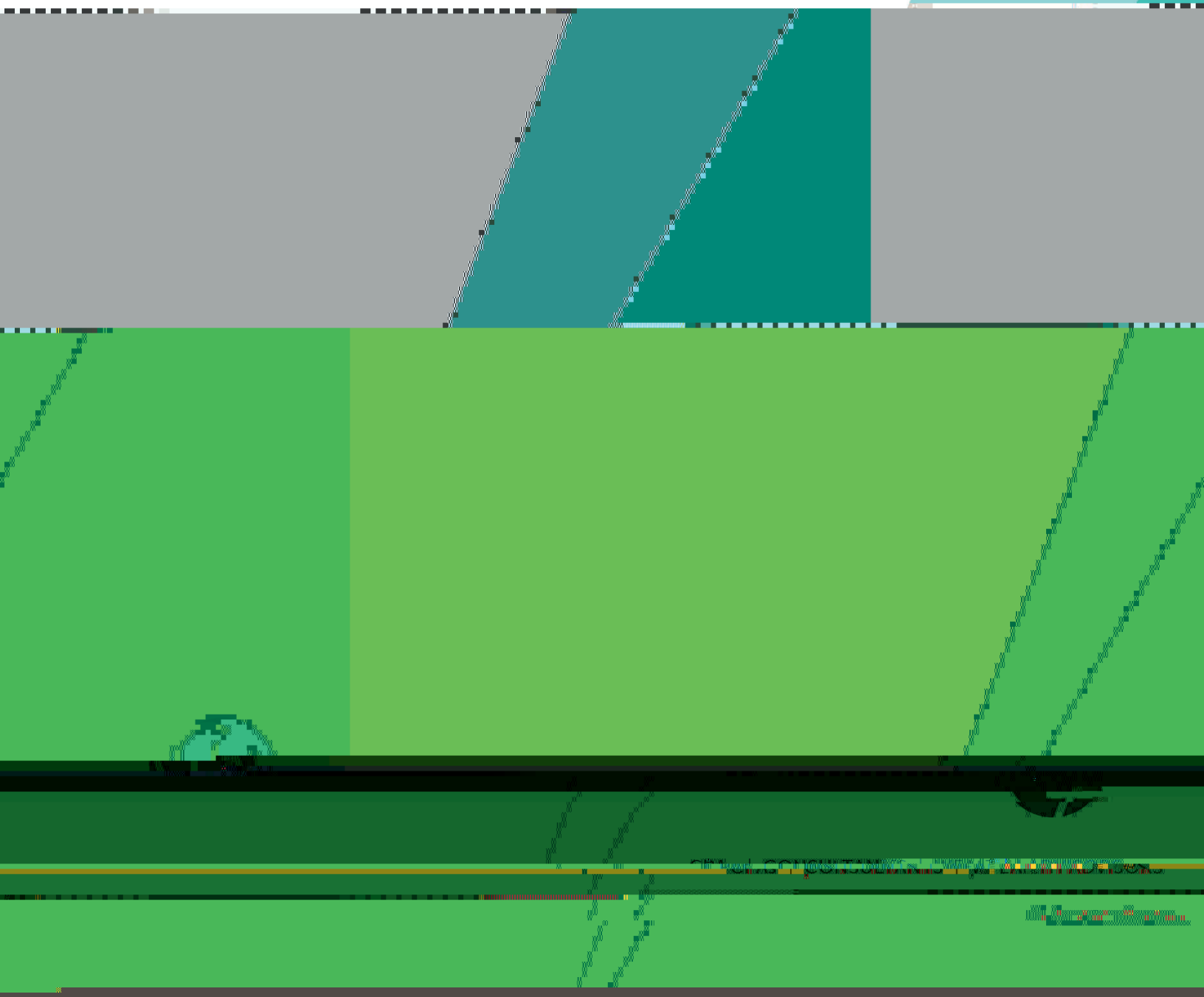


UNIVERSITY OF ALASKA FOUNDATION

2024

2023







CliftonLarsonAllen LLP  
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Board of Directors  
University of Alaska Foundation

The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of Ad(0cordanc 6le9no

	2024	2023
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 4,511,431	\$ 4,015,825
Interest and Dividends Receivable	728,179	491,938
Contributions Receivable, Net	6,605,431	7,969,435
Other Receivables	734,616	920,061
Other Investments	57,081,830	64,365,955
Pooled Endowment Funds	500,466,793	463,705,491
Remainder Trusts Receivable	679,219	690,053
Bequests Receivable	118,800	5,058,572
Other Assets	293,499	316,677
 Total Assets	 \$ 571,219,798	 \$ 547,534,007
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Due to University of Alaska	\$ 1,174,125	\$ 3,268,127
Payable for Unsettled Trades	-	137,916
Other Liabilities	1,553,585	884,977
Split-Interest Obligations	299,842	261,749
Term Endowment Liability	1,000,000	1,000,000
Assets Held in Trust for University of Alaska	182,811,306	

See accompanying Notes to Consolidated Financial Statements.

