

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, 2014 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, 2014 of \$127.0 and \$19.1 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, and other university programs.

The Schedule of Allocated Natural Resources Fun

Land Grant Endowment Funds
Notes to the Financial Schedules
June 30, 2014

By Acts of Congress in 1915 and 1929, approximately 10,000 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 82,223 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 including timber and other rights as replacement for lands disposed of by the territory and the state. These replacement lands and property interests were recorded at their fair value as of the date of transfer.

Land Grant Trust Fund

The Land Grant Trust Fund as reported in these schedules represents the original land grant, the invested proceeds from the sale and/or development of these resources and the appreciation in value of the invested funds. The endowment is managed on a total return basis. Receivables of approximately \$2.2 million are primarily from sales of trust land. Investments of approximately \$127.0 million are held in a consolidated endowment fund under the direction of the University of Alaska Foundation. The consolidated investment fund is managed by the Foundation's investment committee and treasurer in accordance with an investment policy approved by the Board of Regents. Cash balances are invested in pooled investment funds. Real property of approximately \$31.5 million is comprised primarily of replacement and property interests and does not include the value of the university's original entitlement land. Security deposits totaling \$1.0 million are held for security or performance of contracts.

Natural Resources Fund

The Natural Resources Fund represents expendable funds designated by regents' policy to provide support for UA Scholars agriculture, forestry, fisheries, mineral, and other university programs. All unexpended

Schedule of Net Position

	Land Grant Trust Fund	Inflation Proofing Fund	Revenue Fund	Natural Resources Fund	Land Management Operations
Cash (due (to) from University)	\$ (3,988,863)	\$ 658,621	\$ -	\$ 11,608,173	\$ 1,830,300
Receivables	2,224,570	255,684			
Investments	126,992,455	19,095,658			
Real property & subdivision inventory	31,496,982	31,718,413			
Total Assets:	156,725,144	51,728,376	-	11,608,173	1,830,300
Liabilities:					
Security deposits and other payables	986,392	237,953			
Long-term debt		1,332,131			
Total Liabilities	986,392	1,570,084	-	-	-
Net position	\$ 155,738,752	\$ 50,158,292	\$ -	\$ 11,608,173	\$ 1,830,300

**Schedule of Changes in Net Position
For the Year Ended June 30, 2014**

Revenue and other additions:

Sale, lease, or transfer of real property, materials, and mineral interests	600,284	3,753,049			
Cost basis of property sold	(30,579)	-			
Net sales	569,705	3,753,049	-	-	-
Foreclosure on land note receivable	(52,358)				
Net realized and unrealized gain (loss) from investments	13,617,133	2,050,987	349,495		
Total Revenue	14,134,480	5,804,036	349,495		

Expenditures and other deductions:

Development project costs	1,088,989	1,332,528			801,173
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Land Grant Endowment Funds
Schedule of Allocated Natural Resources Fund Balances
For the Year Ended June 30, 2014

Project	Available June 30, 2013	New Awards & Transfers	Expen- ditures	Available June 30, 2014
NATURAL RESOURCES PROJECTS				
Animals				
UAS/Ring Seal Survey	\$ 1,041	\$ (1,041)	\$ -	\$ -
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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	120,000	60,000	120,000	60,000
UAF Piano-e-Competition	-	117,000		117,000
UAF Museum Dinosaur Exhibit	-	150,000		150,000