

Land Grant Endowment Funds

The University of Alaska Land Grant Endowment has its origin in the federal land grant acts of 1915 and 1929 and subsequently the Alaska Statehood Act. Approximately 110,000 acres of land were transferred to the territory of Alaska and eventually to the Board of Regents to be held in trust for the university. The net proceeds from the sale, lease, exchange and other uses of these lands have been deposited in the University of Alaska Endowment Trust Fund as provided by Alaska Statute 14.40.400. Alaska Statute 14.40.400 gives the Board of Regents the authority to manage the endowment under the total return principles which are intended to preserve and maintain the purchasing power of the endowment fund, a unitized investment fund.

The accompanying schedules of Net Position and Changes in Net Position reflect the financial position of the Land Grant Endowment and related funds as of June 30, 2012 and the changes in net position for the year then ended. The investments of the Land Grant Endowment and Inflation Proofing Fund, which have fair values at June 30, 2012 of \$109.3 and \$15.4 million, respectively, are invested in a consolidated endowment fund managed by the University of Alaska Foundation in accordance with an agreement and investment policy approved by the Board of Regents.

Expenditure of the endowment fund earnings is governed by regents' policy, which provides that a portion of the earnings be utilized to manage the university's lands, a portion be set aside in order to maintain the purchasing power of the endowment, and a portion be transferred to the Natural Resources Fund for the purpose of funding programs in support of UA Scholars, natural resource management, marketing and education,

Land Grant Endowment Funds
Notes to the Financial Schedules
June 30, 2012

By Acts of Congress in 1915 and 1929, approximately 110,000 acres of land were transferred to the territory of Alaska to be held in trust for the university. The grant lands were subsequently transferred to the state of Alaska and eventually to the Board of Regents to be held in trust for the university. Currently, approximately 82,400 acres of these lands are held at no basis because fair value at the date of transfer was not determinable. In 1982 and 1988, the university was allowed to select certain state lands

Revenue Fund

The Revenue Fund represents a depository fund for the distributable earnings of the Land Grant Trust Fund, the Inflation Proofing Fund, and the Natural Resources Fund.

Investment income reported in the Revenue Fund represents current

Land Grant Endowment Funds
Schedule of Net Position
June 30, 2012

| | Land Grant Trust Fund | Inflation Proofing Fund | Revenue Fund | Natural Resources Fund | Land Management Operations |
|---------------------------------------|--------------------------|-------------------------------|-----------------|------------------------------|----------------------------------|
| Assets: | | | | | |
| Cash (due (to) from University) | \$ (4,104,359) | \$ 2,400,890 | | \$ 11,418,521 | \$ 1,811,100 |
| Receivables | 2,864,857 | 86,722 | | | |
| Investments | 109,327,944 | 15,395,813 | | | |
| Real property & subdivision inventory | 31,669,233 | 14,147,015 | | | |
| Total Assets: | 139,757,675 | 32,030,440 | - | 11,418,521 | 1,811,100 |
| Liabilities: | | | | | |
| Security deposits and other payables | 379,108 | 258,592 | | | |
| Long-term debt | | 1,435,000 | | | |
| Total Liabilities | 379,108 | 1,693,592 | - | - | - |
| Net position | \$ 139,378,567 | \$ 30,336,848 | \$ - | \$ 11,418,521 | \$ 1,811,100 |

