



**REPORT OF INDEPENDENT AUDITORS
AND FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011
INCLUDING SINGLE AUDIT REPORTS
FOR THE YEAR ENDED JUNE 30, 2012**

BOISE STATE
UNIVERSITY

TABLE OF CONTENTS

	Page
REPORT OF INDEPENDENT AUDITORS	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-11
FINANCIAL STATEMENTS:	
Statements of Net Assets	12-13
Component Units Statements of Financial Position	14-15
Statements of Revenues, Expenses, and Changes in Net Assets	16-17
Component Units Statements of Activities	18-19
Statements of Cash Flows	20-21
NOTES TO FINANCIAL STATEMENTS	22-59
REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	60-61
REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	62-63
SCHEDULE OF FINDINGS AND QUESTIONED COSTS:	
Section I – Summary of Auditors' Results	64
Section II – Financial Statement Findings	65
Section III – Federal Award Findings and Questioned Costs	66
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – YEAR ENDED JUNE 30, 2012	67-81
Notes to Schedule of Expenditures of Federal Awards	82-83

BOISE  STATE
U N I V E R S I T Y

REPORT OF INDEPENDENT AUDITORS

Idaho State Board of Education
Boise State University

We have audited the accompanying financial statements of Boise State University (University) and its discretely presented component unit as of and for the years ended June 30, 2012 and 2011, as listed in the table of contents. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of the University's discretely presented component unit as described in Note 13. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the component unit, is based solely on the reports of other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of Boise State University's discretely presented component unit were not audited in accordance with *Government Auditing Standards*. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of Boise State University and its discretely presented component unit as of June 30, 2012 and 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

REPORT OF INDEPENDENT AUDITORS (continued)

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2012, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis listed in the table of contents and certain information in Note 11, *Postemployment Benefits Other Than Pensions*, that is labeled as "required supplementary information" be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* (Circular A-133) and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "Moss Adams LLP". The signature is written in a cursive, flowing style.

Eugene, Oregon

September 28, 2012, (except for the schedule of expenditures of federal awards
as to which the date is November 16, 2012)

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

Boise State University (the "University") is a publicly supported, multi-disciplinary institution of higher education recognized by the Carnegie Foundation for outreach and community engagement. The University has the largest student enrollment of any university in Idaho, with tenth-day enrollment of 19,664 and 19,993 for the Fall semesters of fiscal year 2012 (Fall 2011) and fiscal year 2011 (Fall 2010), respectively.

The main campus is located in Boise, Idaho with convenient access to the governmental institutions and commercial and cultural amenities located in the capital city. The metropolitan area has an estimated population of 593,000. Approximately 4,121 faculty and staff (including 1,144 student employees) were employed as of June 30, 2012. The University administers baccalaureate, masters and doctoral programs through seven colleges - Arts and Sciences, Business and Economics, Social Sciences and Public Affairs, Engineering, Graduate Studies, Health Sciences, and Education. The University offers over 75 distinct graduate curricula leading to masters' degrees. Seven doctoral curriculums include Ed.D. programs in Curriculum and Instruction, and Educational Technology as well as Ph.D. programs in Geophysics, Geosciences, Electrical and Computer Engineering, Biomolecular Science and Materials Science. Full accreditation has been awarded by the Northwest Commission on Colleges and Universities, and a number of the University's academic programs have also obtained specialized accreditation. The University is home to over 50 research centers and institutes, including the Center for Health Policy, the Center for Public Policy and Administration, the Environmental Science and Public Policy Research Institute, the Global Business Consortium, the Raptor Research Center, and the Hemingway Western Studies Center. Student athletes compete in NCAA

intercollegiate athletics at the Division I-A level on 17 men's and women's teams in 12 sports. The University also hosts National Public Radio, Public Radio International, and American Public Radio on the Boise State Radio Network, which broadcasts in southern Idaho, western Oregon and northern Nevada on a network of 18 stations and translators.

Overview of the Financial Statements and Financial Analysis

The financial statements for fiscal years ended June 30, 2012 and June 30, 2011 are prepared in accordance with Governmental Accounting Standards Board ("GASB") principles. There are three financial statements presented: the statement of net assets; the statement of revenues, expenses, and changes in net assets; and the statement of cash flows. The Boise State University Foundation, Inc. (the "Foundation") is a legally separate, tax-exempt entity and is discretely presented for the fiscal years ended June 30, 2012 and 2011. The Foundation reports financial information according to Financial Accounting Standards Board ("FASB") reporting standards. The University presents component unit financial information on pages immediately following the statements of the University. Financial statements of the Foundation may be obtained from the Vice President for Finance and Administration at the University.

Statement of Net Assets

The statement of net assets displays a snapshot of assets, liabilities, and net assets of the University as of the current fiscal year-end in comparative format with the prior fiscal year-end. The statement of net assets presents end-of-year data concerning assets (current and non-current), liabilities (current and non-current) and net assets (assets minus liabilities).

The difference between the current and non-current classification is discussed in the footnotes to the financial statements. From the data presented, readers of the statement of net assets are able to determine the assets available to continue the operations of the University. They are also able to determine how much the University owes vendors and lending institutions. Net assets (assets minus liabilities) are divided into three major categories. The first category, invested in capital assets, net of related debt, provides the

University's equity in capital assets. The second net asset category is restricted, expendable net assets. Restricted, expendable net assets are available for expenditure by the University for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net assets. Unrestricted net assets provide the amount of equity in assets available to the University for any lawful purpose of the institution.

Summary Statements of Net Assets			
As of June 30			
(Dollars in Thousands)			
	2012	2011	2010
ASSETS:			
Current assets	\$ 122,982	\$ 126,312	\$ 92,765
Capital assets, net	462,106	420,783	391,436
Other assets	62,913	55,794	102,790
Total assets	<u>\$ 648,001</u>	<u>\$ 602,889</u>	<u>\$ 586,991</u>
LIABILITIES:			
Current liabilities	\$ 61,535	\$ 54,067	\$ 54,048
Non-current liabilities	244,097	232,639	237,718
Total liabilities	305,632	286,706	291,766
NET ASSETS:			
Invested in capital assets, net of related debt	229,368	200,893	192,322
Restricted, expendable	13,944	21,691	20,985
Unrestricted	99,057	93,599	81,918
Total net assets	<u>342,369</u>	<u>316,183</u>	<u>295,225</u>
Total liabilities and net assets	<u>\$ 648,001</u>	<u>\$ 602,889</u>	<u>\$ 586,991</u>

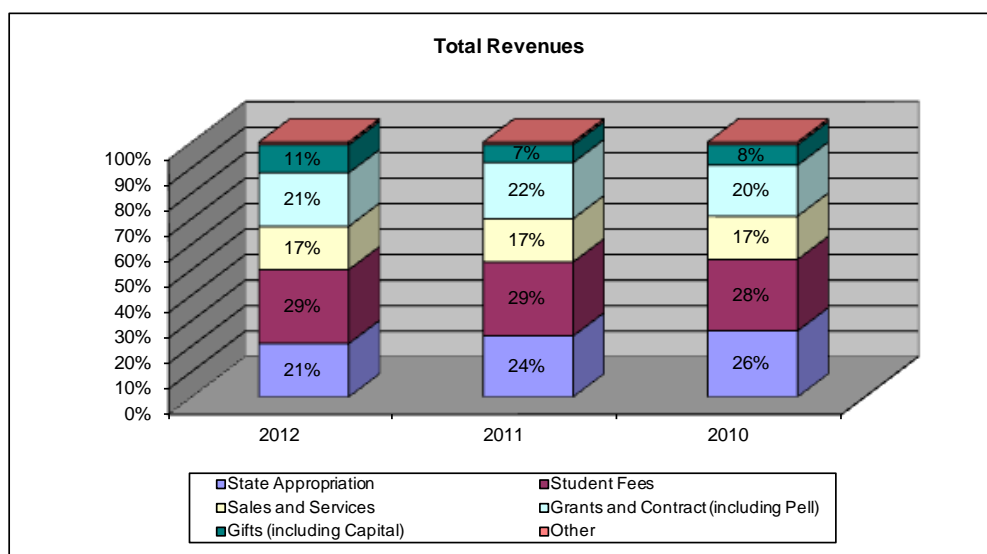
The University's total assets increased during fiscal year 2012 by \$45,111,465 from \$602,889,117 as of June 30, 2011 to \$648,000,582 as of June 30, 2012. Capital assets continued to grow as the University converted invested bond proceeds and gifts into ongoing construction works-in-progress. The University's total liabilities increased during fiscal year 2012 by \$18,925,628 from \$286,706,392 as of June 30, 2011 to \$305,632,020 as of June 30, 2012. The increase is attributable to \$12 million in additional bonds net of payments and increases in current liabilities related to timing of annual payments. Overall net assets increased during fiscal year

2012 by \$26,185,837 from \$316,182,725 as of June 30, 2011 to \$342,368,562 as of June 30, 2012. Net assets invested in capital assets, net of related debt, increased as restricted investments and unrestricted revenues were converted to capital assets. Restricted net assets declined as previously issued bond proceeds were expended on capital projects. Unrestricted net assets increased by \$5,457,506. The University is intentionally building unrestricted reserves to support debt loads and fund maintenance and growth initiatives as state funding is not expected to return to the levels of prior years.

Statement of Revenues, Expenses, and Changes in Net Assets

Changes in total net assets, as presented on the statement of net assets, are based on the activity presented in the statement of revenues, expenses, and changes in net assets. The purpose of the statement is to present the revenues (operating and non-operating) received by the University, and the expenses (operating and non-operating) paid by the institution and any other revenues, expenses, gains and losses received or spent by the University. A publically supported university will normally reflect a net operating loss because state general fund appropriations are not reported as operating revenues. Generally

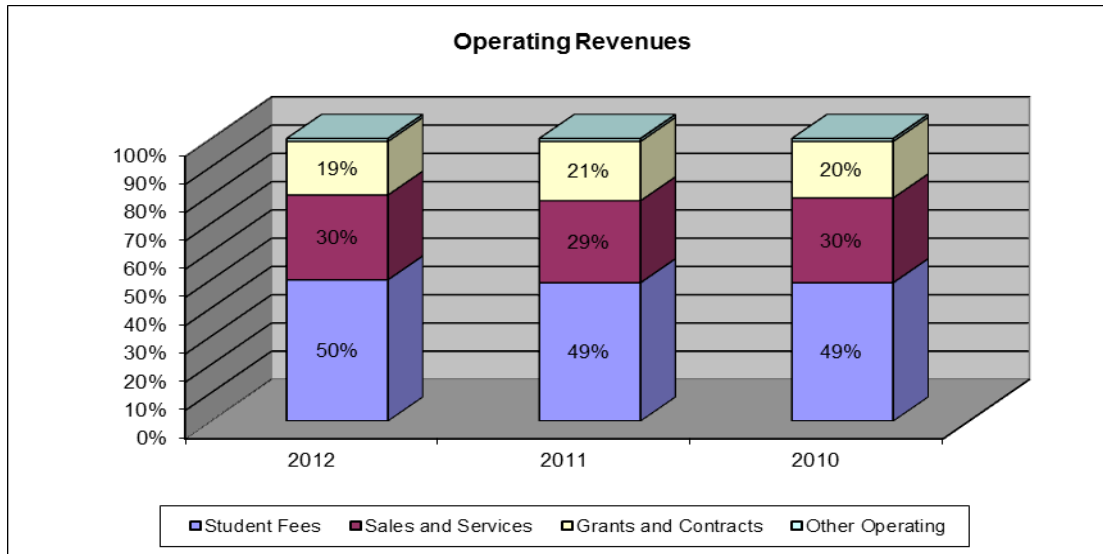
speaking, operating revenues are generated by providing services to the various customers, students and constituencies of the University. Operating expenses are those expenses paid to acquire or produce the services provided in return for operating revenues and to carry out the functions of the University. Non-operating revenues are revenues received for which services are not provided. For example, state general funds are non-operating because the Idaho State Legislative process provides them to the University without the Legislature directly receiving services in exchange for those revenues.



	2012	2011	2010
Operating revenues	\$ 198,645	\$ 187,260	\$ 172,065
Operating expenses	303,985	289,275	276,037
Operating loss	(105,340)	(102,015)	(103,972)
Non-operating revenues and expenses	118,007	117,477	106,689
Income before other revenues, expenses, gains or losses	12,667	15,462	2,717
Other revenues and expenses	13,519	5,496	7,763
Increase in net assets	26,186	20,958	10,480
Net assets—Beginning of year	316,183	295,225	284,745
Net assets—End of year	\$ 342,369	\$ 316,183	\$ 295,225

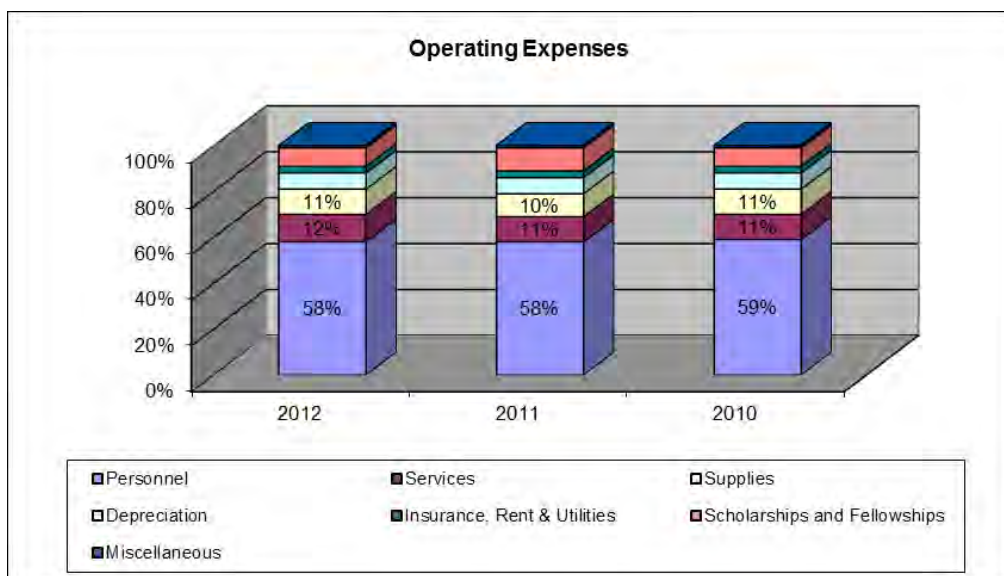
The statement of revenues, expenses, and changes in net assets reflects an overall increase in net assets during fiscal year 2012 of \$26,185,837. Operating revenues increased by \$11,384,606 from \$187,259,785 in 2011 to

\$198,644,391 in 2012. This increase is generated through additional student fee revenue, net of scholarship allowances, and auxiliary sales.



Operating expenses increased by \$14,709,776 from \$289,275,115 in 2011 to \$303,984,891 in 2012. Personnel expenses increased \$8.8 million or 5%. Salaries for an additional 128 employees represent 68% of the increase, while the remaining increase is associated with taxes and benefits. Compliance requirements, mobile learning and technology initiatives, expanded research and research infrastructure and

student support services improvements created the need for additional employees. Services increased \$4.7 million or 15% of which \$2.5 million was for sponsored activity and \$1.7 million was due to activity in auxiliary operations. Supplies increased \$2.5 million due mainly to teaching technology enhancements and the opening of the Lincoln Avenue Townhouses.



Statement of Cash Flows

The final statement presented by the University is the statement of cash flows. The statement of cash flows presents detailed information about the cash activity of the University during the year. The statement of cash flows is not presented for component units. The statement is divided into five sections. The first section deals with operating cash flows and shows the net cash used by the operating activities of the University. The second section reflects cash flows from non-capital financing activities and displays the cash received and spent for non-operating, non-investing and non-capital financing purposes. The third section presents cash flows from capital and related financing activities including the cash used for the acquisition and construction of capital and related items. The fourth section reflects cash flows from investing activities and shows the purchases, proceeds and interest received from investing activities. The fifth section reconciles

the net cash used in operating activities to operating income or loss reflected on the statement of revenues, expenses, and changes in net assets.

Overall, cash decreased by \$4,427,182 during fiscal year 2012 compared to a cash increase of \$7,888,178 during fiscal year 2011. Cash used in operating activities totaled \$82.2 million in fiscal year 2012 compared to \$80.6 million in fiscal year 2011. Increases in student fees and auxiliary revenues were offset by increased operating expenses driven by continued growth. Cash provided by non-capital financing activities declined \$4.5 million in 2012 after increasing \$7.6 million in 2011. The decline in 2012 was related to reduced State appropriations. The University continued to invest heavily in facilities, spending previously issued bond proceeds, donations and invested reserves.

Summary Statements of Cash Flows Fiscal Years Ended June 30 (Dollars in Thousands)			
	2012	2011	2010
Cash provided (used) by:			
Operating activities	\$ (82,197)	\$ (80,588)	\$ (80,874)
Non-capital financing activities	123,465	127,964	120,353
Capital and related financing activities	(43,104)	(60,607)	(41,934)
Investing activities	(2,591)	21,119	(13,868)
Net change in cash	(4,427)	7,888	(16,323)
Cash—Beginning of year	42,071	34,183	50,506
Cash—End of year	\$ 37,644	\$ 42,071	\$ 34,183

Capital Asset and Debt Administration

The University's capital assets, (prior to depreciation) increased by \$58,428,503 from \$621,451,740 in 2011 to \$679,880,243 in 2012. The University continued to build and acquire property and buildings consistent with the Campus Master Plan. Buildings totaling approximately \$30 million were completed this fiscal year including the Lincoln Avenue Townhouses, Lincoln Avenue Parking Deck Phase 2, and Arguinchona Basketball Complex. Capital asset additions to work in progress in 2012 included \$22 million for the new College of Business and Economics building and \$6 million for Dona Larsen Park.

The University issued \$33,330,000, at par, of tax exempt, General Revenue Bonds, Series 2012A. \$17.6 million of the proceeds will be used to construct a football office and training facility and pay issuance costs. The remaining funds

were deposited into an irrevocable trust to advance refund portions of the 2003 and 2004 General Revenue Bonds. The University achieved net present value savings on the refunding transaction of \$1.4 million.

