

WILLISTON STATE COLLEGE FOUNDATION

WILLISTON, NORTH DAKOTA

JUNE 30, 2011 AND 2010

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

WILLISTON STATE COLLEGE FOUNDATION

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	2-3
Statements of Activities	4-7
Statements of Cash Flows	8
Notes to Financial Statements	9-19



CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Williston State College Foundation
Williston, North Dakota

We have audited the accompanying statements of financial position of Williston State College Foundation (a nonprofit organization) as of June 30, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 financial statements referred to above present fairly, in all material respects, the financial position of Williston State College Foundation as of June 30, 2011 and 2010, and the change 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.

BRADY, MARTZ & ASSOCIATES, P.C.

September 14, 2011

WILLISTON STATE COLLEGE FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2011

ASSETS

CURRENT ASSETS	2011	2010
Cash and cash equivalents	\$ 1,810,061	\$ 2,149,386
Cash on hand - gaming	55,488	47,844
Certificates of deposit	100,000	213,968
Inventory - gaming	-	606
Prepaid expense - gaming	1,220	1,549
Prepaid expense - DMV	618	-
NSF receivable - gaming	9,340	12,450
Accrued interest receivable	577	789
Loan receivable - current portion	30,675	40,000
Related party receivable - current portion	2,000	2,000
Pledges receivable - current portion	10,609	30,827
Total current assets	\$ 2,020,588	\$ 2,499,419
INVESTMENTS		
Agency accounts	\$ 3,912,114	\$ 3,474,895
Other stocks and bonds	4,843,829	3,941,579
Trust accounts	117,486	109,173
Mineral rights	190,887	190,887
Building	284,697	225,000
Less accumulated depreciation	(16,656)	(11,531)
Total investments	\$ 9,332,357	\$ 7,930,003
PLEDGES RECEIVABLE		
Pledges receivable (net of current portion above)	\$ 8,000	\$ 18,609
Allowance for doubtful accounts	(4,652)	(12,327)
Total pledges receivable	\$ 3,348	\$ 6,282
OTHER ASSETS		
Loans receivable (net of allowance for loan loss of \$1,400 in 2011 and 2010)	\$ 155,033	\$ 173,368
Related party receivable (net of current portion above)	2,000	4,000
Total other assets	\$ 157,033	\$ 177,368
PROPERTY AND EQUIPMENT, AT COST		
Property	\$ 840,409	\$ 641,643
Less accumulated depreciation	(307,205)	(269,081)
Total net property and equipment	\$ 533,204	\$ 372,562
TOTAL ASSETS	\$ 12,046,530	\$ 10,985,634

SEE NOTES TO FINANCIAL STATEMENTS

WILLISTON STATE COLLEGE FOUNDATION
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2011

LIABILITIES AND NET ASSETS

	2011	2010
CURRENT LIABILITIES		
Taxes payable - gaming	\$ 35,359	\$ 29,649
Accounts payable	43,276	2,196
Other accrued liabilities	719	2,363
Pledge payable to WSC	29,000	80,000
Related party payable - current portion	-	90,000
Total current liabilities	\$ 108,354	\$ 204,208
LONG-TERM LIABILITIES		
Annuities payable	\$ 9,111	\$ 13,379
Total long-term liabilities	\$ 9,111	\$ 13,379
NET ASSETS		
Unrestricted	\$ 1,830,286	\$ 1,482,024
Unrestricted designated	152,398	149,537
Temporarily restricted - Foundation	3,321,317	2,795,293
Temporarily restricted - Gaming	290,853	356,274
Permanently restricted	6,334,211	5,984,919
Total net assets	\$ 11,929,065	\$ 10,768,047
TOTAL LIABILITIES AND NET ASSETS	\$ 12,046,530	\$ 10,985,634

