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# UNIVERSITY OF OREGON FOUNDATION 2006 – 2007 ANNUAL REPORT

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# 2006 – 2007 ANNUAL REPORT

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# MESSAGE FROM THE BOARD CHAIR

## BUILDING FOR THE FUTURE

We close the 2006-2007 fiscal year having achieved a record level of funds under management, marked by impressive investment returns and the continued strength of the University of Oregon's Campaign Oregon – Transforming Lives initiatives. These successes could not have happened without the collaborative efforts of the Foundation and University leadership, spearheaded by a remarkable group of skilled and dedicated Trustees.

As of the end of the year assets exceeded \$645 million, a 16% increase from last year and a remarkable 34% increase in the last two years. Our investment returns continue to be stellar resulting in performance in the top 16% of colleges and universities for the past decade. Dedicated Trustees working with staff continue to demonstrate our strong commitment to the stewardship of privately donated funds.

Donor response to continuing University academic and facilities needs pushed Campaign Oregon – Transforming Lives past the \$523 million mark towards the \$600 million goal. With this level of commitment and support, we are sure to meet or exceed the campaign goal.

The Foundation and University continue to work together in creative ways towards achievement of University long-term objectives. We created additional limited-liability corporations to facilitate property acquisitions and capital projects, including the renovation of the Athletic Treatment Center in the Casonova Center and the role of NCP, LLC in the construction of the new basketball arena. The

entire Foundation Board of Trustees, and specifically, the NCP Board Managers, have been very involved with this planning. NCP will play a key role in the facilitation of this \$200 million landmark construction project. Through these activities we continue to demonstrate our flexibility along with the appropriate fiduciary diligence to ensure oversight of the donated funds we are entrusted.

Finally, I am pleased to reconfirm the Foundation's commitment to live up to its legal and ethical obligations to our donors, the University and the public in general. There is understandably an ever increasing public scrutiny of not-for-profits, their governance and their accountability. While the Foundation is not legally required to adhere to the provisions of Sarbanes-Oxley, we strongly feel the need for the transparency and disclosures it contemplates. With the strong support of the Board and staff dedicated to these principles we believe donor and public trust will continue to be well placed with the University of Oregon Foundation.

Sincerely,



Robert Kraus  
Board Chair, UO Foundation  
2006-2007

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# 2006 – 2007 BOARD OF TRUSTEES

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## OFFICERS

Robert D. Kraus	Board Chair
Thomas Costabile	Immediate Past Board Chair
Keith L. Thomson	Board Chair Elect
Gwendolyn H. Lillis	Second Board Chair Elect
Jon P. Anderson	Secretary
Dan W. Hollingshead	Treasurer

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## TRUSTEES

Marcia L. Aaron	Peter W. Powell
Ruby L. Brockett	Douglas M. Ragen
Norman H. Brown, Jr.	Ginevra Reed Ralph
Warren Brown	James Sandstrom
Larry S. Bruton	Jordan D. Schnitzer
Gaylord E. Davis	William G. Seal
Frank Elsener	Colin Slade
Robert C. Fulton	Marty W. Smith
George E. Glass	Stacey Strade Squires
Joseph H. Gonyea II	Richard D. Stokes, Jr.
Allen L. Gummer	William R. Swindells
Ray B. Haroldson	Ann D. Thompson
H. Lawrence Hull, Jr.	Bonnie Towne
Sue Thorson Keene	Robert F. Turner
Lorry I. Lokey	Richard B. Ward
Sammie McCormack	Carol B. Williams
Janice M. Monti	Richard C. Williams
Cheryl D. Perrin	Robert F. Wulf
Dapo A. Popoola	

# FOUNDATION FACTS

## MISSION

The purpose and mission of the Foundation are, acting on its own or through affiliates, to support and assist the University of Oregon in its activities by management and administration of Foundation assets representing privately donated funds, by leading advocacy for the University, and by developing, financing, constructing, acquiring and operating facilities for or on behalf of the University.

## UO FOUNDATION

A separate legal entity from the University, the Foundation is a private, nonprofit corporation that is a tax-exempt 501(c)(3) organization under the U.S. Internal Revenue Code. The Foundation receives, records, invests, and disburses funds resulting from private contributions to the University for purposes such as student scholarships, faculty support, academic and athletic programs, and building improvements.

## LEADERSHIP

The Foundation is governed by a Board of Trustees. Selected for their professional expertise and support of the University, Board members are pri-

vate citizens who volunteer their time to the Foundation. Board members oversee management of Foundation assets, set Foundation operational policies, serve as advocates for the University, and assist the University with fundraising.

The Board of Trustees is accountable to University donors to ensure that their gifts are invested wisely and disbursed in accordance with donor directions. The Board works closely with University administrators so that gifts are directed to the University's highest priorities in keeping with University goals and policies.

## SUPPORT

The Foundation President & CEO and staff are responsible for receiving, accounting for, investing, and disbursing funds raised by the University from private individuals and organizations. In addition, the Foundation staff provides support services for University fundraising such as maintaining contact information on University of Oregon alumni and friends.

