

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 Position and Changes in Net Position reflect the financial position of the Land Grant Endowment and related funds as of June 30, 2011 and the changes in net position for the year then ended. The investments of the Land Grant Endowment and Inflation Proofing Fund, which have fair values at June 30, 2011 of \$112.6 and \$11.5 million, respectively, are a part of the consolidated financial statements of 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,

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Notes to the Financial Schedules
June 30, 2011

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 82,411 acres of these lands are held at no basis because fair value at the date of transfer was not determinable. In 1982 and 1988, the university was allowed to select certain state lands including timber and other rights as replacement for lands disposed of by the territory and the state. These replacement lands and property interests were recorded at their fair value as of the date of transfer.

Land Grant Trust Fund

The Land Grant Trust Fund as reported in these schedules represents the original land grant, the invested proceeds from the sale and/or development of these resources and the appreciation in value of the invested funds. The endowment is managed on a total return basis. Receivables of approximately \$3.1 million are primarily from sales of trust land. Investments of approximately \$112.6 million are held in a consolidated endowment la

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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

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\$ 18,888,587 \$ 4,778,696 \$ 4,420,297 \$ 11,158,906