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STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT

OF

VINCENNES UNIVERSITY

VINCENNES, INDIANA

July 1, 2008 to June 30, 2009

FILED
03/16/2010

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SCHEDULE OF OFFICIALS

Office	Official	Term
President	Richard E. Helton	07-01-08 to 06-30-10
Vice President for Financial Services And Government Relations	Phillip S. Rath	07-01-08 to 06-30-10
Chairman of the Board of Trustees	John R. Gaylor	07-01-08 to 06-30-10

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF VINCENNES UNIVERSITY, VINCENNES, INDIANA

We have audited the financial statements of Vincennes University (University), as of and for the year ended June 30, 2009, and have issued our report thereon dated October 20, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the University's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the University's Board of Trustees, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS
State Board of Accounts

October 20, 2009

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF VINCENNES UNIVERSITY, VINCENNES, INDIANA

Compliance

We have audited the compliance of Vincennes University (University) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. The University's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the University's management. Our responsibility is to express an opinion on the University's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the University's compliance with those requirements.

In our opinion, the University complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2009-1.

Internal Control Over Compliance

The management of the University is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the University's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A control deficiency in a university's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of Vincennes University as of and for the year ended June 30, 2009, and have issued our report thereon dated October 20, 2009. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole

The University's response to the findings identified in our audit is described in the accompanying section of the report entitled Summary Schedule of Prior Audit Findings and Corrective Action Plan. We did not audit the University's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the University's Board of Trustees, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS
State Board of Accounts

March 8, 2010

VINCENNES UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2009

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Total Federal Awards Expended
U.S. DEPARTMENT OF EDUCATION		
Direct Grant		
Student Financial Aid Cluster		
Federal Supplemental Educational Opportunity Grants	84.007	$ 151,237
Federal Work-Study Program	84.033	195,460
Federal Pell Grant Program	84.063	9,428,833
Academic Competitiveness Grant	84.375	246,680
Total for cluster		10,022,210
U.S. DEPARTMENT OF JUSTICE		
Direct Grant		
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	23,124
Total for federal grantor agency		23,124
U.S. DEPARTMENT OF LABOR		
Pass-Through South Central Indiana Workforce Board, Inc.		
Workforce Investment Act (WIA) Cluster		
Region 8		
WIA Adult Program	17.258	652,777
WIA Youth Activities	17.259	986,653
WIA Dislocated Workers	17.260	807,405
Total for cluster		2,446,835
Pass-Through Grow Southwest Indiana Workforce Board, Inc.		
Workforce Investment Act (WIA) Cluster		
Region 11		
WIA Adult Program	17.258	256,627
WIA Youth Activities	17.259	357,199
WIA Dislocated Workers	17.260	257,434
Total for cluster		871,260
Direct Grants		
WIA Pilots, Demonstrations, and Research Projects	17.261	358,623
H-1B Job Training Grants	17.268	14,782
Mine Health and Safety Grants	17.600	106,982
Brookwood-Sago Grant	17.603	14,269
Pass-Through Indiana Department of Workforce Development		
Work Incentives Grants	17.266	33,708
Incentive Grants - WIA Section 503	17.267	7
Pass-Through Grow Southwest Indiana Workforce Board, Inc.		
H-1B Job Training Grants	17.268	83,694
Total for federal grantor agency		3,930,160
U.S. DEPARTMENT OF TREASURY		
Pass-Through Indiana Department of Family and Social Services Administration		
Tax Counseling for the Elderly	21.006	12,734
Total for federal grantor agency		12,734

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

VINCENNES UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2009
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Total Federal Awards Expended
U.S. DEPARTMENT OF EDUCATION		
Direct Grant		
Trio Cluster		
Trio - Student Support Services	84.042	294,360
Trio - Talent Search	84.044	367,767
Trio - Project Aspiree	84.044A	206,351
Trio - Upward Bound	84.047	744,271
Total for cluster		1,612,749
Direct Grant		
Hurricane Education Recovery	84.938R	237,315
Pass-Through Indiana Department of Education		
Adult Education - Basic Grants to States	84.002	428,515
Pass-Through Indiana Department of Workforce Development		
Career and Technical Education - Basic Grants to States	84.048	791,541
Tech-Prep Education	84.243	50,562
Total for federal grantor agency		3,120,682
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Pass-Through Indiana Department of Family and Social Services Administration		
Aging Cluster		
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	368,504
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	554,589
Nutrition Services Incentive Program	93.053	99,033
ARRA - Aging Home-Delivered Nutrition Services for States	93.705	15,095
ARRA - Aging Congregate Nutrition Services for States	93.707	27,819
Total for cluster		1,065,040
Special Programs for the Aging - Title VII, Chapter 2 - Long-Term Care Ombudsman Services for Older Individuals	93.042	11,465
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	23,165
National Family Caregiver Support, Title III, Part E	93.052	178,139
Social Services Block Grant	93.667	338,872
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	48,500
Total for federal grantor agency		1,665,181
U.S. DEPARTMENT OF NATIONAL AND COMMUNITY SERVICE		
Pass-Through Indiana Department of Family and Social Services Administration		
Retired and Senior Volunteer Program	94.002	89,449
Total for federal grantor agency		89,449
Total federal awards expended		$ 18,863,540

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Vincennes University (University) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs.

Student Financial Assistance

Expenditures for non-loan assistance made to students are recognized and reported in the Schedule of Expenditures of Federal Awards.

Student loan programs are funded by the federal government under various programs; e.g. Perkins Student Loan program. Activity related to this loan program includes federal and university capital contributions, loan repayments, interest earned on loans, cancellation of loans, and administrative and collection costs. The Schedule of Expenditures of Federal Awards reflects only current year loans to students.

2. Federal Family Educational Loans

The compiled information supplied by management of student financial aid for guaranteed student loans for the year ended June 30, 2009, is as follows:

Program	Federal CFDA Number	Number of Students	Amount
Federal Stafford Loans (subsidized)	84.032	5,816	$ 11,406,716
Federal Stafford Loans (unsubsidized)	84.032	6,899	15,252,507
Federal Parent Loans for Undergraduate Students (PLUS)	84.032	4,006	3,633,255

The above is presented as additional information and is not included in the Schedule of Expenditures of Federal Awards.

3. Federal Student Loan Program

The University considers the federal capital contribution of federally sponsored student loan programs as a liability. There were no changes in the balance of loan program federal capital contributions during the audit period ending June 30, 2009. The balance of net federal capital contributions as of June 30, 2009 was $1,116,332.

Amounts loaned to students are recorded as notes receivable. Gross student notes receivable as of June 30, 2009, were:

Cluster/Program Title	Federal CFDA Number	Amount
Federal Perkins Loan Program	84.038	$ 932,398
Nursing Student Loan Program	93.364	142,196

VINCENNES UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
Various	Student Financial Aid Cluster
Various	Aging Cluster
Various	Trio Cluster
84.048	Career and Technical Education – Basic Grants to States Aging Cluster

Dollar threshold used to distinguish between Type A and Type B programs: $565,906

Auditee qualified as low-risk auditee?	no

Section II – Financial Statement Findings

No matters are reportable

Section III – Federal Award Findings and Questioned Costs

FINDING 2009-1, RETURN OF TITLE IV FUNDS

Federal Agency: U.S. Department of Education
Federal Program: Student Financial Aid Cluster
CFDA Number: Various
Federal Award Number: N/A
Pass-through Entity: N/A

A sample of thirty-eight students who withdrew from classes was reviewed to determine any unearned portion of Title IV funds is calculated and returned within forty-five days after the University determines the student withdrew. Nine of the thirty-eight students reviewed did not have Title IV fund calculations performed and returned within the forty-five days. The return of funds calculation for the nine students noted above ranged from 64 to 476 days. Eight of these students had unofficial withdrawals.

34CFR 668.22 (a)(1) states: "When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV grant or loans assistance that the student earned as of the student's withdrawal date in accordance with paragraph (e) of this section."

34CFR 668.22 (j)(1) states in part: "An institution must return the amount of Title IV funds for which it is responsible under paragraph (g) of this section as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew as defined in paragraph (1)(3) of this section."

Failure to determine amount of Title IV grants or loan assistance that a student earned or not calculating the Title IV, HEA grant overpayment timely, could lead to an ineligible student receiving aid.

University officials need to ensure that all students receiving Title IV monies that have officially or unofficially withdrawn have a return of funds calculation performed in a timely manner.

VINCENNES
UNIVERSITY

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Vincennes University
Audit Control Number: No Determination Letter Issued
Finding No. 2008-1, Reporting, Career and Technical Education
Auditee Contact Person: Michael Richards
Title of Contact Person: Program Coordinator, Perkins Grant
Phone Number: (812) 888-4297
Status of Finding: Complete

Vincennes University understands the importance of reporting and submitting accurate information. Reviews and internal controls have been modified to ensure accurate reporting.

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Section III – Federal Award Findings and Questioned Costs

FINDING 2009-1 RETURN OF TITLE IV FUNDS

Federal Agency: U.S. Department of Education

Federal Program: Student Financial Aid Cluster

CFDA Number: Various

Federal Award Number: N/A

Pass-through Entity: N/A

A sample of thirty-eight students who withdrew from classes was reviewed to determine any unearned portion of Title IV funds is calculated and returned within forty-five days after the University determines the student withdrew. Nine of the thirty-eight students reviewed did not have Title IV fund calculations performed and returned within the forty-five days. The return of funds calculation for the nine students noted above ranged from 64 to 476 days. Eight of these students had unofficial withdrawals.

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Failure to determine amount of Title IV grants or loan assistance that a student earned or not calculating the Title IV, HEA grant overpayment timely, could lead to an ineligible student receiving aid.

University officials need to ensure that all students receiving Title IV monies that have officially or unofficially withdrawn have a return of funds calculation performed in a timely manner.

Response:

The University modified their processes immediately upon discovery of this discrepancy.

The failure of the university to determine and then return the amount of Title IV grant or loans assistance not earned by the students cited no later than 45 days after the date the university determined that the students had withdrawn has been traced to a failure to communicate unofficial withdrawals to the financial aid office.

To ensure that the recognition of withdrawals of any kind by the financial aid office does not depend only on lines of communication between other offices and the financial aid office, the financial aid office has developed an ad hoc report that will be run at least every 14 days. This report identifies students for whom a withdrawal has been recorded on Banner form SFAWDRL but for whom a return to Title IV calculation has not yet been conducted through Banner process RPATIVC. Running this report at least every 14 days will allow the financial aid office sufficient time to conduct calculations of any needed return of Title IV funds for withdrawn students within the regulatory time limit.