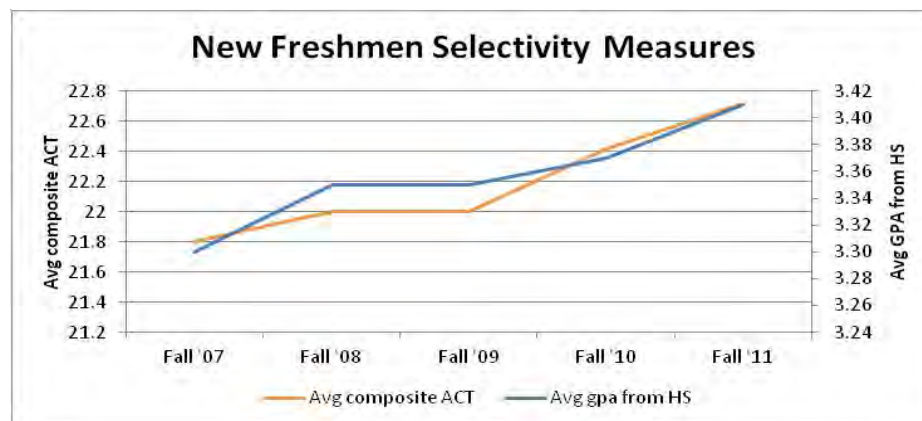
Limited state funding exists for University buildings, therefore the University continues to leverage student facility fees, donations and grant funding with taxable and tax-exempt bonds to improve and add academic and auxiliary facilities. Unrestricted net assets are intentionally accumulated to provide funds to support debt payments should operating revenues unexpectedly decrease. The University's debt burden ratio as of June 30, 2012 is 5.91% reduced from 6.08% as of June 30, 2011. Management's policy is to maintain this ratio below 8%.



Economic Outlook

Recent years have resulted in a transformational change at Boise State University. Guided by the 2006 strategic plan “Charting the Course”, 2005 capital master plan, and rolling eight-year academic plans, Boise State expanded during a time when traditional funding contracted. Boise State University has made tangible progress; highlights of which and surrounding events include:

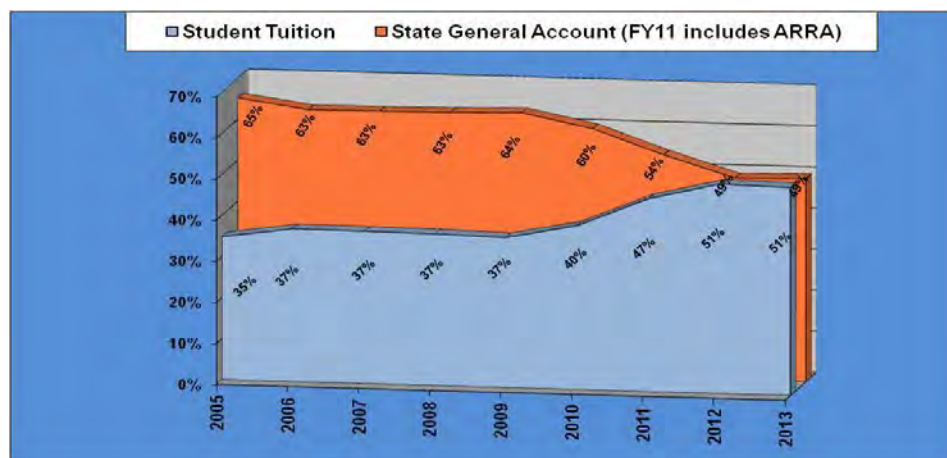
- The 2008 opening of the Treasure Valley’s first public community college, The College of Western Idaho, has increased access to post-secondary education in the region, released Boise State University from its charge to provide vocational training, and allowed the university to focus its academic mission.
- A complete overhaul of the undergraduate core curriculum, structured around clearly articulated learning outcomes that provide a connected, multi-disciplinary framework of learning from freshman to senior years.
- Increased retention and a flattening of the undergraduate enrollment profile from one that was historically over-represented by lower division students.
- An expansion of graduate programming, with new master degrees in anthropology, business administration, chemistry, community and regional planning, educational leadership, hydrologic sciences, mathematics, nursing, and STEM education; and new doctoral degrees in educational technology, electrical and computer engineering, geosciences, biomolecular sciences, and materials science and engineering.
- A near-doubling of space for student activities (690,000 ft² total).
- An increase of 390,000 ft² for academic and research activity, including a new 84,000 ft² research facility that opened in fall 2011 and a 120,000 ft² business building that opened in August 2012.
- A 99% increase in research expenditures over FY 2006.
- Diversification of student body, increasing underrepresented groups, international and out-of-state students. Thirty-four percent of the freshman class were non-residents in Fall 2011 as compared with 18% in Fall 2007.
- An increase in the university’s admission requirements, resulting in 40 percent of the entering freshman for Fall 2011 earning a high school GPA exceeding 3.5 and SAT scores in critical reading and math that are substantially higher than the national averages. The chart below displays the significant movement in the academic preparedness of the incoming freshman class over time.



As noted in several bullets on the previous page, the physical landscape of the University has dramatically evolved. The following map details changes since the 2005 master plan update. In the original plan, white represented existing buildings and yellow represented future plans. These changes have generated a 30% increase in square feet available for programming.



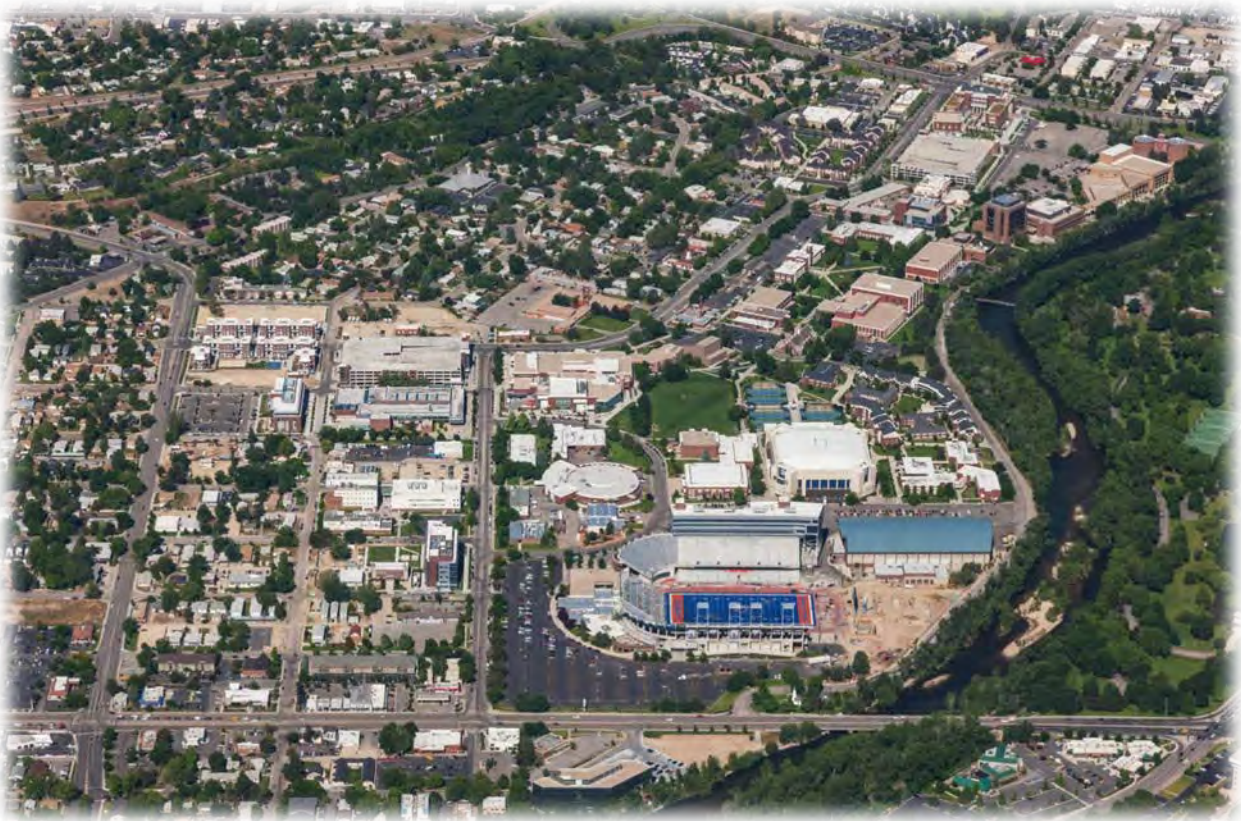
Concurrent with this significant University growth, State support for public education in Idaho has declined as it has across the nation. In FY12, for the first time, Boise State's revenues from student tuition (a subset of student fees) exceeded State general account support. The FY13 budget continues this effect.



Overall, the State of Idaho finished FY12 with \$198 million more in revenues than had been budgeted and \$27 million more in reserve than expected at the close of the legislative session. The July *Idaho Economic Forecast*, published by the Division of Financial Management, predicts a stable environment with relatively modest growth over the next few years. Employment and personal income are expected to grow a combined 7.6% and 15%, respectively, by the end of 2015. While this bodes well for the State in general, management does not anticipate a return to state funding levels of the past as higher education competes with other education and service agencies for budget dollars.

The mixture of decreasing state revenues and a rapidly evolving institution continues to be the

main challenge for the University. During FY12, “Focus on Effectiveness: A Strategic Plan for Boise State University 2012-2017” was developed to guide future efforts. Part of the plan focuses on organizational effectiveness and consideration of how resources are acquired and invested including continued focus on alternative funding streams as well as evaluation of new funding models. Efforts to reduce the cost of delivery while increasing the value added by all services are on-going in all divisions. Finally, a focus within the plan has been placed on analytics to ensure that results are in line with expectations. While the rate and breadth of growth seen in the last 8 years will slow going forward, strategic and targeted improvements will continue as the institution continues to emerge as a metropolitan research university.



STATEMENTS OF NET ASSETS
JUNE 30, 2012 AND JUNE 30, 2011

	University 2012	University 2011
ASSETS		
CURRENT ASSETS:		
Cash with treasurer	\$ 29,768,929	\$ 29,743,682
Cash and cash equivalents	7,875,088	12,327,517
Student loans receivable	1,395,700	1,317,900
Accounts receivable and unbilled charges, net	21,335,441	19,502,375
Prepaid expense	1,933,803	1,386,795
Inventories	3,308,682	2,373,922
Investments	53,358,883	57,574,792
Due from component units	3,675,826	1,941,698
Other current assets	329,378	143,040
Total current assets	122,981,730	126,311,721
NON-CURRENT ASSETS:		
Student loans receivable, net	9,311,743	9,258,929
Investments	51,105,524	43,928,348
Deferred bond financing costs	2,204,281	2,240,396
Capital assets, net	462,106,294	420,782,858
Other assets	291,010	366,865
Total non-current assets	525,018,852	476,577,396
TOTAL ASSETS	\$ 648,000,582	\$ 602,889,117

See notes to financial statements.

STATEMENTS OF NET ASSETS (CONTINUED)
JUNE 30, 2012 AND JUNE 30, 2011

	University 2012	University 2011
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 5,390,634	\$ 3,925,320
Due to state agencies	10,809,987	9,090,430
Accrued salaries and benefits payable	12,349,450	10,973,561
Compensated absences payable	7,097,294	6,644,947
Interest payable	2,792,146	2,625,297
Unearned revenue	13,590,797	11,935,935
Bonds payable	6,400,000	5,785,000
Notes payable	324,819	309,984
Obligations under capital lease	150,677	120,788
Obligations under capital lease - component unit	325,000	305,000
Other liabilities	2,303,838	2,351,106
Total current liabilities	61,534,642	54,067,368
NON-CURRENT LIABILITIES:		
Unearned revenue	1,590,954	1,803,749
Bonds payable	232,035,699	220,747,253
Notes payable	1,328,086	1,651,512
Obligations under capital lease	22,129	150,367
Obligations under capital lease - component unit	1,451,798	1,776,798
Net other post employment benefits obligation	7,035,166	6,093,000
Other liabilities	633,546	416,345
Total non-current liabilities	244,097,378	232,639,024
TOTAL LIABILITIES	305,632,020	286,706,392
NET ASSETS:		
Invested in capital assets, net of related debt	229,367,705	200,892,674
Restricted, expendable	13,944,050	21,690,750
Unrestricted	99,056,807	93,599,301
TOTAL NET ASSETS	342,368,562	316,182,725
TOTAL LIABILITIES AND NET ASSETS	\$ 648,000,582	\$ 602,889,117

See notes to financial statements.

**BOISE STATE UNIVERSITY COMPONENT UNIT
BOISE STATE UNIVERSITY FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2012 AND JUNE 30, 2011**

	Foundation 2012	Foundation 2011
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,595,155	\$ 3,574,773
Accrued interest and other receivables	437,492	392,810
Pledges receivable	10,272,054	6,345,502
Investment in lease - technology building current portion	353,494	333,393
Total current assets	12,658,195	10,646,478
NON-CURRENT ASSETS:		
Restricted cash and cash equivalents	4,869,800	6,806,685
Pledges receivable	11,756,860	11,392,432
Investments	115,962,331	111,134,038
Interest in perpetual trusts	2,793,868	2,843,549
Investments in real estate	9,812,835	9,927,836
Funds held by trustee	568,713	568,703
Investment in lease - technology building	1,568,231	1,921,725
Other assets	703,037	680,390
Total non-current assets	148,035,675	145,275,358
TOTAL ASSETS	\$ 160,693,870	\$ 155,921,836

See notes to financial statements.

**BOISE STATE UNIVERSITY COMPONENT UNIT
BOISE STATE UNIVERSITY FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2012 AND JUNE 30, 2011**

	Foundation 2012	Foundation 2011
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	\$ 1,554,641	\$ 238,697
Interest payable	36,698	42,994
Prepaid memberships and suites/press box	2,913,679	2,890,649
Liability for split interest trusts	119,252	81,387
Trust earnings payable to trust beneficiaries	20,364	20,364
Long-term liabilities - current portion	1,315,000	305,000
Deferred revenue - current portion	219,707	76,607
Total current liabilities	6,179,341	3,655,698
NON-CURRENT LIABILITIES:		
Bonds and certificates payable	5,983,000	6,288,000
Deferred revenue	879,189	304,832
Deferred suites/press box revenue	248,084	317,091
Liability under split interest trust agreements	1,657,778	1,024,727
Amounts held in custody for others	636,016	1,216,361
Trust earnings payable to trust beneficiaries	233,500	220,933
Total non-current liabilities	9,637,567	9,371,944
TOTAL LIABILITIES	15,816,908	13,027,642
NET ASSETS:		
Permanently restricted	65,063,804	63,137,670
Temporarily restricted	71,301,186	71,428,605
Unrestricted	8,511,972	8,327,919
TOTAL NET ASSETS	144,876,962	142,894,194
TOTAL LIABILITIES AND NET ASSETS	\$ 160,693,870	\$ 155,921,836

See notes to financial statements.

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FISCAL YEARS ENDED JUNE 30, 2012 AND JUNE 30, 2011

	University 2012	University 2011
OPERATING REVENUES:		
Student fees, pledged for bonds	\$ 119,972,905	\$ 112,297,614
Scholarship allowance	<u>(20,910,400)</u>	<u>(19,489,000)</u>
Student fees, net	99,062,505	92,808,614
Federal grants and contracts (including \$4,645,772 and \$4,610,567 of revenues pledged for bonds in 2012 and 2011, respectively)	31,570,515	33,014,131
State and local grants and contracts (including \$307,703 and \$632,911 of revenues pledged for bonds in 2012 and 2011, respectively)	3,232,333	4,195,941
Private grants and contracts (including \$415,454 and \$178,557 of revenues pledged for bonds in 2012 and 2011, respectively)	4,143,848	1,640,473
Sales and services of educational activities, pledged for bonds	2,816,504	2,636,512
Sales and services of auxiliary enterprises, pledged for bonds	56,087,969	51,287,898
Other, pledged for bonds	<u>1,730,717</u>	<u>1,676,216</u>
Total operating revenues	<u>198,644,391</u>	<u>187,259,785</u>
OPERATING EXPENSES:		
Personnel cost	176,838,455	168,022,097
Services	35,868,060	31,137,894
Supplies	32,202,546	29,662,074
Insurance, utilities and rent	9,650,437	9,261,705
Scholarships and fellowships	25,569,961	28,301,103
Depreciation	20,636,420	19,917,096
Miscellaneous	<u>3,219,012</u>	<u>2,973,146</u>
Total operating expenses	<u>303,984,891</u>	<u>289,275,115</u>
OPERATING (LOSS) INCOME	<u>(105,340,500)</u>	<u>(102,015,330)</u>

See notes to financial statements.

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS (CONTINUED)
FISCAL YEARS ENDED JUNE 30, 2012 AND JUNE 30, 2011

	University 2012	University 2011
NON-OPERATING REVENUES (EXPENSES):		
State appropriations	\$ 69,502,205	\$ 74,070,779
Pell grants	31,439,501	31,811,880
Gifts (includes gifts from component unit equal to \$15,478,377 and \$16,878,491 in 2012 and 2011, respectively)	24,263,503	21,651,746
Net investment income (including \$483,682 and \$524,323 of revenues pledged by the University for bonds in 2012 and 2011, respectively)	529,807	648,589
Change in fair value of investments (including \$0 and \$139,130 of revenues pledged by the University for bonds in 2012 and 2011, respectively)	26,341	(145,538)
Interest (net of capitalized interest by the University of \$1,500,423 and \$816,964 in 2012 and 2011, respectively)	(9,112,956)	(10,153,546)
Gain (loss) on retirement of capital assets	(447,162)	(589,195)
Other	1,805,873	182,282
Net non-operating revenues (expenses)	118,007,112	117,476,997
INCOME BEFORE OTHER REVENUES AND EXPENSES	12,666,612	15,461,667
OTHER REVENUES AND EXPENSES:		
Capital appropriations	866,951	3,882,989
Capital grants and gifts (includes gifts from component unit equal to \$12,310,391 and \$1,130,405 in 2012 and 2011, respectively)	12,652,274	1,613,289
Total other revenue	13,519,225	5,496,278
INCREASE IN NET ASSETS	26,185,837	20,957,945
NET ASSETS—Beginning of year	316,182,725	295,224,780
NET ASSETS—End of year	\$ 342,368,562	\$ 316,182,725

See notes to financial statements.

BOISE STATE UNIVERSITY COMPONENT UNIT
BOISE STATE UNIVERSITY FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Foundation 2012
OPERATING REVENUES:				
Gifts	\$ 30,264	\$ 25,230,738	\$ 1,117,582	\$ 26,378,584
In-kind contributions	12,183	-	-	12,183
BAA membership	3,852,553	59,685	-	3,912,238
Non-charitable income	300,678	1,918,901	580,553	2,800,132
Interest and dividends	1,556,396	1,705,686	-	3,262,082
Change in split interest trusts	-	(204,618)	62,906	(141,712)
Change in fair value of investments	(1,059,583)	(2,051,836)	-	(3,111,419)
Total revenues	4,692,491	26,658,556	1,761,041	33,112,088
Contribution from Boise State Alumni Association	460,390	10,696	-	471,086
Total revenues and gains	5,152,881	26,669,252	1,761,041	33,583,174
Net assets released from restrictions through satisfaction of:				
Program restrictions	26,882,936	(26,882,936)	-	-
Write-off of pledges receivable	40,660	-	(40,660)	-
Board and donor designated transfers	(53,000)	(152,753)	205,753	-
Total operating revenues	32,023,477	(366,437)	1,926,134	33,583,174
OPERATING EXPENSES:				
Distribution of scholarships	3,682,459	-	-	3,682,459
Distribution of funds for academic programs	13,867,466	-	-	13,867,466
Distribution of funds for athletic programs:				
Program services	9,925,135	-	-	9,925,135
Fundraising expenses	7,943	-	-	7,943
Management and general	305,765	-	-	305,765
Uncollectable pledge expense	610,016	-	-	610,016
Administrative expense:				
Program services	493,944	-	-	493,944
Fundraising expenses	1,571,814	-	-	1,571,814
Management and general	954,586	-	-	954,586
Total operating expenses	31,419,128	-	-	31,419,128
OPERATING INCOME	604,349	(366,437)	1,926,134	2,164,046
NON-OPERATING REVENUES (EXPENSES):				
Lease income	31,164	162,411	-	193,575
Alumni center building expense	(34,385)	-	-	(34,385)
Amortization of deferred income	-	76,607	-	76,607
Interest on capital asset - related debt	(276,910)	-	-	(276,910)
Depreciation and amortization expense	(140,165)	-	-	(140,165)
Total non-operating revenues (expenses)	(420,296)	239,018	-	(181,278)
CHANGE IN NET ASSETS	184,053	(127,419)	1,926,134	1,982,768
NET ASSETS - Beginning of year	8,327,919	71,428,605	63,137,670	142,894,194
NET ASSETS - End of year	\$ 8,511,972	\$ 71,301,186	\$ 65,063,804	\$144,876,962

See notes to financial statements.