SEE NOTES TO FINANCIAL STATEMENTS

WILLISTON STATE COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

	Unrestricted	Unrestricted Designated	Temporarily Restricted Foundation	Temporarily Restricted Gaming	Permanently Restricted	Total
REVENUE, GAINS AND OTHER SUPPORT						
Donations	\$ 35,520	\$ -	\$ 44,670	\$ -	\$ 18,325	\$ 98,515
Rent	45,300	-	31,200	-	-	76,500
Special events	8,889	-	-	-	-	8,889
Interest and dividends	39,617	-	93,880	616	201,172	335,285
Gain (loss) on sale of fixed assets	(12,244)	-	-	-	-	(12,244)
Oil income, net	84,893	-	591,007	-	-	675,900
Pull-tabs income	-	-	-	2,000,223	-	2,000,223
Machine pull-tabs income	-	-	-	364,588	-	364,588
Blackjack income	-	-	-	3,160,133	-	3,160,133
Special benefit funds	-	-	395	-	-	395
Miscellaneous income	2,959	-	-	55,558	-	58,517
Lease Income	36,000	-	-	-	-	36,000
Net capital gains (losses), realized on investments	11,599	-	27,063	-	57,992	96,654
Unrealized gains on investments	110,206	2,861	263,822	-	565,334	942,223
Net assets released from restrictions /transfer of restricted funds	6,666,083	-	(526,013)	(5,646,539)	(493,531)	-
Total revenue, gains and other support	\$ 7,028,822	\$ 2,861	\$ 526,024	\$ (65,421)	\$ 349,292	\$ 7,841,578
EXPENSES						
Administration	\$ 8,049	\$ -	\$ -	\$ -	\$ -	\$ 8,049
Advertising	27,641	-	-	-	-	27,641
Bingo packages	739	-	-	-	-	739
Bad checks expense	5,987	-	-	-	-	5,987
Depreciation	74,464	-	-	-	-	74,464
Assets donated to WSC	29,451	-	-	-	-	29,451
Donations to other charities	250	-	-	-	-	250
Equipment expense	2,738	-	-	-	-	2,738
Gaming licenses	1,125	-	-	-	-	1,125
Gaming payouts	4,451,894	-	-	-	-	4,451,894
Gaming short	1,067	-	-	-	-	1,067
Gaming taxes	133,454	-	-	-	-	133,454
Insurance	29,759	-	-	-	-	29,759
Legal and accounting	39,931	-	-	-	-	39,931
Office & postage	3,631	-	-	-	-	3,631
Payroll taxes	31,614	-	-	-	-	31,614
Property taxes	564	-	-	-	-	564

SEE NOTES TO FINANCIAL STATEMENTS

WILLISTON STATE COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011

	Unrestricted	Unrestricted Designated	Temporarily Restricted Foundation	Temporarily Restricted Gaming	Permanently Restricted	Total
Pension expense	17,119	-	-	-	-	17,119
Premiums & prizes	15,718	-	-	-	-	15,718
Public relations	8,093	-	-	-	-	8,093
Pull Tabs expense	44,687	-	-	-	-	44,687
Rental expenses	62,506	-	-	-	-	62,506
Repairs	323	-	-	-	-	323
Salaries	322,964	-	-	-	-	322,964
Scholarships and grants	758,302	-	-	-	-	758,302
Scholarships & grants-gaming trust fd	439,177	-	-	-	-	439,177
Supplies	3,121	-	-	-	-	3,121
Trust fees	39,245	-	-	-	-	39,245
Interest expense	627	-	-	-	-	627
Teton thunder newspaper	53,546	-	-	-	-	53,546
Special events	20,662	-	-	-	-	20,662
Contract services	3,368	-	-	-	-	3,368
Utilities and telephone	7,230	-	-	-	-	7,230
Vehicle expense	2,033	-	-	-	-	2,033
Other investment loss	3,127	-	-	-	-	3,127
Miscellaneous	36,354	-	-	-	-	36,354
Total expenses	<u>\$ 6,680,560</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,680,560</u>
CHANGE IN NET ASSETS	<u>\$ 348,262</u>	<u>\$ 2,861</u>	<u>\$ 526,024</u>	<u>\$ (65,421)</u>	<u>\$ 349,292</u>	<u>\$ 1,161,018</u>
NET ASSETS, BEGINNING OF YEAR	\$ 1,482,024	\$ 149,537	\$ 2,795,293	\$ 356,274	\$ 5,984,919	\$ 10,768,047
CHANGE IN NET ASSETS, ABOVE	<u>348,262</u>	<u>2,861</u>	<u>526,024</u>	<u>(65,421)</u>	<u>349,292</u>	<u>1,161,018</u>
NET ASSETS, END OF YEAR	<u>\$ 1,830,286</u>	<u>\$ 152,398</u>	<u>\$ 3,321,317</u>	<u>\$ 290,853</u>	<u>\$ 6,334,211</u>	<u>\$ 11,929,065</u>

