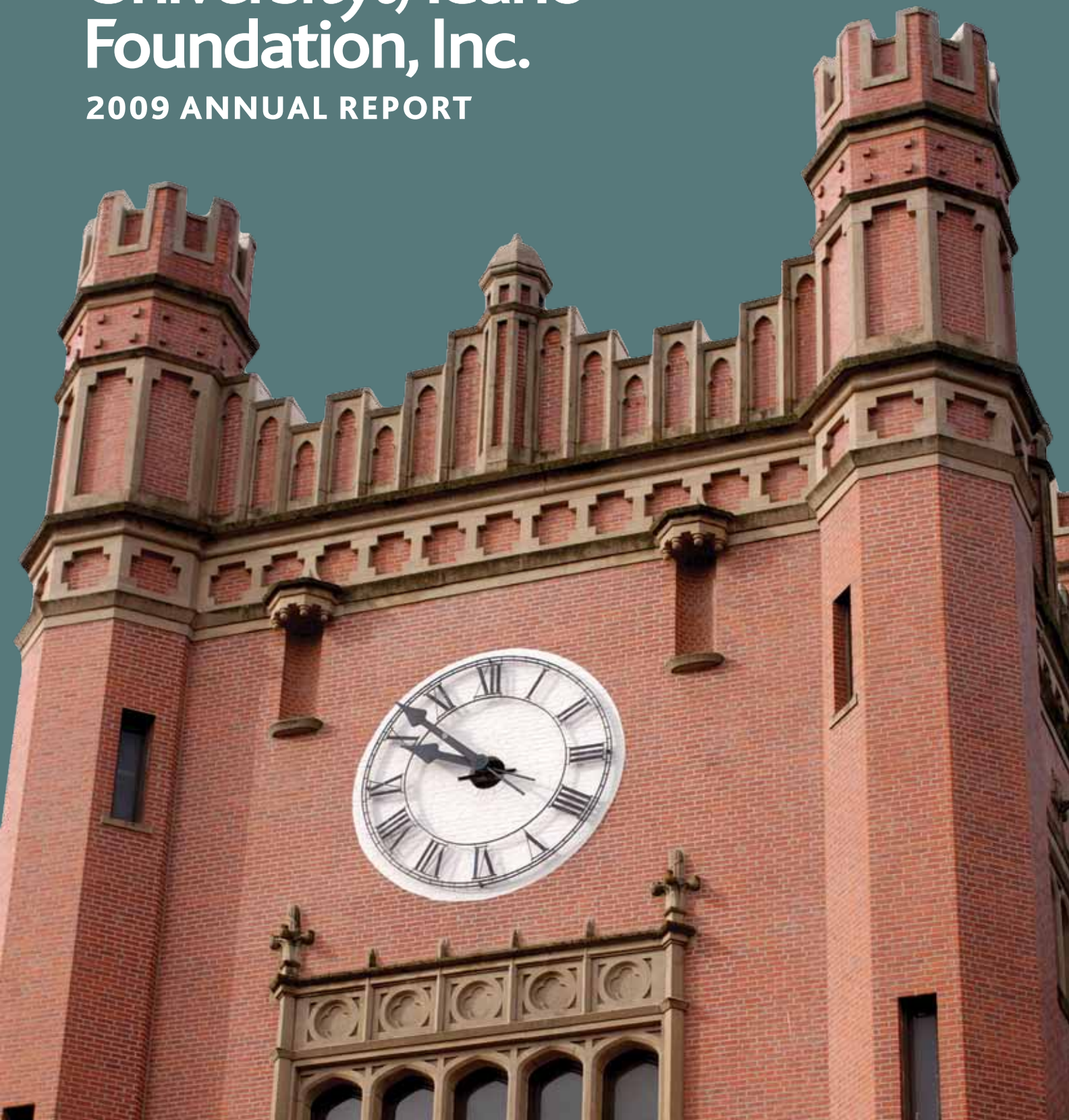


University of Idaho Foundation, Inc.