**BOISE STATE UNIVERSITY COMPONENT UNIT
BOISE STATE UNIVERSITY FOUNDATION, INC.
STATEMENTS OF ACTIVITIES (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2011**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Foundation 2011
OPERATING REVENUES:				
Gifts	\$ 42,733	\$ 17,814,396	\$ 1,297,560	\$ 19,154,689
In-kind contributions	12,183	-	-	12,183
BAA membership	2,996,261	27,885	-	3,024,146
Non-charitable income	335,035	1,734,640	900,343	2,970,018
Interest and dividends	1,528,070	1,593,090	-	3,121,160
Change in split interest trusts	-	(207,541)	7,812	(199,729)
Change in fair value of investments	816,370	11,421,642	-	12,238,012
Total revenues & gains	5,730,652	32,384,112	2,205,715	40,320,479
Net assets released from restrictions through satisfaction of:				
Program restrictions	17,376,935	(16,713,783)	(663,152)	-
Board and donor designated transfers	655	(74,021)	73,366	-
Total operating revenues	23,108,242	15,596,308	1,615,929	40,320,479
OPERATING EXPENSES:				
Distribution of scholarships	3,351,270	-	-	3,351,270
Distribution of funds for academic programs	4,468,946	-	-	4,468,946
Distribution of funds for athletic programs:				
Program services	9,874,175	-	-	9,874,175
Fundraising expenses	7,821	-	-	7,821
Management and general	306,684	-	-	306,684
Uncollectable pledge expense	629,017	-	-	629,017
Administrative expense:				
Program services	241,105	-	-	241,105
Fundraising expenses	1,210,465	-	-	1,210,465
Management and general	1,065,043	-	-	1,065,043
Total operating expenses	21,154,526	-	-	21,154,526
OPERATING INCOME	1,953,716	15,596,308	1,615,929	19,165,953
NON-OPERATING REVENUES (EXPENSES):				
Lease income	-	210,669	-	210,669
Amortization of deferred income	-	76,607	-	76,607
Gain (Loss) on sale of property	-	(2,207)	-	(2,207)
Interest on capital asset - related debt	(339,479)	-	-	(339,479)
Depreciation and amortization expense	(140,165)	-	-	(140,165)
Total non-operating revenues (expenses)	(479,644)	285,069	-	(194,575)
CHANGE IN NET ASSETS	1,474,072	15,881,377	1,615,929	18,971,378
NET ASSETS - Beginning of year	6,853,847	55,547,228	61,521,741	123,922,816
NET ASSETS - End of year	\$ 8,327,919	\$ 71,428,605	\$ 63,137,670	\$142,894,194

See notes to financial statements.

STATEMENTS OF CASH FLOWS

FISCAL YEARS ENDED JUNE 30, 2012 AND JUNE 30, 2011

	University 2012	University 2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Student fees	\$ 98,367,445	\$ 91,453,154
Grants and contracts	38,414,168	37,518,728
Sales and services of educational activities	2,757,020	2,711,376
Sales and services of auxiliary enterprises	57,365,211	52,204,340
Other operating receipts	2,088,279	2,092,386
Payments to employees	(174,312,827)	(166,098,879)
Payments for services	(36,097,866)	(31,551,894)
Payments for supplies	(32,522,536)	(28,281,849)
Payments for insurance, utilities and rent	(9,575,632)	(9,235,510)
Payments for scholarships and fellowships	(25,565,308)	(28,308,713)
Loans issued to students	(1,586,155)	(1,408,182)
Collections of loans to students	1,268,966	1,157,759
Other payments	(2,797,741)	(2,841,103)
Net cash used in operating activities	(82,196,976)	(80,588,387)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
State appropriations	69,502,205	74,070,779
Pell grants	31,439,501	31,811,880
Gifts	22,523,452	22,081,811
Direct lending receipts	96,897,218	91,004,855
Direct lending payments	(96,897,218)	(91,004,855)
Net cash provided by non-capital financing activities	123,465,158	127,964,470
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital grants and gifts	12,652,274	(2,455,322)
Capital appropriations	866,951	3,882,989
Purchases of capital assets	(60,263,358)	(45,825,857)
Proceeds from notes and bonds payable	35,414,378	-
Principal paid on notes and bonds payable and capital leases	(24,346,534)	(5,798,197)
Interest paid on notes and bonds payable and capital leases	(8,822,444)	(10,104,783)
Payments for bond issuance costs	(64,352)	(1,500)
Other	1,459,178	(304,757)
Net cash used in capital and related financing activities	(43,103,907)	(60,607,427)

See notes to financial statements.

STATEMENTS OF CASH FLOWS (CONTINUED)
FISCAL YEARS ENDED JUNE 30, 2012 AND JUNE 30, 2011

	University 2012	University 2011
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	\$ (216,893,829)	\$ (165,261,376)
Proceeds from sales and maturities of investments	212,921,688	185,440,879
Investment income	1,380,684	940,019
Net cash used by investing activities	(2,591,457)	21,119,522
NET CHANGE IN CASH AND CASH EQUIVALENTS AND CASH WITH TREASURER	(4,427,182)	7,888,178
CASH AND CASH EQUIVALENTS AND CASH WITH TREASURER—Beginning of year	42,071,199	34,183,021
CASH AND CASH EQUIVALENTS AND CASH WITH TREASURER—End of year	<u>\$ 37,644,017</u>	<u>\$ 42,071,199</u>
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH AND CASH EQUIVALENTS USED IN OPERATING ACTIVITIES:		
Operating loss	\$ (105,340,500)	\$ (102,015,330)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	20,651,688	19,932,364
Changes in assets and liabilities:		
Accounts receivable and unbilled charges, net	(1,833,067)	(862,090)
Student loans receivable, net	(130,614)	(121,795)
Inventories	(934,760)	627,822
Other assets	(583,498)	16,466
Accounts payable and accrued liabilities	1,591,374	6,803
Accrued salaries and benefits payable	1,375,889	517,674
Compensated absences payable	452,347	278,687
Unearned revenue	1,442,067	204,504
Other post employment benefits obligation	942,166	982,390
Other liabilities	169,932	(155,882)
Net cash used in operating activities	<u>\$ (82,196,976)</u>	<u>\$ (80,588,387)</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS:		
Assets donated to the University	<u>\$ 898,060</u>	<u>\$ 4,068,610</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 and 2011**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity – The University is part of the public system of higher education in the State of Idaho. The system is considered part of the State of Idaho reporting entity, and is directed by the State Board of Education (“SBOE”), a body of eight members. Seven members are appointed and confirmed by the legislature. The elected State Superintendent of Public Instruction serves ex officio as the eighth member of the Board. The University is part of the primary government of the State of Idaho and is included in the State’s Comprehensive Annual Financial Report (“CAFR”) within the Business-Type Activities/Enterprise Funds. The CAFR may be obtained from the State Controller located at:

Office of the Idaho State Controller
700 W State Street, 4th Floor
P.O. Box 83702
Boise, Idaho 83702-0011
www.sco.idaho.gov

The financial statements for fiscal years ended June 30, 2012 and June 30, 2011 are prepared in accordance with Governmental Accounting Standards Board (“GASB”) principles. The University considers component units with net assets greater than 5% of the University’s net assets to be significant. As such, the Boise State University Foundation, Inc. (the “Foundation”) is discreetly presented for the fiscal years ended June 30, 2012 and 2011. The Foundation was established for the purpose of soliciting donations for the

exclusive benefit of the University. Financial statements of the Foundation may be obtained from the Vice President for Finance and Administration at the University. The Foundation’s financial statements are prepared in accordance with Financial Accounting Standards Board (“FASB”) pronouncements.

Basis of Accounting – For financial reporting purposes, the University is considered a special-purpose government engaged only in business type activities. Accordingly, the University’s financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting in accordance with GAAP. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated. The University has the option to apply all FASB pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The University has elected to not apply FASB pronouncements issued after the applicable date.

The Foundation is a legally separate, private non-profit organization that reports under FASB standards. As such, certain revenue recognition criteria and presentation are different from GASB revenue recognition criteria and presentation. Accordingly, those financial statements have been reported on separate pages following the

respective counterpart financial statements of the University. No modifications have been made to the Foundation's financial information included in the University's financial report.

Cash with Treasurer – Balances classified as Cash with Treasurer are amounts that have been remitted to the State of Idaho as a result of the student fee collection process and, once remitted, are under the control of the State Treasurer.

Cash and Cash Equivalents – The University considers all liquid investments with a remaining maturity of three months or less at the date of acquisition to be cash equivalents.

Inventories – Inventories, consisting primarily of bookstore inventories, are valued at the lower of first-in, first-out ("FIFO") cost or market.

Investments – The University accounts for its investments at fair value. Changes in unrealized gains or losses on the carrying value of investments are reported as a component of change in fair value of investments in the statement of revenues, expenses, and changes in net assets. Investments externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other non-current assets as well as investment amounts of maturities that exceed one year, are classified as non-current assets in the statement of net assets. The University deposits funds for investment with the Idaho State Treasury. Funds deposited with the State Treasury can be subject to securities lending transactions initiated by the State Treasury.

Capital Assets, net – Capital assets are stated at cost when purchased or constructed, or if acquired by gift, at the estimated fair value at the date of gift. The University's capitalization policy includes all tangible items with a unit cost of \$5,000 or more, and an estimated useful life of greater than one year. Intangible assets with a unit cost of \$200,000 or more, and an estimated useful life of greater than one year, are recorded as capital assets. Renovations to buildings and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the period in which the expense was incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 40 to 50 years for buildings, 20 to 25 years for land improvements, 5 to 20 years for intangibles, 10 years for library books, and 5 to 13 years for equipment.

The University has certain collections that it does not capitalize, including the Nell Shipman Film Collection and Albertson's Library Special Collections.

These collections adhere to the University's policy to (a) maintain them for public exhibition, education or research; (b) protect, keep unencumbered, care for, and preserve them; and (c) require proceeds from their sale to be used to acquire other collection items. Generally accepted accounting principles permit collections maintained in this manner to be charged to operations at the time purchased rather than capitalized.

Non-current Liabilities – Non-current liabilities include principal amounts of revenue bonds payable, notes payable, and long-term capital lease obligations, net other post-employment benefit obligations, non-current unearned revenue and arbitrage liabilities (presented in other liabilities).

Net Assets – The University's net assets are classified as follows:

Invested in Capital Assets, Net of Related Debt – This represents the University's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

Restricted, Expendable – Restricted, expendable net assets include resources for which the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Unrestricted – Unrestricted net assets represent equity in assets derived mainly from student fees, sales and services of educational departments, auxiliary enterprises, and state appropriations. These resources are used for transactions related to the educational and general operations of the University, and may be used to meet current expenses for any lawful purpose and in accordance with SBOE policy. When an expense is incurred that can be paid using either restricted or unrestricted resources, the University's policy is to first apply the expense towards

restricted resources, and then towards unrestricted resources.

Income and Unrelated Business Income Taxes – The University is excluded from federal income taxes under Section 115 of the Internal Revenue Code, per determination letter dated April 21, 1989. The University is subject to tax on its unrelated business income. Defined by the Internal Revenue Code, unrelated business income is income from a trade or business, regularly carried on, that is not substantially related to the performance by the organization of its exempt purpose or function.

Classification of Revenues and Expenses – The University classifies its revenue and expenses as operating or non-operating according to the following criteria. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the University's principal ongoing operations. Operating revenues include activities that have characteristics of exchange transactions, such as (1) student fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, (3) most federal, state and local grants and contracts that are essentially contracts for services, and (4) interest earned on institutional student loans. Non-operating revenues and expenses include activities that have characteristics of non-exchange transactions. Non-operating revenues and expenses include state appropriations, Pell grants, private gifts for other than capital purposes, investment income, net unrealized appreciation or depreciation in

the fair value of investments, interest expense and gain or loss on the disposal of capital assets and other non-exchange transactions.

Scholarship Discounts/Allowances - Student fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statements of revenues, expenses, and changes in net assets. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or other third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state or non-governmental programs, are recorded as either operating or non-operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy student fees and related charges, the University has recorded a scholarship discount or allowance.

Use of Accounting Estimates - The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements, and revenues and expenses during the year. Actual results could differ from those estimates.

Reclassifications - Certain prior year balances have been reclassified to conform to the current year presentation.

New Accounting Standards - In November 2010, the GASB issued Statement No. 61, "The Financial Reporting Entity: Omnibus." This statement modifies the requirements for including component units within the financial statements of governmental entities. Management has not yet determined the impact this standard will have on the University's financial statements. The requirements of this Statement are effective for the fiscal year ended June 30, 2013.

In December 2010, the GASB issued Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." The requirements in this Statement will improve financial reporting by contributing to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. This effort brings the authoritative accounting and financial reporting literature together in one place, with that guidance modified as necessary to appropriately recognize the governmental environment and the needs of governmental financial statement users. It will eliminate the need for financial statement preparers and auditors to determine which FASB and AICPA pronouncement provisions apply to state and local governments, thereby resulting in a more consistent application of applicable guidance in financial statements of state and local governments. Management has not yet determined the impact this standard will have on the University's financial statements. The requirements of

this Statement are effective for the fiscal year ended June 30, 2013.

In June 2011, the GASB issued Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." The requirements of this Statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources

and their effects on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed. Management has not yet determined the impact this standard will have on the University's financial statements. The requirements of this Statement are effective for the fiscal year ended June 30, 2013.



2. CASH WITH TREASURER, CASH AND CASH EQUIVALENTS, OTHER DEPOSITS, AND INVESTMENTS

Deposits – Cash with treasurer is under the control of the State Treasurer and is carried at cost. Cash and cash equivalents include cash on hand of \$120,662 and \$114,493 as of June 30, 2012 and 2011, respectively and amounts deposited with federally chartered institutions carried at cost. Custodial credit risk is the risk that in the event of a financial institution failure, the deposits may not be

returned. The State's policy for managing custodial credit risk can be found in the Idaho Code, Section 67-2739. Cash that is restricted in purpose from an external source and is not expected to be utilized within the next fiscal year is reported on the financial statements as restricted cash and as a non-current asset.

Basis of Custodial Credit Risk As of June 30		
	2012	2011
Insured	\$ 2,888,190	\$ 5,411,583
Collateralized by securities held by the pledging financial institution	4,866,235	6,801,441
Total deposits	\$ 7,754,425	\$ 12,213,024

Investments – Idaho Code, Section 67-1210, limits credit risk by restricting the investment activities of the Local Government Investment Pool ("LGIP") and state agencies. Idaho Code also gives the SBOE the authority to establish investment policies for the University. Section V, Subsection D of the Idaho SBOE Governing Policies and Procedures authorizes investments in all of the investment types substantially similar for the State Treasurer.

Objectives of the University's investment policy are, in order of priority, safety of principal, ensuring necessary liquidity and achieving a maximum return. Covenants of certain bond resolutions also restrict investment of related funds to U.S. Government or government guaranteed

securities. The University invests in external investment pools managed by both State of Idaho and other fixed rate investment fund managers. The State's investment pool is managed by the State Treasurer's Office in compliance with Idaho Code, Sections 67-1201 through 67-1222. Additional information about LGIP may be obtained from the State's CAFR.

The University had original cost of \$78,604,739 and \$77,219,456 invested in the State's external pools as of June 30, 2012 and 2011, respectively.

Credit Risk of Debt Securities – The risk that an issuer of debt securities or another counterparty to an investment will not fulfill its obligation is commonly expressed in

terms of the credit quality rating issued by a nationally recognized statistical rating organization such as Moody's, Standard and Poor's, and Fitch's. Ratings, as of June 30, are presented on the following page using the Moody's scale. AAA ratings signify that the portfolio holdings are judged to be of

the highest quality, subject to the lowest level of credit risk. Moody's has a separate rating scale for short-term debt obligations, including commercial paper. The P-1 rating is Prime-1 for issuers having a superior ability to repay short-term debt obligations.

As of June 30, 2012 (Dollars in Thousands)						
Investment Type	Fair Value	AAA	AA	A	BAA	Unrated
External investment pool	\$ 78,605	\$ -	\$ -	\$ -	\$ -	\$ 78,605
Corporate notes and bonds	21,230	-	-	14,141	7,089	-
US Treasury notes and bonds	2,493	2,493	-	-	-	-
Federal Home Loan Bank	1,503	1,503	-	-	-	-
Commercial paper	-	-	-	-	-	-
	103,831	3,996	-	14,141	7,089	78,605
Investments held on behalf of employee benefit plans:						
- Bond/equity mutual funds	324	-	-	-	-	324
- Equity mutual funds	244	-	-	-	-	244
- Income mutual funds	65	-	-	-	-	65
	633	-	-	-	-	633
Total investments	\$ 104,464	\$ 3,996	\$ -	\$ 14,141	\$ 7,089	\$ 79,238
% of Total	100%	4%	0%	13%	7%	76%

As of June 30, 2011 (Dollars in Thousands)						
Investment Type	Fair Value	AAA	AA	A	P-1	Unrated
External investment pool	\$ 77,221	\$ -	\$ -	\$ -	\$ -	\$ 77,221
Corporate notes and bonds	11,881	-	11,881	-	-	-
US Treasury notes and bonds	2,470	2,470	-	-	-	-
Federal Home Loan Bank	1,524	1,524	-	-	-	-
Commercial paper	7,991	-	-	-	7,991	-
	101,087	3,994	11,881	-	7,991	77,221
Investments held on behalf of employee benefit plans:						
- Bond/equity mutual funds	203	-	-	-	-	203
- Equity mutual funds	174	-	-	-	-	174
- Income mutual funds	39	-	-	-	-	39
	416	-	-	-	-	416
Total investments	\$ 101,503	\$ 3,994	\$ 11,881	\$ -	\$ 7,991	\$ 77,637
% of Total	100%	4%	12%	0%	8%	76%



Concentration of Credit Risk – When investments are concentrated in one issuer, the concentration represents heightened risk of potential loss. No specific percentage identifies when concentration of risk is present. The GASB has adopted a principle that governments should provide note disclosure when 5% of the total government investments are concentrated in any one issuer. Investments in obligations explicitly guaranteed by the U.S. Government, mutual funds, and other pooled investments are exempt from disclosure. As of June 30, 2012, the University has no investments where 5% or

more of its investments were concentrated with a single-issuer. As of June 30, 2011, 8% of the University's investments were in the short-term P-1 rated Abbey National North America LLC commercial paper that matured within 120 days; and 6% of the University's investments were in the AA rated General Electric Capital corporate bond that matured in fiscal year 2012. The University is subject to policies as defined by the State of Idaho with respect to investments. The University has not adopted a formal policy addressing interest rate and concentration of credit risk.

