

**UNIVERSITY OF ALASKA FOUNDATION  
CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2019 AND 2018**

**UNIVERSITY OF ALASKA FOUNDATION  
TABLE OF CONTENTS  
YEARS ENDED JUNE 30, 2019 AND 2018**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>CONSOLIDATED FINANCIAL STATEMENTS</b>	
<b>CONSOLIDATED STATEMENTS OF FINANCIAL POSITION</b>	<b>3</b>
<b>CONSOLIDATED STATEMENTS OF ACTIVITIES</b>	<b>4</b>
<b>CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES</b>	<b>6</b>
<b>CONSOLIDATED STATEMENTS OF CASH FLOWS</b>	<b>7</b>
<b>NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</b>	<b>8</b>



Board of Directors  
University of Alaska Foundation

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, based on our audit and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2019 and 2018, and the changes in their net assets, and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**CliftonLarsonAllen LLP**

St. Louis, Missouri  
October 10, 2019

**UNIVERSITY OF ALASKA FOUNDATION**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2019 AND 2018**

	2019	2018
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 5,303,770	\$ 31,990,481
Interest and Dividends Receivable	359,339	144,676
Contributions Receivable, Net	5,573,744	2,374,188
Other Receivables	529,846	8,467,573
Other Investments	47,742,835	26,089,696
Pooled Endowment Funds	363,782,845	331,190,518
Remainder Trusts Receivable	2,850,682	2,166,218
Bequests Receivable	850,000	8,139,627
Other Assets	222,615	173,803
	\$ 427,215,676	\$ 410,736,780
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Due to University of Alaska	\$ 4,112,796	\$ 3,251,053
Other Liabilities	371,477	666,351
Split Interest Obligations	225,141	316,701
Term Endowment Liability	1,000,000	1,000,000
Assets Held in Trust for University of Alaska	147,647,544	146,368,280
Total Liabilities	153,356,958	151,602,385
<b>NET ASSETS</b>		
Without Donor Restrictions	26,922,113	25,587,474
With Donor Restrictions	246,936,605	233,546,921
Total Net Assets	273,858,718	259,134,395
Total Liabilities and Net Assets	\$ 427,215,676	\$ 410,736,780

See accompanying Notes to Consolidated Financial Statements.

**UNIVERSITY OF ALASKA FOUNDATION  
CONSOLIDATED STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE, GAINS, AND OTHER SUPPORT</b>			
Contributions	\$ 150,944	\$ 20,381,026	\$ 20,531,970
Investment Income	1,102,118	599,552	1,701,670
Net Realized and Unrealized Investment Gains	1,661,956	9,600,381	11,262,337
Other Revenues	-	125,442	125,442
Actuarial Adjustment of Remainder Trust Obligations	-	746,690	746,690
Administrative Assessments	3,101,701	(2,361,689)	740,012
Support from University of Alaska	998,302	-	998,302
Net Assets Released from Restriction	15,701,718	(15,701,718)	-
Total Revenues, Gains, and Other Support	22,716,739	13,389,684	36,106,423
<b>EXPENSES AND DISTRIBUTIONS</b>			
Program Expenses	17,600,351	-	17,600,351
Management and General	2,001,743	-	2,001,743
Fundraising	1,780,006	-	1,780,006
Total Expenses and Distributions			

*See accompanying Notes to Consolidated Financial Statements.*

**UNIVERSITY OF ALASKA FOUNDATION  
CONSOLIDATED STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE, GAINS, AND OTHER SUPPORT</b>			
Contributions	\$ 100,570	\$ 15,978,664	\$ 16,079,234
Investment Income	776,405	483,379	

*See accompanying Notes to Consolidated Financial Statements.*

**UNIVERSITY OF ALASKA FOUNDATION  
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES  
JUNE 30, 2019 AND 2018**

	Program	Management and General	Fundraising	Total
Grants to University of Alaska	\$ 17,513,910	\$ -	\$ -	\$ 17,513,910
Salaries and benefits	33,383	1,645,115	836,819	2,515,317
Services and Professional Fees		80,604	640,389	720,993
Office and Occupancy		122,842	9,180	132,022
Information Technology	53,058	30,212	142,462	225,732
Conferences and Meetings		44,551	26,854	71,405
Travel		53,761	16,144	69,905
Other		24,658	108,158	132,816
 Total Expenses	 \$ 17,600,351	 \$ 2,001,743	 \$ 1,780,006	 \$ 21,382,100

	Program	Management and General	Fundraising	Total
Grants to University of Alaska	\$ 16,857,211	\$ -	\$ -	\$ 16,857,211
Salaries and benefits	35,229	1,955,059	502,135	2,492,423
Services and Professional Fees		100,763	595,588	696,351
Office and Occupancy		120,287	1,076	121,363
Information Technology	50,531	97,593	6,173	

See accompanying Notes to Consolidated Financial Statements.