SEE NOTES TO FINANCIAL STATEMENTS

WILLISTON STATE COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

	Unrestricted	Unrestricted Designated	Temporarily Restricted Foundation	Temporarily Restricted Gaming	Permanently Restricted	Total
REVENUE, GAINS AND OTHER SUPPORT						
Donations	\$ 71,346	\$ -	\$ 18,090	\$ -	\$ 274,993	\$ 364,429
Assets donated from WSC - trailers	156,964	-	-	-	-	156,964
Rent	9,600	-	31,200	-	-	40,800
Interest and dividends	28,396	-	273,029	673	-	302,098
Gain (loss) on sale of fixed assets	(297)	-	-	-	-	(297)
Oil income, net	239,629	-	524,259	-	-	763,888
Bingo income	-	-	-	173,782	-	173,782
Pull-tabs income	-	-	-	1,891,712	-	1,891,712
Machine pull-tabs income	-	-	-	323,039	-	323,039
Blackjack income	-	-	-	2,063,895	-	2,063,895
Special benefit funds	-	-	17,887	-	-	17,887
Miscellaneous income	10,648	-	-	46,880	-	57,528
Lease Income	27,000	-	-	-	-	27,000
Net capital gains (losses), realized on investments	(16,982)	-	-	-	-	(16,982)
Unrealized gains on investments	14,203	2,864	413,942	-	-	431,009
Net assets released from restrictions /transfer of restricted funds	6,167,873	-	(1,792,181)	(4,479,196)	103,504	-
Total revenue, gains and other support	\$ 6,708,380	\$ 2,864	\$ (513,774)	\$ 20,785	\$ 378,497	\$ 6,596,752
EXPENSES						
Administration	\$ 4,414	\$ -	\$ -	\$ -	\$ -	\$ 4,414
Advertising	23,715	-	-	-	-	23,715
Bingo packages	2,716	-	-	-	-	2,716
Bad checks expense	8,837	-	-	-	-	8,837
Depreciation	55,600	-	-	-	-	55,600
Donations to other charities	250	-	-	-	-	250
Equipment expense	3,350	-	-	-	-	3,350
Gaming licenses	1,225	-	-	-	-	1,225
Gaming payouts	3,551,015	-	-	-	-	3,551,015
Gaming short	3,169	-	-	-	-	3,169
Gaming taxes	116,833	-	-	-	-	116,833
Insurance	26,045	-	-	-	-	26,045
Legal and accounting	41,591	-	-	-	-	41,591
Office & postage	5,923	-	-	-	-	5,923
Payroll taxes	27,500	-	-	-	-	27,500
Property taxes	15	-	-	-	-	15

SEE NOTES TO FINANCIAL STATEMENTS

WILLISTON STATE COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010

	Unrestricted	Unrestricted Designated	Temporarily Restricted Foundation	Temporarily Restricted Gaming	Permanently Restricted	Total
Pension expense	11,562	-	-	-	-	11,562
Premiums & prizes	17,391	-	-	-	-	17,391
Public relations	10,281	-	-	-	-	10,281
Pull Tabs expense	43,712	-	-	-	-	43,712
Rental expenses	72,179	-	-	-	-	72,179
Repairs	557	-	-	-	-	557
Salaries	329,863	-	-	-	-	329,863
Scholarships and grants	560,620	-	-	-	-	560,620
Scholarships & grants-gaming trust fd	340,155	-	-	-	-	340,155
Supplies	4,338	-	-	-	-	4,338
Trust fees	27,312	-	-	-	-	27,312
Interest expense	636	-	-	-	-	636
Teton thunder newspaper	36,632	-	-	-	-	36,632
Special events	27,989	-	-	-	-	27,989
Contracted services	18,580	-	-	-	-	18,580
Utilities and telephone	9,014	-	-	-	-	9,014
Vehicle expense	2,148	-	-	-	-	2,148
Other investment loss	4,999	-	-	-	-	4,999
Miscellaneous	10,914	-	-	-	-	10,914
Total expenses	<u>\$ 5,401,080</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,401,080</u>
CHANGE IN NET ASSETS	<u>\$ 1,307,300</u>	<u>\$ 2,864</u>	<u>\$ (513,774)</u>	<u>\$ 20,785</u>	<u>\$ 378,497</u>	<u>\$ 1,195,672</u>
NET ASSETS, BEGINNING OF YEAR	\$ 174,724	\$ 146,673	\$3,309,067	\$ 335,489	\$5,606,422	\$ 9,572,375
CHANGE IN NET ASSETS, ABOVE	<u>1,307,300</u>	<u>2,864</u>	<u>(513,774)</u>	<u>20,785</u>	<u>378,497</u>	<u>1,195,672</u>
NET ASSETS, END OF YEAR	<u>\$ 1,482,024</u>	<u>\$ 149,537</u>	<u>\$2,795,293</u>	<u>\$ 356,274</u>	<u>\$5,984,919</u>	<u>\$10,768,047</u>