## STAFF LEADERSHIP

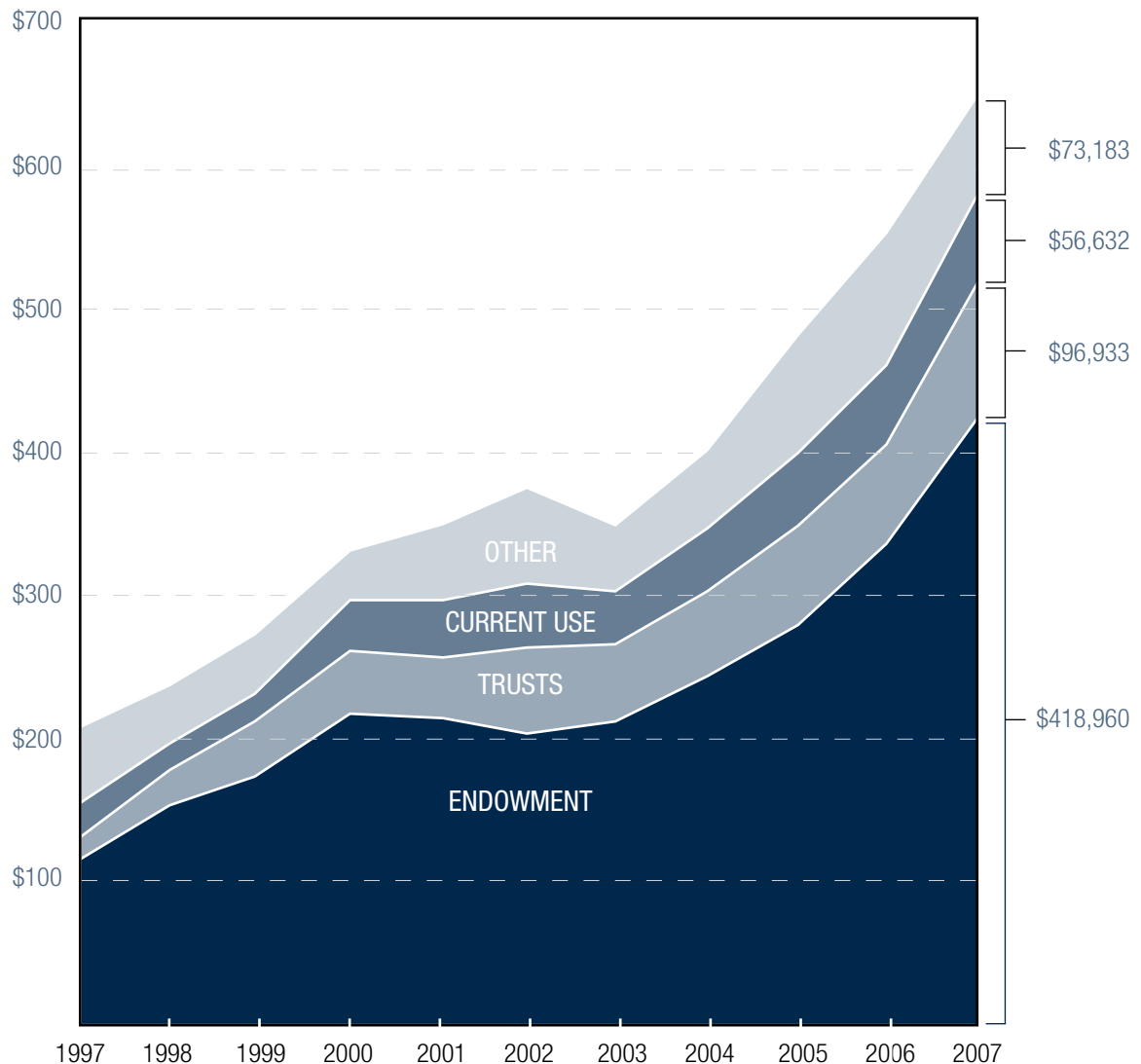
Karen A. Kreft	President & CEO
Gary Livesay	Chief Operating Officer
Jay Namyet	Chief Investment Officer
Eric Armstrong	Vice President, Business Technology
Erica Christofferson	Accounting Manager
Peggy Schneider	Vice President, Gift & Records Management
Lew Williams	Vice President, Real Property
Jenifer Winslow	Vice President, Corporate & Board Relations

# ASSETS

The Foundation's total assets increased from \$554 million to \$646 million over the course of fiscal 2007. This year's increase was largely derived from new gifts and strong investment results. Endowment assets grew from \$331 million to \$419 million. Trust assets increased from \$65 million to

\$97 million. Current assets were unchanged at \$57 million. Other assets decreased from \$101 million to \$73 million, primarily due to an acceleration in payments on pledges receivable.

UO FOUNDATION TOTAL ASSETS  
(IN MILLIONS)



# INVESTMENTS

The Foundation's Board of Trustees, through its Investment Committee and staff, manages the Foundation's investments. These are comprised of endowment and endowment-like assets invested in the Willamette Investment Pool, currently-spendable assets invested in the General Investment Program and life-income assets, such as trusts and gift annuities, managed on a separate-account basis.

Staff and Investment Committee meet periodically during the year to analyze appropriate courses of action, set asset-allocation targets, interview potential managers, evaluate existing managers, and recommend actions to the Full Board.

The Willamette Investment Pool is invested in perpetuity. This long-term perspective guides investment decision-making. The cornerstones of the philosophy are (1) maintaining a long-term, strategic asset-allocation, (2) earning a real rate-

of-return that exceeds the spending rate, (3) maintaining a strong equity-like bias to achieve required returns, and (4) a willingness to accept illiquidity to enhance these returns. Pool performance has been strong for the last 1, 3, 5 and 10-year periods in absolute terms as well as relative to the benchmark and peers.

The General Investment Program is invested for the short-term with liquidity and stability being of primary importance. Investments are largely in high-quality, short-term debt instruments. Returns tend to mirror six-month treasury-bill rates.

An external charitable-trust specialist manages most trusts and gift annuities for which the Foundation is trustee. A complement of well-diversified portfolios, each offering different ratios of equity and fixed-income exposure, is employed. Institutional-quality, tax-efficient mutual funds contribute to the portfolios' historically strong after-tax returns.

## WILLAMETTE INVESTMENT POOL ASSET ALLOCATION

ASSET CLASS	JUNE 30	TARGET
Domestic Stocks	26%	26%
International Stocks	15%	15%
Emerging Markets	7%	6%
Absolute Return	20%	20%
Private Capital	19%	18%
Real Assets	7%	8%
Fixed Income	6%	7%
Cash	1%	0%

## INVESTMENT PERFORMANCE

	1 YR FY 2007	3 YRS FY 05-07	5 YRS FY 03-07	10 YRS FY 98-07
Endowment Net Return	19.8%	14.7%	12.7%	10.2%
BENCHMARK*	15.8%	9.9%	9.6%	7.4%

\*Weighted Average of 70% Russell 3000 Stock Index and 30% Lehman Aggregate Bond Index.

# DISBURSEMENTS

Funds are disbursed at the request of authorized University officials for the donor designated purpose of the contribution. For fiscal year 2007, the Foundation disbursed more than \$61.9 million from contributions restricted for faculty and student support, academic programs, and facilities and operations, and more than \$11.6 million from unrestricted contributions for fundraising support

and special University projects. The disbursements are funded from both current-use contributions and income earned from endowment funds. Total disbursement levels vary from year to year depending on the University's needs and the amount of funds available.