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE, GAINS, AND OTHER SUPPORT</b>			
Contributions, Net	\$ 13,890	\$ 18,280,289	\$ 18,294,179
Contributed Nonfinancial Assets	84,209	1,370,817	1,455,026
Investment Income	825,070	2,934,316	3,759,386
Net Realized and Unrealized Investment Gains	3,227,683	25,469,441	28,697,124
Other Revenues (Losses)	(51,453)	127,895	76,442
Actuarial Adjustment of Remainder Trust Obligations	-	425,924	425,924
Administrative Assessments	3,630,409	(2,799,514)	830,895
Support from University of Alaska	460,000	-	460,000
Net Assets Released from Restriction	30,810,724	(30,810,724)	-
Total Revenue, Gains, and Other Support	39,000,532	14,998,444	53,998,976
<b>EXPENSES AND DISTRIBUTIONS</b>			
Program Expenses	31,651,741	-	31,651,741
Management and General	1,740,455	-	1,740,455
Fundraising	4,334,749	-	4,334,749

See accompanying Notes to Consolidated Financial Statements.

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE, GAINS, AND OTHER SUPPORT</b>			
Contributions, Net	\$ 23,947	\$ 18,546,823	\$ 18,570,770
Contributed Nonfinancial Assets	122,451	-	122,451
Investment Income	951,945	1,902,369	2,854,314
Net Realized and Unrealized			

See accompanying Notes to Consolidated Financial Statements.



	Program	Management and General	Fundraising	Total
Grants to University of Alaska	\$ 31,651,741	\$ -	\$ -	\$ 31,651,741
Salaries and Benefits	-	995,071	3,080,738	4,075,809

See accompanying Notes to Consolidated Financial Statements.

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	16,272,031	

*See accompanying Notes to Consolidated Financial Statements.*





### **Use of Estimates (Continued)**

The most significant accounting estimates applied in the preparation of the accompanying consolidated financial statements include those in the areas of contributions receivable discounts and allowances, fair value of investments, and obligations to beneficiaries of split-interest agreements. Management periodically evaluates estimates used in the preparation of consolidated financial statements for continued reasonableness. Appropriate adjustments, if any, to the estimates are made prospectively based on such periodic evaluations.

### **Other Receivables**

At June 30, 2024, the Foundation had a receivable from the University of Alaska of \$249,139, due to land sales proceeds. At June 30, 2023, the Foundation had a receivable from the University of Alaska of \$49,579, due to overpayments on reimbursable expenses. The remaining amount relates to receivables from underlying investments.

### **Investments**

Purchases and sales of securities, mutual funds, exchange traded funds, and commingled funds are accounted for on a trade date basis. Realized gains and losses are determined using the specific identification method.

Purchases and sales of hedge fund investments are accounted for on a trade date basis. For hedge funds that are reported on a unitized basis, realized gains and losses are determined based on the specific identification method. For hedge funds that are not reported on a unitized basis, realized gains and losses are based on percentage of capital redeemed from the hedge fund.

Contributions to and distributions from private capital funds are accounted for on an effective date basis. Distributions, when identified as realized gain or loss or investment income, are recorded as such. Returns of capital reduce the private capital fund's cost basis.

Futures contracts are generally valued at the settlement price established at the close of each business day by the board of trade or exchange on which they are traded. The value of each futures contract is marked to market daily and an appropriate payable or receivable for the change in value (variation margin) is recorded. The payable or receivable is settled the following business day. Gains or losses are recognized but not accounted for as realized until the contracts expire or are closed.

**Investments (Continued)**

The net realized and unrealized ap



**Assets Held in Trust for University of Alaska**



### **Income Taxes (Continued)**

The Foundation recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

### **Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs are allocated based on estimates of time spent and departments in the functional categories.

### **Leases**

The Foundation determines if an arrangement is a lease at inception. Leases are reported on the statements of financial position as a right-of-use (ROU) asset and lease liability.

