# University of Alaska Foundation
## Annual Report 2011

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The University of Alaska Foundation seeks, secures and stewards philanthropic support to build excellence at the University of Alaska.
On behalf of the University of Alaska Foundation, we are pleased to present this report and thank thousands of Alaskans for their generosity and their support of Alaska’s university system. In addition to a report on the impact of giving, this publication contains the Foundation’s financial statements for the year ended June 30, 2011.

The mission of the University of Alaska Foundation is to seek, secure and steward philanthropic support to build excellence at the University of Alaska. Toward this end, the Foundation serves and supports campus fund raising efforts, manages the assets under its care with professionalism and integrity and ensures the donors’ wishes and intentions are followed.

In FY 2011, approximately 5,700 individuals and organizations donated $15.8 million to the University of Alaska through the Foundation. Thirty-four new endowments were created. As of June 30, 2011, the Foundation managed 678 active endowments as well as 676 active non-endowed funds available for current expenditure.

Contributions dipped slightly in FY 2011 (0.9%) from the previous year. Significantly, the number of donors in FY 2011 rose 7.6%, for a total increase of 29% since 2007. This steady rise in donor numbers is significant because the University’s continuing and long-term success depends in part on an ever-broader and deeper base of support.

Who are these ever-growing legions of friends? The faces and profiles of University of Alaska supporters are as diverse as the state itself. Whether they are corporations, university alumni, new supporters or old friends, our donors share a passion for higher education and a commitment to building and maintaining excellence at the University of Alaska. Thanks to their generosity, more students will be able to graduate on time and with less debt; more students will have the skills and academic credentials to fill high-demand professions in Alaska; and more research will be conducted in fields such as ocean sciences, fisheries and mining.

This report also highlights a handful of donors whose commitment to making a difference illustrates how the University of Alaska is impacted and enriched by all donors. To all who contribute in ways large and small, a very heartfelt thank you.

Sincerely,

Jo Michalski, Chair, Board of Trustees, University of Alaska Foundation
Patrick K. Gamble, President, University of Alaska
Carla Beam, President, University of Alaska Foundation
Individuals who have provided for the University through their wills or life income gifts.

++ Denotes deceased
Arliss Sturgulewski

Most of Arliss Sturgulewski’s life has been about public and community service. And no small part of that has been support for and dedication to education, including the University of Alaska Anchorage (UAA).

Most recently, she established the Sturgulewski Family Scholarship Endowment to provide financial assistance for students majoring in journalism, engineering, teacher education or nursing. This past year, Sturgulewski became a member of the Legacy Society by including UAA in her estate plans. She has also donated a personal collection of Alaska art to UAA and hopes to encourage others to do the same.

A member of the University of Alaska Foundation Board of Trustees for almost 20 years, Sturgulewski has also devoted her time and expertise to the UAA Chancellor’s Board of Advisors. She currently serves on advisory boards for the Institute for Social and Economic Research (ISER), UAA’s School of Nursing, the University of Alaska Fairbanks (UAF) School of Fisheries and Ocean Sciences and the Sea Grant Program. In 1993, UAA awarded her an Honorary Doctor of Laws.

“I love what education does and how it can change lives. I’ve been to a lot of communities in Alaska and I see the difference education can make in people’s lives. Not the least of it is the pride and sense of accomplishment that comes from working hard and learning things,” she said.

Sturgulewski’s commitment to higher education is also driven by her own experience and her belief in the University as an integral part of the community.

A child of the Depression whose mother died early, Sturgulewski wasn’t encouraged to pursue a degree. But she loved to read as a child and had enough personal drive to make it through college alone.

“I worked my way through, before the days of grants and it wasn’t easy,” she recalls. “I remember my first two years I felt like I was drowning because I didn’t know how to reach out for help.”

After completing her degree in economics and business from the University of Washington, she came to Alaska to visit family. The rest is history: service on myriad local boards and commissions, election to the Anchorage Assembly and the Alaska State Senate, and twice winning the Republican nomination for Governor.

“The University of Alaska is an integral part of the community. I think we’re lucky to have it. It has a great role to play in bringing this state together; training the people we need to take the jobs that are here.”
Edith Bullock’s legacy:
Recognizing and rewarding excellence

The late Edith R. Bullock believed that excellence should be recognized and rewarded. Bullock served the University for 30 years as a member of the Board of Regents and the Foundation's Board of Trustees. Bullock funded the prize for excellence for several years prior to her death. Her estate included an unrestricted gift to the Foundation, which the Board of Trustees used to seed a quasi-endowment for the annual Bullock Prize for Excellence. The prize recognizes and rewards individuals who demonstrate excellence in support of the University of Alaska.

Roberta Stell

In her 40 years of service to the University of Alaska Southeast (UAS), former Provost Dr. Roberta Stell exemplified effective, quiet leadership. Dr. Stell, who recently retired, was awarded the Bullock Prize for her persistent advocacy for distance education.

Dr. Stell was an advocate for building the academic and technical infrastructure required to give all Alaskans access to higher education. The introduction of distance education has enabled rural students to complete entire degree programs without leaving their home communities. Many credit Dr. Stell’s continuous, quiet voice with helping to push the university into what is now called e-Learning.

“UAS’ leadership in distance education at UA is in large part due to her leadership and promotion, keeping us on the cutting edge of technology and pedagogy,” said Jonathan Anderson, associate professor of public administration at UAS. “The Master of Public Administration was offered via distance delivery 20 years ago when Dr. Stell assumed her provost position and it flourished under her guidance.”

“It is hard to overestimate Dr. Stell’s impact in nurturing and growing the University of Alaska Southeast from a community college to a comprehensive university,” Anderson said. “Navigating the political and institutional mazes of such a complex organization is no easy task. Yet with knowledge and sheer determination she continued to promote the interests of the University year after year.”

Dr. Stell received a Bachelor of Arts in secondary education and secretarial studies from Western State College in Gunnison, Colorado; a Master of Education in public school administration from the University of Alaska; and a doctorate degree in education from the University of San Francisco.
Renee Carter-Chapman

For nearly three decades, Renee Carter-Chapman has been a champion and guiding force behind many of the most innovative and successful programs at the University of Alaska Anchorage (UAA). Now Senior Vice Provost at UAA, Carter-Chapman nurtured programs such as the Center for Advancing Faculty Excellence, the Center for Community Engagement and Learning, the University Honors College, and the UAA Sustainability Council.

Carter-Chapman is the rare administrator whose leadership consistently frees up individual and collective initiative, energy, and creativity in support of the best ideas and talents within the university. She helped hold UAA together during the challenging years of the merger with Anchorage Community College and was instrumental in creation of the Community and Technical College. She led the University's first coordinated student success and retention strategies.

Carter-Chapman advocated for honors education and undergraduate research. The Honors program promoted student success through increased opportunities for research, scholarship, leadership, internships, community involvement, and student achievement of academic distinction and departmental and university honors.

In recognition of her contributions to the advancement of undergraduate research and honors education, Carter-Chapman was honored with two major awards in 2005. The faculty Task Force on Undergraduate Research and Scholarship and the Office of Undergraduate Research and Scholarship presented her with a special Exemplar Award. The University Honors Council and the University Honors administration established in her name a permanent annual award for an outstanding University Honors student: The Renee Carter-Chapman Award for Civic Engagement and Leadership.

Carter-Chapman received her Bachelor of Arts in anthropology and sociology from the University of Alaska Anchorage, and a Master of Arts in cultural anthropology from the University of Michigan in Ann Arbor.
### Lifetime Giving

#### BUNNELL SOCIETY
Recognizes individuals and organizations that have made cumulative gifts or pledges of $1,000,000 or more.

**INDIVIDUALS**
- Robert B. Atwood+
- Isabel J. Beeler+
- Edith R. Bullock+
- Ronald F. Cosgrave
- Nathan L. Gerson
- Lenore A. Hedla+
- John C. Hughes+
- Fred A. Kubon+
- W. F. Meek+
- John E. "Jack" Randall II+
- Elmer E. Rasmuson+
- Grace Berg Schable+
- Frankie Wakefield+
- W. Dean and Ana Weidner

**ORGANIZATIONS**
- Alaska Airlines
- Alaska Communications
- Alaska Native Tribal Health Consortium
- Alaska Ocean Seafood
- Ayleska Pipeline Service Company*
- American Seafoods Company
- Anchorage Daily News
- Arctic Slope Regional Corporation*
- Arctic Storm
- ASRC Energy Services
- Atwood Foundation
- Bentley Family Trust
- Helen M. Bentley Trust
- BP*
- CARRS/Safeway
- Chevron
- ConocoPhillips Alaska*
- Council for Better Corporate Citizenship
- Denali Center Fairbanks Memorial Hospital*
- Fairbanks North Star Borough*
- First Interstate Bank
- First National Bank Alaska*
- Flint Hills Resources Alaska*
- Bill & Melinda Gates Foundation
- GCI
- Glacier Fish Company
- Golden Alaska Seafoods
- Highland Light Seafoods
- Holland America Line
- ITT Corporation
- KeyBank
- Andrew W. Mellon Foundation
- Microsft Corporation
- M. J. Murdock Charitable Trust
- Northrim Bank
- The Bernard Osher Foundation
- Peter Pan Seafoods
- Providence Health System in Alaska
- Rasmuson Foundation*
- Schlumberger
- Siemens Building Technologies
- Alfred P. Sloan Foundation
- Starbound LLC
- Teck Resources Alaska
- Totem Ocean Trailer Express
- Trident Seafoods
- Umialik Insurance
- University of the Arctic
- Unocal Corporation
- Usibelli Coal Mine
- Weidner Property Management
- Wells Fargo+
- Williams Alaska Petroleum

#### SOURDOUGH SOCIETY
Recognizes individuals and organizations that have made cumulative gifts or pledges of $50,000 to $99,999.

**INDIVIDUALS**
- Carol and Myles Berg
- Caroline M. Coons
- John P. Doyle+
- Marie George+
- Joseph E. Usibelli and Peggy Shumaker+
- Beatrice Wenger

**ORGANIZATIONS**
- Alaska Aerospace Corporation
- Alaska Housing Finance Corporation
- Alaska Regional Hospital
- AT&T
- CH2M Hill
- CIRI
- Concurrent Technologies Corporation
- Corporation For Public Broadcasting
- Luther Hess Trust
- IBM
- Icicle Seafoods
- JL Properties
- W.K. Kellogg Foundation
- Calvin J. Lensink
- Gordon and Betty Moore Foundation
- NatureServe
- New York Life Insurance*
- Oak Foundation
- Primavera Systems
- Princess Cruise Lines
- Seward Assoc. for Advancement of Science
- Shell Exploration and Production Company
- Trimble Navigation

#### ALASKA SOCIETY
Recognizes individuals and organizations that have made cumulative gifts or pledges of $100,000 to $499,999.

