Accountants' Report and Financial Statements

June 30, 2011 and 2010

June 30, 2011 and 2010

### Contents

Independent Accountants' Report on Financial Statements and Supplementary Information	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	
Statements of Cash Flows	5
Notes to Financial Statements	6
Supplementary Information	

#### Supplementary Information

Schedules of Contributions Receivable	15
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#### Independent Accountants' Report on Financial Statements and Supplementary Information

Board of Directors Kuali Foundation, Inc. Indianapolis, Indiana

We have audited the accompanying statements of financial position of Kuali Foundation, Inc. (Foundation) 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Kuali Foundation, Inc. as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information 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 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.

BKD,LIP

January 26, 2012





### Kuali Foundation, Inc. Statements of Financial Position June 30, 2011 and 2010

#### Assets

	2011	2010
Cash	\$ 3,574,940	\$ 3,444,486
Accounts receivable	138,417	146,000
Investments	3,250,000	
Contributions receivable - fair value option	16,968,437	26,232,865
Prepaid expenses and other assets	27,640	9,980
Total assets	\$ 23,959,434	\$ 29,833,331
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 868,023	\$ 260,793
Deferred income	514,454	270,692
Total liabilities	1,382,477	531,485
Net Assets		
Unrestricted	867,835	1,033,647
Temporarily restricted	21,709,122	28,268,199
Total net assets	22,576,957	29,301,846
Total liabilities and net assets	\$ 23,959,434	\$ 29,833,331