ROU assets represent the Foundation's right to use an underlying asset for a lease term and lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Foundation will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Foundation has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or ROU assets on the statements of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Foundation has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liability.

The Foundation has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

The Foundation has no ROU asset or lease liability as of June 30, 2024 and 2023.

### **Subsequent Events**

Subsequent events have been evaluated through October 9, 2024, the date the consolidated financial statements were available to be issued.

### **Accounting Standard Updates**

The Foundation adopted Financial Accounting Standards Board Accounting Standards Update 2013-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (CECL), as amended, which modified the measurement of expected credit losses. The adoption of this Standard did not have a material impact on the Foundation's financial statements.

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

	<u>2024</u>	<u>2023</u>
In One Year or Less	\$ 1,345,227	\$ 1,379,514
Between Two and Five Years	4,339,965	5,143,557
More than Five Years	<u>2,529,426</u>	<u>3,541,231</u>
Subtotal	8,214,618	10,064,302
Discount	(1,585,652)	(1,963,070)
Allowance for Uncollectible Pledges	<u>(23,535)</u>	<u>(131,797)</u>
Total	<u>\$ 6,605,431</u>	<u>\$ 7,969,435</u>

Unconditional promises to give are recorded at the discounted present value of the future cash flows using a discount rate ranging from 3.19% to 7.87%. 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 fundraising activity.

As of June 30, 2024 and 2023, approximately 77%

### **Pooled Endowment Funds**

The pooled endowment funds consist of general foundation endowments and funds designated by the board of directors to function as endowments, as well as the University's land grant endowments. The primary investment goal of these funds is to provide a real rate of return, net of investment expenses sufficient to cover the endowment administrative fee and the annual spending allowances, in support of the purposes of the various endowments, in perpetuity.

### **Fees**

Direct investment management, custodial, and consulting fees totaled \$1,763,311 and \$1,848,970 for the years ended June 30, 2024 and 2023, respectively. These fees have been included as a reduction to investment income.

The following table summarizes the Foundation's investments as of June 30, 2024:

	Operating Funds	Pooled Endowment Funds	Remainder Trusts and Other	Total
Cash Held for Long-Term Investment	\$ -	\$ 1,884,222	\$ -	\$ 1,884,222
Money Market Mutual Funds	460,129	14,272,421	1,163,699	15,896,249
Mutual Funds	-	95,046,845	-	95,046,845
Exchanged Traded Funds	-	15,022,486	1,395,558	16,418,044
Common Stock	-	14,596,051	2,584,050	17,180,101
Depository Receipts	-	1,184,675	-	1,184,675

The Foundation follows the 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* 4 Quoted prices are available in active markets for identical assets or liabilities as of the reporting date.

*Level 2* 4 Quoted prices for similar assets or liabilities, or inputs that are observable, either directly or indirectly, in markets that are either active or inactive.

*Level 3* 4 Pricing inputs are unobservable and include situations where there is little, if any, market activity. The inputs into the determination of fair value require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, 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. These classifications (Level 1, 2, and 3) are intended to reflect the observability of inputs used in the valuation of investments and are not necessarily an indication of quality, risk, or liquidity.

In accordance with authoritative guidance on fair value measurements, as a practical expedient, an entity holding investments in certain entities that calculate net asset value per share or its equivalent (NAV) for which the fair value is not readily determinable, is permitted to measure fair value of such investments on the basis of that net asset value per share or its equivalent without adjustment.

### **Money Market Mutual Funds**

Money market mutual funds are valued at net asset value per share. These investments are categorized as Level 1.

### **Mutual Funds and Exchange Traded Funds**

The Foundation and the partnership may invest directly in mutual funds and exchange traded funds. 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. These investments are typically considered Level 1 investments due to readily available, quoted prices.





### **Derivative Instruments (Continued)**

The Foundation follows the provisions of FASB Accounting Standards Codification (ASC) 815-10-50 (ASC 815). ASC 815 amends and expands the disclosure requirements related to derivative instruments, to provide users of financial statements with an enhanced understanding of the use of derivative instruments and how these derivatives affect financial position, financial performance, and cash flows. It requires qualitative disclosures about the objectives and strategies for using derivative instruments, as well as disclosures about credit-risk-related contingent features in derivative agreements. The Foundation does not designate any derivative instruments as hedging instruments under ASC 815. Futures are transacted primarily for trading purposes with each instrument's primary risk exposure being interest rate, foreign exchange, equity, commodity, liquidity, or counterparty risk. The fair value of these derivative instruments at June 30, 2024 and 2023 of (\$4,723) and (\$51,473) respectively, is included in Pooled Endowment Funds in the consolidated statements of financial position. Changes in fair value related to futures contracts reflected as net realized and unrealized investment gains (losses) within the consolidated statement of activities for the years ended June 30, 2024 and 2023 were (\$914,684) and \$137,144 respectively.