## UO FOUNDATION DISBURSEMENTS TO THE UNIVERSITY

FY 2003-2007 (IN THOUSANDS)	2007	2006	2005	2004	2003
<b>DISBURSEMENTS FROM RESTRICTED CONTRIBUTIONS</b>					
<b>ACADEMIC SUPPORT</b>					
Faculty Support	\$964	\$1,023	\$1,528	\$1,939	\$1,741
Instructional & Research Programs	2,917	2,595	1,208	1,033	769
<b>STUDENT AID</b>					
Academic Merit & Need Scholarships	4,724	3,650	3,588	3,121	2,813
Student Athletic Scholarships	7,600	8,581	6,059	4,112	4,108
Student Loans & Wages	227	171	183	278	183
<b>OTHER UNIVERSITY SUPPORT</b>					
Supplies & Operating Expenses	16,657	9,487	11,639	10,475	18,667
Salaries & Other Personnel Expenses	2,419	2,535	2,275	1,486	1,467
<b>TOTAL PROGRAMS</b>	<b>35,508</b>	<b>28,042</b>	<b>26,480</b>	<b>22,444</b>	<b>29,748</b>
<b>FACILITIES &amp; EQUIPMENT</b>					
Academic	23,301	9,280	2,245	3,025	22,703
Non-Academic	3,071	4,396	4,105	5,668	6,779
<b>TOTAL FACILITIES &amp; EQUIPMENT</b>	<b>26,372</b>	<b>13,676</b>	<b>6,350</b>	<b>8,693</b>	<b>29,482</b>
<b>TOTAL RESTRICTED SUPPORT</b>	<b>\$61,880</b>	<b>\$41,718</b>	<b>\$32,830</b>	<b>\$31,137</b>	<b>\$59,230</b>
<b>DISBURSEMENTS FROM UNRESTRICTED CONTRIBUTIONS</b>					
<b>FUNDRAISING SUPPORT</b>	<b>\$2,804</b>	<b>\$1,990</b>	<b>\$2,955</b>	<b>\$3,325</b>	<b>\$1,777</b>
<b>OTHER SUPPORT &amp; SPECIAL UNIVERSITY PROJECTS</b>	<b>8,767</b>	<b>2,986</b>	<b>978</b>	<b>1,258</b>	<b>1,293</b>
<b>TOTAL UNRESTRICTED SUPPORT</b>	<b>\$11,571</b>	<b>\$4,976</b>	<b>\$3,933</b>	<b>\$4,583</b>	<b>\$3,070</b>

# GIFTS AND PLEDGES RAISED

During fiscal year 2006-2007, the Fundraising efforts of the University resulted in \$95.88 million of private giving. This amount includes gifts and pledges at face value. The accompanying financial statements include adjustments to this amount for uncollectibles and discounts to current value.

The Foundation receives donations in cash, securities (stocks and bonds), real estate, personal property, life insurance policies, equipment, and materials and services (gifts-in-kind).

Most donations received by the Foundation are designated by the donors for specific purposes.

Donations are of three basic types: current-use, available for the intended purpose immediately; endowments, where the principal portion is invested in perpetuity and only a portion of the resulting annual investment income (interest, dividends and net appreciation) is made available to spend for the intended purpose; and charitable trusts and annuities, where funds are invested, disbursements to the donors or beneficiaries are made in accordance with the trust or annuity agreements, and the fair market value of the remainder is available for the intended purpose as either a current-use or endowment when the trust or annuity matures.

## SOURCES

FY 2006-2007 (in millions)

Alumni	39.46%	\$37.83
Friends	35.15%	\$33.70
Foundations & Corporations	22.51%	\$21.59
Family Foundations	1.59%	\$1.53
Other	1.29%	\$1.24

## PURPOSES

FY 2006-2007 (in millions)

Programs	57.06%	\$54.72
Capital Improvements	21.41%	\$20.53
Student Access	9.70%	\$9.30
Faculty Support	11.83%	\$11.34

## TYPES

FY 2006-2007 (in millions)

Current Uses, Including Facilities and Equipment	50.30%	\$48.22
Endowments	34.04%	\$32.64
Trusts and Gift Annuities	15.66%	\$15.02

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# CONSOLIDATED FINANCIAL STATEMENTS

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FOR FISCAL YEARS ENDED JUNE 30, 2007 AND 2006

## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
University of Oregon Foundation  
Eugene, Oregon

We have audited the accompanying consolidated statement of financial position of the University of Oregon Foundation (a nonprofit organization) as of June 30, 2007 and 2006 and the related consolidated statements of activities, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the University of Oregon Foundation as of June 30, 2007 and 2006 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Moss Adams, LLP*

Moss Adams, LLP  
Eugene, Oregon  
September 19, 2007

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AMOUNTS ARE STATED IN THOUSANDS OF DOLLARS  
THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

JUNE 30

	<b>2007</b>	<b>2006</b>
<b>ASSETS</b>		
Investments:		
Marketable securities	\$ 333,988	\$ 269,401
Limited partnerships	215,696	152,013
Land and buildings, net	5,261	7,830
Money market funds and certificate of deposit	6,867	25,573
<b>TOTAL INVESTMENTS</b>	<u>561,812</u>	<u>454,817</u>
Pledges receivable, net	52,165	72,747
Cash	16,176	12,987
Other assets	15,554	13,215
<b>TOTAL ASSETS</b>	<u>\$ 645,707</u>	<u>\$ 553,766</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES:</b>		
Accounts payable	\$ 2,570	\$ 632
Obligations to beneficiaries under split-interest agreements	50,485	38,409
Notes payable	1,602	5,584
Deposits held in custody	13,341	11,420
<b>TOTAL LIABILITIES</b>	<u>67,998</u>	<u>56,045</u>
<b>NET ASSETS:</b>		
Unrestricted	14,981	12,339
Temporarily restricted	290,663	248,174
Permanently restricted	272,065	237,208
<b>TOTAL NET ASSETS</b>	<u>577,709</u>	<u>497,721</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 645,707</u>	<u>\$ 553,766</u>

# CONSOLIDATED STATEMENT OF ACTIVITIES

AMOUNTS ARE STATED IN THOUSANDS OF DOLLARS  
THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

YEARS ENDED JUNE 30

**2007** **2006**

## CHANGES IN UNRESTRICTED NET ASSETS

### FOUNDATION-CONTROLLED ACTIVITIES

#### REVENUE AND GAINS:

Contributions	\$ 7,993	\$ 2,645
Investment income	4,121	2,909
Administrative assessments	5,691	3,074
Other revenue	878	1,862
<b>TOTAL REVENUES AND GAINS</b>	<b>18,683</b>	<b>10,490</b>

#### NET ASSETS RELEASED FROM RESTRICTIONS:

Expiration of time restrictions	1	603
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>	<b>18,684</b>	<b>11,093</b>

#### EXPENSES:

Administrative and general	4,470	3,608
Fundraising support	2,804	1,990
Other University support	8,767	2,986
<b>TOTAL EXPENSES</b>	<b>16,041</b>	<b>8,584</b>
<b>INCREASE IN UNRESTRICTED NET ASSETS</b>	<b>2,643</b>	<b>2,509</b>