Interest Rate Risk - Investments in debt securities that are fixed for longer periods are likely to experience greater variability in their fair values due to future changes in

interest rates. Approximately 8% of total investments are invested in securities with maturities longer than 1 year as of June 30, 2012.

Investment Maturities In Years As of June 30, 2012 (Dollars in Thousands)							
Investment Type	Fair Value	Less than 1	1 to 5	6 to 10	11 to 15	16 to 20	21 to 25
External investment pool	\$ 78,605	\$ 78,605	\$ -	\$ -	\$ -	\$ -	\$ -
Corporate notes and bonds	21,230	15,750	5,480	-	-	-	-
US Treasury notes and bonds	2,493	-	2,493	-	-	-	-
Federal Home Loan Bank	1,503	1,503	-	-	-	-	-
Commercial paper	-	-	-	-	-	-	-
	103,831	95,858	7,973	-	-	-	-
Investments held on behalf of employee benefit plans:							
- Bond/equity mutual funds	324	324	-	-	-	-	-
- Equity mutual funds	244	244	-	-	-	-	-
- Income mutual funds	65	65	-	-	-	-	-
	633	633	-	-	-	-	-
Total investments	\$ 104,464	\$ 96,491	\$ 7,973	\$ -	\$ -	\$ -	\$ -

Investment Maturities In Years As of June 30, 2011 (Dollars in Thousands)							
Investment Type	Fair Value	Less than 1	1 to 5	6 to 10	11 to 15	16 to 20	21 to 25
External investment pool	\$ 77,221	\$ 77,221	\$ -	\$ -	\$ -	\$ -	\$ -
Corporate notes and bonds	11,881	7,789	4,092	-	-	-	-
US Treasury notes and bonds	2,470	-	2,470	-	-	-	-
Federal Home Loan Bank	1,524	-	1,524	-	-	-	-
Commercial paper	7,991	7,991	-	-	-	-	-
	101,087	93,001	8,086	-	-	-	-
Investments held on behalf of employee benefit plans:							
- Bond/equity mutual funds	203	203	-	-	-	-	-
- Equity mutual funds	174	174	-	-	-	-	-
- Income mutual funds	39	39	-	-	-	-	-
	416	416	-	-	-	-	-
Total investments	\$ 101,503	\$ 93,417	\$ 8,086	\$ -	\$ -	\$ -	\$ -

Investment Custodial Credit Risk – The University's investment securities are exposed to custodial credit risk if the securities are (i) uninsured, (ii) are not registered in the name of the University, or (iii) if they are held by either the counterparty or the counterparty's trust

department or agent but not in the University's name. While none of the University's investments are insured, the University's investments are either held in the University's name or the investments are not securities that exist in book entry or physical form.



3. ACCOUNTS RECEIVABLE AND UNBILLED CHARGES, NET

Accounts receivable and unbilled charges refer to the portion due to the University, as of June 30 by various customers, students and constituencies of the University as a result of providing services to said groups.

Accounts Receivable and Unbilled Charges as of June 30	2012	2011
Student fees & third party receivables	\$13,866,340	\$ 12,253,005
Auxiliary enterprises and other operating activities	1,472,274	1,459,459
Federal, state, and private grants and contracts	2,461,126	1,674,149
Unbilled charges	7,336,353	6,779,742
Accounts receivable and unbilled charges	\$25,136,093	22,166,355
Less allowance for doubtful accounts	(3,800,652)	(2,663,980)
Accounts receivable and unbilled charges, net	\$21,335,441	\$ 19,502,375



4. STUDENT LOANS RECEIVABLE

Student loans made through the Federal Perkins Loan Program (the “Program”) comprise substantially all of the loans receivable as of June 30, 2012 and 2011. The Program provides a cancellation benefit to borrowers at rates of 10% to 30% per year up to maximum of 100% if the participant complies with certain provisions. The Federal Government reimburses the University for amounts cancelled under these provisions. However, since 2009 the Federal Government has not appropriated funds to reimburse cancellations. Loans receivable from students bear interest at rates ranging from 5% to 10% and are generally repayable

in installments to the University over a 5 to 10 year period commencing 3 or 9 months after the date of separation from the University. The University outsources the loan servicing to a third party vendor. As the University determines that loans are uncollectible and not eligible for reimbursement by the Federal Government, the loans are written off and assigned to the U.S. Department of Education. In the event the University should withdraw from the Program or the Federal Government was to cancel the Program, the University would be required to repay \$8,209,463 as of June 30, 2012.

Student Loans Receivable as of June 30	2012	2011
Student loans receivable - current	\$ 1,395,700	\$ 1,317,900
Student loans receivable - non-current	9,421,643	9,282,629
Student loans receivable	10,817,343	10,600,529
Less allowance for doubtful accounts	(109,900)	(23,700)
Student loans receivable, net	<u>\$ 10,707,443</u>	<u>\$ 10,576,829</u>

5. CAPITAL ASSETS, NET

Following are the changes in capital assets for the fiscal year ended June 30, 2012:

	2012 (Dollars in Thousands)				
	Balance July 1, 2011	Additions	Transfers	Retirements	Balance June 30, 2012
Capital assets not being depreciated:					
Land	\$ 48,229	\$ 3,403	\$ -	\$ -	\$ 51,632
Construction in progress	52,255	51,933	(31,065)	-	73,123
Total assets not being depreciated	\$ 100,484	\$ 55,336	\$ (31,065)	\$ -	\$ 124,755
Other capital assets:					
Building and improvements	\$ 417,872	\$ 55	\$ 30,987	\$ (571)	\$ 448,343
Furniture and equipment	54,305	5,360	78	(1,972)	57,771
Library materials	32,969	2,097	-	(1,877)	33,189
Intangibles	15,822	-	-	-	15,822
Total other capital assets	520,968	7,512	31,065	(4,420)	555,125
Less accumulated depreciation:					
Buildings and improvements	(129,257)	(12,424)	-	252	(141,429)
Furniture and equipment	(34,689)	(5,290)	-	1,796	(38,183)
Library materials	(24,355)	(1,824)	-	1,488	(24,691)
Intangibles	(12,368)	(1,103)	-	-	(13,471)
Total accumulated depreciation	(200,669)	(20,641)	-	3,536	(217,774)
Other capital assets, net	\$ 320,299	\$ (13,129)	\$ 31,065	\$ (884)	\$ 337,351
Capital assets summary:					
Capital assets not being depreciated	\$ 100,484	\$ 55,336	\$ (31,065)	\$ -	\$ 124,755
Other capital assets at cost	520,968	7,512	31,065	(4,420)	555,125
Total cost of capital assets	621,452	62,848	-	(4,420)	679,880
Less accumulated depreciation	(200,669)	(20,641)	-	3,536	(217,774)
Capital assets, net	\$ 420,783	\$ 42,207	\$ -	\$ (884)	\$ 462,106

In addition to accounts payable for construction costs, the estimated cost to complete property authorized or under construction at June 30, 2012 is \$29,267,288. These costs will be funded by construction proceeds from outstanding debt and available reserves.



Following are the changes in capital assets for the year ended June 30, 2011:

	2011 (Dollars in Thousands)				
	Balance July 1, 2010	Additions	Transfers	Retirements	Balance June 30, 2011
Capital assets not being depreciated:					
Land	\$ 46,897	\$ 1,332	\$ -	\$ -	\$ 48,229
Construction in progress	28,238	39,393	(15,376)	-	52,255
Total assets not being depreciated	<u>\$ 75,135</u>	<u>\$ 40,725</u>	<u>\$ (15,376)</u>	<u>\$ -</u>	<u>\$ 100,484</u>
Other capital assets:					
Building and improvements	\$ 402,224	\$ 1,442	\$ 15,310	\$ (1,104)	\$ 417,872
Furniture and equipment	49,324	6,264	66	(1,349)	54,305
Library materials	32,592	2,168	-	(1,791)	32,969
Intangibles	15,822	-	-	-	15,822
Total other capital assets	<u>499,962</u>	<u>9,874</u>	<u>15,376</u>	<u>(4,244)</u>	<u>520,968</u>
Less accumulated depreciation:					
Buildings and improvements	(117,534)	(12,026)	-	303	(129,257)
Furniture and equipment	(30,967)	(4,931)	-	1,209	(34,689)
Library materials	(23,895)	(1,857)	-	1,397	(24,355)
Intangibles	(11,265)	(1,103)	-	-	(12,368)
Total accumulated depreciation	<u>(183,661)</u>	<u>(19,917)</u>	<u>-</u>	<u>2,909</u>	<u>(200,669)</u>
Other capital assets, net	<u>\$ 316,301</u>	<u>\$ (10,043)</u>	<u>\$ 15,376</u>	<u>\$ (1,335)</u>	<u>\$ 320,299</u>
Capital assets summary:					
Capital assets not being depreciated	\$ 75,135	\$ 40,725	\$ (15,376)	\$ -	\$ 100,484
Other capital assets at cost	499,962	9,874	15,376	(4,244)	520,968
Total cost of capital assets	<u>575,097</u>	<u>50,599</u>	<u>-</u>	<u>(4,244)</u>	<u>621,452</u>
Less accumulated depreciation	<u>(183,661)</u>	<u>(19,917)</u>	<u>-</u>	<u>2,909</u>	<u>(200,669)</u>
Capital assets, net	<u>\$ 391,436</u>	<u>\$ 30,682</u>	<u>\$ -</u>	<u>\$ (1,335)</u>	<u>\$ 420,783</u>

6. UNEARNED REVENUE

Unearned revenue include amounts received for prepaid ticket sales, auxiliary enterprise revenue received not earned, student fees, grant and contract revenue, a school district land swap and other amounts received prior to the end of the fiscal year that will be earned in subsequent years. In 2007, the University exchanged parcels of land with the Boise School

District ("the District"). The difference between the appraised values of the parcels was recorded as unearned revenue, to be amortized as the District uses University facilities for sporting events. Student fees represent the portion of summer school revenues related to the number of days of instruction in the subsequent fiscal year and prepaid fall semester fees.

Unearned revenue as of June 30	2012	2011
Prepaid ticket sales and auxiliary enterprises	\$ 6,897,848	\$ 5,960,368
Student fees	3,448,156	3,667,407
Grants and contracts	2,838,337	2,027,277
School district land swap	1,361,750	1,511,750
Other unearned revenue	635,660	572,882
Unearned revenue	\$ 15,181,751	\$ 13,739,684



7. LONG-TERM LIABILITIES

Following are the changes in bonds and notes payable, capital leases, non-current unearned revenue, other post-employment benefit obligations, and other liabilities for the fiscal years ended June 30, 2012 and 2011:

	2012 (Dollars in Thousands)				
	Ending Balance July 1, 2011	Additions	Reductions	Ending Balance June 30, 2012	Amounts due within one year
Long-term debt:					
Revenue bonds payable	\$ 225,295	\$ 33,330	\$ (23,285)	\$ 235,340	\$ 6,400
Basis adjustment arising from defeasance	(2,338)	(1,588)	356	(3,570)	-
Premium on revenue bonds	3,576	3,647	(557)	6,666	-
Notes payable	1,961	-	(308)	1,653	325
Capital lease obligations	271	26	(124)	173	151
Capital lease obligations - component unit	2,082	-	(305)	1,777	325
Total long-term debt	230,847	35,415	(24,223)	242,039	7,201
Other liabilities:					
Non-current unearned revenue	1,804	-	(213)	1,591	-
Net other post employment benefits	6,093	942	-	7,035	-
Non-current other	416	217	-	633	-
Total other liabilities	8,313	1,159	(213)	9,259	-
Long-term liabilities	\$ 239,160	\$ 36,574	\$ (24,436)	\$ 251,298	\$ 7,201

	2011 (Dollars in Thousands)				
	Ending Balance July 1, 2010	Additions	Reductions	Ending Balance June 30, 2011	Amounts due within one year
Long-term debt:					
Revenue bonds payable	\$ 230,390	\$ -	\$ (5,095)	\$ 225,295	\$ 5,785
Basis adjustment arising from defeasance	(2,555)	-	217	(2,338)	-
Premium on revenue bonds	3,746	-	(170)	3,576	-
Notes payable	2,255	-	(294)	1,961	310
Capital lease obligations	385	-	(114)	271	121
Capital lease obligations - component unit	2,377	-	(295)	2,082	305
Total long-term debt	236,598	-	(5,751)	230,847	6,521
Other liabilities:					
Non-current unearned revenue	1,808	-	(4)	1,804	-
Net other post employment benefits	5,111	982	-	6,093	-
Non-current other	124	292	-	416	-
Total other liabilities	7,043	1,274	(4)	8,313	-
Long-term liabilities	\$ 243,641	\$ 1,274	\$ (5,755)	\$ 239,160	\$ 6,521

8. BONDS AND NOTES PAYABLE

The University issues bonds to finance a portion of the construction of academic and auxiliary facilities. The University is required by bonding resolution to establish a Rebate Fund to be held and administered by the University, separate and apart from other funds and accounts of the University. The University shall make deposits into the Rebate Fund of all amounts necessary to make payments of arbitrage due to the United States. The University had no arbitrage liability as of June 30, 2012 and 2011. All bonds are at parity and are senior to notes payable. Management believes the University is in compliance with all bond

covenants as of June 30, 2012 and 2011. During the fiscal year ended June 30, 2012, the University issued \$33,330,000, at par, of tax-exempt General Revenue Bonds, Series 2012A. Proceeds of the 2012A Bond in the amount of \$17,602,032 were received by the University for designated projects and cost of issuance and \$19,201,540 was deposited in trust to refund portions of the 2003 and 2004 General Revenue Bonds. The aggregate difference in debt service between the refunding debt and refunded debt was \$1,596,788 and the net present value of the savings due to refunding was \$1,429,205.

Notes Payable:

Notes Payable	June 30, 2012 (Dollars in Thousands)						Outstanding Balance 2012	Outstanding Balance 2011
	Original Face Value	Terms	Interest Rate	Maturity Date	Collateralized by			
2006 Bank note payable	\$ 3,381	11 year monthly amortization	4.77%	2016	(1)	\$ 1,653	\$ 1,961	
Total Notes Payable						\$ 1,653	\$ 1,961	

(1) Bronco Athletic Association guarantee

Notes Payable - Principal and interest maturities as of June 30, 2012 are as follows:

	Notes Payable 2012 (Dollars in Thousands)		
	Principal	Interest	Total
2013	\$ 325	\$ 71	\$ 396
2014	340	55	395
2015	357	39	396
2016	374	22	396
2017	257	4	261
2018-2022	-	-	-
Total	\$ 1,653	\$ 191	\$ 1,844

Bonds Payable:

Bond Issue	June 30, 2012 (Dollars in Thousands)					
	Original Face Value	Range of Annual Principal Amounts	Range of Semi Annual Interest Percentages	Maturity Date	Outstanding Balance 2012	Outstanding Balance 2011
General Revenue Bonds, Series 2012A	\$ 33,330	\$ 305 - \$3,455	2.000% - 5.000%	2042	\$ 33,330	\$ -
General Revenue Bonds, Series 2010A	\$ 1,195	\$ 285 - \$ 315	3.000% - 4.000%	2015	910	1,195
General Revenue Bonds, Series 2010B	\$ 12,895	\$ 325 - \$ 795	3.940% - 6.310%	2040	12,895	12,895
General Revenue Bonds, Series 2009A	\$ 42,595	\$ 720 - \$2,870	3.250% - 5.000%	2039	35,650	38,400
General Revenue Bonds, Series 2007A	\$ 96,365	\$ 145 - \$7,880	4.000% - 5.000%	2037	96,220	96,365
General Revenue Bonds, Series 2007B	\$ 25,860	\$ 510 - \$1,760	4.000% - 5.000%	2037	25,860	25,860
General Revenue Bonds, Series 2007C	\$ 2,850	\$ 125 - \$ 600	5.210% - 5.210%	2014	725	1,300
General Revenue Bonds, Series 2005A	\$ 21,925	\$ 140 - \$2,695	3.750% - 5.000%	2034	17,435	18,135
General Revenue Bonds, Series 2004A	\$ 31,480	\$ 725 - \$2,205	4.000% - 5.000%	2033	11,990	26,450
General Revenue Bonds, Series 2003	\$ 6,620	\$ 310 - \$1,715	4.000% - 5.000%	2017	325	4,665
General Revenue Bonds, Series 2002	\$ 38,255	\$ 30 - \$ 30	5.375% - 5.375%	2012	-	30
Bonds before premium					235,340	225,295
Premium on bonds (including basis adjustments)					3,096	1,238
Total bonds outstanding					\$ 238,436	\$ 226,533

Bonds Payable - Principal and interest maturities as of June 30, 2012 are as follows:

	Bonds Payable 2012 (Dollars in Thousands)		
	Principal	Interest	Total
2013	\$ 6,400	\$ 10,894	\$ 17,294
2014	6,700	10,511	17,211
2015	7,110	10,197	17,307
2016	7,515	9,875	17,390
2017	7,865	9,556	17,421
2018-2022	44,985	42,015	87,000
2023-2027	39,335	32,646	71,981
2028-2032	46,880	23,267	70,147
2033-2037	58,370	11,316	69,686
2038-2042	10,180	1,226	11,406
Total	\$ 235,340	\$ 161,503	\$ 396,843

Extinguished Debt - As of June 30, 2012, debt in the amount of \$17,500,000 is considered extinguished through refunding of prior issues by a portion of the current issues. Escrowed funds are held in trust in the amount of \$18,804,818 for the payment of maturities on refunded bonds.

Refunded Bond Issue	Bonds Payable 2012			
	Original Issue Amount	Principal Payments	Defeased Amount	Defeased Liability Outstanding
2002 Student Union & Housing System	\$ 38,255,000	\$ 38,225,000	\$ 34,710,000	\$ -
2003 General Revenue Bond	6,620,000	2,265,000	4,030,000	4,030,000
2004 General Revenue Bond	31,480,000	6,020,000	13,470,000	13,470,000
Total	\$ 76,355,000	\$ 46,510,000	\$ 52,210,000	\$ 17,500,000

Neither the debt nor the escrowed assets are reflected in the University's financial statements.