**INDIVIDUALS**
- Marsha and Richard Armstrong
- Dr. Walt and Marita Babula
- William and Nella Berry
- David and Mary E. Carlson+
- Dr. J. Michael Carroll* and Ginger Carroll*
- Edward and Alene Christiansen
- J. Robert Claus+
- Dale A. Durrwachter+
- Barnard and Rachel Gottstein
- Ruth Hewett+
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- Mary K. Hughes and Andrew Eker
- Leonard and Tannie Hyde
- Dorothy C. Johnson+
- William P. Johnson, Jr.
- Cary S. Keller, Sportsmedicine Fairbanks*
- Dinah Larsen
- Robert L. Lathrop+
- Howard I. Mackey+
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- McNamara Family
- Mary Jean McNamara+ Barry+ and Doril McClaym*
- Horace Willard Nagley, II+
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- Jack J. O’Brien
- Doris and Argentina Parasas Ann and Al Parrish
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- Mary Louise Rasmusen
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- Craig Salsbury and Barbara Pomar
- Oro R. Stewart+
- William G. Stroeker+*
- Veronica D. Tisdale
- Elizabeth A. Tower, M.D.+
- Jerry E. Ulmer
- Usibelli Family
- Charles West+
- Marguerite L. West+
- Sydney C. Woll+

#### ORGANIZATIONS

**ALASKA Heart Institute Research Foundation**

**Alaska Community Foundation**

**Alaska Kidney Foundation**

**Alaska Manufacturing Extension Partnership**

**Alaska Railroad**

**Alliance For Subsustainable Energy**

**Paul G. Allen Family Foundation**

**AMIPA**

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**Association of Performing Arts Presenters**

**Avis Rent A Car**

**Bartlett Regional Hospital**

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**Batelle Pacific Northwest**

**Benton Bay Athletic Lions Club**

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**Blueliner Booster Club**

**California Institute of Technology**

**Chugach Alaska**

**Liz Claiborne & Art Ortenberg Foundation**

**Computational Physics**

**Cook Inlet Tribal Council**

**Crook Trust**

**Denali Commission**

**Doyon**

**Eagle Insurance Group**

**ERA Aviation**

**ExxonMobil Production Company**

**The Eyak Corporation**

**Fairbanks Daily News-Miner**

**Fairbanks Development Authority**

**Fairweather**

**Ford Foundation**

**Ford Motor Company**

**Fred Meyer Charitable Trust**

**Geospatial Intelligence Agency**

**Golden Valley Electric Association**

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**Hecla Greens Creek Mining**

**HP**

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**Inlet Salmon**

**Intel Corporation**

**Kendall Auto Group**

**Esther Louise Largen Living Trust**

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**Henry Luce Foundation**

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**Ocean Renewable Power Company**

**OSI Software**

**Partners for Progress in Delta**

**Pebble Limited Partnership**

**Prince William Sound Science Center**

**Prudential Jack White/Vista Real Estate**

**Rutgers**

**The Seattle Foundation**

**Seekins Ford-Lincoln-Mercury**

**Seismic Micro-Technology**

**Shiven Trading & Operating Company**

**Southeast Conference**

**Sportsmedicine Fairbanks**

**Standard Oil Company**

**Subway of Alaska**

**T. Rowe Price**

**Tesoro Petroleum**

**UAF Alumni Association**

**UAS Alumni Association**

**Udelhoven Oil Field System Services University of Washington School of Pharmacy**

**UPS**

**The Dorothy and Herbert Vogel Collection**

**Wards Cove Packing Company**

**The Williams Foundation**

**Yukon College - Northern Research Institute**

**Yukon-Kuskokwim Health Corporation**

* Denotes deceased
* Includes contributions to KUAC
Donations made to AlaskaOne are recognized by that organization outside the UA Foundation.
Ask an 8-year-old about what she wants to be when she grows up, and you’re likely to hear firefighter or police officer, teacher or doctor. As Dean Weidner points out, not too many 8-year-olds dream of being a property manager.

Yet, the fact is, Weidner says, property management offers great careers. “They pay well and they’re rewarding,” he said. “Shelter is one of the three basic necessities of life. When you provide moderately priced rental apartments as we do, you’re meeting a very basic need for people.”

Weidner is founder and owner of Weidner Property Management, the largest apartment operator in Alaska. Longtime supporters of University of Alaska Anchorage (UAA), Weidner and his wife Ana recently pledged $3 million to create an endowed Chair of Business Management in the College of Business and Public Policy (CBPP) at UAA.

By providing secure funding to hire exceptional faculty, the Weidner Chair in Business Management will allow UAA to tailor its business management program to respond to the changing curricular needs of its students. The Weidner Chair will ultimately benefit the entire community, as it initially focuses on residential and commercial property management, affordable housing, military and senior housing and other issues of key importance to Alaska.

Weidner readily admits to a bit of self-interest in this endowment. “We’d like to be able to hire people with a background and degree in real estate.” His firm already hires 12 to 15 students each year from UAA. “We’re just thrilled with the quality of people we get from UAA.”

Weidner also appreciates the open admissions policy of the University of Alaska. “I value the fact that enrollment is open to everyone. Students don’t need a pedigree or lots of money to get a good education. That’s one of the reasons that UAA has such a big role to play in advancing higher education in Anchorage.”

The Weidners have spent a lot of time in Alaska since 1973. Although they have never been full-time residents, one of the things he loves about Alaska is that it’s still a place of opportunity.

“I think if you’re in business in Alaska, you’re really creating history. Alaska appreciates anyone who has something to offer. They reward it. It’s still a young enough state that people can contribute to its history. That’s a wonderful thing, to truly have the opportunity to make an impact,” he said.
Donations for the long term

Northrim Bank is a longtime supporter of the University of Alaska System. The reasons are straightforward.

“A community bank is completely dependent on the local economy so naturally it’s critically important to us. We fund things that help policy makers make good decisions and that help people understand the economy,” explains Joe Beedle, President & CEO of Northrim.

The beneficiaries of Northrim’s generosity have included the Institute for Social and Economic Research (ISER), College of Business and Public Policy (CBPP), and Small Business Development Center (SBDD) at the University of Alaska Anchorage (UAA) and the School of Management (SOM) and the Conference of Young Alaskans (COYA) at the University of Alaska Fairbanks (UAF).

While some corporate donors focus on developing a future workforce for their industry, Northrim’s emphasis is on the bigger picture, to educate and foster an informed citizenry.

“The more people there are who understand the economy, the more likely we are to have policies that build a strong economy,” Beedle said.

Northrim started as a commercial bank and that’s where its strength remains. Its contributions to the University of Alaska System are designed to support the business community.

Northrim has found giving even more attractive in recent years because of Alaska’s Education Tax Credit, which reduces the out-of-pocket expense for contributions to educational institutions.

The structure of the tax credit offers the biggest incentive to gifts of $300,000 in each of three consecutive years. After state and federal tax savings, the out-of-pocket cost is about $50,000 for each $300,000 gift.

More than 20 University of Alaska corporate donors used the Education Tax Credit in FY 2011. Many, like Northrim, take advantage of the flexibility to designate where their gifts will go. According to Northrim’s Beedle, the tax credit has allowed the bank to increase its annual giving by 50 percent – from $200,000 to $300,000 – for the same out-of-pocket cost.
If Bill and Betsy Robertson had their way, students at University of Alaska Fairbanks (UAF) would be able to focus on their studies and life goals, without distractions over finances. Longtime supporters of UAF, the Robertsons in 2011 established the William J. and Betsy R. Robertson Scholarship, to help undergraduate students complete their degrees on time and without debt.

“They’re here to study and learn as much as they can,” Betsy said. “We want their education to be as full as possible and not to have to worry about where the next dollar is coming from.”

Donors to UAF since 1975, the Robertsons have supported many projects and programs, always with a focus on students. Their membership in the Legacy Society demonstrates their wish to continue to support UAF far into the future.

Their service to UAF includes the College of Fellows, the UA Museum of the North expansion campaign and the Geosgeon Botanical Garden. In 2010, Bill began a fundraising effort to substantially increase the endowed Dorothy Sugg Rotary Scholarship Fund at UAF. Betsy is a member of Chancellor Rogers’ Alumni Development Council, whose goal is to engage UAF alumni as the University’s centennial approaches in 2017.

Bill and Betsy met in 1965 as graduate students at UAF. Over the decades, Bill has played many roles in the Fairbanks community, as President/CEO of the Greater Fairbanks Chamber of Commerce, and before that as a 33-year employee of the Federal Bureau of Land Management. Betsy worked more than 30 years as a research associate in the UAF Institute of Marine Science.

In her 30 years at the University of Alaska Southeast (UAS), Carol Griffin was a frequent and vocal advocate for full-time students. “I think people on occasion got tired of hearing me talk about it, so it was important for my husband Michael and me to put our money where my mouth was.”

Griffin, UAS Vice Chancellor of Administrative Services since 1999, retired in December 2011. As a parting gift to the University she loves, the Griffins established the UAS Juneau Student Retention Scholarship.

The purpose is to help full-time on-campus students complete their degree in four years. Scholarship recipients must have successfully completed their freshman and sophomore years in good standing at any UAS campus.

Griffin observes that most financial aid is oriented toward freshmen and sophomores, but from her perspective, it’s between the sophomore and junior year that students start to waver from their commitment to full-time studies. It’s a pivotal time to keep students engaged, she says.

“If we can give them that extra cushion to continue full time, they’ll be successful in four years and can then go into work or continue on to graduate school.”

Griffin was the first in her family to get a college education and she is a true believer.

“Education is transformative. When I got to university, I saw the world totally different. I want those students who are struggling to keep at it full-time. By establishing this endowment, which was significant for us, we hope other people will be inspired to put their own money in to help students stay the course as full time students,” she said.
Research

Endowment strengthens mining

Research is essential to mining schools. Funding for it helps support schools and the research itself provides new scientific knowledge that mining engineers need to tackle contemporary problems. Mining research is as important to the mining industry as it is to the academic programs. As mining faces increased social, political and economic pressures, the need for research – and advanced skills – has also increased.

