

Return of Organization Exempt From Income Tax
Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

Department of the Treasury Internal Revenue Service

The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 2007 calendar year, or tax year beginning 07/01, 2007, and ending 06/30/2008

B Check if applicable: Address change, Name change, Initial return, Termination, Amended return, Application pending. C Name of organization: BALL STATE UNIVERSITY FOUNDATION, INC. D Employer identification number: 35-6024566. E Telephone number: (765) 285-8312. F Accounting method: Cash, Accrual, Other (specify).

Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

G Website: HTTP://WWW.BSU.EDU/BSUFUNDATION/

J Organization type (check only one) [X] 501(c)(3) (insert no.) 4947(a)(1) or 527

K Check here [ ] if the organization is not a 509(a)(3) supporting organization and its gross receipts are normally not more than \$25,000. A return is not required, but if the organization chooses to file a return, be sure to file a complete return.

H and I are not applicable to section 527 organizations. H(a) Is this a group return for affiliates? Yes [X] No [ ]. H(b) If "Yes," enter number of affiliates [ ]. H(c) Are all affiliates included? Yes [ ] No [ ]. H(d) Is this a separate return filed by an organization covered by a group ruling? Yes [ ] No [X]. I Group Exemption Number [ ].

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 205,397,404.

M Check [ ] if the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF).

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See the instructions.)

Table with 21 rows and 3 columns. Column 1: Description (Revenue, Expenses, Net Assets). Column 2: Sub-rows (a, b, c, d, e). Column 3: Amounts. Revenue total: 29,550,659. Expenses total: 29,281,398. Net Assets total: 214,614,417.

**Part II Statement of Functional Expenses**

All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others. (See the instructions.)

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
<b>22a</b>	Grants paid from donor advised funds (attach schedule) (cash \$ _____ noncash \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>			STMT 4	
<b>22b</b>	Other grants and allocations (attach schedule) (cash \$ <u>22,776,772.</u> noncash \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	22,776,772.	22,776,772.		
<b>23</b>	Specific assistance to individuals (attach schedule)				
<b>24</b>	Benefits paid to or for members (attach schedule)				
<b>25a</b>	Compensation of current officers, directors, key employees, etc. listed in Part V-A	495,000.	NONE	257,500.	STMT 5 237,500.
<b>25b</b>	Compensation of former officers, directors, key employees, etc. listed in Part V-B				
<b>25c</b>	Compensation and other distributions, not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
<b>26</b>	Salaries and wages of employees not included on lines 25a, b, and c	602,265.		332,065.	270,200.
<b>27</b>	Pension plan contributions not included on lines 25a, b, and c	121,653.		65,365.	56,288.
<b>28</b>	Employee benefits not included on lines 25a - 27	64,502.		34,657.	29,845.
<b>29</b>	Payroll taxes				
<b>30</b>	Professional fundraising fees				
<b>31</b>	Accounting fees	67,299.			67,299.
<b>32</b>	Legal fees	27,592.			27,592.
<b>33</b>	Supplies	25,274.		13,901.	11,373.
<b>34</b>	Telephone	17,001.		9,351.	7,650.
<b>35</b>	Postage and shipping	49,079.		20,417.	28,662.
<b>36</b>	Occupancy	41,504.		22,827.	18,677.
<b>37</b>	Equipment rental and maintenance	971.		534.	437.
<b>38</b>	Printing and publications				
<b>39</b>	Travel				
<b>40</b>	Conferences, conventions, and meetings				
<b>41</b>	Interest				
<b>42</b>	Depreciation, depletion, etc. (attach schedule)	28,247.		28,247.	
<b>43</b>	Other expenses not covered above (itemize):				
<b>43a</b>	STMT 6	4,964,239.	1,700,000.	370,305.	2,893,934.
<b>43b</b>					
<b>43c</b>					
<b>43d</b>					
<b>43e</b>					
<b>43f</b>					
<b>43g</b>					
<b>44</b>	<b>Total functional expenses.</b> Add lines 22a through 43g. (Organizations completing columns (B)-(D), carry these totals to lines 13-15).	29,281,398.	24,476,772.	1,155,169.	3,649,457.

**Joint Costs.** Check  if you are following SOP 98-2.

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services?  Yes  No  
 If "Yes," enter (i) the aggregate amount of these joint costs \$ \_\_\_\_\_ ; (ii) the amount allocated to Program services \$ \_\_\_\_\_ ;  
 (iii) the amount allocated to Management and general \$ \_\_\_\_\_ ; and (iv) the amount allocated to Fundraising \$ \_\_\_\_\_

**Part III Statement of Program Service Accomplishments** (See the instructions.)

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

What is the organization's primary exempt purpose? <b>▶SEE STATEMENT 7</b> All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable. (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)	<b>Program Service Expenses</b> (Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts; but optional for others.)
<b>a</b> SCHOLARSHIPS AND FINANCIAL AID ARE PROVIDED TO STUDENTS AT BALL STATE UNIVERSITY TO FURTHER THEIR EDUCATIONAL GOALS. APPROXIMATELY 1,760 SCHOLARSHIPS WERE AWARDED TO 1,407 STUDENTS DURING THE YEAR.  (Grants and allocations \$ 4,033,364. ) If this amount includes foreign grants, check here <input type="checkbox"/>	4,033,364.
<b>b</b> SEE STATEMENT 8  (Grants and allocations \$ 8,412,093. ) If this amount includes foreign grants, check here <input type="checkbox"/>	8,412,093.
<b>c</b> HELP RAISE AND PROVIDE FUNDS FOR THE RENOVATION OF THE FOOTBALL STADIUM (SCHEUMANN STADIUM) WHICH OPENED DURING THE 6/30/08 TAX YEAR. THE NEW STADIUM HOLDS 22,500 FANS AND WAS CONVERTED TO FIELDTURE. ANOTHER FIRST FOR THE MODERNIZED VENUE INCLUDES CLUB SEATING, ENTERTAINMENT SUITES AND A FAMILY STYLE SEATING AREA. (Grants and allocations \$ 10,331,315. ) If this amount includes foreign grants, check here <input type="checkbox"/>	10,331,315.
<b>d</b> TO RECRUIT POTENTIAL STUDENTS TO BALL STATE UNIVERSITY THROUGH THE USE OF A MARKETING CAMPAIGN, USING BILLBOARDS, TELEVISION COMMERCIALS, AND OTHER MEDIA ADS. THE SUCCESS OF THE PROGRAM IS EVIDENT BY THE INCREASE IN APPLICATIONS AND ENROLLMENT.  (Grants and allocations \$ ) If this amount includes foreign grants, check here <input type="checkbox"/>	1,700,000.
<b>e</b> Other program services (attach schedule) (Grants and allocations \$ ) If this amount includes foreign grants, check here <input type="checkbox"/>	
<b>f Total of Program Service Expenses</b> (should equal line 44, column (B), Program services) . . . . . ▶	24,476,772.

