791</u>	<u>58,508,942</u>	<u>833,526,369</u>	<u>11,798,738</u>	<u>1,590,789,711</u>

The accompanying notes are an integral part of these financial statements.

UNIVERSITY OF NEBRASKA FOUNDATION
COMBINING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008

SUPPORT AND REVENUE	Temporarily Restricted		Permanently Restricted			Total All Funds
	Unrestricted	Restricted	Deferred Gifts, Life and Pooled Income Funds		Total	
			Endowment Funds	Loan Funds		
Gifts, bequests and life insurance proceeds	61,088	140,114,437	2,121,111	142,235,548	24,244,112	166,540,748
Investment income	22,172,850	13,046,870	2,675,798	15,722,668	995,197	39,174,440
Realized gain (loss) on sale of assets	(872)	4,888,150	39,726	4,927,876	141,045	60,307,323
Unrealized gain (loss) on assets		(17,088,118)	127,609	(16,960,509)	(601,228)	(91,545,745)
Total support and revenue	22,233,066	140,961,339	4,964,244	145,925,583	6,494,575	174,476,766
NET ASSETS RELEASED FROM RESTRICTIONS	137,562,945	(103,933,723)	(3,689,844)	(107,623,567)	(29,928,990)	(29,939,378)
Total	159,796,011	37,027,616	1,274,400	38,302,016	(23,434,415)	174,476,766
EXPENDITURES	9,337,831					9,337,831
Salaries and wages	612,625					612,625
Payroll taxes	1,681,868					1,681,868
Employee benefits	348,256					348,256
Postage	188,455					188,455
Office supplies and expense	539,846					539,846
Professional services	665,480					665,480
Travel and entertainment	189,958					189,958
Telephone	91,386					91,386
Insurance and bonds	366,774					366,774
Repair and maintenance	121,038					121,038
Equipment rental/purchase	959,333					959,333
Office rent	28,091					28,091
University Towers expense	1,464,767					1,464,767
Promotion expense	105,915					105,915
Auto expense	135,963					135,963
Dues and subscriptions	508,000					508,000
Alumni Associations	125,306					125,306
Miscellaneous expense						

UNIVERSITY OF NEBRASKA FOUNDATION
COMBINING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008

	Temporarily Restricted			Permanently Restricted			Total All Funds
	Unrestricted	Restricted	Deferred Gifts, Life and Pooled Income Funds	Endowment Funds	Loan Funds	Total	
EXPENDITURES (Continued)							
Recruiting and moving expense	59,363						59,363
Data processing expense	46,303						46,303
Meetings and conferences	322,697						322,697
Investment expense	5,608,333						5,608,333
Academic support	35,585,712						35,585,712
Student assistance	19,154,452						19,154,452
Faculty assistance	4,472,163						4,472,163
Research	3,779,456						3,779,456
Museum, library, and fine arts	1,703,241						1,703,241
Campus and building improvements	64,809,078						64,809,078
Deferred compensation	90,847						90,847
Paid to beneficiaries	3,678,261						3,678,261
Bad debt and collection expense	1,373						1,373
Depreciation	1,225,525						1,225,525
Total	<u>158,007,696</u>						<u>158,007,696</u>
INCREASE (DECREASE) IN NET ASSETS BEFORE TRANSFERS AND CHANGES	1,788,315	37,027,616	1,274,400	38,302,016	(23,434,415)	(186,846)	(23,621,261)
Transfers and reclassifications between funds		4,998,822	(2,565,957)	2,432,865	(2,537,352)	104,487	(2,432,865)
INCREASE (DECREASE) IN NET ASSETS	1,788,315	42,026,438	(1,291,557)	40,734,881	(25,971,767)	(82,359)	(26,054,126)
NET ASSETS, beginning of year	<u>6,031,876</u>	<u>386,988,895</u>	<u>33,818,174</u>	<u>420,807,069</u>	<u>833,526,369</u>	<u>11,798,738</u>	<u>1,272,164,052</u>
NET ASSETS, end of year	<u>7,820,191</u>	<u>429,015,333</u>	<u>32,526,617</u>	<u>461,541,950</u>	<u>807,554,602</u>	<u>11,716,379</u>	<u>1,288,633,122</u>

The accompanying notes are an integral part of these financial statements.