“The lack of funding for mining research killed many of the mining programs around the country, which means far fewer mining engineers are entering the workforce. All this at a time when mining engineering is becoming more complex,” Rajive Ganguli explains.

Ganguli is Chairman and Professor of Mining Engineering, Department of Mining and Geological Engineering, College of Engineering and Mines at UAF. His specialty is computational research for mining and energy related research. In about 2007, Ganguli decided to stop complaining about the lack of research funding and start doing something about it.

Ganguli’s efforts paid off with creation of a endowment to fund research positions at the College of Engineering and Mines at UAF. The initial target for the endowment is $3 million, to support two graduate students and associated research expenses every year, and to result in one master’s degree every year or one doctorate every four years.

Ganguli has been instrumental in making connections with the mining industry, according to Douglas Goering, Dean of the College of Engineering and Mines at UAF.

“Rajive’s efforts will have long-term impacts on UAF. The students and the college all benefit because research is a key driver in the quality of what we produce and what we teach,” Goering said.

The Mining Engineering Research Endowment was established in December 2010, with a $25,000 contribution from Kinross Fort Knox Mine, northeast of Fairbanks. Subsequent contributions in FY 2012 include three-year commitments of $990,000 from Kinross Fort Knox and $1.1 million from Sumitomo Pogo Joint Venture, the Pogo Mine in Delta Junction.

Lauren Roberts, Regional Vice President of North America for Kinross, sees the endowment as an important step toward filling the gap left by the demise of research funding from the U.S. Bureau of Mines. “UAF is conducting research and making gains in important areas that will pay dividends for the industry, Alaska and Fort Knox,” he said.
Preparing for careers in mining

A generous gift from Hecla Greens Creek Mining Company is funding a three-year Career Pathways in Mining program at the new University of Alaska Southeast (UAS) Center for Mine Training. The program encourages Juneau students to pursue workforce training leading to an Occupational Endorsement for Mine Mechanics and an Associate of Applied Science in Power Technology/Diesel.

The gift funds scholarships, job shadows, a mining academy and tools and equipment. The goal is a collaborative approach to build a local mining workforce in Southeast Alaska.

“We look forward to a long and successful affiliation with the University,” said Scott Hartman, General Manager of Hecla Greens Creek Mining Company. “We’re delighted to partner with UAS to develop educational opportunities and a career path for the youth of our region.”

The Career Pathways in Mining program begins with a key pre-college component: local high school students are recruited to attend an introductory semester course on mining operations and occupations. Students who complete the course, for which they earn UAS credit, are eligible to attend a two-week Hecla Greens Creek Mining Academy. Job-shadowing, mentoring, internships and scholarships are all part of the program.

Hecla Greens Creek also funds scholarships in geology at both University of Alaska Fairbanks and University of Alaska Anchorage.

Hecla Greens Creek takes advantage of the State of Alaska’s Education Tax Credit program to make its donations go farther. The tax credit allows corporations to give more without increasing their out-of-pocket expense and they can target their gift to particular areas of interest.

The Greens Creek Mine contains silver, gold, zinc and lead. It is located on Admiralty Island, southwest of Juneau.
Donors help Alaska meet nursing shortage

In the late 1990s, Alaska and the nation faced a critical shortage of nurses. Thanks to the support of private sector donors, the University of Alaska Anchorage (UAA) School of Nursing was able to accomplish the incredible: it literally doubled – in capacity, students and graduates – within a couple of years. That kind of growth is extraordinary and it has resulted in significant progress toward meeting the need for nurses in Alaska.

But nobody’s resting on their laurels, especially since the need continues for nurses in rural communities and for trained specialists. Providence Health System in Alaska has made a five-year pledge of $1.5 million for continuing support of the nursing program at UAA. By providing secure funding, the Providence gift helps to ensure resources are available for nursing students to complete their requirements in a timely fashion, allowing them to enter the workforce and meet the need for qualified nurses in Alaska. Providence also pledged a $250,000 gift to kick-start an Endowed Professorship in Biomedical Science for the Alaska WWAMI Program.

Providence has multiple reasons for supporting the School of Nursing, according to CEO Bruce Lamoureux.

“It’s one of the ways we can give back to the community, but Providence benefits, too, in several ways. Interactions with student nurses are an opportunity for our working nurses to brush up on their own competency. It’s also a nice way to introduce student nurses to Providence, since they are potential recruits,” Lamoureux said.

Additional help to meet the nursing shortage in rural communities is coming from Costco. In 2006, the retailer made a multi-year commitment to help ease that shortage through support of nursing students enrolled in the RRANN (Recruitment and Retention of Alaska Natives into Nursing) program at UAA.

Costco contributes $35,000 annually to support RRANN scholarships. The scholarships support Alaska Native students studying nursing anywhere in Alaska. Since 2006, 134 RRANN students have received Costco scholarships.

The purpose of the RRANN Program Scholarship is to increase the number of Alaska Natives and Native Americans graduating with a nursing degree. The scholarship provides financial assistance for tuition and other educational expenses to nursing students currently enrolled in the program.
Terra Abbott

Terra Abbott had known for years that she was destined for nursing. Her experience at the University of Alaska Anchorage (UAA) School of Nursing did not disappoint. Abbott graduated with her BS in Nursing in December 2011.

“It was competitive to get in and definitely a challenge,” Abbott said. “It was a very good program. The teaching faculty was great, as was the clinical experience we got through the hospitals in Anchorage,” she said. “The nursing school is a well-developed program, yet it’s not static. They’re constantly changing and trying out new things to give nursing students the fullest, best experience possible. I couldn’t have gotten a better experience anywhere else.”

Which is not to say it was easy. Abbott, an Inupiaq woman from Nome, transferred to the School of Nursing at UAA after a break from her initial studies at University of Alaska Fairbanks and time out to have a child.

At UAA, Abbott found it a challenge balancing the needs of her small child, her studies and life in Anchorage. She found valuable support from the Recruitment and Retention of Alaska Natives into Nursing (RRANN) Program, for which she received a Costco scholarship. Abbott also had scholarships and grants from numerous organizations in the Bering Straits Region.

“I was leery of joining anything since I had so much on my plate already. But RRANN was great. They provide services such as tutoring, and the further you go into the nursing program it opens up doors to mentoring the newer students. It’s a way for Native students to form bonds and helps students from rural communities cope with city life and school life. It involves community service, too. RRANN really helped me,” she said.

Back in Nome and working at Norton Sound Health Corporation while she prepared to take her national nursing exam, Abbott wasn’t certain what field of nursing she would eventually choose. But Abbott does know that she likes to work directly with patients.

“Some nursing occupations require less direct patient care. I really like working with the patients. The good thing about nursing, there are so many opportunities and so many different types of nursing. There’s a need everywhere. I like that flexibility,” she said.
Donor campaign gives UAS mascot sculpture

Most colleges and university campuses develop a personality or character that is more than the sum of its official parts. That personality – usually in the form of a mascot – can be a powerful unifying force for students, alumni, faculty and staff.

Mascots are an American tradition, dating to the Civil War as symbols of pride, loyalty and inspiration. Many regiments had living mascots, including Sallie, the bull terrier of the 11th Pennsylvania, and Old Abe, the bald eagle of the 8th Wisconsin. After the war, the mascot tradition spread to colleges and universities when intercollegiate athletic games and rivalries emerged. Today, a mascot is a recognizable face or personality for a school that adds to its history, tradition and pride.

In Southeast Alaska, the humpback whale is the epitome of grace, intelligence and natural beauty, as well as a symbol of wildlife and conservation. It was adopted as the mascot of University of Alaska Juneau in 1980. The humpback was retained as the mascot after restructuring to University of Alaska Southeast (UAS) and a student contest conferred the name “Spike.”

Thanks to a fundraising campaign in 2010 and 2011, UAS now has a 12-foot bronze sculpture of its mascot.

The sculpture is the work of renowned Alaskan artist R.T. “Skip” Wallen. Mr. Wallen received an honorary doctorate of the arts degree from UAS in 2006. The sculpture is the centerpiece of the newly designed Auke Lake campus courtyard.

Major donors to the acquisition and installation project included the Rasmuson Foundation, UAS Alumni Association and UAS Student Government. In addition, faculty and staff giving was matched by a grant from the Chancellor’s Undesignated Fund.

UAS Chancellor John Pugh said these types of campaigns are unique to Juneau. “They’re important because they connect people in the region to their local university. In smaller communities, that connection is essential.”
Education Tax Credit

Giving from corporations and foundations accounts for more than 80 percent of the private funds received annually by the University of Alaska. The State of Alaska encourages this philanthropy through the Alaska Higher Education Tax Credit (ETC). Credits of up to $5 million can be used to offset specific corporate state taxes.

During FY 2011, more than 20 corporate donors to the University of Alaska Foundation used the tax credit. Many take advantage of the flexibility to designate where their gifts will go. The following is just a sample of corporate donors using the ETC.

• ERA Aviation donated $100,000 to establish the Era Alaska Aviation Support Fund at the University of Alaska Fairbanks (UAF) Community and Technical College.

• The Eyak Corporation, the Native village corporation for Cordova, made a gift of $200,000 to University of Alaska Anchorage (UAA). “Funds that would have been paid in taxes are redirected to educational programs that are important to us and our shareholders. It’s a compelling case for investing in our people through higher education,” said Eyak Chief Executive Officer Rod Worl.

• Usibelli Coal Mine, long-time UAF contributor, endowed a new scholarship at UAF’s Community and Technical College (CTC) that supports students enrolled in the Diesel/Heavy Equipment Certificate Program. Usibelli Coal Mine also continues to support its existing endowment within the College of Engineering and Mines that encourages the recruitment and retention of students in the mining engineering and geological engineering programs.

• Northrim Bank has increased its annual giving from $200,000 to $300,000, thanks to the ETC, according to Northrim CEO Joe Beedle. Beneficiaries of Northrim philanthropy include the Institute for Social and Economic Research (ISER) at UAA, the Schools of Management at UAF and UAA, the Conference of Young Alaskans at UAF and the Small Business Development Center at UAA.