**Part IV Balance Sheets (See the instructions.)**

**Note:** Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.

		(A) Beginning of year		(B) End of year	
Assets	45 Cash - non-interest-bearing . . . . .		45		
	46 Savings and temporary cash investments . . . . .	7,319,188.	46	9,388,757.	
	47a Accounts receivable . . . . .	47a			
	b Less: allowance for doubtful accounts . . . . .	47b	47c		
	48a Pledges receivable . . . . .	48a	22,350,735.		
	b Less: allowance for doubtful accounts . . . . .	48b	787,055.	48c	
	49 Grants receivable . . . . .		19,116,806.	49	21,563,680.
	50a Receivables from current and former officers, directors, trustees, and key employees (attach schedule) . . . . .			50a	
	b Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) (attach schedule) . . . . .			50b	
	51a Other notes and loans receivable (attach schedule) . . . . . STMT 9 .	51a	2,237,572.		
	b Less: allowance for doubtful accounts . . . . .	51b		51c	2,237,572.
	52 Inventories for sale or use . . . . .			52	
	53 Prepaid expenses and deferred charges . . . . .			53	
	54a Investments - publicly-traded securities STMT 10 .	<input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV	108,337,996.	54a	88,357,654.
	b Investments - other securities (attach schedule) . . . . .	<input type="checkbox"/> Cost <input type="checkbox"/> FMV		54b	
	55a Investments - land, buildings, and equipment: basis . . . . .	55a	2,142,508.		
	b Less: accumulated depreciation (attach schedule) . . . . .	55b		55c	2,142,508.
	56 Investments - other (attach schedule) . . . . . STMT 11 .		91,291,058.	56	101,025,013.
	57a Land, buildings, and equipment: basis . . . . .	57a	861,448.		
b Less: accumulated depreciation (attach schedule) . . . . .	57b	562,842.	57c	298,606.	
58 Other assets, including program-related investments (describe <input type="checkbox"/> STMT 12 ) . . . . .		6,823,952.	58	4,848,762.	
59 <b>Total assets</b> (must equal line 74). Add lines 45 through 58 . . . . .		238,439,674.	59	229,862,552.	
Liabilities	60 Accounts payable and accrued expenses . . . . .	9,684,889.	60	5,420,107.	
	61 Grants payable . . . . .	1,341,508.	61	1,341,508.	
	62 Deferred revenue . . . . .		62		
	63 Loans from officers, directors, trustees, and key employees (attach schedule) . . . . .		63		
	64a Tax-exempt bond liabilities (attach schedule) . . . . .		64a		
	b Mortgages and other notes payable (attach schedule) . . . . . STMT 13 .		NONE	64b	5,000,000.
	65 Other liabilities (describe <input type="checkbox"/> STMT 14 ) . . . . .		12,798,860.	65	12,782,093.
66 <b>Total liabilities.</b> Add lines 60 through 65 . . . . .		23,825,257.	66	24,543,708.	
Net Assets or Fund Balances	<b>Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.</b>				
	67 Unrestricted . . . . .	48,219,458.	67	29,588,966.	
	68 Temporarily restricted . . . . .	48,595,356.	68	52,682,379.	
	69 Permanently restricted . . . . .	117,799,603.	69	123,047,499.	
	<b>Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74.</b>				
	70 Capital stock, trust principal, or current funds . . . . .		70		
	71 Paid-in or capital surplus, or land, building, and equipment fund . . . . .		71		
	72 Retained earnings, endowment, accumulated income, or other funds . . . . .		72		
	73 <b>Total net assets or fund balances.</b> Add lines 67 through 69 or lines 70 through 72. (Column (A) must equal line 19 and column (B) must equal line 21) . . . . .		214,614,417.	73	205,318,844.
	74 <b>Total liabilities and net assets/fund balances.</b> Add lines 66 and 73 . . . . .		238,439,674.	74	229,862,552.





Part VI Other Information (continued)

82a Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?
82b NONE
83a Did the organization comply with the public inspection requirements for returns and exemption applications?
83b X
84a Did the organization solicit any contributions or gifts that were not tax deductible?
84b N/A
85a 501(c)(4), (5), or (6). Were substantially all dues nondeductible by members?
85b N/A
85c Dues, assessments, and similar amounts from members N/A
85d Section 162(e) lobbying and political expenditures N/A
85e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices N/A
85f Taxable amount of lobbying and political expenditures (line 85d less 85e) N/A
85g Does the organization elect to pay the section 6033(e) tax on the amount on line 85f? N/A
85h If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year? N/A
86a 501(c)(7) orgs. Enter: a Initiation fees and capital contributions included on line 12 N/A
86b Gross receipts, included on line 12, for public use of club facilities N/A
87a 501(c)(12) orgs. Enter: a Gross income from members or shareholders N/A
87b Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.) N/A
88a At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX X
88b At any time during the year, did the organization, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Part XI X
89a 501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 NONE; section 4912 NONE; section 4955 NONE
89b 501(c)(3) and 501(c)(4) orgs. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction X
89c Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 NONE
89d Enter: Amount of tax on line 89c, above, reimbursed by the organization NONE
89e All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction? X
89f All organizations. Did the organization acquire a direct or indirect interest in any applicable insurance contract? X
89g For supporting organizations and sponsoring organizations maintaining donor advised funds. Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year? N/A
90a List the states with which a copy of this return is filed IN,
90b Number of employees employed in the pay period that includes March 12, 2007 (See instructions.) 18
91a The books are in care of DAVID W. BAHLMANN Telephone no. 765-285-8312
Located at 2800 W. BETHEL AVENUE MUNCIE, IN ZIP + 4 47304
b At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? X
If "Yes," enter the name of the foreign country
See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.

**Part VI Other Information (continued)**

Yes No

c At any time during the calendar year, did the organization maintain an office outside of the United States?  91c  X  
 If "Yes," enter the name of the foreign country

92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041 - Check here   
 and enter the amount of tax-exempt interest received or accrued during the tax year  92  N/A

**Part VII Analysis of Income-Producing Activities (See the instructions.)**

Note: Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue:					
a _____					
b _____					
c _____					
d _____					
e _____					
f Medicare/Medicaid payments . . . . .					
g Fees and contracts from government agencies . . . . .					
94 Membership dues and assessments . . . . .					
95 Interest on savings and temporary cash investments . . . . .					
96 Dividends and interest from securities . . . . .			14	549,583.	
97 Net rental income or (loss) from real estate:					
a debt-financed property . . . . .					
b not debt-financed property . . . . .					
98 Net rental income or (loss) from personal property . . . . .					
99 Other investment income . . . . .	900003	86,236.			
100 Gain or (loss) from sales of assets other than inventory . . . . .			18	5,700,366.	
101 Net income or (loss) from special events . . . . .					36,943.
102 Gross profit or (loss) from sales of inventory . . . . .					
103 Other revenue: a _____					
b _____					
c _____					
d _____					
e _____					
104 Subtotal (add columns (B), (D), and (E)) . . . . .		86,236.		6,249,949.	36,943.
105 Total (add line 104, columns (B), (D), and (E)) . . . . .					6,373,128.

Note: Line 105 plus line 1e, Part I, should equal the amount on line 12, Part I.

**Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See the instructions.)**

Line No.	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).
101	INCOME USED TO PROMOTE AND FACILITATE THE EDUCATIONAL PURPOSES OF BALL STATE UNIVERSITY.

**Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See the instructions.)**

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
	%			
	%			
	%			
	%			

**Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See the instructions.)**

(a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?  Yes  No

(b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?  Yes  No

Note: If "Yes" to (b), file Form 8870 and Form 4720 (see instructions).

**Part XI Information Regarding Transfers To and From Controlled Entities.** Complete only if the organization is a controlling organization as defined in section 512(b)(13).

**106** Did the reporting organization make any transfers to a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity.

	Yes	No
	N/A	

	(A) Name, address, of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
a	----- -----			
b	----- -----			
c	----- -----			
<b>Totals</b>				

**107** Did the reporting organization receive any transfers from a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity.

	Yes	No
	N/A	

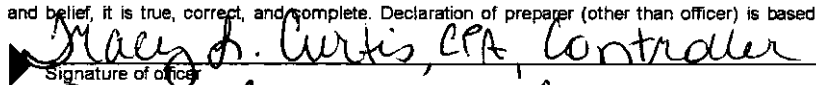
	(A) Name, address, of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
a	----- -----			
b	----- -----			
c	----- -----			
<b>Totals</b>				

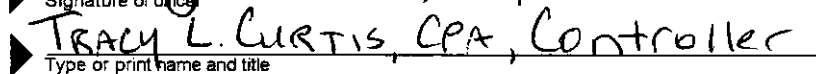
**108** Did the organization have a binding written contract in effect on August 17, 2006, covering the interest, rents, royalties, and annuities described in question 107 above?

