UNIVERSITY OF ALASKA FOUNDATION

Financial Statements

June 30, 2012 and 2011

(With Independent Auditors' Report Thereon)

UNIVERSITY OF ALASKA FOUNDATION
STATEMENTS OF FINANCIAL POSITION
June 30, 2012 and 2011

Assets

Cash and cash equivalents	$ 23,956,171	
	Installment contracts receivable	
Inventory	56,891	57,366
Other assets	485,973	485,800
Pooled endowment funds	137,818,907	

Due to the UniversTerm endowment liability

Total liabilities

Net Assets

Unrestricted
Temporarily restricted
Permanently restricted
Total net assets

Total liabilities and net assets

UNIVERSITY OF ALASKA FOUNDATION

STATEMENTS OF ACTIVITIES

For the years ended June 30, 2012 and 2011

	2012			
		TemporT0 1 T		
Revenues, gains and other support	Unrestricted	Restricted	Restricted	Total
Contributions	$ 712,635	$ 11,866,053	$ 5,250,637	$ 17,829,325
Investment income	633,229	1,091,276	-	1,724,505
Net realized and unrealized investment gains (losses)	(372,895)	(649,599)	-	(1,022,494)
Other revenues	404	185,828	-	186,232
Actuarial adjustment of remainder trust obligations	-	(62,636)	(5,943)	(68,579)
Losses on disposition of other assets	(273)	(29,764)	-	(30,037)
Administrative assessments	1,943,382	(1,217,300)	(99,458)	626,624
Support from University of Alaska	1,000,000	-	-	1,000,000
Net assets released from restriction	12,697,372	(12,697,372)	-	-
Total revenues, gains and other support	16,613,854	(1,513,514)	5,145,236	20,245,576
Expenses and distributions				
Operating expenses	2,525,647	-	-	2,525,647
Distributions for the benefit of the University of Alaska	13,916,223	-	-	13,916,223
Total expenses and distributions	16,441,870	-	-	16,441,870
Excess (deficiency) of revenues over expenses	171,984	(1,513,514)	5,145,236	3,803,706
Transfers between net asset classes	(3,676)	(24,087)	27,763	-
Change in net assets due to adoption of UPMIFA	-	-	-	-
Increase (decrease) in net assets	168,308	(1,537,601)	5,172,999	3,803,706
Net assets, beginning of year	23,424,101	79,551,222	87,024,277	189,999,600
Net assets, end of year	$ 23,592,409	$ 78,013,621	$ 92,197,276	$ 193,803,306

$ 457,109	$ 10,320,103	$ 5,023,966	$ 15,801,178
645,186	1,757,967	-	2,403,153
2,277,487	15,105,300	-	17,382,787
2	158,802	-	158,804
-	49,400	249,433	298,833
(1,355)	(42,958)	(75)	(44,388)
1,718,484	(1,059,538)	(61,607)	597,339
890,000	-	-	890,000
11,532,488	(11,532,488)	-	-
17,519,401	14,756,588	5,211,717	37,487,706
2,632,989	-	-	2,632,989
13,728,989	-	-	13,728,989
16,361,978	-	-	16,361,978
1,157,423	14,756,588	5,211,717	21,125,728
(104,879)	31,002	73,877	-
(11,460,770)	2,031,340	9,429,430	-
(10,408,226)	16,818,930	14,715,024	21,125,728
33,832,327	62,732,292	72,309,253	168,873,872

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UNIVERSITY OF ALASKA FOUNDATION

STATEMENTS OF CASH FLOWS

For the years ended June 30, 2012 and 2011

	2012	2011
Cash flows from operating activities:		
Contributions received	$ 11,637,473	$ 9,995,033
Investment income received	1,747,220	2,343,967
Distributions for the benefit of the University of Alaska	(13,451,927)	(13,593,483)
Cash paid for operating expenses	(2,500,492)	(2,599,740)
Other receipts	2,078,922	1,762,853
Net cash used in operating activities	(488,804)	(2,091,370)
Cash flows from investing activities:		
Net increase in investments	(7,277,823)	(19,900,363)
Receipts from disposition of assets	57,237	36,306
Net cash used in investing activities	(7,220,586)	(19,864,057)
Cash flows from financing activities:		
Contributions restricted for permanent investment	10,088,207	5,465,866
Investment income on charitable remainder trusts	4,055	24,918
Payment of charitable remainder trust obligations	(34,914)	(43,221)
Net cash provided by financing activities	10,057,348	5,447,563
Net increase (decrease) in cash and cash equivalents	2,347,958	(16,507,864)
Cash and cash equivalents, beginning of year	21,608,213	38,116,077
Cash and cash equivalents, end of year	$ 23,956,171	$ 21,608,213