Pick.Click.Give

Alaskans filing for a Permanent Fund Dividend check may contribute all or a portion of their dividend to the University of Alaska. The Pick.Click.Give. program – officially known as The Permanent Fund Charitable Contribution Program – allows Alaskans to contribute anywhere from $25 to the entire amount of their Permanent Fund Dividend check to nonprofit organizations in Alaska, including the University of Alaska.

Donations to the University of Alaska through Pick.Click.Give. may not be designated for a specific purpose. The donation recipient uses the funds in support of its mission. Contributions through the program may be made to any of the 16 campuses within the University of Alaska System.

Pick.Click.Give. was created by the Alaska State Legislature in 2008 to increase individual charitable giving overall and increase the number of new donors to nonprofit organizations. Pick.Click.Give. is a permanent part of the PFD program.

In January 2012, ExxonMobil encouraged donations to Alaska colleges and universities by pledging to match each gift one-to-one up to $100,000. The match applied to all campuses of the University of Alaska, Ilisagvik College in Barrow and Alaska Pacific University.

The filing deadline for the 2012 PFD was March 31. However, changes to designated donations may be made until August 31.
Donors

**FY11**

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18 UNIVERSITY OF ALASKA FOUNDATION FY11 ANNUAL REPORT
The University of Alaska Foundation, as an institution organized for charitable purposes, is subject to the Alaska Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA, which became effective in Alaska on September 8, 2010, governs and sets the standard for management, investment and expenditure of charitable funds and endowments.

Gifts to establish endowments are invested and managed in accordance with the policies adopted by the Board of Trustees and guidelines developed by its Investment Committee. The Investment Committee members are appointed by the Chair of the Board of Trustees in consultation with the Chair of the Board of Regents. The endowments are invested in the Consolidated Endowment Fund and each endowment is accounted for separately for purposes of determining spending allowances and monitoring the expenditure of earnings.

The Foundation manages the Consolidated Endowment Fund, which is a unitized investment pool established by the Foundation’s Board of Trustees and the University’s Board of Regents for the purpose of managing the investment of the endowments of both institutions. As of June 30, 2011, the Foundation’s endowments represented 51% of the fund and the University’s endowments were 49% of the fund.

The Investment Committee has adopted an investment philosophy and based on that philosophy determined what it believes is the optimal asset mix for the portfolio. The Foundation’s primary investment goal for its endowments is to provide a real rate of return (total return minus investment expenses, administrative fees and inflation) sufficient to support, in perpetuity, the purposes of the various endowments that make up the pooled endowment fund. The Committee has established a target asset allocation consisting of 57% domestic
As of June 30, 2011, the University of Alaska Foundation had $193.1 million in total assets and net assets were $190.0 million, increases of 12% over the previous year.

Total revenues for the year ending June 30, 2011 were $37.5 million, a 40% increase over the previous year. Contributions were $15.8 million and investment income and appreciation accounted for $19.8 million of the total revenue.

For the year ended June 30, 2011, the Foundation distributed $13.7 million to the University of Alaska, primarily for donor restricted purposes, as follows:

- University of Alaska Anchorage: $4.7 million
- University of Alaska Fairbanks: $7.8 million
- University of Alaska Southeast: $0.5 million
- University of Alaska: $0.7 million

Across the university system, 64% of the total distributions went to department support, 20% to student aid, 5% to research, 3% to museum support, 3% to library support and 5% to KUAC radio and television.
Donor Considerations

Donors have the opportunity to make several decisions about their donation to the University of Alaska Foundation. To what purpose will the gift be directed? What method or form will be used to make the gift? And finally, what type of gift will it be? Gifts are always used for the purpose specified by the donor. Consult a development officer for more detailed explanations of these and other ways to give.

For more information visit www.alaska.edu/foundation/ways_to_give/

PURPOSE

Scholarships provide financial assistance for tuition and other educational expenses to students attending UA.

Memorials are gifts in memory of a person or occasion. Gifts can be directed to general support, scholarships or a specific project of the donor’s choice.

Faculty chairs provide full support for a faculty member’s salary and related expenses, including research, course development and professional conferences.

Fellowships provide financial support for graduate students.

General support can be restricted to any campus or department of the UA system.

Capital projects support is used for construction or renovation of campus buildings or to purchase major equipment.

Professorships provide funds for faculty members for travel, training, equipment, and other support.

Lectureship Series/Artists in Residence provide honoraria and support for visiting faculty lectures or performances, or for extended residencies of up to one year.

Awards recognize University of Alaska faculty for work in their fields of expertise or students for academic or other achievements.

Specific project support funds specific projects such as completion of a survey, publication of a book or commissioning of a piece of campus art.

FORM OF GIFT

Donations of cash, with a check or credit card, may be made online, in person or through the mail. Under the Pick.Click.Give. program, Alaskans may designate a portion of their Permanent Fund Dividend to the university.

Gifts of common stock, real estate or other tangible assets (such as art) are generally sold by the Foundation and the proceeds used as the donor directs.

In bequests, a donor’s will passes part of their estate to the Foundation upon death.

Charitable gift annuities provide donors with lifetime fixed annual payments as well as a substantial gift to the Foundation.

In charitable remainder trusts a donor transfers cash, stock or real property to a trust, which pays income to the donor. After death, the amount remaining in the trust is a gift to the Foundation.

In revocable living trusts a donor places assets into a trust. Upon death, a portion of the assets in the trust are passed to the Foundation.

Life estate agreements are donations of personal residences to the Foundation. Donors reserve the right to live in the home until death, upon which time the Foundation sells the home and uses the proceeds as the donor has directed.

Life insurance can be used as a gift by naming the University as the owner and/or beneficiary of a new or existing life insurance policy.

DONATION TYPE

Unrestricted gifts allow the university flexibility to allocate resources to its most pressing needs.

Restricted gifts are designated by the donor for a specific campus or purpose.

Endowment gifts are invested and only their distributed earnings expended for the purpose identified by the donor. The minimum to create an endowment is $25,000.
The UA Foundation is governed by a volunteer Board of Trustees. Ex-officio members include the University President, two members of the Board of Regents and the Chancellors from each campus. Elections occur each November. Trustees serve 3-year terms and can be re-elected for a maximum of three consecutive terms.

Bios for all Trustees can be found online.

www.alaska.edu/foundation/about/board_of_trustees/
Independent Auditors’ Report

The Board of Trustees
University of Alaska Foundation:

We have audited the accompanying statements of financial position of the University of Alaska Foundation (Foundation), as of June 30, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the University of Alaska Foundation’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. These 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, the financial statements referred to above present fairly, in all material respects, the financial position of the University of Alaska Foundation as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

November 7, 2011
## UNIVERSITY OF ALASKA FOUNDATION

**STATEMENTS OF FINANCIAL POSITION**

**June 30, 2011 and 2010**

<table>
<thead>
<tr>
<th>Assets</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 21,608,213</td>
<td>$ 38,116,077</td>
</tr>
<tr>
<td>Interest receivable</td>
<td>136,774</td>
<td>77,588</td>
</tr>
<tr>
<td>Contributions receivable, net</td>
<td>13,333,203</td>
<td>13,495,945</td>
</tr>
<tr>
<td>Remainder trusts receivable</td>
<td>832,938</td>
<td>754,883</td>
</tr>
<tr>
<td>Escrows receivable</td>
<td>295,997</td>
<td>134,303</td>
</tr>
<tr>
<td>Inventory</td>
<td>57,366</td>
<td>57,744</td>
</tr>
<tr>
<td>Other assets</td>
<td>485,800</td>
<td>507,076</td>
</tr>
<tr>
<td>Pooled endowment funds</td>
<td>131,853,275</td>
<td>102,012,001</td>
</tr>
<tr>
<td>Other long term investments</td>
<td>24,459,007</td>
<td>16,869,331</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$ 193,062,573</strong></td>
<td><strong>$ 172,024,948</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Due to the University of Alaska</td>
<td>$ 1,775,092</td>
<td>$ 1,717,592</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>5,142</td>
<td>22,500</td>
</tr>
<tr>
<td>Split interest obligations</td>
<td>282,739</td>
<td>410,984</td>
</tr>
<tr>
<td>Term endowment liability</td>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>3,062,973</strong></td>
<td><strong>3,151,076</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net Assets</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted</td>
<td>23,424,101</td>
<td>33,832,327</td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>79,551,222</td>
<td>62,732,292</td>
</tr>
<tr>
<td>Permanently restricted</td>
<td>87,024,277</td>
<td>72,309,253</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td><strong>189,999,600</strong></td>
<td><strong>168,873,872</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of the financial statements.
## UNIVERSITY OF ALASKA FOUNDATION
### STATEMENTS OF ACTIVITIES
For the years ended June 30, 2011 and 2010

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unrestricted</td>
<td>Temporarily Restricted</td>
</tr>
<tr>
<td>Contributions</td>
<td>$ 457,109</td>
<td>$ 10,320,103</td>
</tr>
<tr>
<td>Investment income</td>
<td>645,186</td>
<td>1,757,967</td>
</tr>
<tr>
<td>Net realized and unrealized investment gains</td>
<td>2,277,487</td>
<td>15,105,300</td>
</tr>
<tr>
<td>Other revenues</td>
<td>2</td>
<td>158,802</td>
</tr>
<tr>
<td>Actuarial adjustment of remainder trust obligations</td>
<td>-</td>
<td>49,400</td>
</tr>
<tr>
<td>Losses on disposition of other assets</td>
<td>(1,355)</td>
<td>(42,958)</td>
</tr>
<tr>
<td>Administrative assessments</td>
<td>1,718,484</td>
<td>(1,059,538)</td>
</tr>
<tr>
<td>Support from University of Alaska</td>
<td>890,000</td>
<td>-</td>
</tr>
<tr>
<td>Net assets released from restriction</td>
<td>11,532,488</td>
<td>(11,532,488)</td>
</tr>
<tr>
<td>Total revenues, gains and other support</td>
<td>17,519,401</td>
<td>14,756,588</td>
</tr>
</tbody>
</table>