	Yes	No
	N/A	

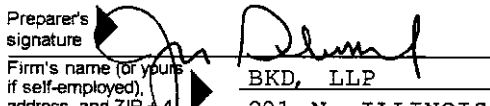
**Please Sign Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.


Date 5/12/09  
 Signature of officer

  
 Type or print name and title

**Paid Preparer's Use Only**

Preparer's signature 
 Date 5/11/09
 Check if self-employed 
 Preparer's SSN or PTIN (See Gen. Inst. X) P00151125

Firm's name (or yours if self-employed), address, and ZIP + 4 BKD, LLP  
201 N. ILLINOIS STREET  
INDIANAPOLIS, IN 46204

EIN 44-0160260  
 Phone no. 317.383.4000

**SCHEDULE A**  
**(Form 990 or 990-EZ)**

**Organization Exempt Under Section 501(c)(3)**

OMB No. 1545-0047

(Except Private Foundation) and Section 501(e), 501(f), 501(k), 501(n),  
or 4947(a)(1) Nonexempt Charitable Trust

**2007**

Department of the Treasury  
Internal Revenue Service

**Supplementary Information - (See separate instructions.)**

▶ **MUST be completed by the above organizations and attached to their Form 990 or 990-EZ**

Name of the organization

Employer identification number

BALL STATE UNIVERSITY FOUNDATION, INC.

35-6024566

**Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees**  
(See page 1 of the instructions. List each one. If there are none, enter "None.")

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
SEE STATEMENT 23				

Total number of other employees paid over \$50,000 . . . ▶ NONE

**Part II-A Compensation of the Five Highest Paid Independent Contractors for Professional Services**  
(See page 2 of the instructions. List each one (whether individuals or firms). If there are none, enter "None.")

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
SEE STATEMENT 24		

Total number of others receiving over \$50,000 for professional services . . . . . ▶ NONE

**Part II-B Compensation of the Five Highest Paid Independent Contractors for Other Services**  
(List each contractor who performed services other than professional services, whether individuals or firms. If there are none, enter "None." See page 2 of the instructions.)

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
SEE STATEMENT 25		

Total number of other contractors receiving over \$50,000 for other services . . . . . ▶ NONE

**Part III** **Statements About Activities (See page 2 of the instructions.)**

**Yes** **No**

**1** During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ▶ \$ \_\_\_\_\_ (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B.) . . . . .

<b>1</b>		X
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Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes" must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities.

**2** During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions.)

- a** Sale, exchange, or leasing of property? . . . . .
- b** Lending of money or other extension of credit? . . . . .
- c** Furnishing of goods, services, or facilities? . . . . .
- d** Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? . FORM 990, PART V-A
- e** Transfer of any part of its income or assets? . . . . .

<b>2a</b>		X
<b>2b</b>		X
<b>2c</b>		X
<b>2d</b>	X	
<b>2e</b>		X

**3a** Did the organization make grants for scholarships, fellowships, student loans, etc.? (If "Yes," attach an explanation of how the organization determines that recipients qualify to receive payments.) . . . . . STMT 26

<b>3a</b>	X	
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**b** Did the organization have a section 403(b) annuity plan for its employees? . . . . .

<b>3b</b>		X
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**c** Did the organization receive or hold an easement for conservation purposes, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," attach a detailed statement . . . . .

<b>3c</b>		X
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**d** Did the organization provide credit counseling, debt management, credit repair, or debt negotiation services? . . . . .

<b>3d</b>		X
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**4a** Did the organization maintain any donor advised funds? If "Yes," complete lines 4b through 4g. If "No," complete lines 4f and 4g . . . . .

<b>4a</b>		X
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**b** Did the organization make any taxable distributions under section 4966? . . . . .

<b>4b</b>		X
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**c** Did the organization make a distribution to a donor, donor advisor, or related person? . . . . .

<b>4c</b>		X
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**d** Enter the total number of donor advised funds owned at the end of the tax year . . . . . ▶ NONE

**e** Enter the aggregate value of assets held in all donor advised funds owned at the end of the tax year . . . . . ▶ NONE

**f** Enter the total number of separate funds or accounts owned at the end of the tax year (excluding donor advised funds included on line 4d) where donors have the rights to provide advice on the distribution or investment of amounts in such funds or accounts . . . . . ▶ NONE

**g** Enter the aggregate value of assets held in all funds or accounts included on line 4f at the end of the tax year . . . . . ▶ NONE

**Part IV Reason for Non-Private Foundation Status** (See pages 4 through 8 of the instructions.)

I certify that the organization is not a private foundation because it is: (Please check only **ONE** applicable box.)

- 5  A church, convention of churches, or association of churches. Section 170(b)(1)(A)(i).
- 6  A school. Section 170(b)(1)(A)(ii). (Also complete Part V.)
- 7  A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii).
- 8  A federal, state, or local government or governmental unit. Section 170(b)(1)(A)(v).
- 9  A medical research organization operated in conjunction with a hospital. Section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state  \_\_\_\_\_
- 10  An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(iv). (Also complete the **Support Schedule** in Part IV-A.)
- 11a  An organization that normally receives a substantial part of its support from a governmental unit or from the general public. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 11b  A community trust. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 12  An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Also complete the **Support Schedule** in Part IV-A.)
- 13  An organization that is not controlled by any disqualified persons (other than foundation managers) and otherwise meets the requirements of section 509(a)(3). Check the box that describes the type of supporting organization:  
 Type I       Type II       Type III - Functionally Integrated       Type III - Other

Provide the following information about the supported organizations. (See page 8 of the instructions.)

(a) Name(s) of supported organization(s)	(b) Employer identification number (EIN)	(c) Type of organization (described in lines 5 through 12 above or IRC section)	(d) Is the supported organization listed in the supporting organization's governing documents?		(e) Amount of support
			Yes	No	
<b>Total</b> .....					

- 14  An organization organized and operated to test for public safety. Section 509(a)(4). (See page 8 of the instructions.)

**Part IV-A Support Schedule** (Complete only if you checked a box on line 10, 11, or 12.) **Use cash method of accounting.**

**Note:** You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting.

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2005	(c) 2004	(d) 2003	(e) Total
<b>15</b> Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.) . . . . .	13,211,594.	18,870,587.	18,533,778.	31,405,813.	82,021,772.
<b>16</b> Membership fees received . . . . .					
<b>17</b> Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc., purpose . . . . .	NONE	9,511.	50,029.	NONE	59,540.
<b>18</b> Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, income from similar sources, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975. . . . .	3,119,026.	2,730,356.	2,292,990.	2,045,876.	10,188,248.
<b>19</b> Net income from unrelated business activities not included in line 18 . . . . .					
<b>20</b> Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf . . . . .					
<b>21</b> The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge . . . . .					
<b>22</b> Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets					
<b>23</b> Total of lines 15 through 22 . . . . .	16,330,620.	21,610,454.	20,876,797.	33,451,689.	92,269,560.
<b>24</b> Line 23 minus line 17. . . . .	16,330,620.	21,600,943.	20,826,768.	33,451,689.	92,210,020.
<b>25</b> Enter 1% of line 23. . . . .	163,306.	216,105.	208,768.	334,517.	1,322,736.
<b>26</b> Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24 . . . . . ▶					<b>26a</b> 1,844,200.
b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 2003 through 2006 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts ▶					<b>26b</b> 24,318,255.
c Total support for section 509(a)(1) test: Enter line 24, column (e) . . . . . ▶					<b>26c</b> 92,210,020.
d Add: Amounts from column (e) for lines: 18 <u>10,188,248.</u> 19 _____					<b>26d</b> 34,506,503.
22 <u>24,318,255.</u> 26b <u>24,318,255.</u> . . . . . ▶					
e Public support (line 26c minus line 26d total) . . . . . ▶					<b>26e</b> 57,703,517.
f Public support percentage (line 26e (numerator) divided by line 26c (denominator)) . . . . . ▶					<b>26f</b> 62.5784 %
<b>27</b> Organizations described on line 12: a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person." Do not file this list with your return. Enter the sum of such amounts for each year: NOT APPLICABLE (2006) _____ (2005) _____ (2004) _____ (2003) _____					
b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000. (Include in the list organizations described in lines 5 through 11b, as well as individuals.) Do not file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year: (2006) _____ (2005) _____ (2004) _____ (2003) _____					
c Add: Amounts from column (e) for lines: 15 _____ 16 _____					<b>27c</b> _____
17 _____ 20 _____ 21 _____ . . . . . ▶					
d Add: Line 27a total . . . . . and line 27b total . . . . . ▶					<b>27d</b> _____
e Public support (line 27c total minus line 27d total) . . . . . ▶					<b>27e</b> _____
f Total support for section 509(a)(2) test: Enter amount from line 23, column (e) . . . . . ▶					<b>27f</b> _____
g Public support percentage (line 27e (numerator) divided by line 27f (denominator)) . . . . . ▶					<b>27g</b> _____ %
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator)) . . . . . ▶					<b>27h</b> _____ %
<b>28</b> Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2003 through 2006, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not file this list with your return. Do not include these grants in line 15.					