The following table summarizes the Foundation's financial assets measured at fair value on a recurring basis as of June 30, 2024:

	Level 1	Level 2	Level 3	Total
Pooled Endowment Funds:				
Money Market Mutual Funds	\$ 14,272,421	\$ -	\$ -	\$ 14,272,421
Mutual Funds	95,046,845	-	-	95,046,845
Exchanged Traded Funds	15,022,486	-	-	15,022,486
Common Stock	14,596,051	-	-	14,596,051





The following table presents the activities for the years ended June 30, 2024 and 2023 for financial assets classified in Level 3:

	Remainder Trusts Receivable
Balance - June 30, 2023	\$ 756,878
Additions	-
Payments	-
Net Realized and Unrealized Losses	(66,825)
Balance - June 30, 2023	690,053
Additions	-
Payments	-
Net Realized and Unrealized Gains	(10,834)
Balance - June 30, 2024	\$ 679,219

Investments in certain entities that calculate NAV per share are summarized by category as of June 30, 2024 as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Commingled Funds:				
Capital Appreciation	\$ 87,507,285	\$ -	Daily-Monthly	1-33 Days
Deflation Sensitive	27,236,587	-	Daily	1-10 Days
Diversifying Strategies	9,000,295	-	Monthly	1-10 Days
Hedge Funds:				
Capital Appreciation	10,370,368	-	Monthly-Annual	30-90 Days
Deflation Sensitive	28,617,667	-	Quarterly	60 Days
Diversifying Strategies	57,651,276	-	Monthly-Annual	60-90 Days
Private Capital Funds:				
Capital Appreciation	109,353,199	51,754,808	-	-
Diversifying Strategies	13,451,691	8,810,239	-	-
Inflation Sensitive	15,276,448	3,647,440	-	-
Total	<u>\$ 358,464,816</u>	<u>\$ 64,212,487</u>		

Investments in certain entities that calculate NAV per share are summarized by category as of June 30, 2023 as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Commingled Funds:				
Capital Appreciation	\$ 82,716,215	\$ -	Daily-Monthly	1-33 Days
Deflation Sensitive	27,946,854	-	Daily	1-10 Days
Diversifying Strategies	7,852,224	-	Monthly	1-10 Days
Hedge Funds:				
Capital Appreciation	22,827,947	-	Monthly-Annual	30-60 Days
Deflation Sensitive	24,141,744	-	Quarterly	60 Days
Diversifying Strategies	52,332,238	-	Monthly-Annual	60-90 Days
Private Capital Funds:				
Capital Appreciation	102,849,154	44,639,614	-	-
Diversifying Strategies	13,144,548	5,767,599	-	-
Inflation Sensitive	13,318,603	2,623,399	-	-
Total	<u>\$ 347,129,527</u>	<u>\$ 53,030,612</u>		





Changes in endowment net assets were as follows for the years ended June 30:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance - June 30, 2022	\$ 21,116,531	\$ 255,479,829	\$ 276,596,360
Investment Income	113,298	1,292,107	1,405,405
Net Realized and Unrealized			
Investment Income	1,611,227	18,417,457	20,028,684
Investment Return	1,724,525	19,709,564	21,434,089
Contributions	14,667	4,266,939	4,281,606
Administrative Assessments	(194,732)	(2,076,329)	(2,271,061)
Distributions for Endowment Spending	(671,008)	(6,588,488)	(7,259,496)
Actuarial Adjustments	-	(217,028)	(217,028)
Transfers to Increase			
Board-Designated Endowment Funds	554,694	2,134,188	2,688,882

Net assets had the following donor-imposed purpose restrictions or board-imposed designations as of June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Athletics	\$ -	\$ 1,915,205	\$ 1,915,205
Business and Management	5,174,486		