### Expenses and distributions

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating expenses</td>
<td>2,632,989</td>
<td>-</td>
</tr>
<tr>
<td>Distributions for the benefit of the University of Alaska</td>
<td>13,728,989</td>
<td>-</td>
</tr>
<tr>
<td>Total expenses and distributions</td>
<td>16,361,978</td>
<td>-</td>
</tr>
<tr>
<td>Excess of revenues over expenses</td>
<td>1,157,423</td>
<td>14,756,588</td>
</tr>
<tr>
<td>Transfers between net asset classes</td>
<td>(104,879)</td>
<td>31,002</td>
</tr>
<tr>
<td>Change in net assets due to adoption of UPMIFA</td>
<td>(11,460,770)</td>
<td>2,031,340</td>
</tr>
<tr>
<td>Increase (decrease) in net assets</td>
<td>(10,408,226)</td>
<td>16,818,930</td>
</tr>
<tr>
<td>Net assets, beginning of year</td>
<td>33,832,327</td>
<td>62,732,292</td>
</tr>
<tr>
<td>Net assets, end of year</td>
<td>$ 23,424,101</td>
<td>$ 79,551,222</td>
</tr>
<tr>
<td></td>
<td>Unrestricted</td>
<td>Temporarily Restricted</td>
</tr>
<tr>
<td>----------------------</td>
<td>--------------</td>
<td>------------------------</td>
</tr>
<tr>
<td></td>
<td>255,915</td>
<td>$ 12,961,368</td>
</tr>
<tr>
<td></td>
<td>719,110</td>
<td>1,236,174</td>
</tr>
<tr>
<td></td>
<td>4,158,668</td>
<td>3,014,934</td>
</tr>
<tr>
<td></td>
<td>173</td>
<td>168,832</td>
</tr>
<tr>
<td></td>
<td>(2,707)</td>
<td>(28,080)</td>
</tr>
<tr>
<td></td>
<td>(2,707)</td>
<td>(115,230)</td>
</tr>
<tr>
<td></td>
<td>1,472,977</td>
<td>(888,575)</td>
</tr>
<tr>
<td></td>
<td>890,000</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>10,962,699</td>
<td>(10,962,699)</td>
</tr>
<tr>
<td></td>
<td>18,456,835</td>
<td>5,386,724</td>
</tr>
</tbody>
</table>

|                      | 2,567,645    | -                      | -                      | 2,567,645 |
|                      | 13,290,094   | -                      | -                      | 13,290,094 |
|                      | 15,857,739   | -                      | -                      | 15,857,739 |
|                      | 2,599,096    | 5,386,724              | 2,610,757              | 10,596,577 |
|                      | 260          | (10,003,822)           | 10,003,562             | -         |
|                      | -            | -                      | -                      | -         |
|                      | 2,599,356    | (4,617,098)            | 12,614,319             | 10,596,577 |
|                      | 31,232,971   | 67,349,390             | 59,694,934             | 158,277,295 |
|                      | $ 33,832,327 | $ 62,732,292           | $ 72,309,253           | $ 168,873,872 |

The accompanying notes are an integral part of the financial statements.
## UNIVERSITY OF ALASKA FOUNDATION

### STATEMENTS OF CASH FLOWS

For the years ended June 30, 2011 and 2010

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions received</td>
<td>$9,995,033</td>
<td>$13,741,117</td>
</tr>
<tr>
<td>Investment income received</td>
<td>2,343,967</td>
<td>1,954,471</td>
</tr>
<tr>
<td>Distributions for the benefit of the University of Alaska</td>
<td>(13,593,483)</td>
<td>(13,268,962)</td>
</tr>
<tr>
<td>Cash paid for operating expenses</td>
<td>(2,599,740)</td>
<td>(2,286,280)</td>
</tr>
<tr>
<td>Other receipts</td>
<td>1,762,853</td>
<td>1,091,755</td>
</tr>
<tr>
<td></td>
<td><strong>(2,091,370)</strong></td>
<td><strong>1,232,101</strong></td>
</tr>
<tr>
<td><strong>Cash flows from investing activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net (increase) decrease in investments</td>
<td>(19,900,363)</td>
<td>979,141</td>
</tr>
<tr>
<td>Receipts from disposition of assets</td>
<td>36,306</td>
<td>10,545</td>
</tr>
<tr>
<td></td>
<td><strong>(19,864,057)</strong></td>
<td><strong>989,686</strong></td>
</tr>
<tr>
<td><strong>Cash flows from financing activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions restricted for permanent investment</td>
<td>5,465,866</td>
<td>5,322,283</td>
</tr>
<tr>
<td>Investment income on charitable remainder trusts</td>
<td>24,918</td>
<td>29,937</td>
</tr>
<tr>
<td>Payment of charitable remainder trust obligations</td>
<td>(43,221)</td>
<td>(66,749)</td>
</tr>
<tr>
<td></td>
<td><strong>5,447,563</strong></td>
<td><strong>5,285,471</strong></td>
</tr>
<tr>
<td><strong>Net increase (decrease) in cash and cash equivalents</strong></td>
<td>(16,507,864)</td>
<td>7,507,258</td>
</tr>
<tr>
<td>Cash and cash equivalents, beginning of year</td>
<td>38,116,077</td>
<td>30,608,819</td>
</tr>
<tr>
<td>Cash and cash equivalents, end of year</td>
<td><strong>$21,608,213</strong></td>
<td><strong>$38,116,077</strong></td>
</tr>
</tbody>
</table>
### Reconciliation of change in net assets to net cash provided by operating activities:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net assets:</td>
<td>$ 21,125,728</td>
<td>$ 10,596,577</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions of operating noncash assets</td>
<td>(263,197)</td>
<td>(965,435)</td>
</tr>
<tr>
<td>Net realized and unrealized investment gains</td>
<td>(17,382,787)</td>
<td>(7,173,602)</td>
</tr>
<tr>
<td>Loss on disposition of other assets</td>
<td>44,388</td>
<td>117,962</td>
</tr>
<tr>
<td>Non-cash operating expenses</td>
<td>16,718</td>
<td>17,782</td>
</tr>
<tr>
<td>Non-cash distributions to the University of Alaska</td>
<td>112,706</td>
<td>130,230</td>
</tr>
<tr>
<td>Contributions restricted for permanent investment</td>
<td>(5,023,966)</td>
<td>(2,724,454)</td>
</tr>
<tr>
<td>Actuarial adjustment of remainder trust obligations</td>
<td>(298,833)</td>
<td>99,099</td>
</tr>
</tbody>
</table>

### Changes in assets and liabilities:

<table>
<thead>
<tr>
<th>Change in assets and liabilities:</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in interest receivable</td>
<td>(59,186)</td>
<td>(812)</td>
</tr>
<tr>
<td>(Increase) decrease in contributions receivable</td>
<td>(518,982)</td>
<td>1,489,269</td>
</tr>
<tr>
<td>Decrease in inventory</td>
<td>-</td>
<td>933</td>
</tr>
<tr>
<td>Decrease in other assets</td>
<td>21,990</td>
<td>-</td>
</tr>
<tr>
<td>Increase (decrease) in due to the University of Alaska</td>
<td>57,500</td>
<td>(400,480)</td>
</tr>
<tr>
<td>Increase (decrease) in other liabilities</td>
<td>(17,358)</td>
<td>12,810</td>
</tr>
<tr>
<td>Increase in annuity payment liabilities</td>
<td>93,909</td>
<td>32,222</td>
</tr>
<tr>
<td>Net cash provided by (used in) operating activities</td>
<td>$ (2,091,370)</td>
<td>$ 1,232,101</td>
</tr>
</tbody>
</table>

### Supplemental schedule of noncash investing activity

<table>
<thead>
<tr>
<th>Supplemental schedule of noncash investing activity</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions of investment assets</td>
<td>$ 147,799</td>
<td>$ 108,665</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of the financial statements.
1. Organization and Summary of Significant Accounting Policies

Organization

The University of Alaska Foundation (foundation) was established May 30, 1974 to solicit donations and to hold and manage such assets for the exclusive benefit of the University of Alaska (university). The foundation is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

In preparing the financial statements, management is required to make estimates that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the statement of financial position and revenue and expenses for the period. Actual results could differ from those estimates. The more significant accounting and reporting policies and estimates applied in the preparation of the accompanying financial statements are discussed below.

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 external restrictions.
- Temporarily restricted net assets - Assets, net of related liabilities, which are subject to donor-imposed or other external restrictions that may or will be met by actions of the foundation and/or the passage of time and unconditional promises to give that are due in future periods and are not permanently restricted.
- Permanently restricted net assets - Assets, net of related liabilities, which are subject to donor-imposed or other external restrictions and will be held in perpetuity by the foundation.

Revenues are reported as increases in unrestricted net assets, unless use of the earnings is subject to donor-imposed or other external restrictions. Gains and losses on investments and other assets and changes in liabilities are reported as increases or decreases in unrestricted net assets, unless subject to donor-imposed or other external restrictions. Expirations of temporary restrictions on net assets through expenditure for the stipulated purpose or the passage of the stipulated time period are reported as reclassifications between the applicable classes of net assets. Expenses and distributions are reported as decreases in unrestricted net assets.

Basis of Accounting

The foundation maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is a procedure by which resources are classified for accounting purposes in accordance with activities or objectives as specified by donors, with restrictions or limitations imposed by sources outside the institution, or with directions issued by the governing board.

All investments, not held for long-term investment, with original maturities of three months or less are reported as cash and cash equivalents. These are highly liquid short-term investments including an overnight repurchase agreement and Rule 2a-7 qualified prime money market funds.

Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Unconditional promises to give expected to be collected in one year or more are valued at fair value. The valuation technique used, which is consistent with the income approach, is expected present value (EPV). EPV is a probability-weighted average of all possible cash flows discounted by the risk-adjusted rate, which is based on Treasury note rates. The cash flows are further discounted to adjust for systematic risk by adding a risk premium of 3%. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Contributions received for memorials or prospective endowments that have not yet met the minimum requirements for acceptance as an endowment are accumulated in temporarily restricted accounts. The accumulated contributions are transferred to permanently restricted endowment accounts when the minimum requirements
1. Organization and Summary of Significant Accounting Policies (Continued)

are fulfilled. If the requirements are not fulfilled, consistent with the conditions of
acceptance, the contributions are expended for the purpose received. Transfers between
net asset classes reported on the statement of activities in the amounts of $0.1 million
and $10.0 million for 2011 and 2010, respectively, result from this type of transaction.