#### Statements of Activities Years Ended June 30, 2011 and 2010

Unrestricted     Restricted     Total       Revenue and Support     In-kind contributions     800,000     800,000       Kuil Financial System     \$			2011 Temporarily	
In-kind contributions     S     S     800,000     Kault Ceus     S     800,000       Kault Ceus     1,779,131     1,779,131     1,779,131     1,779,131       Kault RCE     1,174,5667     1,446,667     1,446,667     1,446,667       Kault Student     1,717,356     1,717,356     1,717,356     1,717,356       Kault Contract and Grant Billing/Receivables (CGBR)     20,760     20,760     20,760     20,760       Total in-kind controlutions     -     1,270,500     1,270,500     1,717,5354       Total in-kind controlutions     -     7,178,594     7,178,594     7,178,594       Nualt Cocus     -     653,019     653,019     653,019       Kualt Student     -     870,400     876,400     876,400       Kualt KDE     - <th></th> <th>Unrestricted</th> <th>Restricted</th> <th>Total</th>		Unrestricted	Restricted	Total
In-kind contributions     S     S     800,000     Kault Ceus     S     800,000       Kault Ceus     1,779,131     1,779,131     1,779,131     1,779,131       Kault RCE     1,174,5667     1,446,667     1,446,667     1,446,667       Kault Student     1,717,356     1,717,356     1,717,356     1,717,356       Kault Contract and Grant Billing/Receivables (CGBR)     20,760     20,760     20,760     20,760       Total in-kind controlutions     -     1,270,500     1,270,500     1,717,5354       Total in-kind controlutions     -     7,178,594     7,178,594     7,178,594       Nualt Cocus     -     653,019     653,019     653,019       Kualt Student     -     870,400     876,400     876,400       Kualt KDE     - <th>Revenue and Support</th> <th></th> <th></th> <th></th>	Revenue and Support			
Kuil Cees     -     1.779,131     1.779,131       Kuil Student     -     1.717,536     1.446,667       Kuil Student     -     1.717,536     1.717,536       Kuil Travel     -     1.40,000     1.44,000       Kuil Travel     -     20,760     20,760       Kuil Popic Mangement for the Enterprise (KPME)     -     1.210,500     1.270,500       Total n-kind contributions     -     7.178,594     7.178,594       Ruil Ceens     -     653,019     653,019     653,019       Kuil Student     -     7.67,000     87,000     87,000       Kuil KDE     -     7.02,333     70,933     70,933     709,583       Kuil KDE     -     20,000     20,000     87,000     87,000       Kuil KDE     -     128,000<				
Kuali RCE     -     1.446,667     1.446,667       Kuali OLE     -     1.717,536     1.717,536       Kuali Contract and Grant Billing Receivables (CGBR)     -     20,760     20,760       Kuali Contract and Grant Billing Receivables (CGBR)     -     20,760     20,760       Total in-Kind contributions     -     7.178,594     7.178,594       Project partner dues     -     810,001     810,001       Kuali Trancid System     -     653,019     633,019       Kuali Trancid System     -     653,019     633,019       Kuali Trancid System     -     653,019     653,019       Kuali Trancid System     -     702,583     702,583       Kuali Trancid System     -     877,600     877,000       Kuali Kealy     -     20,000     20,000       Kuali Kealy     -     128,000     128,000       Total project partner dues     -     4728,243     4728,243       Project services - Kuali Ready     -     128,000     128,000       Total project partner dues     -     13,051,518	Kuali Financial System	\$ -	\$ 800,000	\$ 800,000
Kuaii Student     -     1,717,536     1,717,536     1,717,536       Kuaii Travel     -     144,000     144,000     144,000       Kuaii Contract and Gram Billing/Receivables (CGBR)     -     20,760     20,760       Kuaii People Management for the Enterprise (KPME)     -     7,178,594     7,178,594       Project partier dues     -     810,001     810,001       Kuaii Pinancial System     -     810,001     810,001       Kuaii RCE     -     709,583     709,583       Kuaii Nudent     -     876,400     876,400       Kuaii Nudent     -     80,000     876,000       Kuaii CGR     -     20,000     20,000       Kuaii CGR     -     877,000     857,000       Kuaii Coll project partner dues     -     128,000     128,000       Total project partner dues     -     823,056     823,056       Total project partner dues     -     13,051,518     13,051,518       Change in fair value     -     13,051,518     13,054,237       Total provence     -		-		
Kunil Travel     - <t< td=""><td></td><td>-</td><td></td><td></td></t<>		-		
Kuail Tavel     -     144,000     144,000       Kuail People Management for the Enterprise (KPME)     -     1,270,500     1,270,500       Total in kind contributions     -     7,178,594     7,178,594       Project partner dues     -     810,001     810,001       Kuail Financial System     -     810,001     810,001       Kuail Financial System     -     770,853     770,583       Kuail Stoken     -     764,400     876,400       Kuail RCE     -     704,240     876,400       Kuail Ready     -     20,000     20,000       Kuail Ready     -     20,000     20,000       Kuail KPME     -     875,000     887,000       Total project partner dues     -     128,000     128,000       Total prose contribution revenue     -     13,051,518     13,051,518       Change in fair value     -     4252,719     452,719       Total prose contribution revenue     -     13,051,518     13,051,518       Change in fair value     -     428,130     -     4		-	1,717,536	1,717,536
Kunil Contract and Gant Billing Receivables (CGBR)     -     20,760     20,760       Kunil Popelo Management for the Enterprise (KPME)     -     1,270,500     1,270,500       Total in-kind contributions     -     7,178,594     7,178,594       Project partner dues     -     653,019     653,019       Kunil Financial System     -     653,019     653,019       Kunil Student     -     876,400     876,400       Kunil Student     -     877,400     876,400       Kunil CE     -     -     -       Kunil KPME     -     20,000     20,000       Kunil KPME     -     128,000     128,000       Total project partner dues     -     4,758,243     4,758,243       Project services - Kunil Ready     -     291,625     291,625       Other contribution and contract services     -     823,056     823,056       Total project services - Kunil Ready     -     13,051,518     13,051,518       Change in fair value     -     13,051,518     13,051,518       Change in fair value     -		-	-	-
Kuail People Management for the Enterprise (KPME)     -     1.270,500     1.270,500       Total in-kind contributions     -     7.178,594     7.178,594     7.178,594       Project partner dues     -     810,001     810,001     810,001       Kuail Financial System     -     653,019     653,019     653,019       Kuail Cosus     -     705,833     700,583     700,583       Kuail Student     -     876,400     876,400       Kuail Ready     -     20,000     20,000       Kuail Ready     -     20,000     128,000       Total project partner dues     -     717,28,243     4,758,243       Project services - Kuail Ready     -     21,625     291,625       Other contributions and contract services     -     823,056     823,056       Total prose contribution revenue     -     13,051,518     13,054,237       Change in fair value     -     452,719     452,719       Change in fair value     -     13,504,237     13,504,237       Kuail Days     428,130     -     428,130 <td></td> <td>-</td> <td>· · · · · · · · · · · · · · · · · · ·</td> <td></td>		-	· · · · · · · · · · · · · · · · · · ·	
Total in-kind contributions     -     7,178,594     7,178,594       Project partner dues     -     810,001     \$10,001       Kuall Fonncial System     -     653,019     653,019       Kuall Cocus     -     653,019     653,019       Kuall KICE     -     709,583     709,583       Kuall Kotdent     -     876,000     876,000       Kuall Keady     -     20,000     20,000       Kuall Keady     -     704,240     704,240       Total project partner dues     -     74,758,243     4,758,243       Project services - Kuali Ready     -     291,625     291,625       Other contributions and contract services     -     823,056     823,056       Total project partner due     -     13,051,518     13,504,237       Total project noribution revenue     -     13,504,237     13,504,237       Total net contribution revenue     -     13,504,237     14,364,918       Net asset seleased from restriction     177,38,700     -     428,130       Total net contribution revenue     1,300,431		-		
Project partner dues     -     810,001     810,001       Kuali Francial System     -     653,019     653,019       Kuali KICE     -     709,583     709,583       Kuali NCE     -     876,400     876,400       Kuali Rady     -     20,000     20,000       Kuali Rady     -     857,000     857,000       Kuali Rady     -     857,000     857,000       Kuali Rady     -     20,000     128,000       Kuali Rady     -     21,625     291,625       Other contributions and contract services     -     823,056     823,056       Total gross contribution revenue     -     13,051,518     13,051,518       Change in fair value     -     13,051,518     13,042,37       Kuali Days     428,130     -     428,130       Membership dues     875,625     875,625     14864,918       Net assets released from restriction     17,738,700     (17,738,700)     -       Total revenue     13,064,237     14,844,918     -       Kuali Bays		-		