**UNIVERSITY OF ALASKA FOUNDATION  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2019 AND 2018**

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 14,724,323	\$ 13,523,924
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Contributions of Operating Noncash Assets	(132,794)	(2,652,176)
Contributions Restricted for Permanent Investment	(8,014,883)	(2,399,791)
Net Realized and Unrealized Investment (Gains) Losses	(11,262,337)	(13,820,146)
(Gain) Loss on Disposition of Other Assets	-	13,297

See accompanying Notes to Consolidated Financial Statements.

**UNIVERSITY OF ALASKA FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The University of Alaska Foundation (the 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 (the University). The Foundation is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC) organized in accordance with the laws of the state of Alaska and governed by a volunteer board of directors.

Although the University is the exclusive beneficiary of the Foundation, the Foundation is independent of the University. The net assets of the Foundation are the exclusive property of the Foundation. The board of directors of the Foundation is entitled to make all decisions regarding the business and affairs of the Foundation, including, without limitation, distributions made to the University.

The consolidated financial statements include the accounts of the Foundation and an affiliated entity, the University of Alaska Foundation Consolidated Endowment Fund, LP. The affiliated entity is included in these consolidated financial statements because the Foundation has an economic interest in the organization and, although the Foundation is the limited partner, it has authority to remove the general partner. All inter-entity transactions and balances have been eliminated.

**Basis of Presentation**

These consolidated financial statements are prepared on the accrual basis of accounting as promulgated by the Financial Accounting Standards Board. 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:

Net Assets Without Donor Restrictions – Assets, net of related liabilities, which are not subject to donor-imposed or other external restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenues are reported as increases in net assets without donor restrictions, 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 net assets without donor restrictions, unless subject to donor-imposed or other external restrictions. Wh

**UNIVERSITY OF ALASKA FOUNDATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 money market mutual 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 net assets with donor restrictions account. The accumulated contributions are transferred to with donor restrictions account when the minimum requirements are fulfilled. If the requirements are not fulfilled, consistent with the conditions of acceptance, the contributions are expended for the purpose received.

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 net realizable value.

**Use of Estimates**

In preparing the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP), 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.

**UNIVERSITY OF ALASKA FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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**

**UNIVERSITY OF ALASKA FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments (Continued)**

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.

The net realized and unrealized appreciation (depreciation) in fair value of investments is reflected in the consolidated statement of activities. Income and net gains on investments of endowment and similar funds are generally reported as increases in net assets with donor restrictions if the terms of the gift impose restrictions on the use of the income; or as increases in net assets without donor restrictions in all other cases. Losses on the investments of a donor-restricted endowment fund reduce net assets with donor restrictions 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 net assets with donor restrictions. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level are classified as increases in net assets with donor restrictions.

**Pooled Endowment Funds**

Effective July 1, 1997, management of the University's Land Grant Endowment Trust Fund was transferred from the R2un"

UNIVERSITY OF ALASKA FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

NOTE 1 SUMoa4.44 733 Tj 36.6 0 Td -0.057LA

**UNIVERSITY OF ALASKA FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

The liability represents the University's participation in the Consolidated Endowment Fund. The related assets are available for distribution to the University upon 60 days written notice, subject to availability of liquid resources of the fund and considerations of the potential adverse impacts on other endowments participating in the fund.

**Administrative Assessments**

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

*Gifts* – All endowment cash gifts are assessed 1% and nonendowed gifts are assessed 5% of the gift value at the time of the gift. Noncash gifts are assessed at the time of conversion to cash by the Foundation, based on the proceeds received.

*Endowments* – 1% is assessed by the Foundation each fiscal year based on the asset valuation at the end of the previous calendar year.

*Land Grant Trust Fund Assets* – 0.5% is assessed by the Foundation each fiscal year 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.

**Reclassification of Net Assets**

The Foundation reclassifies net assets from one category to another in the following situations:

*Donor Directed Reclassification fund.*

**UNIVERSITY OF ALASKA FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 1 SUMMARY**



**UNIVERSITY OF ALASKA FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 2 CONTRIBUTIONS RECEIVABLE**

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:

	2019	2018
In One Year or Less	\$ 1,283,994	\$ 946,062
Between One Year and Five Years	3,384,699	1,538,519
More than Five Years	2,008,451	-
Subtotal	6,677,144	2,484,581
Discount	(1,100,560)	(107,763)
Allowance for Uncollectible Pledges	(2,840)	(2,630)
Total	\$ 5,573,744	\$ 2,374,188

Unconditional promises to give are recorded at the discounted present value of the future cash flows using a discount rate ranging from 4.8% to 6.1%. 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.

**NOTE 3 INVESTMENTS**

**Operating Funds**

Operating funds consist of investable resources without donor restrictions and with donor restrictions funds, expendable gifts, and endowment distributions prior to disbursement. The investment objective of these funds is to provide 1) for the liquidity necessary to meet operational needs and 2) for the preservation of the principal necessary to meet program commitments.