**Part V Private School Questionnaire** (See page 9 of the instructions.) NOT APPLICABLE  
 (To be completed ONLY by schools that checked the box on line 6 in Part IV)

		Yes	No
<b>29</b> Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body? .....	<b>29</b>		
<b>30</b> Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships? .....	<b>30</b>		
<b>31</b> Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? .....	<b>31</b>		
If "Yes," please describe; if "No," please explain. (If you need more space, attach a separate statement.)			
-----			
-----			
-----			
<b>32</b> Does the organization maintain the following:			
<b>a</b> Records indicating the racial composition of the student body, faculty, and administrative staff? .....	<b>32a</b>		
<b>b</b> Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis? .....	<b>32b</b>		
<b>c</b> Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships? .....	<b>32c</b>		
<b>d</b> Copies of all material used by the organization or on its behalf to solicit contributions? .....	<b>32d</b>		
If you answered "No" to any of the above, please explain. (If you need more space, attach a separate statement.)			
-----			
<b>33</b> Does the organization discriminate by race in any way with respect to:			
<b>a</b> Students' rights or privileges? .....	<b>33a</b>		
<b>b</b> Admissions policies? .....	<b>33b</b>		
<b>c</b> Employment of faculty or administrative staff? .....	<b>33c</b>		
<b>d</b> Scholarships or other financial assistance? .....	<b>33d</b>		
<b>e</b> Educational policies? .....	<b>33e</b>		
<b>f</b> Use of facilities? .....	<b>33f</b>		
<b>g</b> Athletic programs? .....	<b>33g</b>		
<b>h</b> Other extracurricular activities? .....	<b>33h</b>		
If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement.)			
-----			
-----			
<b>34 a</b> Does the organization receive any financial aid or assistance from a governmental agency? .....	<b>34a</b>		
<b>b</b> Has the organization's right to such aid ever been revoked or suspended? .....	<b>34b</b>		
If you answered "Yes" to either 34a or b, please explain using an attached statement.			
<b>35</b> Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," attach an explanation .....	<b>35</b>		

**Part VI-A Lobbying Expenditures by Electing Public Charities** (See page 11 of the instructions.)

(To be completed **ONLY** by an eligible organization that filed Form 5768) **NOT APPLICABLE**

Check **a** if the organization belongs to an affiliated group. Check **b** if you checked "a" and "limited control" provisions apply.

**Limits on Lobbying Expenditures**

(The term "expenditures" means amounts paid or incurred.)

	(a) Affiliated group totals	(b) To be completed for all electing organizations
<b>36</b> Total lobbying expenditures to influence public opinion (grassroots lobbying) . . .	<b>36</b>	
<b>37</b> Total lobbying expenditures to influence a legislative body (direct lobbying) . . .	<b>37</b>	
<b>38</b> Total lobbying expenditures (add lines 36 and 37) . . . . .	<b>38</b>	
<b>39</b> Other exempt purpose expenditures . . . . .	<b>39</b>	
<b>40</b> Total exempt purpose expenditures (add lines 38 and 39) . . . . .	<b>40</b>	
<b>41</b> Lobbying nontaxable amount. Enter the amount from the following table - <b>If the amount on line 40 is - The lobbying nontaxable amount is -</b>		
Not over \$500,000 . . . . . 20% of the amount on line 40 . . . . .		
Over \$500,000 but not over \$1,000,000 . . . \$100,000 plus 15% of the excess over \$500,000		
Over \$1,000,000 but not over \$1,500,000 . . \$175,000 plus 10% of the excess over \$1,000,000	<b>41</b>	
Over \$1,500,000 but not over \$17,000,000 . \$225,000 plus 5% of the excess over \$1,500,000		
Over \$17,000,000 . . . . . \$1,000,000 . . . . .		
<b>42</b> Grassroots nontaxable amount (enter 25% of line 41) . . . . .	<b>42</b>	
<b>43</b> Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36 . . . . .	<b>43</b>	
<b>44</b> Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38 . . . . .	<b>44</b>	

**Caution:** If there is an amount on either line 43 or line 44, you must file Form 4720.

**4-Year Averaging Period Under Section 501(h)**

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below.)

See the instructions for lines 45 through 50 on page 13 of the instructions.)

Calendar year (or fiscal year beginning in) ▶	Lobbying Expenditures During 4-Year Averaging Period				
	(a) 2007	(b) 2006	(c) 2005	(d) 2004	(e) Total
<b>45</b> Lobbying nontaxable amount . . . . .					
<b>46</b> Lobbying ceiling amount (150% of line 45(e)) . . . . .					
<b>47</b> Total lobbying expenditures					
<b>48</b> Grassroots nontaxable amount . . . . .					
<b>49</b> Grassroots ceiling amount (150% of line 48(e)) . . . . .					
<b>50</b> Grassroots lobbying expenditures . . . . .					

**Part VI-B Lobbying Activity by Nonelecting Public Charities**

**NOT APPLICABLE**

(For reporting only by organizations that did not complete Part VI-A) (See page 13 of the instructions.)

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:

- a Volunteers . . . . .
- b Paid staff or management (Include compensation in expenses reported on lines c through h.) . . . . .
- c Media advertisements . . . . .
- d Mailings to members, legislators, or the public . . . . .
- e Publications, or published or broadcast statements . . . . .
- f Grants to other organizations for lobbying purposes . . . . .
- g Direct contact with legislators, their staffs, government officials, or a legislative body . . . . .
- h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means . . . . .
- i Total lobbying expenditures (Add lines c through h.) . . . . .

Yes	No	Amount

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities.



FORM 990, PART I - OTHER INVESTMENT INCOME

=====

DESCRIPTION

-----

AMOUNT

-----

INVESTMENT IN PARTNERSHIPS

86,236.

-----

TOTAL

86,236.

=====

FORM 990, PART I - SPECIAL FUNDRAISING EVENTS AND ACTIVITIES

DESCRIPTION	GROSS REVENUE	DIRECT EXPENSES	NET INCOME
STUDENT FND T-SHIRT SALES	10,233.	6,248.	3,985.
ATHLETIC CHARITY AUCTION	9,304.		9,304.
GOLF OUTING	6,260.		6,260.
OTHER	34,257.	16,863.	17,394.
TOTALS	60,054.	23,111.	36,943.

FORM 990, PART I - OTHER DECREASES IN FUND BALANCES

=====

DESCRIPTION

-----

AMOUNT

-----

UNREALIZED LOSS ON INVESTMENTS

8,657,652.