SEE NOTES TO FINANCIAL STATEMENTS

WILLISTON STATE COLLEGE FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2011

	2011	2010
OPERATING ACTIVITIES		
Change in net assets	\$ 1,161,018	\$ 1,195,672
Adjustments to reconcile change in net assets to net cash provided for operating activities		
Depreciation	74,464	55,600
Realized capital loss on investments	(96,654)	16,892
Unrealized (gain) on investments	(930,028)	(431,009)
Assets donated to (from) WSC	7,901	(156,964)
Loss on sale of equipment	12,244	-
Effects on operating cash flows due to changes in:		
NSF receivable	3,110	7,171
Pledges receivable	23,152	10,625
Loans receivable	29,660	5,444
Prepaid assets	(289)	(17)
Inventory - gaming	606	(30)
Accrued interest receivable	212	234
Taxes payable	5,710	(3,855)
Accounts payable	41,080	(10,861)
Other accrued liabilities	(1,644)	423
Annuities payable	(4,268)	(6,416)
Pledge payable to WSC	(51,000)	80,000
Related Party Payable	(90,000)	(90,000)
Net cash provided by operating activities	\$ 185,274	\$ 672,909
INVESTING ACTIVITIES		
(Purchase) sale of Certificates of Deposit	\$ 113,968	\$ (113,969)
Purchase of investment building	(59,697)	-
Purchase of property and equipment	(250,126)	(87,719)
Proceeds from sale of property and equipment	-	67,685
Purchase of investments	(370,798)	(1,784,131)
Proceeds from sale of investments	49,698	70,793
Net cash used by investing activities	\$ (516,955)	\$ (1,847,341)
NET CHANGE IN CASH AND CASH EQUIVALENTS	\$ (331,681)	\$ (1,174,432)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,197,230	3,371,662
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,865,549	\$ 2,197,230
CASH AND CASH EQUIVALENTS CONSISTS OF:		
Cash and cash equivalents	\$ 1,810,061	\$ 2,149,386
Cash on hand - gaming	55,488	47,844
Total cash and cash equivalents	\$ 1,865,549	\$ 2,197,230
 Cash paid during the year for interest	 \$ 627	 \$ 636

SEE NOTES TO FINANCIAL STATEMENTS

WILLISTON STATE COLLEGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principal Activity - The accompanying financial statements include the accounts of the Williston State College Foundation which is a nonprofit corporation organized for the benefit of Williston State College.

The Foundation receives, holds and manages contributions from alumni and private sources. The development foundation is organized to carry out a comprehensive program of development activities on behalf of the College. The Foundation is supported primarily through donor contributions, gaming income, and earnings on investments.

Basis of Accounting - The financial statements of the Williston State College Foundation have been prepared on the accrual basis of accounting.

Contributions - According to professional standards, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the absence or existence and nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions.

Fund accounting - To ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

The assets, liabilities and fund balances of the Foundation are reported in three self-balancing fund types as follows:

Unrestricted net assets, which include unrestricted resources, represent the portion of expendable funds that are available for support of Foundation operations.

Temporarily restricted net assets represent net assets resulting from contributions and other inflows of assets whose use by the organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the organization pursuant to those stipulations. This classification includes annuity funds acquired by the Foundation which are subject to an agreement whereby assets are made available to the Foundation on the condition that the Foundation binds itself to pay stipulated amounts periodically to designated individuals.

NOTE 1 - (CONTINUED)

Upon termination of payments at the time specified in the agreement the remaining principal is transferred to the fund type designated by the grantor or, in the absence of such a designation, to the operating fund.

Permanently restricted net assets represent net assets resulting from contributions and other inflows of assets whose use by the organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organization.

Cash and Cash Equivalents - For purposes of the Statement of Cash Flows, the Foundation considers currency on hand, checking accounts, savings accounts and certificates of deposit with maturities of three months or less as cash and cash equivalents.