Kuali Francial System     -     810.001     810.001       Kuali RCE     -     653.019     653.019       Kuali RCE     -     709.583     709.583       Kuali Sudent     -     876.400     876.400       Kuali CLE     -     20.000     20.000       Kuali Ready     -     20.000     857.000       Kuali Ready     -     704.240     704.240       Kuali CGBR     -     704.240     704.240       Total project partner dues     -     4.758.243     4.758.243       Project services - Kuali Ready     -     291.625     291.625       Other contributions and contract services     -     823.056     823.056       Total gross contribution revenue     -     13.051.518     13.051.518       Change in fair value     -     452.719     452.719       Membership dues     875.625     -     875.625       Total revenue and other support     19.09.381     (4.234.463)     14.864.918       Net assets released from restriction     17.738.700     (17.738.700, -     50.926 <th>Total in-kind contributions</th> <th></th> <th>7,178,594</th> <th>/,1/8,594</th>	Total in-kind contributions		7,178,594	/,1/8,594
Kuali Coeus     -     653.019     653.019       Kuali Student     -     709.583     709.583       Kuali Student     -     876.400     876.400       Kuali Student     -     876.400     876.400       Kuali Ready     -     20.000     20.000       Kuali Travel     -     857.000     280.000       Kuali CGBR     -     704.240     704.240       Total project partner dues     -     4.758.243     4.258.243       Project services - Kuali Ready     -     291.625     291.625       Other contribution revenue     -     13.051.518     13.051.518       Total gross contribution revenue     -     13.051.518     13.051.518       Change in fair value     -     452.719     452.719       Total recontribution revenue     -     13.054.237     13.504.237       Net assets released from restriction     17.738.700     (17.738.700)     -       Net assets released from restriction     17.738.700     (17.738.700)     -       Kuali Trancel     2.537.949     2.376.721	Project partner dues			
Kuali RCE     -     709.583     709.583       Kuali Sudent     -     876.400     876.400     876.400       Kuali Ready     -     20.000     20.000       Kuali Travel     -     857.000     857.000       Kuali Ready     -     20.000     20.000       Kuali Ready     -     857.000     857.000       Kuali CGBR     -     704.240     704.240       Total project partner dues     -     128.000     128.000       Total project services - Kuali Ready     -     291.625     291.625       Other contributions and contract services     -     823.056     823.056       Total gross contribution revenue     -     13.051.518     13.051.518       Change in fair value     -     13.504.237     13.504.237       Total revenue     1.300.681     13.504.237     13.504.237       Net assets released from restriction     17.738.700     -     56.926       Total revenue and other isoport     19.099.381     (4.234.463)     14.864.918       Kuali Francial System     1.485.338	Kuali Financial System	-	810,001	810,001
Kuali Student     -     876,400     877,400       Kuali Ready     -     20,000     20,000       Kuali Ready     -     20,000     20,000       Kuali CGBR     -     704,240     877,000       Kuali CGBR     -     704,240     704,240       Kuali CGBR     -     128,000     128,000       Total project partner dues     -     4,758,243     4,758,243       Project services - Kuali Ready     -     291,625     291,625       Other contributions and contract services     -     823,056     823,056       Total gross contribution revenue     -     13,051,518     13,051,518       Change in fair value     -     428,130     -     428,130       Membership dues     875,625     -     875,625     -     875,625       Interst and other income     13,606,851     13,504,237     14,864,918     -       Net assets released from restriction     17,738,700     (17,738,700)     -     14,864,918       Net assets released from restriction     17,738,700     (17,738,700) <td< td=""><td>Kuali Coeus</td><td>-</td><td>653,019</td><td>653,019</td></td<>	Kuali Coeus	-	653,019	653,019
Kunii OLE     -	Kuali RICE	-	709,583	709,583
Kunii Ready     -     20,000     20,000       Kunii Travel     -     857,000     857,000       Kunii CGBR     -     704,240     704,240       Kunii KPME     -     4,758,243     4,758,243       Project services - Kunii Ready     -     291,625     291,625       Other contributions and contract services     -     823,056     823,056       Total project services - Kunii Ready     -     13,051,518     13,051,518       Change in fair value     -     452,719     452,719       Total net contribution revenue     -     13,504,237     13,504,237       Kunii Days     428,130     -     428,130       Membership dues     875,625     -     875,625       Interest and other income     1,360,681     13,504,237     14,864,918       Net assets released from restriction     17,738,700     (17,738,700)     -       Total revenue and other support     19,099,381     (4,234,463)     14,864,918       Expenses     -     1,485,338     -     1,485,338       Kunii Cceus     2,53		-	876,400	876,400
Kuali Travel     -     857,000     857,000       Kuali KPME     -     704,240     704,240       Total project partner dues     -     4,758,243     4,758,243       Project services - Kuali Ready     -     291,625     291,625       Other contributions and contract services     -     823,056     823,056       Total gross contribution revenue     -     13,051,518     13,051,518       Charge in fair value     -     425,719     452,719       Total net contribution revenue     -     13,504,237     13,504,237       Kuali Days     428,130     -     428,130       Membership dues     875,625     -     875,625       Interest and other income     13,504,237     14,864,918       Total revenue and other support     19,099,381     (12,738,700)     -       Total revenue and other support     19,099,381     (4,234,463)     -       Project expenses     -     1,485,338     -     1,485,338       Kuali Financial System     1,485,338     -     1,485,338       Kuali Coeus     2,577,94		-	-	-
Kunil CGBR     -     704.240     704.240       Kunil KPME     -     128.000     128.000       Total project partner dues     -     4.758,243     4.758,243       Project services - Kuali Ready     -     291,625     291,625       Other contributions and contract services     -     823,056     823,056       Total gross contribution revenue     -     13,051,518     13,051,518       Change in fair value     -     452,719     452,719       Total net contribution revenue     -     13,504,237     13,504,237       Kunil Days     428,130     -     428,130       Membership dues     875,625     -     875,625       Total revenue     1,360,681     13,504,237     14,864,918       Net assets released from restriction     17,738,700     (17,738,700)     -       Total revenue and other support     19,099,381     (4,234,463)     1,485,338       Kuait Rice     1,743,810     -     1,485,338       Kuait Student     8,042,463     -     2,537,949       Kuait Ready     333,192	-	-		
Kuali KPME Total project partner dues     -     128,000     128,000       Total project partner dues     -     4,758,243     4,758,243       Project services - Kuali Ready     -     291,625     291,625       Other contributions and contract services     -     823,056     823,056       Total agross contribution revenue     -     13,051,518     13,051,518       Change in fair value     -     452,719     452,719       Total net contribution revenue     -     13,504,237     13,504,237       Kuali Days     428,130     -     428,130       Membership dues     875,625     -     875,625       Interest and other income     56,926     -     56,926       Total revenue and other support     13,60,681     13,504,237     14,864,918       Expenses     -     14,85,338     -     1,485,338       Ruali Coeus     2,537,949     -     2,537,949       Kuali Total revenue and other support     19,099,381     (4,234,463)     -       Kuali Student     8,042,463     -     8,042,463     -		-		
Total project partner dues     .     4.758,243     4.758,243       Project services - Kuali Ready     .     291,625     291,625       Other contributions and contract services     .     823,056     823,056       Total gross contribution revenue     .     13,051,518     13,051,518       Change in fair value     .     .     452,719     452,719       Total prose contribution revenue     .     13,054,237     13,504,237       Kuali Days     428,130     .     428,130       Membership dues     875,625     .     875,625       Interest and other income     1,360,681     13,504,237     14,864,918       Net assets released from restriction     17,738,700     .     14,864,918       Expenses     .     1,485,338     .     1,485,338       Kuali Financial System     1,485,338     .     1,485,338       Kuali Student     8,042,463     .     8,042,463       Kuali Student     8,042,463     .     8,042,463       Kuali Travel     598,597     .     598,597       Kuali Tr		-		