CHANGE IN VALUE OF SPLIT-INT. AGREEMENT

907,182.

TOTAL

-----  
9,564,834.  
=====

FEDERAL FOOTNOTES

=====

BALL STATE FOUNDATION IS SUBJECT TO THE FAMILY EDUCATIONAL RIGHTS AND PRIVACY ACT (20 U.S.C., 1230 G) AND IS THEREFORE NOT REQUIRED TO LIST THE NAMES OF INDIVIDUALS WHO WERE PROVIDED SCHOLARSHIPS OR OTHER FINANCIAL ASSISTANCE, WHERE SUCH DISCLOSURE WOULD VIOLATE THE PRIVACY PROVISIONS OF THE LAW.

FORM 990, PART II - OTHER GRANTS AND ALLOCATIONS PAID DURING THE YEAR

RECIPIENT NAME AND ADDRESS	RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR AND FOUNDATION STATUS OF RECIPIENT	PURPOSE OF GRANT OR CONTRIBUTION	AMOUNT
GRANTS PAID			
VARIOUS STUDENTS P. O. BOX 672 MUNCIE, IN 47308	STUDENTS OF BALL STATE UNIVERSITY INDIVIDUALS	SCHOLARSHIPS	4,033,364.
BALL STATE UNIVERSITY P. O. BOX 672 MUNCIE, IN 47308	SUPPORTED ORGANIZATION PUBLIC	OPERATING EXPENSES	18,743,408.
TOTAL CONTRIBUTIONS PAID			22,776,772.

FORM 990, PART II, LINE 25A - CURRENT OFFICER COMPENSATION SCHEDULE

<u>CURRENT OFFICER NAME</u>	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>
DAVID W BAHLMANN COMPENSATION:	NONE	97,500.	97,500.
THOMAS B HECK COMPENSATION:	NONE	160,000.	NONE
PHILLIP PURCELL COMPENSATION:	NONE	NONE	140,000.
TOTALS	NONE	257,500.	237,500.

FORM 990, PART II - OTHER EXPENSES

DESCRIPTION	TOTAL	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING
MARKETING CAMPAIGN	1,700,000.	1,700,000.		
FUNDRAISING PROGRAMS	87,607.			87,607.
COMMEMORATIVE ITEMS	1,456.			1,456.
SPECIAL EVENTS	2,610.			2,610.
PROFESSIONAL ADVISOR RELATIONS	14,070.			14,070.
COMPUTER LICENSE FEE	13,269.			13,269.
INSURANCE	25,074.		7,298.	17,776.
BOARD EXPENSES	103,150.		13,791.	89,359.
OUTSIDE SERVICES	42,280.		103,150.	145,430.
MEMBERSHIPS & SUBSCRIPTIONS	19,793.		42,280.	62,073.
CONFERENCES & TRAVEL	79,635.		11,809.	91,444.
REAL ESTATE TAX & ASSESSMENTS	-3,258.		37,861.	34,603.
MISCELLANEOUS EXPENSE	117.		-3,258.	3,141.
INVESTMENT CONSULTING	157,257.		117.	157,140.
ALLOCATED FUNDRAISING COSTS	2,721,179.		157,257.	2,878,436.
TOTALS	4,964,239.	1,700,000.	370,305.	2,893,934.

FORM 990, PART III - ORGANIZATION'S PRIMARY EXEMPT PURPOSE

=====

BALL STATE UNIVERSITY FOUNDATION RECEIVES, INVESTS, AND ADMINISTERS  
GIFTS FROM PRIVATE SOURCES MADE FOR THE SUPPORT OF BALL STATE  
UNIVERSITY.

FORM 990, PART III - PROGRAM SERVICE ACCOMPLISHMENTS

PROGRAM SERVICE ACCOMPLISHMENT B

PROVIDE SUPPORT IN THE FOLLOWING AREAS: ACADEMIC PROGRAMS, ADVANCEMENT & DEVELOPMENT, FACULTY SUPPORT, RESEARCH, FACULTY AND STUDENT RECRUITMENT, PUBLIC SERVICE, EXTERNAL RELATIONSHIPS, ARTWORK, LIBRARY MATERIALS AND ATHLETICS TO IMPROVE THE EDUCATIONAL EXPERIENCE OF FACULTY AND STUDENTS AT BALL STATE UNIVERSITY. THESE PROGRAMS SERVE TO ADVANCE THE EXPERIENCE OF FACULTY, STUDENTS AND VISITORS TO THE CAMPUS COMMUNITY.

FORM 990, PART IV - OTHER NOTES AND LOANS RECEIVABLE  
 =====

BORROWER: NOTE RECEIVABLE  
 ORIGINAL AMOUNT: 4,000,000.  
 DATE OF NOTE: 10/10/2004  
 MATURITY DATE: 10/10/2008

BEGINNING BALANCE DUE .....	1,174,712.
ENDING BALANCE DUE .....	NONE

BORROWER: CARDINAL PROPERTIES

BEGINNING BALANCE DUE .....	1,931,462.
ENDING BALANCE DUE .....	2,237,572.

TOTAL BEGINNING OTHER NOTES AND LOANS RECEIVABLE	3,106,174.
--	------------

TOTAL ENDING OTHER NOTES AND LOANS RECEIVABLES	2,237,572.
--	------------

FORM 990, PART IV - INVESTMENTS - PUBLICLY TRADED SECURITIES

DESCRIPTION	BEGINNING BOOK VALUE	ENDING BOOK VALUE
FIXED INCOME SECURITIES	24,340,574.	19,584,002.
DOMESTIC EQUITIES	40,778,168.	49,346,720.
INTERNATIONAL EQUITIES	43,219,254.	19,426,932.
TOTALS	108,337,996.	88,357,654.

FORM 990, PART IV - INVESTMENTS - OTHER

=====

DESCRIPTION -----	BEGINNING BOOK VALUE -----	ENDING BOOK VALUE -----
INV. SPLIT-INTEREST AGREEMENT	3,593,698.	2,601,648.
ALTERNATIVE INVESTMENTS	87,697,360.	98,423,365.
	-----	-----
TOTALS	91,291,058.	101,025,013.
	=====	=====

FEDERAL FOOTNOTES

=====

DETAIL FOR FORM 990, PART IV, LINE 57:

FURNITURE AND EQUIP.	\$	295,718
BUILDINGS & IMPROVEMENTS		254,001
TELEVISION FACILITIES		196,959
		-----
		746,678
ACCUMULATED DEPRECIATION		<562,842>
		-----
		183,836
RENTAL REAL ESTATE LAND		30,000
UNDEVELOPED REAL ESTATE		84,770
		-----
FORM 990, PT. IV, LN. 57C		298,606
		=====

FORM 990, PART IV - OTHER ASSETS

=====

DESCRIPTION -----	BEGINNING BOOK VALUE -----	ENDING BOOK VALUE -----
ACCRUED INTEREST & DIVIDENDS	157,045.	73,611.
CAPITALIZED BOND ISSUANCE COST	106,875.	151,958.
CASH SURRENDER VALUE LIFE INS.	842,941.	895,567.
BENEFICIAL INT PERPETUAL TRUST	1,820,731.	1,816,762.
BENEFICIAL INT REMAINDER TRUST	3,896,360.	1,910,864.
	-----	-----
TOTALS	6,823,952.	4,848,762.
	=====	=====

FORM 990, PART IV - MORTGAGES AND OTHER NOTES PAYABLE

=====

LENDER: REVOLVING LINE OF CREDIT  
ORIGINAL AMOUNT: 10,000,000.  
INTEREST RATE: 3.380000  
MATURITY DATE: 02/01/2009  
REPAYMENT TERMS: INTEREST VARIES, LIBOR + .90%, PAYABLE MONTHLY

BEGINNING BALANCE DUE ..... NONE  
ENDING BALANCE DUE ..... 5,000,000.  
-----

TOTAL BEGINNING MORTGAGES AND OTHER NOTES PAYABLE ..... NONE  
=====

TOTAL ENDING MORTGAGES AND OTHER NOTES PAYABLE ..... 5,000,000.  
=====

FORM 990, PART IV - OTHER LIABILITIES

DESCRIPTION -----	BEGINNING BOOK VALUE -----	ENDING BOOK VALUE -----
ANNUITY OBLIGATIONS	1,697,570.	1,921,262.
TRUST OBLIGATIONS	1,101,290.	860,831.
TAXABLE BOND PAYABLE	10,000,000.	10,000,000.
	-----	-----
TOTALS	12,798,860.	12,782,093.
	=====	=====

FORM 990, PART IV-A - OTHER REVENUE ON BOOKS BUT NOT ON RETURN

DESCRIPTION	AMOUNT
INC REPORTED ON CARDINAL PROP	68,873.
TOTAL	68,873.