Nonfinancial assets are stated at cost basis. The carrying value of donated
assets other than marketable securities represents the fair value of the
asset as determined by independent appraisal or management’s estimate
at the time of receipt or contribution. Inventories of artworks and books
for sale are stated at the lower of cost (first-in, first-out method) or market.

Investments

Investments in fixed income and equity marketable securities are stated at fair value
based on quoted market prices. Investment funds with hedged strategies generally
hold securities or other financial instruments for which a ready market exists and
may include stocks, bonds, put or call options, swaps, currency hedges and other
instruments, and are valued accordingly. The pooled endowment funds invest in
traditional fixed income and equity securities through commingled funds, and also
invest in alternative strategies, including various hedged and private capital funds.
Private capital funds include private equity and venture capital, energy and natural
resources, mezzanine and distressed debt, and private real estate partnerships. Private
capital strategies often require the estimation of fair values by the fund managers
in the absence of readily determinable market values. Because of the inherent
uncertainties of valuation, these estimated fair values may differ significantly from
values that would have been used had a ready market existed, and the differences
could be material. Such valuations are determined by investment fund managers and
generally consider variables such as operating results, comparable earnings multiples,
projected cash flows, recent sales prices, and other pertinent information, and may
reflect discounts for the illiquid nature of certain investments held. Moreover, the
fair values of interests in shares or units of these funds, because of liquidity and
capital commitment terms that vary depending on the specific fund or partnership
agreement, may differ from the fair value of the funds’ underlying net assets.

The net realized and unrealized appreciation (depreciation) in fair value of investments
is reflected in the statements of activities. Income and net gains on investments of
endowment and similar funds are generally reported as increases in permanently
restricted net assets if the terms of the respective gift require that they be added
to the principal of a permanent endowment; as increases in temporarily restricted
net assets if the terms of the gift impose restrictions on the use of the income; or as
increases in unrestricted net assets in all other cases. Losses on the investments of
a donor-restricted endowment fund reduce temporarily restricted net assets to the
extent that donor-imposed temporary restrictions on net appreciation of the fund
have not been met before the loss occurs. Any remaining losses are classified as
underwater endowment losses and reduce unrestricted net assets. Subsequent gains
that restore the fair value of the assets of the endowment fund to the required level
are classified as increases in unrestricted net assets.

Fair Value Measurement

The foundation follows the Financial Accounting Standards Board (FASB) guidance on
fair value measurements which defines fair value and establishes a fair value hierarchy
organized into three levels based upon the input assumptions used in pricing assets.
The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the
measurement date for identical assets or liabilities.

Level 2 – Quoted prices for similar assets or liabilities, or inputs that are observable,
either directly or indirectly, in markets that are either active or inactive. This
includes investments valued at net asset value or equivalent.

Level 3 – Pricing inputs are unobservable for the asset or liability and are based
on the fund’s own assumptions about the assumptions that market participants
would use in pricing the asset or liability. Level 3 includes investments that are
supported by little or no market activity.

A financial instrument’s level within the fair value hierarchy is based on the lowest
level of any input that is significant to the fair value measurement. The inputs or
methodology used for valuing investments are not necessarily an indication of the
risk associated with investing in those investments.
The following table summarizes the foundation’s financial assets measured at fair value on a recurring basis as of June 30, 2011:

<table>
<thead>
<tr>
<th>Time Period</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
<th>Frequency</th>
<th>Notice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pooled Endowment Funds</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 131,853,275</td>
<td>$ 131,853,275</td>
<td>Various (1)</td>
<td>NA</td>
</tr>
<tr>
<td>Other Long Term Investments:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed Income: US treasuries, agencies, corporates</td>
<td>8,341,606</td>
<td>15,121,123</td>
<td>-</td>
<td>23,462,729</td>
<td>Daily</td>
<td>1</td>
</tr>
<tr>
<td>Equity Securities: Domestic equity balanced fund</td>
<td>56,640</td>
<td>-</td>
<td>-</td>
<td>56,640</td>
<td>Daily</td>
<td>1</td>
</tr>
<tr>
<td>Domestic equities</td>
<td>655,793</td>
<td>-</td>
<td>-</td>
<td>655,793</td>
<td>Daily</td>
<td>1</td>
</tr>
<tr>
<td>Total Other Long Term Investments</td>
<td>9,054,039</td>
<td>15,121,123</td>
<td>-</td>
<td>24,175,162</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Investments</td>
<td>$ 9,054,039</td>
<td>$ 15,121,123</td>
<td>$ 131,853,275</td>
<td>$ 156,028,437</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Remainder Trusts Receivable</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 832,938</td>
<td>$ 832,938</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) Redemption requests are processed based on available liquidity of the pool and vary depending on amount and timing requested.

The following table summarizes the foundation’s financial assets measured at fair value on a recurring basis as of June 30, 2010:

<table>
<thead>
<tr>
<th>Time Period</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
<th>Frequency</th>
<th>Notice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pooled Endowment Funds</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 102,012,001</td>
<td>$ 102,012,001</td>
<td>Various (1)</td>
<td>NA</td>
</tr>
<tr>
<td>Other Long Term Investments:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed Income: US treasuries, agencies, corporates</td>
<td>7,516,339</td>
<td>7,657,164</td>
<td>-</td>
<td>15,173,503</td>
<td>Daily</td>
<td>1</td>
</tr>
<tr>
<td>Municipal bonds</td>
<td>-</td>
<td>567,002</td>
<td>-</td>
<td>567,002</td>
<td>Daily</td>
<td>1</td>
</tr>
<tr>
<td>Absolute return hedge fund</td>
<td>-</td>
<td>-</td>
<td>331,814</td>
<td>331,814</td>
<td>Illiquid (2)</td>
<td>NA</td>
</tr>
<tr>
<td>Equity Securities: Domestic equity balanced fund</td>
<td>52,755</td>
<td>-</td>
<td>-</td>
<td>52,755</td>
<td>Daily</td>
<td>1</td>
</tr>
<tr>
<td>Domestic equities</td>
<td>518,755</td>
<td>-</td>
<td>-</td>
<td>518,755</td>
<td>Daily</td>
<td>1</td>
</tr>
<tr>
<td>Total Other Long Term Investments</td>
<td>8,035,094</td>
<td>8,224,166</td>
<td>331,814</td>
<td>16,591,074</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Investments</td>
<td>$ 8,035,094</td>
<td>$ 8,224,166</td>
<td>$ 102,343,815</td>
<td>$ 118,603,075</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Remainder Trusts Receivable</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 754,883</td>
<td>$ 754,883</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) Redemption requests are processed based on available liquidity of the pool and vary depending on amount and timing requested.
(2) Fund is in liquidation. Timing of redemption proceeds is unknown.

The following table presents the foundation’s activities for the years ended June 30, 2011 and 2010 for financial assets classified in Level 3:

<table>
<thead>
<tr>
<th>Time Period</th>
<th>Pooled Endowment Funds</th>
<th>Other Long Term Investments</th>
<th>Remainder Trusts Receivable</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, July 1, 2009</td>
<td>$ 89,486,071</td>
<td>$ 4,472,712</td>
<td>$ -</td>
<td>$ 93,958,783</td>
</tr>
<tr>
<td>Additions</td>
<td>7,180,983</td>
<td>-</td>
<td>754,883</td>
<td>7,935,866</td>
</tr>
<tr>
<td>Withdrawals</td>
<td>(2,663,165)</td>
<td>(4,398,461)</td>
<td>-</td>
<td>(7,061,626)</td>
</tr>
<tr>
<td>Net investment income</td>
<td>1,423,170</td>
<td>97,684</td>
<td>-</td>
<td>1,520,854</td>
</tr>
<tr>
<td>Net realized and unrealized gains</td>
<td>6,584,942</td>
<td>159,879</td>
<td>-</td>
<td>6,744,821</td>
</tr>
<tr>
<td>Balance, June 30, 2010</td>
<td>102,012,001</td>
<td>331,814</td>
<td>754,883</td>
<td>103,098,698</td>
</tr>
<tr>
<td>Additions</td>
<td>14,846,937</td>
<td>-</td>
<td>-</td>
<td>14,846,937</td>
</tr>
<tr>
<td>Withdrawals</td>
<td>(4,336,174)</td>
<td>(191,633)</td>
<td>-</td>
<td>(4,527,807)</td>
</tr>
<tr>
<td>Net investment income</td>
<td>1,848,337</td>
<td>-</td>
<td>-</td>
<td>1,848,337</td>
</tr>
<tr>
<td>Net realized and unrealized gains (losses)</td>
<td>17,482,174</td>
<td>(140,181)</td>
<td>78,055</td>
<td>17,420,048</td>
</tr>
<tr>
<td>Balance, June 30, 2011</td>
<td>$ 131,853,275</td>
<td>$ -</td>
<td>$ 832,938</td>
<td>$ 132,686,213</td>
</tr>
</tbody>
</table>

The amount of net unrealized gains related to Level 3 assets still held at June 30, 2011 is approximately $16.5 million and is included in the net gains and losses in the statement of activities.

For arrangements where the foundation is a beneficiary of a trust held by a third party, the asset represents the foundation’s beneficial interest in future cash flows and is valued using a discounted cash flow analysis based on the assumed timing and duration of those cash flows. Because this involves significant judgment and estimation, the valuations of these beneficial interests are included in Level 3.