Project services - Kuali Ready     -     291,625     291,625       Other contributions and contract services     -     823,056     823,056       Total gross contribution revenue     -     13,051,518     13,051,518       Change in fair value     -     452,719     452,719       Total net contribution revenue     -     13,504,237     13,504,237       Kuali Days     428,130     -     428,130       Membership dues     875,625     -     875,625       Interest and other income     1,360,681     13,504,237     14,864,918       Net assets released from restriction     17,738,700     (17,738,700)     -       Total revenue and other support     19,099,381     (4,234,463)     14,864,918       Kuali Cosus     2,537,949     -     2,537,949       Kuali I Cosus     2,537,949     -     2,537,949       Kuali Cosus     2,376,721     -     2,376,721       Kuali Cosus     2,376,721     -     2,376,721       Kuali Tavel     598,597     -     333,192       Kuali Tavel     598,597 <td></td> <td></td> <td></td> <td></td>				
Other contributions and contract services     -     823,056     823,056       Total gross contribution revenue     -     13,051,518     13,051,518     13,051,518     13,051,518     13,051,518     13,051,518     13,051,518     13,051,518     13,051,251     425,719     425,719     425,719     425,719     13,504,237     13,504,237     13,504,237     13,504,237     13,504,237     13,504,237     13,504,237     14,864,918     10,861     13,504,237     14,864,918     14,864,918     10,864,118     11,738,700     -     56,926	Total project partner dues	-	4,758,243	4,758,243
Total gross contribution revenue     -     13,051,518     13,051,518       Change in fair value Total net contribution revenue     -     13,051,518     13,051,518       Kuali Days Membership dues     428,130     -     428,130       Membership dues     875,625     -     875,625       Interest and other income     56,926     -     56,926       Total revenue     1,300,681     13,504,237     14,864,918       Net assets released from restriction     17,738,700     -     -       Total revenue and other support     19,099,381     (4,234,463)     14,864,918       Expenses     2,537,949     -     2,537,949       Kuali Financial System     1,474,3810     -     1,743,810       Kuali Sudent     8,042,463     -     2,376,721       Kuali Rady     333,192     -     333,192       Kuali Rady     333,192     -     333,192       Kuali KPME     283,480     -     283,480       Kuali KPME     37,473     -     113,756       Total project expenses     17,739,023     - <td>Project services - Kuali Ready</td> <td></td> <td>291,625</td> <td>291,625</td>	Project services - Kuali Ready		291,625	291,625
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	Other contributions and contract services		823,056	823,056
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	Total gross contribution revenue	-	13.051.518	13.051.518
Total net contribution revenue     -     13,504,237     13,504,237       Kuali Days     428,130     -     428,130       Membership dues     875,625     -     875,625       Interest and other income     56,926     -     56,926       Total revenue     1,360,681     13,504,237     14,864,918       Net assets released from restriction     17,738,700     (17,738,700)     -       Total revenue and other support     19,099,381     (4,234,463)     14,864,918       Expenses     Kuali Financial System     1,485,338     -     1,485,338       Kuali Student     8,042,463     -     8,042,463     -       Kuali RICE     1,743,810     -     1,743,810     -     1,743,810       Kuali Ready     333,192     -     333,192     -     333,192     -     333,192     -     333,493       Kuali Ready     337,473     -     283,480     -     283,480     -     283,480     -     283,480     -     17,739,023     -     17,739,023     -     17,739,023		-		
Membership dues     875,625     -     875,625       Interest and other income     56,926     -     56,926       Total revenue     1,360,681     13,504,237     14,864,918       Net assets released from restriction     17,738,700     (17,738,700)     -       Total revenue and other support     19,099,381     (4,234,463)     14,864,918       Expenses     Project expenses     1,485,338     -     1,485,338       Kuali Financial System     1,485,338     -     1,485,338       Kuali Formacial System     1,743,810     -     1,743,810       Kuali Student     8,042,463     -     8,042,463       Kuali Student     8,042,463     -     8,042,463       Kuali Ready     333,192     -     333,192       Kuali Travel     598,597     -     598,597       Kuali CGBR     283,480     -     283,480       Kuali CGBR     283,480     -     17,739,023       Foundation expenses     1,113,756     -     1,113,756       Write-off of previous commitments     20,0000		-		
Membership dues     875,625     -     875,625       Interest and other income     56,926     -     56,926       Total revenue     1,360,681     13,504,237     14,864,918       Net assets released from restriction     17,738,700     (17,738,700)     -       Total revenue and other support     19,099,381     (4,234,463)     14,864,918       Expenses     Project expenses     1,485,338     -     1,485,338       Kuali Financial System     1,485,338     -     1,485,338       Kuali Formacial System     1,743,810     -     1,743,810       Kuali Student     8,042,463     -     8,042,463       Kuali Student     8,042,463     -     8,042,463       Kuali Ready     333,192     -     333,192       Kuali Travel     598,597     -     598,597       Kuali CGBR     283,480     -     283,480       Kuali CGBR     283,480     -     17,739,023       Foundation expenses     1,113,756     -     1,113,756       Write-off of previous commitments     20,0000	Kuoli Dovo	428 120		428 120
Interest and other income Total revenue $56,926$ 1,360,681 $-$ 1,3504,237 $56,926$ 14,864,918Net assets released from restriction Total revenue and other support $17,738,700$ 19,099,381 $(17,738,700)$ ( $4,234,463)$ $-1$ Expenses $-$ Project expenses Kuali Financial System $1,485,338$ 2,537,949 $-$ 2,537,949Kuali Coeus Kuali Student $2,537,949$ 			-	
Total revenue     1,360,681     13,504,237     14,864,918       Net assets released from restriction Total revenue and other support     17,738,700     -     -       Expenses     19,099,381     (4,234,463)     14,864,918     -       Expenses     19,099,381     (4,234,463)     14,864,918     -       Expenses     1,485,338     -     1,485,338     -     1,485,338       Kuali Financial System     1,485,338     -     1,485,338     -     1,485,338       Kuali Coeus     2,537,949     -     2,537,949     -     2,537,949       Kuali RICE     1,743,810     -     1,743,810     -     1,743,810       Kuali Student     8,042,463     -     8,042,463     -     8,042,463       Kuali Ready     333,192     -     333,192     -     333,192     -     283,480       Kuali CGBR     283,480     -     283,480     -     283,480     -     283,480       Kuali KPME     327,473     -     17,739,023     -     17,739,023     -     17			-	
Net assets released from restriction Total revenue and other support     17,738,700 19,099,381     (17,738,700) (4,234,463)     -       Expenses     Project expenses     (4,234,463)     14,864,918       Kuali Financial System     1,485,338 Kuali Coeus     -     1,485,338 (4,237,949)     -     2,537,949       Kuali Student     2,537,949     -     2,537,949     -     2,537,949       Kuali Student     8,042,463     -     1,743,810     -     1,743,810       Kuali OLE     2,376,721     -     2,376,721     -     2,376,721       Kuali Travel     598,597     -     598,597     -     598,597       Kuali COBR     283,480     -     283,480     -     283,480     -     283,480     -     113,756     -     1,113,756     -     1,113,756     -     1,113,756     -     1,113,756     -     1,113,756     -     1,113,756     -     1,113,756     -     1,113,756     -     1,113,756     -     1,113,756     -     1,113,756     -     1,113,756     -     1,113,756			13 504 237	
Total revenue and other support     19,099,381     (4,234,463)     14,864,918       Expenses     Project expenses     1,485,338     -     1,485,338       Kuali Financial System     1,485,338     -     1,485,338       Kuali Coeus     2,537,949     -     2,537,949       Kuali RICE     1,743,810     -     1,743,810       Kuali Student     8,042,463     -     8,042,463       Kuali Travel     2,376,721     -     2,376,721       Kuali Travel     598,597     -     598,597       Kuali CBR     283,480     -     283,480       Kuali KPME     337,473     -     337,473       Total project expenses     1,113,756     -     1,113,756       Write-off of previous commitments     20,000     2,324,614     2,344,614       Kuali Days expenses     392,414     -     392,414       Total expenses     19,265,193     2,324,614     21,589,807       Change in Net Assets     (165,812)     (6,559,077)     (6,724,889)       Net Assets, Beginning of Year     1,033,647				-