1. Organization and Summary of Significant Accounting Policies

Basis of Presentation

These financial statements are prepared on the accrual basis of accounting and focus on the foundation's resources and activities as a whole. Net assets, revenues, expenses, distributions, gains, and losses are classified based on the existence or absence of donor-imposed or other external restrictions. Accordingly, net assets of the foundation and changes therein are classified and reported as follows:

Unrestricted net assets - Assets, net of related liabilities, which are not subject to donor-imposed or other

1. Organization and Summary of Significant Accounting Policies, continued

expected to be collected in one year or more are valued at fair value.

1. Organization and Summary of Significant Accounting Policies, continued

Subsequent Events

The foundation has evaluated subsequent events and transactions that occurred after June 30, 2012 through the date the financial statements were available to be issued, concluding October 15, 2012. The foundation is heavily dependent upon the investment markets and is subject to the volatility exhibited in these markets.

2. Contributions Receivable

Unconditional promises to make contributions are included in the financial statements as contributions receivable and temporarily or permanently restricted revenue. Contributions receivable are expected to be realized in the following periods:

	2012	2011
In one year or less	$ 2,849,023	$ 2,145,101
Between one year and five years	5,836,382	12,049,880
More than five years	200,000	4,040
	8,885,405	14,199,021
Discount	(417,681)	(832,817)
Allowance for uncollectible accounts	(35,388)	(33,001)
	$ 8,432,336	$ 13,333,203

Unconditional promises to give are recorded at the discounted present value of the future cash flows using a discount rate ranging from 2.5% to 5.9%. An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution, and nature of fund-raising activity.

3. Remainder Trusts Receivable

A charitable remainder trust administered by a third party is an arrangement in which a donor establishes and funds a trust in which the assets are inst in vM2T36 0 05 cm /.181 -1.15setonts4(y)16(a 1832 0c 1q)1(t)]TJ 0. -1.15sedty.

4. Escrows Receivable

The foundation's escrows receivable are secured by deeds of trust from land sales, payable in monthly installments including interest of 7.25% to 8.25%.

5. Installment Contract Receivable

The foundation's installment contract receivable resulted from the sale of capital stock in a closely held corporation. The contract is secured by the shares of capital stock sold, and payable in annual installments at an interest rate of 4.79%.

6. Pooled Endowment Funds

Effective July 1, 1997, management of the university's Land GD(w)-134 0 Td ft(d)1(o)9(d)-12( )]TJ12.6851(L)]T.3wm wun(n)-

6. Pooled Endowment Funds, continued

Beginning with the year ended June 30, 2012, a Viability Ratio (accumulated earnings divided by the total endowment value) is calculated for each endowment. The Viability Ratio provides a measure of the financial health of each endowment and gives an indication of the endowment's ability to continue making distributions to

UNIVERSITY OF ALASKA FOUNDATION

10. Net Assets

Unrestricted net assets:

Available for current operations - spendable earnings of quasi endowments and amounts not designated by management or restricted by donor	$ 4,888,651	$ 5,161,148
Designated for specific purposes - spendable earnings of quasi endowments and amounts designated by management	6,014,520	5,646,553
Quasi endowments - corpus of quasi endowments without donor restrictions	11,694,904	10,974,979
Underwater endowment losses - net accumulated investment losses on endowments	(217,220)	(108,163)
Unappropriated endowment earnings - earnings in excess of spending limits for quasi endowments without donor restrictions	1,211,554	1,749,584
	$ 23,592,409	$ 23,424,101

Temporarily restricted net assets:

Restricted for specific purposes - spendable earnings on endowments and non-endowed net assets restricted by donor stipulation or by UPMIFA	$ 39,132,745	$ 36,910,983
Unconditional promises to give - contributions receivable without donor restrictions	116	417
Quasi endowments - corpus of quasi endowments with donor restrictions	19,186,464	18,388,764
Endowments - corpus of term funded and annuity endowments	3,378,345	3,378,345
Unappropriated endowment earnings - earnings in excess of spending limits for endowments restricted by donor or by UPMIFA	16,31556(61 Tm	[(D0 0 9.403aR13

12. Distributions for the Benefit of the University of Alaska

Distributions for the benefit of the University of Alaska, by functional classification, for the years ended June 30, 2012 and 2011

13. Administrative Assessments