

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 AS 14.40.400. Assets of the fund are invested on a total return basis in accordance with principles established under AS 14.25.180.

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, 2004 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, 2004 of \$84.4 and \$6.8 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 pni . agp BT/TT0 1 Tcp15.0

Land-Grant Endowment Funds
Schedule of Net Assets
June 30, 2004

	Land-Grant Trust <u>Fund</u>	Inflation- Proofing <u>Fund</u>	Revenue <u>Fund</u>	Natural Resources <u>Fund</u>
Assets:				
Cash	\$ 4,155,217	\$ 1,407,149	\$ --	\$7,758,306
Receivables	5,172,517	45,993	--	--
Investments	84,448,080	6,789,960	--	--
Real property	<u>31,739,037</u>	<u>7,508,973</u>	<u>--</u>	<u>--</u>
Total assets				

Land-Grant Endowment Funds
Notes to the Financial Schedules
June 30, 2004

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 84,000 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 \$5.2 million are primarily from sales of trust land, timber and mineral interests. Investments of approximately \$84.4 million are held in a consolidated endowment fund under the direction of the University of Alaska Foundation. The consolidated investment fund is managed by the Foundation's investment committee and treasurer in accordance with an investment policy

In fiscal year 2002, the Inflation-Proofing Fund advanced \$226,000 to partially fund the purchase of property adjacent to the Juneau Campus. Terms of the advance included a ten year repayment schedule at 6 percent interest. In fiscal year 2004, the Juneau Campus paid \$111,119, the remaining balance of the advance. The property is included in university's Investment in Plant fund group.

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 2004, the Revenue Fund transferred \$516,189 to the land management operating budget reserve. The reserve balance of \$958,700 at June 30, 2004 is not reflected in these financial schedules.

Natural Resources Fund

The Natural Resources Fund represents spendable funds designated by regents' policy to provide support for agriculture, forestry, fisheries, mineral, and other univers

Land Grant Endowment Funds
Schedule of Allocated Natural Resources Fund Balances
For the Year Ended June 30, 2004

Project	Available June 30, 2003	New Awards & Transfers	Expen- ditures	Available June 30, 2004
NATURAL RESOURCES PROJECTS				
Agriculture				
UAA/Wetlands Mercury	\$ 4,650	\$ -	\$ 4,650	\$ -
UAF/Forage Management	55,903	-	31,776	24,127
UAS/Rainfall Factors	2,362	-	2,362	-
Animals				
UAA/Moose Habitat	1,307	-	-	1,307
UAF/Walrus Stock Analysis	3,400	-	-	3,400
UAS/Ring Seal Survey	29,000	-	-	29,000
Fisheries				
UAA/Aquatic Macroinvertebrate Tolerance	3,762	-	523	3,239
UAA/Marketing Internships	3,625	-	-	3,625
UAF/Characteristics of Luminous Salmon Bacteria	7,625	-	2,300	5,325
UAF/Develop Sensor-Monitor Low Vapor Pressure	931	-	-	931
UAF/NOAA Facility	312,185	-	67,243	244,942
UAF/Prince of Wales Island Aquaculture	7,594	-	-	7,594
UAF/Sea-Air-Land Modeling & Observing	60	(60)	-	-
UAS/Aquatic Invertebrates Catalog	1,019	-	-	1,019
UAS/Crab Nurseries	1,196	-	1,093	103
UAS/Develop Remote Biomass Technology for Kelp	10,000	-	10,000	-
UAS/Fisheries Technology Program	326	-	326	-
Forestry				
UAA/Spruce Bark Beetle Research Coord. Committee	5,500	-	3,714	1,786
UAF/Boreal Forest Management	1,298	-	(248)	1,546
UAF/Factors Influence Spruce Bark Beetle	29,372	-	974	28,398
UAF/Forest Mapping	6,039	-	6,039	-
UAF/Forest Regrowth Model	5,155	(5,155)	-	-
UAF/Forest/Habitat Inventory	1,019	-	1,019	-
UAF/Global Forest Mapping - 4th Science Meeting	1,545	-	1,545	-
UAF/Management Plan - UA Experimental Forest	11,576	-	1,281	10,295
UAF/NEON Program Planning Meeting	8,199	-	8,199	-
UAF/Nitrogen Cycling	115	-	-	115
UAF/Plant-Microbe Interactions	38	-	-	38
UAF/Testing of Alaska Trusses	9,075	-	8,814	261
UAF/What is Forestry?	1,006	-	710	296
Minerals				
UAA/ASET Certification for Arsenic	12,865	-	12,865	-
UAF/Biological Recovery of Gold	1,853	-	1,853	-
UAF/Effects of Measurement Errors on Segregation Algorithm	14,000	-	13,844	156
UAF/Noninvasive Environmental Monitoring	3,369	-	-	3,369
UAF/Overcome Effect of Low Temperature on Soil	5,580	-	5,565	15
UAF/Sedimentology NE Alaska	9,195	-	831	8,364
UAF/Oil Economics/High School	18,597	-	6,744	11,853
UAS/Identifying Mineralogy of Glacially Eroded Sediment	2,663	-	-	2,663
Resources Management, Marketing, Education, and Other				
UAA/ANCSA Land Management	1,426	-	1,426	-
UAA/Natural Resource & Environmental Research Internship Program	16,048	-	8,288	7,760
UAA/Pollutant Assay	175	-	-	175
UAA/Resource Atlas	9,253	-	3,177	6,076

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Schedule of Allocated Natural Resources Fund Balances
For the Year Ended June 30, 2004

Project	Available June 30, 2003	New Awards & Transfers	Expen- ditures	Available June 30, 2004
UAF/Alaska Scholars Program	-	531,196	531,196	-
UAA/Alaska Scholars Program	-	901,038	901,038	-
UAS/Alaska Scholars Program	-	65,446	65,446	-
SYS/Alaska Scholars Program	798,200	649,024	40,430	1,406,794
SYS/Tuition Waiver Program, Coop. Scholarships	96,614	100,000	72,821	123,793
	<u>2,061,997</u>	<u>2,321,067</u>	<u>2,059,100</u>	<u>2,323,964</u>
Undistributed				
Closed projects	7,552	(7,129)	-	423
President discretionary awards	54,649	5,289	-	59,938
FY03 Transfer	890,150	-	-	890,150
FY04 Transfer	3,189,227	(2,319,227)	-	870,000
FY05 Transfer	-	3,613,831	-	3,613,831
	<u>\$ 6,203,575</u>	<u>\$ 3,613,831</u>	<u>\$ 2,059,100</u>	<u>\$ 7,758,306</u>