Project expenses   1,485,338   -   1,485,338     Kuali Financial System   1,485,338   -   1,485,338     Kuali Coeus   2,537,949   -   2,537,949     Kuali RICE   1,743,810   -   1,743,810     Kuali Student   8,042,463   -   8,042,463     Kuali OLE   2,376,721   -   2,376,721     Kuali Ready   333,192   -   333,192     Kuali CGBR   283,480   -   283,480     Kuali KPME   337,473   -   337,473     Total project expenses   1,713,9023   -   17,739,023     Foundation expenses   1,113,756   -   1,113,756     Write-off of previous commitments   20,000   2,324,614   2,344,614     Kuali Days expenses   392,414   -   392,414   -     Total expenses   19,265,193   2,324,614   21,589,807     Change in Net Assets   (165,812)   (6,559,077)   (6,724,889)     Net Assets, Beginning of Year   1,033,647   28,268,199   29,301,846				14,864,918
Project expenses   1,485,338   -   1,485,338     Kuali Financial System   1,485,338   -   1,485,338     Kuali Coeus   2,537,949   -   2,537,949     Kuali RICE   1,743,810   -   1,743,810     Kuali Student   8,042,463   -   8,042,463     Kuali OLE   2,376,721   -   2,376,721     Kuali Ready   333,192   -   333,192     Kuali CGBR   283,480   -   283,480     Kuali KPME   337,473   -   337,473     Total project expenses   1,713,9023   -   17,739,023     Foundation expenses   1,113,756   -   1,113,756     Write-off of previous commitments   20,000   2,324,614   2,344,614     Kuali Days expenses   392,414   -   392,414   -     Total expenses   19,265,193   2,324,614   21,589,807     Change in Net Assets   (165,812)   (6,559,077)   (6,724,889)     Net Assets, Beginning of Year   1,033,647   28,268,199   29,301,846	<b>F</b>			
Kuali Financial System1,485,338-1,485,338Kuali Coeus2,537,949-2,537,949Kuali RICE1,743,810-1,743,810Kuali Student8,042,463-8,042,463Kuali OLE2,376,721-2,376,721Kuali Ready333,192-333,192Kuali Travel598,597-598,597Kuali CGBR283,480-283,480Kuali KPME337,473-337,473Total project expenses17,739,023-17,739,023Foundation expenses1,113,756-1,113,756Write-off of previous commitments20,0002,324,6142,344,614Kuali Days expenses19,265,1932,324,61421,589,807Change in Net Assets(165,812)(6,559,077)(6,724,889)Net Assets, Beginning of Year1,033,64728,268,19929,301,846				
Kuali Coeus   2,537,949   -   2,537,949     Kuali RICE   1,743,810   -   1,743,810     Kuali Student   8,042,463   -   8,042,463     Kuali OLE   2,376,721   -   2,376,721     Kuali Ready   333,192   -   333,192     Kuali CGBR   283,480   -   283,480     Kuali CGBR   283,480   -   283,480     Kuali KPME   337,473   -   337,473     Total project expenses   1,113,756   -   1,113,756     Write-off of previous commitments   20,000   2,324,614   2,344,614     Kuali Days expenses   392,414   -   392,414     Total expenses   19,265,193   2,324,614   21,589,807     Change in Net Assets   (165,812)   (6,559,077)   (6,724,889)     Net Assets, Beginning of Year   1,033,647   28,268,199   29,301,846		1,485,338	-	1.485.338
Kuali RICE   1,743,810   -   1,743,810     Kuali Student   8,042,463   -   8,042,463     Kuali OLE   2,376,721   -   2,376,721     Kuali Ready   333,192   -   333,192     Kuali Travel   598,597   -   598,597     Kuali CGBR   283,480   -   283,480     Kuali KPME   337,473   -   337,473     Total project expenses   17,739,023   -   1,113,756     Write-off of previous commitments   20,000   2,324,614   2,344,614     Kuali Days expenses   19,265,193   2,324,614   21,589,807     Change in Net Assets   (165,812)   (6,559,077)   (6,724,889)     Net Assets, Beginning of Year   1,033,647   28,268,199   29,301,846		, ,	-	
Kuali Student   8,042,463   -   8,042,463     Kuali OLE   2,376,721   -   2,376,721     Kuali Ready   333,192   -   333,192     Kuali Travel   598,597   -   598,597     Kuali CGBR   283,480   -   283,480     Kuali KPME   337,473   -   337,473     Total project expenses   17,739,023   -   17,739,023     Foundation expenses   1,113,756   -   1,113,756     Write-off of previous commitments   20,000   2,324,614   2,344,614     Kuali Days expenses   392,414   -   392,414     Total expenses   19,265,193   2,324,614   21,589,807     Change in Net Assets   (165,812)   (6,559,077)   (6,724,889)     Net Assets, Beginning of Year   1,033,647   28,268,199   29,301,846			-	
Kuali OLE   2,376,721   -   2,376,721     Kuali Ready   333,192   -   333,192     Kuali Travel   598,597   -   598,597     Kuali CGBR   283,480   -   283,480     Kuali KPME   337,473   -   337,473     Total project expenses   17,739,023   -   17,739,023     Foundation expenses   1,113,756   -   1,113,756     Write-off of previous commitments   20,000   2,324,614   2,344,614     Kuali Days expenses   392,414   -   392,414     Total expenses   19,265,193   2,324,614   21,589,807     Change in Net Assets   (165,812)   (6,559,077)   (6,724,889)     Net Assets, Beginning of Year   1,033,647   28,268,199   29,301,846			-	
Kuali Ready   333,192   -   333,192     Kuali Travel   598,597   -   598,597     Kuali CGBR   283,480   -   283,480     Kuali KPME   337,473   -   337,473     Total project expenses   17,739,023   -   17,739,023     Foundation expenses   1,113,756   -   1,113,756     Write-off of previous commitments   20,000   2,324,614   2,344,614     Kuali Days expenses   392,414   -   392,414     Total expenses   19,265,193   2,324,614   21,589,807     Change in Net Assets   (165,812)   (6,559,077)   (6,724,889)     Net Assets, Beginning of Year   1,033,647   28,268,199   29,301,846			-	
Kuali CGBR   283,480   -   283,480     Kuali KPME   337,473   -   337,473     Total project expenses   17,739,023   -   17,739,023     Foundation expenses   1,113,756   -   1,113,756     Write-off of previous commitments   20,000   2,324,614   2,344,614     Kuali Days expenses   392,414   -   392,414     Total expenses   19,265,193   2,324,614   21,589,807     Change in Net Assets   (165,812)   (6,559,077)   (6,724,889)     Net Assets, Beginning of Year   1,033,647   28,268,199   29,301,846			-	
Kuali CGBR   283,480   -   283,480     Kuali KPME   337,473   -   337,473     Total project expenses   17,739,023   -   17,739,023     Foundation expenses   1,113,756   -   1,113,756     Write-off of previous commitments   20,000   2,324,614   2,344,614     Kuali Days expenses   392,414   -   392,414     Total expenses   19,265,193   2,324,614   21,589,807     Change in Net Assets   (165,812)   (6,559,077)   (6,724,889)     Net Assets, Beginning of Year   1,033,647   28,268,199   29,301,846	Kuali Travel	598,597	-	598,597
Total project expenses   17,739,023   -   17,739,023     Foundation expenses   1,113,756   -   1,113,756     Write-off of previous commitments   20,000   2,324,614   2,344,614     Kuali Days expenses   392,414   -   392,414     Total expenses   19,265,193   2,324,614   21,589,807     Change in Net Assets   (165,812)   (6,559,077)   (6,724,889)     Net Assets, Beginning of Year   1,033,647   28,268,199   29,301,846			-	
Foundation expenses   1,113,756   -   1,113,756     Write-off of previous commitments   20,000   2,324,614   2,344,614     Kuali Days expenses   392,414   -   392,414     Total expenses   19,265,193   2,324,614   21,589,807     Change in Net Assets   (165,812)   (6,559,077)   (6,724,889)     Net Assets, Beginning of Year   1,033,647   28,268,199   29,301,846	Kuali KPME	337,473	-	337,473
Write-off of previous commitments   20,000   2,324,614   2,344,614     Kuali Days expenses   392,414   392,414   392,414     Total expenses   19,265,193   2,324,614   21,589,807     Change in Net Assets   (165,812)   (6,559,077)   (6,724,889)     Net Assets, Beginning of Year   1,033,647   28,268,199   29,301,846	Total project expenses	17,739,023	-	17,739,023
Write-off of previous commitments   20,000   2,324,614   2,344,614     Kuali Days expenses   392,414   392,414   392,414     Total expenses   19,265,193   2,324,614   21,589,807     Change in Net Assets   (165,812)   (6,559,077)   (6,724,889)     Net Assets, Beginning of Year   1,033,647   28,268,199   29,301,846	Foundation expenses	1 113 756		1 113 756
Kuali Days expenses 392,414 392,414   Total expenses 19,265,193 2,324,614 21,589,807   Change in Net Assets (165,812) (6,559,077) (6,724,889)   Net Assets, Beginning of Year 1,033,647 28,268,199 29,301,846			2 324 614	
Total expenses     19,265,193     2,324,614     21,589,807       Change in Net Assets     (165,812)     (6,559,077)     (6,724,889)       Net Assets, Beginning of Year     1,033,647     28,268,199     29,301,846				
Net Assets, Beginning of Year     1,033,647     28,268,199     29,301,846			2,324,614	
	Change in Net Assets	(165,812)	(6,559,077)	(6,724,889)
Net Assets, End of Year     \$ 867,835     \$ 21,709,122     \$ 22,576,957	Net Assets, Beginning of Year	1,033,647	28,268,199	29,301,846
	Net Assets, End of Year	\$ 867,835	\$ 21,709,122	\$ 22,576,957