**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



**UNIVERSITY OF ALASKA FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 4 FAIR VALUE**

**UNIVERSITY OF ALASKA FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 4 FAIR VALUE (CONTINUED)**

**UNIVERSITY OF ALASKA FOUNDATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 4 FAIR VALUE (CONTINUED)**

**Private Capital Funds**

Private capital funds are closed-end, commitment-based investment funds where the investor commits a specified amount of capital upon inception of the fund which is then drawn down over a specified period of the fund's life. Such funds do not provide redemption options for investors and, subsequent to final closing, do not permit commitments by new or existing investors.

Capital balances reported by the fund's manager are the primary input to its valuation; however, adjustments to the reported capital balance may be made based on various factors, including, but not limited to, the attributes of the interest held, including rights and obligations, and any restrictions or illiquidity on such interests, and the fair value of such fund's investment portfolio or other assets and liabilities. These interests, in the absence of recent and relevant market transactions, including secondary markets, are generally classified using the NAV practical expedient.

**Derivative Instruments**

Derivative instruments can be exchange traded or privately negotiated over-the-counter (OTC). Exchange traded derivatives, such as futures contracts are typically classified within Level 1 or Level 2 of the fair value hierarchy depending on whether or not they are deemed to be actively traded.

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, 2019 and 2018 of \$158,730 and \$(105,618), respectively, is included in pooled endowment funds in the consolidated statement 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, 2019 and 2018 were \$1,446,292 and \$573,792, respectively.

**UNIVERSITY OF ALASKA FOUNDATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 4 FAIR VALUE (CONTINUED)**

The following table summarizes the Foundation's financial assets measured at fair value on a recurring basis as of June 30, 2019:

	Level 1	Level 2	Level 3	Total
Pooled Endowment Funds:				
Money Market Mutual Funds	\$ 22,658,217	\$ -	\$ -	\$ 22,658,217
Mutual Funds	68,874,120	-	-	68,874,120
Exchanged Traded Funds	22,690,908	-	-	22,690,908
Common Stock	16,203,971	-	-	16,203,971
Depository Receipts	-	-	-	-
Futures Contracts	-	-	-	-
Treasury and Agency Bonds	-	547,705	-	547,705
Commingled Funds (a)	-	-	-	70,687,670
Hedge Funds (a)	-	-	-	92,080,449
Private Equity Funds (a)	-	-	-	69,272,978
Cash held for Long-Term Investment	-	-	-	766,827
Total Pooled Endowment Funds	130,427,216	547,705	-	363,782,845
Other Investments:				
Money Market Mutual Funds	59,436	-	-	59,436
Common Stock	1,277,676	-	-	1,277,676
Real Estate Investment Trusts	263,518	-	-	263,518
Treasury and Agency Bonds	-	-	-	-

**UNIVERSITY OF ALASKA FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 4 FAIR**

**UNIVERSITY OF ALASKA FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 4 FAIR VALUE (CONTINUED)**

There are no net unrealized losses related to Level 3 assets that are still held at June 30, 2019.

Investments in certain entities that calculate net asset value (NAV) per share are summarized by category as of June 30, 2019 as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Commingled Funds:				
Capital Appreciation				



**UNIVERSITY OF ALA**

**UNIVERSITY OF ALASKA FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 5 ENDOWMENTS (CONTINUED)**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fal3a Tj 1 0 ND

**UNIVERSITY OF ALASKA FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 5 ENDOWMENTS (CONTINUED)**

Changes in endowment net assets for the years ended June 30, 2019 and 2018 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance - July 1, 2017	\$ 14,976,582	\$ 171,935,459	\$ 186,912,041
Investment Income	44,759		



**UNIVERSITY OF ALASKA FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 6 NET ASSETS (CONTINUED)**

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

**UNIVERSITY OF ALASKA**

**UNIVERSITY OF ALASKA FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 9 LIQUIDITY AND AVAILABILITY (CONTINUED)**

At June 30, 2019, the following table shows the total financial assets held by the Foundation

**UNIVERSITY OF ALASKA FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 9 LIQUIDITY AND AVAILABILITY (CONTINUED)**

The Foundation's board of directors has designated a portion of net assets without donor restrictions for financial reserves to be drawn upon for the following purposes:

- Operating Reserve – to provide an internal source of funds and financial stability for the Foundation's ongoing operating expenses. Amounts held in the reserve shall be sufficient to pay four months of operating expenses, based on the prior year audited financial statements.
- Strategic Investment Reserve – to provide supplemental funds for strategic initiatives, capacity building, and development projects that advance the mission and sustainability of the Foundation. Amounts held in the Strategic Investment Reserve shall be sufficient to pay at least six months of operating expenses, based on the prior year audited financial statements.
- Sustainability Reserve – to provide a long- term source of operating income for the Foundation. Amounts held in the Sustainability Reserve shall be sufficient to pay at least one year of operating expenses, based on the prior year audited financial statements.