UNIVERSITY OF NEBRASKA FOUNDATION
COMBINING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2007

	Temporarily Restricted			Permanently Restricted			Total All Funds
	Unrestricted	Restricted	Deferred Gifts, Life and Pooled Income Funds	Endowment Funds	Loan Funds	Total	
SUPPORT AND REVENUE							
Gifts, bequests and life insurance proceeds	515,811	75,292,653	1,728,330	27,170,464		27,170,464	104,707,258
Investment income	17,609,018	12,495,590	2,236,581	3,035,721	277,777	3,313,498	35,654,687
Realized gain (loss) on sale of assets	3,978	7,785,565	911,078	69,098,012	270,469	69,368,481	78,069,102
Unrealized gain (loss) on assets		7,953,148	2,510,340	2,929,171	310,305	3,239,476	13,702,964
Total support and revenue	<u>18,128,807</u>	<u>103,526,956</u>	<u>7,386,329</u>	<u>102,233,368</u>	<u>858,551</u>	<u>103,091,919</u>	<u>232,134,011</u>

NET ASSETS RELEASED FROM RESTRICTIONS

Total	<u>95,152,136</u>	<u>(63,001,913)</u>	<u>(3,309,550)</u>	<u>3,894</u>	<u>(28,840,567)</u>	<u>(28,840,673)</u>	<u>232,134,011</u>
Total	<u>113,280,943</u>	<u>40,525,043</u>	<u>4,076,779</u>	<u>862,445</u>	<u>73,388,801</u>	<u>74,251,246</u>	<u>232,134,011</u>

EXPENDITURES

Salaries and wages	8,007,238						8,007,238
Payroll taxes	553,922						553,922
Employee benefits	1,448,993						1,448,993
Annuity payments	799						799
Postage	250,552						250,552
Office supplies and expense	118,747						118,747
Professional services	512,288						512,288
Travel and entertainment	585,875						585,875
Telephone	224,594						224,594
Insurance and bonds	107,682						107,682
Repair and maintenance	137,069						137,069
Equipment rental/purchase	56,910						56,910
Office rent	827,325						827,325
University Towers expense	27,402						27,402
Promotion expense	1,101,346						1,101,346
Auto expense	93,807						93,807
Dues and subscriptions	137,965						137,965
Alumni Associations	508,000						508,000
Miscellaneous expense	111,861						111,861

UNIVERSITY OF NEBRASKA FOUNDATION
 COMBINING STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2007

	Temporarily Restricted			Permanently Restricted			Total All Funds
	Unrestricted	Restricted	Deferred Gifts, Life and Pooled Income Funds	Endowment Funds	Loan Funds	Total	
EXPENDITURES (Continued)							
Recruiting and moving expense	17,363						17,363
Meetings and conferences	247,156						247,156
Investment expense	4,943,429						4,943,429
Academic support	24,299,446						24,299,446
Student assistance	15,446,812						15,446,812
Faculty assistance	4,457,682						4,457,682
Research	6,759,247						6,759,247
Museum, library, and fine arts	2,226,268						2,226,268
Campus and building improvements	35,735,639						35,735,639
Deferred compensation	44,917						44,917
Paid to beneficiaries	3,298,892						3,298,892
Bad debt and collection expense	9,945						9,945
Depreciation	895,176						895,176
Total	<u>113,194,347</u>						<u>113,194,347</u>
INCREASE (DECREASE) IN NET ASSETS BEFORE TRANSFERS AND CHANGES	86,596	40,525,043	4,076,779	44,601,822	73,388,801	862,445	74,251,246
Transfers and reclassifications between funds		5,575,528	(403,782)	5,171,746	(5,269,615)	97,869	(5,171,746)
INCREASE (DECREASE) IN NET ASSETS	86,596	46,100,571	3,672,997	49,773,568	68,119,186	960,314	118,939,664
NET ASSETS, beginning of year	<u>5,945,280</u>	<u>340,888,324</u>	<u>30,145,177</u>	<u>371,033,501</u>	<u>765,407,183</u>	<u>10,838,424</u>	<u>1,153,224,388</u>
NET ASSETS, end of year	<u>6,031,876</u>	<u>386,988,895</u>	<u>33,818,174</u>	<u>420,807,069</u>	<u>833,526,369</u>	<u>11,798,738</u>	<u>1,272,164,052</u>

The accompanying notes are an integral part of these financial statements.