VINCENNES UNIVERSITY
EXIT CONFERENCE

The contents of this report were discussed on March 8, 2010, with Phillip S. Rath, Vice President for Financial Services and Government Relations; Linda Waldroup, Controller; Tim Eaton, Budget Director; Conya Wampler, Director of Accounting; Diana Marmaduke, Staff Accountant; and Stan Werne, Financial Aid Director.

Annual Financial Report

July 1, 2008 - June 30, 2009

VISION STATEMENT

Vincennes University is a premier learning institution, widely recognized for leadership in innovation and delivery of successful educational experiences. A broad range of program offerings and a commitment to superior service ensure the University's role as an important link in Indiana's economic and cultural vitality. VU is a diverse community whose members all share responsibility for supporting the University mission and are respected for their contribution.

MISSION STATEMENT

Vincennes University, Indiana's first college, is the State's premier transfer institution and leader in innovative career programming. The VU community ensures educational access, delivers proven associate and baccalaureate programs, and offers cultural opportunities and community services in a diverse, student-centered, collegiate environment.

Vincennes University

Annual Financial Report 2008-2009

Vincennes University

VINCENNES UNIVERSITY
FINANCIAL REPORT FOR 2008-2009

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VINCENNES UNIVERSITY TREASURER'S REPORT

The economic environment of the previous year has proven difficult for not only Vincennes University, but our sister institutions throughout the state; however, VU continues to operate efficiently and effectively and remains the most affordable residential institution in Indiana. The affordability provided by VU represents a great value to Hoosiers, and the institution remains committed to providing access to affordable higher education while delivering the highest quality services for the ever changing needs of students, business and industry, and the greater community.

Vincennes University is pleased to report an increase in enrollment during this academic year. These increases can be attributed to an increased awareness by students of a VU education; and the availability of new two- and four-year academic programs and options, such as Supply Chain Logistics Management, Game Development, and Web Programming. Hoosiers have also increased their demand for employment-driven training and educational opportunities that help them articulate the career ladder. This was also the third year that VU conferred baccalaureate degrees, adding new graduates in Special Education and Health Care Management.

VU has completed major renovations on the Vincennes Campus, which include replacement of the campus-wide electrical infrastructure and repair of the ventilation system in the McCormick Math and Science Building. Four chemistry labs were also renovated in the Math and Science Building, which will significantly improve educational and research opportunities for students. In addition, the $10 million renovation and modernization of George Rogers Clark Hall has been completed and the dormitory opened to students in August 2008.

During 2008-09, VU was pleased to open the new Indiana Center for Applied Technology. This facility is responsive to the needs of Indiana's new economy, offering flexible and adaptable educational facilities. The Gibson County Center for Advanced Manufacturing and Logistics is also set to break ground in October 2009. This center will further expand VU's ability to provide training for incumbent and future workers throughout Indiana's greater southwestern industrial corridor.

The severe flood in 2008 has also opened the doors to new opportunities for both VU and Purdue University. VU will strengthen its long-standing partnership with Purdue and construct the VU John Deere Ag Tech/Diesel building. VU's instructional facilities, previously located at the O'Neal Airport, are being reconstructed and relocated to

Building rendering for the John Deere Ag Tech/Diesel program at the Southwest-Purdue Agricultural Center the Southwest-Purdue Agricultural Center, a research farm in Knox County. This opportunity will further expand possibilities for students at both institutions, as they work together to conduct technical training and advanced research related to agricultural sector.

Looking ahead, VU continues to raise the necessary capital to construct a Multicultural Center on the Vincennes Campus, which is aimed at working directly with international and minority students through mentoring, outreach services, and enhanced cultural programming. The Jasper Campus also looks forward to breaking ground on the Jasper Center for Applied Technology and Advanced Manufacturing in the upcoming future.

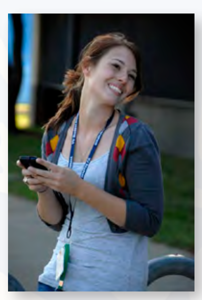
Vincennes University continues to remain Indiana's leader in transfer programs, quality community services, and innovative career programming leading to high-growth, high-demand occupations. During the 2008-2009 fiscal year, VU was proud to deliver services to over 9,000 students, inclusive of all 92 Indiana counties, 26 states, and more than 35 foreign countries. VU also continues to serve the needs of Indiana's employers by offering over 200 accredited associate and baccalaureate degree programs, options, and certificates with nearly 100% job placement in many areas.

I am pleased to present the 2008-2009 Vincennes University Financial Report for the fiscal year ended June 30, 2009. This report is a complete and permanent record of the financial status of Vincennes University for the period stated.

Respectfully submitted,

Phillip S. Rath
Vice President for Financial Services
and Government Relations

Indiana Center for Applied Technology



MANAGEMENT'S DISCUSSION & ANALYSIS

Introduction

Vincennes University is proud to present its financial statements for fiscal year 2009. The following discussion and analysis provides an overview of the financial position and activities of Vincennes University (the "University") for the year ended June 30, 2009 with comparative information for the year ended June 30, 2008. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes following this section.

One of the first two-year colleges in America, Vincennes University is also Indiana's oldest college. Currently, the University is a comprehensive public institution of higher learning with approximately 9,000 students. The University offers a broad range of degrees, including its recent addition of baccalaureate programs. These degrees include Bachelor of Science degrees in Health Care Management, Homeland Security and Public Safety, Education-Science Concentration, Education–Special Education, Education–Math Concentration, Nursing, and Technology. Vincennes University has a statewide mission and is a state-supported university. Major extension sites are located in Jasper and Indianapolis, Indiana. The University also offers over 400 courses through its Distance Education program and at 12 military sites across the United States. The University is accredited by the North Central Association of Colleges and Schools.

The University is committed to an open admission policy and recognizes that promoting individual growth and development must be its primary consideration. Furthermore, the University believes it must play a key role in programs of community development, cultural enrichment, and services appropriate to a postsecondary educational institution.

Using The Financial Statements

The University's financial report includes three financial statements: the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows. These financial statements are presented in accordance with Governmental Accounting Standards Board (GASB) principles, which establish standards for external financial reporting for public colleges and universities and require that financial statements be presented for aggregate operations which includes the Vincennes University Foundation, Incorporated.

Statements of Net Assets

The Statement of Net Assets presents the financial position of the University at the end of the fiscal year and includes all assets and liabilities of the University. The difference between total assets and total liabilities—net assets—is one indicator of the current financial condition of the University, while the change in net assets is an indicator of whether the overall financial condition has improved or worsened during the year. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost less an allowance for depreciation. A summarization of the University's assets, liabilities, and net assets at June 30, 2009, with comparative data for 2008, is as follows:

Statement of Net Assets June 30 (in thousands)	**2009**	**2008**
Current Assets	$ 55,056	$ 63,843
Non-current Assets:		
Investments	80,337	63,340
Capital Assets, net	147,638	139,331
Other	1,210	2,073
Total Assets	**$ 284,241**	**$ 268,587**
Current Liabilities	$ 26,753	$ 31,525
Non-current Liabilities	58,108	52,950
Total Liabilities	**$ 84,861**	**$ 84,475**
Net Assets	**$ 199,380**	**$ 184,112**

The University's financial position remained strong at June 30, 2009, with assets of $284 million and liabilities of $84.9 million. This financial health reflects the prudent utilization of its financial resources, including careful cost controls, management of its endowments, conservative utilization of debt, and adherence to its long-range capital plan for the maintenance and replacement of the physical plant.

Current assets consist primarily of cash, short-term investments, and accounts receivable. Accounts receivable includes sponsored programs, student loans, and student receivable for tuition, and room and board. The University maximized investment returns by moving funds from short-term investments to long-term investments which decreased total current assets by $8.8 million to $55 million.

Non-current assets increased $24.4 million from the previous year. As previously mentioned, the majority of this increase resulted from a shift in the investment portfolio. The $8.3 million increase in capital assets included the construction completion of the Indiana Center for Applied Technology, the Clark Hall renovation, and McCormick Science Center Lab renovations. The University's contribution toward the Other Postemployment Benefit (OPEB) obligation was in excess of the annual required contribution resulting in a net asset of $276,023.

Current liabilities consist primarily of accounts payable, loans payable, accrued compensation, and accrued vacation liability. Total current liabilities decreased $4.8 million to $26.8 million. This decrease is related to the December 2008 issuance of the Student Fee Bonds, Series I in the amount of $9,095,000 to finance the construction and equipping of the Indiana Center for Applied Technology and the renovation of the McCormick Science Center Lab. This debt issuance allowed the University to pay off the interim financing obtained for these projects in the previous year.

The majority of noncurrent liabilities represent bonds payable net of bond discount totaling $57 million. These bonds were issued to finance construction of three student residence halls, the student union, and eight academic buildings. Student fees and dormitory revenues secured these bonds. More detailed information concerning the University's long-term debt is presented in the Notes to the Financial Statements.

NET ASSETS

Net assets represent the residual interest in the University's assets after liabilities are deducted. The University's net assets at June 30, 2009, with comparative data for 2008, is summarized as follows:

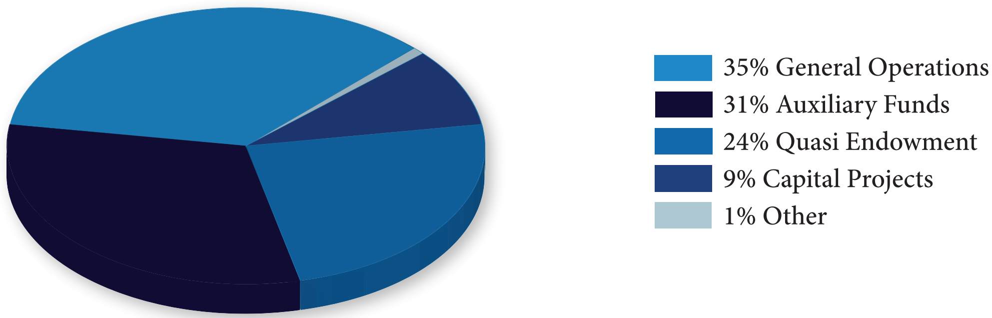
Summary of Net Assets June 30 (in thousands)	**2009**	**2008**
Invested in Capital Assets, Net of Related Debt	$ 78,269	$ 71,235
Restricted:		
Non-expendable	2,379	2,380
Expendable	7,966	13,225
Unrestricted:		
Designated - Capital & Other	12,162	10,681
Designated - Quasi Endowment	26,126	24,590
General Operations	38,643	34,336
Auxiliary	33,835	27,665
Total Net Assets	**$ 199,380**	**$ 184,112**

Net assets, Invested in capital assets, net of related debt represent the institution's equity in property, plant and equipment net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets - non-expendable primarily include the University's permanent endowment funds. The corpus of these resources is only available for investment purposes. Restricted net assets - expendable are subject to externally imposed restrictions governing their use. This category of net assets includes funds restricted for capital projects, external loan funds, and scholarship funds.