$\begin{array}{cccccccccccccccccccccccccccccccccccc$	2010 Temporarily				
$\begin{array}{cccccccccccccccccccccccccccccccccccc$	Unrestricted	Restricted	Total		
$\begin{array}{cccccccccccccccccccccccccccccccccccc$					
$\begin{array}{cccccccccccccccccccccccccccccccccccc$	\$ -	\$ 500,000	\$ 500,000		
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	-		376,000		
$\begin{array}{cccccccccccccccccccccccccccccccccccc$	-		100,000		
$\begin{array}{cccccccccccccccccccccccccccccccccccc$	-		2,000,000		
$\begin{array}{cccccccccccccccccccccccccccccccccccc$	-	3,557,114	3,557,114		
$\begin{array}{cccccccccccccccccccccccccccccccccccc$	-	-	-		
$\begin{array}{cccccccccccccccccccccccccccccccccccc$					
$\begin{array}{cccccccccccccccccccccccccccccccccccc$		6,533,114	6,533,114		
$\begin{array}{cccccccccccccccccccccccccccccccccccc$		310,000	310,000		
$\begin{array}{cccccccccccccccccccccccccccccccccccc$	_				
$\begin{array}{cccccccccccccccccccccccccccccccccccc$	-				
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	-		500,000		
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	-	2,543,707	2,543,707		
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	-	180,000	180,000		
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	-	-	-		
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$		-			
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$		3,753,707	3,753,707		
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$		3,333	3,333		
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$		1,014,399	1,014,399		
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	-	11,304,553	11,304,553		
$\begin{array}{cccccccccccccccccccccccccccccccccccc$		360,800	360,800		
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	-	11,665,353	11,665,353		
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	279,579	-	279,579		
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	790,675	-	790,675		
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$		-	21,394		
$\begin{array}{c c c c c c c c c c c c c c c c c c c $			12,757,001		
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$			12 757 001		
$\begin{array}{cccccccccccccccccccccccccccccccccccc$	13,703,033	(1,000,034)	12,757,001		
$\begin{array}{cccccccccccccccccccccccccccccccccccc$	1.193.508	_	1.193.508		
$\begin{array}{cccccccccccccccccccccccccccccccccccc$		-	1,920,300		
$\begin{array}{cccccccccccccccccccccccccccccccccccc$	1,383,072	-	1,383,072		
$\begin{array}{cccccccccccccccccccccccccccccccccccc$		-	7,282,342		
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$		-	890,317		
604,966   -   604,966     251,409   -   251,409     13,528,504   -   13,528,504     236,531   (1,008,034)   (771,503     797,116   29,276,233   30,073,349	2,590	-	2,590		
604,966   -   604,966     251,409   -   251,409     13,528,504   -   13,528,504     236,531   (1,008,034)   (771,503     797,116   29,276,233   30,073,349	-	-	-		
604,966   -   604,966     251,409   -   251,409     13,528,504   -   13,528,504     236,531   (1,008,034)   (771,503     797,116   29,276,233   30,073,349	12,672,129	-	12,672,129		
251,409     251,409       13,528,504     -     13,528,504       236,531     (1,008,034)     (771,503       797,116     29,276,233     30,073,349		-	604,966		
13,528,504     -     13,528,504       236,531     (1,008,034)     (771,503       797,116     29,276,233     30,073,349	-	-	-		
797,116 29,276,233 30,073,349					
	236,531	(1,008,034)	(771,503)		
\$ 1,033,647 \$ 28,268,199 \$ 29,301,846	797,116	29,276,233	30,073,349		
φ 1,000,017 φ 20,200,177 φ 29,501,040	\$ 1,033,647	\$ 28,268,199	\$ 29,301,846		