Pledges Receivable - Pledges receivable are carried at original pledge amount less an estimate made for doubtful accounts based on management's review of all outstanding amounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience. Pledges receivable are written off when deemed uncollectible. Recoveries of pledges receivable previously written off are recorded when received.

Loans to students and allowance for loan losses - Loans are stated at the amount of unpaid principal, reduced by an allowance for loan losses. Interest on loans is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding. The allowance for loan losses is increased by charges to income and decreased by charge-offs (net of recoveries). Management's periodic evaluation of the adequacy of the allowance is based on the Organization's past loan loss experience and adverse situations that may affect the borrower's ability to repay. Loans are written off when deemed to be uncollectible.

Inventories are valued at the lower of cost or market. Cost is determined using principally the first-in, first-out method.

Investments - According to professional standards, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Property and Equipment is stated at cost less accumulated depreciation computed on the straight-line method. The Foundation's capitalization policy is on an item by item basis. The estimated useful lives used to compute depreciation are as follows:

Buildings	25-39 years
Office furnishings	5-10 years
Equipment	5-7 years
Rental units	15 years

NOTE 1 - (CONTINUED)

Annuities payable - Annuities payable represent the present value of the aggregate liability for future annuity payments based upon the annuitants' life expectancies and a discount factor. By agreement, the Foundation is contractually required to pay specified periodic amounts to annuitants during their lifetimes.

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.

Income Taxes - The Foundation's policy is to evaluate the likelihood that its uncertain tax positions will prevail upon examination based on the extent to which those positions have substantial support within the Internal Revenue Code and Regulations, Revenue Rulings, court decisions, and other evidence. It is the opinion of management that the Foundation has no significant uncertain tax positions that would be subject to change upon examination.

Reclassifications - Certain reclassifications have been made to the 2010 financial statements to conform to the 2011 financial presentation. Such reclassifications had no effect on the change in net assets as previously reported.

NOTE 2 - CUSTODIAL CREDIT RISK – DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the Foundation's deposits may not be returned to them. The Foundation does not have a deposit policy for custodial credit risk. As of June 30, 2011, \$878,266 of the Foundation's bank balance of \$1,628,266 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized \$878,266

NOTE 3 - CASH AND CASH EQUIVALENTS

Details pertaining to cash and cash equivalents as of June 30, 2011 and 2010 are as follows:

	<u>2011</u>	<u>2010</u>
Cash on hand	\$ 55,488	\$ 47,844
Checking accounts	225,709	185,789
Money Market / Savings accounts	881,212	1,522,982
Cash & cash equivalents as part of investment accounts	<u>703,140</u>	<u>440,615</u>
Total cash and cash equivalents	<u>\$ 1,865,549</u>	<u>\$ 2,197,230</u>

NOTE 4 - PROPERTY AND EQUIPMENT

Details pertaining to property and equipment and accumulated depreciation at June 30, 2011 and 2010 are as follows:

2011	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Cost less Accumulated Depreciation</u>
Land	\$ 2,935	\$ -	\$ 2,935
Lots and specials	4,955	-	4,955
Foundation office			
building and furnishings	253,185	137,588	115,597
Furniture & fixtures - gaming	103,591	76,158	27,433
Trailers and furnishings	342,438	44,657	297,781
Lease equipment	73,695	38,321	35,374
DMV equipment	46,162	-	46,162
Bingo equipment	13,448	10,481	2,967
Total	<u>\$ 840,409</u>	<u>\$ 307,205</u>	<u>\$ 533,204</u>

Depreciation expense totaled \$74,464 for the year ended June 30, 2011.

2010	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Cost less Accumulated Depreciation</u>
Land	\$ 2,935	\$ -	\$ 2,935
Lots and specials	4,955	-	4,955
Foundation office			
building and furnishings	249,782	132,806	116,976
Furniture & fixtures - gaming	145,249	97,776	47,473
Trailers and furnishings	156,964	15,697	141,267
Lease equipment	73,695	14,739	58,956
Bingo equipment	8,063	8,063	-
Total	<u>\$ 641,643</u>	<u>\$ 269,081</u>	<u>\$ 372,562</u>

Depreciation expense totaled \$55,600 for the year ended June 30, 2010.