Unrestricted net assets are not subject to externally imposed stipulations; however, many of the University's unrestricted net assets have been designated or reserved for specific purposes such as auxiliaries, quasi-endowment, dormitory reserves, and repair and replacement reserves for capital and infrastructure. Unrestricted net assets include board-designated quasi-endowment funds of $26.1 million. All income and gain derived from these quasi-endowment funds are used for the purpose of funding various designated University activities. General Operation's net assets increased $4.3 million which is attributable to the positive operations during the fiscal year. Auxiliary net assets increased approximately $6.2 million from the previous year which a portion is attributable to the 5 percent increase in housing rates.

The following graph shows the percentage breakdown of unrestricted net assets of $110.8 million by designation:



STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

The Statement of Revenues, Expenses, and Changes in Net Assets presents the operating results of the University, as well as the non-operating revenues and expenses. Governmental appropriations, while budgeted for operations, are considered non-operating revenues as defined by GASB Statement No. 35. A summary of the Statement of Revenues, Expenses and Changes in Net Assets for the years ending June 30, 2009 and 2008 is as follows:

Statement of Revenues, Expenses, and Changes in Net Assets June 30 (in thousands)	**2009**	**2008**
Operating Revenues:		***Reclassified***
Tuition and Fees, Net	$ 26,486	$ 24,459
Auxiliary, Net	16,421	15,156
Grant and Contracts	15,265	15,483
Other	500	557
Total Operating Revenue	**$ 58,672**	**$ 55,655**
Operating Expenses	**107,219**	**99,761**
Net Operating Income (loss)	**(48,547)**	**(44,106)**
Non-operating Revenues (expenses):		
Governmental Appropriations	43,532	43,196
Federal and State Student Aid	14,683	11,711
Gifts (including endowment and capital)	1,845	594
Investment Income	6,021	6,234
Gain (Loss) on Disposition of Capital Assets	(114)	(29)
Other Income and Expenses	(2,152)	(2,368)
Total Non-operating Revenue	**$ 63,815**	**$ 59,338**
Capital Appropriations	-	1,136
Special - Gain on Disposal of Assets Jun 08 Flood	-	516
Special - Recovery for Noncapital Supplies and Materials	-	407
Increase in Net Assets	**15,268**	**17,291**
Net Assets - Beginning of Year	**184,112**	**166,821**
Net Assets - End of Year	**$ 199,380**	**$ 184,112**

REVENUES

Operating revenues increased 5.4 percent to $58.7 million from the prior year. The changes in revenue are as follows:

- Tuition and fees, net of scholarship allowances and bad debt, increased 8.3 percent from the prior year which was largely attributable to the increase in enrollment and the student fee rates increasing 5.9 percent.

- Auxiliary revenues primarily consist of student housing, bookstores, student activities, and workshops. Net auxiliary revenues increased 8.3 percent with housing rates increasing 4 percent from the prior year.

- For grants and contracts, the University received an estimated 56 percent from federal agencies, 21 percent from state agencies, and 23 percent from non-governmental agencies.

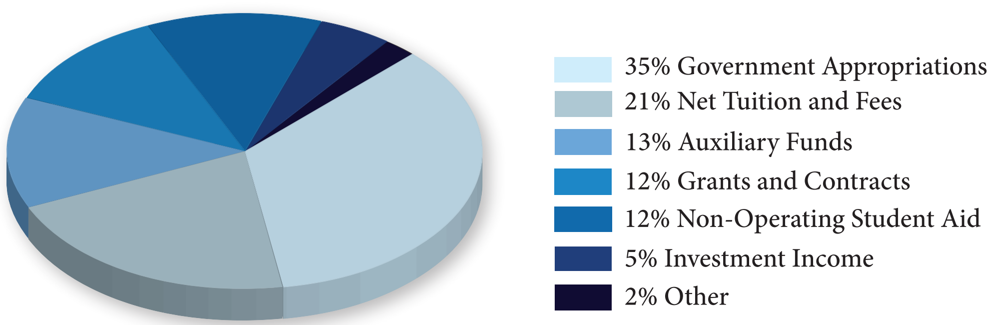
Non-operating revenue increased $4.48 million from $59 million for the fiscal year ending June 30, 2009. The activity includes the following:

- Federal and State Student Aid increased $3 million to $14.7 million. This increase is largely attributable to the amount of Pell aid awarded with the increase in enrollment.

- A classic film collection valued at $750,000 was donated to the University.

Special items were recognized in the prior year for the flood which occurred on June 9, 2008.

The following is a graphic illustration of revenues by source (both operating and non-operating) used to fund the University for the year ended June 30, 2009



EXPENSES

A comparative of the University's expenses for the years ending June 30, 2009 and 2008 is as follows:

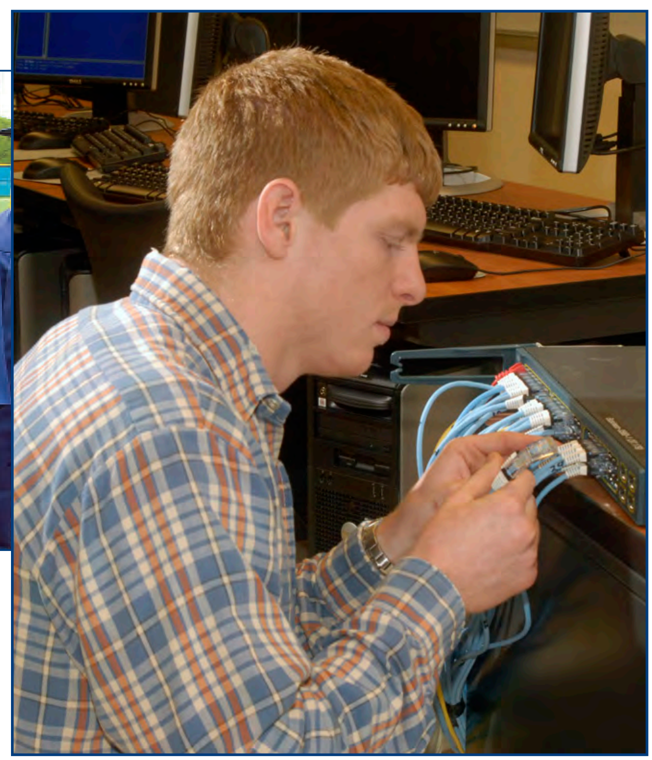
Expense by Natural Object June 30 (in thousands)	2009	2008
Operating:		
Compensation and Benefits	$ 61,560	$ 57,891
Supplies and Services	31,341	29,551
Depreciation	7,343	6,980
Scholarships and Fellowships	6,974	5,339
Total Operating Expense	**$ 107,218**	**$ 99,761**
Non-Operating:		
Interest and Other	2,265	2,398
Total Expenses	**$ 109,483**	**$ 102,159**

Operating expenses were $107 million for the fiscal year ending June 30, 2009. Changes in the major expense categories are as follows:

- Total salaries and benefits comprised approximately 56 percent of total expenses. Overall salaries increased 2.5 percent from the prior year. The benefit increase was related to the 10 percent increase in the health insurance costs along with the accrual of the Other Postemployment Benefit Asset as required by GASB 45. Refer to Note 12 for information regarding the OPEB asset and the OPEB costs.

- Total supplies and expenses increased 6 percent to $31 million from the previous year. Increased enrollment was the predominant reason for the increase in supply and maintenance costs of $1.4 million.

The University continues to make cost containment an ongoing effort for all related supply and expense expenditures.



STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides information about the University's financial results by reporting the major sources and uses of cash. Cash received from operations primarily consists of student tuition, sponsored programs, and auxiliary revenues. Significant sources of cash provided by non-capital financing activities, as defined by GASB, include state appropriations and gifts used to fund operating activities. For higher education institutions, these cash inflows are critical to funding the operations of the University.

A comparative of the Statement of Cash Flows for the years ended June 30, 2009 and 2008 is as follows:

Statement of Cash Flows June 30 (in thousands)	**2009**	**2008**
		Reclassified
Cash Received from Operations	$ 58,721	$ 54,140
Cash Expended for Operations	(101,017)	(91,223)
Net Cash Used in Operating Activities	**$ (42,296)**	**$ (37,083)**
Net Cash Provided by Non-Capital Financing Activities	58,610	55,157
Net Cash Provided by (Used in) Investing Activities	(9,267)	(4,408)
Net Cash Used in Capital and Related Financing Activities	(12,719)	(12,055)
Net Increase (Decrease) in Cash and Cash Equivalents	**$ (5,672)**	**$ 1,611**
Cash and Cash Equivalents - Beginning of Year	22,990	21,379
Cash and Cash Equivalents - End of Year	**$ 17,318**	**$ 22,990**

The University's cash and cash equivalents decreased $5.67 million from the previous year. The decrease in the cash and cash equivalents was primarily related to the shifting of cash and cash equivalents to long term investments.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The economic condition of Vincennes University is closely tied to that of the State of Indiana with state appropriations being the largest source of funding for the University. The University continues to search for ways to actively handle a decline in resources with the rising enrollment. The state budget reductions are happening at a time when the public realizes the importance of an education in today's economy. Vincennes University's low tuition cost continues to make the institution one of the best values in the State of Indiana offering a quality education with a residential experience.

The University is working to adhere to its long-range plans for upgrading and adding new facilities for instruction. Financing in the amount $10 million for renovation of the 260-bed George Rogers Clark Residence Hall is in progress. Plans are also moving forward to provide Advanced Manufacturing facilities in Gibson County with an estimated cost of $12 million. This facility will provide the State of Indiana with premier technological training centers located in the heart of an expanding industry and population base. The Gibson facility will be funded in part by a $5 million cash appropriation by the State of Indiana.

The severe flood in 2008 has also opened doors to new opportunities for both Vincennes University and Purdue University. In April 2009, the State Budget Commission approved Vincennes University to construct a new facility that will house both the John Deere Agricultural Program and the Diesel Heavy Equipment Program, located on Southwest-Purdue Agricultural Center, a 200-acre research farm in Knox County, Indiana that is owned and operated by Purdue. This facility will allow for greater cooperation between the institutions for research, education, and training directly related to agriculture, agribusiness, and John Deere technology.