Pledged Revenue – The University has pledged certain revenues as collateral for debt instruments. The pledged revenue amounts and coverage requirements are as follows for the year ended June 30, 2012:

Pledged revenues:	2012
Student fees	\$ 119,972,905
Rentals	9,422,090
Residence dining income	3,700,681
Other	1,730,717
Sales & service	45,781,702
F&A recovery	5,368,929
Investment income	483,682
Total pledged revenue	186,460,706
Less operations and maintenance	(65,802,427)
Pledged revenues, net	\$ 120,658,279
Debt service	\$ 16,025,105
Debt service coverage	753%
Coverage requirement	110%

9. LEASE OBLIGATIONS

Capital Lease Obligations – The University has entered into various capital lease agreements covering buildings and equipment. Assets under capital lease are included in capital assets, net of depreciation. Amortization of assets under capital lease is included in depreciation expense. These amounts are included in capital assets.

The University leases a building from the Foundation. Future minimum capital lease obligations under these agreements as of June 30, 2012, are as follows:

Future minimum capital lease obligations	2012 (Dollars in Thousands)		
	Building	Equipment	Total
2013	\$ 427	\$ 157	\$ 584
2014	425	22	447
2015	428	-	428
2016	428	-	428
2017	399	-	399
2018-2022	11	-	11
Total minimum obligations	2,118	179	2,297
Less interest	(341)	(6)	(347)
Present value of minimum obligations	\$ 1,777	\$ 173	\$ 1,950



Following are the book value, accumulated depreciation, and net book value for capitalized leased assets as of June 30, 2012:

Assets under capital leases:	Book Value	Accumulated Depreciation	Net Book Value
Buildings and improvements	\$ 7,764	\$ (3,741)	\$ 4,023
Equipment	2,690	(2,539)	151
Total	\$ 10,454	\$ (6,280)	\$ 4,174

Operating Lease Obligations – The University has entered into various non-cancellable operating lease agreements covering certain equipment. The lease terms range from one to five years. The expense for operating leases was \$299,138 for the year ended June 30, 2012 and \$230,874 for the year ended June 30, 2011.

Future minimum lease payments on non-cancellable leases at June 30, 2012 are as follows:

Future minimum operating lease obligations	
2013	\$ 299,252
2014	221,703
2015	85,792
2016	37,604
2017	14,087
Total future minimum operating lease obligations	\$ 658,438



10. RETIREMENT PLANS AND TERMINATION PAYMENTS

Public Employee Retirement System of Idaho – The Public Employee Retirement System of Idaho (PERSI) administers the PERSI Base Plan which is a cost-sharing, multiple-employer defined benefit retirement plan governed by Idaho Code, Sections 59-1301 through 59-1399. The funding policy, including contribution and vesting requirements, for the PERSI Base Plan is determined by the PERSI Retirement Board as defined by Idaho law. PERSI issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employee Retirement System of Idaho, P.O. Box 83720, Boise, Idaho 83720-0078.

The PERSI Base Plan requires that both the members and the employer contribute. These contributions, in addition to earnings from investments, fund the PERSI Base Plan

benefits. The benefits were established and may be amended by the Idaho State Legislature. Members become fully vested in retirement benefits earned to date after five years of credited service. The benefit structure is based on each member's years of service, age, and highest average salary. In addition, benefits are provided for disability or death, and to survivors of eligible members or beneficiaries. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification or a combination of age plus service.

The annual service retirement allowance for each month of credited service is 2% of the average monthly salary for the highest consecutive 42 months. Approximately 881 employees contribute to this plan.

University contributions for the three fiscal years ended June 30 are as follows:

PERSI:	2012	2011	2010
University required contribution rate	10.39%	10.39%	10.39%
Percentage of covered payroll for employees	6.23%	6.23%	6.23%
University contributions required and paid	\$ 2,707,520	\$ 2,649,006	\$ 2,742,751

Optional Retirement Plan (ORP) – Effective July 1, 1990, the Idaho State Legislature authorized the Idaho State Board of Education to establish an Optional Retirement Plan (ORP), a defined contribution plan for faculty and professional employees. The ORP is governed by Idaho Code, Sections 33-107A and 33-107B.

New faculty and professional employees hired July 1, 1990 or thereafter automatically enroll in the ORP and select their vendor option. Vendor options include Teachers Insurance and Annuity Association – College Retirement Equities and Variable Annuity Life Insurance Company. Faculty and professional employees hired before July 1, 1990, had a one-time opportunity to enroll in the ORP. Participants are immediately fully vested in the ORP. Retirement benefits are available

either as a lump sum or any portion thereof upon attaining 55 years of age.

The employee contribution requirement for the ORP is based on a percentage of total covered compensation. Employer contributions are determined by the State of Idaho. Approximately 1,567 employees contribute to this plan.

Although enrollees in the ORP no longer actively participate in PERSI, the University is required to contribute to the PERSI Base Plan through July 1, 2025. The contribution rate is 1.49% of the annual covered payroll. During the fiscal years ended June 30, 2012, 2011, and 2010, this supplemental funding payment to PERSI was \$1,332,203, \$1,241,034, and \$1,172,848, respectively. This amount is not included in the regular University PERSI Base Plan contribution discussed previously.

Contributions for the three years ended June 30, are as follows:

ORP:	2012	2011	2010
University contribution	\$ 8,285,481	\$ 7,747,212	\$ 7,340,409
Employee contribution	\$ 6,231,143	\$ 5,823,468	\$ 5,519,278
Total contribution	\$ 14,516,624	\$ 13,570,680	\$ 12,859,687
University contribution rate	9.27%	9.27%	9.27%
Employee contribution rate	6.97%	6.97%	6.97%

Supplemental Retirement Plans – Full and part time faculty, classified and professional staff, enrolled in PERSI as their regular retirement plan, may enroll in the 403(b), 401(k), and the 457(b) plans. Full and part

time faculty and professional staff enrolled in the ORP as their regular retirement plan may enroll in the 403(b) and the 457(b) plans.

401(k) - PERSI Choice Plan (PCP):

This is only available to active PERSI members. The Choice Plan contains employee gain sharing distributions, any voluntary employee contributions made, and the earnings on those funds. Approximately 124 employees contribute to this plan.

457(b) - Deferred Compensation Plan:

The 457(b) is a voluntary retirement savings plan covered under Section 457(b) of the Internal Revenue Code. All University employees are eligible to participate in this plan. The plan is funded exclusively through employee pre-tax contributions. Approximately 64 employees contribute to this plan.

403(b) Plan:

The 403(b) is a voluntary tax-sheltered retirement plan covered under Section 403(b) of the Internal Revenue Code. All University employees are eligible to participate in this plan. The plan is funded exclusively by employee pre-tax contributions. Approximately 372 employees contribute to this plan.

Roth 403(b) Plan:

The Roth 403(b) is a voluntary retirement savings plan covered under Section 403(b) of the Internal Revenue Code. All University employees are eligible to participate in this plan. The plan is funded exclusively

through employee post-tax contributions. Approximately 43 employees contribute to this plan.

Supplemental Retirement 403(b) Plan:

The Supplemental 403(b) plan was established by the Idaho State Board of Education as of June 23, 2011 for the benefit of a limited group of participants from the state's higher education institutions. The plan is funded by participant-specific contributions from the employees and their respective institutions, as set forth in Appendix A to the Plan document.

401(a) Plan:

This defined contribution retirement plan was established December 1, 2011, to provide additional retirement benefits for certain eligible employees of the University. The plan, which is qualified under Section 401(a) of the Internal Revenue Code, is funded through University contributions.

415 (m) Plan:

The 415 (m) Retirement plan is a qualified excess benefit plan authorized under Section 415 (m) of the Internal Revenue Code. The plan is provided to select staff based on individual employment contracts negotiated. All contributions provided by the University are negotiated on an individual basis and are contingent on vesting requirements being satisfied.

Supplemental Retirement Plan Contributions - Fiscal Year 2012:

Supplemental Contributions:	PCP	403(b)	457(b)	Roth 403(b)	Supplemental 403(b)	Supplemental 401(a)	415(m)
Employee contribution	\$ 323,448	\$ 2,522,091	\$ 592,359	\$ 160,896	\$ 45,399	N/A	N/A
University contribution	N/A	N/A	N/A	N/A	\$ 65,009	\$ 9,212	\$ 235,788

Termination Payments – Employees who qualify for retirement under the PERSI Base Plan or the ORP are eligible to use 50% of the cash value of their unused sick leave (with limits based on years of service) to purchase health insurance for the retiree. The University partially funds these

obligations by remitting 0.65% of employee gross payroll to the Sick Leave Insurance Reserve fund administered by PERSI. The total contributions for the fiscal years ended June 30, 2012, 2011, and 2010, were \$752,896, \$707,068, and \$683,227, respectively.



11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS***Summary of Plans***

Boise State University participates in other postemployment benefit plans relating to health and disability that are administered by the State of Idaho as agent multiple-employer defined benefit plans. The Life Insurance benefit is a single-employer defined benefit plan. Idaho Code, Sections 67-5760 to 67-5767 and 72-1335, establishes the benefits and contribution obligations. Each of these benefits is provided by the University to retired or disabled employees. The most recent actuarial valuation is as of July 1, 2010. The University has not set aside any assets to pay future benefits; the University funds these benefits on a pay-as-you-go basis. Details of the plans can be found in the State's Comprehensive Annual Report of the State of Idaho, which may be obtained as follows:

Office of the State Controller
700 W, State Street, 4th Floor
Boise, ID 83702
P.O. Box 83720
Boise, ID 83720-001

www.sco.idaho.gov

Plan Descriptions and Funding Policy:

Retiree Healthcare Plan – A retired employee of the University who is eligible to retire under the Public Employee Retirement System of Idaho (PERSI) may elect to purchase the retiree health insurance coverage for themselves and eligible dependents. Employees must enroll within 60 days of the date of their retirement.

Additionally, the unreduced PERSI monthly benefit at the time of retirement must meet or exceed the monthly cost of single retiree health insurance coverage, or employees must have 10 or more years (20,800 or more hours) of credited service. An employee must have been an active employee on or before June 30, 2009, and must retire directly from State service. Coverage is not available to Medicare-eligible retirees or their Medicare-eligible dependents. Retirees eligible for medical health insurance pay the majority of the premium cost; however, the retiree plan costs are subsidized by the active employee plan. The maximum benefit is \$1,860 per retiree per year. The University contributed \$8.00 per active employee per month towards the retiree premium cost.

Long-Term Disability Plan – Disabled employees are defined as being unable to perform each of the substantial and material duties of the job for which they were hired and unable to earn more than 70% of their monthly salary for the first 30 months of disability. If after 30 months the employee is unable to perform any job for which they are reasonably qualified by experience, education, or training, and unable to earn more than 60% of their monthly salary the employee is considered totally disabled. To qualify for long-term disability benefits, the waiting period of the longer of 26 weeks of continuous total disability or exhaustion of accrued sick leave must be met.

The plan provides long-term disability income benefits to active employees who become disabled, generally up to a maximum age of 70. The gross benefit equals 60% of monthly pre-disability salary or \$4,000, whichever is less. The benefit does not increase with inflation and may be offset by other sources of income such as Social Security, Workers' Compensation, unemployment benefits, and certain retirement benefits. The State is self-insured for employees who became disabled prior to July 1, 2003; the State pays 100% of the cost of this benefit. The amount of the contribution is based on active claims and the number of insured individuals.

Employees disabled on or after July 1, 2003, are insured by Principal Life Insurance Company and the obligation for the payment of benefits has been effectively transferred. The University pays 100% of the cost of the premiums. The University's contribution rate for the period was 0.318% of payroll in fiscal year 2012. This portion of the long-term disability income benefit is not included in the actuarial estimate as this is considered an insured benefit.

For up to 30 months following the date of disability, an employee is entitled to continue healthcare coverage under the State plan. The University pays 100% of the University's share of medical and dental premiums while the employee remains disabled. The employee is required to pay the normal active employee contribution

for the plan and rate category in which the employee is enrolled. The University was not required to make a contribution in fiscal year 2012.

This plan also provides basic life insurance and dependent life coverage to disabled employees, generally up to a maximum age of 70. The life insurance benefit amount is generally 100% of annual salary, but not less than \$20,000. In addition, a \$2,000 life insurance benefit is provided for spouses, and a \$1,000 life insurance benefit is provided for dependent children. These benefits do not increase with inflation. The University pays 100% of the premiums; the contribution is actuarially determined based on actual claims experience.

Retiree Life Insurance Plan – This plan provides basic life insurance for certified retired employees. In general, the employee must have completed at least 30 years of credited service, or age 65 with 65 years of service; or the sum of his/her age and years of credited service must total at least 80 to qualify for this benefit. Eligible retirees receive basic life insurance coverage equal to 100% of their annual salary at retirement. The University pays 100% of the cost of basic life insurance for eligible retirees. The University's contribution for the period as a percent of payroll was 1.177% for retirees under age 65, 0.894% for retirees between the ages of 65 and 69, and 0.600% for retirees over age 70.

Annual OPEB Cost – The annual OPEB cost (AOC) is actuarially determined based on the annual required contribution (ARC) of the employer in accordance with GASB Statement Nos. 43 and 45. The following table illustrates the annual OPEB cost, the amount of contributions made, the increase

(decrease) in the net OPEB obligation (NOO), and the NOO (funding excess) for the current year. The University has OPEB assets of \$87,028 and OPEB liabilities of \$7,035,166 resulting in net OPEB obligation of \$6,948,138 as of June 30, 2012.

2012 Annual OPEB Cost and Net OPEB Obligation (Dollars in Thousands)					
	Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance Plan
		Healthcare	Life Insurance	Income	
Annual OPEB cost					
Annual required contribution	\$ 431	\$ 149	\$ 83	\$ 90	\$ 1,023
Interest	131	8	(2)	(2)	114
Adjustment to ARC	(190)	(12)	3	3	(167)
Annual OPEB cost	372	145	84	91	970
Contributions made	(351)	(132)	(94)	(75)	(155)
Increase (decrease) in net OPEB obligation	21	13	(10)	16	815
Net OPEB obligation – beginning of year	3,092	182	(56)	(36)	2,911
Net OPEB obligation (funding excess) – end of year	\$ 3,113	\$ 195	\$ (66)	\$ (20)	\$ 3,726
Percentage of AOC contributed	94.35%	91.03%	111.90%	82.42%	15.98%

Annual OPEB Cost Comparison – The following table compares the annual OPEB cost, the percentage of annual OPEB cost contributed and the net OPEB obligation (funding excess) for the current and two prior years.

Annual OPEB Cost and Net OPEB Obligation Comparison (Dollars in Thousands)						
		Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance Plan
			Healthcare	Life Insurance	Income	
Annual OPEB cost	2010	\$ 295	\$ 176	\$ 77	\$ 98	\$ 958
	2011	\$ 407	\$ 152	\$ 91	\$ 100	\$ 926
	2012	\$ 372	\$ 145	\$ 84	\$ 91	\$ 970
Percentage of AOC contributed	2010	58.64%	55.68%	107.79%	79.59%	25.89%
	2011	44.61%	84.87%	148.35%	90.91%	16.92%
	2012	94.35%	91.03%	111.90%	82.42%	15.98%
NOO (funding excess) – end of year	2010	\$ 2,867	\$ 159	\$ (12)	\$ (46)	\$ 2,142
	2011	\$ 3,092	\$ 182	\$ (56)	\$ (36)	\$ 2,911
	2012	\$ 3,113	\$ 195	\$ (66)	\$ (20)	\$ 3,726

Funded Status and Funding Progress –The following table illustrates the funded status and the funding progress for the University as of June 30, 2012:

Funded Status and Funding Progress (Dollars in Thousands)							(6) UAAL as a Percentage of Covered Payroll (3) : (5)
	Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (2) - (1)	(4) Funded Ratios (1) : (2)	(5) Annual Covered Payroll	
Retiree healthcare plan	07/01/10	\$0	\$ 2,718	\$ 2,718	0.00%	\$ 139,597	1.9
Long-term disability plan:							
Healthcare	07/01/10	\$0	\$ 970	\$ 970	0.00%	\$ 139,597	0.7
Life insurance	07/01/10	\$0	\$ 1,012	\$ 1,012	0.00%	\$ 139,597	0.7
Income	07/01/10	\$0	\$ 542	\$ 542	0.00%	\$ 139,597	0.4
Retiree life insurance plan	07/01/10	\$0	\$ 12,954	\$ 12,954	0.00%	\$ 139,597	9.3



Actuarial Methods and Assumptions –

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information, contains multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Calculations are based on the types of benefits provided under the terms of the plan at the time of each valuation and on

the pattern of sharing costs between the employer and plan members. Any variations in future experience from that expected from these assumptions will result in corresponding changes in the estimated costs of the benefits. The projection of benefits for financial reporting purposes does not incorporate the potential effects of legal funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective and actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The following table presents the significant methods and assumptions for all plans:

	Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance Plan
	Projected Unit Credit	Healthcare Projected Unit Credit	Life Insurance Projected Unit Credit	Income Projected Unit Credit	Insurance Plan Projected Unit Credit
Actuarial cost method	Level Percentage of Payroll	Level Percentage of Payroll	Level Percentage of Payroll	Level Dollar Amount	Level Percentage of Payroll
Amortization method	11 years Closed	30 years Open	30 years Open	8 years Closed	30 years Open
Amortization period	11 years Closed	30 years Open	30 years Open	8 years Closed	30 years Open
Assumptions:					
Inflation rate	3.00%	3.00%	3.00%	3.00%	3.00%
Investment return	4.00%	4.00%	4.00%	4.00%	4.00%
OPEB increases	N/A	N/A	N/A	N/A	N/A
Projected salary increases	3.50%	3.50%	3.50%	3.50%	3.50%
Healthcare cost initial					
Trend rate	10.00%	10.00%	N/A	N/A	N/A
Healthcare cost ultimate					
Trend rate	5.00%	5.00%	N/A	N/A	N/A

Required Supplementary Information:**Other Post-Employment Benefits – Schedule of Funding Progress:**

Schedule of Funding Progress - Required Supplementary Information: (Dollars in Thousands)							
	Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (2) - (1)	(4) Funded Ratios (1) : (2)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (3) : (5)
Retiree healthcare plan	7/1/2006	\$0	\$ 38,594	\$ 38,594	0.00%	\$ 122,474	31.5
	7/1/2008	\$0	\$ 2,656	\$ 2,656	0.00%	\$ 130,760	2.0
	7/1/2010	\$0	\$ 2,718	\$ 2,718	0.00%	\$ 139,597	1.9
Long-term disability plan:							
Life Insurance	7/1/2006	\$0	\$ 1,160	\$ 1,160	0.00%	\$ 122,474	0.9
	7/1/2008	\$0	\$ 1,026	\$ 1,026	0.00%	\$ 130,760	0.8
	7/1/2010	\$0	\$ 1,012	\$ 1,012	0.00%	\$ 139,597	0.7
Healthcare	7/1/2006	\$0	\$ 1,093	\$ 1,093	0.00%	\$ 122,474	0.9
	7/1/2008	\$0	\$ 1,227	\$ 1,227	0.00%	\$ 130,760	0.9
	7/1/2010	\$0	\$ 970	\$ 970	0.00%	\$ 139,597	0.7
Income	7/1/2006	\$0	\$ 697	\$ 697	0.00%	\$ 122,474	0.6
	7/1/2008	\$0	\$ 715	\$ 715	0.00%	\$ 130,760	0.5
	7/1/2010	\$0	\$ 542	\$ 542	0.00%	\$ 139,597	0.4
Retiree life insurance plan	7/1/2006	\$0	\$ 10,060	\$ 10,060	0.00%	\$ 122,474	8.2
	7/1/2008	\$0	\$ 10,895	\$ 10,895	0.00%	\$ 130,760	8.3
	7/1/2010	\$0	\$ 12,954	\$ 12,954	0.00%	\$ 139,597	9.3

Effective July 1, 2009, legislative changes to the Retiree Healthcare Plan regarding eligibility stipulate that an officer or employee must be an active employee on or before June 30, 2009, and retire directly from State service; the maximum benefit is

\$1,860 per retiree per year. Additionally, any retiree will remain eligible until they are eligible for Medicare. Beginning January 1, 2010, coverage was not available to Medicare-eligible retirees or their Medicare-eligible dependents.