Investments classified in Level 3 include shares or units in non-registered investment funds as opposed to direct interests in the funds’ underlying securities, some of which are marketable or not difficult to value. Because each investment fund’s reported NAV is used as a practical expedient to estimate the fair value of the fund’s interest therein, the level in which an investment fund’s fair value measurement is classified is based on the fund’s ability to redeem its interest at or near the date of the statement of financial position. Accordingly, the inputs or methodology used for valuing or classifying investments for financial reporting purposes are not necessarily an indication of the risks associated with those investments or a reflection of the liquidity of or degree of difficulty in estimating the fair value of each investment fund’s underlying assets and liabilities.
Subsequent Events

The foundation has evaluated subsequent events and transactions that occurred after June 30, 2011 but before financial statements are available to be issued, concluding November 7, 2011. 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:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>In one year or less</td>
<td>$2,145,101</td>
<td>$2,141,181</td>
</tr>
<tr>
<td>Between one year and five years</td>
<td>$12,049,880</td>
<td>$12,425,294</td>
</tr>
<tr>
<td>More than five years</td>
<td>$4,040</td>
<td>$34,181</td>
</tr>
<tr>
<td>Discount</td>
<td>(832,817)</td>
<td>(1,064,524)</td>
</tr>
<tr>
<td>Allowance for uncollectible accounts</td>
<td>(33,001)</td>
<td>(40,187)</td>
</tr>
<tr>
<td></td>
<td>$13,333,203</td>
<td>$13,495,945</td>
</tr>
</tbody>
</table>

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 invested and administered by a third-party trustee and distributions are made to the income beneficiaries during the term of the agreement. Upon death of the donor, the assets or a portion of the assets remaining in the trust are distributed to a not-for-profit entity. The foundation, as remainder beneficiary, records its interest in these irrevocable trusts, upon discovery of their existence, at fair value as determined using the present value of the estimated future cash receipts to be received from the trust, discounted at rates between 9.05% and 10.78% which reflect the expected rate of
3. Remainder Trusts Receivable (Continued)

return as adjusted for various risk factors. Initial recognition and subsequent adjustments to the assets’ carrying value are recognized as contribution revenue and actuarial adjustment of the remainder trust obligations, respectively, and are classified as permanently restricted, temporarily restricted, or unrestricted support, depending on donor-imposed purpose and time restrictions, if any.

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 8.5%.

5. Pooled Endowment Funds

Effective July 1, 1997, management of the university’s Land Grant Endowment Trust Fund was transferred from the State of Alaska Department of Revenue to the university Board of Regents. The foundation and the Board of Regents agreed to consolidate the foundation’s pooled endowment funds and the university’s land grant endowments into a Consolidated Endowment Fund (fund) for investment purposes. The foundation’s investment represents 51% and 47% of the total fund at June 30, 2011 and 2010, respectively. The net assets and related activity for their respective investment in the fund are reflected in the financial statements of the foundation and the university.

The fund uses a unitized system to account for each participant’s interest. Contributions to and withdrawals from the fund result in an increase or decrease in the number of units owned and are based on the unit value at the beginning of the month in which the contribution or withdrawal is made. Large additions to the fund are initially invested in cash and cash equivalents and dollar-cost-averaged into the investment pool over a ten month period. Investment income, fees, and realized and unrealized gains and losses are distributed monthly to participating funds on a per unit basis. Investment income net of fees increases the number of units outstanding, while realized and unrealized gains and losses affect the per unit value.

The Consolidated Endowment Fund includes the following:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 17,357,870</td>
<td>$ 22,257,628</td>
</tr>
<tr>
<td>Fixed income securities</td>
<td>50,972,030</td>
<td>43,931,643</td>
</tr>
<tr>
<td>Equity securities</td>
<td>175,354,548</td>
<td>137,681,595</td>
</tr>
<tr>
<td>Real assets</td>
<td>8,827,879</td>
<td>7,761,226</td>
</tr>
<tr>
<td>Absolute return</td>
<td>4,762,967</td>
<td>4,585,476</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 257,275,294</strong></td>
<td><strong>$ 216,217,568</strong></td>
</tr>
</tbody>
</table>

Ownership of the net assets of the Consolidated Endowment Fund is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Alaska Foundation</td>
<td>$ 131,853,275</td>
<td>$ 102,012,001</td>
</tr>
<tr>
<td>University of Alaska</td>
<td>125,422,019</td>
<td>114,205,567</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 257,275,294</strong></td>
<td><strong>$ 216,217,568</strong></td>
</tr>
</tbody>
</table>

Direct investment management, custodial and consulting fees for the foundation’s pooled endowment funds totaled $139,776 and $122,522 for the years ended June 30, 2011 and 2010, respectively. These fees have been included as reductions to investment income.

Effective July 1, 2008, the foundation adopted the provisions of FSP FAS 1171, as subsequently incorporated into the ASC Section 958-20545. The FSP provides guidance on classifying net assets associated with donor-restricted endowment funds held by organizations that are subject to an enacted version of Uniform Prudent Management of Institutional Funds Act (UPMIFA). A key component of the FSP is a requirement to classify the portion of a donor-restricted endowment fund that is not classified as permanently restricted net assets as temporarily restricted net assets until appropriated for expenditure. Another key component of the FSP is a requirement for expanded disclosures about all endowment funds. The State of Alaska adopted a version of UPMIFA effective September 8, 2010.

The foundation’s endowment consists of 678 individual endowments established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by Generally Accepted Accounting Principles (GAAP), net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.
5. Pooled Endowment Funds (Continued)

The foundation’s Board of Trustees has interpreted the UPMIFA enacted in the State of Alaska as requiring the preservation of the fair value of the original gift as of the gift date of the donorrestricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the foundation classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the foundation considers the following factors in making a determination to appropriate or accumulate donorrestricted endowment funds:

- The duration and preservation of the fund
- The purposes of the foundation and the donorrestricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the foundation
- The investment policies of the foundation

From time to time, the fair value of assets associated with individual donorrestricted endowment funds may fall below the level that the donor requires the foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets, and subsequent gains that restore the fair value of the assets of the endowment fund to the required level are recorded as an increase in unrestricted net assets.

The foundation’s Primary Investment Goal for its endowments is to provide a real rate of return (total return minus investment expenses, administrative fees and inflation) sufficient to support, in perpetuity, the purposes of the various endowments that make up the pooled endowment fund. The endowment spending allowance policy is also structured to help maintain the endowments in perpetuity, preserve their purchasing power and stabilize the flow of support for the purposes of the respective endowments. The spending allowance for each endowment in the years ended June 30, 2011 and 2010 was limited to the unexpended accumulated earnings or return (both realized and unrealized) of the respective endowment as of the preceding December 31, up to a maximum of 4 percent (4.0%) of the average of the market values of the fund at December 31 for the immediately preceding five years, unless otherwise provided by the donor or the Investment Committee if the endowment had sufficient accumulated return.

Endowment net assets as of June 30, 2011 include the following:

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donor-restricted endowment funds</td>
<td>$ (108,163)</td>
<td>$ 22,084,182</td>
<td>$ 86,953,731</td>
<td>$ 108,929,792</td>
</tr>
<tr>
<td>Board-designated endowment funds</td>
<td>12,724,564</td>
<td>20,566,056</td>
<td></td>
<td>33,280,620</td>
</tr>
<tr>
<td></td>
<td>12,616,401</td>
<td>42,640,238</td>
<td>86,953,731</td>
<td>142,210,370</td>
</tr>
</tbody>
</table>

Endowment net assets as of June 30, 2010 include the following:

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donor-restricted endowment funds</td>
<td>$ (1,412,382)</td>
<td>$ 11,031,141</td>
<td>$ 71,928,408</td>
<td>$ 81,547,167</td>
</tr>
<tr>
<td>Board-designated endowment funds</td>
<td>15,122,904</td>
<td>16,145,489</td>
<td></td>
<td>31,268,393</td>
</tr>
<tr>
<td></td>
<td>13,710,522</td>
<td>27,176,630</td>
<td>71,928,408</td>
<td>112,815,560</td>
</tr>
</tbody>
</table>
5. Pooled Endowment Funds (Continued)

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance, July 1, 2009</strong></td>
<td>$ 9,696,895</td>
<td>$ 24,018,468</td>
<td>$ 59,243,070</td>
<td>$ 92,958,433</td>
</tr>
<tr>
<td>Investment Income</td>
<td>220,263</td>
<td>1,216,870</td>
<td>-</td>
<td>1,437,133</td>
</tr>
<tr>
<td>Net realized and unrealized investment gains</td>
<td>3,643,885</td>
<td>2,940,758</td>
<td>-</td>
<td>6,584,643</td>
</tr>
<tr>
<td><strong>Investment return</strong></td>
<td>3,864,148</td>
<td>4,157,628</td>
<td>-</td>
<td>8,021,776</td>
</tr>
<tr>
<td>Contributions</td>
<td>75,768</td>
<td>1,034,196</td>
<td>2,724,454</td>
<td>3,834,418</td>
</tr>
<tr>
<td>Other revenues</td>
<td>-</td>
<td>(66)</td>
<td>(25)</td>
<td>(91)</td>
</tr>
<tr>
<td>Administrative assessments</td>
<td>(140,597)</td>
<td>(741,126)</td>
<td>(42,653)</td>
<td>(924,376)</td>
</tr>
<tr>
<td>Distributions for endowment spending</td>
<td>(255,692)</td>
<td>(1,496,269)</td>
<td>-</td>
<td>(1,751,961)</td>
</tr>
<tr>
<td>Transfers to increase board-designated endowment funds</td>
<td>500,000</td>
<td>122,654</td>
<td>-</td>
<td>622,654</td>
</tr>
<tr>
<td>Transfers to increase donor-restricted endowment funds</td>
<td>-</td>
<td>81,145</td>
<td>10,003,562</td>
<td>10,084,707</td>
</tr>
<tr>
<td><strong>Balance, June 30, 2010</strong></td>
<td>$ 13,710,522</td>
<td>27,176,630</td>
<td>71,928,408</td>
<td>112,815,560</td>
</tr>
<tr>
<td>Change in net assets due to adoption of UPMIFA</td>
<td>(10,941,290)</td>
<td>1,511,860</td>
<td>9,429,430</td>
<td>-</td>
</tr>
<tr>
<td>Investment Income</td>
<td>133,119</td>
<td>1,743,319</td>
<td>-</td>
<td>1,876,438</td>
</tr>
<tr>
<td>Net realized and unrealized investment gains</td>
<td>2,535,678</td>
<td>14,923,054</td>
<td>-</td>
<td>17,458,732</td>
</tr>
<tr>
<td><strong>Investment return</strong></td>
<td>(8,272,493)</td>
<td>18,178,233</td>
<td>9,429,430</td>
<td>19,335,170</td>
</tr>
<tr>
<td>Contributions</td>
<td>102,552</td>
<td>898,867</td>
<td>5,023,966</td>
<td>6,025,385</td>
</tr>
<tr>
<td>Other revenues</td>
<td>(173)</td>
<td>(5,119)</td>
<td>(75)</td>
<td>(5,367)</td>
</tr>
<tr>
<td>Administrative assessments</td>
<td>(72,168)</td>
<td>(960,207)</td>
<td>(61,607)</td>
<td>(1,093,982)</td>
</tr>
<tr>
<td>Distributions for endowment spending</td>
<td>(278,705)</td>
<td>(3,035,235)</td>
<td>-</td>
<td>(3,313,940)</td>
</tr>
<tr>
<td>Transfers to increase board-designated endowment funds</td>
<td>7,426,866</td>
<td>243,571</td>
<td>-</td>
<td>7,670,437</td>
</tr>
<tr>
<td>Transfers to increase donor-restricted endowment funds</td>
<td>-</td>
<td>143,498</td>
<td>633,609</td>
<td>777,107</td>
</tr>
<tr>
<td><strong>Balance, June 30, 2011</strong></td>
<td>$ 12,616,401</td>
<td>$ 42,640,238</td>
<td>$ 86,953,731</td>
<td>$ 142,210,370</td>
</tr>
</tbody>
</table>

6. Other Long Term Investments

Other long term investments include the following:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 7,443</td>
<td>$ 1,857</td>
</tr>
<tr>
<td>Fixed income securities</td>
<td>23,462,730</td>
<td>16,072,319</td>
</tr>
<tr>
<td>Equity securities</td>
<td>712,434</td>
<td>518,755</td>
</tr>
<tr>
<td>Real estate partnerships</td>
<td>276,400</td>
<td>276,400</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ 24,459,007</td>
<td>$ 16,869,331</td>
</tr>
</tbody>
</table>

Investment custodial and management fees for other long term investments totaled $62,983 and $44,375 for the years ended June 30, 2011 and 2010, respectively. These fees have been included as reductions to investment income.