FORM 990, PART IV-A - OTHER REVENUE ON RETURN BUT NOT ON BOOKS

DESCRIPTION

AMOUNT

CHANGE IN SPLIT INT AGREEMENT

907,182.

TOTAL

907,182.

FORM 990, PART IV-B - OTHER EXPENSES ON BOOKS BUT NOT ON RETURN

DESCRIPTION	AMOUNT
EXP REPORTED ON CARDINAL PROP	104,253.
TOTAL	104,253.

FORM 990, PART V-A - CURRENT OFFICERS, DIRECTORS, AND TRUSTEES

NAME AND ADDRESS	TITLE AND AVERAGE HOURS PER WEEK DEVOTED TO POSITION	COMPENSATION	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS	EXPENSE ACCT AND OTHER ALLOWANCES
WILLIAM L SKINNER P. O. BOX 672 MUNCIE, IN 47308	IMMEDIATE PAST CHAIRMAN 2.00	NONE	NONE	1,452.
DAVID W BAHLMANN P. O. BOX 672 MUNCIE, IN 47308	CEO & PRESIDENT 50.00	195,000.	50,270.	12,000.
ANTHONY L SCHNEIDER P. O. BOX 672 MUNCIE, IN 47308	CHAIRMAN 2.00	NONE	NONE	2,370.
THOMAS B HECK P. O. BOX 672 MUNCIE, IN 47308	VP OPERATIONS & TREASURER 50.00	160,000.	43,904.	NONE
J RICHARD EMENS P. O. BOX 672 MUNCIE, IN 47308	VICE CHAIRMAN 2.00	NONE	NONE	1,535.
CAROLYN S TERRY P. O. BOX 672 MUNCIE, IN 47308	ASSISTANT SECRETARY 2.00	NONE	NONE	NONE
MATTHEW J MOMPEN P. O. BOX 672 MUNCIE, IN 47308	SECRETARY 2.00	NONE	NONE	NONE
COL AARON B FLOYD P. O. BOX 672 MUNCIE, IN 47308	BOARD MEMBER 2.00	NONE	NONE	NONE

FORM 990, PART V-A - CURRENT OFFICERS, DIRECTORS, AND TRUSTEES

NAME AND ADDRESS	TITLE AND AVERAGE HOURS PER WEEK DEVOTED TO POSITION	COMPENSATION	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS	EXPENSE ACCT AND OTHER ALLOWANCES
STEFAN S ANDERSON P. O. BOX 672 MUNCIE, IN 47308	BOARD MEMBER 2.00	NONE	NONE	NONE
FRANK A BRACKEN P. O. BOX 672 MUNCIE, IN 47308	BOARD MEMBER 2.00	NONE	NONE	NONE
JOHN C GAYLOR P. O. BOX 672 MUNCIE, IN 47308	BOARD MEMBER 2.00	NONE	NONE	NONE
PETER F CAMPANELLA P. O. BOX 672 MUNCIE, IN 47308	BOARD MEMBER 2.00	NONE	NONE	899.
MICHAEL L COX P. O. BOX 672 MUNCIE, IN 47308	BOARD MEMBER 2.00	NONE	NONE	NONE
DR LAURA HANSEN DEAN P. O. BOX 672 MUNCIE, IN 47308	BOARD MEMBER 2.00	NONE	NONE	1,826.
THOMAS L DEWEESE P. O. BOX 672 MUNCIE, IN 47308	BOARD MEMBER 2.00	NONE	NONE	NONE
MARK A ERVIN P. O. BOX 672 MUNCIE, IN 47308	BOARD MEMBER 2.00	NONE	NONE	NONE

FORM 990, PART V-A - CURRENT OFFICERS, DIRECTORS, AND TRUSTEES

NAME AND ADDRESS	TITLE AND AVERAGE HOURS PER WEEK DEVOTED TO POSITION	COMPENSATION	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS	EXPENSE ACCT AND OTHER ALLOWANCES
R WAYNE ESTOPINAL P. O. BOX 672 MUNCIE, IN 47308	BOARD MEMBER 2.00	NONE	NONE	NONE
DR BRIAN A GALLAGHER P. O. BOX 672 MUNCIE, IN 47308	BOARD MEMBER 2.00	NONE	NONE	NONE
DR JOANN M GORA P. O. BOX 672 MUNCIE, IN 47308	BOARD MEMBER 2.00	NONE	NONE	NONE
DR BEN E HANCOCK JR P. O. BOX 672 MUNCIE, IN 47308	BOARD MEMBER 2.00	NONE	NONE	NONE
HOLLIS E HUGHES JR P. O. BOX 672 MUNCIE, IN 47308	BOARD MEMBER 2.00	NONE	NONE	NONE
THOMAS J KINGHORN P. O. BOX 672 MUNCIE, IN 47308	BOARD MEMBER 2.00	NONE	NONE	NONE
PAUL L KOZEL P. O. BOX 672 MUNCIE, IN 47308	BOARD MEMBER 2.00	NONE	NONE	NONE
DONNA M OKLAK P. O. BOX 672 MUNCIE, IN 47308	BOARD MEMBER 2.00	NONE	NONE	NONE

FORM 990, PART V-A - CURRENT OFFICERS, DIRECTORS, AND TRUSTEES

NAME AND ADDRESS	TITLE AND AVERAGE HOURS PER WEEK DEVOTED TO POSITION	COMPENSATION	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS	EXPENSE ACCT AND OTHER ALLOWANCES
KENT C NELSON P. O. BOX 672 MUNCIE, IN 47308	BOARD MEMBER 2.00	NONE	NONE	NONE
DR PENNY A RALSTON P. O. BOX 672 MUNCIE, IN 47308	BOARD MEMBER 2.00	NONE	NONE	1,740.
BETSY M ROSS P. O. BOX 672 MUNCIE, IN 47308	BOARD MEMBER 2.00	NONE	NONE	NONE
PATRICIA SCHAEFER P. O. BOX 672 MUNCIE, IN 47308	BOARD MEMBER 2.00	NONE	NONE	NONE
DR JOHN R SEFFRIN P. O. BOX 672 MUNCIE, IN 47308	BOARD MEMBER 2.00	NONE	NONE	334.
A UMIT TAFTALI P. O. BOX 672 MUNCIE, IN 47308	BOARD MEMBER 2.00	NONE	NONE	NONE
C KEN WHITE P. O. BOX 672 MUNCIE, IN 47308	BOARD MEMBER 2.00	NONE	NONE	NONE
DR JOHN E WORTHEN P. O. BOX 672 MUNCIE, IN 47308	BOARD MEMBER 2.00	NONE	NONE	530.