Net assets had the following donor-imposed purpose restrictions or board-imposed designations as of June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Athletics	\$ 2,900	\$ 2,644,468	\$ 2,647,368
Business and Management	4,918,734	30,979,136	35,897,870
Campus Support	8,728,243	38,595,233	47,323,476
Community and Technical College	-	3,336,431	3,336,431
Education	-	597,337	597,337
Foundation <sup>(1)</sup>	10,259,784	156,401	10,416,185
Health	-	6,774,972	6,774,972
Liberal Arts and Social Science	570	17,463,500	17,464,070
Science and Engineering	3,187,997	77,125,174	80,313,171
Student and Public Support	333,094	36,962,018	37,295,112
Student Aid	663,689	125,377,288	126,040,977
Noncontrolling Interest in Pooled Endowment Funds	1,940	-	1,940
Total	<u>\$ 28,096,951</u>	<u>\$ 340,011,958</u>	<u>\$ 368,108,909</u>

<sup>(1)</sup> The Foundation's Board of Directors has designated, from net assets without donor restrictions of \$11,420,449, net assets for the following purposes as of June 30, 2023:

Operating Reserve	\$ 2,066,333
Strategic Investment Reserve	3,099,500
Sustainability Reserve	6,199,000
Total	<u>\$ 11,364,833</u>

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 for the years ended June 30:

	Controlling Interest	Noncontrolling Interest	Total
Balance - June 30, 2022	\$ 439,640,841	\$ 1,793	\$ 439,642,634
Capital Contributions	7,189,630	-	7,189,630
Capital Withdrawals	(19,225,298)	-	(19,225,298)
Net Increase in Capital Activity	<u>(12,035,668)</u>	<u>-</u>	<u>(12,035,668)</u>
Investment Return	34,280,875	147	34,281,022
Balance - June 30, 2023	461,886,048	1,940	461,887,988
Capital Contributions	8,623,324	-	8,623,324
Capital Withdrawals	(16,260,156)	-	(16,260,156)
Net Decrease in Capital Activity	<u>(7,636,832)</u>	<u>-</u>	<u>(7,636,832)</u>
Investment Return	45,511,190	201	45,511,391
Balance - June 30, 2024	<u>\$ 499,760,406</u>	<u>\$ 2,141</u>	<u>\$ 499,762,547</u>



The Foundation monitors liquidity required to meet its operating needs and funding commitments to the University of Alaska, while also striving to maximize the investment of available funds. The Foundation has various sources of liquidity at its disposal, including cash and cash equivalents and investments in marketable debt and securities. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its annual operating budget as well as all without donor restrictions and with donor restrictions contributions held for the benefit of the University of Alaska.

At June 30, the following table shows the total financial assets held by the Foundation and the amounts available to meet general expenditures over the next 12 months:

	<u>2024</u>	<u>2023</u>
Total Assets	\$ 571,219,798	\$ 547,534,007
Less: Prepaid Expense	(168,192)	(152,563)
Less: Other Assets	<u>(61,185)</u>	<u>(164,114)</u>
Total Financial Assets	570,990,421	547,217,330
Less: Amounts Not Available to Be Used Within One Year:		
Receivables with Time Horizons Greater than One Year		
Contributions Receivable	(3,446,754)	(4,906,298)
Remainder Trust Receivables	<u>(679,219)</u>	<u>(690,053)</u>
Subtotal	(4,125,973)	(5,596,351)
Financial Assets Not Available for General Expenditures		
Investments and Other Assets held for Endowments:		
Cash and Cash Equivalents	-	(22,763)
Contributions Receivable	(1,813,450)	(1,715,723)
Bequests Receivable	(118,800)	(5,058,572)
Other Receivables	-	-
Investments	<u>(508,743,074)</u>	<u>(476,007,155)</u>
Subtotal	(510,675,324)	(482,804,213)
Other Encumbrances and Obligations		
Held for Student Investment Fund	(3,964,044)	(3,104,837)
Internal Designations:		
Reserved for Long-Term Portion of Charitable		
Gift Annuities Liability	(292,474)	(332,227)
Cash Held for Board Designated Net Assets:		
Operating Reserve	(6,649,182)	(2,066,333)
Strategic Investment Reserve	-	(3,099,500)
Sustainability Reserve	<u>(6,199,000)</u>	<u>(6,199,000)</u>
Subtotal	<u>(6,941,656)</u>	<u>(11,697,060)</u>
Financial Assets Not Available to Be Used		
Within One Year	<u>(525,706,997)</u>	<u>(503,202,461)</u>
Financial Assets Available to Meet General		
Expenditures Within One Year	<u>\$ 45,283,424</u>	<u>\$ 44,014,869</u>