2009 ANNUAL REPORT



LETTER FROM THE FOUNDATION CHAIRMAN



There were significant milestones reached this year by the University of Idaho Foundation, Inc.

I am extremely pleased to report that the Foundation now has distributed more than \$106 million

from endowment earnings to fund scholarships and programs at the University of Idaho.

Because of the excellent work and foresight in 1959 by those who established the Consolidated Investment Trust (C.I.T.), the C.I.T. celebrates its 50th birthday this year. The C.I.T. has grown from 25 individual endowments to 1,314 individual endowments managed by the University of Idaho Foundation, Inc.

As we all know, this past year has been one of the most challenging economic times the world has experienced. The Foundation was not exempt from the turmoil in the worldwide capital markets during this same period. The C.I.T.'s fiscal year 2009 total return of -15.45 percent compares very favorably with numerous colleges and universities across the country, many of which have indicated portfolio decreases of 25 to 30 percent.

Through strategic investment planning and an adjustment in the spending policy from 4.5 percent to 4 percent (determined by the Board of Directors) the Foundation was able to continue its high level of commitment to funding scholarships for University of Idaho students. For FY09, the distribution from the Foundation to the University was \$7.3 million.

It is exciting to know that as donors to the University of Idaho, we help to ensure that our students have the skills and experiences to realize their full potential in the world today. With our continuing support of scholarships, these students will become the outstanding University of Idaho alumni of the future.

In addition to supporting students, faculty and programs, the Foundation has used unrestricted dollars to continue its support of the University of Idaho's "Legacy of Leading" marketing campaign, to provide supplemental compensation for our new president, and to provide funding for Advancement operations.

The Foundation also has continued to work on its structure and operating efficiency. Another milestone was signing the Operating Agreement between the Foundation, the University and the Board of Regents/Idaho State Board of Education. This agreement will govern the relationship and interaction between the Foundation and the University. In the coming months, both entities will continue to complete implementation of this agreement.

Throughout this issue of the Idaho magazine, you will read about outstanding alumni, generous donors, remarkable students and amazing achievements – all dedicated Vandals – who demonstrate the University of Idaho's "Legacy of Leading."

I am proud and privileged to serve as chairman of the University of Idaho Foundation, Inc. I look forward to a successful year working with President Nellis, the Board of Directors, and most of all with you – the entire "Idaho" family.

The University of Idaho Foundation, Inc. continues to accomplish its mission to secure, manage and distribute private support to enhance the growth and development of the University of Idaho.

Thank you for your investment in this great University.

Sincerely,



Frances T. Ellsworth '83
Chairman
University of Idaho Foundation, Inc.

FINANCIAL HIGHLIGHTS

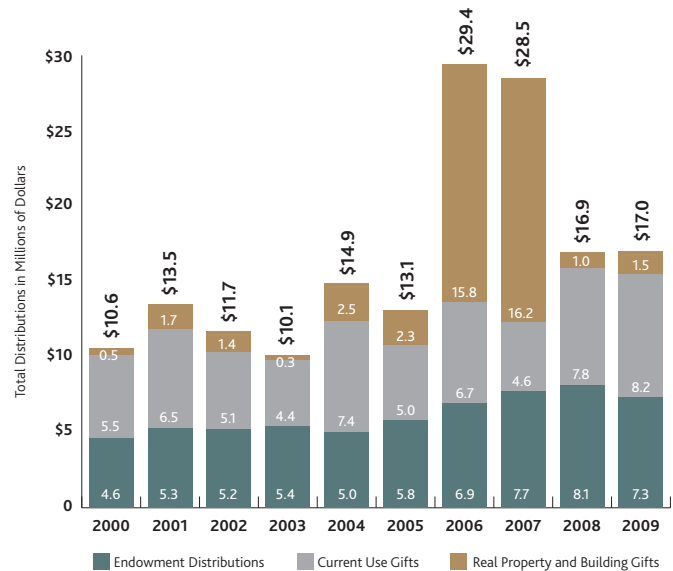
The fiscal year that ended June 30, 2009 (FY09), presented economic challenges at all levels of our society. Despite the widely felt impact of the economic downturn, the Foundation continued to see a generally positive trend in one of the markers that is most important – the amount of dollars that the Foundation distributed for the benefit of students, faculty and educational programs at the University of Idaho. Foundation distributions of gifts to the University for FY09 totaled \$9.7 million, compared to \$8.8 million for FY08.