FORM 990, PART V-A - CURRENT OFFICERS, DIRECTORS, AND TRUSTEES

NAME AND ADDRESS	TITLE AND AVERAGE HOURS PER WEEK DEVOTED TO POSITION	COMPENSATION	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS	EXPENSE ACCT AND OTHER ALLOWANCES
PHILLIP PURCELL P. O. BOX 672 MUNCIE, IN 47308	VP PLANNED & ENDOWMENT GIVING 50.00	140,000.	42,773.	12,000.
RANDALL E POND P. O. BOX 672 MUNCIE, IN 47308	BOARD MEMBER 2.00	NONE	NONE	NONE
MICHAEL P SMITH P. O. BOX 672 MUNCIE, IN 47308	BOARD MEMBER 2.00	NONE	NONE	NONE
GRAND TOTALS		495,000.	136,947.	34,686.

SCHEDULE A, PART I - COMPENSATION OF THE FIVE HIGHEST PAID EMPLOYEES

NAME AND ADDRESS	TITLE AND AVERAGE HOURS PER WEEK DEVOTED TO POSITION	COMPENSATION	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS	EXPENSE ACCOUNT
TRACY CURTIS PO BOX MUNCIE, IN 47308	CONTROLLER 50.00	67,500.	27,667.	NONE
DEANNA MAY PO BOX 672 MUNCIE, IN 47308	DIR COMMUNICATIONS 50.00	52,000.	24,613.	NONE
	TOTAL COMPENSATION	119,500.	52,280.	NONE

SCH A, PART II-A COMPENSATION OF THE 5 HIGHEST PAID FOR PROF. SERV.

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<u>NAME AND ADDRESS</u>	<u>TYPE OF SERVICE</u>	<u>COMPENSATION</u>
HAMMOND ASSOCIATES 101 SOUTH HANLEY, SUITE 300 ST LOUIS, MO 63105	INVEST MGMT FEES	157,500.
BRADLEY AND MONTGOMERY 342 ST JOSEPH STREET INDIANAPOLIS, IN 46202	MARKETING SERVICES	134,501.
THE BANK OF NEW YORK MELLON 201 WASHINGTON STREET BOSTON, MA 02108	ACCT MGMT FEES	118,577.
BKD LLP 201 NORTH ILLINOIS STREET INDIANAPOLIS, IN 46204	AUDIT & TAX SERVICES	64,234.
US BANK 8 AND LOCUST STREETS ST LOUIS, MO 63101	LTR OF CREDIT FEES	51,856.
	TOTAL COMPENSATION	<u>526,668.</u>

SCH. A, PART II-B COMPENSATION OF THE 5 HIGHEST PAID FOR OTHER SERV.  
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<u>NAME AND ADDRESS</u>	<u>TYPE OF SERVICE</u>	<u>COMPENSATION</u>
THE WESTIN INDIANAPOLIS 50 SOUTH CAPITOL AVENUE INDIANAPOLIS, IN 46204	FACILITY RENTAL FEES	54,892.
	TOTAL COMPENSATION	<u>54,892.</u> =====

SCHEDULE A, PART III - EXPLANATION FOR LINE 3A

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GRANTS ARE MADE IN COORDINATION WITH BALL STATE UNIVERSITY

# Capital Gains and Losses

▶ **Attach to Form 1041, Form 5227, or Form 990-T. See the separate instructions for Form 1041 (also for Form 5227 or Form 990-T, if applicable).**

Name of estate or trust <b>BALL STATE UNIVERSITY FOUNDATION, INC.</b>	Employer identification number <b>35-6024566</b>
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**Note:** Form 5227 filers need to complete *only* Parts I and II.

**Part I Short-Term Capital Gains and Losses - Assets Held One Year or Less**

(a) Description of property (Example: 100 shares 7% preferred of "Z" Co.)	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Sales price	(e) Cost or other basis (see page 40 of the instructions)	(f) Gain or (loss) for the entire year Subtract (e) from (d)
<b>1 a</b>					

b Enter the short-term gain or (loss), if any, from Schedule D-1, line 1b . . . . .	<b>1 b</b>	
2 Short-term capital gain or (loss) from Forms 4684, 6252, 6781, and 8824 . . . . .	<b>2</b>	
3 Net short-term gain or (loss) from partnerships, S corporations, and other estates or trusts . . . . .	<b>3</b>	
4 Short-term capital loss carryover. Enter the amount, if any, from line 9 of the 2006 Capital Loss Carryover Worksheet . . . . .	<b>4</b>	(            )
5 <b>Net short-term gain or (loss).</b> Combine lines 1a through 4 in column (f). Enter here and on line 13, column (3) on the back. . . . . ▶	<b>5</b>	

**Part II Long-Term Capital Gains and Losses - Assets Held More Than One Year**

(a) Description of property (Example: 100 shares 7% preferred of "Z" Co.)	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Sales price	(e) Cost or other basis (see page 40 of the instructions)	(f) Gain or (loss) for the entire year Subtract (e) from (d)
<b>6 a</b>					

b Enter the long-term gain or (loss), if any, from Schedule D-1, line 6b. . . . .	<b>6 b</b>	5,700,366.
7 Long-term capital gain or (loss) from Forms 2439, 4684, 6252, 6781, and 8824 . . . . .	<b>7</b>	
8 Net long-term gain or (loss) from partnerships, S corporations, and other estates or trusts . . . . .	<b>8</b>	
9 Capital gain distributions . . . . .	<b>9</b>	
10 Gain from Form 4797, Part I . . . . .	<b>10</b>	
11 Long-term capital loss carryover. Enter the amount, if any, from line 14 of the 2006 Capital Loss Carryover Worksheet . . . . .	<b>11</b>	(            )
12 <b>Net long-term gain or (loss).</b> Combine lines 6a through 11 in column (f). Enter here and on line 14a, column (3) on the back. . . . . ▶	<b>12</b>	5,700,366.

<b>Part III Summary of Parts I and II</b> <b>Caution: Read the instructions before completing this part.</b>		(1) Beneficiaries' (see page 41)	(2) Estate's or trust's	(3) Total
<b>13</b>	<b>Net short-term gain or (loss)</b> . . . . .	<b>13</b>		
<b>14</b>	<b>Net long-term gain or (loss):</b>			
<b>a</b>	Total for year . . . . .	<b>14a</b>		5,700,366.
<b>b</b>	Unrecaptured section 1250 gain (see line 18 of the wrksht.) . . . . .	<b>14b</b>		
<b>c</b>	28% rate gain . . . . .	<b>14c</b>		
<b>15</b>	<b>Total net gain or (loss).</b> Combine lines 13 and 14a . . . . . ▶	<b>15</b>		5,700,366.

**Note:** If line 15, column (3), is a net gain, enter the gain on Form 1041, line 4 (or Form 990-T, Part I, line 4a). If lines 14a and 15, column (2), are net gains, go to Part V, and do not complete Part IV. If line 15, column (3), is a net loss, complete Part IV and the Capital Loss Carryover Worksheet, as necessary.

<b>Part IV Capital Loss Limitation</b>		<b>16</b>
<b>16</b>	Enter here and enter as a (loss) on Form 1041, line 4 (or Form 990-T, Part I, line 4c, if a trust), the smaller of: <b>a</b> The loss on line 15, column (3) or <b>b</b> \$3,000 . . . . .	( )

**Note:** If the loss on line 15, column (3), is more than \$3,000, or if Form 1041, page 1, line 22 (or Form 990-T, line 34), is a loss, complete the Capital Loss Carryover Worksheet on page 42 of the instructions to figure your capital loss carryover.

**Part V Tax Computation Using Maximum Capital Gains Rates**  
**Form 1041 filers.** Complete this part **only** if both lines 14a and 15 in column (2) are gains, or an amount is entered in Part I or Part II and there is an entry on Form 1041, line 2b(2), and Form 1041, line 22, is more than zero.  
**Caution:** Skip this part and complete the worksheet on page 43 of the instructions if:  
 • Either line 14b, col. (2) or line 14c, col. (2) is more than zero, or  
 • Both Form 1041, line 2b(1), and Form 4952, line 4g are more than zero.  
**Form 990-T trusts.** Complete this part **only** if both lines 14a and 15 are gains, or qualified dividends are included in income in Part I of Form 990-T, and Form 990-T, line 34, is more than zero. Skip this part and complete the worksheet on page 43 of the instructions if either line 14b, col. (2) or line 14c, col. (2) is more than zero.