The Indiana General Assembly has also given the University approval for the construction and renovation of several capital projects. One of these projects includes a $5 million multicultural center to be constructed on the Vincennes campus. This center will be dedicated to the empowerment of students through the creation and integration of unique opportunities that celebrate the rich diversity offered by our minority and international students. Another project will be the $8 million renovation of the Physical Education complex. The complex will undergo a complete pool renovation, replacement of the HVAC system, conversion to steam heat, ADA compliance enhancements, installation of new flooring, classroom and office reconfiguration, and renovations of the entrances and exits. Lastly, Davis Hall, home of VU's public service and broadcasting division, will be renovated at a cost of $850,000 which will include the replacement of four-story glass curtain walls located at the building's two entrances.

The University is committed to retaining and attracting an outstanding faculty and staff. The double-digit increases in health care and prescription drug costs are a concern as the costs of the University's health benefits have increased dramatically over the past several years. Increasing costs for insurance, volatile utility costs, repair and maintenance of campus facilities and replacing equipment with current technology are also significant cost pressures facing the university.

Management's prudent use of resources and cost-containment efforts in today's uncertain economic environment will ensure that the University continues to remain financially sound.

VINCENNES UNIVERSITY — STATEMENT OF NET ASSETS

As of June 30, 2009 and June 30, 2008

Assets		2009		2008
Current Assets				
Cash and Cash Equivalents	$	17,318,199	$	22,990,371
Short-term Investments		28,202,021		29,481,614
Funds held with Bond Trustee		10,156		11,699
Appropriation Receivable from State		-		902,111
Accounts Receivable (Less Allowance of $3,940,014 2009 and $3,408,230 2008)		7,127,897		7,872,885
Current Portion of Notes Receivable		395,245		329,126
Inventories		1,307,033		1,575,108
Accrued Interest Income		555,133		541,419
Prepaid Expenses		139,997		138,215
Total Current Assets		**55,055,681**		**63,842,548**
Non-current Assets				
Funds held with Bond Trustee for Debt Service		255,156		255,165
Investments		79,893,318		63,340,009
Derivative Instrument - Interest Rate Swap		443,185		-
Notes Receivable		680,075		661,982
OPEB Asset		276,023		1,156,985
Capital Assets, Net of Accumulated Depreciation		147,637,681		139,331,110
Total Non-current Assets		**229,185,438**		**204,745,251**
Total Assets	**$**	**284,241,119**	**$**	**268,587,799**
Liabilities				
Current Liabilities				
Accounts Payable	$	3,112,473	$	5,523,177
Capital Lease Payable		19,283		43,106
Accrued Payroll and Deductions Payable		5,425,024		5,084,566
Accrued Vacation Liability		1,339,855		1,278,136
Deferred Revenue		2,244,687		1,662,437
Accrued Interest on Debt		205,169		240,845
Bonds Payable		2,925,000		3,245,000
Loans Payable		10,000,000		13,000,000
Deposits		237,636		197,949
Deposits Held in Custody for Others		228,349		209,535
Other Liabilities		1,015,065		1,040,379
Total Current Liabilities		**26,752,541**		**31,525,130**
Non-current Liabilities				
Capital Lease Payable		-		19,283
Bonds Payable (Net of Unamortized Bond Premium (Discount) of $323,728 2009 and $384,631 2008)		56,548,728		51,814,631
Deferred Inflow of Resources (Interest Rate Swap)		443,185		-
Advances from Federal Government		1,116,332		1,116,332
Total Non-current Liabilities		**58,108,245**		**52,950,246**
Total Liabilities		**84,860,786**		**84,475,376**
Net Assets				
Invested in Capital Assets, Net of Related Debt		78,268,619		71,235,109
Restricted for Non-expendable:				
Scholarships & Instruction		2,379,586		2,379,586
Restricted for Expendable:				
Capital Projects		5,306,147		10,731,998
Loan Funds		515,749		501,970
Scholarships & Instruction		2,143,914		1,991,194
Unrestricted		110,766,318		97,272,566
Total Net Assets		**199,380,333**		**184,112,423**
Total Liabilities and Net Assets	**$**	**284,241,119**	**$**	**268,587,799**

The accompanying Notes to the Financial Statements are an integral part of this statement.

VINCENNES UNIVERSITY FOUNDATION, INC.
COMPONENT UNIT — STATEMENT OF FINANCIAL POSITION
As of June 30, 2009 with comparative figures for 2008

Assets	June 30 2009	June 30 2008	Liabilities and Fund Balances	June 30 2009	June 30 2008
Unrestricted Funds					
Cash	$ 41,421	$ 42,235	Accounts Payable	$ 3,694	$ 15,551
Amount Due from Agency Funds	114,429	316,603	Vacation Accrual	10,022	9,971
Accrued Interest Receivable	5,830	8,927	Deferred Income Other	10,981	2,475
Investments	1,642,219	1,867,923	Due VU General Fund	53,797	110,238
Equipment	19,785	19,785	Refundable Advance	770,200	-
Accum. Deprec. - Equipment	(11,165)	(8,032)			
Prepaid Expense	6,033	7,731			
Property	1,038,509	278,421	Net Assets	2,008,367	2,395,358
Total Unrestricted Funds	**$ 2,857,061**	**$ 2,533,593**	**Total Unrestricted Funds**	**$ 2,857,061**	**$ 2,533,593**
Current Restricted Funds					
Cash	$ 3,608	$ -	Accounts Payable	$ 20,612	$ 1,322
Accrued Interest Receivable	12,347	29,564	Due to Unrestricted	-	55,669
Investments	17,539,193	17,205,792	Funds Held in Trust	15,299,982	15,277,045
Other Accounts Receivable	4,237	1,000	Deferred Income Other	47,779	50,078
Prepaid Expense	4,108	345			
			Net Assets	2,195,120	1,852,587
Total Current Restricted Funds	**$ 17,563,493**	**$ 17,236,701**	**Total Current Restricted Funds**	**$ 17,563,493**	**$ 17,236,701**
Endowment Funds					
Amount Due from Agency Funds	$ 3,873	$ -	Accounts Payable	$ 10,334	$ 1,547
Accrued Interest Receivable	60,845	92,260	Due VU General Fund	-	2,251
Investments	17,826,807	19,561,231	Due to Unrestricted	114,429	260,935
			Annuity Payable	744,502	14,876
			Net Assets	17,022,260	19,373,882
Total Endowment Funds	**$ 17,891,525**	**$ 19,653,491**	**Total Endowment Funds**	**$ 17,891,525**	$ 19,653,491
Total Assets	**$ 38,312,079**	**$ 39,423,785**	**Total Liabilities & Fund Balance**	**$ 38,312,079**	**$ 39,423,785**

The accompanying Notes to the Financial Statements are an integral part of this statement.

VINCENNES UNIVERSITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
As of June 30, 2009 and June 30, 2008

	2009	2008
Operating Revenues		** Reclassified*
Student Tuition & Fees	$ 33,840,433	$ 30,593,560
Scholarship Allowance-Tuition & Fees	(7,355,752)	(6,134,637)
Grants and Contracts	15,265,140	15,483,853
Auxiliary Enterprises	19,040,935	17,368,439
Scholarship Allowance-Auxiliary Enterprises	(2,619,866)	(2,212,301)
Other Revenues	500,311	556,583
Total Operating Revenues	**58,671,201**	**55,655,497**
Operating Expenses		
Salaries and Wages	44,745,374	43,671,718
Benefits	16,814,931	14,219,445
Scholarships and Fellowships	6,974,160	5,338,784
Supplies and Other Services	29,944,818	27,960,990
Equipment	1,396,531	1,590,221
Depreciation	7,342,858	6,979,915
Total Operating Expenses	**107,218,672**	**99,761,073**
Operating Income (Loss)	**(48,547,471)**	**(44,105,576)**
Non-Operating Revenues (Expenses)		
Governmental Appropriations	43,532,203	43,196,198
Federal and State Student Aid	14,683,286	11,710,738
Gifts and Bequests	1,844,652	593,814
Investment Income	4,280,784	4,226,487
Endowment Income	1,739,733	2,008,359
Gain (Loss) on Disposition of Capital Assets	(113,585)	(29,499)
Interest & Other Costs on Capital Assets - Related Debt	(2,095,079)	(2,294,486)
Other Non-operating Revenues (Expenses)	(56,613)	(74,219)
Total Non-operating Revenues (Expenses)	**63,815,381**	**59,337,392**
Income Before Other Revenues, Expenses, Gains or Losses	**15,267,910**	**15,231,816**
Other Revenues, Expenses, Gains or Losses		
Capital Appropriations	-	1,136,484
Special - Gain on Disposal of Assets - June 08 Flood	-	516,287
Special - Recovery for Non Capital Supplies and Equipment - June 08 Flood	-	406,586
Increase in Net Assets	**15,267,910**	**17,291,173**
Net Assets - Beginning of Year	184,112,423	166,821,250
Net Assets - End of Year	**$ 199,380,333**	**$ 184,112,423**

** See Note 14 in the Notes to the Financial Statements*

The accompanying Notes to the Financial Statements are an integral part of this statement.

VINCENNES UNIVERSITY FOUNDATION, INC.
COMPONENT UNIT — STATEMENT OF ACTIVITY

As of June 30, 2009 with comparative figures for 2008

Support and Revenue	Unrestricted	Current Restricted	Endowment	2009 Total	2008 Total
Contributions	$ 136,591	$ 789,882	$ 434,178	$ 1,360,651	$ 1,556,384
Phone-a-thon	7,662	-	-	7,662	20,912
Other Income	45,617	119,508	29,646	194,771	139,088
Investment Income	22,517	71,851	(137,592)	(43,224)	1,299,740
Unrealized Gain (Loss) on Investments	(169,518)	38,531	(1,795,857)	(1,926,844)	(1,293,525)
Administrative Income	213,570	-	-	213,570	243,826
Alumni Development	40,000	-	-	40,000	40,000
Alumni Income & Community Series	38,435	121,422	-	159,857	143,370
Total Support and Revenue	**$ 334,874**	**$ 1,141,194**	**$ (1,469,625)**	**$ 6,443**	**$ 2,149,795**
Expenses					
Foundation Office	$ 326,391	$ -	$ -	$ 326,391	$ 304,118
Depreciation Expense	3,133	-	-	3,133	2,764
Annual Giving Program	86,159	-	-	86,159	83,419
Planned Giving Program	5,537	-	-	5,537	5,012
Development Support	55,471	-	-	55,471	53,078
Community Relations	57,740	-	-	57,740	48,042
Mini-Grants	28,312	-	-	28,312	17,612
Special Projects	35,007	-	-	35,007	36,247
Red Skelton Center Fund	-	-	-	-	2,975,830
President's Golf Tournament	12,519	-	-	12,519	11,019
Special Projects	36,487	-	-	36,487	36,136
Scholarships	6,000	137,302	533,275	676,577	563,509
Investment Expenses	6,094	7,321	54,917	68,332	74,838
Other Expenses	602	372,432	217,153	590,187	772,461
Administrative Fees	-	48,247	165,323	213,570	243,827
Alumni Expenses & Community Series	62,413	144,688	-	207,101	135,188
Total Expenses	**$ 721,865**	**$ 709,990**	**$ 970,668**	**$ 2,402,523**	**$ 5,363,100**
Increase (Decrease) in Net Assets	**$ (386,991)**	**$ 431,204**	**$ (2,440,293)**	**$ (2,396,080)**	**$ (3,213,305)**

The accompanying Notes to the Financial Statements are an integral part of this statement.