The Foundation’s pooled endowment fund, the Consolidated Investment Trust (C.I.T.) distributed earnings of \$7.3 million in FY09. Although this was a decrease from the record-setting \$8.1 million in FY08, the decline was not as severe as anticipated, thanks to strategic investment planning. As of June 30, 2009, total C.I.T. distributions crossed the \$100 million mark, a milestone that coincides with the C.I.T.’s 50th birthday.

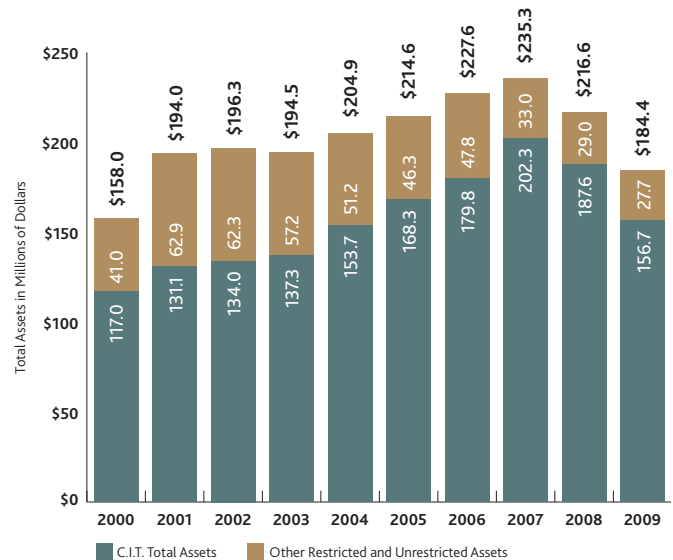
FY09 distributions of endowment earnings and gifts, totaling \$17.0 million, supported a wide variety of academic programs, faculty development and research, theater and music programs, facilities, athletics, and most importantly, academic scholarships and other student opportunities.

The total assets of the Foundation had decreased to \$184.4 million at June 30, 2009, from \$216.6 million at June 30, 2008. The decrease can be attributed primarily to a decline in market values of investments held by the C.I.T. The C.I.T.’s assets of \$156.7 million accounted for 85 percent of the Foundation’s total assets at June 30. Foundation gift revenue declined moderately to \$16.7 million in FY09 compared to \$17.7 million in FY08. As these declines are likely a reflection of current economic conditions, the Foundation expects to see an upturn in both total assets and gift revenues during the next few years.

ENDOWMENT AND GIFT DISTRIBUTIONS



TOTAL ASSETS



FINANCIAL HIGHLIGHTS

(CONDENSED STATEMENTS)

NET ASSETS

ASSETS	2009	2008
Cash and cash equivalents	\$17,009,291	\$15,697,079
Accrued interest and other receivables	693,017	1,079,994
Pledges receivable, net	2,732,376	2,819,321
Investments	159,554,488	192,576,823
Notes receivable	654,311	706,396
Real estate holdings	3,607,701	3,241,233
Other assets	193,356	488,350
Total Assets	\$184,444,540	\$216,609,196
LIABILITIES AND NET ASSETS		
	2009	2008
LIABILITIES		
Accounts payable	\$210,050	\$104,378
Liability for split interest trusts	5,588,828	7,455,582
Trust earnings payable to trust beneficiaries	7,329,504	8,120,513
Funds held in trust for University of Idaho	62,391,971	77,042,418
Total Liabilities	75,520,353	92,722,891
NET ASSETS		
Restricted - nonexpendable	82,181,263	95,734,757
Restricted - expendable	23,534,496	23,270,372
Unrestricted	3,208,428	4,881,176
Total Net Assets	108,924,187	123,886,305
TOTAL LIABILITIES AND NET ASSETS	\$184,444,540	\$216,609,196