<b>17</b>	Enter taxable income from Form 1041, line 22 (or Form 990-T, line 34) . . . . .	<b>17</b>		
<b>18</b>	Enter the <b>smaller</b> of line 14a or 15 in column (2) but not less than zero . . . . .	<b>18</b>		
<b>19</b>	Enter the estate's or trust's qualified dividends from Form 1041, line 2b(2) (or enter the qualified dividends included in income in Part I of Form 990-T) . . . . .	<b>19</b>		
<b>20</b>	Add lines 18 and 19 . . . . .	<b>20</b>		
<b>21</b>	If the estate or trust is filing Form 4952, enter the amount from line 4g; otherwise, enter -0- . . . ▶	<b>21</b>		
<b>22</b>	Subtract line 21 from line 20. If zero or less, enter -0- . . . . .	<b>22</b>		
<b>23</b>	Subtract line 22 from line 17. If zero or less, enter -0- . . . . .	<b>23</b>		
<b>24</b>	Enter the <b>smaller</b> of the amount on line 17 or \$2,150 . . . . .	<b>24</b>		
<b>25</b>	Is the amount on line 23 equal to or more than the amount on line 24? <input type="checkbox"/> <b>Yes.</b> Skip lines 25 through 27; go to line 28 and check the "No" box. <input type="checkbox"/> <b>No.</b> Enter the amount from line 23 . . . . .	<b>25</b>		
<b>26</b>	Subtract line 25 from line 24 . . . . .	<b>26</b>		
<b>27</b>	Multiply line 26 by 5% (.05) . . . . .	<b>27</b>		
<b>28</b>	Are the amounts on lines 22 and 26 the same? <input type="checkbox"/> <b>Yes.</b> Skip lines 28 thru 31; go to line 32. <input type="checkbox"/> <b>No.</b> Enter the smaller of line 17 or line 22 . . . . .	<b>28</b>		
<b>29</b>	Enter the amount from line 26 (If line 26 is blank, enter -0-) . . . . .	<b>29</b>		
<b>30</b>	Subtract line 29 from line 28 . . . . .	<b>30</b>		
<b>31</b>	Multiply line 30 by 15% (.15) . . . . .	<b>31</b>		
<b>32</b>	Figure the tax on the amount on line 23. Use the 2007 Tax Rate Schedule on page 27 of the instructions . . . . .	<b>32</b>		
<b>33</b>	Add lines 27, 31, and 32 . . . . .	<b>33</b>		
<b>34</b>	Figure the tax on the amount on line 17. Use the 2007 Tax Rate Schedule on page 27 of the instructions . . . . .	<b>34</b>		
<b>35</b>	<b>Tax on all taxable income.</b> Enter the <b>smaller</b> of line 33 or line 34 here and on line 1a of Schedule G, Form 1041 (or line 36 of Form 990-T) . . . . .	<b>35</b>		







## Public Disclosure for Tax-Exempt Organizations

Tax-exempt organizations are required to make a copy of their Forms 990 available for public inspection, and to provide copies of such forms to individuals or organizations that request copies. Alternatively, the Internet may be used to make these documents available. (See the "Using the Internet" section which follows.) These rules apply to an organization's Forms 990 for the last three years and to its application for exemption if it was filed after July 15, 1987. An organization **may exclude from the disclosure copy of its return the donor lists and Forms 990-T. Form 990-T can be excluded only for returns filed prior to August 18, 2006.** A failure to comply can result in an enforcement action by the IRS.

### *Effective for Returns Filed After August 17, 2006*

The *Pension Protection Act of 2006* extends the public inspection and disclosure requirements and penalties applicable to Form 990 to Form 990-T of Code Section 501(c)(3) organizations. Certain information may be withheld by the organization from public disclosure and inspection if public availability would adversely affect the organization (*e.g.*, information relating to a trade secret, patent, process, style of work or apparatus of the organization).

While the rules create an additional burden, they also provide an opportunity for your organization to showcase the community benefits that it provides. The rules also heighten the need to carefully review all responses, including narrative explanations, contained on your Form 990/990-T before filing.

### *Where Must Information be Provided?*

Generally, an organization must make its documents available for public inspection at any location where it has three or more employees. If the only services provided at the site are in furtherance of exempt purposes and the site does not serve as an office for management staff, the documents are not required to be made available there.

### *How Quickly Must Organizations Reply?*

Requests for copies can be made in person or in writing. When requests are made in person, the copies must generally be provided on the same business day. There are provisions for delays due to unusual circumstances. However, in no event may the period of delay exceed five business days. Unusual circumstances include times when those staff that are capable of fulfilling a request are absent.

### ***Written Requests***

Requested copies generally must be mailed within 30 days from the date of the receipt of the written request. However, if the organization requires advance payment of a reasonable fee for copying and postage, it may provide the copies within 30 days from the date it receives payment rather than the date of the original request.

### ***What Can an Organization Charge?***

You are currently allowed to charge a maximum fee of \$1 for the first page and \$.15 cents for each subsequent page in addition to actual postage costs.

If any organization receives a written request for copies with no payment enclosed and the organization requires payment in advance, the organization must request payment within seven days from the date it received the request. An organization is required to accept a personal check for written requests if it does not accept payment by credit card. If an organization does not require prepayment and the requester does not enclose a prepayment with the request, the organization must receive consent from a requester before providing copies for which the fee charge for copying and postage would be in excess of \$20.

### ***Local or Subordinate Organizations***

A local or subordinate organization that is covered by a group exemption letter is given additional time for responding to some requests. If this type of organization receives a request made in person for inspection of its application for tax exemption, the local organization is required to acquire and make available the application for a group exemption letter filed by the central or parent organization within not more than two weeks. The same general rule would apply with respect to a local or subordinate organization that does not file its own Form 990/990-T but is covered under a group return. Again, the local or subordinate organization must make the group return available for inspection within a reasonable period which is defined as not more than two weeks. If the group return includes separate schedules with respect to each local or subordinate organization, the local or subordinate organization may exclude or omit any schedules relating only to other organizations which are included in the group return.

If a request is made for a personal inspection to a local or subordinate organization, it has the option of mailing the return to the requester rather than allowing an inspection. However, if this is done, the local or subordinate organization may not charge for the copying of the document unless the requester consents to the charge. If a local or subordinate organization receives a request for copies, then it must comply with the rules stated previously.

### ***Using the Internet***

As an alternative to providing copies, an organization may provide access to its exemption application and Forms 990 (and Forms 990-T filed after August 17, 2006) through the Internet. The information on the World Wide Web must be in such a format that it may be accessed,

downloaded, viewed or printed in the same format as the actual documents. Obviously, an organization would need to make the Worldwide Web address available to the general public.

There is nothing that prevents others from posting your Forms 990 or 990-T and exemption application on the Internet. Based on this fact and the potential strain on your organization's resources from providing copies, organizations should consider posting these documents on the Internet.

***What if the Requests are a Form of Harassment?***

If an organization feels it is subject to a harassment campaign, it can file an application for a harassment determination with the Internal Revenue Service. This would allow the organization to suspend compliance with these requests. In addition, an organization may disregard requests for copies in excess of two per month or four per year made by a single individual or sent from a single address, without submitting an application for a harassment determination.

***Conclusion***

For better or worse, many organizations are going to see an increase in requests for their Forms 990 and 990-T. BKD is here to assist you in the preparation of your return to ensure that your organization is putting its "best foot forward."

Please contact our BKD advisor if you have questions about these rules.