VINCENNES UNIVERSITY FOUNDATION, INC.
COMPONENT UNIT — STATEMENT OF CHANGES IN NET ASSETS
As of June 30, 2009 with comparative figures for 2008

	Unrestricted	Current Restricted	Endowment	2009 Total	2008 Total
Net Assets Beginning of Year	**$ 2,395,358**	**$ 1,852,587**	**$ 19,373,882**	**$ 23,621,827**	**$ 26,835,132**
Increase (Decrease) in Net Assets	$ (386,991)	$ 431,204	$ (2,440,293)	$ (2,396,080)	$ (3,213,305)
Net Assets Adjustments:					
Additions	$ -	$ 23,189	$ 111,860	$ 135,049	$ 1,295,525
Deductions	-	(111,860)	(23,189)	(135,049)	(1,295,525)
Total Change for Year	**$ (386,991)**	**$ 342,533**	**$ (2,351,622)**	**$ (2,396,080)**	**$ (3,213,305)**
Net Assets, End of Year	**$ 2,008,367**	**$ 2,195,120**	**$ 17,022,260**	**$ 21,225,747**	**$ 23,621,827**

The accompanying Notes to the Financial Statements are an integral part of this statement.

VINCENNES UNIVERSITY — STATEMENT OF CASH FLOWS

As of June 30, 2009 and June 30, 2008

	2009	2008 *Reclassified
Cash Flows From (For) Operating Activities		
Tuition and Fees	$ 26,791,668	$ 23,644,375
Grants and Contracts	14,839,749	14,924,473
Payments to Suppliers	(33,534,054)	(25,834,148)
Payments to Employees	(44,534,841)	(43,607,600)
Payments for Benefits	(15,742,325)	(16,273,469)
Payments for Scholarships and Fellowships	(6,974,160)	(5,338,784)
Loans Issued to Students	(230,857)	(169,000)
Collection of Loans to Students	146,645	184,056
Auxiliary Enterprise	16,664,066	15,091,384
Other Receipts	278,400	295,986
Net Cash Used in Operating Activities	**(42,295,709)**	**(37,082,727)**
Cash Flows From (For) Non-Capital Financing Activities		
Governmental Appropriations	43,532,203	43,196,198
Gifts and Grants for Other than Capital Purposes	15,077,453	11,960,356
Net Cash Provided by Non-capital Financing Activities	**58,609,656**	**55,156,554**
Cash Flows From (For) Capital and Related Financing Activities		
Proceeds from Capital Debt	6,095,000	13,000,000
Capital Appropriations	902,111	2,038,595
Capital Grants and Gifts Received	60,000	200,000
Proceeds (Loss) from Sale of Capital Assets	(2,505)	8,291
Insurance Recovery - Flood	1,606,662	-
Purchases of Capital Assets and Construction	(14,521,719)	(20,064,018)
Bond Reserve Cash Returned (Deposited)	1,552	50,112
Principal Paid on Capital Lease	(43,106)	(38,975)
Principal Paid on Capital Debt	(4,620,000)	(4,825,000)
Interest Paid on Capital Debt & Lease	(2,197,201)	(2,424,067)
Net Cash Used in Capital and Related Financing Activities	**(12,719,206)**	**(12,055,062)**
Cash Flows From (For) Investing Activities		
Proceeds from Sales and Maturities of Investments	42,248,320	77,247,086
Investment Income	4,787,438	5,539,815
Purchase of Investments	(56,302,671)	(87,193,815)
Net Cash Used in Investing Activities	**(9,266,913)**	**(4,406,914)**
Net Increase (Decrease) In Cash	**(5,672,172)**	**1,611,851**
Cash and Cash Equivalents - Beginning of Year	**22,990,371**	**21,378,520**
Cash and Cash Equivalents - End of Year	**$ 17,318,199**	**$ 22,990,371**

** See Note 14 in the Notes to the Financial Statements*

The accompanying Notes to the Financial Statements are an integral part of this statement.

VINCENNES UNIVERSITY — STATEMENT OF CASH FLOWS

As of June 30, 2009 and June 30, 2008

Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided by (Used in) Operating Activities:	2009	2008 *Reclassified
Net Operating Revenues and Expenses	$ (48,547,471)	$ (44,105,576)
Adjustments to Reconcile Net Operating Revenues (Expenses) to Net Cash Provided by (Used in) Operating Activities:		
Depreciation Expenses	7,342,858	6,979,915
Changes in Assets and Liabilities:		
Receivables, Net	744,988	(2,604,174)
Inventories	268,075	235,092
Other Assets	(1,782)	127,331
Student Loans	(84,212)	15,056
OPEB Asset	880,962	(1,156,985)
Accounts Payable and Accrued Liabilities	(2,058,132)	2,456,662
Deferred Revenue	621,937	(630,261)
Gifts in Kind	11,230	19,280
Cash Flows Reported in Other Categories:		
Proceeds from Sale of Capital Assets & Auxiliary Enterprise	(112)	(1,894)
Insurance Recovery	(1,535,776)	1,535,776
Property Transferred to Foundation	63,805	-
Capital Lease Payments	48,649	48,220
Other Non-Operating Revenues (Expenses)	(50,728)	(1,169)
Net Cash Provided by (Used in) Operating Activities	**$ (42,295,709)**	**$ (37,082,727)**

** See Note 14 in the Notes to the Financial Statements*

The accompanying Notes to the Financial Statements are an integral part of this statement.

VINCENNES UNIVERSITY NOTES TO FINANCIAL STATEMENTS

Note 1 — Summary of Significant Accounting Policies

Reporting Entity:

Vincennes University is an institution of higher education and is considered to be a component unit of the State of Indiana. The University is governed by a Board of Trustees as established by Indiana Code 23-13-18. The Board of Trustees of the University consists of 10 trustees appointed by the Governor of the State. One of the trustees must be a resident of Knox County, one must be an alumnus of Vincennes University, and one must be a full-time student of the University during the term. There are also four ex-officio members of the board: the president of the University, the superintendent of the Vincennes Community School Corporation, the superintendent of the South Knox School Corporation, and the superintendent of the North Knox School Corporation. The University is included in the State's financial statements as a discrete component unit. Transactions with the State relate primarily to appropriations for operations and capital improvements and grants from various state agencies.

The University adheres to Governmental Accounting Standards Board (GASB) Statement No. 39, *Determining Whether Certain Organizations are Component Units*. This Statement amends GASB Statement No. 14, *The Financial Reporting Entity* to provide additional guidance to determine whether certain organizations for which the College is not financially accountable should be reported as component units based on the nature and significance of their relationship with the University.

As defined by generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government, as well as its component unit, the Vincennes University Foundation, Inc.

The Vincennes University Foundation, Inc. is a legally separate, tax-exempt component unit of the University. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, which the Foundation holds and invests are restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of Vincennes University and the University's financial statements include discrete presentation of the Foundation by displaying the Foundation's audited financial statements in their original formats. During the year ended June 30, 2009, the VU Foundation distributed $1,480,714 to the University for restricted and unrestricted purposes. The Foundation is reported in separate financial statements because of the difference in its reporting model, as further described below.

The Vincennes University Foundation, Inc. is a private not-for-profit organization that reports its financial results according to Financial Accounting Standards Board (FASB) Statements. Most significant to the Foundation's operations and reporting model are FASB Statement No. 116, *Accounting for Contributions Received and Contributions Made*, and FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the University's financial reporting entity for these differences; however, significant note disclosures to the Foundation's financial statements have been incorporated into the University's notes to the financial statements.

Financial statements for the Foundation can be obtained by calling the Vincennes University Foundation, Inc. at 812-888-4510.

Financial Statement Presentation:

The financial statements have been prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*, GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, and with other accounting principles generally accepted in the United States of America, as prescribed by the GASB.

During fiscal year 2009, the University adopted GASB Statement No. 49, *Accounting for Pollution Remediation*; GASB Statement No. 52, *Land and other Real Estate Held as Investments by Endowments*; GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; and GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*. The University also is an early adopter of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*.

Basis of Accounting:

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All significant intra-agency transactions have been eliminated.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

The University has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The University has elected to not apply FASB pronouncements issued after the applicable date.

Cash Equivalents:

For purposes of the Statement of Cash Flows, the University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Investments:

The University accounts for its investments at fair market value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Assets.

Accounts Receivable:

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff. The majority of each group resides in the State of Indiana. Accounts receivable also include amounts due from the federal government, state and local governments, and private sources in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

Inventories:

Inventories are carried at the lower of cost or market value on either the first-in, first-out ("FIFO") basis or the average cost basis.

Non-current Cash and Investments:

Cash and investments that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other non-current assets, are classified as non-current assets in the Statement of Net Assets.

Capital Assets:

Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. For equipment, the University's capitalization policy includes all items with a unit cost of $500 or more and an estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Infrastructure costs are minimal and included in the cost of Building and Improvements. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful life of the asset, generally 40 to 50 years for buildings, 20 to 25 years for infrastructure and land improvements, and 3 to 10 years for equipment.

Deferred Revenues:

Deferred revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year, but related to the subsequent accounting period. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Compensated Absences:

Liabilities for compensated absences are recorded for vacation leave for eligible employees based on actual earned amount. This accrual includes the employer share of social security and medicare taxes, and contributions to pension plans. The maximum number of days an employee may be paid upon termination of employment remains limited to the number of days which can be earned in 12 months. The liability and expense incurred are recorded at year-end as accrued vacation payable in the Statement of Net Assets and as a component of salary and benefit expense in the Statement of Revenues, Expenses, and Changes in Net Assets.

Non-current Liabilities:

Non-current liabilities consist of a deferred inflow of resources from an interest rate swap, principal amounts of a revenue bonds payable with a contractual maturity of greater than one year, and advances from the federal government.