REVENUES, EXPENSES AND CHANGES IN NET ASSETS

OPERATING REVENUES	2009	2008
Gifts	\$16,674,827	\$17,696,686
Investment Income	9,265,193	10,557,549
Change in fair value of investments	(37,208,454)	(27,574,607)
Change in split interest trusts	1,976,562	624,667
Other	211,342	614,418
Total Operating Revenues	(\$9,080,530)	\$1,918,713
OPERATING EXPENSES		
	2009	2008
Distribution of endowment income to trust beneficiaries	\$7,329,504	\$8,120,513
Distribution to University and affiliates	9,686,388	8,808,759
Distribution of trust income to life income beneficiaries	548,866	584,722
Administrative expense	2,527,796	1,954,630
Change in value of funds held in trust for the University of Idaho	(14,650,448)	(11,746,429)
Other	439,482	822,570
Total Operating Expenses	5,881,588	8,544,765
CHANGE IN NET ASSETS	(14,962,118)	(6,626,052)
NET ASSETS, BEGINNING OF YEAR	123,886,305	130,512,357
NET ASSETS, END OF YEAR	\$108,924,187	\$123,886,305

The Foundation's condensed financial statements for the years ended June 30, 2009 and 2008 are presented in this section.

To present a picture of the fiscal year activities, the Foundation has provided condensed financial statement information that departs from generally accepted accounting principles (GAAP) in two ways. First, the accompanying condensed financial statements include only summarized statements of net assets and statements of revenue, expenditures and changes in net assets and do not include statements of cash flows or the footnote disclosures. Second, the Foundation presented condensed information which consolidates current and non-current assets and liabilities.

The Foundation's financial statements undergo an annual audit, which is conducted by EideBaily LLP. They audited the financial statements for the years ended June 30, 2009 and 2008, which are presented in conformity with GAAP, and they expressed an unqualified opinion on these financial statements. A copy of EideBaily's audit report dated September 18, 2009, is available upon request or may be viewed on the Foundation's Web site.

Additional information about the Foundation can be found in the 2007 annual information return, Form 990, which is available in its offices or may be viewed on the Web site. The 2008 annual information return will be available on the Web site after it is filed in late spring 2010.

NEW ENDOWMENTS

The following new endowments were established with the Foundation during FY09. Endowments are invested and managed in perpetuity, and endowment earnings are distributed to the University of Idaho annually for the uses and purposes established by the donors.

Tom Alberg and Judi Beck Study Abroad Scholarship Endowment	Jon and Lana Mellen & Shikar Safari Club International Foundation Hunting Heritage Endowment
Helen D. Beirne Education Scholarship Endowment	Jon and Lana Mellen CBE Scholarship Endowment Honoring Kenneth A. Dick
Erstad Architects Scholarship Endowment	Potato Research Endowment
Thomas F. Harland Chemistry Scholarship Endowment	Rutledge Family Scholarship Endowment
Diann L. Haslett Education Faculty Excellence Endowment	Kathy S. (Schreiber) Scott Memorial Scholarship Endowment
Diann L. Haslett Education Scholarship Endowment	Jeffry & Kristine Stoddard Distinguished Research Scholar
Miriam E. Hatch Scholarship Endowment	Teachers for Teachers Scholarship Endowment
Hixon Family Scholarship Endowment	Frank and Cleda Tipton Endowment for Excellence
Earl V. Horning Plant Science Scholarship Endowment	Tropics Foundation Graduate Student Fellowship Endowment
Hardy Lyons Memorial Scholarship Endowment	University of Idaho Extension Support Endowment
Daniel J. Mahoney, Jr. Elk Creek Foundation Scholarship Endowment	Kathy and Doug Whitlock Pre- Veterinary Scholarship Endowment
Chief Ralph E. McAllister Student Firefighter Scholarship Endowment	Gaylen & Mary Margaret Wood Athletic Scholarship Endowment
James A. & Louise McClure Center for Public Policy Research Endowment	