Schedule of Employer Contributions:

Schedule of Employer Contributions - Required Supplementary Information: (Dollars in Thousands)				
OPEB Plan	Fiscal Year Ended	Annual Required Contribution (ARC)	Actual Contributions	Actual Contributions as Percentage of ARC
Life insurance	06/30/12	\$1,023	\$155	15%
	06/30/11	\$966	\$157	16%
	06/30/10	\$979	\$248	25%
	06/30/09	\$941	\$231	25%

12. RISK MANAGEMENT

The University obtains workers' compensation coverage from the Idaho State Insurance Fund. The University's workers' compensation premiums are based on its payroll, its own experience, as well as that of the State of Idaho as a whole. The University carries commercial insurance for other risks of loss, including but not limited to employee bond and crime, out of state workers' compensation, business interruption, media liability and automobile physical damage insurance.



13. COMPONENT UNIT

The Boise State University Foundation, Inc. (the “Foundation”) is discreetly presented within the financial statements as a component unit. The Foundation was established to engage in activities to benefit and support the University, including receiving contributions and holding, protecting, managing, and investing donated funds. The Foundation is a non-profit corporation incorporated in accordance with the laws of the State of Idaho and managed by a volunteer Board of Directors. Under the Idaho State Board of Education’s administrative rules, the Foundation must be independent of and cannot be controlled by the University. A memorandum of understanding between the Foundation and the University defines the relationship between the two entities in accordance with these rules.

The Foundation’s financial statements are prepared in accordance with the standards set by the Financial Accounting Standards Board (FASB). FASB standards require three classes of net assets:

Permanently Restricted Net Assets — Permanently Restricted Net Assets are donor-designated gifts which will be maintained permanently by the Foundation. The investment income earned on these permanently restricted net assets is generally restricted as to purpose and is recorded as temporarily restricted net assets.

Temporarily Restricted Net Assets — Temporarily Restricted Net Assets are primarily available to support the University by providing funds for student scholarships, capital improvements, research, other

educational purposes and discretionary spending. Discretionary spending net assets are gifts that were designated by the donor to be spent by a specific area or school for general needs.

Unrestricted — Unrestricted Net Assets are not subject to donor-imposed restrictions.

Other differences include criteria for recognizing permanently restricted pledges, the method of accounting for split interest gifts, and the presentation of the financial information.

(a) Cash and Cash Equivalents, and Other Deposits and Investments

The Foundation considers all cash on deposit in demand savings and time deposits with an original maturity date of three months or less to be cash equivalents. Cash and cash equivalents held by investment managers are considered investments and are shown as restricted cash and cash equivalents as the funds have been designated by the Foundation for investment purposes. Cash deposits at times during the year ended June 30, 2012 and 2011 exceeded FDIC insured limits.

Investments are recorded in accordance with Accounting Standards Codification (ASC) 958. Investments in equity and debt securities that have readily determinable fair values are recorded at quoted market prices. Investment securities without quoted market prices are valued at estimated fair value using appropriate valuation methods that consider the underlying assets and financial reports.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is at least

reasonably possible that changes in the near term could materially affect account balances and the amounts reported in the accompanying financial statements.



Custodial Credit Risk – Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that in the event of the failure of the

counterparty (e.g. broker-dealer) to a transaction, the Foundation will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Foundation does not have a policy restricting the amount of deposits and investments subject to custodial credit risk.

Basis of Custodial Credit Risk as of June 30	2012	2011
Uninsured and uncollateralized	\$ 456,749	\$ 3,282,559

Investments of the Foundation, except for the certificates of deposit, are uninsured and uncollateralized and held in the name of either the Foundation or the broker.

Investments—The following details each major category of investments and the related fair market values as of June 30:

Investment Type	2012	2011	Percent of Total
Certificates of deposit	\$ 2,840,000	\$ 2,650,000	2.4%
US Treasury bonds	11,567,750	8,392,261	10.0%
Corporate bonds	25,199,678	24,291,305	21.7%
Bond mutual funds	20,871,001	19,224,293	18.0%
Equity funds	39,960,391	41,120,685	34.5%
Private equity investments	2,665,937	2,152,099	2.3%
Real estate and specialty assets	5,737,488	6,027,986	4.9%
Hedge funds	6,814,834	6,969,811	5.9%
Insurance annuities	305,252	305,598	0.3%
Total investments	\$ 115,962,331	\$ 111,134,038	100.0%

Fair Value of Investments – measured on a recurring basis as of June 30, 2012 and 2011 are as follows:

Fair Value of Investments	2012	2011
Investments:		
Growth investments		
US equities	\$ 18,093,745	\$ 20,586,798
International equities	22,056,121	20,777,462
Private equity/special situations	2,665,937	2,152,099
Risk reduction investments:		
Cash and certificates of deposit	7,709,800	9,456,685
US/Global fixed income	57,754,206	51,969,881
Hedge funds	6,814,834	6,969,811
Real estate	5,737,488	6,027,987
Investments total	120,832,131	117,940,723
Investments in perpetual trusts:		
US equities	1,010,731	849,529
International equities	402,415	590,849
Risk reduction investments:		
Cash and certificates of deposit	135,153	91,670
US/Global fixed income	675,001	742,328
Hedge funds	285,273	283,214
Real estate	285,295	285,959
Investments in perpetual trusts total	2,793,868	2,843,549
Total investments, at fair value	\$ 123,625,999	\$ 120,784,272

Credit Risk – The risk that an issuer of debt securities or another counterparty to an investment will not fulfill its obligation is commonly expressed in terms of the credit quality rating issued by a nationally recognized statistical rating organization such as Moody's, Standard and Poor's, and Fitch's. The ratings presented below use the Moody's scale. Ratings by investment type, as of June 30, 2012, are as follows:

Moody's Scale Rating	US Treasury Bonds	Corporate Bonds	Bond Mutual Funds	Fair Value
Aaa	\$ 11,558,592	\$ 2,028,430	\$ 6,926,078	\$ 20,513,100
Aa1	-	1,485,204	-	1,485,204
Aa2	-	2,065,107	-	2,065,107
Aa3	-	3,784,841	329,454	4,114,295
A1	-	2,310,690	-	2,310,690
A2	-	5,765,184	9,453,573	15,218,757
A3	-	5,874,509	-	5,874,509
Baa1	-	1,006,973	4,025,792	5,032,765
Baa2	-	878,740	66,800	945,540
Ba2	-	-	59,380	59,380
B2	-	-	9,924	9,924
Unrated	9,158	-	-	9,158
Total	\$ 11,567,750	\$ 25,199,678	\$ 20,871,001	\$ 57,638,429

While the Foundation does not have a restrictive policy regarding rated investments, it does have a legal agreement with its expendable restricted fund manager which defines ratings acceptable to the Foundation and its policy defines benchmark indices by which to measure overall performance of these investments.

Interest Rate Risk – Investments in debt securities that are fixed for a longer period of time are likely to experience greater variability in their fair values due to future changes in interest rates. While the Foundation does not have a policy regarding maturities of investments, it does have a legal agreement with its expendable restricted fund manager which defines the targeted duration of the portfolio and its policy defines benchmark indices by which to measure overall performance of these investments. Maturities by investment type, as of June 30, 2012, are as follows:

Investment Type	Fair Value	< 1 yr	1-3 yr	3-10 yr	>10 yr
US Treasury Bonds	\$ 11,567,750	\$ 3,492,672	\$ 1,011,486	\$ 7,063,592	\$ -
Corporate bonds	25,199,678	16,220,995	434,004	8,544,679	-
Bond mutual funds	20,871,001	-	4,081,644	16,602,790	186,567
Rated securities	\$ 57,638,429	\$ 19,713,667	\$ 5,527,134	\$ 32,211,061	\$ 186,567

(b) Pledges Receivable

Gift pledges receivable are unconditional promises to give, which will be received by the Foundation in future years. These receivables are reflected at the present value of estimated future cash flows using a discount rate based on Treasury bond rates at the date of the pledge ranging from 0.75% to 3.55% as of June 30, 2012 and 2011 along with an allowance for uncollectible pledges based on past collection experience. Receivable maturities as of June 30 are:

Pledges Receivable	2012	2011
Receivable in less than one year	\$ 10,272,054	\$ 6,345,502
Receivable in one to five years	13,722,107	13,214,368
Receivable in more than five years	280,115	784,847
	24,274,276	20,344,717
Less allowance	(933,695)	(890,000)
Less discount	(1,311,667)	(1,716,783)
Total	\$ 22,028,914	\$ 17,737,934

A conditional gift of \$786,881 was received as of June 30, 2012 and is included in deferred revenue. Conditional pledges totaled \$13,700,000 as of June 30, 2012.

(c) Donated Services

The University provided office space to the Foundation totaling \$12,183 and \$12,183 in fiscal years ending June 30, 2012 and 2011, respectively.



14. OPERATING EXPENSES BY FUNCTIONAL CLASSIFICATIONS (DOLLARS IN THOUSANDS):

Functional Categories	2012				
	Personnel Cost	Services, Supplies and Other	Scholarships and Fellowships	Depreciation	Total
Instruction	\$ 78,005	\$ 11,080	\$ 2,724	\$ -	\$ 91,809
Research	14,891	7,610	806	-	23,307
Public service	7,353	4,994	343	-	12,690
Libraries	3,361	2,042	-	-	5,403
Student services	11,002	2,740	41	-	13,783
Plant operations	7,359	11,372	-	-	18,731
Institutional support	12,766	5,140	10	-	17,916
Academic support	14,003	3,665	145	-	17,813
Auxiliary enterprises	26,989	32,045	2,403	-	61,437
Scholarships	1,110	252	19,098	-	20,460
Depreciation	-	-	-	20,636	20,636
Total operating expenses	\$ 176,839	\$ 80,940	\$ 25,570	\$ 20,636	\$ 303,985

Functional Categories	2011				
	Personnel Cost	Services, Supplies and Other	Scholarships and Fellowships	Depreciation	Total
Instruction	\$ 78,374	\$ 11,027	\$ 2,593	\$ -	\$ 91,994
Research	13,312	5,904	829	-	20,045
Public service	6,314	4,295	269	-	10,878
Libraries	3,508	1,704	-	-	5,212
Student services	9,434	2,302	33	-	11,769
Plant operations	5,807	8,497	-	-	14,304
Institutional support	11,064	4,682	3	-	15,749
Academic support	13,063	3,846	99	-	17,008
Auxiliary enterprises	25,966	30,683	2,453	-	59,102
Scholarships	1,180	95	22,022	-	23,297
Depreciation	-	-	-	19,917	19,917
Total operating expenses	\$ 168,022	\$ 73,035	\$ 28,301	\$ 19,917	\$ 289,275

15. CONTINGENCIES AND LEGAL MATTERS

Revenue from federal research and service grants includes amounts for the recovery of overhead and other costs allocated to these projects. The University may be required to make refunds of amounts received for overhead and other costs reimbursed as a result of audits by agencies of the federal government. University officials are of the opinion that the effect of these refunds, if any, will not have a significant effect on financial position or the results of operations of the University.

The University has performed a review of potential pollution remediation obligations and found that there were no triggering events that would cause the University to record a pollution remediation liability as of June 30, 2012. Based on present knowledge, the University's management believes any ultimate liability in these matters will not materially affect the financial position or the results of operations of the University.



**REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

Idaho State Board of Education
Boise State University

We have audited the financial statements of Boise State University (University) and its discretely presented component unit as of and for the year ended June 30, 2012, and have issued our report thereon dated September 28, 2012. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the discretely presented component unit, as described in our report on the University's financial statements. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards*, and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the discretely presented component unit.

Internal Control Over Financial Reporting

Management of the University is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the University's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

**REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS* (continued)**

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Idaho State Board of Education, management, others within the University, federal awarding agencies and pass-through entities, and is not intended to be, and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Moss Adams LLP". The signature is written in a cursive, flowing style.

Eugene, Oregon
September 28, 2012

**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A-133**

Idaho State Board of Education
Boise State University

Compliance

We have audited Boise State University's (University) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2012. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the University's management. Our responsibility is to express an opinion on the University's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the University's compliance with those requirements.

In our opinion, the University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A-133 (continued)**

Internal Control Over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the University's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

This report is intended solely for the information and use of the Idaho State Board of Education, management, others within the University, federal awarding agencies, and pass-through entities and is not intended to be, and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Moss Adams LLP". The signature is written in a cursive, flowing style.

Eugene, Oregon
November 16, 2012

BOISE STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? ☐ yes ☒ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.388A	School Improvement Grants, Recovery Act
59.037	Small Business Development Centers
Various	Student Financial Assistance Cluster

Dollar threshold used to distinguish between type A and type B programs: \$914,592

Auditee qualified as low-risk auditee? ☒ yes ☐ no

BOISE STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

Section II - Financial Statement Findings

None reported

BOISE STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

Section III - Federal Award Findings and Questioned Costs

None reported

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

Federal Grant / Program Title	Federal CFDA Number	Research Expenditures	Non-Research Expenditures	Total Expenditures
U.S. DEPARTMENT OF AGRICULTURE:				
Direct Programs:				
Wine Grape Cultivars	10.001	\$ (209)	\$ -	\$ (209)
Wine Grape Cultivars	10.001	34,546	-	34,546
Populations of Invasive Plants	10.206	(425)	-	(425)
Staph Vaccine for Cows	10.310	79,501	-	79,501
Mycorrhizal Diversity	10.310	47,574	-	47,574
RISE: Rural Idaho Saves Energy	10.868	-	14,279	14,279
Northern Idaho Point Counts	10.NA	38,635	-	38,635
Sawtooth NF Goshawk Surveys	10.NA	14,195	-	14,195
Dormancy in Lomatium Dissect	10.XXX	6	-	6
Danskin Project	10.XXX	-	9,482	9,482
Forest Owls	10.XXX	(2)	-	(2)
Mycorrhizal Fungi	10.XXX	3,188	-	3,188
Pass Through Payments:				
Improving the Competitiveness	10.169	-	4,759	4,759
Child and Adult Care Food Program (Children's Center)	10.558	-	46,005	46,005
Total U.S. Department of Agriculture		<u>\$ 217,009</u>	<u>\$ 74,525</u>	<u>\$ 291,534</u>
U.S. DEPARTMENT OF COMMERCE:				
Direct Programs:				
TECenter Renovation	11.010	\$ -	\$ 732,766	\$ 732,766
TechHelp EDA University Center	11.303	-	8,916	8,916
FY12 EDA University Center	11.303	-	134,841	134,841
Spacio Variability of Snow	11.462	80,310	-	80,310
NIST GENERAL FY10	11.611	-	(104)	(104)
Idaho TechHelp NIST MEP FY11	11.611	-	14,657	14,657
Idaho TechHelp NIST MEP FY12	11.611	-	459,669	459,669
Hysplit GPU Parallelization	11.XXX	43,512	-	43,512
Pass Through Payments:				
Pacific NW Climate Decision	11.431	95,180	-	95,180
Total U.S. Department of Commerce		<u>\$ 219,002</u>	<u>\$ 1,350,745</u>	<u>\$ 1,569,747</u>
U.S. DEPARTMENT OF DEFENSE:				
Direct Programs:				
DNA Safeguard 2 - Wingett	12.420	\$ 1	\$ -	\$ 1
A West Nile Virus Vaccine-KC	12.420	43,955	-	43,955
A West Nile Virus Vaccine-JT	12.420	15,355	-	15,355
A West Nile Virus Vaccine-DW	12.420	37,530	-	37,530
DNA Safeguard 3	12.420	128,961	-	128,961

(continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

Federal Grant / Program Title	Federal CFDA Number	Research Expenditures	Non-Research Expenditures	Total Expenditures
U.S. DEPARTMENT OF DEFENSE (continued):				
Direct Programs (continued):				
DNA Safeguard 3	12.420	\$ 49,850	\$ -	\$ 49,850
DNA Safeguard 3	12.420	3,140	-	3,140
DNA Safeguard 3	12.420	(2,497)	-	(2,497)
DNA Safeguard 3	12.420	(493)	-	(493)
PTHrP and Mesenchymal Wnt	12.420	15,201	-	15,201
Semicon - Based Nanotechnology	12.431	152,294	-	152,294
Hydrologic Fluxes and States	12.431	257,497	-	257,497
Measuring and Monitoring Soil	12.431	142,522	-	142,522
Combining Remotely Sensed Vege	12.431	18,513	-	18,513
DEPSCOR 08	12.800	76,372	-	76,372
DARPA 3-D Tech for Adv. Sensor	12.910	2,852,063	-	2,852,063
Reconfigurable Electronics	12.910	87,581	-	87,581
Reconfigurable Electronics-2	12.910	321,062	-	321,062
Dugway Proving Ground	12.NA	243,252	-	243,252
Pass Through Payments:				
Coastal Eng & Human Disturbanc	12.300	(2,298)	-	(2,298)
MIT DTRA	12.351	58,344	-	58,344
Radiation Effects	12.351	22,409	-	22,409
Effects of Fatigue & Load Car.	12.420	22,165	-	22,165
DEPSCoR FY08	12.630	(1,871)	-	(1,871)
Integrative Passives 2010	12.800	16,937	-	16,937
AFOSR RSE Project	12.ADV	1,503	-	1,503
Anodic Polarization Corrosion	12.XXX	1,605	-	1,605
NMR Characterization of Chem.	12.XXX	(286)	-	(286)
OTA Internship	12.XXX	643	-	643
Copper Plating of VCSEL Device	12.XXX	123,429	-	123,429
Dual Well Focal Plane Array	12.XXX	(1,471)	-	(1,471)
Shielded Cold Cathode- Phase 2	12.XXX	134,797	-	134,797
2010 OTA ICRMP	12.XXX	-	15,870	15,870
AP Corrosion Test	12.XXX	2,737	-	2,737
Lepa Pollnatrs & Predators-YR2	12.XXX	13,671	-	13,671
Aerius Photonics STTR	12.XXX	49,452	-	49,452
Self-Reconfigurable Memristor	12.XXX	22,910	-	22,910
Development of ROICs	12.XXX	17,946	-	17,946
Total U.S. Department of Defense		<u>\$ 4,924,781</u>	<u>\$ 15,870</u>	<u>\$ 4,940,651</u>

(continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

Federal Grant / Program Title	Federal CFDA Number	Research Expenditures	Non-Research Expenditures	Total Expenditures
U.S. DEPARTMENT OF THE INTERIOR:				
Direct Programs:				
Bromus Tectorum Establishment	15.231	\$ 8,377	\$ -	\$ 8,377
Breeding Bird/Burrowing Owl	15.231	29,966	-	29,966
Fire & Erosion in Western Rang	15.231	(502)	-	(502)
Fire & Erosion W Range Benner	15.231	66,229	-	66,229
Pygmy Rabbit Diet Quality	15.238	18,742	-	18,742
Winter Raptors in NCA	15.238	23,904	-	23,904
Multiple Teleconnection Index	15.507	32,980	-	32,980
USFWS Birds of Concern	15.635	12,608	-	12,608
Curlews on Idaho BLM Lands	15.655	39,441	-	39,441
Harvester Ant Monitoring	15.657	12,556	-	12,556
Fall Migration Project	15.660	9,999	-	9,999
Near Surface Expression Alaska	15.807	62,755	-	62,755
Support Anlysis Raptor Researc	15.808	-	4,886	4,886
Identifrog Software	15.808	6,434	-	6,434
Data Rescue for Bird Movements	15.808	-	4,467	4,467
Wintering Raptors in the SR	15.808	22,749	-	22,749
Raptor Research Building	15.808	-	73,993	73,993
Craters Bird Survey	15.945	5,337	-	5,337
Breeding Bird Surveys of Crate	15.945	653	-	653
Noise and Foraging Behavior	15.945	27,977	-	27,977
Bumpheads Archaeological Surve	15.XXX	-	1,296	1,296
Antelope Creek Survey	15.XXX	-	695	695
Fungicides Project	15.XXX	(187)	-	(187)
Alaska Holocene Deoformation	15.XXX	7,943	-	7,943
Harvester And Monitoring-YR3	15.XXX	4,828	-	4,828
Fall Song Bird Migration MOD 3	15.XXX	451	-	451
Pass Through Payments:				
Idaho Golden Eagle Surveys	15.611	23,101	-	23,101
IBO/IDFG Bird Greatest Conserv	15.634	51,590	-	51,590
Grid-based Bird Monitoring	15.637	7,762	-	7,762
Constructing a Local Meteoric	15.805	4,029	-	4,029
Conjunctive Water Management	15.805	8,168	-	8,168
Boise River Watershed Quality	15.ADV	1,547	-	1,547
Assessing the Dietary Quality	15.NA	32,700	-	32,700
ARRA:				
Real-time Volcano Monitoring	15.818	32,124	-	32,124
Total U.S. Department of the Interior		<u>\$ 554,261</u>	<u>\$ 85,337</u>	<u>\$ 639,598</u>

(continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

Federal Grant / Program Title	Federal CFDA Number	Research Expenditures	Non-Research Expenditures	Total Expenditures
U.S. DEPARTMENT OF JUSTICE:				
Direct Programs:				
Innocence Assistance Program	16.746	\$ -	\$ 52,172	\$ 52,172
Wrongful Convictions	16.746	-	47,759	47,759
Pass Through Payments:				
RADAR Video Library	16.727	-	(213)	(213)
RADAR Video Library	16.727	-	28,086	28,086
Adult Perceptions Underage Dr	16.727	15,966	-	15,966
RADAR Video Library	16.727	-	(15)	(15)
NFJC: Year 5	16.XXX	8,376	-	8,376
Total U.S. Department of Justice		<u>\$ 24,342</u>	<u>\$ 127,789</u>	<u>\$ 152,131</u>
U.S. DEPARTMENT OF LABOR:				
Direct Programs:				
Occupational Safety and Health	17.504	\$ -	\$ 318,124	\$ 318,124
Idaho S&H Consultation Program	17.504	-	177,112	177,112
Total U.S. Department of Labor		<u>\$ -</u>	<u>\$ 495,236</u>	<u>\$ 495,236</u>
U.S. DEPARTMENT OF TRANSPORTATION:				
Direct Programs:				
Chemical Sensors for Air Cabin	20.109	\$ (999)	\$ -	\$ (999)
Sensors and Prognostics	20.109	55,954	-	55,954
Phase II:In-Flight Sensor Sys	20.109	6,849	-	6,849
TC Construction ID04	20.500	-	2,824	2,824
Pass Through Payments:				
Road Sensor Testing Project	20.XXX	2,611	-	2,611
Total U.S. Department of Transportation		<u>\$ 64,415</u>	<u>\$ 2,824</u>	<u>\$ 67,239</u>
U.S. OFFICE OF PERSONNEL MANAGEMENT:				
Direct Programs:				
IPA Agreement - Eric McIndoo	27.XXX	\$ 12,984	\$ -	\$ 12,984
IPA Agreement - Cliff Bayer	27.XXX	11,554	-	11,554
IPA Agreement - Dr. Zhi Li	27.XXX	2,644	-	2,644
IPA Agreement Zhi Li	27.XXX	5,930	-	5,930
IPA Agreement Cliff Bayer	27.XXX	33,976	-	33,976
IPA Agreement Eric McIndoo	27.XXX	35,724	-	35,724
Total U.S. Office of Personnel Management		<u>\$ 102,812</u>	<u>\$ -</u>	<u>\$ 102,812</u>

(continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

Federal Grant / Program Title	Federal CFDA Number	Research Expenditures	Non-Research Expenditures	Total Expenditures
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION:				
Direct Programs:				
Ground-Based Radar Calibration	43.NA	\$ 4,057	\$ -	\$ 4,057
Improv of Remotely SWE	43.NA	128,676	-	128,676
Calibration of Long-Lag	43.NA	9,153	-	9,153
Snow Microstructure	43.NA	24,893	-	24,893
Pass Through Payments:				
Microgravity University 2011	43.001	3,790	-	3,790
Vegetation Water Content	43.001	21,068	-	21,068
Effects of Microgravity on Car	43.001	14,427	-	14,427
Microgravity University 2012	43.001	4,230	-	4,230
Microgravity Equipment 2012	43.001	4,050	-	4,050
Shawver ISGC Grad Fellowship	43.ADV	14,964	-	14,964
ISGC NASA Travel - Ubic	43.ADV	(437)	-	(437)
NASA EPSCoR Reliability Invest	43.NA	100,821	-	100,821
Elec-Prop Ceramic Materials	43.NA	68,105	-	68,105
Shawver ISGC Grad Fellowship	43.NA	(132)	-	(132)
NSBRI Postdoctoral Fellowship	43.NA	31,690	-	31,690
Kormos NASA EPSCoR Fellowship	43.NA	15,000	-	15,000
DeLeon NASA EPSCoR Fellowship	43.NA	(64)	-	(64)
ISGC Fellowship Bateman 10-11	43.NA	(64)	-	(64)
Land-Atmosphere Coupling	43.NA	17,267	-	17,267
Remote Sensing of Cryosphere	43.NA	232,052	-	232,052
Molecular Mechanisms of Cellul	43.NA	240,502	-	240,502
ISGC Ride to Pluto	43.NA	-	10,000	10,000
ISGC Pluto Project	43.NA	-	4,838	4,838
Measurement of Dust Motion-2	43.NA	13,353	-	13,353
DeLeon EPSCoR Fellowship Yr 2	43.NA	15,064	-	15,064
ISAS Summer Academy	43.NA	-	2,299	2,299
ISAS Summer Academy	43.NA	-	2,994	2,994
Strctres b/onChalcgnideGlasses	43.NA	24,710	-	24,710
ISGC Special Proj Grant-2011	43.NA	2,041	-	2,041
Broadband Array Technology	43.XXX	1,985	-	1,985
Total National Aeronautics and Space Administration		<u>\$ 991,201</u>	<u>\$ 20,131</u>	<u>\$ 1,011,332</u>

(continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

Federal Grant / Program Title	Federal CFDA Number	Research Expenditures	Non-Research Expenditures	Total Expenditures
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES:				
Direct Programs:				
Justice Course	45.024	\$ -	\$ 2,950	\$ 2,950
Arcadia Project	45.163	-	4,439	4,439
Pass Through Payments:				
Idea of Nature Public Lecture	45.129	-	2,000	2,000
Hispanic American Arts	45.129	-	4,000	4,000
Illegal Bodies: T. Williams	45.129	3,691	-	3,691
Total National Foundation on the Arts and the Humanities		\$ 3,691	\$ 13,389	\$ 17,080
NATIONAL SCIENCE FOUNDATION:				
Direct Programs:				
Plasmon Nanophotonics	47.041	\$ 37,310	\$ -	\$ 37,310
A WATERS Testbed	47.041	25,035	-	25,035
Air Spring EM Stimulation	47.041	123,717	-	123,717
Nanodevices on DNA Breadboards	47.041	115,430	-	115,430
Adopting Education Innovation	47.041	79,180	-	79,180
Eng Ed Research to Practice	47.041	47,832	-	47,832
Nanodevices on DNA Bread-Lee	47.041	15,886	-	15,886
CAREER: Wind Forecasting	47.041	28,583	-	28,583
Differential Cytotoxicity	47.041	99,082	-	99,082
Novel Phenomena in Oxide	47.041	21,540	-	21,540
MSMA Nanostructures	47.041	49,007	-	49,007
CAREER: RUI: Ferromagnetic	47.049	6,822	-	6,822
CAREER:M Fray NSF	47.049	70,761	-	70,761
NSF Lattice Dynamics	47.049	72,800	-	72,800
Filtrations of Boolean Algebra	47.049	19,196	-	19,196
Enabling Magnetoplasticity	47.049	(2,915)	-	(2,915)
Collaborative Research : RUI	47.049	6,714	-	6,714
Collaborative Research : RUI	47.049	(1,521)	-	(1,521)
MRI LC-MS/MS Acquisition	47.049	56,214	-	56,214
Nanoscale Physics	47.049	39,597	-	39,597
RBFs For Geophysical Modeling	47.049	49,607	-	49,607
Subsurface Imaging	47.049	127,465	-	127,465
Hierarchical Microstructures	47.049	199,792	-	199,792
ATD: Data Driven Stochastic	47.049	67,192	-	67,192
Nanoscale Ferroelectrics	47.049	104,972	-	104,972
ATD: Data Driven Stochastic IS	47.049	55,389	-	55,389
Point Defects in Perovskites	47.049	102,176	-	102,176
REU in Chemistry	47.049	25,561	-	25,561
REU Site: Complexity in Alg-PS	47.049	79,747	-	79,747
REU Site: Complexity in Algebr	47.049	19,587	-	19,587

(continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

Federal Grant / Program Title	Federal CFDA Number	Research Expenditures	Non-Research Expenditures	Total Expenditures
NATIONAL SCIENCE FOUNDATION (continued):				
Direct Programs (continued):				
REU in Chemistry-PS	47.049	\$ 75,663	\$ -	\$ 75,663
Enabling Magnetoplasticity-PS	47.049	6,000	-	6,000
Short Memory in Long Memory Ti	47.049	16,821	-	16,821
MRI: Development COIFM with LM	47.049	48,482	-	48,482
NSF Collaborative Quantificati	47.050	2,885	-	2,885
NSF Climate Controls on Alluvi	47.050	(214)	-	(214)
Carboniferous Permian Paleocli	47.050	82,110	-	82,110
Atmospheric Dust as Archive	47.050	18,202	-	18,202
Collab Res : S. Amer Grassland	47.050	24,561	-	24,561
Collab Res : Testing Mech Mod	47.050	32,490	-	32,490
Collab Res : Tectonic Rates	47.050	8,962	-	8,962
Stable Isotope Mass Spectromet	47.050	(511)	-	(511)
Oscillatory Hydrology	47.050	234	-	234
Quantifying Lateral Flow	47.050	45,239	-	45,239
Potential GSSP of the GK Stage	47.050	13,510	-	13,510
Virtual Geochronology Labs	47.050	58,598	-	58,598
Himalayan Tectonic Models	47.050	99,763	-	99,763
Late Devonian Geochronology	47.050	18,921	-	18,921
Collaborative Research	47.050	8,174	-	8,174
Phase Change Architectures	47.070	917	-	917
Revision of Columnea	47.074	103,597	-	103,597
Revision of Columnea-Supp	47.074	74	-	74
Bats vs. Hawkmoths	47.074	52,787	-	52,787
Complex Pattern Modeling-Habig	47.074	24,201	-	24,201
Complex Pattern Modeling-Ander	47.074	54,328	-	54,328
Kestrels and climate change	47.074	5,691	-	5,691
Habitat Use by Mammalian	47.074	3,621	-	3,621
IDBR:RUI: Devemopment of COIFM	47.074	81,626	-	81,626
NSF Transmission Workshop	47.075	26,384	-	26,384
NSF Participant Support	47.075	31,281	-	31,281
S-Stem #2 ID Engr Scholarship	47.076	121,707	-	121,707
STEM Education	47.076	47,038	-	47,038
STEM Education-COAS	47.076	12,558	-	12,558
STEM Education-COED	47.076	20,111	-	20,111
NSF Idaho Step	47.076	116,083	-	116,083
NSF Idaho Step Part. Support	47.076	34,738	-	34,738
STEM Central STATION	47.076	250,747	-	250,747
STEM Central STATION-Viskupic	47.076	10,903	-	10,903
STEM Central STATION-Nadleson	47.076	5,181	-	5,181
New GK-12 Local Resources-Supp	47.076	-	(30)	(30)
STEM Central STATION-F&A	47.076	1,257	-	1,257
Idaho Scholarships for Transfe	47.076	-	5,608	5,608
				(continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

Federal Grant / Program Title	Federal CFDA Number	Research Expenditures	Non-Research Expenditures	Total Expenditures
NATIONAL SCIENCE FOUNDATION (continued):				
Direct Programs (continued):				
Idaho Scholar for Transfers-PS	47.076	\$ -	\$ 122,210	\$ 122,210
Noyce Grant	47.076	70	-	70
NSF Idaho Eng Scholarship Prog	47.076	40,172	-	40,172
Acquisition of GC/MS & FT-IR	47.076	3,074	-	3,074
New GK-12 Local Resources	47.076	-	90,063	90,063
New GK-12 Participants	47.076	-	318,539	318,539
Home Hearth Household	47.078	21,790	-	21,790
Final BOREAS Conference	47.078	11,421	-	11,421
Filtrations of Boolean Alg-PS	47.XXX	17,915	-	17,915
S. Mooney NSF IPA	47.XXX	-	101,233	101,233
Pass Through Payments:				
Versatile Engin Lub Health Sen	47.041	18,489	-	18,489
IPS Liquefaction Mitigation	47.041	7,598	-	7,598
Formation Function Phys Gels	47.049	22,626	-	22,626
Digitize Herbarium	47.074	19,810	-	19,810
Imprv Comm in Cross-Disc Coll	47.075	6,796	-	6,796
Pacific Northwest LSAMP	47.076	50,152	-	50,152
Pacific Northwest LSAMP PS	47.076	49,128	-	49,128
National Geoscience Student	47.076	50,733	-	50,733
POGIL	47.076	-	2,179	2,179
EPSCoR RII Program-Callahan	47.080	19,643	-	19,643
EPSCoR RII Program-Sridhar	47.080	25,519	-	25,519
EPSCoR RII Program-Pierce	47.080	16,909	-	16,909
EPSCoR RII Program-Feris	47.080	7,038	-	7,038
EPSCoR RII Program-Benner	47.080	28,213	-	28,213
EPSCoR RII Program-Lowe	47.080	10,095	-	10,095
EPSCoR RII Program-Cobourn	47.080	18,386	-	18,386
EPSCoR RII Program- Hernandez	47.080	25,144	-	25,144
EPSCoR RII-de Graaff	47.080	43,608	-	43,608
EPSCoR RII-deGraaff Startup Y3	47.080	12,459	-	12,459
EPSCoR RII-Cobourn Startup YR3	47.080	8,765	-	8,765
EPSCoR RII-Flores Startup YR 3	47.080	17,728	-	17,728
EPSCoR RII Program - Cobourn	47.080	90,304	-	90,304
EPSCoR RII Program - Feris	47.080	26,574	-	26,574
EPSCoR RII Program - Benner	47.080	20,360	-	20,360
EPSCoR RII Program - Lowe	47.080	57,479	-	57,479
EPSCoR RII Program - Callahan	47.080	18,743	-	18,743
EPSCoR RII Program - Sridhar	47.080	46,310	-	46,310
EPSCoR RII Program - Hernandez	47.080	122,272	-	122,272
EPSCoR RII Program - DeGraaff	47.080	84,716	-	84,716
EPSCoR RII Program - Pierce	47.080	51,371	-	51,371
EPSCoR Startup YR3 - DeGraaff	47.080	8,185	-	8,185
				(continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

Federal Grant / Program Title	Federal CFDA Number		Research Expenditures	Non-Research Expenditures	Total Expenditures
NATIONAL SCIENCE FOUNDATION (continued):					
Pass Through Payments (continued):					
EPSCoR Startup YR3 - Cobourn	47.080		\$ 4,075	\$ -	\$ 4,075
EPSCoR RII Program - Flores	47.080		17,346	-	17,346
EPSCoR RII Program - McNamara	47.080		3,294	-	3,294
EPSCoR Instrument YR4 - Miller	47.080		55,000	-	55,000
EPSCoR Startup YR4 - Cobourn	47.080		4,031	-	4,031
NSF EPSCoR Track II	47.081		120,056	-	120,056
ARRA:					
REVSYS Trichos Project-ARRA	47.082		159,841	-	159,841
Ultrafast Laser-ARRA	47.082		74,035	-	74,035
Micron Engineering Center	47.082		-	116,701	116,701
Dependent Distributed Inferenc	47.082		24,385	-	24,385
Total National Science Foundation			<u>\$ 4,848,136</u>	<u>\$ 756,503</u>	<u>\$ 5,604,639</u>
SMALL BUSINESS ADMINISTRATION:					
Direct Programs:					
ID Research and Economic Dev.	59.000		\$ 51,501	\$ -	\$ 51,501
SBA CY'11	59.037	(3)	-	436,864	436,864
Energy Efficiency CY'11	59.037	(3)	-	89,841	89,841
Jobs Act	59.037	(3)	-	167,645	167,645
Enrgy Efficiency Carryover '10	59.037	(3)	-	9,287	9,287
SBA Carryover '10	59.037	(3)	-	(2,038)	(2,038)
SBA CY'11 Carryover	59.037	(3)	-	80,340	80,340
SBA - SBDC 2012	59.037	(3)	-	233,025	233,025
Energy Efficiency	59.037	(3)	-	(14,844)	(14,844)
SBA CY 10	59.037	(3)	-	(51,878)	(51,878)
Energy Efficiency 2012	59.037	(3)	-	53,884	53,884
Research & Econ Dev & Entrepre	59.NA		-	118,715	118,715
Total Small Business Administration			<u>\$ 51,501</u>	<u>\$ 1,120,841</u>	<u>\$ 1,172,342</u>
ENVIRONMENTAL PROTECTION AGENCY:					
Direct Programs:					
EFC Competition	66.203		\$ -	\$ 202,947	\$ 202,947
EPA Plan2Fund Funder's Tool	66.XXX		-	32,993	32,993
Pass Through Payments:					
PSA-DEQ FY09	66.468		-	2,000	2,000
Total Environmental Protection Agency			<u>\$ -</u>	<u>\$ 237,940</u>	<u>\$ 237,940</u>

(continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

Federal Grant / Program Title	Federal CFDA Number	Research Expenditures	Non-Research Expenditures	Total Expenditures
NUCLEAR REGULATORY COMMISSION:				
Direct Programs:				
U.S. NRC Fellowship Program	77.008	\$ -	\$ 49,055	\$ 49,055
Total Nuclear Regulatory Commission		\$ -	\$ 49,055	\$ 49,055
U.S. DEPARTMENT OF ENERGY:				
Direct Programs:				
Inverse Magnetoplastic Effect	81.049	\$ (1,404)	\$ -	\$ (1,404)
Fracture and Fatigue	81.049	57,888	-	57,888
SunShot: Solar Siting GIS Tool	81.117	167,719	-	167,719
Industrial Assessment Center	81.117	-	44,045	44,045
Acquisition of SEM	81.121	250,062	-	250,062
Wind For Schools	81.XXX	-	49,734	49,734
Pass Through Payments:				
Novel Nanostructured Materials	81.049	6,978	-	6,978
Novel Nanostructured Materials	81.049	533	-	533
Fundamental Fluid Physics	81.049	42,556	-	42,556
Fuel Aging in Storage & Trans.	81.049	4,489	-	4,489
Component Technologies R&D	81.087	162,174	-	162,174
Boise City Geothermal Exp.	81.087	-	44,957	44,957
SNL Field Test	81.NA	1,641	-	1,641
Geothermal Student Competition	81.NA	6,583	-	6,583
Eval. Actinide Compounds YR3	81.XXX	37,974	-	37,974
Energy Policy Institute	81.XXX	(971)	-	(971)
Irradiation Creep in Graphite	81.XXX	228,442	-	228,442
Chalcogenide Glass Radiation	81.XXX	269,989	-	269,989
FY06 IUC / EPI Proposal	81.XXX	145,581	-	145,581
Tungsten-Rhenium Cladding	81.XXX	80,497	-	80,497
TRISO-Coated Fuel Durability	81.XXX	54,227	-	54,227
2D Seismic Data Acquisition	81.XXX	(53)	-	(53)
Americium Electrochemistry	81.XXX	29,162	-	29,162
SuitabilityLayeredBasalt FY11	81.XXX	15,684	-	15,684
Nano Metal Oxides Collab YR2	81.XXX	15,200	-	15,200
BlackHawk\Forecast Gardner Yr	81.XXX	14,085	-	14,085
AD of Fermented Manure YR 2	81.XXX	10,476	-	10,476
Butt Joint Appointment	81.XXX	17,055	-	17,055
Small Specimen Sample Prep 11	81.XXX	19,344	-	19,344
Fabrication of ODS Alloys FY11	81.XXX	10,540	-	10,540
Root Impacts on the C Cycle	81.XXX	109,053	-	109,053
CAES Imaging Center	81.XXX	64,314	-	64,314
Dev Lignocellulosic Ethanol-3	81.XXX	15,784	-	15,784
INEC FY 11	81.XXX	4,896	-	4,896
Trans. Site Sustainability YR2	81.XXX	3,046	-	3,046

(continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

Federal Grant / Program Title	Federal CFDA Number		Research Expenditures	Non-Research Expenditures	Total Expenditures
U.S. DEPARTMENT OF ENERGY (continued):					
Pass Through Payments (continued):					
EPI Joint Appt FY12	81.XXX	\$	83,874	\$ -	\$ 83,874
MACs Support	81.XXX		14,718	-	14,718
Graduate Student Development	81.XXX		8,318	-	8,318
CEERI: EE Toolset Y1	81.XXX		19,864	-	19,864
Trans. Site Sustainability YR3	81.XXX		14,833	-	14,833
SuitabilityLayeredBasalt FY12	81.XXX		44,427	-	44,427
Efficient Housing Res.Partners	81.XXX		115,112	-	115,112
Microscopy & Characterization	81.XXX		43,614	-	43,614
BlackHawk/Forecast Gardner YR3	81.XXX		26,822	-	26,822
Communicating Quantitative Inf	81.XXX		-	720	720
Microscopy-BEA Utilization	81.XXX		70,400	-	70,400
Microscopy-ATR Utilization	81.XXX		190,139	-	190,139
Fabrication of ODS Alloys FY12	81.XXX		32,068	-	32,068
Butt Joint Appointment FY12	81.XXX		45,945	-	45,945
Small Specimen Sample Prep 12	81.XXX		49,829	-	49,829
CAES Sr. Administrator	81.XXX		20,347	-	20,347
AD Fermented Manure YR 3	81.XXX		16,869	-	16,869
CEERI: EE Toolset Year 2	81.XXX		9,336	-	9,336
Senior Project - FAIE	81.XXX		2,035	-	2,035
Dev. of Adv. U Density Fuels	81.XXX		18,625	-	18,625
Americium Electrochemistry Y2	81.XXX		32,103	-	32,103
TRISCO-Coated Fuel Dura FY12	81.XXX		114,908	-	114,908
Senior Project - COD	81.XXX		4,198	-	4,198
Seismic Reflection Imaging	81.XXX		55,827	-	55,827
2012 WEPRC	81.XXX		-	1,495	1,495
Hot Press Refurbishment	81.XXX		5,508	-	5,508
Advancing Spark Plasma	81.XXX		9,721	-	9,721
ARRA:					
Nat. Geothermal Database-ARRA	81.087		780,708	-	780,708
NGDS Data Acquisition-ARRA	81.087		602,972	-	602,972
Snake River Geothermal	81.087		43,664	-	43,664
Revitalize Electric Power-ARRA	81.122		-	4,737	4,737
Total U.S. Department of Energy		\$	4,320,328	\$ 145,688	\$ 4,466,016
U.S. DEPARTMENT OF EDUCATION:					
Direct Programs:					
Federal Supplemental Educational Opportunity Grants	84.007	(1)	\$ -	\$ 408,278	\$ 408,278
Federal Work-Study (FWS)	84.033	(1)	-	511,620	511,620
Federal FWS Job Location Development (JLD)	84.033	(1)	-	36,685	36,685
Federal Perkins Loans	84.038	(1)	-	1,437,462	1,437,462
Federal Pell Grants	84.063	(1)	-	31,439,501	31,439,501
(continued)					

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

Federal Grant / Program Title	Federal CFDA Number		Research Expenditures	Non-Research Expenditures	Total Expenditures
U.S. DEPARTMENT OF EDUCATION (continued):					
Direct Programs (continued):					
Federal Direct Subsidized Loans	84.268	(1)	\$ -	\$ 44,476,439	\$ 44,476,439
Federal Direct Unsubsidized Loans	84.268	(1)	-	44,465,377	44,465,377
Federal Direct Parent Loans	84.268	(1)	-	4,323,744	4,323,744
Federal ACG	84.375	(1)	-	23,492	23,492
Federal SMART	84.376	(1)	-	1,500	1,500
Student Success Program 10-11	84.042A		-	50,494	50,494
Student Success Program 11-12	84.042A		-	288,745	288,745
ETS I 2010-2011	84.044A		-	93,916	93,916
ETS II 2010-2011	84.044A		-	49,513	49,513
ETS I 2011-2012	84.044A		-	395,059	395,059
ETS II 2011-2012	84.044A		-	167,175	167,175
Upward Bound I 2010-2011	84.047A		-	124,213	124,213
Upward Bound II 2010-2011	84.047A		-	60,602	60,602
Upward Bound III 2010-2011	84.047A		-	176,043	176,043
Upward Bound IV 2010-2011	84.047A		-	160,806	160,806
UB I Canyon County 2011-2012	84.047A		-	247,350	247,350
UB II Duck Valley 2011-2012	84.047A		-	146,011	146,011
Veterans UB 2010-2011	84.047V		-	50,340	50,340
Veterans Upward Bound 11-12	84.047V		-	187,489	187,489
HEP FY11	84.141A		-	47,968	47,968
HEP 2011-2012	84.141A		-	433,747	433,747
BSU CAMP FY11	84.149A		-	76,381	76,381
CAMP 2011-2012	84.149A		-	393,150	393,150
ID Systemic Solutions FY10-ENG	84.215K		706	-	706
ID Systemic Solutions FY10-ED	84.215K		4,069	-	4,069
Idaho Systemic Earmark-COEN	84.215K		53,712	-	53,712
Idaho Systemic Earmark-COED	84.215K		19,664	-	19,664
Idaho Systemic Earmark-PT SUP	84.215K		11,250	-	11,250
McNair Scholars Program 10-11	84.217A		-	80,708	80,708
McNair Scholars Program 11-12	84.217A		-	137,437	137,437
Improving Metacomprehension	84.305B		504,969	-	504,969
TATERS	84.325T		-	40,795	40,795
UB III - Borah & Capital 12-13	84.ADV		-	13,107	13,107
Pass Through Payments:					
School Improvement 10-11	84.010A		-	88,504	88,504
Idaho Building Capacity 2011	84.010A		-	(131,580)	(131,580)
A-Funds	84.010A		-	26,313	26,313
A-Funds	84.010A		-	4,857	4,857
A-Admin	84.010A		-	4,541	4,541
A-Admin	84.010A		-	5,236	5,236
SESTA 10-11	84.027A		-	49,398	49,398

(continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

Federal Grant / Program Title	Federal CFDA Number	Research Expenditures	Non-Research Expenditures	Total Expenditures
U.S. DEPARTMENT OF EDUCATION (continued):				
Pass Through Payments (continued):				
SESTA PBS 10-11	84.027A	\$ -	\$ 17,952	\$ 17,952
SESTA Mentoring 10-11	84.027A	-	60,717	60,717
SW Regional Special Ed 10-11	84.027A	-	38,489	38,489
SESTA 11-12	84.027A	-	394,513	394,513
PBIS 11-12	84.027A	-	261,512	261,512
SW Regional Special Ed 11-12	84.027A	-	289,306	289,306
PBIS Awareness & Readiness Prj	84.184W	-	(1,164)	(1,164)
Teaching American History	84.215X	-	(7,347)	(7,347)
CII Improvement Support to STs	84.283B	-	122,306	122,306
RESET 11-12	84.323A	131,609	-	131,609
Enhancing Teacher PCK Inquiry	84.366	-	191,204	191,204
Dev. Mathematical Thinking III	84.366	-	301,968	301,968
NWP Teacher Leadership Develop	84.367D	3,379	-	3,379
National Writing Project	84.928A	-	34,863	34,863
RTI/PBS Implementation	84.XXX	2,650	-	2,650
Super Use of Math Modules	84.XXX	10,629	-	10,629
ARRA:				
IBC 2011-ARRA	84.388A (2)	-	370,651	370,651
IBC 2012 ARRA	84.388A (2)	-	287,796	287,796
School Improvement 2012 ARRA	84.388A (2)	-	26,770	26,770
State Fiscal Stabilization Funds	84.394A	55,493	-	55,493
Total U.S. Department of Education		<u>\$ 798,130</u>	<u>\$ 132,981,952</u>	<u>\$ 133,780,082</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
Direct Programs:				
Developing Proteogenomic Mappi	93.172	\$ (11,707)	\$ -	\$ (11,707)
Developing Proteogenomic Mappi	93.172	324,258	-	324,258
Developing Proteogenomic Mappi	93.172	524,264	-	524,264
Software to ID Post-Translatio	93.389	107,857	-	107,857
Eval.of DNA CrossLinking YR4-6	93.395	62,463	-	62,463
Preferential Cytotoxic	93.395	28,790	-	28,790
Oncostatin M-induced VEGF	93.396	22,913	-	22,913
Improvement of RNA Search	93.859	31,331	-	31,331
NIH K25 Career Award	93.859	76,188	-	76,188
Pass Through Payments:				
ICOA Needs Assessment	93.044	-	35,224	35,224
Elder Justice Network	93.048	-	(4,610)	(4,610)
INBRE II - Year 2	93.389	(2,974)	-	(2,974)
INBRE II Year 3	93.389	289,193	-	289,193
INBRE II Year 3	93.389	71,442	-	71,442
INBRE II Year 3	93.389	78,954	-	78,954

(continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

Federal Grant / Program Title	Federal CFDA Number	Research Expenditures	Non-Research Expenditures	Total Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued):				
Pass Through Payments (continued):				
INBRE II Year 3	93.389	\$ 95,455	\$ -	\$ 95,455
INBRE II Year 3	93.389	41,987	-	41,987
INBRE II Year 3	93.389	50,902	-	50,902
INBRE II Year 3	93.389	20,842	-	20,842
INBRE II - Year 4	93.389	45,795	-	45,795
INBRE II - Year 4	93.389	3,718	-	3,718
INBRE II - Year 4	93.389	10,869	-	10,869
INBRE II - Year 4	93.389	20,208	-	20,208
INBRE II - Year 4	93.389	12,807	-	12,807
INBRE II - Year 4	93.389	19,030	-	19,030
Appraisal and Diagnostic Delay	93.393	4,080	-	4,080
U24: Proteogenomic Cancer Char	93.394	270,337	-	270,337
SILC Needs Assessment	93.768	24,703	-	24,703
Accelerated Reconstruction	93.879	2,535	-	2,535
NCAQ	93.913	11,090	-	11,090
Environmental Sensing - Phase3	93.NA	46,969	-	46,969
Substance Abuse Program	93.XXX	-	1,120	1,120
CHC CAQ Project	93.XXX	1,401	-	1,401
Tobacco Prevention Program	93.XXX	-	16,702	16,702
Environmental Sensing - Phase2	93.XXX	111,488	-	111,488
CAQ Pilot Project FY11	93.XXX	8,352	-	8,352
Substance Abuse Clearinghouse	93.XXX	-	147,404	147,404
CHC CAP Year 2	93.XXX	-	21,616	21,616
ARRA:				
Zebrafish Development-ARRA	93.701	75,613	-	75,613
MCP-1 and Liver Regeneration	93.701	125,411	-	125,411
INBRE 2 Supplement-ARRA	93.701	73,011	-	73,011
Software to ID Post-Translatio	93.701	80,058	-	80,058
Construction of BSU BRV-ARRA	93.702	13,916	-	13,916
Total U.S. Department of Health and Human Services		<u>\$ 2,773,549</u>	<u>\$ 217,456</u>	<u>\$ 2,991,005</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE:				
Pass Through Payments:				
Northwest Sustainability	94.005	\$ -	\$ 4,722	\$ 4,722
Students in Service YR 3	94.007	-	2,450	2,450
Total Corporation for National and Community Service		<u>\$ -</u>	<u>\$ 7,172</u>	<u>\$ 7,172</u>

(continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

Federal Grant / Program Title	Federal CFDA Number	Research Expenditures	Non-Research Expenditures	Total Expenditures
UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT:				
Direct Programs:				
Dev. of Materials Conn. Centre	98.002	\$ 14,886	\$ -	\$ 14,886
Total United States Agency for International Development		<u>\$ 14,886</u>	<u>\$ -</u>	<u>\$ 14,886</u>
Total Federal Expenditures		<u>\$ 19,908,044</u>	<u>\$ 137,702,453</u>	<u>\$ 157,610,497</u>

(1) Student Financial Aid Cluster is combined and displayed as a major program.

(2) Idaho Building Capacity (IBC) - ARRA is displayed as a major program.

(3) Small Business Administration is displayed as a major program.

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012**

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes federal grant activity of the University and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirement of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented on this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. UNIVERSITY ADMINISTERED LOAN PROGRAMS

The University administers the following loan programs:

Loan Program	Number	Loan Balances
Federal Perkins	84.038	\$10,419,606
Nursing Student	93.364	\$6,238

Total loan expenditures and disbursements of the Department of Education (Perkins) student financial assistance programs for the year ended June 30, 2012 are identified below:

Loan Program	Number	Loan Disbursements
Federal Perkins	84.038	\$1,437,462

The expenditures reported in the Schedule of Expenditures of Federal Awards include the administrative cost allowances and the Federal Capital Contribution for the year ended June 30, 2012.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012
3. SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the University provided federal awards to sub-recipients as follows:

Program	Federal CFDA Number	Amount Provided to Subrecipients
Improving the Competitiveness	10.169	\$ 791
Staph Vaccine for Cows	10.310	38,720
FY12 EDA University Center	11.303	50,153
TechHelp EDA University Center	11.303	773
Idaho TechHelp NIST MEP FY11	11.611	875
Idaho TechHelp NIST MEP FY12	11.611	177,856
NIST GENERAL FY10	11.611	(422)
Hydrologic Fluxes and States	12.431	3,295
DEPSCOR 08	12.800	(274)
DARPA 3-D Tech for Adv. Sensor	12.910	799,109
Reconfigurable Electronics	12.910	23,836
Reconfigurable Electronics-2	12.910	40,536
Copper Plating of VCSEL Device	12.XXX	59,448
Elec-Prop Ceramic Materials	43.NA	3,000
Improv of Remotely SWE	43.NA	9,800
NASA EPSCoR Reliability Invest	43.NA	7,744
Differential Cytotoxicity	47.041	30,216
Point Defects in Perovskites	47.049	48,500
Virtual Geochronology Labs	47.050	8,288
STEM Education	47.076	(391)
Energy Efficiency	59.037	(14,844)
Energy Efficiency CY'11	59.037	43,803
Energy Efficiency Carryover '10	59.037	8,949
Jobs Act	59.037	107,170
SBA - SBDC 2012	59.037	73,878
SBA CY 10	59.037	(51,878)
SBA CY'11	59.037	242,824
Nat. Geothermal Database-ARRA	81.087	490,921
Industrial Assessment Center	81.117	13,780
SunShot: Solar Siting GIS Tool	81.117	99,244
Chalcogenide Glass Radiation	81.XXX	138,634
Efficient Housing Res.Partners	81.XXX	52,000
Improving Metacomprehension	84.305B	344,070
Enhancing Teacher PCK Inquiry	84.366	8,371
Developing Proteogenomic Mappi	93.172	54,470
Developing Proteogenomic Mappi	93.172	251,018
Software to ID Post-Translatio	93.389	22,258
Eval.of DNA CrossLinking YR4-6	93.395	16,400
Software to ID Post-Translatio	93.701	22,256
CHC CAP Year 2	93.XXX	8,000
Total Subrecipients		<u>\$ 3,233,177</u>