NOTE 5 - LOANS RECEIVABLE

Several students of Williston State College in the medical transcription program received a loan for tuition and educational expenses by signing an agreement to repay the loan over a maximum 36 month period. The loans bear interest at 8%. All current payments received are applied against the principal of the loans. These notes outstanding, totaling \$2,076, have matured as of June 30, 2011 and are now overdue. The balance as of June 30, 2011 and 2010 was \$2,076 and \$3,246, respectively. The Foundation set up an allowance of \$1,400 for June 30, 2011 and 2010.

NOTE 5 - (CONTINUED)

In fall 2008, the Foundation loaned the WSC Teton Booster Club \$215,000 to build a new baseball field called Rabon Field. This is a demand note that bears interest at 4%. As of June 30, 2011, the loan had a balance of \$171,371 of which \$30,000 is a current asset.

NOTE 6 - INVESTMENTS

Investments, as of June 30, 2011 and 2010 are as follows:

Those investments carried at current fair market value are identified with an *, other investments are carried at the value at the date of donation.

2011	Unrestricted	Unrestricted Designated	Temporarily Restricted	Permanently Restricted	Total
Fixed Income Securities*	\$ 128,644	\$ 5,886	\$ 517,356	\$ 1,349,455	\$2,001,341
Common & Preferred Stock*	57,580	-	469,378	855,380	1,382,338
Mutual Funds*	354,551	73,422	1,122,077	3,776,398	5,326,448
Minerals	190,887	-	72,724	90,578	354,189
Building	268,041	-	-	-	268,041
Totals	\$ 999,703	\$ 79,308	\$2,181,535	\$ 6,071,811	\$9,332,357

2010	Unrestricted	Unrestricted Designated	Temporarily Restricted	Permanently Restricted	Total
Fixed Income Securities*	\$ 174,128	\$ 76,490	\$ 332,659	\$ 1,495,710	\$2,078,987
Common & Preferred Stock*	49,900	31,132	691,998	3,159,026	3,932,056
Mutual Funds*	235,644	-	282,245	967,414	1,485,303
Minerals	190,888	-	21,173	8,127	220,188
Building	213,469	-	-	-	213,469
Totals	\$ 864,029	\$ 107,622	\$ 1,328,075	\$ 5,630,277	\$7,930,003

NOTE 7 - FAIR VALUE MEASUREMENTS

Professional standards establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under professional standards are described below:

- Level 1 : Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measure at fair value:

Equity securities: Valued at the closing price reported on the active market on which the individual securities are traded.

Fixed income securities: Valued at the quoted prices for identical or similar assets or liabilities in inactive markets.

Mutual funds: valued at the net asset value (NAV) of shares held by the plan at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE 7 - (CONTINUED)

<u>6/30/2011</u>		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Description	Total Carrying Amount			
Equity securities				
Common stock	\$ 1,131,786	\$ 1,131,786	\$ -	\$ -
Preferred stock	250,552	250,552	-	-
Fixed income securities				
Corporate bonds	1,702,904	-	1,702,904	-
Municipal bonds	18,810	-	18,810	-
US Gov't obligations	210,499	-	210,499	-
US Treasury securities	69,128	-	69,128	-
Mutual funds	5,326,448	5,326,448	-	-
Total assets at fair value	<u>\$ 8,710,127</u>	<u>\$ 6,708,786</u>	<u>\$ 2,001,341</u>	<u>\$ -</u>
 <u>6/30/2010</u>				
Equity securities	\$ 3,932,056	\$ 3,932,056	\$ -	\$ -
Fixed income securities	2,078,987	-	2,078,987	-
Mutual funds	1,485,303	1,485,303	-	-
Total assets at fair value	<u>\$ 7,496,346</u>	<u>\$ 5,417,359</u>	<u>\$ 2,078,987</u>	<u>\$ -</u>

NOTE 8 - PLEDGES AND PROMISES TO GIVE

Pledges and promises to give as of June 30, 2011 and 2010 are as follows:

	<u>2011</u>	<u>2010</u>
Receivable in less than one year	\$ 10,609	\$ 30,827
Receivable in one to five years	8,000	18,609
Total pledges receivable	<u>\$ 18,609</u>	<u>\$ 49,436</u>

NOTE 9 - RELATED PARTY

The Foundation serves to carry out a comprehensive program of development activities on behalf of the Williston State College. The Foundation has no ownership or voting interests in Williston State College. The Foundation has a receivable from the College totaling \$4,000 which represents pledges that the College has collected and has not remitted to the Foundation at June 30, 2011. The Foundations donated \$29,451 to WSC for various construction projects during the year ended June 30, 2011. The Foundation has also donated to the College \$758,302 and \$560,620 for scholarships and \$439,177 and \$340,155 from the gaming trust fund for the years ended June 30, 2011 and 2010, respectively.