ENDOWMENT GIFT PURPOSES	FY09	FY09 Percent
Student Scholarships	\$5,618,120	68.3%
Academic Department and Program Support	1,521,327	18.5%
Faculty and Staff Support	962,573	11.7%
Outreach, Extension and Research	119,629	1.5%
Other	7,081	0.1%
Total	\$8,228,730	100.0%

GIVING HIGHLIGHTS

TOTAL OF CASH, PLEDGES AND DEFERRED GIVING

Giving Highlights reflect all sources of private support in accordance with guidelines established by CASE (Council for Advancement and Support of Education). These guidelines allow for counting certain private support that may not be included in the financial statement presentation.

Thank you all for your generosity.

Although every gift is important, the large number of donors precludes us from listing all names in a publication like this. We are grateful for the support of so many who have invested and continue to invest in students, faculty, programs and facilities at the University of Idaho. Your gifts make the difference between good and great. Visit us online to see the full donor roll of \$100 gifts and above at www.uidaho.edu/givetoidaho.

	FY09	FY09 Percent
Total Gifts	\$18,203,976	84.1%
Private Grants	3,438,375	15.9%
Total Support of Education	\$21,642,351	100.0%
Number of Donors	11,636	

WHO GAVE?

Alumni	\$12,109,905	66.5%
Corporations, Foundations and Organizations	4,453,009	24.5%
Friends and Parents	1,345,892	7.4%
Faculty and Staff	295,170	1.6%
Total	\$18,203,976	100.0%

HOW DID THEY GIVE?

Planned Gifts and Realized Bequests	\$6,684,934	36.7%
Outright Gifts	6,005,605	33.0%
Pledges	4,484,312	24.6%
Gifts-in-Kind	647,455	3.6%
Company Matching Gifts	222,752	1.2%
Marketable Securities	158,918	0.9%
Total	\$18,203,976	100.0%

HOW WERE THE GIFTS USED?

Endowments	\$8,228,730	45.2%
Current Operations	7,197,381	39.5%
Capital Improvements	1,727,670	9.5%
Annual Scholarships	1,050,195	5.8%
Total	\$18,203,976	100.0%

FOUNDATION FACTS

HISTORY

The University of Idaho Foundation, Inc. was established in 1970 to attract private financial support to aid in the achievement of institutional goals and to manage assets for the benefit of the University of Idaho.

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 including, but not limited to, student scholarships, faculty support, academic and athletic programs, and building construction and improvements.

LEADERSHIP

The Foundation is governed by a Board of Directors that includes a maximum of 25 members. Selected for their professional expertise and support of the University, board members are private citizens who volunteer their time to the Foundation. The board oversees management of Foundation assets and sets Foundation operational policies. Members serve as advocates for the University, and assist the University with fundraising.

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

The officers of the Foundation are chairman, vice chairman, secretary and treasurer. An executive director manages the operations of the Foundation. The Foundation also is supported by University of Idaho professional staff including the vice president of advancement/Foundation liaison, the Trust and Investment Office, and the Office of Development.

FUNDING

Foundation activities are funded by:

- » short-term interest earned on gifts before they are transferred to the University to be used for the purposes designated by the donors;
- » assessment of one percent (1%) on gifts for endowments and three percent (3%) on gifts for non-endowed uses (e.g., operating accounts, building funds, outright scholarships);
- » assessment of 50 basis points (0.50%) on qualified endowments (calculated annually on fair market value);
- » earnings on Foundation unrestricted endowments;
- » University funds that support selected positions and programs.

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Jeffry Stoddard '75,'76

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Executive Director

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Immediate Past Chairman

William G. Gilbert, Jr. '97

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