Schedule of Changes in Net Position
For the Year Ended June 30, 2012

| | | | | | |
|---|-----------------------|----------------------|----------------|----------------------|---------------------|
| Revenue and other additions: | | | | | |
| Sale, lease, or transfer of real property, materials, and mineral interests | 1,339,499 | 929,774 | | | |
| Cost basis of property sold | (74,194) | | | | |
| Net sales | 1,265,305 | 929,774 | - | - | - |
| investments | (976,499) | (27,986) | 747,580 | | |
| Total Revenue | 288,806 | 901,788 | 747,580 | | |
| Expenditures and other deductions: | | | | | |
| Development project costs | 1,179,273 | 5,985 | | | 803,785 |
| Natural Resources Fund projects | | | | 4,231,745 | |
| | 1,179,273 | 5,985 | - | 4,231,745 | 803,785 |
| Transfers in (out): | | | | | |
| Earnings transfers in (out) | 18,328 | (650,862) | 371,379 | | |
| Debt Service | | (129,761) | (5,603) | | |
| Loan repayment from UAA for land purchase | | 2,100,000 | 109,109 | | |
| Provision for land management operations | | | (1,005,185) | | 1,005,185 |
| Transfer for spending allowance | (3,873,999) | (400,081) | 4,274,080 | | |
| Natural Resources Fund allocation | | | (4,491,360) | 4,491,360 | |
| | (3,855,671) | 919,296 | (747,580) | 4,491,360 | 1,005,185 |
| Net increase (decrease) in net position | (4,746,138) | 1,815,099 | - | 259,615 | 201,400 |
| Net position at beginning of year | 144,124,705 | 28,521,749 | - | 11,158,906 | 1,609,700 |
| Net position at end of year | \$ 139,378,567 | \$ 30,336,848 | \$ - | \$ 11,418,521 | \$ 1,811,100 |

See accompanying notes to these schedules.

Land Grant Endowment Funds
Schedule of Allocated Natural Resources Fund Balances
For the Year Ended June 30, 2012

| Project | Available June 30, 2011 | New Awards & Transfers | Expen- ditures | Available June 30, 2012 |
|--|--|---------------------------------------|---------------------------|--|
| NATURAL RESOURCES PROJECTS | | | | |
| Animals | | | | |
| UAS/Ring Seal Survey | \$ 1,041 | \$ - | \$ - | \$ 1,041 |
| Fisheries | | | | |
| UAF/Prince of Wales Island Aquaculture | 3,817 | - | - | 3,817 |
| Forestry | | | | |
| UAF/Factors Influence Spruce Bark Beetle | 11,266 | - | - | 11,266 |
| Resources Management, Marketing, Education, and Other | | | | |
| UAF/Master Land Planning, Agriculture Research Station | 42,298 | - | - | 42,298 |
| OTHER PROJECTS | | | | |
| Faculty Development | | | | |
| UAF/Promoting Teacher Retention & Renewal | 6,430 | - | - | 6,430 |
| Outreach/Public Service | | | | |
| UAF/University of Alaska Press | 80,000 | 125,000 | 80,000 | 125,000 |
| Program Development/Enhancement | | | | |
| UAF/Cooperative Extension Support | 939,306 | 400,000 | 289,015 | 1,050,291 |
| Student Services | | | | |
| UAA/Alaska Scholars Program | - | 2,070,750 | 2,070,750 | - |
| UAF/Alaska Scholars Program | - | 1,370,875 | 1,370,875 | - |
| UAS/Alaska Scholars Program | - | 198,000 | 198,000 | - |
| SYS/Alaska Scholars Program | 7,857,283 | 121,920 | 80,987 | 7,898,216 |
| SYS/Tuition Waiver Program, Coop. Scholarships | 217,609 | 160,000 | 142,118 | 235,491 |
| | <u>9,159,050</u> | <u>4,446,545</u> | <u>4,231,745</u> | <u>9,373,850</u> |
| Undistributed | | | | |
| FY04 Transfer | 836,850 | - | - | 836,850 |
| FY05 Transfer | 610,000 | - | - | 610,000 |
| FY10 Transfer | 335,032 | - | - | 335,032 |
| FY11 Transfer | 217,974 | - | - | 217,974 |
| FY12 Transfer | - | 44,815 | - | 44,815 |
| | <u>-</u> | <u>44,815</u> | <u>-</u> | <u>44,815</u> |
| | <u>\$ 11,158,906</u> | <u>\$ 4,491,360</u> | <u>\$ 4,231,745</u> | <u>\$ 11,418,521</u> |