



UNIVERSITY OF ALASKA FOUNDATION

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2014

(With Independent Auditors' Report Thereon)

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UNIVERSITY OF ALASKA FOUNDATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 June 30, 2014

Assets

Cash and cash equivalents	\$ 25,523,988
Interest receivable	253,066
Contributions receivable, net	8,236,743
Remainder trusts receivable	1,901,020
Other receivables	2,573,483
Other assets	816,076
Pooled endowment funds	317,234,038
Other investments	25,583,238

Total assets	\$ 382,121,652
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Liabilities

Assets held in trust for University of Alaska	\$ 146,213,435
Due to University of Alaska	1,371,822
Other liabilities	363,685
Split interest obligations	350,849
Term endowment liability	1,000,000

Total liabilities	149,299,791
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Net Assets

Unrestricted	26,799,442
Temporarily restricted	106,689,108
Permanently restricted	99,333,311

Total net assets	232,821,861
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Total liabilities and net assets	\$ 382,121,652
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The accompanying notes are an integral part of the financial statements.

Revenues, gains and other support

Contributions	\$ 161,099	\$ 15,755,621	\$ 4,411,304	\$ 20,328,024
Investment income	443,386	852,979	-	1,296,365
Net realized and unrealized investment gains (losses)	1,718,111	16,673,141	-	18,391,252
Other revenues	401	542,021	-	542,422
Actuarial adjustment of remainder trust obligations	-	321,841	3,441	325,282
Gains (losses) on disposition of other assets	6	(30,053)	100	(29,947)
Administrative assessments	2,160,161	(1,457,272)	(53,089)	649,800
Support from University of Alaska	800,000	-	-	800,000
Donor directed reclassifications	-	882,698	(882,698)	-
Net assets released from restriction	12,296,038	(12,296,038)	-	-
Total revenues, gains and other support	17,579,202	21,244,938	3,479,058	42,303,198

Expenses and distributions

Operating expenses	2,637,922	-	-	2,637,922
Distributions for the benefit of University of Alaska	13,132,466	-	-	13,132,466
Total expenses and distributions	15,770,388	-	-	-

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2014

NIH OF ALASKA FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2014

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5. Fair

The foundation follows the Financial Accounting Standards Board (FASB) guidance on fair value measurements which defines fair value and establishes a fair value hierarchy

NIH OF ALASKA FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2014

Mut Fd s d E Fd

The foundation and the partnership may invest directly in mutual funds and exchange traded funds. These investments are typically considered Level 1 investments due to readily available, quoted prices. Investments in mutual funds are valued at the net asset value of each fund determined as of the close of the New York Stock Exchange on the valuation date.

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NISSOF ALASKA FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2014

The following table shows the classification of the endowment funds:

	Level 1	Level 2	Level 3	Total
Pooled Endowment Funds				
Money market mutual funds	\$ 14,903,162	\$ -	\$ -	\$ 14,903,162
Mutual funds:				
Deflation sensitive	5,170,263	-	-	5,170,263
Developed ex US equity	9,204,322	-	-	9,204,322
Emerging markets equity	19,424,995	-	-	19,424,995
Global equity	29,579,225	-	-	29,579,225
Inflation sensitive	5,989,625	-	-	5,989,625
US equity	15,812,204	-	-	15,812,204
Common stock:				
US equity	15,108,229	-	-	15,108,229
Exchange traded funds:				
US equity	11,761,188	-	-	11,761,188
Futures contracts:				
Deflation sensitive	3,469	-	-	3,469
Inflation sensitive	(975)	-	-	(975)
US equity	20,513	-	-	20,513
Developed ex US equity	(13,545)	-	-	(13,545)
Emerging markets equity	910	-	-	910
Asset-backed obligations:				
Automobile	-	1,049,427	-	1,049,427
Home	-	479,083	-	479,083
Other	-	3,117,051	-	3,117,051
Fixed Income:				
US treasuries, agencies, corporates	294,966	13,054,419	-	13,349,385
Non-US corporate bonds	-	624,732	-	624,732
Mortgage-backed securities:				
US collateralized mortgage obligation	-	1,134,605	-	1,134,605
US commercial mortgage backed securities	-	2,318,417	-	2,318,417
Preferred stocks and bonds	20	51,419	-	51,439
Commingled funds:				
Developed ex US equity	-	15,130,145	-	15,130,145
Global equity	-	12,188,578	-	12,188,578
Hedge funds:				
Deflation sensitive	-	9,338,437	6,098,396	15,436,833
Developed ex US equity	-	14,488,569	-	14,488,569
Diversifying strategies	-	23,208,286	19,543,640	42,751,926
Inflation sensitive	-	9,174,871	-	9,174,871
Market sensitive	-	18,998,599	6,438,284	25,436,883
Private capital funds:				
Capital appreciation	-	-	29,878,989	29,878,989
Deflation sensitive	-	-	1,206,114	1,206,114
Diversifying strategies	-	-	956,739	956,739
	\$ 127,258,571	\$ 124,356,638	\$ 64,122,162	\$ 315,737,371