Net Assets:

The University's net assets are classified as follows:

Invested in capital assets, net of related debt — This represents the University's total investment in capital assets net of outstanding debt obligations related to those capital assets.

Restricted net assets -non-expendable — Non-expendable restricted net assets consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Restricted net assets -expendable — Restricted expendable net assets include resources in which the University is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Unrestricted net assets — Unrestricted net assets represent resources derived from student tuition and fees, state appropriations, and sales and services of educational departments. These resources are used for transactions relating to the educational and general operations of the University and may be designated for specific purposes by action of management or the Board of Trustees. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff. Substantially all unrestricted net assets are designated for academic programs and initiatives, and general operations of the University.

Income Taxes:

The University, as a political subdivision of the State of Indiana, is excluded from federal income taxes under Section 115(1) of the Internal Revenue Code, as amended. The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Classification of Revenues:

The University has classified its revenues as either operating or non-operating revenues according to the following criteria:

Operating revenues — Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, (3) grants and contracts, and (4) interest on institutional student loans. Since the University's mission is to play a key role in programs of community development, cultural enrichment and services appropriate to a post-secondary educational institution, most grants and contracts are considered operating.

Non-operating revenues — Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, such as state appropriations, most federal and state student aid and investment income.

Scholarship Discounts and Allowances:

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Assets. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state or non-governmental programs, are recorded as either operating or non-operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

Component Unit:

The Vincennes University Foundation, Inc. maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors. Accordingly, net assets and changes therein are classified as follows:

Permanently Restricted Net Assets — Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

Temporarily Restricted Net Assets — Net assets subject to donor-imposed stipulations that will be met by actions of the Foundation and/or passage of time.

Unrestricted Net Assets — Net assets not subject to donor-imposed restrictions.

Revenues are recorded when earned. Contributions, including promises to give, are recognized as revenue in the period received at their fair values. Promises to give, or pledges, must be unconditional and legally enforceable to be recognized.

Expenses are recognized when incurred.

Investments in marketable securities are stated at fair market value.

Note 2 — Cash and Investments

Cash and investments as of June 30, 2009, are stated at market value. Indiana statutes authorize the University to invest in obligations of the U.S. Treasury and U.S. agencies, certificates of deposits, repurchase agreements, savings and money market accounts, and negotiable order of withdrawal accounts. Cash deposits are insured by agencies of the federal government up to $250,000. Amounts over $250,000 are covered by the Indiana Public Depository Fund, which covers all public funds held in approved depositories. The total amount held in checking and money market accounts at various banks at June 30, 2009, equaled $20,423,309.

Quasi-endowment funds are managed by the trust departments of three major regional banks. These funds are invested in accordance with the policies set by the Finance Committee of the Board of Trustees. Other endowment funds held in trust consist of U. S. Treasury and U.S. Government Agency obligations, tax exempt municipal bonds, savings accounts, and certificates of deposit.

As of June 30, 2009, the University had the following investments:

Investment Type	Market Value	Maturity Less than 1 Year	Maturity 1-5 Years	Maturity 6-10 Years
Certificate of Deposits	$ 26,934,425	$ 26,934,425	$ -	$ -
U. S. Treasury Notes	2,960,523	100,711	1,552,866	1,306,946
U. S. Government Agencies	77,970,909	1,166,885	57,136,904	19,667,120
Mutual Funds	229,482	-	229,482	-
Total	**$ 108,095,339**	**$ 28,202,021**	**$ 58,919,252**	**$ 20,974,066**

Credit Risk — As a means of managing credit risk, University investment policy limits investments to A1 (Standard & Poor's) or P1 (Moody's). If a rating change occurs which disqualifies a security that is already present in the University portfolio it must be sold within 30 days of the discovery, unless it matures within six months of the rating change. At June 30, 2009, the University is in compliance with its credit risk policy for all investments.

Concentration of Credit Risk — The concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The University's investment policy places no limit on the amount that can be invested in any single issuer. Investments that represent 5% or more of the University's total investments in one issuer are certificate of deposits totaling $15,337,808 at Old National Bank. U.S. government issues and U.S. governmental agency securities are exempt from this requirement.

Interest Rate Risk — Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University's investment policy does not address exposure to fair value losses arising from changes in interest rates, but the investment objective is to obtain the highest revenue while maintaining safety and insuring adequate liquidity for institutional needs. To that end, management maintains investments in cash, cash equivalents, and short term investments to be in position to take advantage of the best rates in a timely fashion as well as sustaining adequate cash flow for operating needs.

Custodial Credit Risk — For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. University investment policy does not limit the value of investments that may be held by an outside party. Of the University's investments, $2,960,523 of the U.S. Treasury Notes, $13,115,748 of the U.S. Government Agencies, and $229,482 of the Mutual Funds are held by the counter party, a trust department, or an agent not in the University's name.

Foreign currency risk — This is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The University does not hold any foreign currency-denominated investments.

Note 3 — Accounts Receivable

Accounts Receivable are primarily comprised of the following:		
Student Receivables--Tuition	$	6,014,002
Auxiliaries		2,259,912
Sponsored Programs		1,683,144
Refundable Advance from Foundation		63,805
Other		1,047,048
Total Accounts Receivable	**$**	**11,067,911**
Allowance for Doubtful Accounts		(3,940,014)
Net Accounts Receivable	**$**	**7,127,897**

Note 4 — Inventories

Inventories are stated at the lower of cost or market value. Inventories are primarily comprised of the following:

Bookstores	$	934,745
Commercial Repair - Aviation	$	124,077
Aviation Tech Center	$	161,040

Note 5 — Derivative Instrument

The fair value balance and notional amount of the derivative instrument outstanding at June 30, 2009, classified by type and the changes in fair value of such derivative instrument for the year ended as reported in the 2009 financial statements are as follows:

	Changes in Fair Value		Fair Value at June 30, 2009		
	Classification	**Amount**	**Classification**	**Amount**	**Current Notional**
Cash flow hedge: Pay-fixed interest rate swap	Deferred Inflow of Resources	$ 443,185	Derivative Instrument Interest Rate Swap	$ 443,185	$ 8,940,000

As of June 30, 2009, the University determined that the pay-fixed interest rate swap met the criteria for effectiveness. The pay-fixed, receive-variable interest rate swap is designed to synthetically fix the cash flows on the variable rate bonds. The fair value of the interest rate swaps were estimated based on the present value of their estimated future cash flows.

The following table displays the objective and terms of the University's hedging derivative instrument outstanding at June 30, 2009, along with the credit rating of the associated counterparty:

Type	Objective	Current Notional Amount	Effective Date	Maturity Date	Terms	Counterparty Credit Rating
Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2009 Series I Bonds	$ 8,940,000	12/23/2008	12/1/2028	65% of 6 mo. USD-LIBOR-BBA w/ 1 Day Look back + 208.00 bps	A1

Credit Risk — As a means of managing credit risk, University investment policy limits investments to A1 (Standard & Poor's) or P1 (Moody's). If a rating change occurs which disqualifies a security that is already present in the University portfolio, it must be sold within 30 days of the discovery, unless it matures within six months of the rating change. At June 30, 2009, the University is in compliance with its credit risk policy for all investments. The fair value of the hedging derivative instrument in an asset position as of June 30, 2009 is $443,185. Since both the derivative instrument and the debt being hedged are with the same counterparty, there is no credit risk exposure since the fair value of the derivative instrument would be netted against the payoff of the debt.

Interest Rate Risk — Interest rate risk is the risk that changes in interest rates will adversely impact the fair market value of the derivative instrument. On its pay-fixed, receive-variable interest rate swap, the University will be negatively impacted by the lower rate environment, which will decrease the fair market value of its derivative instrument. The derivative instrument fixes the hedged debt at 4.09%.

Basis Risk — Basis risk is the risk that the University may lose cash flows because of the differences in the indexes upon which the derivative instrument and the item it hedges are based. The University is not exposed to basis risk since the derivative instrument and the debt being hedged are both based on the six-month Libor index.

Termination risk — The University or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. The University is also exposed to termination risk if the student fee bonds are prepaid or partially prepaid, but only to the extent the notional amount of the swap transactions exceeds the remaining amount after the prepayment of the student fee bond.

Rollover Risk — Rollover risk is the risk that the maturity of the derivative instrument is shorter than the maturity of the associated debt. Since both the derivative instrument and the debt being hedged have identical maturity dates, there is no rollover risk to the University.

Note 6 — Capital Assets

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Capital Assets not being depreciated:					
Land	$ 13,967,190	$ 189,644	$ 96,977	$ 547,540	$ 14,607,397
Construction in Progress	18,413,592	9,452,064	11,000	(25,767,271)	2,087,385
Total Capital Assets not being depreciated	**32,380,782**	**9,641,708**	**107,977**	**(25,219,731)**	**16,694,782**
Capital Assets being depreciated:					
Building and Improvements	151,676,399	467,426	454,997	25,219,731	176,908,559
Equipment	39,051,449	5,873,106	1,933,271	-	42,991,284
Total Capital Assets being depreciated	**190,727,848**	**6,340,532**	**2,388,268**	**25,219,731**	**219,899,843**
Less Accumulated Depreciation for:					
Building & Improvements	54,450,095	4,002,893	353,348	-	58,099,640
Equipment	29,327,425	3,339,965	1,810,086	-	30,857,304
Total Accumulated Depreciation	**83,777,520**	**7,342,858**	**2,163,434**	**-**	**88,956,944**
Total Capital Assets being depreciated, net	**106,950,328**	**(1,002,326)**	**224,834**	**25,219,731**	**130,942,899**
Capital Assets, net	**$ 139,331,110**	**$ 8,639,382**	**$ 332,811**	**$ -**	**$ 147,637,681**

Note 7 — Long Term Debt

Long-term debt activity for the year ended June 30, 2009, is summarized as follows:	Interest Rate	Amount Issued	Amount Retired 2008-2009	Amount Outstanding June 30, 2009	Amount Due Within One Year
Housing & Dining Bonds of 1983 Series A	3.000%	$ 5,000,000	$ 140,000	$ 2,520,000	$ 150,000
Student Fee Revenue Bonds of 1997 Series E	4.854%	25,535,000	2,250,000	4,180,000	1,590,000
Auxiliary Facilities System Revenue Bonds of 2006	4.126%	13,440,000	705,000	11,205,000	725,000
Variable Rate Demand Student Fee Bonds Series F	*Cannot exceed 10%*	9,045,000	355,000	6,990,000	-
Variable Rate Demand Student Fee Bonds Series G	*Cannot exceed 10%*	23,895,000	865,000	21,065,000	-
Student Fee Bonds Series H	4.373%	4,545,000	150,000	4,250,000	160,000
Student Fee Bonds Series I	4.090%	9,095,000	155,000	8,940,000	300,000
Total Bonds Payable			**$ 4,620,000**	**$ 59,150,000**	**$ 2,925,000**
Unamortized Bond Premium (Discount)				323,728	
Due Within One Year				(2,925,000)	
Total Long Term Liabilities				**$ 56,548,728**	

Debt obligations are generally callable by the University, bear interest at fixed and variable rates ranging from 3% to 10%, and mature at various dates through 2029. The Series F and Series G bonds are variable rate demand bonds. The University is paying monthly interest on $6,990,000 and $21,065,000 at the current interest rate of .37% at June 30, 2009. These variable rate demand student fee bonds mature on October 1, 2022, and October 1, 2024, respectively. Maturities and interest on bonds payable for the next five years, and in the next five year periods are as follows:

	Principal	Interest
2010	$ 2,925,000	$ 1,412,809
2011	3,065,000	1,278,346
2012	1,890,000	1,154,506
2013	1,960,000	1,074,732
2014	1,560,000	993,471
2015-2019	8,950,000	3,865,469
2020-2024	14,105,000	1,918,859
2025-2029	24,695,000	369,085
Total	**$ 59,150,000**	**$ 12,067,277**

Bonds Secured by Dormitory Revenues

The following bonds are secured by Dormitory Revenues of $12,593,023.