### UNIVERSITY-CONTROLLED ACTIVITIES

#### NET ASSETS RELEASED FROM RESTRICTIONS THROUGH SATISFACTION OF:

Program restrictions	35,508	28,042
Facilities and equipment restrictions	26,372	13,676
<b>TOTAL NET ASSETS RELEASED FROM RESTRICTIONS</b>	<b>61,880</b>	<b>41,718</b>
<b>DISBURSEMENTS OF NET ASSETS RELEASED FROM RESTRICTIONS</b>	<b>(61,880)</b>	<b>(41,718)</b>
<b>INCREASE IN UNRESTRICTED NET ASSETS</b>	<b>2,643</b>	<b>2,509</b>

## CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:

Contributions	46,155	47,978
Investment income	63,513	40,141
Administrative assessments	(5,555)	(2,921)
Net revaluation of split-interest agreements	257	934
Net assets released from restrictions	(61,881)	(42,321)
<b>INCREASE IN TEMPORARILY RESTRICTED NET ASSETS</b>	<b>42,489</b>	<b>43,811</b>

## CHANGES IN PERMANENTLY RESTRICTED NET ASSETS:

Contributions	30,075	20,783
Net revaluation of split-interest agreements	4,781	2,113
<b>INCREASE IN PERMANENTLY RESTRICTED NET ASSETS</b>	<b>34,856</b>	<b>22,896</b>
<b>INCREASE IN NET ASSETS</b>	<b>79,988</b>	<b>69,216</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>497,721</b>	<b>428,505</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 577,709</b>	<b>\$ 497,721</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

AMOUNTS ARE STATED IN THOUSANDS OF DOLLARS  
THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

YEARS ENDED JUNE 30

**2007**

**2006**

## CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 79,988	\$ 69,216
Adjustments to reconcile change in net assets to net cash from operating activities:		
Endowment contributions	(30,075)	(20,783)
Non-cash gifts	(1,160)	(5,450)
Net revaluation of split-interest agreements	(5,038)	(3,047)
Increase in fair value of investments	(28,432)	(32,098)
Decrease (increase) in non-endowment pledges receivable	17,204	(8,776)
Cash decrease, net, in obligations to beneficiaries under split-interest agreements	(2,627)	(2,194)
Other	116	2,015
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>29,976</b>	<b>(1,117)</b>

## CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of investments	(215,286)	(154,278)
Proceeds from sale of investments	137,482	127,085
Net change in money market funds and certificate of deposit	19,626	1,013
<b>NET CASH USED BY INVESTMENT ACTIVITIES</b>	<b>(58,178)</b>	<b>(26,180)</b>

## CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from endowment gifts and pledges	33,452	27,050
Proceeds from loans	1,300	0
Repayment of loans	(5,282)	(30)
Increase in deposits held in custody	1,921	1,362
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>31,391</b>	<b>28,382</b>

## NET INCREASE IN CASH

3,189

1,085

## CASH, BEGINNING OF YEAR

12,987

11,902

## CASH, END OF YEAR

\$ 16,176

\$ 12,987

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AMOUNTS ARE STATED IN THOUSANDS OF DOLLARS

## 1. ORGANIZATION

The University of Oregon Foundation (Foundation) was established to provide support for the private fundraising efforts of the University of Oregon (University) and to manage privately donated funds. The Foundation is a not-for-profit corporation organized in accordance with the laws of the State of Oregon and managed by a volunteer Board of Trustees. Under the State of Oregon's administrative rules and the contract governing the relationship between the Foundation and the University, the Foundation must be independent of, and cannot be controlled by, the University. The Foundation is exempt from federal income tax in accordance with the provisions of Internal Revenue Code Section 501(c)(3).

The private fundraising efforts of the University result in the Foundation receiving contributions restricted for University controlled activities. Such contributions include endowments to be invested in perpetuity and provide academic support, student aid, and other University support from investment income, as well as contributions to be used currently for those purposes and facilities and equipment. The fundraising efforts also result in the creation of charitable trusts and gift annuities. When the trusts and annuities mature, the market values of the remainder interests are available for the intended purposes as current-use or endowment gifts. The Foundation is the trustee for substantially all of the charitable remainder trusts. The Foundation also receives unrestricted contributions that can be used for Foundation activities.

Contributions may be received in cash, securities, real estate, personal property, life insurance policies, and equipment, materials and services (gifts-in-kind). Contributions received in forms other than cash, except gifts-in-kind, are generally liquidated. The proceeds, together with cash gifts, are placed in investment pools or other investments consistent with the purpose of the gift or the requirements of the trust agreement. The Foundation employs investment professionals to manage the investment pools and certain trust investments, and manages other investments directly. The Foundation makes administrative assessments on amounts held for University-controlled activities and split-interest agreements to cover the expense of Foundation administration.

Under a contract agreement, the Foundation provides financial support for the University's private fundraising efforts, maintains donor records and issues reports to donors, and provides certain direct University support at the request of the President of the University. Also as part of the contract, the University contributed office space, utilities, and maintenance services to the Foundation until September 2006 when the Foundation entered into a lease for private office space (Note 12).

In August 2005, the Foundation was named as the sole member of the Powell Geary Pacific, LLC (PGP, LLC), a minority member of Powell Albany LLC to facilitate a donor gift to support the pro-

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# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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AMOUNTS ARE STATED IN THOUSANDS OF DOLLARS

grams of the University. PGP, LLC filed for cancellation/withdrawal as a limited liability company with the Secretary of State for Washington which was granted in July 2006.

In July 2004, National Championship Properties, LLC (NCP, LLC) was formed as a wholly-owned subsidiary of the University of Oregon Foundation to participate in activities leading to construction of a new basketball arena for the University.

In December 2004, Oregon Future Expansion, LLC (OFX, LLC) was formed as a wholly-owned subsidiary of the University of Oregon Foundation to acquire and hold real property intended to sup-

port the programs of the University. OFX, LLC was dissolved as of May 2007.

In September 2006, Oregon Future Expansion II, LLC (OFX II, LLC) was formed as a wholly-owned subsidiary of the University of Oregon Foundation to acquire certain real property, and to renovate, demolish, and construct improvements thereon, intended principally for use by the University of Oregon.

In September 2006, Phit, LLC was formed as a wholly-owned subsidiary of the University of Oregon Foundation to expedite renovation of certain facilities of the University of Oregon.

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Foundation's consolidated financial statements are presented in conformity with Generally Accepted Accounting Principles (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual amounts could differ from those estimates.

The consolidated financial statements include the accounts of the Foundation; PGP, LLC; NCP, LLC; OFX, LLC; OFX II, LLC; and Phit, LLC (Note 1). All inter-entity transactions and balances have been

eliminated. See Note 11 for additional information related to OFX, LLC and OFX II, LLC.