#### Statements of Cash Flows Years Ended June 30, 2011 and 2010

	2011	2010
Operating Activities		
Change in net assets	\$ (6,724,889)	\$ (771,503)
Change in		
Accounts receivable	7,583	(637,094)
Contributions receivable	9,264,428	3,419,378
Prepaid expenses and other assets	(17,660)	(6,195)
Accounts payable and deferred revenues	850,992	106,608
Net cash provided by operating activities	3,380,454	2,111,194
Investing Activity - purchase of certificates deposit	(3,250,000)	
Net Increase in Cash	130,454	2,111,194
Cash, Beginning of Year	3,444,486	1,333,292
Cash, End of Year	\$ 3,574,940	\$ 3,444,486

#### Note 1: Nature of Operations and Summary of Significant Accounting Policies

#### Nature of Operations

Kuali Foundation, Inc. (Foundation) is a not-for-profit organization whose mission and principal activities are to foster the development of the Kuali software for administrative and service needs of education, to promote collaboration, sharing of good practices and dissemination of results of innovative approaches to applying open technology architectures and systems in general for education. The Foundation's revenues and other support are derived principally from membership and partnership dues.

The Foundation manages its projects based upon cash and in-kind commitments by project partners, and those commitments are reflected in Memorandum of Understanding documents that have a defined period. Because those Memorandum of Understanding documents are cyclical in nature, there will be a cyclical impact on the Foundation's net assets each fiscal year.

#### 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, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

#### Cash

Effective July 21, 2010, the FDIC's insurance limits were permanently increased to \$250,000. At June 30, 2011, the Foundation's cash accounts exceeded federally insured limits by approximately \$2,700,000.

#### Investments and Investment Return

Investments consist of certificates of deposit, which are carried at cost plus accrued interest.

#### Accounts Receivable

Accounts receivable are stated at the amounts to be received from the members for dues or subscriptions. Accounts receivable are ordinarily due 30 days after the issuance of the invoice which coincides with the period the member dues or subscriptions relate to. Accounts past due more than 120 days are considered delinquent. Delinquent receivables are written off based on expiration dates of either the membership or subscription.

#### **Deferred Revenue**

Revenue from fees for memberships and subscriptions are deferred and recognized over the periods to which the fees relate.

#### **Contributions**

Contributions of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Contributions received with a donor stipulation that limits their use are reported as temporarily restricted revenue and net assets. When a donor stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Contributions that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as temporarily restricted and then released from restriction. The majority of contributions are recognized through partnership agreements (project partner dues) and are restricted for specific Foundation projects. These partnership agreements are expected to be paid with cash, contributed services or a combination of both.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows.

Conditional gifts depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recognized as assets and revenue when the conditions are substantially met and the gift becomes unconditional.

Write-off of previous commitments occurs when a partner is not able to or has indicated they will not fulfill their original commitment. In 2011, write-offs of in-kind contributions totaled \$1,984,150 and write-offs of project partner dues totaled \$360,464.

#### Temporarily Restricted Net Assets

Temporarily restricted net assets are those whose use by the Foundation has been limited by donors to a specific time period or purpose.

#### Income Taxes

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, the Foundation is subject to federal income tax on any unrelated business taxable income.

The Foundation files tax returns in the U.S. federal jurisdiction. With a few exceptions, the Foundation is no longer subject to U.S. federal examinations by tax authorities for years before 2008.

#### In-kind Contributions and Services

In addition to receiving cash contributions, the Foundation receives in-kind contributions of services from various donors. It is the policy of the Foundation to record the estimated fair value of certain in-kind donations as an expense in its financial statements, and similarly increase contribution revenue by a like amount.

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. Contribution revenue recognized from contributed services consisted of:

	 2011	2010
Software development for Kuali Financial System	\$ 800,000	\$ 500,000
Software development for Kuali Coeus	1,779,131	376,000
Software development for Kuali RICE	1,446,667	100,000
Software development for Kuali Student	1,717,536	2,000,000
Software development for Kuali OLE	-	3,557,114
Software development for Kuali Travel	144,000	-
Software development for Kuali CGBR	20,760	-
Software development for Kuali KPME	 1,270,500	 -
	\$ 7,178,594	\$ 6,533,114

#### Software Costs

The costs of internally developing, maintaining and providing support for open source software are expensed in the period incurred. The Foundation does not generate revenue from the software. Because of the absence of future gross revenue, there is no net realizable value for those products inherent with the availability to download the software.

#### Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. Certain costs have been allocated among the program, management and general and fund raising categories based on the actual time and expense tracking.

#### Subsequent Events

Subsequent events have been evaluated through the date of the Independent Accountants' Report, which is the date the financial statements were available to be issued.

#### Reclassifications

Certain reclassifications have been made to the 2010 financial statements to conform to the 2011 financial statement presentation. These reclassifications had no effect on the change in net assets.

#### Note 2: Investments

Investments at June 30 consisted of the following:

	2011	2	2010
Certificates of deposit	\$ 3,250,000	\$	-

Total investment return, including interest on certificates of deposit, is comprised of the following:

	2011		2010	
Interest income	\$	16,113	\$	12,625

#### Note 3: Contributions Receivable

Contributions receivable consisted of the following:

	Temporarily Restricted			
	2011	2010		
Due within one year	\$ 11,254,722	\$ 16,505,299		
Due in one to five years	5,773,469	10,240,039		
	17,028,191	26,745,338		
Less: Discount	(59,754)	(512,473)		
	\$ 16,968,437	\$ 26,232,865		

Discount rates ranged from 0.46% to 2.27% and from 0.74% to 2.72% for 2011 and 2010, respectively, which reflects an estimate of the rates a market participant would demand for bearing the uncertainty in such cash flows.

Contributions receivable designated for specific purposes are as follows:

	2011	2010
Kuali Financial System	\$ 2,556,88	\$ 2,498,585
Kuali Coeus	1,948,30	2,139,364
Kuali RICE	1,626,72	1,220,416
Kuali Student	8,427,11	6 15,975,266
Kuali OLE	1,008,28	4,289,673
Kuali Ready and Kuali Ready		
project services	208,80	0 109,561
Kuali Travel	167,00	- 0
Kuali CGBR	43,65	- 0
Kuali KPME	981,66	
	\$ 16,968,43	\$ 26,232,865

Massachusetts Institute of Technology (MIT) had previously developed an electronic research administration software system known as MIT Coeus and has administered the Coeus Consortium to further the development of Coeus for the benefit of all members of the Consortium.

MIT indicated they intend to cease operating the Coeus Consortium. As such, the Foundation has developed a new version of the software, named Kuali Coeus, and is delivering it open source under the aegis and licensing structure of the Foundation.

MIT and the Foundation entered into a transitioning and support agreement, which provides for MIT and the Foundation assisting the transition of members to Kuali Coeus. As part of this agreement, the Foundation will remit to MIT payment for support provided to MIT Coeus members during the transition period. In accordance with Kuali's revenue recognition policy, the Foundation has recognized contributions from transitioning members at the time the related MOU was signed. A liability of \$15,000 was recorded as of June 30, 2011 under the support agreement for services provided in fiscal year 2011.