The Housing and Dining Revenue Bonds of 1983 Series A, issued June 1983 by the Board of Trustees to fund construction for residential building of Vigo Hall.

The Auxiliary Facilities System Revenue Bonds of 2006, issued in February 2006 by the Board of Trustees to refund the University's outstanding 1989, 1991 and 1996 series bonds for the construction of Vanderburgh and Godare Residence Halls.

Bonds Secured by Student Fees

The following bonds are secured by student fees of $33,840,433.

The Student Fee Revenue Bonds of 1997, issued in December 1997 by the Board of Trustees to refund the University's outstanding Student Fee Bonds, Series A, Series B, Series C and Series D.

The Variable Rate Demand Student Fee Bonds, Series F were issued in March 2002 for the construction of Phase II of the Technology Building. The total proceeds from the issue including bond issuance costs was $9,045,000. The Series F Bonds bear interest at a daily rate, weekly rate, long term rate, or fixed rate. When the bonds are in the daily or weekly rate mode, the interest rate is determined by the remarketing agent at the lowest rate of interest which, in its judgment, will cause the bonds to have a market value equal to the principal amount plus accrued interest. In no event, will the interest rate exceed 10%. As of June 30, 2009, the weekly rate was .37%.

The Vincennes University Variable Rate Demand Student Fee Bonds, Series G, were issued on October 14, 2004. The proceeds were used to fund construction of a performing arts center and a student sport facility. The total proceeds from the issue including bond issuance costs was $23,895,000. Of this amount, $16,000,000 was used to fund construction of the Red Skelton Performing Arts Center and $7,000,000 was used to fund construction of the Physical Education Recreational Sports Facility. The Series G Bonds bear interest at a daily rate, weekly rate, long term rate, or fixed rate. When the bonds are in the daily or weekly rate mode, the interest rate is determined by the remarketing agent at the lowest rate of interest which, in its judgment, will cause the bonds to have a market value equal to the principal amount plus accrued interest. As of June 30, 2009, the weekly rate was .37%.

The Vincennes University Student Fee Bonds, Series H, were issued on February 7, 2006, in the aggregate original principal amount of $4,545,000. It bears interest at fixed rates as stated in the maturity schedule. The net interest cost is 4.373%. The proceeds were used to fund construction of an academic building on the Jasper Campus. This building houses additional classroom space to meet the increasing enrollment of students at the Vincennes campus in Jasper. The facility provides additional quality instruction space for several departments including: Business and Technology, Humanities and Social Sciences, Math and Science, and Continuing Education. It also provides new computer laboratory rooms.

The Vincennes University Student Fee Bonds, Series I, were issued on December 23, 2008, in the aggregate original principal amount of $9,095,000. It bears a variable interest rate which is 65% of USD-LIBOR-BBA with a one day lookback plus 208.0 basis points; however, the University entered into a Swap Agreement fixing the rate at 4.09%. The proceeds were used to fund the construction of the Indiana Center for Applied Technology and the renovation of the McCormick Science Center.

Funds held with bond trustee Current Funds Expected to be Depleted Within a Year		
Student Fee Bonds Series F	$	667
Student Fee Bonds Series G		1,745
Other B & I Accounts		7,744
Total Current	**$**	**10,156**
H & D Bonds of 1983 A & B Vigo Hall		255,156
Total Funds held with Bond Trustee	**$**	**265,312**

Note 8 — Capital Lease Obligation

Capital Lease Payable consists of a lease-purchase agreement between Vincennes University and Xerox Corporation for a Docutech Printer. The present value of the minimum lease payments of $185,624 was recorded as equipment.

Future minimum payments required under the capital lease and the net present value of the future payments are as follows:

	Principal	Interest	Minimum Payments
Year ending June 30, 2010	$ 19,283	$ 490	$ 19,773

Note 9 — Interim Financing

In May 2008, the University entered into a $19,000,000 promissory note for the interim financing of multiple projects: Renovation of Clark Residence Hall, Construction of the Indiana Center for Applied Technology, and Renovation of McCormick Science Laboratory. In December 2008, the University issued the Student Fee Bonds, Series I in the amount of $9,095,000 to finance the construction of the Indiana Center for Applied Technology and the renovation of the McCormick Science Laboratory which allowed the University to repay $8,850,000 of the interim financing loan principal.

As of June 30, 2009, the outstanding principal was $10,000,000 which is due April 2010. The University is in the process of securing permanent financing for Clark Hall to satisfy the remaining loan balance. The current interest rate at June 30, 2009 was 1.6606%. The interest rate, a variable rate based on London Interbank Offered Rate (LIBOR), is adjusted and is paid on a monthly basis.

Note 10 — Scholarships and Instruction

The endowment funds are classified under net assets as Restricted for Scholarship & Instruction. They include both expendable and non-expendable funds. Itemized below are the total endowment funds having a fund balance greater than $25,000. All other endowments have been pooled.

Shircliff Memorial Scholarship	$	39,666
Printing Industry		83,386
Zella Young Memorial Scholarship		171,310
Shircliff Endowment Fund		209,689
Risley Endowment Fund		78,961
Shircliff Life Income		108,326
Lyons Life Income		26,177
Opal C Ramsey Fund		3,198,713
Mabel Kuebler Trust		278,180
Estelle Emison Scholarship		30,608
The Adler and Susan Lyons Endowment		25,547
All Others		142,643
Total	**$**	**4,393,206**

Note 11 — Pension Plans

A. Public Employees' Retirement Fund

Plan Description

Vincennes University contributes to the Public Employees' Retirement Fund (PERF), a defined benefit pension plan. The Public Employees' Retirement Fund (PERF) is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time support staff employees are eligible to participate in the defined benefit plan. Professional staff hired prior to July 1, 2003 may continue to participate. Professional staff hired after this date are eligible for participation in a retirement income plan with Teachers Insurance and Annuity Association (TIAA) as described below.

State statutes (IC 5-10.2 and 5-10.3) give the University authority to contribute to the plan and govern most requirements of the system. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer has elected to make the contributions on behalf of the member.

PERF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by writing the Public Employees' Retirement Fund, Harrison Building, Room 800, 143 West Market Street, Indianapolis, IN 46204, or by calling (317) 233-4162.

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. On June 30, 2009, 399 employees were covered by PERF and total wages were $13,530,132.67. The University's contribution to the plan for the year end June 30, 2009 was $1,246,743. Related information provided by the actuary is presented in this note.

B. Teachers' Retirement Fund

Plan Description

The University contributes to the Teachers' Retirement Fund (TRF), a defined benefit pension plan. The Teachers' Retirement Fund (TRF) is a cost-sharing, multiple employer public retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in the Teachers' Retirement Fund (TRF). Full-time faculty hired after July 1, 2003, are eligible for participation in a retirement income plan with Teachers Insurance and Annuity Association (TIAA) as described below. State statute (IC 5-10.2) gives the University authority to contribute and govern most requirements of the system. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the members' annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The University has elected to make the contributions on behalf of the member.

TRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by writing the Teachers' Retirement Fund, 150 W. Market Street, Indianapolis, IN 46204, or by calling (317) 232-3860

Funding Policy and Annual Pension Costs

The University is to contribute at an actuarially determined rate. The University has elected to contribute the employer and employee share of required contributions, currently 7% and 3% of covered wages. On June 30, 2009, 180 employees were covered by TRF and total wages were $13,249,049.67. The University's contribution to the plan for the fiscal years ending June 30, 2009, 2008 and 2007 were $506,772, $549,684 and $564,148, respectively. All required contributions were made by the University for each of the fiscal years.

C. TIAA/CREF

Faculty and professional staff hired prior to June 30, 2003, and having five or more years of continued employment are eligible to participate in a retirement income plan with Teachers Insurance and Annuity Association (TIAA). This is a defined contribution plan under IRC 403(b). Full-time faculty and professional staff hired after July 1, 2003, become eligible for the plan at the date of employment. There is no contribution to PERF or TRF for those employees covered under this policy. The University contributes 12% of covered wages for the new plan. An agreement between the University and TIAA is approved by the University Board of Trustees. On June 30, 2009, 480 employees were covered by TIAA/CREF and total wages were $ 26,456,182.53. During 2008/09, Vincennes University contributed $2,002,595.95 to TIAA/CREF on the employees behalf.

TIAA/CREF issues an annual financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by writing the Teachers Insurance and Annuity Association/College Retirement Equities Fund, 730 3rd Avenue, New York, NY 10017-3206.