The Foundation's more significant accounting policies are described here.

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### CONTRIBUTIONS

Gifts and pledges that represent unconditional promises to give are recorded when received or made, respectively. Pledges are recorded net of an allowance for uncollectible amounts. Pledges that will be met over periods in excess of a year are discounted to present value using a risk-free interest rate. Amortization of the discount is reported in subsequent periods as additional contributions.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AMOUNTS ARE STATED IN THOUSANDS OF DOLLARS

Contributions are reported as revenues increasing net assets. Contributions that are to be invested in perpetuity as an endowment pursuant to donor stipulations are recorded as revenues increasing permanently restricted net assets. Remaining contributions with donor stipulations restricting their use to specific activities or representing time restrictions are reported as revenues increasing temporarily restricted net assets. When the activities occur or the time restrictions expire, as applicable, the amounts are transferred from temporarily restricted to unrestricted net assets and any related disbursements reported as a decrease in unrestricted net assets. In each case, contributions include the remainder interest of charitable remainder trusts and the gift portion of gift annuities established for the benefit of the University. Contributions without donor restrictions are reported as revenues increasing unrestricted net assets.

## INVESTMENTS AND INVESTMENT INCOME

Investments in debt and equity marketable securities are reported at quoted market prices. Limited partnership investments other than marketable securities are reported at estimated fair value as determined by the general partners. Due to the time required for the partnerships to provide their financial information, values reported in the financial statements at June 30 for certain partnerships reflect values reported by those partnerships at March 31 or May 31. Money market funds, certificates of deposit, and other highly liquid investments with maturities of 90 days or less are reported at cost, which approximates the fair value because of short maturities. Investments in

land and buildings are reported at estimated fair value as determined by the Foundation's management. Security transactions are recorded on a trade date basis. Interest is recorded as earned and dividends are recorded as of the ex-dividend date. Investment income includes interest, dividends, unrealized and realized gains and losses, and is reduced by investment management and transaction fees. Investment income attributable to amounts held for University-controlled activities is reported in temporarily restricted net assets. When the activities occur, the amounts are transferred from temporarily restricted to unrestricted net assets and the disbursements are reported as decreases in unrestricted net assets. Investment income attributable to amounts held for Foundation-controlled activities is reported in unrestricted net assets. Investment income attributable to amounts held for the benefit of trust beneficiaries is reported in obligations to trust beneficiaries.

## OBLIGATIONS UNDER SPLIT-INTEREST AGREEMENTS

Obligations under split-interest agreements (charitable remainder trusts and gift annuities) are recorded when incurred at the present value of the disbursements to be made to the donor-designated beneficiaries. Disbursements under charitable remainder trusts and gift annuities are fixed amounts, while disbursements under charitable remainder annuity unitrusts are a specified percentage of the trust assets' fair value as determined annually. Disbursements are paid over the lives of the beneficiaries or another donor-specified period. Present values are determined using discount rates established by the Internal Revenue

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AMOUNTS ARE STATED IN THOUSANDS OF DOLLARS

Service and actuarially determined expected lives of beneficiaries. Obligations under the split-interest agreements are revalued annually on June 30 to reflect actual experience, but the discount rate is not changed. The net revaluations, together with any remaining recorded obligations after all trust or gift obligations under terminated agreements have been met, are reported as net changes in the value of split-interest agreements in temporarily or permanently restricted net assets, depending on donor stipulations.

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## CASH

Cash consists of demand deposits held by a regional financial institution and national investment firms. At times, balances may exceed amounts insured by the Federal Deposit Insurance Corporation.

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## DONATED MATERIALS AND SERVICES

Donated materials and services are reflected as contributions at their estimated values at date of receipt.

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## 3. ASSESSMENTS AND ENDOWMENT DISTRIBUTIONS TO THE UNIVERSITY OF OREGON

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### ASSESSMENTS

The Foundation makes assessments to cover its administrative and certain University fundraising expenses.

#### **Trust Assets and Gift Annuities**

.025% is assessed by the Foundation quarterly based on the asset valuation as of the beginning of the quarter. In addition, the trust asset manager assesses each trust an administrative and investment management fee based on asset valuation as of the beginning of the year.

#### **Endowment Assets**

.25% is assessed quarterly based on the asset valuation as of the end of the quarter.

#### **Current-Use Gifts for University Programs**

Annual Giving Program gifts are assessed 15% of the gift value at the time of the gift. All other

current University program gifts are assessed 3% of the gift value at the time of the gift.

#### **Endowment Gifts**

Initial year investment income earned, up to 3% of gift value, is retained.

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### ENDOWMENT DISTRIBUTIONS TO THE UNIVERSITY OF OREGON

Endowment assets equal to the original amount of endowment gifts are permanently restricted for investment. The Board of Trustees of the Foundation is authorized to determine distributions to be made from endowment assets and has established the policy of maintaining in perpetuity the real (after inflation) investment earning power of endowment gifts. The Board of Trustees has authorized distributions at the rate of 4% (annual percentage rate) of the trailing three-year average fair value of all endowment assets.

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# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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AMOUNTS ARE STATED IN THOUSANDS OF DOLLARS

Authorized distributions are retained as temporarily restricted net assets until disbursement is requested by appropriate University officials consistent with the terms of the gift. Requested amounts

are then transferred from temporarily restricted to unrestricted net assets and the disbursement is reported as a decrease in unrestricted net assets.

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## 4. INVESTMENTS

The investments are organized and managed in the following four ways:

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### GENERAL INVESTMENT PROGRAM

The General Investment Program includes externally managed assets invested for the short to medium term and endowment distributions prior to disbursement.

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### WILLAMETTE INVESTMENT POOL

True endowment and quasi-endowment assets are pooled in the externally managed investment Willamette Investment Pool. The investment pool has the following objectives: (1) to provide an annual distribution for endowments, as determined by the Board of Trustees (Note 3), to support designated University activities and (2) to achieve a growth rate on the endowment and gift principal amounts over a market cycle (generally three to five years) of not less than the rate of inflation as measured by the consumer price index.

At June 30, 2007, the Willamette Investment Pool is approximately 85% true endowments and 15% quasi-endowments. Gift annuities, 2% of the Pool as of June 30, 2006, were transferred out of the

Pool during 2007 into individually managed accounts, primarily for administrative purposes.

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### EXTERNALLY MANAGED CHARITABLE TRUSTS AND GIFT ANNUITIES

Charitable trust agreement assets are managed on an individual account basis. Gift annuity assets are managed as a pool.