#### Note 4: Net Assets

#### Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30 are available for the following purposes or periods:

	 2011	2010
Kuali Financial System	\$ 3,329,068	\$ 3,104,530
Kuali Coeus	2,236,436	2,302,263
Kuali RICE	2,166,902	1,442,470
Kuali Student	9,066,223	16,038,124
Kuali OLE	2,844,334	5,200,508
Kuali Ready and Kuali Ready		
project services	208,800	180,304
Kuali Travel	402,403	-
Kuali CGBR	441,520	-
Kuali KPME	 1,013,436	 -
	\$ 21,709,122	\$ 28,268,199

#### Note 5: Net Assets Released From Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	 2011	2010
Purpose restrictions accomplished		
Kuali Financial System	\$ 1,485,338	\$ 1,193,508
Kuali Coeus	2,537,949	1,920,300
Kuali RICE	1,743,810	1,383,072
Kuali Student	8,042,463	7,282,342
Kuali OLE	2,376,721	890,317
Kuali Ready and Kuali Ready		
project services	332,869	2,590
Kuali Travel	598,597	-
Kuali CGBR	283,480	-
Kuali KPME	337,473	-
Other	 -	 1,258
Total net assets released from restrictions	\$ 17,738,700	\$ 12,673,387

#### Note 6: Disclosures About Fair Value of Assets and Liabilities

ASC Topic 820, *Fair Value Measurements*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Topic 820 also specifies a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1 Quoted prices in active markets for identical assets or liabilities
- Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- **Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy.

#### **Contributions Receivable**

Fair value is estimated at the present value of the future payments expected to be received. Due to the nature of the valuation inputs, the receivable is classified within Level 3 of the hierarchy.

The following table presents the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2011 and 2010:

		Fair Value Measurements Using						
	 Fair Value	Quoted Pric in Active Markets fo Identical Assets (Level 1)	Signi r Ot Obse Inp	Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)		
Contributions receivable As of June 30, 2011	\$ 16,968,437	\$	- \$	-	\$	16,968,437		
As of June 30, 2010	\$ 26,232,865	\$	\$	-	\$	26,232,865		

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statements of financial position using significant unobservable (Level 3) inputs:

	Contributions Receivable			
Balance, July 1, 2009	\$ 28,992,095			
Net payments	(3,120,030)			
Change in fair value included in the change in net assets	360,800			
Balance, June 30, 2010	26,232,865			
Contributions	11,936,837			
Payments	(19,329,370)			
Write-off of previous commitments	(2,324,614)			
Change in fair value included in the change in net assets	452,719			
Balance, June 30, 2011	\$ 16,968,437			

#### Note 7: The Fair Value Option

The Foundation has elected to measure contributions receivable at fair value. Management has elected the fair value option for these items because it more accurately reflects their financial position.

See Notes 3 and 6 for additional disclosures regarding fair value of each of the statements of financial position line items listed in the preceding paragraph.

#### Note 8: Functional Expenses

Total expenses by functional classification are as follows:

	2	011	 2010
Program expenses Management and general	\$ 21	,395,523 194,284	\$ 13,407,967 120,537
	\$ 21.	,589,807	\$ 13,528,504

#### Note 9: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

#### Fair Value of Contributions Receivable

Fair value of contributions receivable was estimated by the Foundation based on the present value of the payments to be received as well as the estimation of the collectability of the specific receivable balances.

#### **Current Economic Conditions**

The current protracted economic decline continues to present not-for-profit organizations with difficult circumstances and challenges, which in some cases have resulted in large and unanticipated declines in contributions and memberships and caused constraints on liquidity. The Foundation depends on income from memberships and partnership agreements in order to fulfill its purpose. Given the volatility of current economic conditions, the values of assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments in allowances for receivables that could negatively impact the Foundation's ability to maintain sufficient liquidity.

Supplementary Information

### Kuali Foundation, Inc. Schedule of Contributions Receivable June 30, 2011

	2011									
	Totals	Kuali Financial System	Kuali Coeus	Kuali RICE	Kuali Student	Kuali OLE	Kuali Ready	Kuali Travel	Kuali CGBR	Kuali KPME
In-Kind Contributions										
Due within one year	\$ 8,597,964	\$ 783,333	\$ 1,473,210	\$ 662,553	\$ 4,113,651	\$ 886,817	\$ -	\$ 42,000	\$ 8,650	\$ 627,750
Due in one to five years	4,869,336	750,000	-	350,000	3,482,773	-	-	-	-	286,563
	13,467,300	1,533,333	1,473,210	1,012,553	7,596,424	886,817		42,000	8,650	914,313
Project Partner Dues										
Due within one year	2,656,758	638,272	376,102	464,217	644,145	121,472	208,800	125,000	35,000	43,750
Due in one to five years	904,133	397,500	100,000	158,383	222,000	-	-	-	-	26,250
	3,560,891	1,035,772	476,102	622,600	866,145	121,472	208,800	125,000	35,000	70,000
	17,028,191	2,569,105	1,949,312	1,635,153	8,462,569	1,008,289	208,800	167,000	43,650	984,313
Less: Discount	(59,754)	(12,220)	(1,004)	(8,428)	(35,453)					(2,649)
Total contributions receivable	\$ 16,968,437	\$ 2,556,885	\$ 1,948,308	\$ 1,626,725	\$ 8,427,116	\$ 1,008,289	\$ 208,800	\$ 167,000	\$ 43,650	\$ 981,664

### Kuali Foundation, Inc. Schedule of Contributions Receivable June 30, 2010

				2010			
	Kuali Financial Totals System				Kuali Student	Kuali OLE	Kuali Ready
In-Kind Contributions							
Due within one year	\$ 12,124,940	\$ 900,000	\$ 1,552,966	\$ 569,300	\$ 7,018,896	\$ 2,083,778	\$ -
Due in one to five years	9,439,727	833,333	427,750	227,553	7,364,572	586,519	-
	21,564,667	1,733,333	1,980,716	796,853	14,383,468	2,670,297	
Project Partner Dues							
Due within one year	4,380,359	437,500	158,750	208,050	1,963,148	1,532,911	80,000
Due in one to five years	800,312	345,000	6,250	222,600	100,000	96,462	30,000
	5,180,671	782,500	165,000	430,650	2,063,148	1,629,373	110,000
	26,745,338	2,515,833	2,145,716	1,227,503	16,446,616	4,299,670	110,000
Less: Discount	(512,473)	(17,248)	(6,352)	(7,087)	(471,350)	(9,997)	(439)
Total contributions receivable	\$ 26,232,865	\$ 2,498,585	\$ 2,139,364	\$ 1,220,416	\$ 15,975,266	\$ 4,289,673	\$ 109,561