

Land-Grant Endowment Funds

The University of Alaska Land Grant Endowment has its origin in the federal land grant acts of 1915 and 1929 and subsequently the Alaska Statehood Act. Approximately 110,000 acres of land were transferred to the territory of Alaska and eventually to the Board of Regents to be held in trust for the university. The net proceeds from the sale, lease, exchange and other uses of these lands have been deposited in the University of Alaska Endowment Trust Fund as provided by Alaska Statute 14.40.400. Alaska Statute 14.40.400 gives the Board of Regents the authority to manage the endowment under the total return principles which are intended to preserve and maintain the purchasing power of the endowment fund, a unitized investment fund.

The accompanying schedules of Net Assets and Changes in Net Assets reflect the financial position of the Land-Grant Endowment and related funds as of June 30, 2008 and the changes in net assets for the year then ended. The investments of the Land-Grant Endowment and Inflation-Proofing Fund, which have fair values at June 30, 2008 of \$126.2 and \$16.5 million, respectively, are invested in a consolidated endowment fund managed by the University of Alaska Foundation in accordance with an agreement and investment policy approved by the Board of Regents.

Expenditure of the endowment fund earnings is governed by regents' policy, which provides that a portion of the earnings be utilized to manage the university's lands, a portion be set aside in order to maintain the purchasing power of the endowment, and a portion be transferred to the Natural Resources Fund for the purpose of funding programs in support of UA Scholars, natural resource management, marketing and education, and other university programs.

The Schedule of Allocated Natural Resources Fund Balances represents a summary of awards, transfers and expenditures for Natural Resources Fund projects.

Land-Grant Endowment Funds
Schedule of Net Assets
June 30, 2008

	Land-Grant Trust <u>Fund</u>	Inflation- Proofing <u>Fund</u>	Revenue <u>Fund</u>	Natural Resources <u>Fund</u>
Assets:				
Cash (due (to) from University)	\$ 200,657	\$ 2,442,314	\$ --	\$10,897,113
Receivables	4,580,213	210,732	--	--
Investments	126,152,806	16,483,232	--	--
Real property held for investment	--	13,947,015	--	--
Real property	<u>32,220,679</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total assets	163,154,355	33,083,293	--	10,897,113
Liabilities:				
Security deposits and other payables	3,872,812	86,650	--	--
Long-term debt	<u>--</u>	<u>5,847,460</u>	<u>--</u>	<u>--</u>
Total liabilities	<u>3,872,812</u>	<u>5,934,110</u>	<u>--</u>	<u>--</u>
Net assets	<u>\$159,281,543</u>	<u>\$27,149,183</u>	<u>\$ --</u>	<u>\$10,897,113</u>

Schedule of Changes in Net Assets
For the Year Ended June 30, 2008

Revenue and other additions:
Sale, lease, or transfer of real property,

Land-Grant Endowment Funds
Notes to the Financial Schedules
June 30, 2008

By Acts of Congress in 1915 and 1929, approximately 110,000 acres of land were transferred to the territory of Alaska to be held in trust for the university. The grant lands were subsequently transferred to the state of Alaska and eventually to the Board of Regents to be held in trust for the university. Currently, approximately 82,700 acres of these lands are held at no basis because fair value at the date of transfer was not determinable. In r-4(1)3(e.)9nle. In rd o9- rd -2(i)-5(t)

Revenue Fund

The Revenue Fund represents a depository fund for the distributable earnings of the Land-Grant Trust Fund, the Inflation-Proofing Fund, and the Natural Resources Fund.

Investment income reported in the Revenue Fund represents current yield or income on investments and other assets of the endowment and related designated funds.

In fiscal year 2008, the Revenue Fund transferred \$990,000 to the land management operating budget reserve. Not reflected in these financial schedules is the reserve with a balance of \$1,449,391 at June 30, 2008. The reserve is included in the university financial statements.

Natural Resources Fund

The Natural Resources Fund represents spendable funds designated by regents' policy to provide support for UA Scholars, agriculture, forestry, fisheries, mineral, and other university programs. All unexpended funds are invested in pooled investment funds of The Commonfund.

On October 23, 2005 House Bill 130, granting to the University of Alaska approximately 250,000 acres of state land, passed into law. The intent of the Legislature is to provide the university with an equitable land grant as originally envisioned in the federal land grant of 1915 and to provide the university ownership of a significant portfolio of income producing land to help fund public higher education in the state of Alaska. Because of restrictions in the legislation related to native allotments, municipal entitlements and the University Research Forest, and delays in the conveyance of two parcels from the federal government to the state of Alaska, only 49 parcels, totaling approximately 198,900 acres, are eligible for immediate conveyance to the university. As of June 30, 2008, the state of Alaska has conveyed 25,902 acres of the state grant lands to the university. Net proceeds and royalties received from property development will be deposited into the land grant endowment trust fund. The lands will be recorded