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### INDIVIDUAL ENDOWMENTS, INDIVIDUAL CHARITABLE TRUSTS AND OTHER INVESTMENTS

Certain endowment and charitable trust agreement assets are managed directly by the Foundation because those assets cannot be liquidated and placed in an investment pool or managed externally due to donor restrictions. In addition, the Foundation holds land and buildings to be liquidated.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AMOUNTS ARE STATED IN THOUSANDS OF DOLLARS

Investments in the four groups consisted of the following:

	GENERAL INVESTMENT PROGRAM	WILLAMETTE INVESTMENT POOL	EXTERNALLY MANAGED CHARITABLE TRUSTS AND GIFT ANNUITIES	INDIVIDUAL ENDOWMENTS, INDIVIDUAL CHARITABLE TRUSTS AND OTHER INVESTMENTS	TOTAL
<b>MARKETABLE SECURITIES:</b>					<b>June 30, 2007</b>
Corporate debt and equity mutual funds	\$ -	66,083	93,183	-	159,266
Equity securities	-	108,621	-	782	109,403
Corporate debt securities	30,166	8,866	-	-	39,032
Government debt securities	7,983	16,234	-	2,070	26,287
Total marketable securities	38,149	199,804	93,183	2,852	333,988
Limited partnerships	6,500	209,196	-	-	215,696
Land and buildings	-	-	-	5,261	5,261
Money Market funds and certificate of deposit	1,090	4,732	22	1,023	6,867
<b>TOTAL INVESTMENTS</b>	<b>\$ 45,739</b>	<b>\$ 413,732</b>	<b>\$ 93,205</b>	<b>\$ 9,136</b>	<b>\$ 561,812</b>
<b>MARKETABLE SECURITIES:</b>					<b>June 30, 2006</b>
Corporate debt and equity mutual funds	\$ -	\$ 49,073	\$ 64,864	\$ 2,250	\$ 116,187
Equity securities	-	94,233	-	422	94,655
Corporate debt securities	28,629	8,449	-	-	37,078
Government debt securities	7,450	13,925	-	106	21,481
Total marketable securities	36,079	165,680	64,864	2,778	269,401
Limited partnerships	-	152,013	-	-	152,013
Land and buildings	-	-	-	7,830	7,830
Money Market funds and certificate of deposit	18,730	6,794	-	49	25,573
<b>TOTAL INVESTMENTS</b>	<b>\$ 54,809</b>	<b>\$ 324,487</b>	<b>\$ 64,864</b>	<b>\$ 10,657</b>	<b>\$ 454,817</b>

Investments are reported net of related expenses, \$3,944 and \$2,754 as of June 30, 2007 and 2006, respectively.

Limited partnership investments include: venture capital, private equity, distressed and mezzanine debt, real estate, and natural resources, as well as arbitrage strategies that include multi-strategy, fixed income, and long/short equity.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AMOUNTS ARE STATED IN THOUSANDS OF DOLLARS

## 5. GIFT ANNUITIES

Assets received from donors to establish gift annuities are recorded in a pooled account until the annuities mature. Gift annuities are accounted for individually. At June 30, 2007 and 2006, the market value of the investments was \$6,963 and \$5,715, respectively, and the present value of related gift annuity obligations was \$3,227 and \$2,764, respectively. For the years ended June 30, 2007 and 2006, total return on the assets was \$712 and \$756, respectively, and payments to an-

nuitants were \$523 and \$453, respectively. Assets are restricted (reserved) to meet the gift annuity obligations. The excess of gift annuity related assets over gift annuity obligations (net assets) is temporarily or permanently restricted based on the donor's intent for the gift. Gift annuities are managed in compliance with applicable state statutes.

## 6. PLEDGES RECEIVABLE

Total pledges receivable, net of an allowance for uncollectible pledges and discounted to present value at June 30, 2007 and 2006, are shown below. The discount rates used to determine present

values are based on U.S. Treasury notes rates for comparable maturities. See Note 14 for pledges receivable from Board of Trustees.

				<b>June 30 2007</b>			<b>June 30 2006</b>
	LESS THAN ONE YEAR	ONE TO FIVE YEARS	MORE THAN FIVE YEARS	TOTAL			TOTAL
Pledges receivable, gross	\$ 14,895	\$ 43,839	\$ 963	\$ 59,697	\$		83,305
Allowance for uncollectible pledges	(757)	(2,193)	(855)	(3,805)			(5,600)
Discount to present value	-	(3,703)	(24)	(3,727)			(4,958)
<b>PLEDGES RECEIVABLE, NET</b>	<u>\$ 14,138</u>	<u>\$ 37,943</u>	<u>\$ 84</u>	<u>\$ 52,165</u>	\$		<u>72,747</u>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AMOUNTS ARE STATED IN THOUSANDS OF DOLLARS

## 7. PERMANENTLY RESTRICTED NET ASSETS

	JUNE 30	
	2007	2006
<b>PERMANENTLY RESTRICTED NET ASSETS CONSIST OF THE FOLLOWING:</b>		
Endowment gifts received	\$ 214,597	\$ 185,123
Endowment pledges receivable net of allowance for uncollectible amounts, at estimated present value	12,961	16,339
Endowment remainder interest in split-interest agreements, at estimated present value	44,507	35,746
<b>TOTAL PERMANENTLY RESTRICTED NET ASSETS</b>	<b>\$ 272,065</b>	<b>\$ 237,208</b>

### **DONORS HAVE PERMANENTLY RESTRICTED NET ASSETS FOR THE BENEFIT OF THE FOLLOWING:**

#### University-controlled activities:

Academic support	\$ 144,120	\$ 127,073
Student aid	84,398	70,143
Other University support	41,395	37,840
<b>TOTAL UNIVERSITY-CONTROLLED ACTIVITIES</b>	<b>269,913</b>	<b>235,056</b>
<b>FOUNDATION-CONTROLLED ACTIVITIES</b>	<b>2,152</b>	<b>2,152</b>
<b>TOTAL PERMANENTLY RESTRICTED NET ASSETS</b>	<b>\$ 272,065</b>	<b>\$ 237,208</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AMOUNTS ARE STATED IN THOUSANDS OF DOLLARS