7. Split Interest Obligations

The foundation has established charitable remainder trust and charitable gift annuity plans for which the foundation serves as trustee. These plans specify that donors may contribute assets to the foundation in exchange for the right to receive a fixed dollar or fixed percentage annual return. The foundation records the assets held at fair value and the corresponding liability at the actuarially determined present value of payments to be made to the income beneficiaries. The difference between the amount of the gift and the present value of the liability for future payments, determined on an actuarial basis, is recognized as a contribution at the date of the gift. The present value of payments to income beneficiaries are calculated using discount rates which represent the Charitable Federal Midterm Rate (CFMR) in existence at the date of the gift. The split interest obligations are revalued annually and any resulting actuarial gain or loss is recorded as a change in net assets.

The split interest assets represent $363,677 and $822,439 for the years ended June 30, 2011 and 2010 respectively, and are reported as other long term investments in the statements of financial position. The fair value of the associated obligations total $282,739 and $410,984, respectively.

8. Term Endowment Liability

In July 1997 the foundation accepted a term endowment. Earnings from the endowment are restricted for the maintenance of a student housing facility. The agreement with the donor requires the original principal of the endowment to remain inviolate until April 30, 2020 at which time the original principal and the unexpended earnings, if any, will be returned to the donor. The original principal of $1,000,000 is recorded as a liability at June 30, 2011 and 2010.
9. Net Assets

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted net assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Available for current operations - spendable earnings of quasi endowments and amounts not designated by management or restricted by donor</td>
<td>$ 5,161,148</td>
<td>$ 5,321,333</td>
</tr>
<tr>
<td>Designated for specific purposes - spendable earnings of quasi endowments and amounts designated by management</td>
<td>5,646,553</td>
<td>14,800,471</td>
</tr>
<tr>
<td>Quasi endowments - corpus of quasi endowments without donor restrictions</td>
<td>10,974,979</td>
<td>13,280,016</td>
</tr>
<tr>
<td>Underwater endowment losses - net accumulated investment losses on endowments</td>
<td>(108,163)</td>
<td>(1,412,382)</td>
</tr>
<tr>
<td>Unappropriated endowment earnings - earnings in excess of spending limits for quasi endowments without donor restrictions</td>
<td>1,749,584</td>
<td>1,842,889</td>
</tr>
<tr>
<td></td>
<td>$ 23,424,101</td>
<td>$ 33,832,327</td>
</tr>
<tr>
<td>Temporarily restricted net assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted for specific purposes - spendable earnings on endowments and non-endowed net assets restricted by donor stipulation or by UPMIFA</td>
<td>$ 36,910,983</td>
<td>$ 35,555,483</td>
</tr>
<tr>
<td>Unconditional promises to give - contributions receivable without donor restrictions</td>
<td>417</td>
<td>314</td>
</tr>
<tr>
<td>Quasi endowments - corpus of quasi endowments with donor restrictions</td>
<td>18,388,764</td>
<td>16,858,974</td>
</tr>
<tr>
<td>Endowments - corpus of term funded and annuity endowments</td>
<td>3,378,345</td>
<td>3,529,007</td>
</tr>
<tr>
<td>Unappropriated endowment earnings - earnings in excess of spending limits for endowments restricted by donor or by UPMIFA</td>
<td>$ 20,872,713</td>
<td>6,788,514</td>
</tr>
<tr>
<td></td>
<td>$ 79,551,222</td>
<td>$ 62,732,292</td>
</tr>
<tr>
<td>Permanently restricted net assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Endowments - portion of funds required to be retained permanently by explicit donor stipulation or by UPMIFA</td>
<td>$ 86,953,731</td>
<td>$ 71,928,408</td>
</tr>
<tr>
<td>Charitable remainder trusts - trusts required by donor to be invested in perpetuity</td>
<td>70,546</td>
<td>380,845</td>
</tr>
<tr>
<td></td>
<td>$ 87,024,277</td>
<td>$ 72,309,253</td>
</tr>
</tbody>
</table>

10. Net Assets Released from Restriction

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose, collecting payment on unconditional promises to give or by occurrence of other events specified by donors.

11. 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, 2011 and 2010 were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Alaska Anchorage</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Engineering</td>
<td>$ 1,059,083</td>
<td>$ 1,052,750</td>
</tr>
<tr>
<td>General</td>
<td>1,785,042</td>
<td>3,210,432</td>
</tr>
<tr>
<td>Liberal arts, human and rural development</td>
<td>175,232</td>
<td>125,606</td>
</tr>
<tr>
<td>Library</td>
<td>48,749</td>
<td>29,153</td>
</tr>
<tr>
<td>Management/business administration</td>
<td>568,747</td>
<td>580,501</td>
</tr>
<tr>
<td>Natural Sciences, agriculture and land resources</td>
<td>29,250</td>
<td>71,423</td>
</tr>
<tr>
<td>Research</td>
<td>149,268</td>
<td>164,079</td>
</tr>
<tr>
<td>Student aid</td>
<td>866,310</td>
<td>1,112,992</td>
</tr>
<tr>
<td></td>
<td>$ 4,681,681</td>
<td>$ 6,346,936</td>
</tr>
<tr>
<td>University of Alaska Fairbanks</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Engineering</td>
<td>107,813</td>
<td>40,002</td>
</tr>
<tr>
<td>General</td>
<td>2,948,233</td>
<td>2,651,314</td>
</tr>
<tr>
<td>KUAC radio and television</td>
<td>630,418</td>
<td>55,772</td>
</tr>
<tr>
<td>Liberal arts, human and rural development</td>
<td>684,347</td>
<td>379,307</td>
</tr>
<tr>
<td>Library</td>
<td>235,332</td>
<td>256,241</td>
</tr>
<tr>
<td>Management/business administration</td>
<td>123,155</td>
<td>138,798</td>
</tr>
<tr>
<td>Museum</td>
<td>397,983</td>
<td>574,476</td>
</tr>
<tr>
<td>Natural sciences, agriculture and land resources</td>
<td>336,221</td>
<td>170,995</td>
</tr>
<tr>
<td>Research</td>
<td>598,606</td>
<td>651,389</td>
</tr>
<tr>
<td>Student aid</td>
<td>1,712,952</td>
<td>1,318,040</td>
</tr>
<tr>
<td></td>
<td>$ 7,775,060</td>
<td>$ 6,236,334</td>
</tr>
<tr>
<td>University of Alaska Southeast</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General</td>
<td>220,930</td>
<td>321,544</td>
</tr>
<tr>
<td>Liberal arts, human and rural development</td>
<td>2,395</td>
<td>6,242</td>
</tr>
<tr>
<td>Library</td>
<td>60,281</td>
<td>59,539</td>
</tr>
<tr>
<td>Natural sciences, agriculture and land resources</td>
<td>739</td>
<td>1,554</td>
</tr>
<tr>
<td>Research</td>
<td>6,347</td>
<td>100,686</td>
</tr>
<tr>
<td>Student aid</td>
<td>211,214</td>
<td>501,406</td>
</tr>
<tr>
<td></td>
<td>$ 579,565</td>
<td></td>
</tr>
<tr>
<td>University of Alaska</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General</td>
<td>770,342</td>
<td>114,895</td>
</tr>
<tr>
<td>Management/business administration</td>
<td>770,342</td>
<td>127,259</td>
</tr>
<tr>
<td></td>
<td>$ 13,728,989</td>
<td>$ 13,290,094</td>
</tr>
</tbody>
</table>
12. Administrative Assessments

The foundation charges assessments to cover administrative and fundraising expenses as follows:

Gifts – All cash gifts are assessed 1% of the gift value at the time of the gift. Noncash gifts are assessed 1% at the time of conversion to cash by the foundation, based on the proceeds received.

Endowments – 1% is assessed by the foundation annually based on the asset valuation at the end of the previous calendar year.

Land Grant Trust Fund Assets – .50% is assessed by the foundation annually based on the asset valuation of the university’s land grant trust fund assets invested by the foundation as of the end of the previous calendar year.

13. Related Party Transactions

The university provided payment to the foundation in the amount of $0.9 million for institutional support during the years ended June 30, 2011 and 2010. The university also provides administrative and accounting support for the foundation. The foundation reimbursed the university $2.6 million for these services for the years ended June 30, 2011 and 2010. These reimbursements are included in the statements of activities as operating expenses.
The University of Alaska Foundation is a public nonprofit corporation, operated as a public charity, which was established in 1974 to solicit, manage and invest donations for the exclusive benefit of the University of Alaska. The Foundation is a tax-exempt organization as described in Subsection 501(c)(3) of the Internal Revenue Code. Donations made to the Foundation are deductible according to schedules established under income and estate tax regulations.

The Foundation is legally separate and distinct from the University of Alaska and is organized under its own Articles of Incorporation and Bylaws. It is governed by its own Board of Trustees, which establishes the Foundation's investment policy, manages donated property and oversees the distribution of the Foundation's assets to its sole beneficiary, the University of Alaska.