NIH OF ALASKA FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2014

6. Endowments

7KH IRXQGDFWLRQ consists of more than 700 individual endowments established for a variety of purposes. Its endowment includes both donor-

NIEROF ALASKA FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2014

Changes in endowment net assets for the year ended June 30, 2014 were as follows:

Balance, July 1, 2013	\$ 14,494,698	\$ 46,880,778	\$ 95,785,419	\$ 157,160,895
Investment income	94,899	835,159	-	930,058
Net realized and unrealized investment gains	1,855,507	16,490,724	-	18,346,231
Investment return	1,950,406	17,325,883	-	19,276,289
Contributions	24,211	626,772	4,411,304	5,062,287
Uncollectible pledges	407	(15,828)	100	(15,321)
Administrative assessments	(148,923)	(1,289,067)	(53,089)	(1,491,079)
Distributions for endowment spending	(404,382)	(4,305,588)	-	(4,709,970)
Transfers to increase board-designated endowment funds	-	1,614,890	-	1,614,890
Transfers to increase (decrease)				

7. Net Assets

Net assets had the following donor-imposed purpose restrictions or board-imposed designations as of June 30, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Engineering	\$ 782,602	\$ 5,734,333	\$ 5,171,113	\$ 11,688,048
Foundation	8,058,563	688	-	8,059,251
KUAC radio and television	-	1,302,297	-	1,302,297
Liberal arts	491	4,596,078	8,344,427	12,940,996
Library	77,645	2,700,615	5,978,190	8,756,450
Management/business administration	4,526,342	6,963,388	7,073,599	18,563,329
Museum	75,150	3,074,620	2,990,487	6,140,257
Natural sciences, agriculture and land	-	4,877,260	2,685,110	7,562,370
Research	-	9,335,487	6,646,944	15,982,431
Student aid		30,661,978	23,510,391	54,172,369
General campus support	13,277,520	37,442,364	36,933,050	87,652,934
Noncontrolling interest in pooled endowment funds	1,129	-	-	1,129
	\$ 26,799,442	\$ 106,689,108	\$ 99,333,311	\$ 232,821,861

UNIVERSITY OF ALASKA FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2014

Changes in consolidated net assets attributable to the controlling interest of the foundation and the noncontrolling interest of Cambridge Associates Resources, LLC in the pooled endowment funds were as follows:

	Controlling Interest	Noncontrolling Interest	Total
Balance, July 1, 2013	\$ -	\$ -	\$ -
Fair value of cash and assets contributed at inception	286,313,904	-	286,313,904
Capital contributions	8,894,084	1,000	8,895,084
Capital withdrawals	(11,498,710)	-	(11,498,710)
Net increase in capital activity	283,709,278	1,000	283,710,278
Investment income	1,695,626	9	1,695,635
Net realized and unrealized investment gains	34,017,064	120	34,017,184
Investment return	35,712,690	129	35,712,819
Balance, June 30, 2014	\$ 319,421,968	\$ 1,129	\$ 319,423,097

8. Distributions

Distributions for the benefit of the University of Alaska, by functional classification, for year ended June 30, 2014 were as follows:

University of Alaska	
General	\$ 57,123
	\$ 57,123

University of Alaska Fairbanks	
Engineering	\$ 153,438
General	1,946,910
KUAC radio and television	753,639
Liberal arts	769,373
Library	308,547
Management/business administration	189,166
Museum	306,938
Natural science	7(n)-Kc,29()29(1 0 G [(M)8.025 Tf 1 0 0 1

University of Alaska Anchorage	
Engineering	\$ 1,707,801
General	1,102,995
Liberal arts	128,218
Library	52,660
Management/business administration	646,884
Museum	564
Natural sciences, agriculture and land	15,559
Research	313,411
Student aid	1,090,328
	\$ 5,058,420