## 8. TEMPORARILY RESTRICTED NET ASSETS

	JUNE 30	
	2007	2006
<b>DONORS HAVE TEMPORARILY RESTRICTED NET ASSETS FOR THE BENEFIT OF THE FOLLOWING:</b>		
<b>UNIVERSITY-CONTROLLED ACTIVITIES:</b>		
Academic support	\$ 114,188	\$ 84,514
Student aid	64,871	53,682
Other University support	75,913	59,607
<b>SUBTOTAL PROGRAMS</b>	<b>254,972</b>	<b>197,803</b>
Academic facilities and equipment	10,729	28,856
Non-academic facilities and equipment	22,182	19,567
<b>TOTAL UNIVERSITY-CONTROLLED ACTIVITIES</b>	<b>\$ 287,883</b>	<b>\$ 246,226</b>
Foundation-controlled activities	2,780	1,948
<b>TOTAL TEMPORARILY RESTRICTED NET ASSETS</b>	<b>\$ 290,663</b>	<b>\$ 248,174</b>
Included in the above amounts at June 30, 2007 are pledges receivable and remainder interests in split-interest agreements expected to be collected or mature, as applicable, as follows:		
	UNIVERSITY-CONTROLLED ACTIVITIES	FOUNDATION-CONTROLLED ACTIVITIES
1 to 5 years	\$ 31,245	\$ 1,688
6 to 10 years	338	-
11 to 15 years	874	133
16 to 20 years	1,413	659
21 years or more	2,725	381
<b>TOTAL NET ASSETS RESTRICTED DUE TO TIME RESTRICTIONS</b>	<b>\$ 36,595</b>	<b>\$ 2,861</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AMOUNTS ARE STATED IN THOUSANDS OF DOLLARS

## 9. OBLIGATIONS TO BENEFICIARIES UNDER SPLIT-INTEREST AGREEMENTS AND DEPOSITS HELD IN CUSTODY

	YEARS ENDED JUNE 30	
	2007	2006
<b>CHANGES IN OBLIGATIONS TO BENEFICIARIES UNDER SPLIT-INTEREST AGREEMENTS ARE AS FOLLOWS:</b>		
Balance, beginning of year	\$ 38,409	\$ 36,404
<b>CHANGES:</b>		
Obligations on new gifts	9,644	1,350
Investment and other income, net	12,326	7,888
Net revaluation	(5,038)	(3,047)
Payment to beneficiaries	(4,625)	(3,907)
Administrative assessments	(83)	(142)
Other management expenses	(148)	(137)
<b>NET INCREASE</b>	<u>12,076</u>	<u>2,005</u>
<b>BALANCE, END OF YEAR</b>	<u>\$ 50,485</u>	<u>\$ 38,409</u>
<b>DEPOSITS HELD IN CUSTODY ARE AS FOLLOWS:</b>		
Due to the University of Oregon Alumni Association	\$ 13,204	\$ 11,273
Due to others	137	147
<b>TOTAL DEPOSITS HELD IN CUSTODY</b>	<u>\$ 13,341</u>	<u>\$ 11,420</u>

## 10. DEFINED CONTRIBUTION BENEFIT PLAN

The Foundation maintains a tax-deferred annuity plan in accordance with Internal Revenue Service Code Section 403(b). The Plan covers all employees who have attained the minimum age of 21 and have been employed six months or more. The Foundation makes contributions equal to 18.32% of compensation. Employee contributions are not

required, although employees may make elective contributions. Employer contributions are 100% vested upon completion of five years of service. Amounts contributed and charged to expense for the years ended June 30, 2007 and 2006 were \$347 and \$320, respectively.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AMOUNTS ARE STATED IN THOUSANDS OF DOLLARS

## 11. NOTES PAYABLE

	JUNE 30	
	2007	2006
<b>AT JUNE 30, THE FOUNDATION HAD THE FOLLOWING NOTES PAYABLE TO A BANK OUTSTANDING:</b>		
Due January 1, 2015, variable interest rate based on Lender's Prime, currently 8.25%, quarterly payments of \$9, principal and interest. Proceeds disbursed to the University for renovation of the Jordan Schnitzer Museum of Art. To be repaid with endowment distributions. The note is unsecured.	\$ 205	\$ 229
Due October 10, 2010, variable interest rate based on Lender's Prime, currently 8.25%, quarterly payments of \$9, principal and interest. Proceeds disbursed to the University for the renovation of the School of Architecture and Allied Arts' historic Watzek House. To be repaid with endowment distributions. The note is unsecured.	106	132
Due March 10, 2017, 5.5%, monthly payments of interest only through March 9, 2007. Proceeds realized in the amount of \$5,223 were utilized by OFX, LLC to acquire real property for \$5,200 on behalf of the University. The note was secured by the acquired real property and \$1,500 of unrestricted net assets. The property was leased by the University July 1, 2005 through February 15, 2007. The University of Oregon purchased the property from the Foundation February 16, 2007 for an amount equal to the debt balance and related expenses.	-	5,223
Due February 1, 2012, 7.75%, quarterly payments of \$18, principal and interest, \$316 balloon. Proceeds disbursed to the University for the Robinson Theatre construction project. To be repaid with endowment distributions. The note is unsecured.	491	-
Due December 10, 2008, 7.75%, monthly payments of interest only, \$805 balloon. Proceeds realized were utilized by OFX II, LLC to acquire real property which is leased to the University. The note is secured by the acquired real property.	800	-
<b>TOTAL</b>	<b>\$ 1,602</b>	<b>\$ 5,584</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AMOUNTS ARE STATED IN THOUSANDS OF DOLLARS

The scheduled maturities of the notes are as follows:

FISCAL YEAR	MATURITIES
2008	\$ 82
2009	889
2010	96
2011	87
2012	360
2013 - 2015	88
<b>TOTAL</b>	<b>\$ 1,602</b>

Interest expense associated with the above notes for the years ended June 30, 2007 and 2006 was \$212 and \$255, respectively.

## 12. LEASES

The OFX, LLC lease of real property it owned (Note 11) to the State of Oregon, acting through the State Board of Higher Education on behalf of the University of Oregon, was terminated on February 16, 2007 pursuant to the lease agreement option. The University of Oregon purchased the property for an amount equal to the related debt balance and expenses.

OFX II, LLC has leased real property it owns (Note 11) to the State of Oregon, acting through the State Board of Higher Education on behalf of the University of Oregon, for a term of three years through December 29, 2009. Quarterly rent payable in advance is \$16. After December 29, 2008, both parties have the option to terminate the lease with not less than 90 days prior written notice to the other party. There are no lease renewal provisions.

The Foundation has entered into an operating lease agreement for office space with a third party for a term of five years through September 11, 2011 with successive options to renew for three and two years, respectively. The minimum lease payments are set forth below and beginning with the 2008 payment are subject to adjustment based on the Consumer Price Index. If the options to renew are exercised, the lease payments will be adjusted to the then fair market rental rate for the office space, but not lower than the monthly lease payments for the last year of the preceding term.