	PERF
Annual Required Contribution	$ 779,609
Interest on Net Pension Obligation	$ (65,996)
Adjustment to Annual Required Contribution	$ 75,207
Annual Pension Cost	$ 788,820
Contributions Made	$ 865,494
Increase (Decrease) in Net Pension Obligation	$ *(76,674)*
Net Pension Obligation, Beginning of Year	*$ (910,284)*
Net Pension Obligation, End of Year	*$ (986,958)*

Contribution Rates:	**PERF**
University	6.3%
Contributed for Plan Members	3%
Actuarial Valuation Date	7/1/2007
Actuarial Cost Method	Entry Age Normal Cost
Amortization Method	Level Dollar Open Over 30 Years
Remaining Amortization Period	Over 30 Years
Asset Valuation Method	75% of Expected Actuarial Value Plus 25% of Market Value

Actuarial Assumptions:	**PERF**
Investment Rate of Return	7.25%
Projected Future Salary Increase Total	Based on PERF Experience in 1995-2000
Cost-of-Living Adjustments	1%

Three Year Trend Information

Year Ending	*Annual Pension Cost*	*Percentage of APC Contributed*	*Net Pension Obligation*
6/30/2006	$ 498,348	123%	$ (985,164)
6/30/2007	$ 814,893	91%	$ (910,284)
6/30/2008	$ 788,820	110%	$ (986,958)

Required Supplementary Information

Schedules of Funding Progress Public Employees Retirement Fund

Actuarial Valuation Date	*Actuarial Value of Assets* (a)*	*Actuarial Accrued Liability (AAL) (b)*	*Excess of Assets Over (Unfunded) AAL (a-b)*	*Funded Ratio (a/b)*	*Actual Covered Payroll (c)*	*Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)*
7/1/2006	$ 21,869,630	$ 22,280,461	$ (410,831)	98.00 %	$ 13,290,486	(3)%
7/1/2007	$ 24,060,523	$ 23,662,210	$ 398,313	102.00 %	$ 13,163,209	3 %
7/1/2008	$ 25,152,566	$ 25,604,394	$ (451,828)	98.20 %	$ 13,222,014	(3.4) %

** Determined to be equal to the same percent of accrued liability as all non retired state members.*

Note 12 — Other Postemployment Benefits

Plan Description

The Vincennes University Healthcare Plan is a single-employer defined benefit healthcare plan administered by Anthem. The plan provides medical, dental, and life insurance benefits to eligible retirees and their spouses. Vincennes University's Board of Trustees has the authority to establish and amend benefit provisions.

Funding Policy

The contribution requirements of plan members for the Vincennes University Healthcare Plan are established by the University. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined by the actuarial study. For the fiscal year ended June 30, 2009, the University contributed $3,042,452 to the plan, including $1,686,452 for current premiums (approximately 72% of total premiums)(and an additional $1,356,000 to prefund benefits). Plan members receiving benefits contributed approximately $645,000, or approximately 28% of the total premiums, through their required contribution of $161 per month for retiree-only coverage, and $316 per month for retiree and spouse coverage.

Annual OPEB Cost and Net OPEB Obligation

The University's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the University's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the University's net OPEB obligation to the plan:

Annual required contribution	$	3,912,224
Interest on net OPEB obligation		(86,774)
Adjustment to annual required contribution		97,964
Annual OPEB cost (expense)	**$**	**3,923,414**
Contributions made		(3,042,452)
Increase (Decrease) in net OPEB obligation	**$**	**880,962**
Net OPEB obligation - beginning of year		(1,156,985)
Net OPEB obligation (asset) - end of year	**$**	**(276,023)**

The University's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 and the two preceding years were as follows:

Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2009	$ 3,923,414	77.5%	$ (276,023)
6/30/2008	$ 3,847,492	130.1%	$ (1,156,985)
6/30/2007 ****	-	-	-

***** FY 2008 was the first year to record OPEB cost.*

Funded Status and Funding Progress

As of June 30, 2008, the most recent actuarial valuation date, the plan was 33.2% funded. The actuarial accrued liability for benefits was $46,044,519, and the actuarial value of assets was $15,277,045, resulting in an unfunded actuarial accrued liability (UAAL) of $30,767,474. The current year covered payroll (annual payroll of active employees covered by the plan) was $36,322,467, and the ratio of the UAAL to covered payroll was 84.7%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumption

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2008, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 7.5% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 10% for health and 4% for dental initially, reduced by decrements to an ultimate rate of 4.5% after 10 years for health and 3% after 5 years for dental. Both rates included a 3% inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2008, was 30 years (open amortization).

Required Supplementary Information
Schedule of Funding Progress for Retiree Medical, Dental, and Life Insurance Plan

Actuarial value of plan assets	$	15,277,045
Actuarial accrued liability (AAL)		46,044,519
Unfunded AAL		(30,767,474)
Funded ratio (actuarial value of plan assets/AAL)		33.2%
Covered payroll (active plan members)		36,322,467
Unfunded AAL as a percentage of covered payroll		(84.7)%

Note 13 — Risk Management

The University is exposed to various risks of loss: torts, theft, damage or destruction of assets; errors or omissions; job-related illnesses or injuries to employees; health and other medical benefits provided to employees and their dependents. The University handles these risks of loss through combinations of risk retention and commercial insurance. For building and contents, the risk retention is $25,000 per incident. General liability, commercial crime, aviation, worker's compensation, commercial automobile, and medical malpractice are all handled through fully insured commercial policies.

For health benefits, the University has an insured self-funded arrangement. The University retains the risk for medical benefits up to a stop loss provision of $325,000 per member. There is a liability for incurred but unpaid claims. This liability is estimated to be $822,081 for the fiscal year 2008-2009 and $801,252 for the fiscal year 2007-2008.

Changes in the total reported self-insured health, dental & drug benefit liability during the year ending June 30, 2009 were as follows:

Balance, beginning of year	$	801,252
Claims incurred		9,182,232
Claim payments		(9,161,403)
Balance, end of year	**$**	**822,081**

Note 14 — Reclassification of Prior Year

Revenues

Effective July 1, 2008, the University started classifying Work Study funds as non-operating revenue rather than operating revenue. The reclassification was made due to a change in the interpretation of GASB Statement No. 34.

The 2007-2008 data presented in these financials have been reclassified for comparison purposes.

Note 15 — Impairment Losses and Insurance Recoveries

On June 9, 2008, the University's property located in Westport, Illinois was physically damaged by flood waters. The John Deere and Diesel programs were located at this site. The University will be relocating these programs to the Southwest-Purdue Agricultural Center during FY2011 (reference Note 17). The University's commercial carrier covered $1 million of the damage with an excess policy to cover the remaining damage. The total estimated replacement cost is $1.8 million. The University does not consider this event unusual in nature, but does consider it infrequent in occurrence, as defined by APB Opinion 30. The special items were reported as follows in the FY08 and FY09 financials:

Impairment Losses/Recoveries - Capital Assets		
Impairment Losses - Capital Assets	$	612,902
Insurance Recovery	$	1,129,189
Gain on Disposal of Capital Assets	**$**	**516,287**
Losses/Recoveries - Noncapital Assets		
Recovery for Noncapital supplies and equipment	**$**	**406,586**

Note 16 — Functional Statement

Operating expenses by functional classification are summarized as follows:

	Salaries and Benefits	Scholarships Fellowships	Supplies and Other Services	Equipment	Depreciation	Total
Instruction	$ 33,752,057	$ -	$ 5,845,820	$ 158,736	-	$ 39,756,613
Sponsored Programs	6,769,488	-	6,811,298	233,542	-	13,814,328
Libraries	1,296,252	-	384,911	264,935	-	1,946,098
Community Service	399,299	-	52,971	529	-	452,799
Student Service	3,260,643	-	1,780,813	22,261	-	5,063,717
Operation and Maintenance of Plant	3,955,824	-	4,439,260	95,374	-	8,490,458
Institutional Support	8,084,103	-	1,592,209	556,438	-	10,232,750
Depreciation	-	-	-	-	7,342,858	7,342,858
Auxiliary Enterprises	4,042,639	-	9,037,536	64,716	-	13,144,891
Student Aid Expense	-	6,974,160	-	-	-	6,974,160
Total Operating expenses	**$ 61,560,305**	**$ 6,974,160**	**$ 29,944,818**	**$ 1,396,531**	**$ 7,342,858**	**$107,218,672**

Note 17 — Subsequent Events

The University is working to adhere to its long-range plans for upgrading and adding new facilities.

Financing in the amount $10 million for renovation of the 260-bed George Rogers Clark Residence Hall is in progress. Plans are also moving forward to provide Advanced Manufacturing facilities in Gibson County with an estimated cost of $12 million. This facility will provide the State of Indiana with premier technological training centers located in the heart of an expanding industry and population base. The Gibson facility will be funded in part by a $5 million cash appropriation by the State of Indiana.

The severe flood in 2008 has also opened doors to new opportunities for both Vincennes University and Purdue University. In April 2009, the State Budget Commission approved Vincennes University to construct a new facility that will house both the John Deere Agricultural Program and the Diesel Heavy Equipment Program, located on Southwest-Purdue Agricultural Center, a 200-acre research farm in Knox County, Indiana that is owned and operated by Purdue. This facility will allow for greater cooperation between the institutions for research, education, and training directly related to agriculture, agribusiness, and John Deere technology.

The Indiana General Assembly has also given the University approval for the construction and renovation of several capital projects. One of these projects includes a $5 million multicultural center to be constructed on the Vincennes campus. This center will be dedicated to the empowerment of students through the creation and integration of unique opportunities that celebrate the rich diversity offered by our minority and international students. Another project will be the $8 million renovation of the Physical Education complex. The complex will undergo a complete pool renovation, replacement of the HVAC system, conversion to steam heat, ADA compliance enhancements, installation of new flooring, classroom and office reconfiguration, and renovations of the entrances and exits. Lastly, Davis Hall, home of VU's public service and broadcasting division, will be renovated at a cost of $850,000 which will include the replacement of four-story glass curtain walls located at the building's two entrances.

The University is committed to retaining and attracting an outstanding faculty and staff. The double-digit increases in health care and prescription drug costs are a concern as the costs of the University's health benefits have increased dramatically over the past several years. Increasing costs for insurance, volatile utility costs, repair and maintenance of campus facilities, and replacing equipment with current technology are also significant cost pressures facing the university.

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF VINCENNES UNIVERSITY, VINCENNES, INDIANA

We have audited the accompanying basic financial statements of Vincennes University, a component unit of the State of Indiana, as of and for the years ended June 30, 2009 and 2008. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of the component unit of the University as discussed in Note 1, which represents 100% of the assets and revenues of the discretely presented component unit. The financial statements of this component unit were audited by another auditor whose report thereon has been furnished to us and our opinion, insofar as it relates to this unit, is based upon the report of the other auditor.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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, based on our audits and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the financial position of Vincennes University, as of June 30, 2009 and 2008, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 20, 2009, on our consideration of Vincennes University's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The report is an integral part of an audit performed in accordance with Government Auditing Standards, and should be read in conjunction with this report in considering the results of our audit. This report will be issued in the University's Single Audit report prepared in accordance with OMB Circular A-133.

The Management's Discussion and Analysis (MD&A) is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

STATE BOARD OF ACCOUNTS
State Board of Accounts

October 20, 2009

VINCENNES UNIVERSITY BOARD OF TRUSTEES

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