The Foundation has pledged \$80,000 to Williston State College for the purpose of the placement of a statue on the college grounds. As of June 30, 2011, \$29,000 of the pledge remains outstanding and is due within the next year.

NOTE 10 - ANNUITIES PAYABLE

Annuities payable at June 30, 2011 and 2010 are as follows:

	<u>2011</u>	<u>2010</u>
Annuity payable - P Nelson 2	\$ 2,303	\$ 4,514
Annuity payable - Aafdet	6,808	8,865
	<u>\$ 9,111</u>	<u>\$ 13,379</u>

NOTE 11 - ADVERTISING COSTS

Advertising costs, which were expensed as incurred, totaled \$27,641 and \$23,715 for the year ended June 30, 2011 and 2010 respectively.

NOTE 12 - ENDOWMENTS

The Foundation's endowment consists of approximately 30 individual funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

NOTE 12 - (CONTINUED)

The Board of Directors of the foundation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the foundation in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the foundation, and (7) the foundations investment policies.

The Board of Directors has authorized the spending of all prior accumulated interest and dividend earnings from donor restricted endowment funds as allowed. All earnings from donor restricted funds are classified as temporarily restricted until they are spent.

Board designated endowment funds are classified as unrestricted designated funds. The Board of Directors has authorized the spending of all interest and dividend earnings for the designated purpose of each fund. These earnings are classified as unrestricted earnings.

NOTE 12 - (CONTINUED)

Endowment net asset composition by type of fund at June 30, 2011 and 2010 is as follows:

	Unrestricted Designated	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Endowment net assets, 7-1-10	\$ 149,537	\$ 2,795,293	\$ 5,984,919	\$ 8,929,749
Donations	-	44,670	18,325	62,995
Interest and dividends	-	93,880	201,172	295,052
Oil/Rent income, net	-	622,207	-	622,207
Net capital gains, realized on investments	-	27,063	57,992	85,055
Net unrealized gains on investments	2,861	263,822	565,334	832,017
Other	-	395	-	-
Net assets released from restrictions	-	(526,013)	(493,531)	(1,019,544)
Endowment net assets, 6-30-11	<u>\$ 152,398</u>	<u>\$ 3,321,317</u>	<u>\$ 6,334,211</u>	<u>\$ 9,807,926</u>
	Unrestricted Designated	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Endowment net assets, 7-1-09	\$ 146,673	\$ 3,309,067	\$ 5,606,422	\$ 9,062,162
Donations	-	35,977	274,993	310,970
Interest and dividends	-	273,029	-	273,029
Oil/Rent income, net	-	555,459	-	555,459
Net unrealized gains on investments	2,864	413,942	-	416,806
Net assets released from restrictions	-	(1,792,181)	103,504	(1,688,677)
Endowment net assets, 6-30-10	<u>\$ 149,537</u>	<u>\$ 2,795,293</u>	<u>\$ 5,984,919</u>	<u>\$ 8,929,749</u>

NOTE 13 - INCOME TAXES

The Foundation is exempt from income tax under Section 501(c)(3) of the internal revenue code and comparable state law. The Foundation is organized as a North Dakota Nonprofit corporation. The federal income tax returns of the Foundation are subject to examination by the IRS, generally for three years after they were filed.

NOTE 14 - SUBSEQUENT EVENTS

Subsequent to year end, the Williston State College Foundation (WSCF) entered into an agreement with the ND State Department of Motor Vehicles (DMV) to administer the Department's DMV office in the Williston area. The contract was effective as of July 5, 2011. The contract is for two years.

Prior to June 30, 2011, the Foundation has set up a DMV cash account with an opening balance of \$500 and incurred start-up costs of \$46,780. Of these start-up costs, \$46,162 represents equipment purchased, and \$618 were office expenses.

In July 2011, WSCF received \$100,000, per agreement, for offset of start-up costs.

No other significant events occurred subsequent to year end. Subsequent events have been evaluated through September 14, 2011, which is the date these financial statements were available to be issued.