FISCAL YEAR	
2008	\$ 162
2009	162
2010	162
2011	162
2012	30
<b>TOTAL</b>	<b>\$ 678</b>

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# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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AMOUNTS ARE STATED IN THOUSANDS OF DOLLARS

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## 13. COMMITMENTS AND CONTINGENCIES

The Foundation has capital commitments of \$91,400 to investment partnerships including both uncalled amounts and callable amounts resulting from distribution of liquidation proceeds before the end of the investment periods. With the exception of \$5,330 of remaining venture capital commitments that may be called over the life of the funds through 2017, the remainder of the

outstanding commitments are subject to investment period restrictions, the last of which expires in 2014. Distributions from limited partnerships, new cash gifts and assets redeployed from other asset classes are all available to fund these commitments.

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## 14. CONCENTRATIONS

The Foundation received approximately 29% of total contributions from three donors (18% from a Trustee and 6% and 5% from other donors) during the year ended June 30, 2007 and 23% of total contributions from three donors (11% from a trustee, and 6% and 6% from other donors) during the year ended June 30, 2006.

Pledges receivable, gross, included approximately 29% from one donor (a Trustee) and 32% from two donors (20% from a Trustee and 12% from

another donor), at June 30, 2007 and 2006, respectively.

As a group, Foundation Trustees contributed approximately 32% and 13% of total contributions for the years ended June 30, 2007 and 2006, respectively, and represented approximately 57% and 34% of pledges receivable, gross, at June 30, 2007 and 2006, respectively.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AMOUNTS ARE STATED IN THOUSANDS OF DOLLARS

## 15. SUPPLEMENTAL INFORMATION ON CASH FLOWS AND NON-CASH ACTIVITIES

	YEARS ENDED JUNE 30	
	2007	2006
Increase in obligations to beneficiaries under split-interest agreements	\$ 12,076	\$ 2,005
Non-cash items:		
New split-interest agreements	(9,644)	(1,350)
Increase in fair value of investments	(10,180)	(6,038)
Net revaluation of split-interest agreements	5,038	3,047
Administrative assessments	83	142
<b>CASH DECREASE, NET, IN OBLIGATIONS TO BENEFICIARIES UNDER SPLIT-INTEREST AGREEMENTS</b>	<b>\$ (2,627)</b>	<b>\$ (2,194)</b>
Non-cash gifts, including endowment contributions, received:		
Marketable securities	\$ 11,519	\$ 9,319
Land, buildings, and other	3,764	514
<b>TOTAL NON-CASH CONTRIBUTIONS</b>	<b>\$ 15,283</b>	<b>\$ 9,833</b>
<b>MARKETABLE SECURITIES RECEIVED FOR THE BENEFIT OF THIRD PARTIES UNDER SPLIT-INTEREST AGREEMENTS</b>	<b>\$ 9,644</b>	<b>\$ 1,350</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AMOUNTS ARE STATED IN THOUSANDS OF DOLLARS

## 16. ADDITIONAL INFORMATION

	YEARS ENDED JUNE 30	
	<b>2007</b>	<b>2006</b>
<b>CONTRIBUTION AND INVESTMENT RESULTS</b>		
<b>CONTRIBUTIONS:</b>		
For University-controlled activities:		
Temporarily restricted	\$ 46,155	\$ 47,978
Permanently restricted	30,076	20,783
<b>TOTAL FOR UNIVERSITY-CONTROLLED ACTIVITIES</b>	<b>76,231</b>	<b>68,761</b>
For Foundation-controlled activities:		
Unrestricted	7,993	2,645
<b>TOTAL CONTRIBUTIONS</b>	<b>\$ 84,224</b>	<b>\$ 71,406</b>
<b>INVESTMENT RESULTS:</b>		
Restricted for University-controlled activities:		
Dividends and interest	\$ 35,893	\$ 8,376
Increase in fair value of investments	27,620	31,765
<b>TOTAL FOR RESTRICTED ACTIVITIES</b>	<b>63,513</b>	<b>40,141</b>
Unrestricted for Foundation-controlled activities:		
Dividends and interest	3,309	2,576
Increase in fair value of investments	812	333
<b>TOTAL FOR FOUNDATION-CONTROLLED ACTIVITIES</b>	<b>4,121</b>	<b>2,909</b>
For beneficiaries of split-interest agreements:		
Dividends and interest	2,146	1,850
Increase in fair value of investments	10,180	6,038
<b>TOTAL SPLIT-INTEREST AGREEMENTS</b>	<b>12,326</b>	<b>7,888</b>
<b>INVESTMENT INCOME, NET OF INVESTMENT MANAGEMENT AND TRANSACTION FEES</b>	<b>\$ 79,960</b>	<b>\$ 50,938</b>
Gross investment income	\$ 83,767	\$ 53,966
Investment management and transaction fees	(3,807)	(3,028)
<b>INVESTMENT INCOME, NET OF INVESTMENT MANAGEMENT AND TRANSACTION FEES</b>	<b>\$ 79,960</b>	<b>\$ 50,938</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AMOUNTS ARE STATED IN THOUSANDS OF DOLLARS

	YEARS ENDED JUNE 30	
	2007	2006
<i>DIRECT UNIVERSITY SUPPORT</i>		
<b>FROM AMOUNTS RESTRICTED FOR UNIVERSITY-CONTROLLED ACTIVITIES:</b>		
Academic support:		
Faculty support	\$ 964	\$ 1,023
Instructional and research programs	2,917	2,595
<b>TOTAL ACADEMIC SUPPORT</b>	<u>3,881</u>	<u>3,618</u>
Student aid:		
Academic, merit and need scholarships	4,724	3,650
Student athletic scholarships	7,600	8,581
Student loans and wages	227	171
<b>TOTAL STUDENT AID</b>	<u>12,551</u>	<u>12,402</u>
Other University support:		
Supplies and operating expenses	16,657	9,487
Salaries and other personnel expenses	2,419	2,535
<b>TOTAL OTHER UNIVERSITY SUPPORT</b>	<u>19,076</u>	<u>12,022</u>
<b>TOTAL PROGRAMS</b>	<u>35,508</u>	<u>28,042</u>
Facilities and equipment:		
Academic	23,302	9,280
Non-academic	3,071	4,396
<b>TOTAL FACILITIES AND EQUIPMENT</b>	<u>26,372</u>	<u>13,676</u>
<b>TOTAL FROM RESTRICTED SOURCES</b>	<u>61,880</u>	<u>41,718</u>
<b>FROM FOUNDATION-CONTROLLED UNRESTRICTED AMOUNTS:</b>		
Fundraising support	2,804	1,990
Other University support	8,767	2,986
<b>TOTAL FROM UNRESTRICTED SOURCES</b>	<u>11,571</u>	<u>4,976</u>
<b>TOTAL UNIVERSITY SUPPORT</b>	<u>\$ 73,451</u>	<u>\$ 46,694</u>

